ANNUAL REPORT

2024

SOVEREIGN
METALS LIMITED

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

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Dr Julian Stephens — Non-Executive Director
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ASX Code: **SVM – Ordinary Shares**

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

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The Directors of Sovereign Metals Limited present their report on the Group consisting of Sovereign Metals Limited (the **Company** or **Sovereign** or **Parent**) and the entities it controlled at the end of, or during, the year ended 30 June 2024 (**Group**).

OPERATING AND FINANCIAL REVIEW

KASIYA RUTILE-GRAPHITE PROJECT

Sovereign is focused on the development of its Kasiya rutile-graphite project (**Kasiya** or **the Project**) in Malawi where a Pilot Mining and Land Rehabilitation Program (**Pilot Phase**) is in progress as part of an ongoing PFS Optimisation Study.

The Company's objective is to develop a large-scale, long life rutile-graphite operation, focusing on developing an environmentally and socially responsible, sustainable operation.

Figure 1: Sovereign's Kasiya project displaying location in South-East Africa

Kasiya is the largest rutile deposit in the world with more than double the contained rutile as its nearest rutile peer, Sierra Rutile. The Kasiya Mineral Resource Estimate (**MRE**) is 1.8 Billion tonnes (**Bt**) at 1.0% rutile resulting in 17.9 Million tonnes (**Mt**) tonnes of contained natural rutile and 24.4Mt of contained graphite. The MRE has broad zones of very high-grade rutile which occurs contiguously across a very large area of over 200km^2. Rutile mineralisation lies in laterally extensive, near surface, flat "blanket" style bodies in areas where the weathering profile is preserved and not significantly eroded.

OPERATING AND FINANCIAL REVIEW (Continued)

HIGHLIGHTS

Highlights during and subsequent to the end of the financial year were as follows:

Rio Tinto investment to become a 19.9% Strategic Investor

- Rio Tinto has invested ~$60 million since July 2023 to become a 19.9% strategic investor in Sovereign
- Investment proceeds used to continue advancing the Kasiya Project in Malawi
- Pilot Mining and Land Rehabilitation Program (**Pilot Phase**) and infill drilling program at Kasiya has been overseen by the Rio Tinto-Sovereign Technical Committee
- Rio Tinto's investment represents a significant step towards unlocking a major new supply of low-CO_2 natural rutile and flake graphite
- The Government of Malawi applauded the timely investment by Rio Tinto and marked it as a milestone towards realising the country's aspirations of growing the mining sector as a priority industry

Kasiya Optimisation Advances to Pilot Phase

- Sovereign commenced the Pilot Phase at Kasiya as part of the ongoing PFS Optimisation Study
- In July 2024, the dry mining component of the Pilot Phase was successfully completed, confirming Kasiya can be efficiently mined using standard mobile excavators and trucks, demonstrating operational alternatives as part of ongoing PFS Optimisation Study
- Hydraulic mining trial has since commenced at the Kasiya Pilot Site which is expected to take approximately three months to complete and includes backfilling of the main trial pit, deposition and rehabilitation testwork
- Results from the Pilot Phase, in particular the analysis of dry-mining versus hydraulic mining, will be fundamental for the ongoing Optimisation Study
- Significant field activities and a number of test work programs are ongoing in order to provide data for the PFS Optimisation Study
- Government of Malawi demonstrated strong support for with all required approvals and community permissions for the Pilot Phase obtained within three months

Figure 2: Kasiya Pilot Phase Test Pit mined to 20 metres depth

Key Management Appointments to Drive Project Optimisation and Development at Kasiya

- Appointment of experienced African based mining executive, Mr Frank Eagar, as the new Managing Director and CEO
- Previous Managing Director Dr Julian Stephens transitioned to Non-Executive Director
- Key technical appointments of experienced African engineering, social, environmental and legal teams to work on project optimisation and advancing the development of the Kasiya Project

Infill Drilling Program To Upgrade Kasiya Resource

- Infill drilling has commenced with focus on the southern part of the MRE, which intends to provide ore feed for the first eight years of production
- Program aims to upgrade the MRE in this area from Indicated to Measured category, allowing conversion of Ore Reserves from Probable to Proven category
- Resource upgrade expected in early 2025

Pre-Feasibility Study Confirms Kasiya as a Major Critical Minerals Project

- "Market Leader" Position in Two Critical Minerals:
  - Positioned to become the world's largest rutile producer and potentially one of the world's largest natural graphite producers outside of China
  - Extremely low CO_2-footprint operation incorporating climate-smart attributes with renewables power solutions
  - Initial Probable Ore Reserves declared of 538Mt, representing only 30% of the total Mineral Resource
  - Substantial production rate and mine life upside exists as the PFS modelling was limited to only 25 years

Outstanding Battery Anode Material Produced from Kasiya Graphite

- Kasiya graphite concentrate confirmed to be an excellent feedstock for natural graphite anode materials suitable for lithium-ion battery production
- Kasiya natural graphite presents a unique, low-cost opportunity to develop lithium-ion battery supply chains outside of China
- Very high quality Coated Spherical Purified Graphite (**CSPG**) anode material produced from Kasiya graphite concentrate has performance characteristics comparable to the highest quality natural graphite battery material produced by dominant Chinese anode manufacturers
  - Electrochemical testing achieved very high first cycle efficiencies of 94.2% to 95.8% supporting long battery life
  - Excellent initial discharge capacities greater than 360mAh/g as required for highest quality natural graphite anode materials
  - Very low specific surface areas (known as BET) of $\leq 2.0m^2/g$ minimising the loss of lithium in the first cycle
  - Excellent tap densities of 1.11 to 1.18g/cm3 meaning higher electrical storage
- Outstanding anode material results are attributed to the unique geological setting of the highly weathered Kasiya orebody compared to fresh rock hosted graphite deposits, including:
  - high purity of the natural flake,
  - near perfect crystallinity, and
  - very low levels of sulphur and other impurities.
- Further optimisation testwork to commence using additional concentrate being generated at pilot-scale facility in South Africa
- Results will form the basis for ongoing and future discussions with potential offtakers

OPERATING AND FINANCIAL REVIEW (Continued)

HIGHLIGHTS (Continued)

Commencement of Trading on OTCQX Markets

- In July 2024, Sovereign upgraded to the OTCQX Market, the top tier of the OTC Markets, providing access to a broader eligible U.S. investor base
- OTCQX quotation follows increased U.S. investor and strategic interest in Sovereign and its Kasiya Rutile-Graphite Project in Malawi

Key Appointments

- Appointment of highly experienced environmental and social specialist Mr Marco Da Cunha, as its new Lead Environmental, Social and Governance Officer. Mr Da Cunha has almost 20 years of experience in environmental and social management and more recently was part of Rio Tinto's Simandou iron ore project team in Guinea
- Highly experienced, Africa-based social specialist consultancy, SocialEssence were appointed to the Company's owners team to lead social and community development programs in Malawi. SocialEssence has a strong and successful track record of implementing social responsibility programs across southern Africa, including at First Quantum Minerals' Zambian project
- Three senior appointments and promotions across Sovereign's key legal, permitting and technical functions in Malawi, strengthening the Company's in-country capabilities
- In July 2024, appointment of consultant Dr Surinder Ghag to Sovereign's owner's team as Chief Technology Officer – Graphite. Dr Ghag will assist Sovereign's graphite strategy in product qualification the for the lithium-ion battery industry

Commissioning of Sustainable Farming Initiative in Malawi

- Sovereign initiated and progressed with its Conservation Farming Program (**Farming Program**) in Malawi as part of its sustainability initiatives related to the development of Kasiya
- The Program is aimed at improving the livelihoods of local communities through the creation of successful smallholder farmers.
- During the year, the Company announced that it is estimated the Farming Program has tripled crop yields in a season that is predicted to have 20% lower yields due to El Niño weather.


Figures 3 & 4 - Left: planted field using traditional techniques & Right: Field farmed under the Program showing substantially more crop growth

Partnering with International Development Organisation in Malawi

- During the year, Sovereign entered into a Memorandum of Understanding (**MoU**) with The Palladium Group – a US-based international development entity operating in Malawi
- Palladium implements several development projects, including the Feed the Future Malawi Growth Poles Project, which invests in local rural communities to advance sustainable, climate-smart, and inclusive wealth creation
- Sovereign and Palladium will collaborate around Sovereign's Kasiya Project to provide key agricultural inputs, training, technologies, and financing to develop and integrate smallholder farmers into the emerging high growth agriculture value chains

Figure 5: Kasiya Pilot Phase Test Pit mined to 20 metres depth

RIO TINTO INVESTS $60M TO BECOME A 19.9% STRATEGIC INVESTOR

In July and August 2023, Sovereign completed a A$40.6 million strategic investment with Rio Tinto Mining and Exploration Limited (**Rio Tinto**) to advance Kasiya in Malawi.

Rio Tinto initially subscribed for 83.3 million new fully paid ordinary shares (**Shares**) and the issue of 34.5 million unlisted options (**Rio Tinto Options**).

On 3 July 2024, the Company announced that Rio Tinto had exercised the Rio Tinto Options and the Company subsequently issued 34,549,598 Shares to Rio Tinto to raise an additional $18.5 million (before costs).

On 13 September 2024, Rio Tinto completed an additional investment of $0.7 million in Sovereign through the issue of 1.3 million Shares increasing its shareholding in Sovereign to 19.9%.

GOVERNMENT OF MALAWI APPLAUDS RIO TINTO'S INVESTMENT

The Government of Malawi has publicly applauded the timely investment by Rio Tinto and marked it as a milestone towards realising the country's aspirations of growing the mining industry as promoted in the Malawi Vision 2063, which identifies mining as a priority industry.

The Government's statement confirms its commitment to ensuring the growth of the mining sector through deliberate initiatives aiming at establishing a conducive investment environment in the sector.

With mining being one of the key pillars for growth under Malawi's economic development strategy (Agriculture, Tourism, Mining - ATM Policy) and the potential for Kasiya to be a project of national significance, the Government has constituted an Inter-ministerial Project Development Committee to work alongside the Company.

OPERATING AND FINANCIAL REVIEW (Continued)

KASIYA OPTIMISATION ADVANCES TO PILOT PHASE

During the year, the Company initiated a Pilot Phase at Kasiya with the dry mining trial now complete with a test pit successfully excavated.

The results will allow Sovereign to determine optimal excavation, backfill and land rehabilitation approaches. The Pilot Phase will be a demonstration to local communities of the successful rehabilitation of land for agricultural use post-mining. Results will also provide critical information for the upcoming Definitive Feasibility Study (**DFS**) and once commenced, it will shorten the time to its completion.

In August 2024, Sovereign commenced the hydraulic mining trial of the Pilot Phase which aims to further develop previous testwork as part of the Kasiya PFS Optimisation Study.

Results from the Pilot Phase, in particular the analysis of dry-mining versus hydraulic mining, will be fundamental for the ongoing PFS Optimisation Study

The objectives of the Pilot Phase include:

- Optimisation of mining methods by construction of a pilot-scale open pit close to the maximum depth of the current reserves at 20m;
- Scale-up of existing in-country processing capability by installation of commercial scale spirals to produce additional bulk samples for graphite product qualification;
- Optimising the tailings management and storage designs; and
- Optimising land rehabilitation, soil restoration and selection of revegetation species.

The commencement of the Pilot Phase follows the receipt within three months of all relevant approvals and permissions from the Malawi Environment Protection Authority (**MEPA**), National Water Resources Authority (**NWRA**), the Ministry of Mines, and the local community.

The Pilot Phase is being undertaken on a 9.9-hectare site and will include the following activities:

1. **Test Pit:** A test pit of 120m by 110m excavated to a depth of 20m, allowing optimisation of hydraulic and dry mining excavation methods.
2. **Stockpiles:** The excavated material will be temporarily stored in four stockpiles, namely all dry mining material, wet slimes (in a pond) and two sizes of sand fractions from the hydraulic mining.
3. **Backfilling and Grading:** The material will be placed back into the pit, and all areas will be graded.
4. **Rehabilitation Demonstration:** Sovereign will construct eight small rehabilitation demonstration pits covering a combined area of 100m by 130m. These will be used for water storage, excavated material storage, and demonstration of multiple rehabilitation approaches.
5. **Temporary Laydown Areas**: Four areas will be used as temporary laydown areas, offices, and associated infrastructure.
6. **Communication:** The Pilot Phase will be an educational opportunity for Project stakeholders. Sovereign will undertake a series of stakeholder visits and consultations for this purpose.

Pilot Phase Program Design

Activities have been designed to establish a 9.9-hectare site over the current Ore Reserve defined in the Kasiya PFS, covering a mineralised zone with ore deemed representative of the overall MRE. Sovereign has excavated several test pits and collected geological and geotechnical samples. The main pit will be backfilled with dry material, while material from hydraulic mining will be used to fill the remaining pits as part of the rehabilitation phase.

Land rehabilitation will form an integral component of the DFS. Sovereign's objective is to restore land after mining to conditions that achieve the same or better agricultural yields than existing land uses and crop yields. For this reason, the Company will undertake field-based demonstrations of rehabilitation showcasing drying times, soil recoveries, soil nutrients, growth variants, and including different soil inputs and revegetation methods.

Site Construction

Prior to the establishment of site infrastructure, eight boreholes have been permitted and drilled using a locally appointed drilling contractor. These boreholes are supplying water to the site, which are being stored in a temporary water storage pond.

A perimeter fence around the pilot site has been erected to maintain the necessary health and safety standards. Sovereign's strategic investor, Rio Tinto, assisted with establishing health and safety protocols and implementation on a day-to-day basis.

Temporary buildings such as offices and stores have been erected on site. To support the pilot mining, two 1MW mobile diesel-powered electricity generators have been installed to provide the electricity required for high-pressure water monitors.

Pilot Mining

The dry mining trial is now completed with a test pit successfully excavated. The test pit covers the planned area of 120 metres by 110 metres and has been excavated to a depth of 20 metres through the weathered ore at Kasiya. This confirms Kasiya ore can be efficiently mined using conventional dry-mining techniques and a simple mobile excavator fleet. The pit is accessible through a 10-metre-wide ramp constructed at appropriate geotechnical angles.

