

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Sovereign Metals Limited

ACN/ARSN ACN 120 833 427

1. Details of substantial holder (1)

Name See Annexure A (the **Substantial Shareholders**)

ACN/ARSN (if applicable)

The holder became a substantial holder on 21/07/2023

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares ("Shares")	83,095,592	83,095,592	15.00% (based on 553,970,615 Shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
See Annexure A	Relevant interest arises under section 608(1)(a) of the <i>Corporations Act 2001</i> (Cth) (Corporations Act) as registered holder of the Shares and under section 608(3) of the <i>Corporations Act</i> .	83,095,592 Shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
See Annexure A	Rio Tinto Mining and Exploration Limited	Rio Tinto Mining and Exploration Limited	83,095,592 Shares

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
See Annexure A	21/07/2023 by way of issue of Shares pursuant to a Subscription Agreement and an Investment Agreement (copies of which are attached as Annexure B and C respectively)	\$0.486 per Share		83,095,592 Shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:


Name and ACN/ARSN (if applicable)	Nature of association
See Annexure A	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
See Annexure A	

Signature

print name	Steve Allen	capacity	Group Company secretary Rio Tinto plc
sign here		date	25/07/2023

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of 1 page referred to in the accompanying Form 603

print name	Steve Allen	capacity	Group Company secretary Rio Tinto plc
sign here		date	25/07/2023

Substantial Shareholders

- a) Rio Tinto Mining and Exploration Limited (Company number: 1305702) of 6 St James's Square, London, SW1Y 4AD, United Kingdom;
- b) Rio Tinto Limited (ACN 004 458 404) of Level 43, 120 Collins Street, Melbourne, VIC 3000;
- c) Subsidiaries of Rio Tinto Limited (ACN 004 458 404);
- d) Rio Tinto plc of 6 St James's Square, London SW1Y 4AD UK; and
- e) Each subsidiary of Rio Tinto plc other than Rio Tinto Mining and Exploration Limited,
(each a **Substantial Shareholder**, together the **Substantial Shareholders**).

Rio Tinto plc gives this notice on its own behalf and on behalf of each of the other Substantial Shareholders.

Annexure B

This is Annexure B of 30 pages (including this page) referred to in the accompanying Form 603

print name	Steve Allen	capacity	Group Company secretary Rio Tinto plc
sign here		date	25/07/2023

The copy of the document attached to this Annexure B is a true copy of the original.

Thomson Geer

Lawyers

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Subscription Agreement – Project Lake

between

Sovereign Metals Limited
ACN 120 833 427
(Company)

and

Rio Tinto Mining and Exploration Limited Company Number 1305702
(Subscriber)

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This agreement is made on

16 July

2023

between **Sovereign Metals Limited** ACN 120 833 427 of Level 9, 28 The Esplanade, Perth, Western Australia 6000 (**Company**)

and **Rio Tinto Mining and Exploration Limited** (Company number: 1305702) of 6 St James's Square, London, SW1Y 4AD, United Kingdom (**Subscriber**)

Recitals

A The Subscriber agrees to subscribe for the Subscription Securities, and the Company agrees to issue the Subscription Securities on the terms and conditions contained in this agreement.

Now it is agreed as follows:

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this agreement are set out below.

Accounts means the financial statements of the Company, as at, and for the periods ended 30 June 2020, 30 June 2021, 30 June 2022 and the half-years ended 31 December 2020, 31 December 2021 and 31 December 2022.

Affiliate means, with respect to a party, any entity that controls, is controlled by or is under common control with that party, for so long as such control exists and, in the case of the Subscriber, includes any member of the Rio Tinto Group.

AIM means the AIM market operated by the London Stock Exchange.

AIM Admission means the admission of the Subscription Shares to trading on AIM.

AIM Rules means the rules which set out the obligations, responsibilities and guidance notes in relation to companies whose shares are admitted to trading on AIM including the AIM guidance notes for Mining and Oil and Gas companies as published by the London Stock Exchange from time to time.

AIM Application means the application made by (or on behalf of) the Company for AIM Admission in the form prescribed by the London Stock Exchange.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.

ASX Listing Rules means the listing rules of ASX.

Authorisation means:

- (a) an authorisation, consent, license, declaration, approval, exemption, notarisation or waiver, however it is described; and
- (b) in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken,

including any renewal or amendment of any of the above.

Bank Account means the Company's bank account details as disclosed below, or as otherwise agreed in writing:

Bank: National Australia Bank
Account name: Sovereign Metals Limited Share Application Account
Account number: 58-859-4099
Currency: AUD
BSB: 086-082
SWIFT CODE: NATAAU3303M

Business Day means:

- (a) for the purposes of receiving a Notice, a day which is not a Saturday, Sunday, public holiday or bank holiday in the city in which the Notice is to be received; and
- (b) for any other purposes, a day on which the banks are open for business in Perth, Western Australia and London, United Kingdom other than a Saturday, Sunday or public holiday in Perth, Western Australia or London, United Kingdom.

Cleansing Prospectus means a prospectus issued in accordance with section 708A(11) of the Corporations Act.

Cleansing Statement means a notice issued in accordance with section 708A(5)(e) of the Corporations Act.

Company Group means the Company and each of its Subsidiaries and **Group Member** means any one of the Company or of its Subsidiaries.

Company Warranties means the representations and warranties in Schedule 1.

Completion means each of Tranche 1 Completion and Tranche 2 Completion.

Completion Date means each date on which the relevant Completion occurs.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Disclosure Materials means all documents and information, including written responses to requests for further information and questions, which are all contained in the online Ansarada data room (made available to the Subscriber and its Representatives) as at 16 July 2023, in the index initialled by the parties on or prior to the date of this agreement.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.

EGM means the extraordinary general meeting to be convened by the Company for the purposes of seeking shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the SCP Advisory Shares and the issue of the Tranche 2 Subscription Shares.

Encumbrance means any interest or power:

- (a) reserved in or over any interest in any asset including, but not limited to, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, or any trust or any retention of title and includes, but is not limited to, any agreement to grant or create any of the above, and **Encumber** has a similar meaning.

Execution Date means the date of this agreement.

FCA means the UK Financial Conduct Authority.

FSMA means the UK Financial Services and Markets Act 2000.

Government Agency means any government or any governmental, semi governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

Immediately Available Funds means payment by electronic funds transfer into the Bank Account.

London Stock Exchange means the London Stock Exchange plc.

Loss means losses, liabilities, damages, costs, charges and expenses and includes Taxes and Duties (but excludes all special loss, indirect or other consequential loss or damage except to the extent caused by the fraud or wilful misconduct of the relevant party).

MAR means the EU Market Abuse Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

Material Adverse Change means any event, change, condition, matter or thing (which is not fully and fairly disclosed in the Disclosure Materials or required or permitted by this agreement) that will have or would reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial position and performance, material contracts, profitability or prospects of the Company or the Company and Company Group (taken as a whole).

NOMAD means the Company's nominated adviser from time to time, for the purposes of the AIM Rules.

Notice has the meaning given in clause 11.1.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to subscribe for one (1) Share.

Option Shares means Shares issued upon exercise of the Subscription Options.

Options Exercise Date means the date on which the Subscription Options are exercised by the Subscriber by issuing the Options Notice to the Company.

Options Exercise Price means \$0.535 per Subscription Option.

Options Expiry Date means 5.00pm in Perth, Western Australia on the date that is 12 months from the date of Tranche 1 Completion.

Options Notice has the meaning given in clause 1.3 of Schedule 3.

Previous Announcements means all information made public by the Company, in the 36 month period prior to the Execution Date:

- (a) in an announcement by the Company to ASX; or
- (b) through a Regulatory Information Service in order to comply with any applicable regulatory requirements, including those of the FCA.

Regulatory Information Service has the meaning given to it in the AIM Rules.

Representative of a party means any director, officer, employee, consultants, agents, advisers or financiers of the party, an Affiliate of the party or any wholly-owned Subsidiary of the party.

Rio Tinto Group means Rio Tinto plc (Company No. 719885) and each of its Subsidiaries, together with Rio Tinto Limited (ABN 96 004 458 404) and each of its Subsidiaries, and includes any entity that would be considered to be a Subsidiary of Rio Tinto plc and/or Rio Tinto Limited if

they were treated as one company (and a member of the Rio Tinto Group means each entity that is part of the Rio Tinto Group).

SCP Advisory Shares means 2,492,868 Shares proposed to be issued to SCP Resource Finance L.P (or its nominee).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Subscriber Warranties means the representations and warranties in Schedule 2.

Subscription Options means 34,549,598 Options issued on the terms and conditions in Schedule 3.

Subscription Price means \$40,598,258, being \$0.486 per Subscription Share.

Subscription Securities means the relevant Subscription Shares and the Subscription Options.

Subscription Shares means each of the Tranche 1 Subscription Shares and Tranche 2 Subscription Shares .

Subsidiary has the meaning given in the Corporations Act.

Tax means any tax, levy, charge, impost, fee, deduction, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above and excluding any Duty.

Tenements means Malawi Exploration Licences EL0609, EL0582 and EL0492, as varied, extended or renewed from time to time and includes any successor replacement tenements.

Tranche 1 Completion means completion of the issue of the Tranche 1 Subscription Shares and Subscription Options pursuant to clause 3.

Tranche 1 Subscription Shares means 83,095,592 Shares.

Tranche 2 Completion means completion of the issue of the Tranche 2 Subscription Shares pursuant to clause 4.

Tranche 2 Subscription Shares means 439,918 Shares.

Warranties means the Company Warranties and the Subscriber Warranties.

1.2 Interpretation

In this agreement, unless the context otherwise requires:

- (a) a reference to:
 - (i) one gender includes the others;
 - (ii) the singular includes the plural and the plural includes the singular;
 - (iii) a recital, clause, schedule or annexure is a reference to a clause of or recital, schedule or annexure to this agreement and references to this agreement include any recital, schedule or annexure;
 - (iv) any contract (including this agreement) or other instrument includes any variation or replacement of it and as it may be assigned or novated;
 - (v) a statute, ordinance, code or other law includes subordinate legislation (including regulations) and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

- (vi) a person or entity includes an individual, a firm, a body corporate, a trust, an unincorporated association or an authority;
- (vii) a person includes their legal personal representatives (including executors), administrators, successors, substitutes (including by way of novation) and permitted assigns;
- (viii) a group of persons is a reference to any two or more of them taken together and to each of them individually;
- (ix) an entity which has been reconstituted or merged means the body as reconstituted or merged, and to an entity which has ceased to exist where its functions have been substantially taken over by another body, means that other body;
- (x) time is a reference to legal time in Perth, Western Australia;
- (xi) a reference to a day or a month means a calendar day or calendar month;
- (xii) money (including '\$', 'AUD' or 'dollars') is to Australian currency;
- (b) unless expressly stated, no party enters into this agreement as agent for any other person (or otherwise on their behalf or for their benefit);
- (c) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as', 'for example' or similar words are not words of limitation;
- (d) the words 'costs' and 'expenses' include reasonable charges, expenses and legal costs on a full indemnity basis;
- (e) headings and the table of contents are for convenience only and do not form part of this agreement or affect its interpretation;
- (f) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (g) the time between two days, acts or events includes the day of occurrence or performance of the second but not the first day act or event;
- (h) if the last day for doing an act is not a Business Day, the act must be done instead on the next Business Day;
- (i) 'fully and fairly disclosed' means in relation to a fact, matter, circumstance or liability disclosed in writing in such a way and in sufficient detail as to enable a reasonably prudent prospective investor in the Shares to identify the scope, substance and significance of the relevant fact, matter, circumstance or liability;
- (j) where there are two or more persons in a party each are bound jointly and severally; and
- (k) a provision of this agreement must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this agreement or the inclusion of the provision in this agreement.

1.3 **Agreement components**

This agreement includes any schedule.

1.4 **Next day**

If an act under this agreement to be done by a party on or by a given day is done after 5:30pm on that day, it is taken to be done on the next day.

1.5 **Business Day**

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.6 **Inclusive expressions**

Specifying anything in this agreement after the words 'include' or 'for example' or similar expressions does not limit what else is included.

