

Ticker: SVM AU	DQ25 Cash: A\$34m	Project: Kasiya
Market cap: A\$440m	Price: A\$0.68/sh	Country: Malawi
<i>REC. (unc): BUY</i>	<i>TARGET (unc): A\$1.75/sh</i>	<i>RISK RATING (unc): HIGH</i>

Today's positive results build on last year's (mid-August) rehabilitation trial results, demonstrating similar 5x maize crop yield uplift in year 2 of the trial. For us the takeaway is that using modern agricultural methods and targeted investment, rehabilitated land can be returned to cultivation quickly and at materially higher productivity than traditional farming practices in the region. Looking ahead to the DFS, we expect proven backfill and rehabilitation methods to be incorporated into the mine plan, likely reducing TSF requirements as continuous land rehabilitation has been demonstrated as a viable and productive option — a positive for both project economics and permitting. Overall, we see this as another step in demonstrating Kasiya's ability to deliver a technically robust and socially integrated development over the long term. As such **we maintain our BUY rating and A\$1.75/sh price target based 0.7x SCPe NAV_{10%} at LT US\$1,400/t rutile and US\$1,200/t graphite concentrate prices.** Stepping back, today's update adds to a consistent run of positive developments at Kasiya, including the recent MRE update and offtake MoUs with Mitsui (rutile) and Traxys (graphite), reinforcing the project's scale, product quality and commercial traction. We continue to view Kasiya as a Tier I asset with long mine life and strong free cash flow potential, currently trading at ~0.3x P/NAV. Near-term focus shifts to the DFS, alongside ongoing metallurgical and characterization work on monazite targeting a potential bolt-on PFS over the next six months, providing multiple catalysts for re-rating and further highlighting its strategic position in the titanium feedstock market with emerging rare earths optionality.

Figure 1: (A/B) Pilot mining site post-mining and following rehabilitation

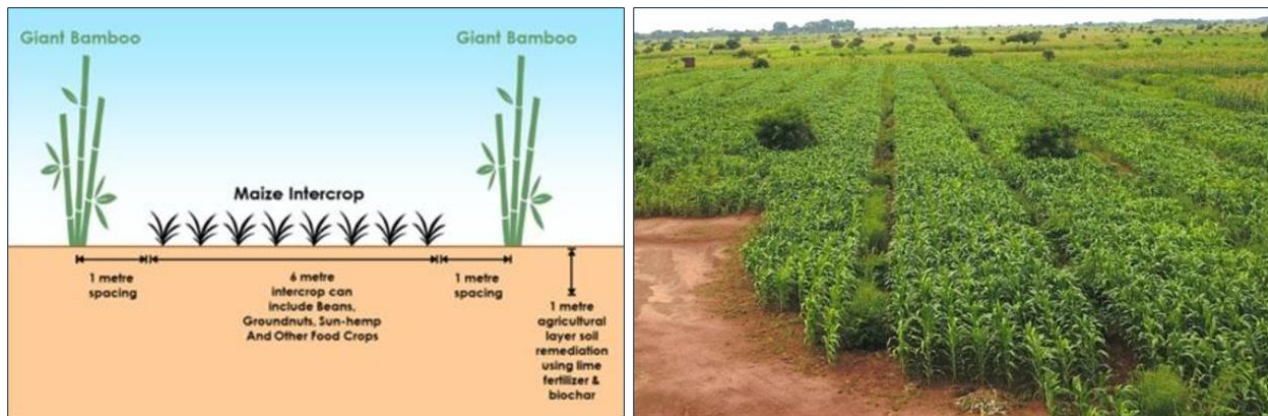


Source: Sovereign Metals

Kasiya rehab near 2y completion with 5x improved maize yields; DFS integration underway

Today, Sovereign Metals announced that second-year rehabilitation trials at the Kasiya Project (Malawi) are nearing completion, building on first-year results which delivered maize yields of 5.2t/ha versus a regional average of ~1.0t/ha (~5x uplift), with second-year yields guided to reach similar levels at the upcoming harvest. The pilot mining, backfilling and rehabilitation programme—conducted under the oversight of the Sovereign–Rio Tinto Technical Committee—has been integrated into the DFS and Mine Closure and Rehabilitation Plans, supporting alignment with IFC Performance Standards. The expanded programme incorporates diversified multi-cropping (maize, bamboo, beans and groundnuts) and low-disturbance farming methods, with participating farmers progressing toward establishment of a farming co-operative as part of the broader rehabilitation framework. Next steps focus on completing the second-year harvest (mid-2026), advancing DFS and closure planning, and scaling the rehabilitation model across Kasiya alongside establishment of the farmer co-operative.