For the test pit, the dry mining fleet consisted of four excavators, 20 trucks and a support fleet including two bulldozers and a motor grader. The saprolite-hosted mineralisation at Kasiya is largely homogenous and has relatively consistent physical properties throughout the 1.8 billion tonnes MRE. Data collected from the pilot phase confirmed that no drilling, blasting, crushing, grinding or milling will be required prior to stockpiling material for processing into rutile and graphite products; an indication of potentially lower mining costs and a lower carbon footprint comparable to hard rock deposits.

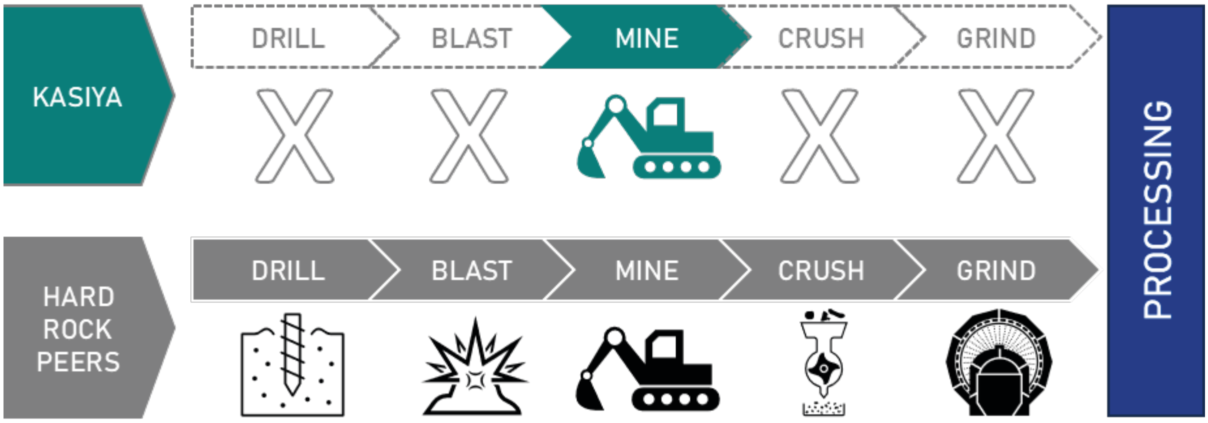

Figure 6: Kasiya mining and front-end processing vs. hard rock peers

Approximately 170,000 bench cubic metres of material has been mined as part of the test-pit program. Steady-state operations envisage 24 million tonnes of material being mined annually. The test pit material will be processed through cyclones on site for further tailings deposition testwork.

A temporary water storage pond, constructed and sealed with natural clay from excavated material, has been filled with six million litres of ground water, predominantly from eight water boreholes on site. This water will be used during the hydraulic mining trial and continuously recycled from the constructed holding cells where sand and fines fractions will be stored respectively prior to the planned deposition and rehabilitation testwork

OPERATING AND FINANCIAL REVIEW (Continued)

KASIYA OPTIMISATION ADVANCES TO PILOT PHASE (Continued)

Figure 7: Overview of the hydraulic mining trial

On Site Processing Facility

Material mined from the test pit will be processed on-site and at the Company's laboratory facility in Lilongwe. As part of the Pilot Phase, a commercial-scale spiral plant will be installed.

Rutile and graphite concentrate samples generated from the Pilot Phase will be shared with potential off-takers and end-users, and used for further testwork as part of the Company's graphite commercialisation strategy.

Rehabilitation Phase

This phase will consist of establishing a strong soils baseline, backfilling of the test pit with different soil compositions, rehabilitation tests, revegetation and the improvement of soil conditions post-mining.

Regular monitoring and evaluation of the rehabilitation activities will be undertaken to assess the progress of vegetation growth and soil stabilisation. Following the conclusion of the rehabilitation, the proposed project site will be returned to farmland.

Land rehabilitation will be a key part of the ongoing PFS Optimisation Study. Sovereign's objective is to restore land post mining to conditions that match or surpass existing agricultural yields. The Pilot Phase will showcase to local communities the successful rehabilitation of land for agriculture post mining. These efforts will also help Sovereign refine excavation and backfill techniques.

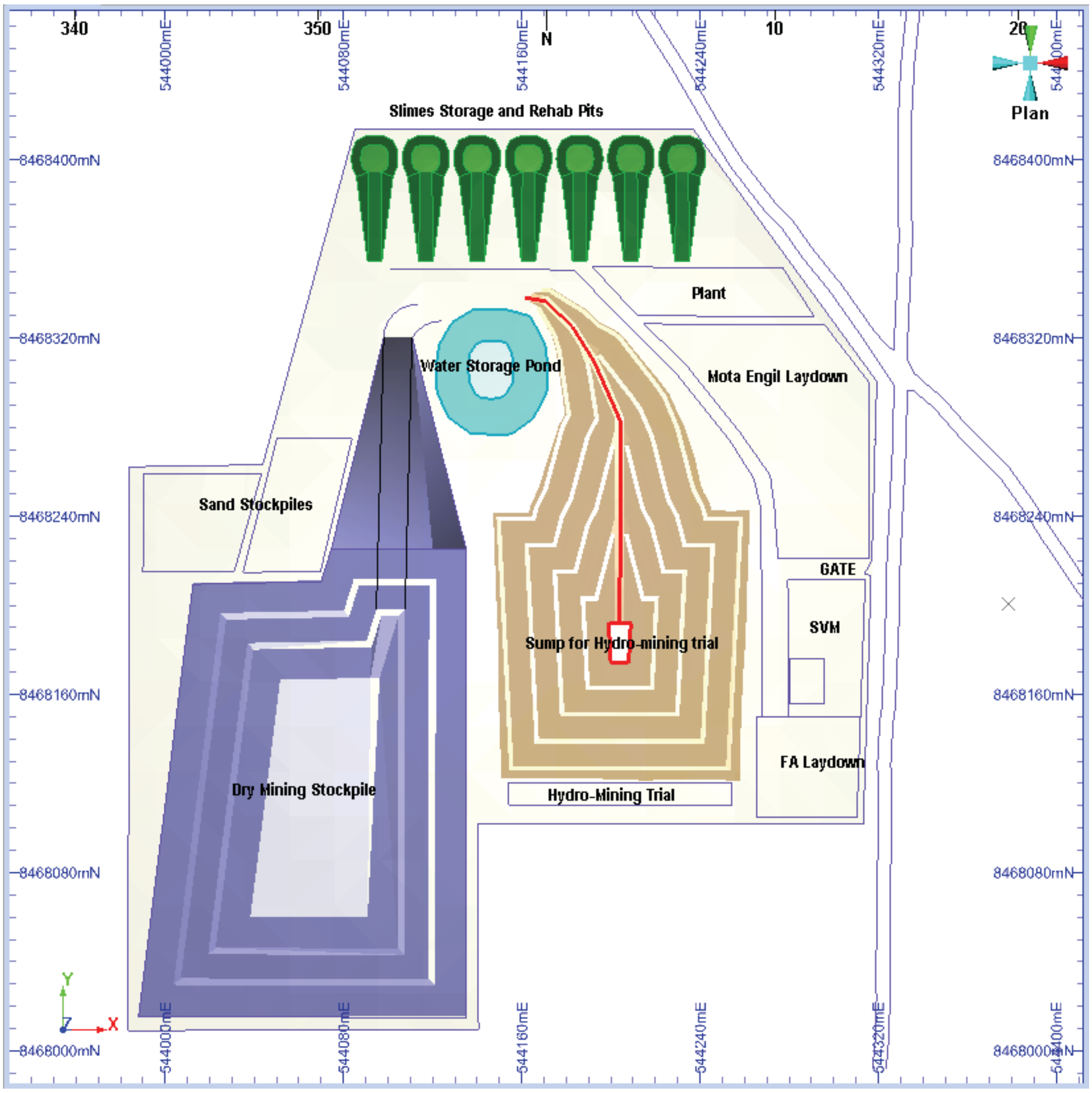

Figure 8: Pilot Phase Site Layout

Permitting

Permissions for the Pilot Phase were received following the successful submission of an Environmental and Social Management Plan to MEPA. Sovereign is committed to the responsible development of Kasiya. The Pilot Phase will be undertaken in accordance with Malawian Law and IFC Performance Standards, which will include protecting local communities and the natural environment.

TESTWORK DELIVERS LOW IMPURITY GRAPHITE FOR BATTERY ANODES

During the year, the Company announced results of graphite testwork completed at multiple independent laboratories in Australia, Canada and South Africa.

Graphite flotation and cleaning testwork was conducted on graphite circuit feed from Kasiya at four different laboratories, which all successfully produced high-grade graphite concentrate (94.9%-97.8% TGC) at high flotation recoveries (91.2%-97.2%).

The testwork demonstrated excellent results using a conventional flowsheet that was consistent across all laboratories, thus confirming Sovereign's ability to produce a high quality graphite concentrate.

The graphite circuit feed provided to the various laboratories was produced at the Company's existing laboratory facility in Lilongwe, where it was screened and separated over a wet shaking table.

OPERATING AND FINANCIAL REVIEW (Continued)

TESTWORK DELIVERS LOW IMPURITY GRAPHITE FOR BATTERY ANODES (Continued)

Figure 9: Holman Wilfley 2000 wet shaking table in action demonstrating clear separation between Rutile HM, waste and Graphite

The graphite feed grades of 3.5%-4.0% TGC to the graphite circuit are significantly higher than the Mineral Resource Grade of 1.44%, highlighting the ~2.4-2.8-fold upgrading of graphite grades when ROM ore passes through the front-end rutile gravity separation circuit.

This demonstrates the ease of separating the rutile heavy mineral and graphite streams from the front end of the Kasiya PFS process flowsheet. Subsequently, the two product streams pass into distinct, industry-standard, final product flowsheets. This further highlights the commercial benefits of having both rutile and graphite mineralisation co-existent in the same soft saprolite-hosted orebody.

The first stage of upgrading the graphite feed, rougher flotation, achieved very high rejection (>90%) of waste materials to rougher tails, producing a rougher concentrate with more than 55% TGC and very high recoveries (94%-98%) in laboratory scale testing consistently across all four laboratories. Upgrading the graphite feed at very high recoveries and rejection of non-graphitic minerals without run-of-mine milling is another of Kasiya's significant advantages, supporting the lowest cost graphite production.

The rougher concentrate was further upgraded through laboratory scale flotation, cleaning and polishing stages, producing high-grade concentrates at high graphite circuit recoveries.

Pilot-scale testwork confirmed the laboratory-scale results with >90% TGC recovery to high-grade graphite concentrates (<180-micron concentrate at 96.9% TGC and >180-micron concentrate at 97.2% TGC).

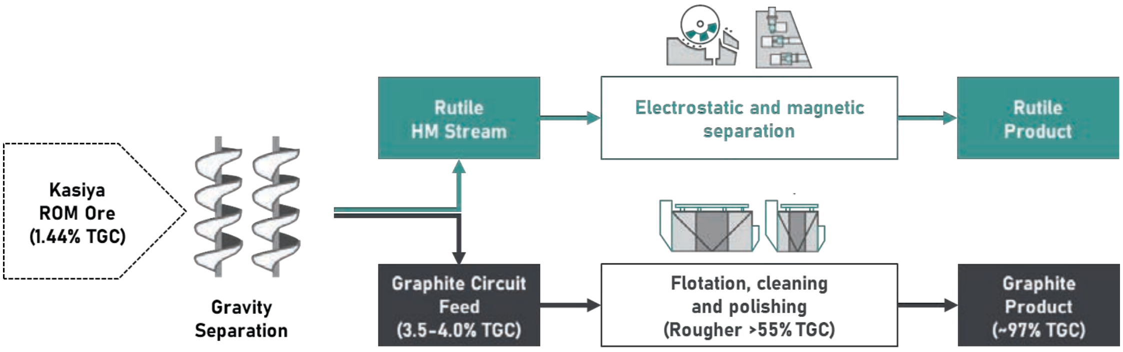

Figure 10: High-level process flowsheet for rutile and graphite production at Kasiya

HIGHLY FAVOURABLE IMPURITY PROFILE

Kasiya concentrates have very low levels of sulphur. Sulphur can be difficult to remove in the purification processes required to produce anode materials. Other major impurities important for anode material purification processes are iron (Fe), silicon (Si) and aluminium (Al). The Kasiya material has exceptionally low levels of all of these impurities. Benchmarked against the Chinese Standard (China dominates the supply of graphite for battery anodes) this could potentially lead to significant commercial advantages during purification. Kasiya has the potential to be a long term secure source of graphite ex-China.

Table 1: Kasiya Concentrate Purity Profile					
	Kasiya			Benchmarks	
	Concentrate <180 µm	Concentrate >180 µm	Combined	China Standard [1]	Example Chinese Product [2]
Graphite (TGC%)	96.9%	97.2%	97.0%	>94%	96.0%
Sulphur (S) (%)	<0.02%	<0.02%	<0.02%	<0.5%	0.23%
Iron (Fe) (%)	0.48%	0.46%	0.47%	<1.00%	0.55%
Silicon (Si) (%)	0.60%	0.80%	0.68%	n/d	1.25%
Aluminium (Al) (%)	0.24%	0.28%	0.26%	n/d	0.38%

1. National Standard of China – Flake Graphite (GB/T 3518-2023)
2. Asbury Carbons – A Study Comparing the Performance of Natural Flake Graphite from Two Different Geographical Regions (https://asbury.com/media/1170/a-study-comparing-the-performance-of-natural-flake-graphite.pdf)

OUTSTANDING BATTERY ANODE MATERIAL PRODUCED FROM KASIYA GRAPHITE

Subsequent to the end of the year, Sovereign announced an update on the downstream testwork conducted at leading, independent consultancy ProGraphite GmbH (**ProGraphite**) in Germany.

The test work program demonstrated that CSPG produced from Kasiya natural flake graphite has performance characteristics comparable to the leading Chinese natural graphite anode materials manufacturers such as BTR New Material Group (**BTR**).

Electrochemical testing of the CSPG samples at a leading German institute achieved FCE of 94.2% to 95.8%, with results above 95% a key specification for highest quality natural graphite anode materials under the Chinese standard. A very high FCE minimises lithium losses in the initial formation cycles of a lithium-ion battery, supporting battery life.