2 Subscription for Subscription Securities

2.1 **Issue and Subscription**

The Subscriber will subscribe for, and the Company will issue to the Subscriber, the Subscription Securities on the terms and conditions of this agreement.

2.2 **Rights and ranking**

- (a) All Subscription Shares issued to the Subscriber will:
 - (i) be issued as fully paid;
 - (ii) be free of Encumbrances; and
 - (iii) rank equally in all respects with the other Shares on issue as at the date of Completion.
- (b) All Subscription Options issued to the Subscriber will be free of Encumbrances.

2.3 **Acknowledgements**

- (a) By agreeing to the issue of the Subscription Shares and by exercising the Subscription Options in accordance with this agreement, the Subscriber agrees to become a member of the Company and be bound by the Constitution.
- (b) The Company and the Subscriber each acknowledge and agree that as at each date of issue of the Subscription Securities, the Subscription Securities are not being issued by the Company with the purpose of the Subscriber selling or transferring, or otherwise issuing or transferring interests in or options over, the Subscription Securities.

3 Tranche 1 Completion

3.1 **Time and place**

Tranche 1 Completion of the issue of the Tranche 1 Subscription Shares and Subscription Options will occur 5 Business Days after the Execution Date at 10:00am at the offices of the Company or such other date, time or place agreed by the parties.

3.2 **Subscriber's obligations at Tranche 1 Completion**

At Tranche 1 Completion, the Subscriber must pay the Subscription Price with respect to the Tranche 1 Subscription Shares in Immediately Available Funds.

3.3 **Company's obligations at Tranche 1 Completion**

At Tranche 1 Completion, the Company must:

- (a) issue the Tranche 1 Subscription Shares and Subscription Options to the Subscriber (or its nominee); and

- (b) register the Subscriber (or its nominee) as the holder of the Tranche 1 Subscription Shares and Subscription Options in the relevant registers of the Company.

3.4 **Tranche 1 Completion simultaneous**

The actions to take place at Tranche 1 Completion are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

- (a) there is no obligation on any party to undertake or perform any of the other actions; and
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
- (c) each party must return to the other party all documents or payments delivered to it under this clause 3, without prejudice to any other rights any party may have in respect of that failure.

4 **Tranche 2 Completion**

4.1 **Conditions Precedent**

- (a) Tranche 2 Completion will not proceed unless and until, and the Company's obligation to issue the Tranche 2 Subscription Shares is conditional on, the following condition (the **Conditions Precedent**) is fulfilled or waived in accordance with this agreement:
 - (i) Shareholder approval is obtained pursuant to ASX Listing Rule 7.1 at the EGM for the issue of the SCP Advisory Shares; and
 - (ii) Shareholder approval is obtained pursuant to ASX Listing Rule 7.1 at the EGM for the issue of the Tranche 2 Subscription Shares to the Subscriber.
- (b) The Company must use its best endeavours to procure that the relevant Conditions Precedent are fulfilled as soon as reasonably possible, including to include the relevant resolutions in the notice of meeting for the EGM of its Shareholders (for which the Board will recommend a vote in favour of the relevant resolutions) and to convene the EGM as soon as practicable after the date of this agreement.
- (c) The Conditions Precedent in clause 4.1 are for the benefit of both the Company and the Subscriber only and may only be waived by written agreement between the Company and the Subscriber.

4.2 **Time and place**

Subject to clause 4.1, Tranche 2 Completion of the issue of the Tranche 2 Subscription Shares will occur 5 Business Days after the date of the EGM at 10:00am at the offices of the Company or such other date, time or place agreed by the parties.

4.3 **Subscriber's obligations at Tranche 2 Completion**

At Tranche 2 Completion, the Subscriber must pay the Subscription Price with respect to the Tranche 2 Subscription Shares in Immediately Available Funds.

4.4 **Company's obligations at Tranche 2 Completion**

At Tranche 2 Completion, the Company must:

- (a) issue the Tranche 2 Subscription Shares to the Subscriber (or its nominee); and
- (b) register the Subscriber (or its nominee) as the holder of the Tranche 2 Subscription Shares in the relevant register of the Company.

4.5 **Tranche 2 Completion simultaneous**

The actions to take place at Tranche 2 Completion are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

- (a) there is no obligation on any party to undertake or perform any of the other actions; and
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
- (c) each party must return to the other party all documents or payments delivered to it under this clause 4, without prejudice to any other rights any party may have in respect of that failure.

5 Company's obligations post-Completion

5.1 The Company must:

- (a) as soon as practicable and, in any event, within two Business Days following each Completion Date:
 - (i) apply for, and take all steps necessary to obtain, Official Quotation of the Subscription Shares on ASX;
 - (ii) with respect to Tranche 1 Completion only, deliver to the Subscriber a holding statement or certificate for the Subscription Options; and
 - (iii) deliver to the Subscriber the holding statements for the Subscription Shares; and
- (b) on each Completion Date, lodge a Cleansing Statement with ASX, or lodge a Cleansing Prospectus with ASIC, in respect of the relevant Subscription Shares.

5.2 The Company must as soon as practicable and, in any event, within two Business Days following each Completion Date submit the AIM Application accompanied by the NOMAD's declaration for, and take all steps necessary to obtain, the AIM Admission.

5.3 The Company must, without delay following the AIM Admission notify the Subscriber that the Subscription Shares have been admitted to trading on AIM.

6 Warranties

6.1 **Company Warranties**

The Company represents and warrants to the Subscriber that the Company Warranties are true and correct.

6.2 **Company's indemnity**

The Company indemnifies the Subscriber against, and must pay the Subscriber an amount equal to, any Loss that the Subscriber incurs or is liable for arising out of any breach of any provision of this agreement.

6.3 **Subscriber Warranties**

The Subscriber represents and warrants to the Company that the Subscriber Warranties are true and correct.

6.4 **Subscriber's indemnity**

The Subscriber indemnifies the Company against, and must pay the Company an amount equal to, any Loss that the Company incurs or is liable for arising out of any breach of any of the Subscriber Warranties.

6.5 **Repetition of Warranties**

The Warranties are given:

- (a) in respect of each Warranty which is expressed to be given on a particular date, on that date;
- (b) in respect of each other Warranty:
 - (i) on the Execution Date;
 - (ii) immediately before Tranche 1 Completion;
 - (iii) immediately before Tranche 2 Completion; and
- (c) in respect of Warranties contained in Schedule 1, Part 1(a), (b), (c), (d), (e), (f), (g), (k), (l), (n), (o) and (q) and Part 7(b), on the issue of the Options Shares upon exercise of the Subscription Options.

6.6 **Reliance**

- (a) The Company acknowledges that the Subscriber enters into this agreement in reliance on each Company Warranty.
- (b) The Subscriber acknowledges that the Company enters into this agreement in reliance on each Subscriber Warranty.

6.7 **Independent Warranties**

Each Warranty is separate and independent and not limited by reference to any other Warranty or any notice or waiver given by any party in connection with anything in this agreement.

6.8 **Qualification**

- (a) The Company Warranties made or given in Schedule 1 and the indemnity in clause 6.2, are each subject to and qualified by matters that:
 - (i) have been fully and fairly disclosed in the Disclosure Materials; or
 - (ii) have been disclosed in an announcement by the Company to ASX, or a publicly available document lodged by it with ASIC, in the 36 month period prior to the Execution Date; or
 - (iii) have been disclosed in an announcement by the Company via a Regulatory Information Service on and from 16 November 2021.
- (b) The Warranties contained in Schedule 1, Part 1(a), (b), (c), (d), (e), (f), (g), (k), (l), (n), (o) and (q) and Part 7(b) given on the issue of the Options Shares upon exercise of the Subscription Options, and the associated indemnity in clause 6.2, are each subject to and qualified by matters that:
 - (i) have been disclosed in an announcement by the Company to ASX, or a publicly available document lodged by it with ASIC, in the 36 month period prior to the Execution Date and up to the date of the exercise of the Subscription Options; or
 - (ii) have been disclosed in an announcement by the Company via a Regulatory Information Service on and from 16 November 2021 and up to the date of the exercise of the Subscription Options.

- (c) Where a Company Warranty is given 'so far as the Company is aware' or with a similar qualification as to the Company's awareness or knowledge, the Company Warranty is made on the basis that the Company has, in order to establish that the statement is true and not misleading in any respect:
- (i) made all reasonable inquiries of the officers, managers, employees of the Company Group and other persons with responsibility for the matters to which the statement relates; and
 - (ii) if those inquiries would have prompted a reasonable person to make further inquiries, made those further inquiries,
- and that, as a result of those inquiries, the Company has no reason to doubt that the statement is true and not misleading in any respect.

6.9 Notification

Each party must immediately notify the other in writing of any breach of any Warranty given by it under this agreement.

7 Termination rights

7.1 Termination by Company

The Company may terminate:

- (a) this agreement at any time prior to Tranche 1 Completion by notice in writing to the Subscriber if the Subscriber materially breaches this agreement, including any breach of a Subscriber Warranty; or
- (b) the parties obligations in relation to Tranche 2 Completion at any time prior to Tranche 2 Completion by notice in writing to the Subscriber if the Subscriber materially breaches its obligations in relation to Tranche 2 Completion, including any breach of a Subscriber Warranty.

7.2 Termination by Subscriber

The Subscriber may terminate:

- (a) this agreement at any time prior to Tranche 1 Completion by notice in writing to the Company if the Company materially breaches this agreement, including any breach of a Company Warranty; or
- (b) the parties obligations in relation to Tranche 2 Completion at any time prior to Tranche 2 Completion by notice in writing to the Company if the Company materially breaches its obligations in relation to Tranche 2 completion, including any breach of a Company Warranty.

8 Confidentiality

- (a) Except as agreed between the parties, each party (**recipient**) must keep confidential and not disclose, and must ensure that its Representatives keep confidential and not disclose, any non-public information relating to the other party or its business (which is disclosed to the recipient by the other party, its Representatives in connection with this agreement) and the content of this agreement other than to the extent that:
 - (i) the disclosure is to the recipient's Affiliates or its Representatives (including any legal advisers to its advisers or financiers of the party, subject to such advisers agreeing to confidentiality obligations) or, without limitation, in the case of the Subscriber, to its Affiliates or its Representatives, any proposed assignee as

contemplated in clause 12.9 or transferee of the Subscription Options as contemplated in paragraph 1.12 of Schedule 3;

- (ii) the recipient is required to disclose the information by applicable law, rules or regulations of a Government Agency or the rules of any securities exchange; or
 - (iii) to the extent necessary to obtain any consent, approval or agreement contemplated by this agreement.
- (b) The parties acknowledge and agree that the Subscriber is permitted to attach a copy of this agreement to any substantial holding notice in relation to the Company under Part 6C.1 of the Corporations Act.

9 Announcements

- (a) Subject to clause 8(a)(iii), neither party will make any public announcements or statements to the media in relation to this agreement or its subject matter except (i) in accordance with the earlier written approval of the other, which approval will not be unreasonably withheld or delayed or (ii) if it is required to disclose the information by applicable law, rules or regulations of a Government Agency or the rules of any applicable securities exchange, in which case it will to the extent practicable consult with the other.
- (b) Without limiting clause 9(a), a party must provide the other party with drafts of any proposed public announcements in relation to this agreement or its subject matter in a reasonably timely manner and consider in good faith any reasonable comments provided by or on behalf of the other party unless it is not practicable to do so where an announcement is required to be made by applicable law, rules or regulations of a Government Agency or the rules of any applicable securities exchange in which case, the party must use its reasonable endeavours to provide the other party with prompt notice of any such requirement and consider in good faith any reasonable comments of the other party regarding the form and content of the disclosure.

10 Duty, costs and expenses

- (a) The Company must pay all stamp, transaction or registration duty or similar charge imposed by any Governmental Agency in respect of the execution, delivery and performance of this agreement and any agreement, transaction or document entered into or signed under this agreement.
- (b) Each party must pay its own costs and expenses in respect of the negotiation, preparation, execution, delivery and registration of this agreement and any other agreement or document entered into or signed under this agreement.
- (c) Any action to be taken by the Subscriber or the Company in performing their obligations under this agreement must be taken at their own cost and expense unless otherwise provided in this agreement.