Figure 2: (A) Bamboo and maize intercropping system; (B) Sovereign's rehab showing maize intercropped with bamboo (Feb 2026)



Source: Sovereign Metals

Why we like Sovereign Metals

1. Largest highest value MRE globally with **2.1Bt @ 0.96% rutile** and 0.96% graphite
2. Pure rutile + graphite credits lower CO₂ and adds EV credits addressing ESG agenda
3. Value in production of US\$2bn on PFS EBITDA, lifting to US\$6bn at spot rutile
4. On hydropower, hydro-mineable, on modern rail to deep-water port with allocation

Catalysts

- **1H26:** Definitive Feasibility Study (DFS)
- **2026:** FID
- **2H26:** SCPe mine build start in H2

Research

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Ticker: SVM LN/AU	Price / mkt cap: A\$0.68/sh, A\$440m	Project PNAV today: 0.28x	Asset: Kasiya / Nsaru
Author: J Chan	Rec / 0.7xNAV PT: BUY, A\$1.75/sh	1xNAV ₁₀₂₆ FF FD: A\$2.47/sh	Country: Malawi

Commodity price	CY24E	CY25E	CY26E	CY27E	CY28E
Rutile price (US\$/t)	1,400	1,400	1,400	1,400	1,400
Graphite price (US\$/t)	1,200	1,200	1,200	1,200	1,200

SOTP valuation*	A\$m	O/ship	NAVx	A\$/sh
Ungeared @ build start	1,473	100%	0.70x	1.53
DecQ25 Cash	34	100%	0.70x	0.04
Cash from options	-	100%	0.70x	-
Res ex invent'y @ 1% insitu	524	100%	0.70x	0.54
G&A and fin. costs	(363)	100%	0.70x	(0.38)
Asset NAV10% US\$1400/t rutile	1,667		PT:	1.75

*Shares diluted for options mine build, ungeared Market P/NAV_{10%} 0.28x

Group NAV sensitised to rutile and graphite price (A\$m, ungeared)*

Project NPV 10% (A\$m)	R \$1.00k	R \$1.20k	R \$1.40k	R \$1.60k	R \$2.00k
Graphite \$0.950k/t	448	745	1,043	1,344	1,956
Graphite \$1.200k/t	873	1,173	1,473	1,776	2,391
Graphite \$1.450k/t	1,303	1,608	1,910	2,211	2,824
Ungeared project IRR [^] :	14%	16%	18%	20%	23%

Project NPV 8% (A\$m)	R \$1.00k	R \$1.20k	R \$1.40k	R \$1.60k	R \$2.00k
Graphite \$0.950k/t	787	1,146	1,510	1,875	2,610
Graphite \$1.200k/t	1,298	1,660	2,030	2,397	3,134
Graphite \$1.450k/t	1,815	2,183	2,549	2,922	3,655

*Project NPV, ex fin. costs and cent G&A, discounted to build start; ^SVM px deck

Group NAV over time^	Mar-26	Mar-27	Mar-28	Dec-28	Sep-29
Kasiya NPV (A\$m)	1,429	1,935	2,615	3,146	3,313
G&A and fin. costs (A\$m)	(356)	(381)	(365)	(323)	(275)
Net cash prior qtr (A\$m)	33	150	(327)	(610)	(572)
Cash from options (A\$m)	-	-	-	-	-
Res ex invent'y @ 1% insitu	524	524	524	524	524
NAV FF FD (A\$m)	1,630	2,228	2,447	2,737	2,989
FD shares in issue (m)	1,488	1,488	1,488	1,488	1,488
1xNAV5%/sh FF FD (A\$/sh)	1.10	1.50	1.64	1.84	2.01

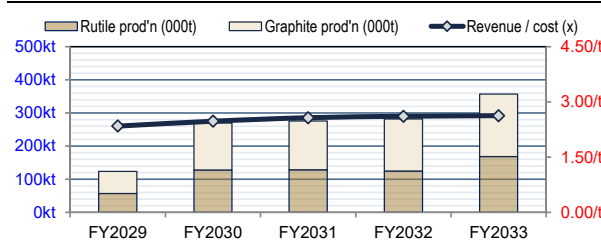
Geared NAV at 1st production, diluted for build, net G&A and fin. costs^

NPV10% (A\$m)	R \$1.00k	R \$1.20k	R \$1.40k	R \$1.60k	R \$2.00k
Graphite \$0.950k/t	1,233	1,675	2,116	2,552	3,410
Graphite \$1.200k/t	1,865	2,306	2,737	3,161	4,009
Graphite \$1.450k/t	2,494	2,926	3,348	3,763	4,597
Geared project IRR:	12%	14%	16%	17%	21%

NPV8% (A\$m)	R \$1.00k	R \$1.20k	R \$1.40k	R \$1.60k	R \$2.00k
Graphite \$0.950k/t	1,408	1,912	2,410	2,907	3,876
Graphite \$1.200k/t	2,123	2,623	3,114	3,599	4,554
Graphite \$1.450k/t	2,833	3,319	3,800	4,282	5,233