Following spheronisation and purification testwork which produced spherical graphite with very high purities of 99.99%, the purified spherical graphite (**PSG**) samples were pitch coated and carbonised to produce CSPG.

The coating process produced CSPG with very low BET specific surface area of 2.0m^2/g and tap densities of 1.11-1.18g/cm^3 (Table 2).

A low specific surface area is required for anode materials to minimise the loss of lithium in forming an initial protective coating on the anode material known as the Solid Electrolyte Interphase (**SEI**). The coating process also assists in increasing the density of the anode material as measured by the tap density – a higher density assists in storing more electrical energy in the lithium-ion battery.

OPERATING AND FINANCIAL REVIEW (Continued)

OUTSTANDING BATTERY ANODE MATERIAL PRODUCED FROM KASIYA GRAPHITE (Continued)

Table 2: CSPG Results				
		CSPG Sample		
Sample	**Units**	**1**	**2**	**3**
D10	[µm]	11.05	11.08	14.86
D50	[µm]	17.46	17.27	23.71
D90	[µm]	26.75	27.5	36.72
Tap Density	[g/cm^3]	1.11	1.12	1.18
BET	[m^2/g]	1.6	2.0	1.4

Kasiya CSPG also met the criteria for an initial discharge capacity of more than 360mAh/g for highest quality anode materials, with initial capacities of 362-366mAh/g. These results will be used to fast-track discussions with potential offtakers.

Table 3: Electrochemical Results – China CSPG Standard							
		CSPG Sample			China Standard GB/T-24533-2019		
		1	**2**	**3**	**Grade I**	**Grade II**	**Grade III**
First Cycle Efficiency	**[%]**	95.8	94.2	95.8	**≥95**	≥93	≥91
Initial Capacity	**[mAh/g]**	362	364	366	**≥360**	≥360	≥345

Furthermore, the testwork demonstrated that CSPG produced from Kasiya natural flake graphite has initial performance characteristics comparable to the leading Chinese natural graphite anode materials manufacturers such as BTR. BTR has a 20-year track record in the production of lithium-ion battery anode materials, is a dominant player in the market and has recently concluded anode material offtake agreements with global automotive companies including Ford. BTR's highest specification CSPG materials, that have low swelling, long cycle life, good processability and outstanding electrochemical performance include their GSN17 and LSG17 products (with D50 of 17.0+/- 1.5µm).

Table 4: Electrochemical Results – BTR CSPG products					
		CSPG Sample		BTR[3]	
		1	**2**	**GSN 17**	**LSG 17**
First Cycle Efficiency	**[%]**	95.8	94.2	**≥95**	≥94
Initial Capacity	**[mAh/g]**	362	364	**≥360**	≥355
D50	**[µm]**	17.5	17.3	**17.0+/- 1.5**	17.0+/- 1.5

In December 2023, China imposed trade restrictions on graphite that required producers to apply to the government for permits to export high-grade graphite materials and related products. Given China's dominance of natural graphite and graphite derived products such as CSPG, global EV production and Net Zero ambitions could be negatively impacted given the lack of anode industry development ex-China. In May 2024, the US government imposed a new 25% tariff on natural graphite from China, as part of a broader initiative that included an increase of tariffs on EVs and lithium-ion batteries.

High performance CSPG materials manufactured from Kasiya natural graphite present an opportunity for development of ex-China supply chains for battery anode materials. Sovereign believes that the outstanding electrochemical results for Kasiya CSPG can be attributed to the unique geological setting of the Kasiya orebody. The near perfect crystallinity i.e. fully ordered graphite resulting from the very high metamorphic grade of the underlying host rock (paragneiss metamorphosed to granulite facies) and the high purity of the natural flake being assisted by the highly weathered nature of the ore. This is as opposed to fresh rock hosted graphite deposits which generally have much higher impurity levels including sulphur, which negatively impacts electrochemical performance. The very low sulphur profile of Kasiya graphite is due to the fact that the primary sulphide minerals have been altered to sulphates by the intense weathering. The sulphates are water soluble and are leached from the ore during weathering.

Further optimisation testwork for anode materials is planned, using additional graphite concentrate currently being generated at pilot-scale in South Africa.

A program for assessing Kasiya concentrate for traditional refractories and foundry applications has also been developed. The coarse component of the pilot plant concentrate will be used for this testwork program.

ESG FRAMEWORK ADVANCES SOCIAL INITIATIVES IN MALAWI

Sovereign has established an Environmental, Social and Governance (**ESG**) framework to advance Sovereign's Corporate Social Responsibility in Malawi which continues to undertake several initiatives to assist in the development of its project affected local communities, including:

- Promoting education through a Schools Upgrade Program and creation of a Scholarship Program for high school learners
- Advancing local community infrastructure commissioning of water bores across the Company's licence area to provide local communities with drinking water
- Establishing international standard mining industry facilities with the construction of an extensive rutile sample laboratory in Lilongwe
- Employment of a diverse workforce and developing key exploration and mining-applicable skills through training programs

Continuing engagement with key stakeholders from local communities through to Government level.

Results of Operations

The net loss of the Group for the year ended 30 June 2024 was $18,600,894 (2023: $5,819,873). Significant items included in the year end loss are the following:

- Interest income of $1,821,876 (2023: $268,967) earned on term deposits held by the Group.
- Exploration and evaluation expenses of $14,831,671 (2023: $10,627,458) in relation to the Group's projects in Malawi. 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;
- Non-cash share-based payments expenses totalling $2,303,201 (2023: $2,083,592) 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 option and rights holders become unconditionally entitled to the incentive securities;
- Business development expenses of $2,340,819 (2023: $2,096,822) 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, travel costs, conference fees, business development consultant fees and costs of the Group's ASX and AIM listings; and
- A one-off gain of in 2023 of $9,480,980 (2024: nil) from the demerger of NGX Limited (**NGX**) and its graphite projects relating to the difference between the fair value of the in-specie distribution of NGX shares to existing Sovereign shareholders and the carrying value of the net assets demerged, less costs.

Financial Position

As at 30 June 2024, the Group had cash and cash equivalents of $31,564,130 as at 30 June 2024 (2023: $5,564,376) and no debt (2023: nil). The Group had net assets of $34,358,774 at 30 June 2024 (2023: $9,672,569), an increase of $24,686,205 or approximately 72% compared with the previous year. This is largely attributable to the increase in cash reserves following the investment made by Rio Tinto in the year.

Following the additional $19.1 million invested by Rio Tinto since 30 June 2024, Sovereign remains in strong financial position with cash at bank of approximately $43 million and no debt.

Business Strategies and Prospects for Future Financial Years

The objective of the Group is to create long-term shareholder value through the development and production of technically and economically viable mineral deposits at Kasiya.

To date, the Group has not commenced production of any minerals at Kasiya. To achieve its objective, the Group currently has the following business strategies and prospects over the medium to long term:

- Completion of the Pilot Phase and PFS Optimisation Study at Kasiya to further confirm the economic potential of the Kasiya Project and to optimise the future mine configuration and method prior to commencing a DFS;
- Complete infill drilling at the southern part of Kasiya to upgrade portions of the MRE from Indicated to Measured category, allowing conversion of Ore Reserves from Probable to Proven category; and
- Following results from the Company's graphite downstream testwork, continue with ongoing discussions with potential offtakers.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these developments will be achieved. The material business risks faced by the Group that are likely to have an effect on the Group's future prospects, and how the Group manages these risks, include:

- **The Group's exploration properties may never be brought into production** – The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. To mitigate this risk, the Group will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Group will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. This includes the completion of the Pilot Phase which the Company is currently undertaking. However, there can be no guarantee that the studies and Pilot Phase will confirm the technical and economic viability of the Group's mineral properties or that the properties will be successfully brought into production;
- **The Group's activities will require further capital** – The exploration and any development of the Group's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of the Group's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Group;
- **The Group is subject to sovereign risk of the Republic of Malawi –** The Group's operations in the Republic of Malawi are exposed to various levels of political, economic and other risks and uncertainties. The Republic of Malawi is a developing country and there can be no assurances that the risks of operating in the Republic of Malawi will not directly impact the Group's operations. On 28 June 2024, the Mines and Minerals Act (2023) (**New Act**) was gazetted and came into force. The New Act introduces amendments to improve transparency and governance of the mining industry in Malawi. Sovereign notes the following updates in the New Act which may affect the Company going forward: (i) ELs will now be granted for an initial period of 5 years with the ability to extend by 3 years on two occasions (total 11 years); (ii) the Malawian Government maintains a right to free equity ownership for large-scale mining licences but the New Act has removed the automatic free government equity ownership with the right to be a negotiation matter; and (iii) A new Mining and Regulatory Authority will be responsible for implementing the objectives of the New Act;
- **The Group may be adversely affected by fluctuations in commodity prices and/or foreign exchange –** The price of rutile, graphite and other commodities fluctuates widely and is affected by numerous factors beyond the control of the Group. Future production, if any, from the Group's mineral properties will be dependent upon the price of rutile and graphite and other commodities being adequate to make these properties economic. Current and planned development activities are predominantly denominated in US dollars and the Group's ability to fund these activities may be adversely affected if the Australian dollar continues to fall against the US Dollar. The Group currently does not engage in any hedging or derivative transactions to manage commodity price or foreign exchange risk. As the Group's operations change, this policy will be reviewed periodically; and
- **Global financial conditions may adversely affect the Group's growth and profitability** – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Group's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Group's growth and ability to finance its activities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

(a) In July and August 2023, the Company announced that it had completed a $40.6 million strategic investment by Rio Tinto to advance Kasiya. Rio Tinto subscribed for 83.3 million Shares in Sovereign for proceeds of $40.6 million. In August, the Company issued 2.5 million Shares to SCP Resource Finance as a 3% advisory fee on the amount of Rio Tinto's initial investment; and

(b) On 16 October 2023, the Company announced the appointment of experienced African based mining executive, Mr Frank Eagar, as Managing Director and CEO with previous Managing Director, Dr Julian Stephens, transitioning to Non-Executive Director

There are no significant changes in the state of affairs of the Group during the year not otherwise disclosed in this report.

SIGNIFICANT POST BALANCE DATE EVENTS

(a) On 3 July 2024, the Company announced the Company announced that Rio Tinto had exercised the Rio Tinto Options and the Company subsequently issued 34.5 million Shares to Rio Tinto to raise an additional $18.5 million (before costs);

(b) On 13 September 2024, the Company issued a further 1.2 million Shares to Rio Tinto for an additional investment of $0.7 million increasing Rio Tinto's shareholding in the Company to 19.9%; and

(c) On 13 September 2024, the Company issued 1.0 million Shares to SCP Resource Finance as a 3% advisory fee on the amount of Rio Tinto's exercise of options.

There are no other matters or circumstances which have arisen since 30 June 2024 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2024 of the Group;
- the results of those operations, in financial years subsequent to 30 June 2024 of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2024 of the Group.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year consisted of the development of Kasiya. No significant change in the nature of these activities occurred during the year.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2024 (30 June 2023: nil).

LOSS PER SHARE

	2024 Cents	2023 Cents
Basic and diluted loss per share	**(3.34)**	(1.24)

DIRECTORS

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

Current Directors

Mr Benjamin Stoikovich	Chairperson
Mr Frank Eagar	Managing Director and CEO (appointed 20 October 2023)
Mr Ian Middlemas	Non-Executive Director
Dr Julian Stephens	Non-Executive Director (previously Managing Director, Non-Executive as of 20 October 2023)
Mr Mark Pearce	Non-Executive Director
Mr Nigel Jones	Non-Executive Director

Unless otherwise disclosed, Directors held their office from 1 July 2023 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Benjamin Stoikovich
Chairperson
Qualifications – B.Eng, M.Eng, M.Sc, CEng, CEnv

Mr Stoikovich is an experienced mining executive and corporate finance professional residing in London. Mr Stoikovich is currently the Chief Executive Officer of GreenX Metals Limited (ASX: GRX) and was formerly a Director of the Mining and Metals Corporate Finance Division of Standard Chartered Bank in London, with extensive experience in financing the development of African mining projects and exposure to the mineral sands sector.

Mr Stoikovich started his career as a mining engineer with BHP Billiton in Australia, gaining broad experience across mine operations management and qualifying as a mine manager. He holds a post graduate degree in Environmental Engineering and UK professional designation as a Chartered Environmentalist (CEnv) with wide ranging experience of managing the environmental, social and sustainability aspects of mining projects across the life-cycle and the ESG requirements of the investment community. Mr Stoikovich was appointed a Director of the Company on 13 October 2020. During the three year period to the end of the financial year, Mr Stoikovich held a directorship in GreenX Metals Limited (June 2013 – present).

Frank Eagar
Managing Director and CEO (appointed 20 October 2023)
Qualifications – B.Com, CA,

Mr Eagar has over 20 years' experience in the financing, permitting, development and operation of mining projects with a strong focus in southern Africa.

Mr Eagar is a Chartered Accountant who has gained extensive corporate, commercial and technical experience in the mining sector throughout his career. Mr Eagar has previously held a number of senior executive positions in the resources sector, more recently with African mining focused private equity firm AMED Funds which included acting as Chief Financial Officer (**CFO**) for AMED's controlled company, Central Copper Resources PLC (**Central Copper**).

Prior to Central Copper, Mr Eagar was the CEO (and prior to that the CFO) of Baobab Steel Limited (**Baobab**) another AMED controlled company, where he managed the completion of a DFS and a joint venture with the World Bank's IFC to procure strategic investors and raise project finance for Baobab's US$1 Billion, fully permitted, integrated 500ktpa Steel and Vanadium Project in Mozambique.

Mr Eagar joined Sovereign in December 2022 as General Manager in Malawi, where he has already expanded the team with a focus on Malawian nationals, developed strong relationships with Government and demonstrated a clear understanding of the Kasiya Project and its development landscape. Mr Eagar was appointed as Managing Director and CEO of Sovereign Metals Limited on 20 October 2023. During the three year period to the end of the financial year, Mr Eagar did not hold any other directorships in publicly listed companies

Ian Middlemas
Non-Executive Director
Qualifications – B.Com, CA

Mr Middlemas is a Chartered Accountant and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director of a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of Sovereign Metals Limited on 20 July 2006. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Constellation Resources Limited (November 2017 – present), Apollo Minerals Limited (July 2016 – present), Terra Metals Limited (October 2013 – present), Berkeley Energia Limited (April 2012 – present), GreenX Metals Limited (August 2011 – present), NGX Limited (April 2021 – present), Salt Lake Potash Limited (Receivers and Managers Appointed) (January 2010 – present), Equatorial Resources Limited (November 2009 – present), Odyssey Gold Limited (September 2005 – present), Piedmont Lithium Limited (September 2009 – December 2020) and Peregrine Gold Limited (September 2020 – February 2022).