11 Notices

11.1 Service of notices

A notice, consent, approval or other communication under this agreement (**Notice**) must be:

- (a) in writing and signed by the sender or its duly authorised representative, addressed to the recipient and sent to the recipient's address specified in clause 11.3; and
- (b) delivered by personal service, sent by pre-paid mail or transmitted by email, or any other lawful means.

11.2 Effect of receipt

- (a) A Notice given in accordance with this clause 11 is treated as having been given and received:
- (i) if personally delivered, on delivery;
 - (ii) if sent by pre-paid mail, on the fifth clear Business Day after the date of posting (or the seventh Business Day after the date of posting if sent to or from an address outside Australia); and
 - (iii) if sent by email, at the time of transmission by the sender, unless the sender receives an automated notice generated by the sender's or the recipient's email server that the email was not delivered,

except that, if the delivery, receipt or transmission is after 5.30pm in the place of receipt or on a day which is not a Business Day, it is taken to have been received at 9.00am on the next Business Day.

11.3 Addresses

- (a) The particulars for delivery of Notices are initially:

Company

Name: Sovereign Metals Limited
Attention: The Company Secretary
Address: Level 9, 28 The Esplanade, Perth, Western Australia 6000
Email: DBrowne@apollogroup.com.au
Copy: mng@tglaw.com.au
bstoikovich@sovereignmetals.com.au
julian.stephens@sovereignmetals.com.au

Subscriber

Name: Rio Tinto Mining and Exploration Limited
Attention: The Company Secretary
Address: 6 St James's Square, London, SW1Y 4AD, United Kingdom
Email: CompanySecretaryNotices@riotinto.com
Copy: arnaud.brion@riotinto.com

- (b) A party may change its address for the delivery of Notices by notifying that change to each other party. The notification is effective on the later of the date specified in the Notice or five Business Days after the Notice is given.

12 General

12.1 Governing law and jurisdiction

- (a) This agreement is governed by and is to be construed in accordance with the laws applicable in Western Australia, Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

12.2 Severability

- (a) Subject to clause 12.2(b), if a provision of this agreement is illegal or unenforceable in any relevant jurisdiction, it may be severed for the purposes of that jurisdiction without affecting the enforceability of the other provisions of this agreement.
- (b) Clause 12.2(a) does not apply if severing the provision:
 - (i) materially alters the:
 - (A) scope and nature of this agreement; or
 - (B) the relative commercial or financial positions of the parties; or
 - (ii) would be contrary to public policy.

12.3 Further steps

Each party must promptly do whatever any other party reasonably requires of it to give effect to this agreement and to perform its obligations under it.

12.4 Consents

Except as expressly stated otherwise in this agreement, a party may conditionally or unconditionally give or withhold consent to be given under this agreement and is not obliged to give reasons for doing so.

12.5 Rights cumulative

Except as expressly stated otherwise in this agreement, the rights of a party under this agreement are cumulative and are in addition to any other rights of that party.

12.6 Waiver and exercise of rights

- (a) A single or partial exercise or waiver by a party of a right relating to this agreement does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

12.7 Survival

The provisions of clause 1, 7, 8, 11 and 12 of this agreement survive the expiry or termination of this agreement.

12.8 Amendment

This agreement may only be varied or replaced by an agreement executed by the parties.

12.9 **Assignment**

- (a) A party must not assign its interest in this agreement without the prior written consent of the other parties.
- (b) Any purported dealing in breach of this clause is of no effect.

12.10 **Counterparts**

This agreement may consist of a number of counterparts and, if so, the counterparts taken together constitute one agreement.

12.11 **Entire understanding**

- (a) This agreement contains the entire understanding between the parties as to the subject matter of this agreement.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this agreement are merged in and superseded by this agreement and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this agreement; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

(d) **No merger**

The warranties, undertakings and indemnities in this agreement do not merge and are not extinguished on Completion.

Schedule 1
Company Warranties

1 General

The Company warrants that:

- (a) **(Incorporation)** it is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation.
- (b) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
- (c) **(Corporate authorisations)** other than Shareholder approval with respect to the issue of the Tranche 2 Shares, all necessary authorisations for the execution, delivery and performance by the Company of this agreement in accordance with its terms have been obtained.
- (d) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (i) complies with its Constitution or other constituent documents (as applicable); and
 - (ii) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it or any other member of the Company Group is bound and that would prevent it from entering into and performing its obligations under this agreement.
- (e) **(No breach)** the offer, issue and quotation of the Subscription Shares and issue of the Subscription Options and Option Shares to the Subscriber complies with:
 - (i) the Corporations Act and ASX Listing Rules or any other applicable law or regulation;
 - (ii) the AIM Rules;
 - (iii) MAR; and
 - (iv) all other obligations and agreements binding on the Company, a member of the Company Group or its respective members;
- (f) **(Allotment of securities)** the Company has full power and authority to allot and issue shares in the capital of the Company and options over such shares and, other than Shareholder approval with respect to the issue of the Tranche 2 Shares, has obtained all third party consents necessary to allot and issue the Subscription Shares, Subscription Options and the Option Shares.
- (g) **(Solvency)** in respect of each member of the Company Group:
 - (i) it is not insolvent or unable to pay its debts as they fall due;
 - (ii) it has not gone, or proposed to go, into liquidation;
 - (iii) it has not passed a winding up resolution or commenced steps for winding up or dissolution;
 - (iv) it has not received a deregistration notice under section 601AB of the Corporations Act or applied for deregistration under section 601AA of the Corporations Act;
 - (v) it has not been presented or threatened with a petition or other process for winding up, dissolution, administration, creditors voluntary arrangement or similar relief by which either (i) its assets are to be distributed to its creditors or its

shareholders or other contributories, or (ii) its affairs, business or assets are managed by a person appointed for the purpose by a court, governmental agency or similar body, or by any director, secretary or creditor or by the member of the Company Group itself and, so far as the Company is aware, there are no circumstances justifying a petition or other process;

- (vi) no receiver, receiver and manager, judicial manager, liquidator, administrator, official manager, trustee, nominee, custodian or any similar or analogous officer or official in any jurisdiction has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the relevant body corporate, and, so far as the Company is aware, there are no circumstances justifying such an appointment;
 - (vii) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them; or
 - (viii) nothing having a substantially similar effect to (i) to (vii) has happened under the law of any jurisdiction.
- (h) **(Capitalisation)** as at the date of this agreement, the Company has:
- (i) 470,875,023 Shares; and
 - (ii) 13,910,000 performance rights,
- and the Company has no other securities on issue;
- (i) **(Outstanding interests)** as at the Execution Date and each Completion Date:
- (i) the Company has no outstanding obligations or intent to issue, redeem or cancel any Shares or options in the Company, and there exist no rights to acquire capital or voting rights in the Company other than this agreement and the securities listed in paragraph 1(h)(ii) of this Schedule 1; and
 - (ii) no member of the Company Group has any outstanding obligations or intent to issue, redeem or cancel any Shares or options in that company and there exist no rights to acquire capital or voting rights in that company other than as disclosed in the Disclosure Materials,
- (j) **(Ownership)** the Subscriber will acquire at each Completion:
- (i) the full legal and beneficial ownership of the relevant Subscription Securities free and clear of all Encumbrances, subject to registration of the Subscriber in the register of securityholders;
 - (ii) the relevant Subscription Securities free of competing rights, including pre-emptive rights or rights of first refusal; and
 - (iii) the relevant Subscription Shares that are fully paid and have no money owing in respect of them.
- (k) **(Subscription Shares and Option Shares)** from their date of issue:
- (i) the Subscription Shares and the Option Shares will have the rights set out in the Constitution and rank equally with all other Shares on issue; and
 - (ii) the Subscription Shares and the Option Shares will have no restriction on their issue or transfer other than such restrictions which apply to all of the Shares under Applicable Law and the Company's constitution;
- (l) **(purpose)** the Company is issuing the Subscription Shares and Option Shares for a purpose that does not include any or all of the Subscription Shares and Option Shares

being offered for the purpose of the person to whom they are issued selling or transferring them or granting, issuing or transferring interests in, or options or warrants over them.

- (m) **(Company Group)** each Member of the Company Group has been duly incorporated or organised and is validly existing as a corporation or other entity under the laws of its jurisdiction of incorporation or organisation (except where the concept of good standing is not applicable), with full power and authority (corporate or otherwise) to own or lease, as the case may be, and to operate its properties and conduct its business;
- (n) **(Material licences)** the Company and each member of the Company Group has (and has complied with) all material authorisations, accreditations, registrations, approvals, licences and permits necessary for it to conduct the business of the Company Group as it is being conducted as at the date of this agreement.
- (o) **(Compliance)** the Company and each member of the Company Group has complied in all material respects with all laws and regulations applicable to it. No member of the Company Group is in breach of an order, judgement or award of any court, tribunal or Government Agency in any jurisdiction.
- (p) **(No finder)** neither the Company nor any party acting on its behalf has paid or become liable to pay any fee or commission to any broker, finder or intermediary for or on account of transactions contemplated by this agreement.
- (q) **(Market abuse)** no member of the Company Group has, directly or indirectly, in relation to this agreement or otherwise, done any act or engaged in any course of conduct in breach of Article 8 MAR (insider dealing), Article 10 MAR (unlawful disclosure of inside information) and/or Article 12 MAR (market manipulation) or Section 89, 90 or 91 of the UK Financial Services Act 2012, in each case, including any regulations made pursuant thereto, or the equivalent provisions under the securities laws applicable in any other relevant jurisdiction nor, so far as the Company is aware, has any person acting on its behalf or on behalf of any other member of the Company Group done any act or engaged in any course of conduct as described above.

2 Material Adverse Change

No Material Adverse Change has occurred to the Company.

3 Title and Tenements

The Company warrants that:

- (a) the Company Group is the sole and lawful holder of the Tenements and the Tenements are free and clear of any Encumbrances;
- (b) all Tenements have been validly granted or applied for in accordance with all applicable laws, rules and regulations;
- (c) the Tenements are in good order and standing;
- (d) so far as the Company is aware:
 - (i) the Tenements are not liable to cancellation or forfeiture and, where appropriate, exemptions from the expenditure conditions attaching to the Tenements have been duly obtained and all obligations in respect of the Tenements under all applicable laws, rules and regulations have been complied with;
 - (ii) all rent, royalties and other payments due in respect of the Tenements has been paid; and
 - (iii) no person other than a member of the Company Group holds any rights to explore, prospect or mine any part of the Tenements;

- (e) no member of the Company Group is a party to any agreement or arrangement in respect of the Tenements under which it is bound to:
 - (i) share the profits with or pay any royalties to third parties; or
 - (ii) waive or abandon any rights to which it may be entitled; and
- (f) so far as the Company is aware, no member of the Company Group is, or will become, liable to any third party in connection with any act or omission by a member of the Company Group on the Tenements to the extent that such liability arises from the activities of a member of the Company Group on or within the Tenements.

4 Litigation

- (a) No member of the Company Group is, as at the date of this agreement, a party to any material investigation, prosecution, litigation, legal proceedings, arbitration, mediation or any other form of litigation or dispute resolution process or administrative or governmental proceedings (**Material Proceedings**).
- (b) So far as the Company is aware, as at the date of this agreement, no Material Proceedings against a member of the Company Group are pending or threatened and the Company is not aware of any disputes that will, or would reasonably be likely to, give rise to any Material Proceedings.
- (c) The Company is not the subject of any investigation, inquiry, prosecution or enforcement proceedings by an Government Agency, there are no investigations, inquiries, prosecutions or proceedings of this type pending or threatened against the Company and as far as the Company is aware, no circumstance exists that is likely to give rise to any investigation, inquiry, prosecution or proceedings of this type, other than immaterial periodic inquiries or inquiries made by Government Agencies of the Company in the ordinary course of business.

5 Quotation

- (a) The Company:
 - (i) has been admitted to and is listed on the official list of the ASX (**Official List**);
 - (ii) has not been removed from the Official List and no removal from the Official List has been threatened by ASX;
 - (iii) has had its Shares admitted to trading on AIM; and
 - (iv) such admission to trading to AIM has not been cancelled and no such cancellation has been threatened by the London Stock Exchange.
- (b) The Shares are quoted on ASX and have not been suspended from quotation and no suspension has been threatened by ASX. The Shares have not been suspended from trading on AIM and no suspension has been threatened by the London Stock Exchange.

