EVOLUTION CAPITAL

ETM | INITIATION REPORT | Resources
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Tremendous Option Value

Key assets: Energy Transition Minerals (ASX: ETM) is an exploration and development company focused on critical minerals for the energy transition, with its portfolio centered on the Kvanefjeld rare earth project in Greenland and the recently acquired Penouta tin-tantalum-niobium (Sn-Ta-Nb) mine in Spain.

World Class Size Project: Kvanefjeld is one of the world's largest and most important undeveloped rare earth element projects, with the potential to become a significant western world producer of critical rare earths. The project, which is located in southern Greenland in an area with year-round direct shipping access.

Competitive Advantages: Kvanefjeld has several unique attributes that make it attractive as a development opportunity. Mineralisation occurs as massive, bulk mineral deposits - mostly outcropping - resulting in low mining costs. The mineralisation is conducive to simple, cost-competitive processing. Once processed, the product could be exported year-round via direct-shipping ports, providing a significant cost advantage to potential European customers.

Development Ready: ETM has spent approximately 19 years in Greenland working with local communities and the Greenlandic Government and has invested more than $150 million to progress the Kvanefjeld Project to a development-ready status. The Project had been through a rigorous environmental assessment as part of the exploitation licence application process.

Legal Issue: Following the passing of Act No. 20 (Uranium Act) by the Greenlandic parliament on 1 December 2021, the Greenlandic Government refused ETM's application in June 2023 for an exploitation licence for Kvanefjeld in respect of the extraction of rare earths and uranium. An amended application that provided for the recovery of rare earths only – with uranium to be treated as an impurity and discarded into a tailings facility – was also rejected by the Greenlandic Government in September 2023.

Politics and Geo-Politics: are both in play here. In a world where supply chains for critical minerals are now the focus of some western governments, the Kvanefjeld represents an unmissable asset. Pricing such development option or a potential compensation outcome from the arbitration proceedings are extremely speculative. In addition, the prospect of Greenland being purchased by the United States adds tremendous value: will power, access to capital and secured off-take.

ETM valuation: Our sum of the parts includes an option-based valuation approach showing a massive, embedded upside in ETM shares from the current market valuation. The arbitration option alone could justify multiples higher upon positive milestones (e.g. favourable court rulings or merits hearing progress).

Success Probability (p)	Option Value (V)	ETM	Share Value	Multiple of Current Price
%	*A$m*	*A$m*	*A$*	x
20% (conservative)	1,128	1,171	0.52	5.8
30% (base)	1,691	1,735	0.76	8.6
40% (optimistic)	2,255	2,299	1.01	11.4

Recommendation	**SPEC BUY**
Price Target	**$0.760**
Share Price	**$0.089**
TSR	**754%**

Company Profile

Market Capitalisation	$196m
Enterprise Value	$139m
Shares on Issue	2,207m
Free Float	80%
Avg Daily Volume (3-month)	13m
52-Week Range	$0.043 - $0.210

Price Performance

Company Overview

Energy Transition Minerals is an ASX-listed company focused on the exploration, development and financing of critical minerals. Its two key assets are the Kvanefjeld rare earth project in Greenland and the Penouta tin-tantalum-niobium mine in Spain.

Key Catalysts

Penouta production	H2 2026/27
Legal proceedings progress	2026/27
Lithium exploration results	2026
Greenland geopolitics	2026/27
North America expansion	2026

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All currencies are in Australian dollars unless otherwise specified.

1. ETM Valuation

Kvanefjeld Project Valuation

ETM's wholly-owned subsidiary Greenland Minerals A/S (GMAS) is pursuing arbitration (initiated in March 2022 under the exploration licence's arbitration clause, seated in Copenhagen) and parallel court proceedings in Greenland and Denmark. These stem from Greenland's 2021 Uranium Act and subsequent 2023 decisions denying an exploitation licence for the Kvanefjeld project, effectively blocking development. The arbitral tribunal has ruled that Denmark shall not be a party to the arbitration, and has declined jurisdiction in respect of the issues of GMAS's right to grant of an exploitation licence, which are subject to the proceedings in the Greenlandic and Danish courts. ETM's claims for damages may be resumed in arbitration following completion of the court proceedings.