Julian Stephens
Non-Executive Director (previously Managing Director, Non-Executive as of 20 October 2023)
Qualifications – B.Sc (Hons), PhD, MAIG

Dr Stephens originally identified and secured the Malawi properties acquired by Sovereign in 2012. He has since been closely involved with the subsequent exploration and development of these projects, including the discovery of the Kasiya rutile deposit.

Dr Stephens has extensive experience in the resources sector having spent in excess of 25 years in board, executive management, senior operational and economic geology research roles for a number of companies. He has spent over a decade working on African projects, particularly projects in Malawi. Dr Stephens holds a PhD from James Cook University, Queensland and is a member of the Australian Institute of Geoscientists. Dr Stephens was appointed a Director of Sovereign Metals Limited on 22 January 2016, was appointed Managing Director on 27 June 2016 and appointed as non-executive from 20 October 2023 . During the three year period to the end of the financial year, Dr Stephens did not hold any other directorships in publicly listed companies.

Mark Pearce
Non-Executive Director
Qualifications – B.Bus, CA, FCIS, FFin

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies. Mr Pearce is also a Fellow of the Institute of Chartered Secretaries and a member of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of Sovereign Metals Limited on 20 July 2006. During the three year period to the end of the financial year, Mr Pearce has held directorships in Constellation Resources Limited (July 2016 – present), GreenX Metals Limited (August 2011 – present), Equatorial Resources Limited (November 2009 – present), Terra Metals Limited (June 2022 – present), NGX Limited (April 2021 – present) and Peregrine Gold Limited (September 2020 – February 2022).

Nigel Jones
Non-Executive Director
Qualifications – MA

Mr Jones has over 30 years of mining industry experience with 22 years in a number of senior roles at Rio Tinto Group, where most recently, Mr Jones was Managing Director of Rio Tinto's Simandou iron ore project, one of the world's largest proposed mining developments.

In this role, he was accountable for all aspects of the project's development, including its complex ESG strategy. Such aspects included impacts on natural ecosystems, biodiversity, and community and government relations.

Mr Jones was also a member of the senior leadership team of the Energy and Minerals product group, which incorporated Rio Tinto's titanium dioxide feedstock businesses in Canada and southern Africa. Prior roles in Rio Tinto included Head of Business Development, Head of Business Evaluation and Managing Director of the group's Marine operations.

Mr Jones was appointed a Director of Sovereign Metals Limited on 10 February 2022. During the three year period to the end of the financial year, Mr Jones held a directorship in Berkeley Energia Limited (June 2017 – November 2020).

Mr Dylan Browne
Chief Financial Officer ("CFO") and Company Secretary
Qualifications – B.Com, CA, AGIA ACG

Mr Browne is a Chartered Accountant and Associate Member of the Governance Institute of Australia (Chartered Secretary) who is currently Company Secretary for a number of ASX and European listed companies that operate in the resources sector. He commenced his career at a large international accounting firm and has since been involved with a number of exploration and development companies operating in the resources sector, based in London and Perth, including Berkeley Energia Limited, Apollo Minerals Limited, GreenX Metals Limited and Papillon Resources Limited. Mr Browne successfully listed Prairie Mining Limited (renamed GreenX Metals Limited) on the Main Board of the London Stock Exchange ("LSE") and the Warsaw Stock Exchange and oversaw Berkeley's listings on the Main Board LSE and the Madrid, Barcelona, Bilboa and Valencia Stock Exchanges. Mr Browne was appointed Company Secretary of the Company on 29 April 2021.

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF SOVEREIGN

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

Interest in Securities at the Date of this Report		
Current Directors	**Ordinary Shares[1]**	**Performance Rights[2]**
Benjamin Stoikovich	4,190,000	600,000
Frank Eagar	500,000	2,200,000
Ian Middlemas	16,100,000	-
Julian Stephens	13,557,518	1,200,000
Mark Pearce	4,520,842	950,000
Nigel Jones	225,000	550,000

Notes:
(1) "Ordinary Shares" means fully paid ordinary shares in the capital of the Company; and
(2) "Performance Rights –means an unlisted performance right that converts to one Share in the capital of the Company upon satisfaction of the relevant milestone.

CONVERTIBLE SECURITIES

At the date of this report the following convertible securities have been issued by the Company over unissued capital:

- 9,460,000 Performance Rights subject to the Definitive Feasibility Study Milestone that expire on 31 October 2025;
- 3,600,000 Performance Rights subject to the Mining Licence Milestone that expire on 31 March 2026; and
- 4,800,000 Performance Rights subject to the Final Investment Decision Milestone that expire on 30 June 2026.

During the year ended 30 June 2024 and up to the date of this report, 34,549,598 ordinary shares were issued as a result of the exercise of unlisted options and 6,100,000 ordinary shares have been issued as a result of the conversion of performance rights.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2024, and the number of meetings attended by each Director.

	Board Meetings		ESG Committee	
Current Directors	**Eligible to Attend**	**Number Attended**	**Eligible to Attend**	**Number Attended**
Benjamin Stoikovich	3	3	2	2
Frank Eagar[1]	2	3[2]	2	2
Ian Middlemas	3	3	-	-
Julian Stephens	3	3	-	-
Mark Pearce	3	3	-	-
Nigel Jones	3	3	2	2

Note:
(1) Appointed 20 October 2024.
(2) Mr Eagar was invited to attend a meeting prior to being appointed Managing Director and CEO.

The Board as a whole currently performs the functions of a Risk Committee, Nomination Committee and Remuneration Committee. However this will be reviewed should the size and nature of the Company's activities change.

COMMITTEE MEMBERSHIPS

As at the date of this report, the Company has an Audit Committee and an ESG Committee of the board or directors.

The ESG Committee was established to support the Company's ongoing commitment to environmental, health and safety, corporate social responsibility, corporate governance, sustainability and other public policy matters relevant to the Company.

An Audit Committee has been established to oversee the Company's financial reporting and quality of the audits conducted by both external and internal auditors.

Please refer to the Corporate Governance section on page 62 for further discussion on the Company's Corporate Governance Statement and policies.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel (**KMP**) of the Group.

Details of KMP

The KMP of the Group during or since the end of the financial year is as follows:

Executives	
Mr Benjamin Stoikovich	Chairperson
Mr Frank Eagar	Managing Director and CEO (appointed 20 October 2023, previously General Manager - Africa)
Mr Robert Slater	Chief Operating Officer (appointed 16 October 2023)
Mr Sapan Ghai	Chief Commercial Officer (KMP from 1 November 2023)
Mr Dylan Browne	CFO and Company Secretary (KMP from 1 November 2023)
Mr Paul Marcos	Head of Project Development
Mr Sam Cordin	Business Development Manager
Directors	
Mr Ian Middlemas	Non-Executive Director
Dr Julian Stephens	Non-Executive Director (previously Managing Director, Non-Executive as of 20 October 2023)
Mr Mark Pearce	Non-Executive Director
Mr Nigel Jones	Non-Executive Director

Unless otherwise disclosed, the KMP held their position from 1 July 2023 until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP: (a) the Group is currently focused on undertaking development and exploration activities at Kasiya; (b) risks associated with small cap resource companies whilst in the development and exploration phase; (c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production at Kasiya.

The objective of the Group's remuneration structure reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The remuneration framework provides a mix of fixed and variable remuneration, which incorporates a blend of short and long-term incentives. There is a deliberate emphasis on lower fixed base and higher variable results-based remuneration to ensure that management focus is aligned with that of shareholders. This has been achieved by ensuring that a significant proportion of executive's remuneration is 'at risk'. Long-term incentives are based on Company milestones linked to long term value drivers.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance-based component (short-term incentive and long-term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

REMUNERATION REPORT (AUDITED) (Continued)

Remuneration Policy (Continued)

Performance Based Remuneration – Short Term Incentive

Some executives are entitled to an annual cash bonus upon achieving various key performance indicators (**KPI's**), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as the successful completion of development activities (e.g. completion of feasibility studies), environmental and social activities (e.g. sustainability and conservation), exploration and technical activities (e.g. completion of exploration programs within budgeted timeframes and costs), corporate activities (e.g. recruitment of key personnel) and business development activities (e.g. project acquisition and capital raisings). The Board assesses performance against these criteria annually.

During the 2024 financial year, a total bonus sum of $334,514 (2023: $270,000), representing 100% of KMP entitlement was accrued to executives after achievement of KPIs set by the Board. For the 2024 year, the KPI areas of focus included: (a) completion of successful development activities (b) completion of environmental and social activities; (c) completion of exploration and technical activities; and (d) business development activities; Specific KPIs are set for each KMP and are designed to drive successful business outcomes. No cash bonuses were forfeited during the financial year.

Performance Based Remuneration – Long Term Incentive

The Group has a long-term equity incentive plan (**LTIP**) comprising the "Sovereign Employee Equity Incentive Plan" (**Incentive Plan**) to reward KMP and other key employees and contractors for long-term performance of the Group. The Incentive Plan provides for the issuance of unlisted performance rights (**Performance Rights**) and unlisted incentive options (**Incentive Options**) to eligible employees and contractors as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group.

To achieve its corporate objectives, the Group needs to attract, incentivise, and retain its KMP and other key employees and contractors. The Board believes that grants made to eligible participants under the Incentive Plan is a useful tool to underpin the Group's employment and engagement strategy, and enables the group to: (a) recruit, incentivise and retain KMP and other key employees and contractors needed to achieve the Group's business objectives; (b) link the reward of key staff with the achievement of strategic goals and the long-term performance of the Group; (c) align the financial interest of participants of the Plan with those of Shareholders; and (d) provide incentives to participants of the Incentive Plan to focus on superior performance that creates Shareholder value.

(i) Performance Rights

The Incentive Plan provides for the issuance of Performance Rights to eligible participants which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share for each Performance Right. Performance Rights are issued for no consideration and no amount is payable upon conversion thereof.

Performance Rights granted under the Incentive Plan to eligible participants will be linked to the achievement by the Group of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

During the financial year, 5,350,000 Performance Rights were granted to KMP. 4,070,000 Performance Rights held by KMP vested and converted in Ordinary Shares during the year. No Performance Rights held by KMP lapsed during the financial year. The Performance Rights granted to KMP during the year included the following:

- 550,000 Performance Rights subject to the Definitive Feasibility Study Milestone that expire on 31 October 2025;
- 2,000,000 Performance Rights subject to the Mining Licence Milestone that expire on 31 March 2026; and
- 2,800,000 Performance Rights subject to the Final investment Decision Milestone that expire on 30 June 2026.

(ii) Incentive Options

The Incentive Plan also that provides for the issuance of Incentive Options to eligible participants. The Board's policy is to grant Incentive Options to KMP with exercise prices at or above market share price (at the time of agreement). As such, the Incentive Options granted to KMP are generally only of benefit if the KMP performs to the level whereby the value of the Group increases sufficiently to warrant exercising the Incentive Options granted.

Other than service-based vesting conditions (if any) and the exercise price required to exercise the Incentive Options, there are no additional performance criteria on the Incentive Options granted to KMP, as given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered that the performance of the KMP and the performance and value of the Group are closely related. The Group prohibits executives from entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

During the financial year, no Incentive Options were granted, exercised or lapsed to KMP.

Non-Executive Director Remuneration

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Performance Rights Incentive Options have been used to attract and retain Non-Executive Directors, where deemed appropriate. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting and is currently $500,000. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors have received Performance Rights and Incentive Options in order to secure their services and as a key component of their remuneration. The Company prohibits Non-Executive Directors from entering into arrangements to limit their exposure to convertible securities granted as part of their remuneration package.

Fees for the Chairperson are presently £50,000 ($95,000) per annum (2023: £50,000 ($95,000)) and fees for Non-Executive Directors' are £40,000 ($76,000) to $50,000 per annum (2023: £40,000 ($76,000) to $20,000 per annum). Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees including the Audit and ESG Committee. The Chair of the ESG Committee currently receives £10,000 ($19,000) (2022: £10,000 ($19,000)) for chairing the ESG Committee.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the ongoing development and exploration and of the Kasiya project. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. Discretionary annual cash bonuses are based upon achieving various non-financial KPI's that are not based on share price or earnings, as discussed above. However, as noted above, a number of KMP have received Performance Rights and/or Incentive Options which generally will be of greater value to KMP if the value of the Group's shares increases (subject to vesting conditions being met).

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking development and exploration activities and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of KMP

Details of the nature and amount of each element of the remuneration of each KMP of the Company for the year ended 30 June 2024 and 30 June 2023 are as follows:

2024	Short-Term Benefits Salary & Fees $	Short-Term Benefits Cash Bonus $	Post Employ-ment Superann-uation $	Non-Cash Share-based payments (Rights) $	Other Non-Cash Benefits $	Total $	Percentage Performance Related %
Executives							
Benjamin Stoikovich[(1)]	246,750	-	-	151,773	-	398,523	38
Frank Eagar[(2)]	432,057	116,045	-	282,196	-	830,298	48
Robert Slater[(3)]	425,175	-	-	108,300	-	533,475	20
Sapan Ghai[(4)]	140,116	48,468	-	121,640	-	310,224	55
Dylan Browne[(5)]	-	-	-	166,159	-	166,159	100
Paul Marcos	277,500	45,000	29,800	94,506	-	446,806	31
Sam Cordin	166,667	45,000	23,508	52,332	-	287,507	34
Non-Executive Directors							
Ian Middlemas	45,336	-	4,987	-	-	50,323	-
Julian Stephens[(6)]	141,218	80,000	27,500	87,791	-	336,509	50
Mark Pearce	40,000	-	4,400	119,344	-	163,744	73
Nigel Jones	95,925	-	-	67,088	-	163,013	41
	2,010,744	334,513	90,195	1,251,129	-	3,686,581	

2023	Short-Term Benefits Salary & Fees $	Short-Term Benefits Cash Bonus $	Post Employ-ment Superann-uation $	Non-Cash Equity Options/ Rights $	Other Non-Cash Benefits $	Total $	Percentage Performance Related %
Directors							
Benjamin Stoikovich[(1)]	207,059	-	-	184,988	-	392,047	47
Julian Stephens[(6)]	350,000	170,000	27,500	216,135	-	763,635	51
Ian Middlemas	36,000	-	3,780	-	-	39,780	-
Mark Pearce	20,000	-	2,100	111,705	-	133,805	83
Nigel Jones	93,932	-	-	105,836	-	199,768	53
Other KMP							
Frank Eagar[(2)]	217,710	-	-	214,674		432,384	50
Paul Marcos	270,000	50,000	27,500	214,237		561,737	47
Sam Cordin	205,000	50,000	26,775	120,432	-	402,207	42
	1,399,701	270,000	87,655	1,168,007	-	2,925,363	

Notes:

(1) In addition to Directors fees, Selwyn Capital Limited, an company of which Mr Stoikovich is a director and beneficial shareholder, was paid, or is payable, A$150,506 (2023: $117,254) for additional services provided in respect of corporate and business development activities which is included in Mr Stoikovich's salary and fee amount.