6 Accounts

- (a) The Company has delivered to the Subscriber true and complete copies of the Accounts and has disclosed the Accounts to ASIC and ASX.
- (b) The Accounts:
 - (i) have been prepared in accordance with the Corporations Act and applicable accounting standards;

- (ii) show a true and fair view of:
 - (A) the assets and liabilities and of the state of affairs, financial position and results of the Company as at and for the period ended on each balance date of the Accounts; and
 - (B) the profit or loss of the Company as at and for the period ended on each balance date of the Accounts;
 - (iii) have been prepared in accordance with the same accounting policies as were applied in the corresponding accounts for the preceding financial period;
 - (iv) are not affected by any abnormal or extraordinary item, except as expressly disclosed in the Accounts;
 - (v) take account of all gains and losses, whether realised or unrealised, arising from foreign currency transactions and on translation of foreign currency financial statements;
 - (vi) include reserves and provisions for taxation that are sufficient to cover all tax liabilities of each member of the Company Group in respect of the period ended on each balance date of the Accounts;
 - (vii) provide for all liabilities for long service leave and annual leave entitlements;
 - (viii) provide for all other liabilities (whether quantified, contingent or otherwise) of the Company and each member of the Company Group in respect of the period ended on each balance date of the Accounts; and
 - (ix) give full particulars in the notes of all contingent liabilities and commitments and any other liabilities which cannot be quantified.
- (c) The consolidated accounts included in the Accounts show a true and fair view of:
- (i) the assets and liabilities and of the state of affairs, financial position and results of the consolidated entity constituted by the Company and the entities it is required by the accounting standards to include in its consolidated financial statement as at and for the period ended on each balance date of the Accounts; and
 - (ii) the profit or loss of the consolidated entity for the financial period ended on each balance date of the Accounts.
- (d) Since 31 December 2022 and except as disclosed in the Previous Announcements, each of the following has occurred.
- (i) **(conduct of business)** The business of each member of the Company Group has continued in the ordinary and usual course and not otherwise.
 - (ii) **(dealings)** No member of the Company Group has dealt with any person except at arm's length. No property has been acquired by any member of the Company Group for more than market value.
 - (iii) **(deferral of capital expenditure)** No decision has been made to defer any capital expenditure of any member of the Company Group.
 - (iv) **(no material adverse change)** There has been no material adverse change in the financial condition or prospects of any member of the Company Group.
 - (v) **(contracts)** No contract has been terminated or has expired which could reasonably be expected to have a material adverse effect on the profitability of any business conducted by a member of the Company Group.
 - (vi) **(authorisations)** No Authorisation from which any member of the Company Group benefits has been terminated or has expired and in either case could

reasonably be expected to have a material adverse effect on the profitability of any business of a member of the Company Group.

7 Disclosure

- (a) The Company warrants that the information concerning the business prepared by or on behalf of the Company Group and provided to the Subscriber or its Representatives in connection with the offer, subscription and issue of the Subscription Securities or this agreement, and all information publicly disclosed in the 3 years prior to the Execution Date by the Company, is not misleading or deceptive and true and accurate in all material respects. The Company has not provided any information to the Subscriber in the Disclosure Materials that it is aware is misleading or deceptive, and so far as the Company is aware, no information has been omitted that would render the Disclosure Materials or information publicly disclosed by the Company in the 3 years prior to the Execution Date, misleading or deceptive in any material respect.
- (b) The Company has at all times been, and continues to be, in compliance with its periodic and continuous disclosure obligations under the ASX Listing Rules, the AIM Rules and the Corporations Act and as at the date of this agreement no information is being excluded from disclosure under Listing Rule 3.1A or the AIM Rules, other than in respect of the subject matter of this agreement, which will be included in an ASX and AIM announcement immediately following execution of this agreement.
- (c) Each Previous Announcement complied in all respects at the time it was issued or made with all relevant laws and regulations of Australia and the United Kingdom, including, as appropriate and without limitation, ASX Listing Rules, the Corporations Act, the FSMA, the AIM Rules, MAR and the requirements of the FCA and the London Stock Exchange.

Schedule 2

Subscriber Warranties

1 Subscriber Warranties

- (a) The Subscriber warrants that:
- (i) **(Incorporation)** it is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation.
 - (ii) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
 - (iii) **(Corporate authorisations)** all necessary authorisations for the execution, delivery and performance by the Subscriber of this agreement in accordance with its terms have been obtained or will be obtained prior to Completion.
 - (iv) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (A) complies with its constitution or other constituent documents (as applicable); and
 - (B) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound and which would prevent it from entering into and performing its obligations under this agreement.
 - (v) **(Solvency):**
 - (A) it has not gone, or proposed to go, into liquidation;
 - (B) it has not passed a winding up resolution or commenced steps for winding up or dissolution;
 - (C) it has not been presented or threatened with a petition or other process for winding up or dissolution and, so far as the Subscriber is aware, there are no circumstances justifying a petition or other process;
 - (D) no receiver, receiver and manager, judicial manager, liquidator, administrator, official manager has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the Subscriber, and, so far as the Subscriber is aware, there are no circumstances justifying such an appointment; or
 - (E) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them.
 - (vi) **(Investor status)** the Subscriber (or its nominee) is a person to whom an offer of Subscription Securities can lawfully be made under all applicable laws without the need for any disclosure, registration, lodgement or other formality.
 - (vii) **(Company information)** the Subscriber has made and relied upon its own assessment of the Company and has conducted its own investigation with respect to the Subscription Securities and the Company including, without limitation, the particular tax consequences of subscribing, owning or disposing of the Subscription Securities in light of the Subscriber's particular situation, as well as any consequences arising under the laws of any other taxing jurisdiction

Schedule 3
Subscription Options

1 Terms and Conditions

1.1 Entitlement

Each Subscription Option entitles the holder to subscribe for one (1) Share upon exercise.

1.2 Exercise period

The Subscription Options are exercisable at any time prior to the Options Expiry Date. If the Subscriber does not exercise the Subscription Options before the Options Expiry Date, the Subscription Options will automatically expire.

1.3 Exercising the Subscription Options

- (a) The Subscription Options may be exercised by notice in writing to the Company (**Options Notice**) and payment of the Options Exercise Price for each Subscription Option being exercised in Immediately Available Funds.
- (b) Prior to exercising the Subscription Options, if the holder requests, the Company shall confirm to the holder if it is in possession of “excluded information” in respect of the Company (as defined in section 708A(7) of the Corporations Act) or “inside information” in respect of the Company (as defined in MAR) and if the Company is in possession of such information, the Company and the holder will enter into good faith discussions regarding the disclosure of such information or other arrangements to give effect to the exercise of the Subscription Options in accordance with applicable law.

1.4 Minimum exercise

The holder may only exercise the Subscription Options if it exercises at least 1,000 Subscription Options or all of its Subscription Options (if it holds less than 1,000 Subscription Options at the time).

1.5 Rights and ranking

All Option Shares issued on exercise of the Subscription Options will:

- (a) be issued as fully paid;
- (b) be free of Encumbrances; and
- (c) rank equally in all respects with the Shares on issue at that time.

1.6 Quotation and admission to trading

The Company will not seek Official Quotation of the Subscription Options on the ASX or admission of the Subscription Options to trading on AIM.

1.7 Timing of issue of Option Shares and quotation and admission to trading of Option Shares on exercise

- (a) Within 5 Business Days of the Options Notice being given in accordance with these terms and conditions and payment of the Options Exercise Price, the Company will:
 - (i) allot and issue the Option Shares;
 - (ii) give ASX a Cleansing Statement or, if the Company is unable to meet the requirements of 708A(5), lodge a Cleansing Prospectus with ASIC; and
 - (iii) apply for Official Quotation on ASX of the Option Shares; and

- (iv) submit the AIM Application accompanied by the NOMAD's declaration for, and take all steps necessary to obtain, the admission of the Option Shares to trading on AIM.

1.8 Participation in new issues

The Subscription Options do not entitle the holder to:

- (a) notice of, or to vote or attend at, a meeting of Shareholders;
- (b) receive any dividends declared by the Company; or
- (c) participate in any new issues of securities offered to shareholders during the term of the Subscription Options,

unless and until the Subscription Options are exercised and the Option Shares have been issued.

1.9 Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Subscription Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Subscription Option before the record date for the bonus issue; and
- (b) no change will be made to the Options Exercise Price.

1.10 Adjustment for rights issue

In respect of the Subscription Options, if the Company makes an issue of Shares pro rata to existing shareholders there will be an adjustment of the Options Exercise Price in accordance with the formula set out in ASX Listing Rule 6.22.2.

1.11 Adjustment for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holder will be varied to comply with the ASX Listing Rules that apply to the reconstruction at the time of the reconstruction.

1.12 Options non-transferable

The Subscription Options are non-transferrable except:

- (a) to an Affiliate; or
- (b) where the transfer does not require disclosure under Chapter 6D of the Corporations Act.

Executed as an agreement

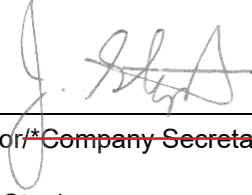
Executed by Sovereign Metals Limited in accordance with section 127 of the *Corporations Act 2001* (Cth):



Director

Benjamin Stoikovich

Name of Director
BLOCK LETTERS



~~*Director/*Company Secretary~~

Julian Stephens

Name of ~~*Director/*Company Secretary~~
BLOCK LETTERS
*please strike out as appropriate

Executed by Rio Tinto Mining Exploration Limited:

Director

Name of Director
BLOCK LETTERS

Director

Name of Director
BLOCK LETTERS

By signing above, each person executing this agreement consents to electronic execution of this agreement (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other authorised person to produce a copy of this agreement bearing their signature for the purpose of signing the copy to comply its execution in accordance with the laws in the jurisdiction in which the party is incorporated. The copy of the signature appearing on the copy so executed is to be treated as their original signature.

Executed as an agreement

Executed by Sovereign Metals Limited in accordance with section 127 of the *Corporations Act 2001* (Cth):

Director

*Director/*Company Secretary

Name of Director
BLOCK LETTERS

Name of *Director/*Company Secretary
BLOCK LETTERS
*please strike out as appropriate

Executed by Rio Tinto Mining and Exploration Limited:



Director

Director

ARNAUD BRION

JONATHAN BESWICK

Name of Director
BLOCK LETTERS

Name of Director
BLOCK LETTERS

By signing above, each person executing this agreement consents to electronic execution of this agreement (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other authorised person to produce a copy of this agreement bearing their signature for the purpose of signing the copy to comply its execution in accordance with the laws in the jurisdiction in which the party is incorporated. The copy of the signature appearing on the copy so executed is to be treated as their original signature.

Executed as an agreement

Executed by Sovereign Metals Limited in accordance with section 127 of the *Corporations Act 2001* (Cth):

Director

*Director/*Company Secretary

Name of Director
BLOCK LETTERS

Name of *Director/*Company Secretary
BLOCK LETTERS
*please strike out as appropriate

Executed by Rio Tinto Mining and Exploration Limited:



Director

Director

ARNAUD BRION

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Annexure C

This is Annexure C of 28 pages (including this page) referred to in the accompanying Form 603

print name	Steve Allen	capacity	Group Company secretary Rio Tinto plc
sign here		date	25/07/2023

The copy of the document attached to this Annexure C is a true copy of the original.

Investment Agreement - Project Lake

between

Sovereign Metals Limited
ACN 120 833 427
(Company)

and

Rio Tinto Mining and Exploration Limited
Company Number 1305702
(Investor)

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This agreement is made on

16 July

2023

between **Sovereign Metals Limited** ACN 120 833 427 of Level 9, 28 The Esplanade, Perth, Western Australia 6000 (**Company**).

and **Rio Tinto Mining and Exploration Limited** Company Number 1305702 of 6 St James's Square, London, SW1Y 4AD, United Kingdom (**Investor**).