If the exploitation licence is not granted and the project cannot proceed, the **damages claim** is quantified provisionally as:

- **USD 7.5 billion** in principal damages (based on the Fair Market Value of the Kvanefjeld project in a "total loss" scenario, per expert valuations including mining, rare earths pricing, and damages quantification specialists).
- **Plus approximately USD 4 billion** in pre-award interest (at the rate under Danish law).

Total claimed: ~USD 11.5 billion (including interest).

This is **provisional** (subject to further evidence in a merits/damages phase) and tied to expert scenarios:

- Full denial (including uranium) → USD 7.5 billion FMV loss.
- Partial scenarios yield lower figures (down to ~USD 292 million).

The 2015 Feasibility Study NPV (~USD 1.4 billion post-tax) is not the direct basis; the claim uses updated, independent expert FMV assessments reflecting current REE market conditions and project potential.

Assuming that the exploitation licence is granted and the 2015 NPV still current, one could apply a 30% risk factor to reflect key risks such as financing, construction and operating risks to derive a value of USD 420 million or AUD 600 million. Assuming that legal proceedings extend beyond 12 month, we opted for the following alternative valuation method.

The potential damages award from the Kvanefjeld arbitration can be valued as a real option (specifically, a cash-or-nothing binary call option) on the litigation outcome. This is a standard approach in contingent-claim valuation for disputed assets, litigation funding, or blocked projects.

Option Valuation Framework

We model the arbitration success as delivering a fixed cash payoff Q (the damages) at resolution time T if the company wins, or zero otherwise.

The value of this cash or nothing binary call option is the discounted risk-adjusted expected payoff:

$$V = e^{-rT} \times p \times Q$$

where:

Q = principal damages claim = USD 4.45 billion; we conservatively exclude ~USD 4 billion interest and any uplift) and conservatively considered the average between the FMV (USD7.5 billion) and the NPV (USD 1.5 billion).

p = probability of success (risk-neutral or subjective; estimated 20–40% range based on case status — jurisdictional phase partially won, merits/damages phase preserved, historical claimant success rates in similar contract arbitrations, offset by Greenland/Danish sovereign risks and adverse costs).

T = 3 years (realistic timeline: arbitration + parallel Greenland/Danish courts + any appeals; case active since 2022).

r = AUD risk-free rate ≈ 4% (current Australian government bond yields).

This is not a standard Black-Scholes call (no continuous underlying asset price); it is binary because the payoff is all-or-nothing on the binary event "win/loss". Volatility is implicit in p.

Using a range of probability values, Table 1.1 summarises the estimated option values.

Table 1.1 - Kvanefjeld Valuation Sensitivity Table (varying p; T and r fixed)

Success Probability (p)	Discount Factor	Payoff (Q)	Option Value (V)	Option Value (V)
%	*x*	*US$m*	*US$m*	*A$m*
20% (conservative)	0.887	4,450	789	1,128
30% (base)	0.887	4,450	1,184	1,691
40% (optimistic)	0.887	4,450	1,579	2,255

Source: Evolution Capital estimates. Discount Factor = exp(-rT)

Penouta Mine & others Assets Valuation

At this time, the Penouta Mine has been valued close to its acquisition price of EUR 5.2m or AUD 9 million.

Similarly, the other assets at exploration stage (Villasrubias, Spain and James Bay, Canada) are valued close to their acquisition price.

Together, those assets have been assigned a value of AUD 15 million.

ETM Sum of the Parts Valuation

To derive our sum of the parts valuation, we have considered a total number of shares equal to 2,273 million including 66 million options expiring 4 Aug 2026 at an exercise price of $0.12 (assumed to be exercised).

Table 1.2 summarises the sum of the parts valuation for ETM.

