

PROJECT VAULT PARTICIPANT TRAXYS SIGNS OFFTAKE MOU FOR KASIYA GRAPHITE

HIGHLIGHTS

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

Sovereign Metals Limited (ASX: SVM | AIM: SVML | OTCQX:SVMLF) (Sovereign or the Company) is pleased to announce the execution of a non-binding Memorandum of Understanding (**MOU**) with Traxys North America LLC (**Traxys**), a leading global physical commodity trader and merchant, for the marketing and sale of graphite products from the Kasiya Rutile-Graphite Project (**Kasiya**) in Malawi.

Upon signing the MOU, Managing Director Frank Eagar commented: "We are pleased with the appointment of Traxys as a potential graphite marketing partner. Traxys is not only one of the world's foremost physical commodity traders with annual turnover exceeding US\$10 billion, but has just this month been selected as one of only three trading houses to procure critical minerals for the US Government's landmark US\$12 billion Project Vault – the newly established US Strategic Critical Minerals Reserve.

Graphite is designated as a US Critical Mineral and is squarely in the crosshairs of US policy to reduce dependence on Chinese-dominated supply chains. Traxys's direct involvement in Project Vault, combined with its extensive network of industrial customers globally, positions Kasiya's potential graphite production to serve both strategic government procurement programmes and established commercial markets.

This MOU demonstrates growing confidence from major global commodity players in Kasiya's ability to potentially deliver critical minerals at scale from a globally strategic, genuine Tier 1 project.



Figure 1: Sovereign, Traxys and US Department of State Meeting during Mining Indaba 2026
(Left to Right: Sovereign's Chief Commercial Officer Sapan Ghai, Managing Director Frank Eagar, Traxys CEO Mark Kristoff and US Department of State Senior Advisor Christopher Kulukundis)

TRAXYS – US CRITICAL MINERALS PROCUREMENT PARTNER FOR PROJECT VAULT

Traxys is a leading physical commodity trader and merchant headquartered in Luxembourg, with over 400 employees across more than 20 offices worldwide and annual turnover in excess of US\$10 billion. The group trades over 65 commodities and provides comprehensive logistics, marketing, distribution, and supply chain management services to a broad base of industrial customers globally.

On 2 February 2026, the US Administration launched **Project Vault**, a first-of-its-kind US\$12 billion public-private partnership to establish a **US Strategic Critical Minerals Reserve**. Backed by a US\$10 billion loan from the US Export-Import Bank and approximately US\$2 billion in private capital, Project Vault is designed to stockpile critical minerals to protect American manufacturers from supply disruptions and reduce dependence on Chinese-controlled supply chains.

Traxys North America was selected as one of only three commodity trading houses to procure critical minerals for the US Strategic Reserve.

Commenting on the appointment, Traxys CEO Mark Kristoff stated: "Traxys is proud to be a critical minerals supplier for Project Vault. This groundbreaking initiative...bolsters the supply chain of critical minerals for American manufacturers and enhances national economic security."

STRATEGIC CONTEXT OF KASIYA'S GRAPHITE FOR SUPPLY CHAIN RESILIENCE

The global graphite market is dominated by Chinese production and processing. Graphite is included on the US Geological Survey's 2025 Final List of Critical Minerals, which comprises 60 minerals deemed essential for US national security, economic stability, and supply chain resilience. The list also includes Titanium and various rare earth elements such as Dysprosium, Terbium and Yttrium. The launch of Project Vault represents the most significant US Government intervention in critical minerals markets in decades.



Comparing the initiative to the US Strategic Petroleum Reserve, President Trump stated: “We’re launching what will be known as Project Vault to ensure that American businesses and workers are never harmed by any shortage.”

The initiative has attracted participation from major US manufacturers, including General Motors, Boeing, and Alphabet’s Google.

Traxys’s appointment as a procurement partner for Project Vault, combined with its potential role as Sovereign’s graphite marketing agent, provides a potential commercial link between Kasiya’s graphite production and the US strategic minerals procurement programme.

KEY TERMS OF THE MOU

Under the MOU, the Parties have agreed to negotiate in good faith towards a binding Marketing Agreement under which Traxys would sell Sovereign’s graphite production on the Company’s behalf. The indicative key terms are as follows:

Product	Graphite concentrate, with initial focus on refractory graphite market (flake sizes of +100 mesh or larger), with potential to also serve battery anode customers
Indicative Volume	Approximately 40,000 tonnes per annum in Stage 1 (Years 1–5), increasing to up to 80,000 tonnes per annum as the project expands
Term	MOU contemplates a supply agreement to cover 5-10 years of production from Kasiya
Pricing	Pricing to be agreed. For marketing and selling Sovereign’s graphite production on its behalf, Traxys shall receive an indicative commission of 6% (six percent). Delivery shall be on an FOB Mozambique port basis, CIF discharge port, or any other agreed port of loading, as mutually agreed between the parties.

The MOU is non-exclusive and non-binding (other than confidentiality, compliance, reputation, governing law and anti-bribery provisions which are binding).

The negotiation and entry into any the binding Marketing Agreement remains subject to the respective boards’ approvals and the rights of Rio Tinto Mining and Exploration Limited under its Investment Agreement with Sovereign.

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Forward Looking Statement

This release may include forward-looking statements, which may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These forward-looking statements are based on Sovereign's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sovereign, which could cause actual results to differ materially from such statements. There can be no assurance that forward-looking statements will prove to be correct. Sovereign makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

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