Recitals

- A The Company and Investor have entered into the Subscription Agreement pursuant to which the Investor will be issued with Shares in the Company and become a substantial Shareholder of the Company.
- B The Parties have agreed to grant certain rights to the Investor on the terms and conditions of this agreement.

Now it is agreed as follows:

1 Definitions and interpretation

1.1 Definitions

In this agreement:

Affiliate means, with respect to a party, any entity that controls, is controlled by or is under common control with that party, for so long as such control exists and, in the case of the Investor, includes any member of the Rio Tinto Group.

AIM means the AIM market operated by London Stock Exchange plc.

AIM Approvals means approvals or consents or consultations required under the AIM Rules.

AIM Rules means the rules which set out the obligations, responsibilities and guidance notes in relation to companies whose shares are admitted to AIM including the AIM guidance notes for Mining and Oil and Gas companies as published by the London Stock Exchange from time to time.

Applicable Law means any law (including common law and equity), any international or other treaty, any domestic or foreign constitution or any multinational, federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation, order, directive, decree, judgment, ruling, award, injunction, direction or request of any Government Agency or other decision-making authority of competent jurisdiction (including the Listing Rules, UK MAR, NOMAD Rules, any securities laws or requirements of stock exchanges and any consent, decree or administrative order), or authorisation of a Government Agency in any case applicable to any specified party, property, transaction or event, or any such party's property or assets.

Assets means:

- (a) the Tenements;
- (b) any Mining Information;
- (c) all other material property and assets (including permits, approvals and infrastructure) developed, constructed or acquired by the Company Group for the Project from time to time; and
- (d) any other related ancillary assets for the Project that are not referred to in paragraphs (a), (b) or (c) and have an individual value of US\$100,000 or greater.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.

ASX Listing Rules means the ASX Listing Rules.

Board means the board of Directors.

Budget means a budget for the program of works relating to the Project, including those matters in Schedule 2, proposed to be conducted in a 12 month period or such other period as agreed by the parties and approved by the Technical Committee.

Business Day means:

- (a) for the purposes of receiving a Notice, a day which is not a Saturday, Sunday, public holiday or bank holiday in the city in which the Notice is to be received; and
- (b) for all other purposes, a day on which the banks are open for business in Perth, Western Australia and London, United Kingdom other than a Saturday, Sunday or public holiday in Perth, Western Australia or London, United Kingdom.

Committee Member has the meaning given in item 2.1 of Schedule 1.

Company Group means the Company and each of its Subsidiaries and **Group Member** means any one of the Company or of its Subsidiaries.

Confidential Information means confidential information that is made available by, or on behalf of, the disclosing party (or a disclosing party's Representatives) to the other party (or the other party's Representatives) (whether directly or indirectly, and whether on or after the date of this agreement) relating to the disclosing party (including any Group Member) or any part of the business, assets or affairs of the disclosing party (including any Group Member), including:

- (a) commercial, financial, legal and technical information and know-how, including forecasts and projections, reports, feasibility studies, surveys, mosaics, photographs, samples, results, maps and plans, production statistics and processing facility operating manuals; and
- (b) information which is derived or produced wholly or partly from any information that is Confidential Information by virtue of this definition by or on behalf of the party receiving the information (including its Representatives) to whom it has made such information available including an analysis, note, calculation, report, conclusion or summary,

but excluding Excluded Information.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Definitive Feasibility Study means the definitive feasibility study on the development of the Project to be conducted by the Company and which is in accordance with the study scope approved by the Technical Committee and otherwise the requirements of a "Feasibility Study" as outlined in clause 40 of the JORC Code.

DFS Announcement Date means the date the Company releases a public announcement on ASX of the results of a Definitive Feasibility Study on the Project.

Director means a director of the Company.

Dispose means, in respect of any property, to assign, transfer, sell, novate, lease or otherwise dispose of the property (including any indirect sale of an economic interest in the property) but does not include the grant of an Encumbrance over property; and **Disposal** shall be construed accordingly.

Effective Date has the meaning given in clause 2.

Encumbrance means any interest or power:

- (a) reserved in or over any interest in any asset including, but not limited to, any retention of title; or
- (a) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, or any trust or any retention of title and includes, but is not limited to, any agreement to grant or create any of the above, and **Encumber** has the equivalent meaning.

Equity Offer has the meaning given in clause 4.1.

Equity Security has the meaning given in the ASX Listing Rules.

Excluded Information means information that:

- (a) is in or enters the public domain through no fault of the party receiving the information;
- (b) at the time of receipt, is already in the possession of the party receiving the information (or their Representative) or becomes lawfully available to the party receiving the information (or their Representative) on a non-confidential basis from a Third Party entitled to disclose it; or
- (c) is or has been independently developed by the party receiving the information (or its Affiliate or Representative) without breach of this agreement.

Funding Package has the meaning given in clause 7.4.

Government Agency means any government, governmental, semi-governmental, administrative, fiscal or judicial body department, commission, authority, tribunal, agency or entity.

Investor End Date means the earlier of:

- (a) the following:
 - (i) 90 days after the DFS Announcement Date (**Initial Investor End Date**); or
 - (ii) if the Investor requires additional time to consider the exercise of the Option and has provided written notice to the Company at least 10 days prior to the Initial Investor End Date specified in paragraph (a) seeking an extension of the end date, 180 days after the DFS Announcement Date; and
- (b) the Investor ceasing to hold Voting Power in the Company of at least 10%.

Investor General Manager means any one person nominated by the Investor, who is also a Committee Member, as its general manager representing the Investor's interests in the Project who must be an employee, consultant or officer of the Investor (or of any of its Affiliates) and whose salary, fees and all other costs and expenses shall be borne by, and be for the sole account and responsibility of, the Investor.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition.

Listing Rules means the ASX Listing Rules and/or the AIM Rules, as the context requires.

London Stock Exchange means London Stock Exchange plc.

Mining Information means all geophysical, geological and geochemical information and data including surveys, maps, mosaics, aerial photographs, electromagnetic tapes, sketches, drawings, memoranda, drill cores, logs of such drill cores, drill maps, sampling and assay reports, notes and other relevant information and data, and copyright in them, in each case, relating to the Tenements and/or the Project in any material form, which are in the possession or under the control of the Company Group from time to time.

NOMAD means the Company's nominated adviser for the purposes of the AIM Rules.

NOMAD Rules means the rules which set out the obligations, responsibilities and guidance notes in relation to nominated advisers as published by the London Stock Exchange from time to time.

Nominated Director has the meaning given in clause 6.1.

Notice has the meaning given in clause 12.1.

Observer has the meaning given in clause 6.1(b).

Offer Notice has the meaning given in clause 5.3.

Offeror's Offer has the meaning given in clause 5.2.

Option has the meaning given in clause 8.1.

Option Exercise Period has the meaning given in clause 8.1.

Product Category means each category of product produced from the Project as described in the Definitive Feasibility Study announced on the DFS Announcement Date.

Project means the Company's Kasiya rutile and graphite project, located on the Tenements.

Project Companies means the companies which are the direct or indirect legal owners of the Project from time to time, which as at the date of this agreement is McCourt Mining Pty Ltd (ACN 157 956 575), McCourt Holdings (UK) Limited (UK Company No. 08306126), McCourt Mining (UK) Limited (UK Company No. 08305472), McCourt Mining Limited (Malawi companies registration number 12614) and Sovereign Services Limited (Malawi companies registration number 12615).

Project Interest has the meaning given in clause 5.1.

Purchase Notice has the meaning given in clause 5.4.

recipient has the meaning given in clause 10(a).

Representative of a party means any director, officer, employee, consultants, agents, advisers or financiers of the party or of any wholly-owned Subsidiary of the party.

Rio Tinto Group means Rio Tinto plc and each of its Subsidiaries, together with Rio Tinto Limited and each of its Subsidiaries, and includes any entity that would be considered to be a Subsidiary of Rio Tinto plc and/or Rio Tinto Limited if they were treated as one company (and a member of the Rio Tinto Group means each entity that is part of the Rio Tinto Group).

SCP Fee Shares means 2,492,868 Shares issued to SCP Resource Finance L.P.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Subscription Agreement means the subscription agreement between the Parties dated on or around the date of this agreement.

Subscription Proceeds means the proceeds from the Investor subscribing for Shares pursuant to the Subscription Agreement.

Subsidiary has the meaning given in the Corporations Act.

Technical Committee has the meaning given in clause 7.1.

Tenements means:

- (a) Malawi Exploration Licences EL0609, EL0582 and EL0492; and
- (b) any other tenements (including exploration, prospecting and mining licences) applied for, or acquired, in connection with the Project,

in each case, as varied, extended or renewed from time to time and includes any successor replacement tenements or the grant of further rights arising out of or flowing from any of the foregoing.

Third Party means a person, corporation or entity, other than a party to this agreement or an Affiliate thereof.

Tranche 1 Completion has the meaning given in the Subscription Agreement.

UK MAR means the EU Market Abuse Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

Voting Power has the meaning given in the Corporations Act.

1.2 Interpretation

In this agreement, unless the context otherwise requires:

- (a) a reference to:
 - (i) one gender includes the others;
 - (ii) the singular includes the plural and the plural includes the singular;
 - (iii) a recital, clause, schedule or annexure is a reference to a clause of or recital, schedule or annexure to this agreement and references to this agreement include any recital, schedule or annexure;
 - (iv) any contract (including this agreement) or other instrument includes any variation or replacement of it and as it may be assigned or novated;
 - (v) a statute, ordinance, code or other law includes subordinate legislation (including regulations) and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (vi) a person or entity includes an individual, a firm, a body corporate, a trust, an unincorporated association or an authority;
 - (vii) a person includes their legal personal representatives (including executors), administrators, successors, substitutes (including by way of novation) and permitted assigns;
 - (viii) a group of persons is a reference to any two or more of them taken together and to each of them individually;
 - (ix) an entity which has been reconstituted or merged means the body as reconstituted or merged, and to an entity which has ceased to exist where its functions have been substantially taken over by another body, means that other body;
 - (x) time is a reference to legal time in Perth, Western Australia;

- (xi) a reference to a day or a month means a calendar day or calendar month;
- (xii) money (including '\$', 'AUD' or 'dollars') is to Australian currency;
- (b) unless expressly stated, no party enters into this agreement as agent for any other person (or otherwise on their behalf or for their benefit);
- (c) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as', 'for example' or similar words are not words of limitation;
- (d) the words 'costs' and 'expenses' include reasonable charges, expenses and legal costs on a full indemnity basis;
- (e) headings and the table of contents are for convenience only and do not form part of this agreement or affect its interpretation;
- (f) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (g) the time between two days, acts or events includes the day of occurrence or performance of the second but not the first day act or event;
- (h) if the last day for doing an act is not a Business Day, the act must be done instead on the next Business Day;
- (i) where there are two or more persons in a party each are bound jointly and severally; and
- (j) a provision of this agreement must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this agreement or the inclusion of the provision in this agreement.

1.3 Reasonable endeavours

Any provision of this agreement which requires a party to use reasonable endeavours or all reasonable endeavours to procure that something is performed or occurs or does not occur does not include any obligation:

- (a) to pay any money or to provide any financial compensation, credit support, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any Governmental Agency; or
 - (b) to commence any legal action or proceeding against any person,
- except where that provision expressly specifies otherwise.

2 Condition precedent to formation

It is a condition precedent to the formation of this agreement that Tranche 1 Completion occurs (**Effective Date**).

3 Use of proceeds

3.1 Use of proceeds

The Company will procure that the Subscription Proceeds are not used for any purpose other than:

- (a) for completion of a Definitive Feasibility Study for the Project where the scope of such Definitive Feasibility Study has been approved by the Technical Committee and is in accordance with Budgets approved by the Technical Committee;
- (b) to enable the products produced from the Project to qualify for sale to certain end use markets;
- (c) for environmental and permitting costs in connection with the development of the Project; and
- (d) any other expenditure agreed in writing between the Company and the Investor.

The obligations under this clause 3 cease on the Investor End Date.