Table 1.2 - ETM Sum of the Parts Valuation

Success Probability (p)	Option Value (V)	Penouta & Other Assets	Cash	Corporate & Development Costs	ETM	Share Value	Multiple of Current Price
%	*A$m*	*A$m*	*A$m*	*A$m*	*A$m*	*A$*	x
20%	1,128	15	57	(28)	1,171	0.52	5.8
30%	1,691	15	57	(28)	1,735	0.76	8.6
40%	2,255	15	57	(28)	2,299	1.01	11.4

Source: Evolution Capital estimates

This option-based approach shows the massive, embedded upside in ETM shares if the market's current implied success probability (~2–3%) proves too pessimistic. The current AUD 0.095 price largely reflects "near-zero" success odds plus base assets, while the arbitration option alone could justify multiples higher upon positive milestones (e.g. favourable court rulings or merits hearing progress).

2. Company and Project Benchmarking

Figure 2.1 shows the significant size of the Kvanefjeld project compared to peers, including the neighboring Tanbreez project also in southern Greenland.

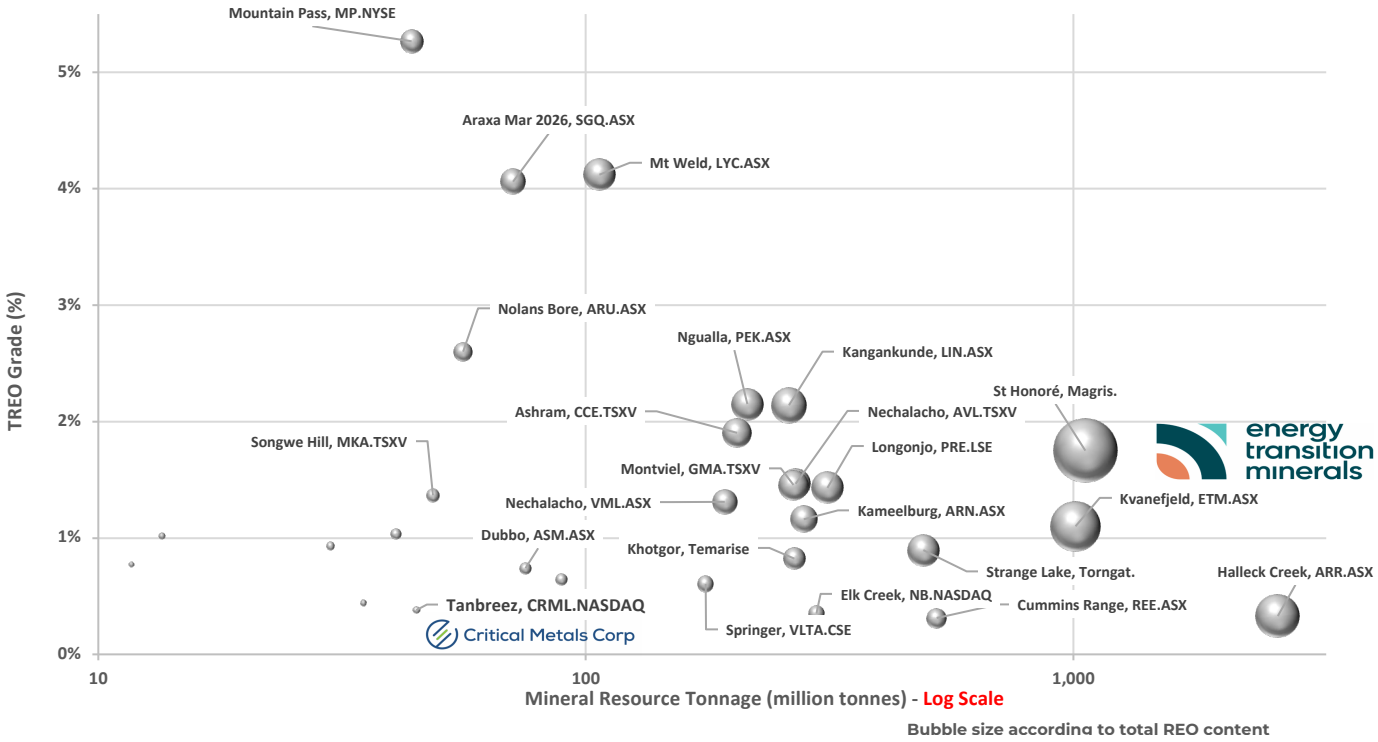
Critical Metals Corp (NASDAQ: CRML) operates the Tanbreez project with currently 42.5% interest, with the right to increase its stake to 92.5%. The remaining 7.5% are held by European Lithium Ltd (ASX: EUR).