(2) Mr Eagar was appointed as the Company's Managing Director and CEO on 20 October 2023. On 30 November 2022, he was appointed as the Company's General Manager – Africa.

(3) Mr Slater was appointed as Chief Operating Officer from 16 October 2023.

(4) Mr Ghai commenced being KMP from 1 November 2023.

(5) Mr Browne commenced being KMP from 1 November 2023. Mr Browne provided services through a services agreement with Apollo Group Pty Ltd ("Apollo Group") a company of which Mr Mark Pearce is a Director and beneficial shareholder of. Mr Browne is an employee of Apollo Group. During the year, Apollo Group was paid or is payable A$432,000 (2023: A$348,000) for the provision of serviced office facilities and administrative, accounting, company secretarial and transaction services to the Group

(6) Dr Stephens was previously Managing Director and was appointed as a Non-Executive Director as at 20 October 2023. Cash bonus was paid to Dr Stephen's in his role as Managing Director.

Loans with KMP

No loans were provided to or received from KMP during the year ended 30 June 2024 (2023: Nil).

Other Transactions with KMP

Selwyn Capital Limited (**Selwyn**), a company of which Mr Stoikovich is a director and beneficial shareholder, is engaged under an agreement to provide consulting services to the Company, on a rolling 12-month term that either party may terminate with one month written notice. Selwyn receives a daily rate of £1,000 under the consulting agreement. These services provided during the financial year amounted to $150,506 (2023: $117,254).

Apollo Group, a company of which Mr Mark Pearce is a director and beneficial shareholder, was paid, or is payable, $432,000 (2023: $348,000) for the provision of serviced office facilities, administration services and additional transaction services provided during the year. This item has been recognised as an expense in profit and loss. The amount is based on a current monthly retainer of $31,000 (2023: $29,000) due and payable in advance, with no fixed term, and is able to be terminated by either party with one month's notice. Effective 1 July 2024, the monthly fee has been increased to $32,500.

Performance Rights Granted to KMP

Details of the value of Performance rights granted, vested, converted or lapsed for each KMP of the Group during the 2024 financial year are as follows:

2024	No. of rights granted #	No. of rights vested #	No. of rights lapsed #	Value of rights granted during the year(1) $	Value of rights converted during the year(2) $	Value of rights included in remuneration for the year $
Executives						
Benjamin Stoikovich	850,000	600,000	-	361,250	234,000	151,773
Frank Eagar	1,500,000	500,000	-	615,000	195,000	282,196
Robert Slater	900,000	-	-	369,000	-	108,300
Sapan Ghai	600,000	360,000	-	246,000	140,400	121,640
Dylan Browne	600,000	360,000	-	246,000	140,400	166,159
Paul Marcos	-	450,000	-	-	175,500	94,506
Sam Cordin	-	450,000	-	-	175,500	52,332
Non-Executive Directors						
Julian Stephens	-	900,000	-	-	351,000	87,791
Mark Pearce	650,000	225,000	-	276,250	87,750	119,344
Nigel Jones	250,000	225,000	-	106,250	87,750	67,088

Notes:
(1) Determined at the time of grant per AASB 2.
(2) Determined at the time of conversion at the intrinsic value.

Details of Performance Rights granted by the Company to each KMP of the Group during the 2024 financial year are as follows:

REMUNERATION REPORT (AUDITED) (CONTINUED)

Performance Rights Granted to KMP (Continued)

	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value[(1)] $	No. Granted
Executives					
Benjamin Stoikovich	13 Oct 23	31 Mar 26	-	0.425	350,000
	13 Oct 23	30 Jun 26	-	0.425	500,000
Frank Eagar	16 Oct 23	31 Oct 26	-	0.410	300,000
	16 Oct 23	31 Mar 26	-	0.410	500,000
	16 Oct 23	30 Jun 26	-	0.410	700,000
Robert Slater	16 Oct 23	31 Oct 25	-	0.410	250,000
	16 Oct 23	31 Mar 26	-	0.410	300,000
	16 Oct 23	30 Jun 26	-	0.410	350,000
Sapan Ghai	18 Oct 23	31 Mar 26	-	0.410	250,000
	16 Oct 23	30 Jun 26	-	0.410	350,000
Dylan Browne	16 Oct 23	31 Mar 26	-	0.410	250,000
	16 Oct 23	30 Jun 26	-	0.410	350,000
Non-Executive Directors					
Mark Pearce	13 Oct 23	31 Mar 26	-	0.425	250,000
	13 Oct 23	30 Jun 26	-	0.425	400,000
Nigel Jones	13 Oct 23	31 Mar 26	-	0.425	100,000
	13 Oct 23	30 Jun 26	-	0.425	150,000

Notes:
(1) For details on the valuation of Unlisted Options and Performance Rights, including models and assumptions used, please refer to Note 17 of the financial statements.

Performance Rights holdings of KMP

2024	Held at 1 July 2023 (#)	Granted as remuneration (#)	Rights Converted (#)	Net Change Other (#)	Held at 30 June 2024 (#)	Vested and exercisable at 30 June 2024 (#)
Executives						
Benjamin Stoikovich	1,200,000	850,000	(600,000)	-	1,450,000	-
Frank Eagar	1,200,000	1,500,000	(500,000)	-	2,200,000	-
Robert Slater	-[(1)]	900,000	-	-	900,000	-
Sapan Ghai	840,000[(1)]	600,000	(360,000)	-	1,080,000	-
Dylan Browne	960,000[(1)]	600,000	(360,000)	-	1,200,000	-
Paul Marcos	1,200,000	-	(450,000)	-	750,000	-
Sam Cordin	1,050,000	-	(450,000)	-	600,000	-
Non-Executive Directors						
Julian Stephens	2,100,000	-	(900,000)	-	1,200,000	-
Mark Pearce	525,000	650,000	(225,000)	-	950,000	-
Nigel Jones	525,000	250,000	(225,000)	-	550,000	-

Note:
(1) As at date of appointment or commencement of KMP.

SOVEREIGN METALS LIMITED

Shareholdings of KMP

2024	Held at 1 July 2023 (#)	Granted as remuneration (#)	Conversion of rights (#)	Net Other Change (#)	Held at 30 June 2024 (#)
Executives					
Benjamin Stoikovich	3,590,000	-	600,000	-	4,190,000
Frank Eagar	-	-	500,000	-	500,000
Robert Slater	-[(1)]	-	-	-	-
Sapan Ghai	1,354,000[(1)]	-	360,000	-	1,714,000
Dylan Browne	712,000[(1)]	-	360,000	(120,000)	952,000
Paul Marcos	300,000	-	450,000	-	750,000
Sam Cordin	4,079,413	-	450,000	(304,413)	4,225,000
Non-Executive Directors					
Ian Middlemas	16,100,000	-	-	-	16,100,000
Julian Stephens	15,657,518	-	900,000	(3,000,000)	13,557,518
Mark Pearce	4,295,842	-	225,000	-	4,520,842
Nigel Jones	-	-	225,000	-	225,000

Note:
(1) As at date of appointment or commencement of KMP.

Employment Contracts with KMP

Mr Frank Eagar, Managing Director and CEO, has a letter of employment with the Group which may be terminated by either party upon giving six months' advance notice, or payment of lieu thereof. Mr Eagar receives a fixed remuneration component of US$296,000 per annum and a discretionary annual bonus of up to US$74,000 to be paid upon successful completion of KPIs as determined by the Board.

Mr Robert Slater, Chief Commercial Officer, has a consulting agreement with the Group which may be terminated by either party upon giving six months' advance notice. Mr Slater receives a fixed remuneration component of US$33,000 per month and a discretionary annual bonus of up to 25% of the annul fixed remuneration component, to be paid upon successful completion of KPIs as determined by the Board.

Mr Sapan Ghai, Chief Commercial Officer, has a consulting agreement with the Group which may be terminated by either party upon giving one month advance notice. Mr Ghai receives a fixed remuneration component of £10,417 per month.

Mr Paul Marcos, Head of Project Development, has a letter of employment with the Group which may be terminated by either party by giving three months' advance notice. Mr Marcos receives a fixed remuneration component of $300,000 plus superannuation with an annual bonus of up to $50,000 payable upon successful completion of KPIs as determined by the Board.

Mr Sam Cordin, Business Development Manager, has a letter of employment with the Group which may be terminated by either party by giving three months' advance notice. Mr Cordin receives a fixed remuneration component of $90,000 plus superannuation with an annual bonus of up to $20,000 payable upon successful completion of KPIs as determined by the Board.

All Directors have a letter of appointment confirming the terms and conditions of their appointment as a Director.

End of Remuneration Report

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a part for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the Group during the financial year.

DIRECTORS' REPORT
30 June 2024
(Continued)

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into Deeds of Indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law.

The Group has paid, or agreed to pay, a premium in respect of Directors' and Officers' Liability Insurance and Company Reimbursement policies for the 12 months ended 30 June 2024 and 2023, which cover all Directors and officers of the Group against liabilities to the extent permitted by the Corporations Act 2001. The policy conditions preclude the Group from any detailed disclosures including the premium amount paid.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

NON-AUDIT SERVICES

During the financial year, the Company's current auditor, Ernst & Young (or by another person or firm on the auditor's behalf) provided non-audit services relating to income tax preparation and advice, totalling $13,000 (2023: $64,141). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit services provided means that auditor independence was not compromised.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 27 of the Directors' Report.

This report is made in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors

Frank Eagar
Managing Director and CEO
25 September 2024

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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

As lead auditor for the audit of the financial report of Sovereign Metals Limited for the financial year ended 30 June 2024, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
25 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $	2023 $
Continuing Operations			
Interest Income		**1,821,876**	268,967
Other income	2(a)	**141,614**	97,412
Exploration and evaluation expenses		**(14,831,671)**	(10,627,458)
Corporate and administrative expenses		**(1,088,693)**	(859,360)
Share-based payment expenses	17	**(2,303,201)**	(2,083,592)
Business development expenses		**(2,340,819)**	(2,096,822)
Gain on demerger of NGX Limited		**-**	9,480,980
Loss before income tax		**(18,600,894)**	(5,819,873)
Income tax expense	3	**-**	-
Loss for the year		**(18,600,894)**	(5,819,873)
Loss attributable to members of the parent		**(18,600,894)**	(5,819,873)
Other Comprehensive income/(loss), net of income tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on foreign entities		**510,155**	(51,803)
Other comprehensive income/(loss)for the year, net of income tax		**510,155**	(51,803)
Total comprehensive loss for the year		**(18,090,739)**	(5,871,676)
Total comprehensive loss attributable to members of Sovereign Metals Limited		**(18,090,739)**	(5,871,676)
Basic and diluted loss per share from continuing operations (cents per share)	13	**(3.34)**	(1.24)

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

SOVEREIGN METALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	2024 $	2023 $
Current Assets			
Cash and cash equivalents	12(b)	**31,564,130**	5,564,376
Other receivables	4	**315,597**	286,484
Other financial assets		**560,000**	420,000
Total Current Assets		**32,439,727**	6,270,860
Non-current Assets			
Property, plant and equipment	5	**1,149,771**	532,039
Exploration and evaluation assets	6	**5,086,129**	5,086,129
Total Non-current Assets		**6,235,900**	5,618,168
TOTAL ASSETS		**38,675,627**	11,889,028
Current Liabilities			
Trade and other payables	7	**4,138,353**	2,063,838
Provisions	8	**56,782**	152,621
Other financial liabilities	9(a)	**35,288**	-
Total Current Liabilities		**4,230,423**	2,216,459
Non-Current Liabilities			
Other financial liabilities	9(b)	**86,430**	-
Total Non-Current Liabilities		**86,430**	-
TOTAL LIABILITIES		**4,316,853**	2,216,459
NET ASSETS		**34,358,774**	9,672,569
EQUITY			
Contributed equity	10	**117,835,631**	74,508,488
Reserves	11	**(3,360,270)**	(3,320,226)
Accumulated losses		**(80,116,587)**	(61,515,693)
TOTAL EQUITY		**34,358,774**	9,672,569

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $	2023 $
Cash flows from operating activities			
Interest received		**1,676,348**	281,287
Payments to suppliers and employees – exploration and evaluation		**(12,632,736)**	(10,003,865)
Payments to suppliers and employees – other		**(2,576,443)**	(3,092,704)
Net cash used in operating activities	12(a)	**(13,532,831)**	(12,815,282)
Cash flows from investing activities			
Payments for purchase of plant and equipment		**(836,348)**	(80,528)
Repayment of loan receivable from NGX Limited		**34,434**	271,509
Movement in cash on deconsolidation of subsidiary		**-**	(131,255)
Net cash (used in)/from in investing activities		**(801,914)**	59,726
Cash flows from financing activities			
Proceeds from issue of shares		**40,598,258**	-
Share issue costs		**(248,778)**	(600,221)
Payments for finance lease		**(16,595)**	-
Net cash from/(used in) financing activities		**40,332,885**	(600,221)
Net increase/(decrease) in cash and cash equivalents		**25,998,140**	(13,355,776)
Net foreign exchange differences		**1,614**	27,411
Cash and cash equivalents at the beginning of the financial year		**5,564,376**	18,892,741
Cash and cash equivalents at the end of the financial year	12(b)	**31,564,130**	5,564,376