4 Right of first refusal – future equity issues

- 4.1 For so long as the Investor holds Voting Power in the Company of at least 10%, if the Company proposes, directly or indirectly, to undertake an issue of Shares or other Equity Securities for cash consideration or for some other consideration readily convertible to cash (other than director or employee incentive arrangements) (**Equity Offer**) the Company undertakes and agrees to ensure that:
- (a) the Equity Offer is undertaken as a pro rata entitlement offer to all Shareholders, with such pro rata entitlement offer deemed to include the offer and issue of any shortfall shares to the pro rata entitlement offer; or
 - (b) if the Equity Offer is not a pro rata entitlement offer to all Shareholders, the Investor is provided with a right to consult with the Company and a right of first refusal in respect of the Equity Offer and is provided with written notice by the Company or its Representatives of the proposed Equity Offer:
 - (i) at least 20 Business Days prior to the Company's intended launch date to conduct the Equity Offer, provided that the Investor must consider in good faith any reasonable request by the Company to reduce that 20 Business Day period to the extent that the Company (acting reasonably) considers it beneficial to the prospects of the Equity Offer and where such reduction does not diminish the Investor's ability to participate in the Equity Offer if it wishes to do so;
 - (ii) specifying the amount being raised and the proposed issue price of Shares or other Equity Securities under the Equity Offer (which may be expressed as a range or formula); and
 - (iii) specifying the maximum number of Shares or other Equity Securities that the Investor is entitled to subscribe for under the Equity Offer without the Investor's Voting Power exceeding 19.9%,

and the Company hereby agrees that it will not issue or agree to issue any Shares or other Equity Securities to any Third Parties pursuant to the Equity Offer until the expiry of the 20 Business Day period (or such shorter period agreed by the Company and the Investor) stipulated under clause 4.1(b)(i).

- 4.2 The Investor agrees that all such information provided in relation to the Equity Offer is Confidential Information.
- 4.3 Upon receipt of the written notice under clause 4.1, the Investor must provide written notice to the Company setting out whether or not it wishes to participate in the Equity Offer (and if it does wish to participate, the extent of its intended participation) within the 20 Business Day period (or such shorter period agreed by the Company and the Investor) stipulated under clause 4.1(b)(i).

- 4.4 Subject to all Applicable Law and the limit specified in clause 4.1(b)(iii), upon receipt of the Investor's notice set out at clause 4.3, the Company must, subject to the provisions of this clause 4, issue to the Investor the number of Shares or other Equity Securities it has agreed to subscribe for under the Equity Offer pursuant to the written notice provided by the Investor pursuant to clause 4.3.
- 4.5 Save in respect of any action or Shareholder approval required to facilitate the subscription or acquisition of Shares or other Equity Securities above the threshold stipulated in clause 4.1(b)(iii) (for which the Company has no obligation whatsoever), if the Investor's participation in the Equity Offer under clause 4.4 requires any necessary Government Agency approvals or consents or such other consents or approvals, including Shareholder approval by Applicable Law or approvals under the Listing Rules, before the Shares or other Equity Securities can be issued to the Investor under this clause 4, the issue of such Shares or other Equity Securities pursuant to the Equity Offer is subject to such Shareholder or other approval and the Company must take all reasonable steps to obtain such Shareholder approval in respect of the issue of such Shares or other Equity Securities to the Investor as soon as reasonably practicable after receipt of the Investor's written notice pursuant to clause 4.3.
- 4.6 For the avoidance of any doubt and without limitation, nothing in this agreement:
- (a) prevents the Company from issuing any Shares or other Equity Securities to any Third Parties under any Equity Offer:
 - (i) if the Investor's notice set out at clause 4.3 is not received by the Company prior to the intended launch date proposed by the Company for that Equity Offer, provided that the Company complies with its obligations to provide written notice of the proposed Equity Offer in accordance with clause 4.1(b);
 - (ii) if the Investor notifies the Company that it does not wish to participate in that Equity Offer in accordance with clause 4.3; or
 - (iii) if the Investor has issued a notice to participate in the Equity Offer pursuant to clause 4.3, but defaults on its obligations in relation to such participation and where any such default remains unremedied immediately prior to the intended launch date proposed by the Company for that Equity Offer;
 - (b) requires the Company to issue any Shares or other Equity Securities to the Investor under the Equity Offer if Shareholders do not approve a resolution for the issue of the Shares or other Equity Securities to the Investor for the purposes of any Shareholder approval required pursuant to clause 4.5; or
 - (c) requires the Company to comply with this clause 4 in relation to the issue of the SCP Fee Shares or Equity Securities issued to any Director or employee of the Company in the ordinary course of business as part of remuneration arrangements for the Company pursuant to the Company's employee incentive plan or subject to Shareholder approval (including any Shares issued in relation to the exercise or conversation of such Equity Securities on issue as at the date of this agreement or issued in the future).
- 4.7 Upon the Investor ceasing to hold Voting Power in the Company of at least 10%, all of the Investor's rights and all of the Company's obligations pursuant to this clause 4 are automatically and irrevocably terminated with immediate effect but without prejudice to any antecedent breaches of this clause 4.

5 Right of first refusal – Project Companies

- 5.1 For so long as the Investor holds Voting Power in the Company of at least 10% and until the Investor End Date, if the Company desires, directly or indirectly, to Dispose of any shares in or held by, or any Assets of, any one or more of the Project Companies (**Project Interest**) then it may only do so on the terms and conditions in this clause 5.

- 5.2 The Company may Dispose of the Project Interest at the price and on the terms and conditions of a bona fide offer (an **Offeror's Offer**) received from any person if:
- (a) the Offeror's Offer:
 - (i) is in writing;
 - (ii) is for a bona fide cash consideration or for some other consideration readily convertible to cash, and not for any other consideration; and
 - (iii) is subject to the condition that all necessary Governmental Agency approvals or consents or such other consents required under Applicable Law are obtained; and
 - (b) the Investor does not accept the Offeror's Offer to acquire the Project Interest in accordance with this clause 5.
- 5.3 Where the Company receives an Offeror's Offer that complies with clause 5.2(a) and that it wishes to accept, it must deliver a notice in writing to the Investor setting out the details of the offer, including the consideration and name of the offeror and attaching a copy of the Offeror's Offer (**Offer Notice**). Such information is Confidential Information that the Investor must keep strictly confidential and use it only for the purposes of evaluating whether to exercise its rights under this clause 5.
- 5.4 The giving of the Offer Notice constitutes an offer by the Company to sell the Project Interest to the Investor at the price and on the terms and conditions of the Offeror's Offer. The Investor may elect to purchase from the Company (in whole but not in part) the Project Interest the subject of the Offer Notice by delivery of a written notice (**Purchase Notice**) to the Company within 60 Business Days after the date on which the Offer Notice is given to the Investor by the Company under clause 5.3 subject to the provisions of this clause 5. The failure of the Investor to deliver a Purchase Notice to the Company within the 60 Business Day period shall be deemed to constitute a waiver by the Investor of its rights to purchase the Project Interest and the Company shall be entitled to accept the Offeror's Offer within 70 Business Days after the date on which the Offer Notice was given under clause 5.3. If the Disposal of the Project Interest pursuant to the Offeror's Offer is not completed within a 90 day period after the date of the Company's acceptance of the Offeror's Offer, provided that if the purchase of the Project Interest pursuant to the Offeror's Offer requires Shareholder approval of the Company's Shareholders, approvals under the Listing Rules and/or Applicable Law and/or any Governmental Agency approvals or consents, then such purchase shall be subject to the required approvals and/or consents and the 90 day completion period shall be extended in order to obtain such approvals and/or consents, provided that such period may not exceed 6 months after the date of the Company's acceptance of the Offeror's Offer. If the extended period exceeds the 6 month period, then the Company may not complete the Disposal without first making a further offer to the Investor in accordance with clause 5.3 and complying with the provisions of this clause 5.
- 5.5 On the date of the Company's acceptance of the Offeror's Offer, the Company must provide notice thereof to the Investor. If the Company accepts the Offeror's Offer in accordance with clause 5.4, upon completion of the sale of the Project Interest, the Company must provide a copy of the definitive sale documentation to the Investor in order to allow the Investor to verify that such sale of the Project Interest was completed on the same terms and conditions as those contained in the Offeror's Offer that was attached to the Offer Notice provided under clause 5.3. The Investor acknowledges that the provision of the definitive sale documentation is Confidential Information that the Investor must keep strictly confidential and use it only for the purposes described in this clause 5.5 (except to the extent the same comprises Excluded Information).
- 5.6 On receipt by the Company of a Purchase Notice from the Investor in accordance with clause 5.4, the Company and the Investor must enter into formal and legally binding documentation to give effect to the Investor's purchase of the Project Interest on the terms described in the Offeror's Offer attached to the Offer Notice (with only such changes as are reasonably necessary), including to complete the transaction within 90 days after the Investor delivers a Purchase Notice, provided that if the purchase of the Project Interest by the Investor requires

Shareholder approval of the Company's Shareholders, approvals under the Listing Rules and/or Applicable Law and/or any Governmental Agency approvals or consents, then such purchase shall be subject to the required approvals and/or consents and the 90 day completion period shall be extended in order to obtain such approvals and/or consents, provided that such period may not exceed 6 months.

- 5.7 Any purported Disposal made in breach of this clause 5 is of no force or effect and without limiting any other right the Investor may have against the Company, the Investor may bring an action in a court of competent jurisdiction for damages, specific performance or injunctive relief against the Company (or such other orders of relief as it may think fit) for a breach of this clause 5.
- 5.8 Upon the Investor ceasing to hold Voting Power in the Company of at least 10%, all of the Investor's rights and all of the Company's obligations pursuant to this clause 5 are automatically and irrevocably terminated with immediate effect, but without prejudice to any antecedent breaches of this clause 5.

6 Appointment of director or observer

- 6.1 For so long as the Investor holds Voting Power in the Company of at least 15%:
- (a) the Investor will have the right, but not the obligation, to appoint, at any time after Tranche 1 Completion, one person as a non-executive Director of the Company who must also be an employee or officer of the Investor or of an Affiliate of the Investor (**Nominated Director**); or
 - (b) if the Investor does not elect to appoint a Nominated Director in accordance with clause 6.1(a), the Investor will have the right, but not the obligation, to appoint, in writing to the Company at any time after Tranche 1 Completion, one person as an observer to the Board (**Observer**) who may attend and observe all Board meetings, and the Investor may, from time to time, replace such Observer by giving written notice to the Company specifying the identity of the person to replace the existing Observer.
- 6.2 The Observer must enter into a confidentiality agreement with the Company on terms that are reasonably acceptable to the parties, prior to their attendance at a Board meeting. Subject to the confidentiality agreement being entered into, the Company must provide the Observer with copies of all documents and notices in respect of any Board meeting which are given to a Director, including meeting notices, minutes, meeting documents and papers, and financial reports and statements.
- 6.3 The Investor will consult with the Board and the NOMAD prior to any nomination under clause 6.1(a) and undertakes to nominate a person that has the appropriate qualifications and relevant experience and is suitable to be a director of a company listed on ASX and AIM in accordance with the ASX Corporate Governance Principles and Recommendations and the AIM Rules. The Investor will procure that, upon request by the Company, any Nominated Director provides the Company with any such information that it may reasonably require to assess the suitability of such Nominated Director in accordance with its regulatory duties.
- 6.4 The Investor may:
- (a) seek to appoint a person by written notice to the Company specifying the identity of the person to be appointed as a Nominated Director; or
 - (b) seek to replace a person nominated by the Investor under clause 6.4(a) by written notice to the Company and the NOMAD specifying the identity of the person to be replaced as a Nominated Director and their replacement.
- 6.5 Where the Company receives a written notice from the Investor pursuant to clause 6.4(a) nominating a Nominated Director, the directors of the Company shall appoint the Nominated Director as a director of the Company, subject to:

- (a) there being no other Nominated Director on the Board;
- (b) if an Observer has been appointed under clause 6.1(a), such Observer ceasing to be an observer to the Board due to their appointment automatically terminating at such time as the Nominated Director is appointed as a Director of the Company pursuant to this clause 6.5;
- (c) receipt by the Company of a consent to act as a director of the Company, signed by the Nominated Director;
- (d) entry into such documentation by the Nominated Director as the Board reasonably requires and on terms consistent with, and that are no less favourable than, the terms of the other non-executive Directors' appointments (excluding the Chairperson of the Company). Any director fees payable to the Nominated Director's nominee or as otherwise directed by the Nominated Director and other direct costs associated with the Nominated Director is an approved expenditure for the purposes of clause 3.1(d);
- (e) the Board being satisfied (acting reasonably) with the Nominated Director's qualifications, experience and the results of the usual background and suitability checks in connection with the appointment of a director; and
- (f) the NOMAD not objecting to the Nominated Director being appointed to the Board pursuant to the NOMAD's duties and obligations under the NOMAD Rules.