CRML currently has a market capitalisation of US$1.119 billion or about A$1.7 billion. See Figure 2.2. This comes in strong support of our valuation.

Project Benchmarking

Figure 2.1 highlights the significant size of the Kvanefjeld project compared to its peers.

Figure 2.1 – Kvanefjeld Rare Earths Project Benchmarking

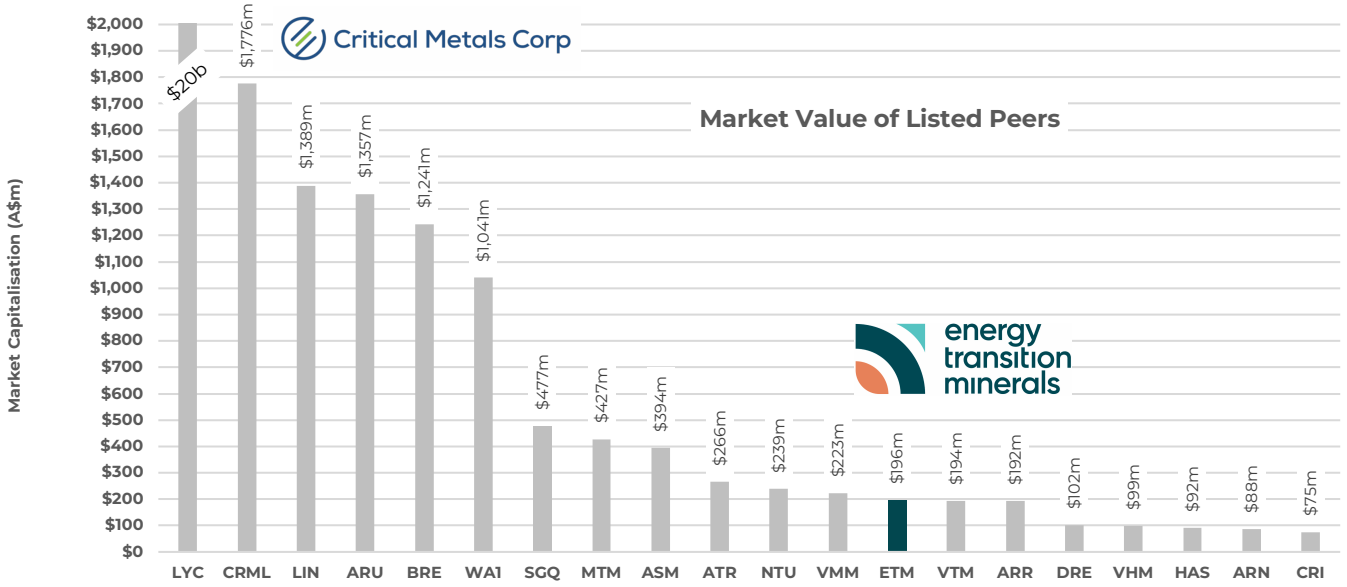


Source: company announcements

Company Benchmarking

Figure 2.2 displays the market capitalisation of ETM peers listed on the ASX (+CRML listed on NASDAQ). The market value of some of the peers supports ETM price target.

Figure 2.2 – Market Capitalisation of Listed Peers



Source: ASX, NASDAQ

3. SWOT Analysis

Strengths

Binary high-upside arbitration claim — USD 7.5 billion Fair Market Value damages (plus interest) remain fully preserved in the Copenhagen-seated arbitration. Merits and damages phases are stayed only pending Greenland/Danish court rulings on licence rights; the claim itself is intact.