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Issued Capital	Share-based Payments Reserve	Demerger Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2023	**74,508,488**	**4,155,950**	**(7,336,678)**	**(139,498)**	**(61,515,693)**	**9,672,569**
Net loss for the year	-	-	-	-	**(18,600,894)**	**(18,600,894)**
Other comprehensive income						
Foreign currency translation	-	-	-	**510,155**	-	**510,155**
Total comprehensive loss for the year	-	-	-	**510,155**	**(18,600,894)**	**(18,090,739)**
Transactions with owners recorded directly in equity						
Issue of placement shares	**40,598,258**	-	-	-	-	**40,598,258**
Transfer from SBP reserve on conversion of performance rights	**2,853,400**	**(2,853,400)**	-	-	-	-
Share issue costs	**(124,515)**	-	-	-	-	**(124,515)**
Share-based payments expense	-	**2,303,201**	-	-	-	**2,303,201**
Balance at 30 June 2024	**117,835,631**	**3,605,751**	**(7,336,678)**	**370,657**	**(80,116,587)**	**34,358,774**
Balance at 1 July 2022	78,860,187	2,084,466	-	(87,695)	(55,695,820)	25,161,138
Net loss for the year	-	-	-	-	(5,819,873)	(5,819,873)
Other comprehensive loss						
Foreign currency translation	-	-	-	(38,079)	-	(38,079)
Reclassification of foreign currency translation	-	-	-	(13,724)	-	(13,724)
Total comprehensive loss for the year	-	-	-	(51,803)	(5,819,873)	(5,871,676)
Transactions with owners recorded directly in equity						
Issue of shares upon exercise of options	27,000	-	-	-	-	27,000
Share issue costs	(212,693)	-	-	-	-	(212,693)
Transfer from SBP Reserve	12,108	(12,108)	-	-	-	-
In-specie distribution on demerger of NGX Limited	(4,178,114)	-	(7,336,678)	-	-	(11,514,792)
Share-based payments expense	-	2,083,592	-	-	-	2,083,592
Balance at 30 June 2023	74,508,488	4,155,950	(7,336,678)	(139,498)	(61,515,693)	9,672,569

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in preparing the financial report of Sovereign Metals Limited (**Sovereign** or **Company**) and its consolidated entities (**Group**) for the year ended 30 June 2024 are stated to assist in a general understanding of the financial report. Sovereign is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange and the AIM Market of the London Stock Exchange. The Company also has a quotation on the OTCQX

The financial report of the Group for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (**AASBs**) and interpretations adopted by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

In the current financial year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are mandatory for the current annual reporting period. The adoption of these new and revised Standards or Interpretations has had an immaterial impact (if any) on the Group. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

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 annual reporting period ended 30 June 2024. Those which may be relevant to the Group are set out in the following table, but these are not expected to have any significant impact on the Group's financial statements.

Standard/Interpretation	Application Date of Standard	Application Date for Group
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2024	1 July 2024
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 January 2024	1 July 2024
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025	1 July 2025
AASB 18 Presentation and Disclosure in Financial Statements (The impact of AASB 18 on the consolidated financial report is still being assessed)	1 January 2027	1 July 2027

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2024 and the results of all subsidiaries for the year then ended. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, is exposed or has rights to variable returns from its involvement and has the ability to use its power to affect the returns of those entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(f) Other Receivables

Receivables are recognised and carried at their original amount less an expected credit loss provision. An estimate for the expected credit loss is made based on the historical risk of default and expected loss rates at the inception of the transaction. Inputs are selected for the expected credit loss impairment calculation based on the Group's past history, existing market conditions and forward looking estimates.

(g) Property, Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a straight line basis at rates based upon their expected useful lives as follows:

	Life
Office Furniture and Equipment	3 – 10 years
Computer Equipment	3 years
Plant and Equipment, Vehicles	2 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

(h) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which is the Australian equivalent of IFRS 6. Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (Continued)

(h) Exploration and Evaluation Expenditure (Continued)

Exploration and evaluation expenditure incurred in relation to the acquisition of a project by the Group is accumulated for each area of interest and recorded as an asset if:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred, up until the technical feasibility and commercial viability of the project has been demonstrated with a bankable feasibility study.

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(i) Investments and Other Financial Assets

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

(i) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at FVOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income or expenses respectively.

Classifications of financial assets are determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

(ii) Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method less impairment in accordance with *(iv) Impairment of Financial Assets* below. Interest is recognised by applying the effective interest rate.

(iii) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments. The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(iv) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vi) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (Continued)

(j) Payables

Trade and other payables are recognised at amortised cost and represent liabilities for the goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days.

(k) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Employee benefits payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits.

(l) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares or other securities (classified as equity) are shown in equity as a deduction, net of tax, from the proceeds.

(m) Other Income Recognition

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(n) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or equity are also recognised directly in equity. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(o) Earnings per Share

Basic earnings per share (“EPS”) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(p) Goods and Services and Value Added Taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Taxes (**GST**) or Value Added Taxes (**VAT**). Receivables and payables in the Statement of Financial Position are shown inclusive of GST or VAT. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST or VAT component of investing and financing activities, which are disclosed as operating cash flows.

(q) Dividends

Provision is made for the amount of any dividend declared on or before the end of the period but not distributed at balance date.

(r) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date using an appropriate valuation model. Where ordinary shares are issued, fair value is determined using volume weighted average price for ordinary shares for an appropriate period prior to the issue of the shares. Further details on how the fair value of equity-settled share-based payments has been determined can be found in Note 17. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period (if applicable), based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share-based payments reserve.

(t) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (Continued)

(u) Use and Revision of Accounting Estimates, Judgements and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 6 – Exploration and Evaluation Assets

Impairment of exploration and evaluation assets

The Group's accounting policy for exploration and evaluation assets is set out at Note 1(h). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income. Subsequent to the acquisition costs capitalised, no exploration expenditure is currently being capitalised.

- Note 17 – Share-Based Payments

The Group measures the cost of share-based payments issued by reference to the fair value of the equity instruments at the date at which they are granted. Estimation is required at the date of issue to determine the fair value. The fair value is determined using an appropriate valuation model. The accounting estimates and assumptions relating to the equity settled transactions would have no impact on the carrying value of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(v) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

		2024 $	2023 $
2.	**LOSS FROM OPERATIONS**		
(a)	**Other Income**		
	Foreign exchange gains	**1,614**	27,412
	Fair value movements in other financial assets	**140,000**	70,000
		141,614	97,412
(b)	**Depreciation**		
	Depreciation of property, plant and equipment (Note 5)	**157,742**	93,696
(c)	**Employee Benefits Expense**		
	Salaries and wages	**2,852,927**	2,735,797
	Defined contribution plan	**243,646**	176,173
	Annual leave provision	**52,402**	57,041
	Non-cash benefits	**79,973**	40,238
	Share-based payments expense	**2,303,201**	2,083,592
		5,532,149	5,092,841

		2024 $	2023 $
3.	**INCOME TAX**		
(a)	**Recognised in the Statement of Comprehensive Income**		
	Adjustments in respect of current income tax of previous years	-	-
	Origination and reversal of temporary differences	-	-
	Deferred tax assets not brought to account	-	-
	Income tax expense reported in the Statement of Comprehensive Income	-	-
(b)	**Reconciliation Between Tax Expense and Accounting Loss Before Income Tax**		
	Accounting loss before income tax	**(18,600,894)**	(5,819,873)
	At the income rate of 30% (2023: 30%)	**(5,580,268)**	(1,745,961)
	Expenditure not allowable for income tax purposes	**2,817,627**	2,898,625
	Other amounts of assessable income	-	137,145
	Income not assessable for income tax purposes	**(100,880)**	(2,946,138)
	Deferred tax assets not brought to account	**2,863,521**	1,656,329
	Income tax expense reported in the Statement of Comprehensive Income	-	-
(c)	**Deferred Income Tax**		
	Deferred Tax Liabilities		
	Accrued interest	**43,774**	115
	Other receivables	**15,796**	6,508
	Other financial assets at fair value through profit or loss	**42,000**	21,000
	Deferred tax assets used to offset deferred tax liabilities	**(101,570)**	(27,623)
		-	-
	Deferred Tax Assets		
	Other financial assets	**1,711**	1,711
	Accruals	**52,137**	25,122
	Provisions	**37,781**	45,786
	Capital allowances	**60,320**	103,168
	Tax losses available to offset against future taxable income	**11,286,810**	8,325,504
	Deferred tax assets used to offset deferred tax liabilities	**(101,570)**	(27,623)
	Deferred tax assets not brought to account	**(11,337,189)**	(8,473,668)
		-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(d) Tax Consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group from 11 January 2007 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Sovereign Metals Limited. The members of the tax consolidated group are identified at Note 15.

	2024 $	2023 $
4. CURRENT ASSETS – OTHER RECEIVABLES		
Accrued interest	**145,913**	384
GST receivable	**81,051**	139,972
Prepayments	**52,655**	21,694
Other	**35,978**	124,434
	315,597	286,484

	Office Furniture and Equipment $	Computer Equipment $	Plant & Equipment $	Right of use $	Assets under constr-uction $	Total $
5. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT						
Carrying amount at 1 July 2023	**43,371**	**32,422**	**456,246**	**-**	**-**	**532,039**
Additions	**139,166**	**65,177**	**304,301**	**134,091**	**315,642**	**958,377**
Depreciation charge	**(16,134)**	**(19,224)**	**(104,930)**	**(17,454)**	**-**	**(157,742)**
Foreign exchange differences	**(14,240)**	**(9,809)**	**(158,664)**	**(190)**	**-**	**(182,903)**
Carrying amount at 30 June 2024	**152,163**	**68,566**	**496,953**	**116,447**	**315,642**	**1,149,771**
At cost	**196,121**	**122,776**	**1,035,366**	**134,091**	**315,642**	**1,803,996**
Accumulated depreciation and impairment	**(43,958)**	**(54,210)**	**(538,413)**	**(17,644)**	**-**	**(654,225)**
Carrying amount at 1 July 2022	33,816	30,705	472,717	-	-	537,238
Additions	7,829	14,045	58,654	-	-	80,528
Depreciation charge	(355)	(12,781)	(80,560)	-	-	(93,696)
Foreign exchange differences	2,081	453	5,435	-	-	7,969
Carrying amount at 30 June 2023	43,371	32,422	456,246	-	-	532,039
At cost	56,955	57,599	731,065	-	-	845,619
Accumulated depreciation and impairment	(13,584)	(25,177)	(274,819)	-	-	(313,580)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(Continued)

	2024 $	2023 $
6. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS		
Movement in Exploration and Evaluation Assets		
Kasiya Rutile-Graphite Project		
Carrying amount at beginning of year	**5,086,129**	7,170,282
Disposals – Demerger of NGX Limited	-	(2,084,153)
Carrying amount at end of year(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.

	2024 $	2023 $
7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade creditors	**2,490,743**	1,980,097
Accrued expenses	**1,647,610**	83,741
	4,138,353	2,063,838

	2024 $	2023 $
8. CURRENT LIABILITIES – PROVISIONS		
Annual leave provisions	**56,782**	152,621
	56,782	152,621

	2024 $	2023 $
9. OTHER FINANCIAL LIABILITIES		
(a) Current liabilities		
Lease Liability(1)	**35,288**	-
(b) Non- Current liabilities		
Lease Liability(1)	**86,430**	-

Note:
(1) 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 $17,454 (2023: nil); (ii) interest expense on lease liabilities of $12,961 (2023: nil); and (iii) rent expense of $7,922 (2023: nil).

	2024 $	2023 $
10. CONTRIBUTED EQUITY		
(a) Issued and Paid Up Capital		
563,003,401 fully paid ordinary shares (2023: 470,875,023)	**117,835,631**	74,508,488
	117,835,631	74,508,488

(b) Movements in Ordinary Share Capital During the Current and Prior Financial Periods Were as Follows:

Date	Details	Number of Shares	$
1 Jul 23	**Opening Balance**	**470,875,023**	**74,508,488**
Various	Issue of placement shares	**83,535,510**	**40,598,258**
25 Aug 23	Issue of advisory fee shares	**2,492,868**	**-**
29 Sep 23	Issue of shares upon conversion of performance rights	**6,100,000**	**2,853,400**
Jul 23 to Jun 24	Share issue costs	**-**	**(124,515)**
		563,003,401	**117,835,631**
1 Jul 22	Opening Balance	470,725,023	78,860,187
7 Jul 22	Issue of shares upon exercise of options	150,000	27,000
7 Jul 22	Transfer from SBP reserve upon exercise of options	-	12,108
23 Mar 23	In-specie distribution on demerger of NGX Limited	-	(4,178,114)
Jul 22 to Jun 23	Share issue costs	-	(212,693)
30 Jun 23	Closing Balance	470,875,023	74,508,488

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(c) Terms and Conditions of Ordinary Shares

(i) General

The ordinary shares ("Shares") are ordinary shares and rank equally in all respects with all ordinary shares in the Company.

The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

(ii) Reports and Notices

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the Chairperson of the meeting, any five Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

10. CONTRIBUTED EQUITY (Continued)

(c) Terms and Conditions of Ordinary Shares (Continued)

(iv) Variation of Shares and Rights Attaching to Shares

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(v) Unmarketable Parcels

The Company may procure the disposal of Shares where the member holds less than a marketable parcel of Shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than $500). To invoke this procedure, the Directors must first give notice to the relevant member holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

(vi) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

	Note	2024 $	2023 $
11. RESERVES			
Share-based Payments Reserve	111(a)	**3,605,751**	4,155,950
Foreign Currency Translation Reserve - exchange differences		**370,657**	(139,498)
Demerger Reserve		**(7,336,678)**	(7,336,678)
		(3,360,270)	(3,320,226)

Share-based Payments Reserve - The share-based payments reserve is used to record the fair value of share-based payments made by the Company.