^Project NPV net G&A & fin. cost, +net cash; *diluted for build equity

Prod'n (Y1 from 4Q25)	FY2029	FY2030	FY2031	FY2032	FY2033
Rutile prod'n (000t)	57	128	128	125	168
Graphite prod'n (000t)	66	142	147	157	189
Revenue / cost (x)	2.3	2.5	2.6	2.6	2.6



Source: SCP estimates

Resource / Reserve	Tonnes	Rutile	Tonnes	Graphite	Tonnes
Resource	2105Mt	0.96%	20.2Mt	0.95%	20.0Mt
Scoping study inventory	538Mt	1.03%	5.5Mt	1.66%	8.9Mt

Project: USES	Funding: SOURCES		
Pre-build expl. + G&A to prod.:	A\$2m	Cash + ITM options:	A\$34m
Build capex:	A\$1054m	Build equity @ 0.5xNAV:	A\$552m
Finance costs (A\$m):	A\$6m	65% geared debt @ 10%:	A\$765m
TOTAL USES:	A\$1062m	TOTAL SOURCES:	A\$1351m
Buffer / drill budget:	A\$289m		

Share data	Basic	>FD	>DFS eq	>Build equity
Basic shares (m)	646.9	675.4	1487.6	2,107.4

Ratio analysis (YT June)	FY23A	FY24E	FY25E	FY26E	FY27E
Shares out (m)	470.9	563	646.9	646.9	646.9
EPS (A\$/sh)	-	-	-	-	-
CFPS (A\$/sh)	-	-	-	-	-
EV (A\$m)	319.7	351.3	385.4	(39.5)	405.1
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	682.9x

Income statement (YT June)	FY23A	FY24E	FY25E	FY26E	FY27E
Net revenue (A\$m)	-	-	-	-	-
COGS (A\$m)	-	-	-	-	-

Gross profit (A\$m)

G&A (A\$m)	3.1	1.1	1.5	2.9	0.7
Finance cost (A\$m)	-	-	-	-	23.7
Exploration (A\$m)	9.0	14.8	33.9	11.2	-
Taxes (A\$m)	-	-	-	-	-
Minorities (A\$m)	-	-	0.1	(10.5)	-
Other (A\$m)	0.7	17.3	17.0	(11.0)	22.3

Net income (A\$m)

Net income (A\$m)	(12.8)	(33.2)	(52.4)	(3.2)	(23.1)
Cash flow, attrib. (YT June)	FY23A	FY24E	FY25E	FY26E	FY27E
EBIT (A\$m)	(12.8)	(33.2)	(52.4)	(3.2)	0.6
Add back D&A (A\$m)	-	-	-	-	-
Net change in WC (A\$m)	0.2	2.0	2.2	-	-
Other non-cash (A\$m)	(0.5)	(21.7)	(0.5)	18.7	23.7

Cash flow ops (A\$m)

Cash flow ops (A\$m)	(12.6)	(13.5)	(54.0)	(21.9)	(23.1)
PP&E - build (A\$m)	(0.1)	(0.8)	(1.0)	(105.5)	(421.5)
PP&E - sust (A\$m)	-	-	-	-	-

Cash flow inv. (A\$m)

Cash flow inv. (A\$m)	0.1	(0.8)	(1.0)	(105.5)	(421.5)
Share issue (A\$m)	(0.6)	40.3	57.0	552.3	-
Debt draw (repay) (A\$m)	-	(0.0)	-	65.0	400.0

Cash flow fin. (A\$m)

Cash flow fin. (A\$m)	(0.6)	40.3	57.0	617.3	400.0
Net Change in Cash (A\$m)	(13.1)	26.0	23.1	489.9	(44.6)
EBITDA (A\$m)	(12.8)	(18.1)	(39.3)	(13.7)	0.6

Balance sheet

	FY23A	FY24E	FY25E	FY26E	FY27E
Cash (A\$m)	5.6	31.6	54.5	544.4	499.8
Acc rec., inv, prepaid (A\$m)	0.3	0.3	1.8	1.8	1.8
PP&E + other (A\$m)	11.1	6.8	7.0	112.4	534.0
Total assets (A\$m)	17.0	38.7	63.4	658.7	1,035.6
Debt (A\$m)	5.1	-	-	65.0	465.0
Accounts payable (A\$m)	5.1	4.1	7.7	7.7	7.7
Others (A\$m)	0.2	0.2	0.2	0.2	0.2
Total liabilities (A\$m)	10.3	4.3	8.0	73.0	473.0
Issued capital (A\$m)	74.5	117.8	174.8	727.1	727.1
Retained earnings (A\$m)	(57.5)	(79.2)	(111.4)	(68.5)	308.5
Liabilities + equity (A\$m)	17.0	38.7	63.4	658.7	1,035.6

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SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	60

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