Diversified critical-minerals portfolio — Kvanefjeld (world-class REE resource) + Penouta brownfield tin-lithium-tantalum project in Spain (judicial approval received Oct 2025, near-term production potential) + two James Bay lithium projects in Canada.

Solid cash runway — A$56.6M pro forma cash (post-Jan 2026 placement) funds Kvanefjeld on-ground restart, Penouta completion, US strategy rollout, and litigation reserves.

Strategic positioning — Western-world REE exposure at a time of China export controls and Western supply-security push; brownfield focus (Penouta) reduces greenfield risk.

Weaknesses

No production or material revenue — FY25 revenue only A$0.59m; ongoing losses ~A$11.8m; still pre-revenue

Litigation overhang and recent adverse costs — March 2026 tribunal ordered ~EUR 3.15M costs (Denmark + most of Greenland's claim); part disputed but still creates short-term cash pressure.

Dilution history and small scale — Multiple equity raises; low liquidity relative to volatility.

Execution complexity — Multi-jurisdiction (Greenland, Spain, Canada, US) with regulatory and permitting risks.

Opportunities

Arbitration/settlement catalyst — Positive court outcome could unlock the full ~USD 7.5B claim or a negotiated settlement, delivering a multi-bagger re-rating.

Penouta near-term production — Acquisition completion + restart could generate first cash flow within 12–24 months (tin + tantalum + niobium by-products).

US and supply-chain expansion — Newly appointed US advisors + strategy to acquire or partner on North American critical-minerals assets amid IRA incentives and DoD funding.

Macro tailwinds — Continued REE/lithium demand growth from EVs, wind, and defence; potential Western premiums for non-Chinese supply.

Threats

Arbitration downside — Full loss of the claim would render Kvanefjeld worthless and leave sunk legal/infrastructure costs; enforcement risk even if successful.

Further funding pressure — Prolonged litigation or project delays could force additional dilution at depressed prices.

Commodity and market risk — China-dominant REE pricing volatility; potential light-REE oversupply; slower EV adoption or higher interest rates.

Sovereign/political risk — Changing Greenland/Danish policy, Spanish permitting delays, Canadian Indigenous issues, or broader anti-mining sentiment.

4. Kvanefjeld Rare Earths Project

Project Overview

Kvanefjeld is a large-scale rare earth project with the potential to become one of the most significant western world producers of critical rare earths.

The project is located in southern Greenland in an area with year-round direct shipping access. To date, over 1 billion tonnes of mineral resources (JORC-compliant) have been delineated in the project area, across three different zones – Kvanefjeld, Sørensen and Zone 3.