6.6 Where the Company receives a notice from the Investor pursuant to clause 6.4(b) nominating a replacement of the Nominated Director, the directors of the Company shall appoint that replacement Nominated Director as a director of the Company, subject to:

- (a) the existing Nominated Director ceasing to be a director of the Company (including due to their resignation, or removal from the Board or a resolution for their election to the Board not being passed at a general meeting of the Company);
- (b) receipt by the Company of a consent to act as a director of the Company, signed by the replacement Nominated Director;
- (c) entry into such documentation by the replacement Nominated Director as the Board reasonably requires and on terms consistent with, and that are no less favourable than, the terms of the other non-executive Directors' appointments (excluding the Chairperson of the Company). Any director fees payable to the Nominated Director's nominee or as otherwise directed by the Nominated Director and other direct costs associated with the Nominated Director is an approved expenditure for the purposes of clause 3.1(d);
- (d) the Board being satisfied (acting reasonably) with the replacement Nominated Director's qualifications, experience and the results of the usual background and suitability checks in connection with the appointment of a director; and
- (e) the NOMAD not objecting to the replacement Nominated Director being appointed to the Board pursuant to the NOMAD's duties and obligations under the NOMAD Rules.

6.7 The Investor acknowledges that each Nominated Director shall serve subject to the provisions of the Company's Constitution and shall owe their duties as a Director to the Company in the same manner as the Company's other non-executive Directors. A Nominated Director appointed under clause 6.1(a) holds office until the next annual general meeting of the Company and is then eligible for re-election at that meeting pursuant to the Constitution and the Listing Rules.

6.8 The Company must ensure that the Nominated Director is proposed for election at the next annual general meeting of the Company convened after their appointment.

6.9 If a Nominated Director is not re-elected at an annual general meeting of the Company, subject to the requirements of this clause 6, the Investor may nominate another Nominated Director to replace that director (which, to avoid doubt, cannot be the same person who was not re-elected by the Shareholders at the previous annual general meeting).

- 6.10 For the avoidance of doubt:
- (a) the Nominated Director cannot exercise any right, power or discretion of the Company pursuant to this agreement; and
 - (b) there can never be more than one Nominated Director serving on the Board.
- 6.11 Upon the Investor's ceasing to hold Voting Power in the Company of at least 15% for a continuous 3 month period, all of the Investor's rights and all of the Company's obligations under this clause 6 are automatically and irrevocably terminated with immediate effect (but without prejudice to any antecedent breaches of this clause 6) and (unless previously directed otherwise by the Board), the Investor must immediately procure that its Nominated Director immediately resigns from the Board (and from any other position held by that person in the Company Group) without making any claim against the Company for loss of office.

7 Corporate Governance

7.1 Technical Committee

From the Effective Date until the Investor End Date, the Company must establish and maintain an advisory technical committee for the Project on the terms and conditions in Schedule 1 (**Technical Committee**).

7.2 Access to information

- (a) From the Effective Date until the Investor End Date:
 - (i) subject always to Applicable Law, the Investor General Manager and each Committee Member will be entitled to, upon reasonable notice to the Company, access and inspect (in person and have remote unrestricted access through a virtual data room operated by the Company to):
 - (A) the books and records of relating to the Project (including, without limitation, technical studies, working papers, budgets and cash flows and financial information);
 - (B) the Project site, subject to the Investor General Manager and each Committee Member agreeing to comply with such procedures and policies as may reasonably be required by the Company (including any health and safety protocols); and
 - (C) any other information the Investor General Manager or a Committee Member reasonably requires in connection with the Project; and
 - (ii) all of which the Investor agrees is Confidential Information (except to the extent the same comprises Excluded Information).
- (b) The Investor shall ensure that the Nominated Director is aware they are not to pass to the Investor or any of its Representatives any information that comes into such Nominated Director's possession if doing so would constitute a breach of Applicable Law (including without limitation UK MAR and/or the Listing Rules) or if the Company would otherwise be required under Applicable Law or the Listing Rules to make a public announcement in respect of that information.

7.3 Restricted matters

From the Effective Date until the Investor End Date, the Company must not, and must procure that the Project Companies do not, undertake any of the following matters without the Investor's prior written consent (such consent to not be unreasonably withheld or delayed):

- (a) the entry into, in relation to or in connection with the Tenements and/or the Project (and production therefrom), any:

- (i) offtake, marketing and sales agreements (including pre-pay agreements or streaming and similar agreements);
 - (ii) royalty or similar agreements; or
 - (iii) any other agreements concerning Third Party rights or interests over, or in respect of, the Tenements and/or the Project;
- (b) granting any Encumbrance over the Project or the shares in any one or more of the Project Companies other than any Encumbrance that may arise in connection with any project debt funding contemplated by clause 7.4; or
 - (c) any variation, amendment or waiver or similar under, or in respect of, any agreements or Encumbrances entered into or granted further to and in accordance with this clause 7.3.

7.4 Project debt funding

From the Effective Date until the Investor End Date, if any Group Member wishes to borrow funds via a debt issuance which is not an Equity Security for the development and operation of the Project, the Company will consult and negotiate in good faith with the Investor to seek to put in place an acceptable mine construction funding package for the Project (**Funding Package**). The Company will not and will procure that each Group Member does not enter into any legally binding commitments relating to a Funding Package until after the Investor End Date without the prior written consent of the Investor. The Company and the Investor acknowledge and agree that any funding package for the Project if provided by the Investor may be subject to Shareholder approval pursuant to Applicable Law and/or the Listing Rules.

7.5 Graphite co-product

From the Effective Date until the Investor End Date, the Investor will, on written request by the Company, use its reasonable endeavours to provide the Company (with the benefit of the experience of its employees) with:

- (a) assistance and advice with respect to the following relating to the Project's graphite co-products:
 - (i) technical aspects of graphite co-products to qualify for various end use markets; and
 - (ii) development of marketing plans for the graphite co-products; and
- (b) introductions to the Company of potential buyers of the Project's graphite co-products, with a primary focus on the spherical purified graphite segment of the lithium-ion battery anode market.

8 Operatorship of Project & Marketing

- 8.1 From the DFS Announcement Date until the Investor End Date (**Option Exercise Period**), the Company grants the Investor an option to be appointed as the operator of the Project with the appointment to be on commercial, arm's lengths terms, including a right for the Investor to charge an operator fee (**Option**). If the Investor does not exercise the Option during the Option Exercise Period, the Option will lapse.
- 8.2 The Investor may exercise the Option at any time during the Option Exercise Period by issuing a written notice to the Company advising of the Investor's election to be appointed as operator of the Project.
- 8.3 During the period commencing on the date of this agreement and expiring on the earlier of the date the Investor assumes the role of operator having exercised the Option and the end of the

Option Exercise Period, the Company will operate the Project and must not appoint any other person to act as the operator.

- 8.4 At any time after Tranche 1 Completion, the Investor may issue a written notice to the Company and then the Company must procure that the Project Companies and the Investor enter into good faith negotiations to agree, as soon as reasonably practicable thereafter, formal, definitive agreement(s) recording the terms on which:
- (a) the Investor would be appointed as the operator of the Project, subject to the Investor exercising the Option and the overriding principle that such agreement will be on commercial, arm's length terms (including a right for the Investor to charge an operator fee); and
 - (b) subject to the Investor exercising the Option, the Investor would be granted exclusive rights to market 40% of the annual production from each Product Category produced from the Project on arm's length terms (including a right for the Investor to charge a marketing fee) for so long as the Investor remains the operator of the Project.
- 8.5 If the grant or the exercise of the Option under clauses 8.1 or 8.2 requires Shareholder approval or approvals under Applicable Law and/or the Listing Rules and/or any Government Agency approvals or consents, then the grant or exercise of the Option shall be subject to the required approvals and/or consents and the Company must take all reasonable steps to obtain such approvals and/or consents as soon as practicable after the DFS Announcement Date.

9 Warranties

Each party to this agreement represents and warrants to the other that each of the following is true and accurate on the date of this agreement:

- (a) **(Registration)** it is a corporation registered (or taken to be registered) and validly existing under the Corporations Act or the laws of its place of incorporation;
- (b) **(Incorporation)** it is validly incorporated, organised and subsisting in accordance with the laws in its place of incorporation;
- (c) **(Power and capacity)** it has the full power and capacity to enter into and perform its obligations under this agreement;
- (d) **(Corporate authorisations)** all necessary authorisations for the execution, delivery and performance by it of this agreement in accordance with its terms have been obtained;
- (e) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (i) complies with its constitution or other constituent documents (as applicable); and
 - (ii) does not constitute a breach of any law or obligations, or cause, or result in, a default under any agreement by which it is bound and that would prevent it from entering into and performing its obligations under this agreement.

10 Confidentiality

- (a) Except as agreed between the parties, each party (the **recipient**) must keep confidential and not disclose, and must ensure that its Representatives keep confidential and not disclose, any Confidential Information (which is disclosed to the recipient or its Representatives by the other party in connection with this agreement) and the content of this agreement other than to the extent that:

- (i) the disclosure is to the recipient's Affiliates or its Representatives (including any legal advisers to its advisers or financiers of the party, subject to such advisers agreeing to confidentiality obligations);
 - (ii) the recipient or any of its Affiliates is required to disclose the information by Applicable Law, rules or regulations of a Government Agency or the rules of any securities exchange (including the Listing Rules); or
 - (iii) to the extent necessary to obtain any consent, approval or agreement contemplated by this agreement.
- (b) The parties acknowledge and agree that the Investor is permitted to attach a copy of this agreement to any substantial holding notice in relation to the Company under Part 6C.1 of the Corporations Act.
- (c) The recipient of Confidential Information undertakes that neither it nor its Representatives will deal, or cause any other person to deal, in securities in the Company contrary to Division 3, Part 7.10 of the Corporations Act, the Listing Rules or any other applicable securities laws and the restrictions contained therein.

11 Consequential loss

No party nor its Representatives is liable to the other party under this agreement for special, indirect, punitive, exemplary or consequential damages (including lost profits, revenue, goodwill or reputation), howsoever caused or arising whether under common law, equity or contract by virtue of any fiduciary duty, in tort, delict or deceit (including negligence) as a consequence of breach of any duty (contractual, statutory or otherwise) or under any other legal doctrine or principle whatsoever, irrespective of whether recoverable in law or equity and whether the same arise directly or indirectly and each party hereby releases the other party and its Representatives therefrom, except to the extent caused by fraud or wilful misconduct of the relevant party or its Representatives.

12 Notices

12.1 Service of notices

A notice, consent, approval or other communication under this agreement (**Notice**) must be:

- (a) in writing and signed by the sender or its duly authorised representative, addressed to the recipient and sent to the recipient's address specified in clause 12.3; and
- (b) delivered by personal service, sent by pre-paid mail or transmitted by email, or any other lawful means.

12.2 Effect of receipt

- (a) A Notice given in accordance with this clause 12 is treated as having been given and received:
 - (i) if personally delivered, on delivery;
 - (ii) if sent by pre-paid mail, on the fifth clear Business Day after the date of posting (or the seventh Business Day after the date of posting if sent to or from an address outside Australia); and
 - (iii) if sent by email, at the time of transmission by the sender, unless the sender receives an automated notice generated by the sender's or the recipient's email server that the email was not delivered,

except that, if the delivery, receipt or transmission is after 5.00pm in the place of receipt or on a day which is not a Business Day, it is taken to have been received at 9.00am on the next Business Day.

