

SOVEREIGN SIGNS RUTILE OFFTAKE MOU WITH MITSUI AS GLOBAL CRITICAL MINERALS POLICY ACCELERATES

Non-binding MOU signed with Mitsui & Co. to supply rutile mainly to the Japanese titanium industry

KEY HIGHLIGHTS

- Offtake framework for **up to 70,000 tonnes per year** of Kasiya natural rutile concentrate ($\text{TiO}_2 > 95\%$) over an initial four-year supply period from first production, with potential five-year extension
- **Japan is the dominant supplier of titanium metal to the United States** underscoring the strategic importance of securing reliable natural rutile feedstock
- MOU signed following **inaugural US Critical Minerals Ministerial** and the US, EU, and Japan announcing cooperation on critical minerals supply chain resilience, including border-adjusted price floors and a new preferential trade framework
- Japan's State Minister for Foreign Affairs delivered **keynote remarks at the Ministerial alongside Vice President Vance and Secretary Rubio, citing Japan's "deep sense of concern and urgency"** over critical mineral supply chain disruptions – natural rutile is a key feedstock for Japan's titanium industry

Sovereign Metals Limited (ASX:SVM; AIM:SVML; OTCQX:SVMLF) (Sovereign or the Company) is pleased to announce that it has signed a non-binding Memorandum of Understanding (MOU) with Mitsui & Co., Ltd (Mitsui) for the sale and purchase of natural rutile from Sovereign's Kasiya Rutile-Graphite Project (Kasiya or the Project) in Malawi.

Upon signing the MOU, Managing Director and CEO Frank Eagar commented:

"We are pleased to have signed this MOU with Mitsui. Mitsui brings deep expertise in commodity trading, resource investment, and logistics – areas that are directly relevant to the development of Kasiya. Following China, Japan is the world's second-largest producer of titanium metal and a critical hub for high-value titanium manufacturing. Mitsui's interest in securing a reliable natural rutile supply from Kasiya – the world's largest natural rutile deposit – is a strong endorsement of the Project's strategic value and the quality of its product.

This MOU comes at a time when critical minerals supply chain security has never been more prominent on the global agenda, as highlighted by last month's inaugural US Critical Minerals Ministerial and the announced cooperation between the US, EU, and Japan on critical minerals trade policy."



Mitsui is a global trading and investment company with a presence in more than 60 countries and a diverse business portfolio covering a wide range of industries. The company identifies, develops, and grows its businesses in partnership with a global network of trusted partners including world leading companies, combining its geographic and cross-industry strengths to create long-term sustainable value for its stakeholders. Mitsui is engaged in resource development, manufacturing, sales, and trading of steel and non-ferrous metal raw materials, making it a natural and strategic counterparty for Kasiya's natural rutile.

The MOU records the mutual intention of the parties to negotiate in good faith towards a formal sales and offtake agreement (the **Definitive Agreement**) for natural rutile from the Kasiya Project. The MOU is non-exclusive and non-binding except for certain standard clauses relating to confidentiality, publicity, and governing law.

JAPAN – THE GLOBAL HIGH PERFORMANCE TITANIUM POWERHOUSE

After China, Japan is the world's second-largest producer of titanium sponge – the primary metal form of titanium – and is recognised globally for producing the highest-quality titanium alloys for use in aerospace, defence, medical, and advanced manufacturing applications.

Japan is home to some of the world's leading titanium metal manufacturers, including Toho Titanium Co., Ltd. (Toho Titanium) and OSAKA Titanium technologies Co., Ltd., both of which are significant consumers of high-grade rutile feedstock and account for over 60% of aerospace and defence—grade titanium metal production outside of China and Russia. Natural rutile – the purest, highest-grade form of naturally occurring titanium feedstock – is a preferred input for Japanese titanium producers given its superior TiO₂ content and lower impurity profile. In June 2025, Sovereign announced that Toho Titanium confirmed the suitability of Sovereign's rutile product for producing high-specification titanium products.

The United States is the world's largest importer of titanium metal and sourced over 70% of its titanium sponge imports from Japan during the first half of 2025, underscoring Japan's critical role in Western titanium supply chains. This dynamic highlights the strategic importance of securing reliable, high-quality rutile feedstock for the Japanese titanium industry and its downstream customers in aerospace, advanced technologies, and defence.

US, EU AND JAPAN ADVANCE CRITICAL MINERAL SUPPLY CHAIN RESILIENCE

The signing of this MOU coincides with a landmark month for global critical minerals policy. On 4 February 2026, US Secretary of State Marco Rubio hosted the inaugural US Critical Minerals Ministerial in Washington, D.C., bringing together delegations from over 50 nations, including Japan, to advance collective efforts to strengthen and diversify critical minerals supply chains. The US Government has mobilised more than US\$30 billion in support for critical mineral supply chain projects over the past six months.

Japan's State Minister for Foreign Affairs Iwao Horii delivered keynote remarks alongside Vice President Vance and Secretary Rubio, emphasising **Japan's "deep sense of concern and urgency about the risk of disruptions to critical mineral supply chains."**

Separately, **US Trade Representative Ambassador Jamieson Greer** announced that the United States, European Union, and Japan intend to develop Action Plans for critical minerals supply chain resilience, including coordinated trade policies and border-adjusted price floors to mitigate supply chain vulnerabilities. Ambassador Greer described the cooperation as laying "the groundwork for a binding plurilateral agreement on trade in critical minerals with like-minded partners."



Natural rutile – the highest-grade naturally occurring titanium feedstock – sits at the foundation of these supply chains. The convergence of this MOU with Mitsui and the accelerating global policy momentum around critical mineral supply chain security further validates Sovereign's strategic positioning as a potential cornerstone of diversified, Western-aligned titanium feedstock supply.

KEY TERMS OF THE MOU

Rutile Product Offtake

The parties will negotiate a Definitive Agreement for the sale and purchase of natural rutile concentrate on the following indicative basis.

Product	Natural rutile concentrate (TiO ₂ >95%) with suitable particle size distribution and impurity profile
Indicative Volume	Up to 70,000 tonnes per year
Initial Supply Period	Four (4) years from commencement of production (planned for 2030), concurrent with Stage 1 of the Project (12Mtpa plant throughput)
Additional Supply Period	Potential extension for five (5) additional years upon mutual agreement, concurrent with Stage 2 (24Mtpa plant throughput)
Pricing	To be agreed, referencing market prices for equivalent specification natural rutile concentrate at the time of shipping. Pricing likely on FOB or CIF basis
Status	Non-binding and indicative; all terms subject to negotiation and finalisation in the Definitive Agreement

Existing Agreements

The MOU with Mitsui is subject to and acknowledges the Company's existing agreements, including:

- Investment Agreement with Rio Tinto Mining and Exploration Limited (dated 16 July 2023)
- Collaboration Agreement with the International Finance Corporation (dated 15 December 2025)

The negotiation and entry into any Definitive Agreement with Mitsui remains subject to the rights of Rio Tinto pursuant to the Investment Agreement.

The MOU is effective for a period of two (2) years.

Enquiries

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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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