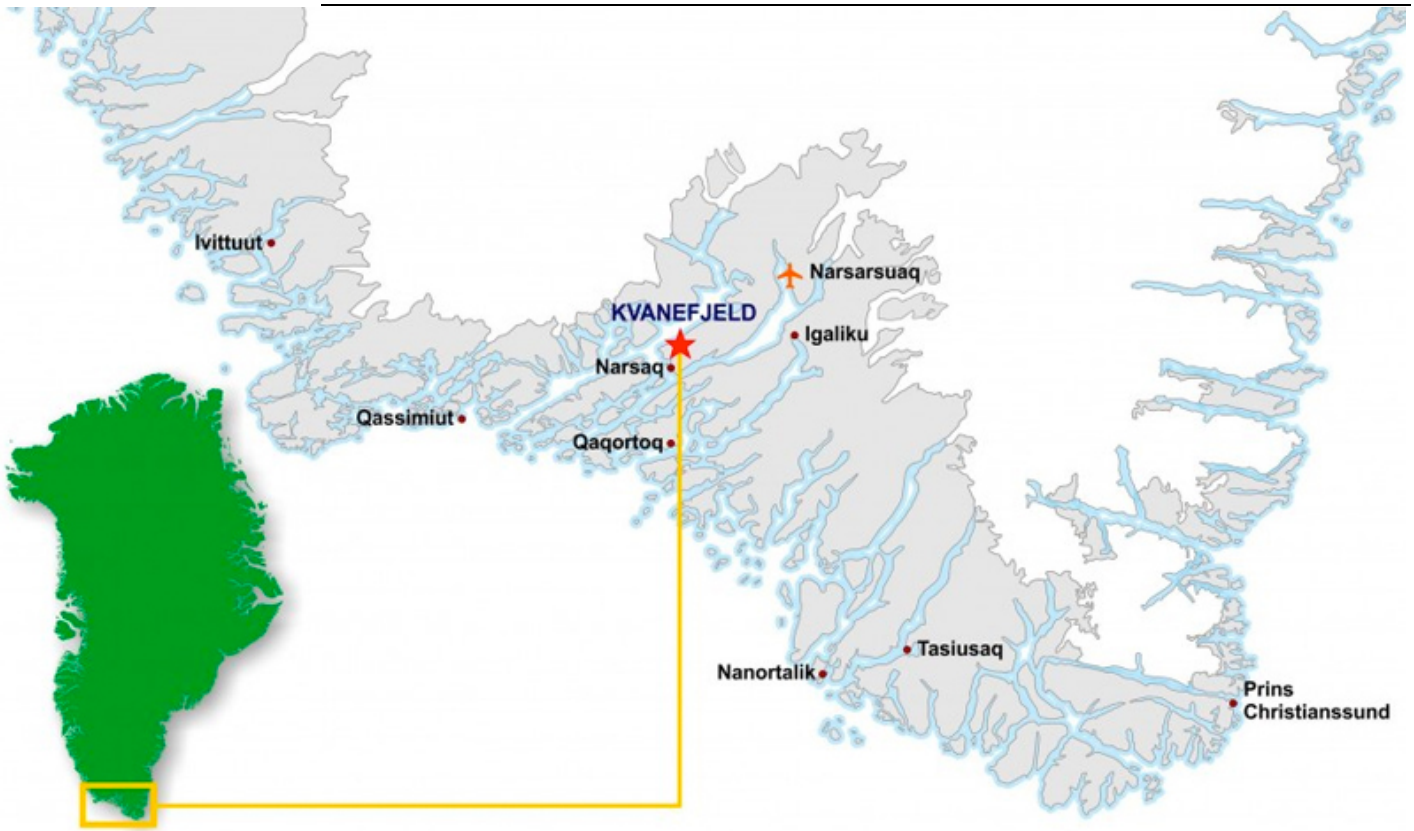
Kvanefjeld has a number of unique attributes that make it attractive as a development opportunity. Mineralisation occurs as massive, bulk mineral resources, mostly outcropping, resulting in low mining costs. The ores are conducive to simple, cost-competitive processing. Once processed, the product can be exported year-round via direct shipping ports, providing a significant cost advantage to potential European customers.

Collectively, these attributes can potentially make Kvanefjeld a globally significant supplier of rare earths for many decades.

Kvanefjeld will consist of a mine, a concentrator and refinery, producing a mineral concentrate containing 20-25% rare earth oxide that will be upgraded to high-purity intermediate rare earth products in the refinery. The concentrator and refinery will also produce various by-products for sale, reducing the operating costs of the operation through revenue offsets.

Rare earth products are forecast to generate over 80% of the project's revenue, with by-products contributing to the balance.

Figure 4.1 – Location of Kvanefjeld Rare Earths Project



Source: ETM

Mineral Resource

Mineral resource estimates have been established at three locations within the project area; Kvanefjeld, Sørensen, and Zone 3. The resource table, as of February 2015.