12.3 Addresses

- (a) The particulars for delivery of Notices are initially:

Company

Name: Sovereign Metals Limited
Attention: The Company Secretary
Address: Level 9, 28 The Esplanade, Perth, Western Australia
6000
Email: DBrowne@apollogroup.com.au
Copy: mng@tglaw.com.au
bstoikovich@sovereignmetals.com.au
julian.stephens@sovereignmetals.com.au

Investor

Name: Rio Tinto Mining and Exploration Limited
Attention: The Company Secretary
Address: 6 St James's Square, London, SW1Y 4AD, United
Kingdom
Email: CompanySecretaryNotices@riotinto.com
Copy: arnaud.brion@riotinto.com

- (b) A party may change its address for the delivery of Notices by notifying that change to the other party. The notification is effective on the later of the date specified in the Notice or five Business Days after the Notice is given.

13 General

13.1 Legal costs

Except as expressly stated otherwise in this agreement, each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this agreement.

13.2 Governing law and jurisdiction

- (a) This agreement is governed by, and is to be construed in accordance with, the laws applicable in Western Australia, Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

13.3 Severability

- (a) Subject to clause 13.3(b), if a provision of this agreement is illegal or unenforceable in any relevant jurisdiction, it may be severed for the purposes of that jurisdiction without affecting the enforceability of the other provisions of this agreement.
- (b) Clause 13.3(a) does not apply if severing the provision:
 - (i) materially alters the:
 - (A) scope and nature of this agreement; or
 - (B) the relative commercial or financial positions of the parties; or
 - (ii) would be contrary to public policy.

13.4 Further steps

Each party must promptly do whatever any other party reasonably requires of it to give effect to this agreement and to perform its obligations under it.

13.5 Consents

Except as expressly stated otherwise in this agreement, a party may conditionally or unconditionally give or withhold consent to be given under this agreement and is not obliged to give reasons for doing so.

13.6 Rights cumulative

Except as expressly stated otherwise in this agreement, the rights of a party under this agreement are cumulative and are in addition to any other rights of that party.

13.7 Waiver and exercise of rights

- (a) A single or partial exercise or waiver by a party of a right relating to this agreement does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

13.8 Survival

The provisions of clauses 1, 10, 12 and this clause 13 of this agreement survive the expiry or termination of this agreement.

13.9 Amendment

This agreement may only be varied or replaced by an agreement executed by the parties.

13.10 Assignment

- (a) A party must not assign its interest in this agreement without the prior written consent of the other parties.
- (b) Any purported dealing in breach of this clause is of no effect.

13.11 Counterparts

This agreement may consist of a number of counterparts and, if so, the counterparts taken together constitute one agreement.

13.12 Entire understanding

- (a) This agreement and the Subscription Agreement contain the entire understanding between the parties as to the subject matter of this agreement and the Subscription Agreement.
- (b) All previous negotiations, understandings, representations, warranties, memorandums or commitments concerning the subject matter of this agreement are merged in and superseded by this agreement and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this agreement; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

Schedule 1– Technical Committee Charter

1 Objectives and scope

- 1.1 The Technical Committee has been established by the Board and its primary objective is to provide recommendations, advice and reports to the Board on technical matters relating to the Project.
- 1.2 The Technical Committee will be responsible for reviewing the operations or proposed operations relating to the Project, including providing recommendations and advice on the following matters:
- (a) regional exploration of the Tenements;
 - (b) the scope of works for the Definitive Feasibility Study for the Project;
 - (c) the selection of experts required to assist the Company with the development of the Project, including the completion of the Definitive Feasibility Study;
 - (d) preparation of Budgets and reconciliation of other expenditures on the Project;
 - (e) preparation of work programs relating to the Project;
 - (f) communications with required experts;
 - (g) for environmental, permitting and other approvals required for the development of the Project;
 - (h) for stakeholder engagement in relation to the Project;
 - (i) preparation for products produced from the Project to qualify for sale to certain end use markets including, without limitation, the spherical purified graphite segment of the lithium-ion battery anode market;
 - (j) development of any pilot plant or similar for the Project;
 - (k) project financing for the development of the Project; and
 - (g) completion of the Definitive Feasibility Study for the Project.

For the avoidance of doubt, the scope of the Technical Committee does not relate to any matters, including the preparation, scope and announcement, of the pre-feasibility study for the Project which is at the sole discretion of the Board.

- 1.3 The Technical Committee must approve the Budget and scope of works for the Project which is reviewed every six months.
- 1.4 The Board will seek to implement any recommendations or advice provided by the Technical Committee unless the Board determines otherwise.
- 1.5 The Company shall pay the reasonable out-of-pocket expenses incurred by each member of the Technical Committee in connection with attending meetings of the Technical Committee.
- 1.6 For the avoidance of doubt, the powers of the Board are not delegated to the Technical Committee and the Board remains the ultimate decision-making body for the Company. Moreover, the overall management and control of the Company and the Company Group is vested in the Board and the Technical Committee must comply with any lawful instruction given by the Board.

2 Composition of committee

- 2.1 The Technical Committee will have 6 members (**Committee Members**).
- 2.2 The Company and the Investor will each be entitled to nominate up to three Committee Members of the Technical Committee.
- 2.3 Each of the Company and the Investor which has the right to appoint a Committee Member has the right to remove and replace their nominated Committee Member(s) with another person and fill any vacancy created by the resignation, removal, death or otherwise of that member.
- 2.4 Every appointment and removal of a nominated Committee Member by a party shall take effect when written notice of that appointment or removal is duly executed by that party and is received by the company secretary of the Company or at such later time as is specified in that written notice.

3 Committee meetings

- 3.1 The quorum for a Technical Committee meeting is at least two Committee Members in attendance, provided that:
 - (a) for so long as there are Committee Members appointed by the Company, at least one Committee Member appointed by the Company is required to be in attendance in order for there to be a quorum at a Technical Committee meeting; and
 - (b) for so long as there are Committee Members appointed by the Investor, at least one Committee Member appointed by the Investor is required to be in attendance in order for there to be a quorum at a Technical Committee meeting.
- 3.2 Each Committee Member shall be given at least 2 Business Days' notice of a proposed Technical Committee meeting by the manager of the Project unless otherwise agreed by all Committee Members. Such notice shall contain the agenda for such meeting.
- 3.3 A Committee Member may attend a meeting and be counted among the quorum if they are present at the meeting via teleconference or other instantaneous communication device and a resolution passed at any such a conference shall, notwithstanding that the Committee Members are not present together in one place at the time of the conference, be deemed to have been passed at a meeting of the Technical Committee duly called and constituted on the day and at the time at which the conference was so held.
- 3.4 Should a Technical Committee meeting lack a quorum, it will be adjourned for 3 Business Days. All Committee Members will be provided with notice of the adjourned meeting.
- 3.5 The number of Committee Members present at the adjourned meeting will constitute a quorum for that adjourned meeting.
- 3.6 No business may be transacted at any adjourned meeting other than the business in the notice which was adjourned.
- 3.7 The meetings of the Technical Committee must be held at least once per calendar quarter.
- 3.8 At any meeting of the Technical Committee, each Committee Member will have one vote.
- 3.9 All matters before the Technical Committee will be decided by a majority of votes cast by the Committee Members present at the meeting.
- 3.10 The chairperson of the Technical Committee will be a Committee Member appointed by the Company.
- 3.11 If equal votes are cast for and against a resolution before the Technical Committee, the chairperson will have a casting vote.

- 3.12 Decisions of the Technical Committee can be made by each of the Committee Members signing a circular resolution approving the matters the subject of the circular resolution and any such resolution may consist of several documents in like form, each signed by one or more of the signatories to the resolution.
- 3.13 The Committee Members will rotate the role as secretary of the Technical Committee who shall be responsible to record the minutes of each Technical Committee meeting and shall provide a copy of the draft minutes to the Company and the Investor as soon as reasonably practicable after each meeting. The Company and the Investor shall have 15 days from the date of receipt of the draft minutes to advise the secretary in writing of any objection to the contents of the draft minutes which the secretary must forward to the other party as soon as reasonably practicable after receipt. If no objection is received by the secretary within the 15 day period, the draft minutes shall be deemed to have been approved by each of the Company and the Investor and shall be signed by the chairperson as soon as reasonably practicable. Any objection received by the secretary which has not been resolved by discussions between the Company and the Investor prior to the next meeting of the Technical Committee shall be discussed at that meeting with a view to passing a resolution to clarify the matters raised in the objection.

Schedule 2 – Budget Matters

1 Direct Project Expenditure Activities

1.1 Technical Studies and Programs

- (a) Definitive Feasibility Study (the costs of which, for the avoidance of doubt, shall include all direct costs incurred both in country and out of country so long as such costs are related exclusively to the Definitive Feasibility Study activities. Such costs may also include in part or in whole (as the case may be) indirect support costs incurred outside of the country);
- (b) specialist consultants;
- (c) graphite and rutile process design and equipment selection including test work programs, and samples for product quality/qualification/ offtake & downstream test work). To consider technology for enhanced water recovery;
- (d) Ore Body Knowledge (OBK) and resource definition work to JORC requirements;
- (e) hydrology and hydrogeology incl. full baseline characterisation, site water balance and consideration of other users;
- (f) mining and geotechnical including pilot and mining trial (planning, permitting and operating);
- (g) tailings and water facilities (to GISTM – Global Industry Standard on Tailings Management) including closure considerations;
- (h) infrastructure and services;
- (i) energy and climate change;
- (j) progressive rehabilitation; and
- (k) closure.

1.2 Environmental, Social Stakeholder Engagement, Project Permitting and Government Liaison

- (a) environmental, social impact assessment (study, management and report);
- (b) resettlement action plan (speciality studies and reports) in line with IFC Performance Standards on Social and Environmental Sustainability, the Equator Principles and Voluntary Principles of Security and Human Rights (VPSHR);
- (c) social and community engagement and any associated costs;
- (d) environmental social governance related fieldwork;
- (e) government liaison;
- (f) Project permitting; and
- (g) risk assessment and compliance with any corporate governance policies (including those requested or required by the Investor).

1.3 All in-country expenditure for activities in Malawi

- (a) operating and capital; and
- (b) all tenement rentals and fees.

Executed as an agreement

Executed by Sovereign Metals Limited in accordance with section 127 of the *Corporations Act 2001* (Cth):



Director

Benjamin Stoikovich

Name of Director
BLOCK LETTERS



~~*Director/*Company Secretary~~

Julian Stephens

Name of ~~*Director/*Company Secretary~~
BLOCK LETTERS
*please strike out as appropriate

Executed by Rio Tinto Mining and Exploration Limited:

Director

Name of Director
BLOCK LETTERS

Director

Name of Director
BLOCK LETTERS

By signing above, each person executing this agreement consents to electronic execution of this agreement (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other authorised person to produce a copy of this agreement bearing their signature for the purpose of signing the copy to comply its execution in accordance with the laws in the jurisdiction in which the party is incorporated. The copy of the signature appearing on the copy so executed is to be treated as their original signature.

Executed as an agreement

Executed by Sovereign Metals Limited in accordance with section 127 of the *Corporations Act 2001* (Cth):

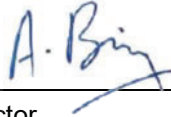
Director

*Director/*Company Secretary

Name of Director
BLOCK LETTERS

Name of *Director/*Company Secretary
BLOCK LETTERS
*please strike out as appropriate

Executed by Rio Tinto Mining and Exploration Limited:



Director

Director

ARNAUD BRION

JONATHAN BESWICK

Name of Director
BLOCK LETTERS

Name of Director
BLOCK LETTERS

By signing above, each person executing this agreement consents to electronic execution of this agreement (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other authorised person to produce a copy of this agreement bearing their signature for the purpose of signing the copy to comply its execution in accordance with the laws in the jurisdiction in which the party is incorporated. The copy of the signature appearing on the copy so executed is to be treated as their original signature.

Executed as an agreement

Executed by Sovereign Metals Limited in accordance with section 127 of the *Corporations Act 2001* (Cth):

Director

*Director/*Company Secretary

Name of Director
BLOCK LETTERS

Name of *Director/*Company Secretary
BLOCK LETTERS
*please strike out as appropriate

Executed by Rio Tinto Mining and Exploration Limited:



Director

Director

ARNAUD BRION

JONATHAN BESWICK

Name of Director
BLOCK LETTERS

Name of Director
BLOCK LETTERS

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