Foreign Currency Translation Reserve - The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Demerger Reserve – The Demerger Reserve is used to record the value of the in-specie distribution to Sovereign shareholders in relation to the demerger of NGX Limited that occurred in the prior financial year.

(a) Movements in Options and Performance Rights During the Current and Prior Financial Periods Were as Follows:

Date	Details	Number of Unlisted Performance Rights	$[1]
1 Jul 23	**Opening Balance**	**13,910,000**	**4,155,950**
29 Sep 23	Transfer from SBP reserve upon conversion of performance rights	**(6,100,000)**	**(2,853,400)**
Various	Issue of performance rights	**10,050,000**	**-**
Jul 23 to Jun 24	Share-based payment expense	**-**	**2,303,201**
30 Jun 24	**Closing Balance**	**17,860,000**	**3,605,751**
1 Jul 22	Opening Balance	12,440,000	2,084,466
7 Jul 22	Transfer from SBP reserve upon exercise of options	-	(12,108)
Various	Issue of performance rights	1,920,000	-
1 Jun 23	Lapse of performance rights	(450,000)	(256,164)
Jul 22 to Jun 23	Share-based payment expense	-	2,339,756
30 Jun 23	Closing Balance	13,910,000	4,155,950

Note:
(1) The value of Performance Rights granted is recognised over the vesting period of the grant, in accordance with Australian Accounting Standards. Refer to Note 17.

(b) Terms and Conditions of unlisted Performance Rights

Performance Rights granted as share-based payments have the following terms and conditions:

- Each Performance Right automatically converts into one Share upon vesting of the Performance Right;
- Each Performance Right is subject to performance conditions (as determined by the Board from time to time) which must be satisfied in order for the Performance Right to vest;
- The Performance Rights outstanding at the end of the financial year have the following performance conditions and expiry dates:
    - 9,460,000 Performance Rights subject to the Definitive Feasibility Study Milestone that expire on 31 October 2025;
    - 3,600,000 Performance Rights subject to the Mining Licence Milestone that expire on 31 March 2026; and
    - 4,800,000 Performance Rights subject to the Final investment Decision Milestone that expire on 30 June 2026.
- Shares issued on conversion of the Performance Rights rank equally with the Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Shares issued upon conversion of the Performance Rights;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- No application for quotation of the Performance Rights will be made by the Company; and
- Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

	2024 $	2023 $
12. STATEMENT OF CASH FLOWS		
(a) Reconciliation of Loss for the Year to Net Cash Flows from Operating Activities		
Loss for the year	**(18,600,894)**	(5,819,873)
Adjustment for non-cash income and expense items		
Depreciation and amortisation	**157,432**	93,696
Share-based payment expense	**2,303,201**	2,083,592
Unrealised foreign exchange movement	**693,057**	-
Fair value movements in other financial assets	**(140,000)**	(70,000)
Gain on demerger of NGX Limited	**-**	(9,770,160)
Changes in operating assets and liabilities		
(Increase) in other receivables	**(63,547)**	(99,626)
Increase in trade and other payables and provisions	**2,117,920**	767,089
Net cash outflow from operating activities	**(13,532,831)**	(12,815,282)
(b) Reconciliation of Cash Assets		
Cash at bank and on hand	**254,779**	5,564,376
Short term deposits	**31,309,351**	-
	31,564,130	5,564,376

(c) Credit Standby Arrangements with Banks

At balance date, the Company had no used or unused financing facilities (2023: none).

(d) Non-cash Financing and Investing Activities

During the year ended 30 June 2023, the Group demerged its Graphite Projects for consideration of 42,805,920 shares in NGX Limited which were in-specie distributed to shareholders of Sovereign. (2024: nil).

	2024 Cents per Share	2023 Cents per Share
13. LOSS PER SHARE		
Basic and diluted loss per share		
From continuing operations	**(3.34)**	(1.24)
Total basic and diluted loss per share	**(3.34)**	(1.24)

The following reflects the loss and share data used in the calculations of basic and diluted loss per share:

	2024 $	2023 $
Net loss used in calculating basic and diluted earnings per share	**(18,600,894)**	(5,819,873)

	2024 Number of Shares	2023 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**556,504,182**	470,872,550
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	**556,504,182**	470,872,550

Non-dilutive securities

As at 30 June 2024, 17,860,000 Performance Rights (which represent 17,860,000 potential Ordinary Shares) were non-dilutive as they would decrease the loss per share. As at 30 June 2023, 13,910,000 unlisted Performance Rights (which represented 13,910,000 potential Ordinary Shares) were non-dilutive as they would decrease the loss per share.

Conversions, calls, subscriptions or issues after 30 June 2024

Subsequent to 30 June 2024, the Group issued 34,549,598 new fully paid ordinary shares on the exercisable of 34,549,598 unlisted options exercisable for $0.535 each on or before 21 July 2024. Other than the above, there have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

	2024 $	2023 $
14. COMMITMENTS AND CONTINGENCIES		
(a) Commitments		
Exploration Commitments - Malawi		
Within one year	**107,155**	51,962
After one year but not more than five years	**46,705**	65,771
	153,860	117,733

As a condition of retaining the current rights to tenure to exploration tenements, the Group is required to pay an annual rental charge and meet minimum expenditure requirements for each tenement. These obligations are not provided for in the financial statements and are at the sole discretion of the Group. The majority of the remaining exploration commitments relate to licences with a term greater than one year. For the purposes of disclosure, the Group has apportioned the remaining commitments on an equal monthly basis over the remaining term of the exploration licences.

(b) Contingencies

No material contingent assets or liabilities have been identified as at 30 June 2024 (2023: nil).

15. RELATED PARTIES

(a) Ultimate Parent

Sovereign Metals Limited is the ultimate parent of the Group.

(b) Subsidiaries

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity. The financial year-end of the controlled entities is the same as that of the parent entity.

15. RELATED PARTIES (Continued)

(b) Subsidiaries (continued)

Name	Country of Incorporation	Equity Interest 2024 %	Equity Interest 2023 %
McCourt Mining Pty Ltd[(1)]	Australia	**100**	100
McCourt Mining (UK) Limited	United Kingdom	**100**	100
McCourt Holdings (UK) Limited	United Kingdom	**100**	100
Sovereign Advisory SA (Pty) Ltd	South Africa	**100**	-
McCourt Mining Limited	Malawi	**100**	100
Sovereign Services Limited	Malawi	**100**	100
Sovereign Cloncurry Pty Ltd[(1)]	Australia	**100**	100
Sovereign Mozambique Pty Ltd[(1)]	Australia	**100**	100
Sovereign Zambia Pty Ltd[(1)]	Australia	**100**	100
Sovereign Coal Pty Ltd[(1)]	Australia	**100**	100
Sovereign Metals (Zambia) Ltd	Zambia	**100**	100

Note:
(1) Member of the tax consolidated group.

(c) Transactions with Related Parties in the Consolidated Group

There were no transactions with related parties during the 2024 financial year (2023: Nil) other than as noted below.

(d) KMP

The aggregate compensation made to KMP of the Group is set out below:

	2024 $	2023 $
Short-term benefits	**2,345,257**	1,669,701
Post-employment benefits	**90,195**	87,655
Share-based payments	**1,251,129**	1,168,007
	3,686,581	2,925,363

No loans were provided to or received from KMP during the year ended 30 June 2024 (2023: nil).

(e) Other Transactions with Related Parties

Selwyn Capital Limited (**Selwyn**), a company of which Mr Stoikovich controls, and is a director and beneficial shareholder, is engaged under an agreement to provide consulting services to the Company, on a rolling 12-month term that either party may terminate with one month written notice. Selwyn receives a daily rate of £1,000 under the consulting agreement. This item has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income. These services provided during the period amounted to $150,506 (2023: $117,254).

Apollo Group, a company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid, or is payable, $432,000 (2023: $348,000) for the provision of serviced office facilities, administration services and additional transaction services provided during the year. This item has been recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income. The amount is based on a current monthly retainer of $31,000 (2023: $29,000) due and payable in advance, with no fixed term, and is able to be terminated by either party with one month's notice. Effective 1 July 2024, the monthly fee has been increased to $32,500.

	2024 $	2023 $
16. PARENT ENTITY DISCLOSURES		
(a) Financial Position		
Assets		
Current Assets	**32,109,529**	6,127,340
Non-Current Assets	**4,963,681**	4,411,333
Total Assets	**37,073,210**	10,538,673
Liabilities		
Current Liabilities	**745,486**	866,104
Total Liabilities	**745,486**	866,104
Equity		
Issued capital	**117,835,631**	74,508,488
Accumulated losses	**(82,699,538)**	(64,608,799)
Reserves	**(777,319)**	(227,120)
Total Equity	**34,358,774**	9,672,569
(b) Financial Performance		
Loss for the year	**(18,515,113)**	(8,825,285)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(16,546,163)**	(8,825,285)

17. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

From time to time, the Group provides incentive options, performance rights and ordinary shares to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options, rights and shares granted/issued, and the terms of the options and rights granted are determined by the Board. Shareholder approval is sought where required.

	2024 $	2023 $
Expense arising from equity-settled share-based payment transactions (performance rights)	**2,303,201**	2,083,592
	2,303,201	2,083,592

(b) Summary of Rights Granted and Pricing Models

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The fair value of the performance rights granted is estimated as at the date of grant using the share price at that date. The following table lists the inputs to the valuation model used for performance rights granted by the Group during the years ended 30 June 2024 and 30 June 2023:

17. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Rights Granted and Pricing Models (continued)

2024	Security Type	Number	Grant Date	Expiry Date	Exercise Price $	Fair Value $
Series						
Final Investment Decision	Right	1,050,000	13 Oct 23	30 Jun 26	-	0.425
	Right	3,100,000	16 Oct 23	30 Jun 26	-	0.410
	Right	650,000	3 Apr 24	30 Jun 26	-	0.480
Mining Licence	Right	700,000	13 Oct 23	31 Mar 26	-	0.425
	Right	2,450,000	16 Oct 23	31 Mar 26	-	0.410
	Right	450,000	3 Apr 24	31 Mar 26	-	0.480
Definitive Feasibility Study	Right	1,300,000	16 Oct 23	31 Oct 25	-	0.410
	Right	350,000	3 Apr 24	31 Oct 25	-	0.480

2023	Security Type	Number	Grant Date	Expiry Date	Exercise Price $	Fair Value $
Series						
Definitive Feasibility Study	Right	700,000	9 Sep 22	31 Oct 25	-	0.460
	Right	120,000	18 Nov 22	31 Oct 25	-	0.410
	Right	120,000	20 Dec 22	31 Oct 25	-	0.440
Pre-Feasibility Study	Right	500,000	9 Sep 22	30 Sep 23	-	0.460
	Right	240,000	18 Nov 22	30 Sep 23	-	0.410
	Right	240,000	20 Dec 22	30 Sep 23	-	0.440

(c) Summary of Performance Rights

The following table illustrates the number and weighted average exercise prices (**WAEP**) of performance rights at the beginning and end of the financial year:

	2024 Number	2024 WAEP	2023 Number	2023 WAEP
Outstanding at beginning of year	**13,910,000**	**-**	12,440,000	-
Rights granted during the year	**10,050,000**	**-**	1,920,000	-
Rights converted during the year	**(6,100,000)**	**-**	-	-
Rights lapsed during the year	**-**	**-**	(450,000)	-
Outstanding at end of year	**17,860,000**	**-**	13,910,000	-

The outstanding balance of rights granted as share-based payments on issue as at 30 June 2024 is represented by:

- 9,460,000 Performance Rights subject to the Definitive Feasibility Study Milestone that expire on 31 October 2025;
- 3,600,000 Performance Rights subject to the Mining Licence Milestone that expire on 31 March 2026; and
- 4,800,000 Performance Rights subject to the Final Investment Decision Milestone that expire on 30 June 2026.

(d) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life for rights outstanding as at 30 June 2024 was 1.60 years (2023: 1.42 years).

(e) Weighted Average Fair Value

The weighted average fair value of performance rights was $0.441 (2023: $0.467).

	2024 $	2023 $
18. REMUNERATION OF AUDITORS		
Current Auditor – Ernst & Young		
Amounts received or due and receivable by Ernst & Young for an audit or review of the financial report of the Company	**92,640**	73,840
Other services provided by Ernst & Young – taxation advice	**13,000**	64,141
Total Auditors' Remuneration	**105,640**	137,981

19. SEGMENT INFORMATION

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

(a) Reconciliation of Non-current Assets by geographical location

	2024 $	2023 $
Malawi	**6,231,320**	5,618,168
Australia	**4,580**	-
	1,149,771	5,618,168

20. FINANCIAL INSTRUMENTS

(a) Overview

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. This Note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security. Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

20. FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from cash and cash equivalents, other receivables and other financial assets. There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	Notes	2024 $	2023 $
Cash and cash equivalents	12(b)	**31,564,130**	5,564,376
Other receivables	4	**315,597**	124,818
		31,879,727	5,689,194

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts. Other receivables comprise accrued interest and other miscellaneous receivables. Where possible the Group only transacts with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There were no other receivables that were past due at 30 June 2024 (2023: nil). With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Credit risk related to balances with banks is considered low as the Group banks with a financial institution which is considered to have a high credit rating.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2024 and 2023, the Group has sufficient liquid assets to meet its financial obligations. The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

2024 Group	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	**4,138,353**	**-**	**-**	**-**	**4,138,353**
Other financial liabilities	**17,644**	**17,644**	**86,430**	**-**	**121,718**
	4,155,997	**17,644**	**86,430**	**-**	**4,260,071**

2023 Group	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	2,063,838	-	-	-	2,063,838
	2,063,838	-	-	-	2,063,838

(d) Capital Management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Group continues to examine new business opportunities where acquisition/working capital requirements of a new project may involve additional funding in some format (which may include debt where appropriate). There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

(e) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2024 $	2023 $
Interest-bearing financial instruments		
Cash at bank and on hand	**254,779**	5,564,376
Short term deposits	**31,309,351**	-
	31,564,130	5,564,376

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 4.84% (2023: 3.97%). The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of +/-2% has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A +/-2% movement in interest rates at the reporting date would have increased (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2024.

	Profit or Loss	
	+2% Increase	-2% Decrease
2024		
Cash and cash equivalents	**631,283**	**(631,283)**
2023		
Cash and cash equivalents	111,288	(111,288)

(f) Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar ("USD") and the Malawian Kwacha ("MWK"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however it monitors its foreign currency expenditure in light of exchange rate movements. The functional currency of the subsidiary companies incorporated in Malawi is USD. All parent and remaining subsidiaries balances are in Australian dollars. The Group does not have any material exposure to foreign currency risk relating to MWK.

Sensitivity Analysis for Currency Risk – United States Dollar (USD)

The year end AUD:USD exchange rate was 0.6667% (2023: 0.6630:). A 10% movement in this exchange rate would have resulted in a movement in net assets of the Group of $183,131 (2023: $34,662). This analysis assumes that all other variables, in particular interest rates, remain constant. There would be no impact on profit or loss arising from changes in the currency risk variables relating to the Group's activities overseas as all changes in value are taken to a reserve.

(g) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

21. SUBSEQUENT EVENTS

(a) On 3 July 2024, the Company announced the Company announced that Rio Tinto had exercised the Rio Tinto Options and the Company subsequently issued 34.5 million Shares to Rio Tinto to raise an additional $18.5 million (before costs);

(b) On 13 September 2024, the Company issued a further 1.2 million Shares to Rio Tinto for an additional investment of $0.7 million increasing Rio Tinto's shareholding in the Company to 19.9%; and

(c) On 13 September 2024, the Company issued 1.0 million Shares to SCP Resource Finance as a 3% advisory fee on the amount of Rio Tinto's exercise of options.

There are no other matters or circumstances which have arisen since 30 June 2024 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2024 of the Group;
- the results of those operations, in financial years subsequent to 30 June 2024 of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2024 of the Group.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2024

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Sovereign Metals Limited and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

The percentage of share capital disclosed for bodies corporate included in the statement represents the economic interest controlled and consolidated by Sovereign Metals Limited.

In relation to the tax residency information included in the statement, judgement may be required in the determination of the residency of the entities listed. In developing the disclosures in the statement, the directors have utilised internal documentation to support the determination of tax residency.

Name of Controlled Entity	Entity Type	Country of Incorporation	% of share capital held	Country of Tax Residence
Sovereign Metals Limited	Body corporate	Australia	N/A	Australia
McCourt Mining Pty Ltd	Body corporate	Australia	100	Australia
Sovereign Cloncurry Pty Ltd	Body corporate	Australia	100	Australia
Sovereign Mozambique Pty Ltd	Body corporate	Australia	100	Australia
Sovereign Zambia Pty Ltd	Body corporate	Australia	100	Australia
Sovereign Coal Pty Ltd	Body corporate	Australia	100	Australia
McCourt Mining (UK) Limited	Body corporate	United Kingdom	100	United Kingdom
McCourt Holdings (UK) Limited	Body corporate	United Kingdom	100	United Kingdom
Sovereign Advisory SA (Pty) Ltd	Body corporate	South Africa	100	South Africa
McCourt Mining Limited	Body corporate	Malawi	100	Malawi
Sovereign Services Limited	Body corporate	Malawi	100	Malawi
Sovereign Metals (Zambia) Ltd	Body corporate	Zambia	100	Zambia

DIRECTORS' DECLARATION

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

(1) In the opinion of the Directors:

(a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001 including:

(i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

(ii) section 297 (gives a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the Group); and

(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.

(c) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act 2001 is true and correct

(2) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1(b) to the financial statements.

(3) The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

On behalf of the Board.

Frank Eagar
Managing Director

25 September 2024

SOVEREIGN METALS LIMITED

Building a better working world

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Sovereign Metals Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

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Carrying value of capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
As disclosed in Note 6 to the financial statements, the Group held capitalised exploration and evaluation assets of $5,086,129 at 30 June 2024. The carrying amount of capitalised exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the carrying amount of capitalised exploration and evaluation assets may exceed its recoverable amount. The determination as to whether there are any indicators of impairment, involves judgment including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Directors did not identify any impairment indicators as at 30 June 2024. Given the size of the balance and the judgmental nature of impairment indicator assessments associated with capitalised exploration and evaluation assets, we consider this a key audit matter.	We evaluated the Group's assessment as to whether there were any indicators of impairment to require the carrying amount of capitalised exploration and evaluation assets to be tested for impairment. Our audit procedures included the following: ▸ Evaluated whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements. ▸ Assessed the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's approved cash-flow forecast and enquiring of senior management and the Directors as to their intentions and the strategy of the Group. ▸ Assessed whether exploration and evaluation data or contrary information existed to indicate that the carrying amount of capitalised exploration and evaluation assets is unlikely to be recovered through successful development or sale. ▸ Assessed the adequacy of the disclosures included in Note 6 of the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Sovereign Metals Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Pierre Dreyer
Partner
Perth
25 September 2024

CORPORATE GOVERNANCE

Sovereign Metals Limited and the entities it controls believe corporate governance is important for the Company in conducting its business activities. The Board of Sovereign has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by the Company. These documents are available in the Corporate Governance section of the Company's website, www.sovereignmetals.com.au. These documents are reviewed at least annually to address any changes in governance practices and the law.

The Company's 2024 Corporate Governance Statement, which is current as at 30 June 2024 and has been approved by the Company's Board, explains how Sovereign complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' in relation to the year ended 30 June 2024. The Corporate Governance Statement is available in the Corporate Governance section of the Company's website, www.sovereignmetals.com.au/corporate/corporate-governance and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

In addition to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which currently only undertakes mineral exploration and development activities;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board's experience in the resources sector;
- organisational reporting structure and number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

The Company's corporate governance policies can be found here: www.sovereignmetals.com.au/corporate/corporate-governance and include the following:

- Board Charter;
- Audit Committee Charter;
- Remuneration and Nomination Committee Charter;
- ESG Charter;
- Code Of Conduct;
- Securities Trading Policy;
- Continuous Disclosure Policy;
- Risk Management Policy;
- Anti-Bribery & Corruption Policy;
- Whistleblower Policy;
- Social Media Policy; and
- Data Privacy Policy.

MINERAL RESOURCES AND ORE RESERVE STATEMENT

1. MINERAL RESOURCES

Sovereign's MRE relating to rutile and graphite as at 30 June 2024 and 30 June 2023 are from the Kasiya Project, located in Malawi. The resources are reported in accordance with the 2012 Edition of the JORC Code as follows as below. Kasiya is the largest rutile deposit in the world with more than double the contained rutile of its nearest rutile peer, Sierra Rutile. Additionally, the graphite MRE at Kasiya places it as the second largest flake graphite deposit in the world.

2024 and 2023 Kasiya Total Indicated + Inferred Mineral Resource Estimate at 0.7% rutile cut-off grade

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**

As a result of the annual review of the Company's MRE, there has been no change to the MRE reported at Kasiya.

2. ORE RESERVES

During the period, a maiden Ore Reserve of 538Mt was declared at Kasiya. The Ore reserve has been reported in accordance with the 2012 Edition of the JORC Code as follows:

Ore Reserve for the Kasiya Deposit for 2024 (nil for 2023)

Classification	Tonnes (Mt)	Rutile Grade (%)	Contained Rutile (Mt)	Graphite Grade (TGC) (%)	Contained Graphite (Mt)
Proved	-	-	-	-	-
Probable	538	1.03%	5.5	1.66%	8.9
Total	**538**	**1.03%**	**5.5**	**1.66%**	**8.9**

As a result of the annual review of the Company's Ore Reserve, there has been no change to the Ore Reserves reported at Kasiya.

3. GOVERNANCE OF MINERAL RESOURCES AND ORE RESERVES

The Company engages external consultants and Competent Persons (as determined pursuant to the JORC Code 2012) to prepare and estimate the MRE and Ore Reserves. Management and the Board review these estimates and underlying assumptions for reasonableness and accuracy. The results of the MRE and Ore Reserves estimates are then reported in accordance with the requirements of the JORC Code 2012 and other applicable rules (including ASX Listing Rules). Where material changes occur during the year to the project, including the project's size, title, exploration results or other technical information, previous reserve and resource estimates and market disclosures are reviewed for completeness.

The Company reviews its MRE and Ore Resources as at 30 June each year. Where a material change has occurred in the assumptions or data used in previously reported MRE and Ore Reserves, then where possible a revised MRE and Ore Reserves estimate will be prepared as part of the annual review process. However, there are circumstances where this may not be possible (e.g. an ongoing drilling programme), in which case a revised MRE and Ore Reserves estimate will be prepared and reported as soon as practicable.

4. COMPETENT PERSONS STATEMENT

The information in this Report that relates to Mineral Resources (Rutile and Graphite - Kasiya) 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. Mr Stockwell is a principal of Placer Consulting Pty Ltd, an independent consulting company. Mr Stockwell has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stockwell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Stockwell has approved the Mineral Resources Statement as a whole and consents to its inclusion in the form and context in which it appears.

MINERAL RESOURCES AND ORE RESERVE STATEMENT
(Continued)

4. COMPETENT PERSONS STATEMENT (CONTINUED)

The information in this announcement that relates to Ore Reserves is based on and fairly represents information provided by Mr Ross Cheyne, a Competent Person, who is a Fellow Member of The Australasian Institute of Mining and Metallurgy. Mr Cheyne is employed by Orelogy Consulting Pty Ltd, an independent consulting company. Mr Cheyne has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cheyne consents to the inclusion in the Announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the Exploration Results is extracted from announcements dated 8 May 2024, 15 May 2024 and 4 September 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.

Forward Looking Statement

This report 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.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 August 2024.

1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of each class of listed securities are listed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares
Rio Tinto Mining and Exploration Limited	118,085,108	19.76
BNP Paribas Nominees Pty Ltd ACF Clearstream	89,573,062	14.99
Citicorp Nominees Pty Limited	84,774,585	14.19
BNP Paribas Noms Pty Ltd <DRP>	51,879,273	8.68
BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient DRP>	27,878,535	4.67
HSBC Custody Nominees (Australia) Limited	16,746,345	2.80
Arredo Pty Ltd	16,100,000	2.69
Mr Julian Rodney Stephens <One Way A/C>	12,557,518	2.10
Mr Mark Stuart Savage <Mark Savage Revocable A/C>	12,000,000	2.01
Computershare Clearing Pty Ltd <CCNL DI A/C>	9,561,034	1.60
Jackhamish Pty Ltd	6,300,000	1.05
Mota-Engil Minerals & Mining Investments BV	6,000,000	1.00
CPO Superannuation Fund Pty Ltd <C & P O'Connor S/F A/C>	5,300,030	0.89
Mandel Pty Ltd <Mandel Super Fund A/C>	4,160,000	0.70
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	4,074,033	0.68
Mr Samuel Cordin	3,900,000	0.65
Mr Andries Willem Kruger	3,885,162	0.65
Mr Collin Francis Davy <The Bush Rat A/C>	3,479,166	0.58
Pebadore Pty Ltd <Weller Family S/Fund A/C>	2,900,000	0.49
Tunrow Pty Limited	2,500,000	0.42
Total Top 20	**481,653,851**	**80.60**
Others	115,899,148	19.40
Total Ordinary Shares on Issue	**597,552,999**	**100**

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of shareholders by size of holding:

	Ordinary Shares	
Distribution	Number of Shareholders	Number of Shares
1 – 1,000	272	155,975
1,001 – 5,000	955	2,718,603
5,001 – 10,000	430	3,559,273
10,001 – 100,000	736	23,750,326
More than 100,000	217	567,368,822
Totals	**2,610**	**597,552,999**

There were 158 holders of less than a marketable parcel of ordinary shares.

3. VOTING RIGHTS

See Note 10(c) of the Notes to the Financial Statements.

ASX ADDITIONAL INFORMATION
(Continued)

4. SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder Notices received by the Company are:

Substantial Shareholder Name	Number of Shares
Rio Tinto Mining and Exploration Limited	118,085,108
Sprott Inc. (Sprott) and each of its controlled bodies corporate listed in the notice.	43,653,965

5. EXPLORATION INTERESTS

As at 31 August 2024, the Company has an interest in the following projects in Malawi:

Licence	Holding Entity	Interest	Type	Licence Renewal Date	Expiry Term Date[1]	Licence Area (km^2)	Status
EL0609	MML	100%	Exploration	25/09/2024[2]	25/09/2028	219.5	Granted
EL0582	SSL	100%	Exploration	15/09/2023[2]	15/09/2027	141.3	Granted
EL0492	SSL	100%	Exploration	29/01/2025	29/01/2025	454.9	Granted
EL0528	SSL	100%	Exploration	27/11/2023[2]	27/11/2025	16.2	Granted
EL0545	SSL	100%	Exploration	12/05/2024[2]	12/05/2026	24.2	Granted
EL0561	SSL	100%	Exploration	15/09/2023[2]	15/09/2027	61.9	Granted
EL0657	SSL	100%	Exploration	3/10/2025	3/10/2029	2.3	Granted
EL0710	SSL	100%	Exploration	1/02/2027	1/02/2031	38.4	Granted

Notes:
SSL: Sovereign Services Limited, MML: McCourt Mining Limited

[1] An exploration licence (**EL**) covering a preliminary period in accordance with the Malawi Mines and Minerals Act (No 8. Of 2019) (**2019 Mines Act**) is granted for a period not exceeding three (3) years. Thereafter two successive periods of renewal may be granted, but each must not exceed two (2) years. This means that an EL has a potential life span of seven (7) 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 of up to 5 years subject to meeting certain criteria. On 28 June 2024, the Mines and Minerals Act (2023) (**New Act**) was gazetted and came into force. As previously disclosed, The New Act introduces amendments to improve transparency and governance of the mining industry in Malawi. Sovereign notes the following updates in the New Act which may affect the Company going forward: (i) ELs will now be granted for an initial period of 5 years with the ability to extend by 3 years on two occasions (total 11 years); (ii) the Malawian Government maintains a right to free equity ownership for large-scale mining licences but the New Act has removed the automatic free government equity ownership with the right to be a negotiation matter; and (iii) A new Mining and Regulatory Authority will be responsible for implementing the objectives of the New Acta.

[2] The Company has received extension EL certificates for EL0609, EL0582, EL0528 and EL0561 following extension applications prior to the renewal date in accordance with the 2019 Mines Act.

6. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Sovereign Metals Limited's listed securities.

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