Table 4.2 – MRE for the Kvanefjeld Project

Multi-Element Resources Classification, Tonnage and Grade										Contained Metal				
Cut-off	**Classification**	**M tonnes**	**TREO[2]**	**U_3O_8**	**LREO**	**HREO**	**REO**	**Y_2O_3**	**Zn**	**TREO**	**HREO**	**Y_2O_3**	**U_3O_8**	**Zn**
(U_3O_8 ppm)[1]		Mt	ppm	ppm	ppm	ppm	ppm	ppm	ppm	Mt	Mt	Mt	M	Mt
Kvanefjeld - February 2015														
150	**Measured**	143	12,100	303	10,700	432	11,100	978	2,370	**1.72**	0.06	0.14	**95.21**	0.34
150	**Indicated**	308	11,100	253	9,800	411	10,200	899	2,290	**3.42**	0.13	0.28	**171.97**	0.71
150	**Inferred**	222	10,000	205	8,800	365	9,200	793	2,180	**2.22**	0.08	0.18	**100.45**	0.48
150	**Grand Total**	673	10,900	248	9,600	400	10,000	881	2,270	**7.34**	0.27	0.59	**368.02**	1.53
200	**Measured**	111	12,900	341	11,400	454	11,800	1,048	2,460	**1.43**	0.05	0.12	**83.19**	0.27
200	**Indicated**	172	12,300	318	10,900	416	11,300	970	2,510	**2.11**	0.07	0.17	**120.44**	0.43
200	**Inferred**	86	10,900	256	9,700	339	10,000	804	2,500	**0.94**	0.03	0.07	**48.55**	0.22
200	**Grand Total**	368	12,100	310	10,700	409	11,200	955	2,490	**4.46**	0.15	0.35	**251.83**	0.92
250	**Measured**	93	13,300	363	11,800	474	12,200	1,105	2,480	**1.24**	0.04	0.10	**74.56**	0.23
250	**Indicated**	134	12,800	345	11,300	437	11,700	1,027	2,520	**1.72**	0.06	0.14	**101.92**	0.34
250	**Inferred**	34	12,000	306	10,800	356	11,100	869	2,650	**0.41**	0.01	0.03	**22.91**	0.09
250	**Grand Total**	261	12,900	346	11,400	440	11,800	1,034	2,520	**3.37**	0.11	0.27	**199.18**	0.66
300	**Measured**	78	13,700	379	12,000	493	12,500	1,153	2,500	**1.07**	0.04	0.09	**65.39**	0.20
300	**Indicated**	100	13,300	368	11,700	465	12,200	1,095	2,540	**1.34**	0.05	0.11	**81.52**	0.26
300	**Inferred**	15	13,200	353	11,800	391	12,200	955	2,620	**0.20**	0.01	0.01	**11.96**	0.04
300	**Grand Total**	194	13,400	371	11,900	471	12,300	1,107	2,530	**2.60**	0.09	0.21	**158.77**	0.49
350	**Measured**	54	14,100	403	12,400	518	12,900	1,219	2,550	**0.76**	0.03	0.07	**47.59**	0.14
350	**Indicated**	63	13,900	394	12,200	505	12,700	1,191	2,580	**0.87**	0.03	0.07	**54.30**	0.16
350	**Inferred**	6	13,900	392	12,500	424	12,900	1,037	2,650	**0.09**	0.00	0.01	**5.51**	0.02
350	**Grand Total**	122	14,000	398	12,300	506	12,800	1,195	2,570	**1.71**	0.06	0.15	**107.45**	0.31
Sørensen - March 2012														
150	**Inferred**	242	11,000	304	9,700	398	10,100	895	2,602	**2.67**	0.10	0.22	**162.18**	0.63
200	**Inferred**	186	11,600	344	10,200	399	10,600	932	2,802	**2.15**	0.07	0.17	**141.28**	0.52
250	**Inferred**	148	11,800	375	10,500	407	10,900	961	2,932	**1.75**	0.06	0.14	**122.55**	0.43
300	**Inferred**	119	12,100	400	10,700	414	11,100	983	3,023	**1.44**	0.05	0.12	**105.23**	0.36
350	**Inferred**	92	12,400	422	11,000	422	11,400	1,004	3,080	**1.14**	0.04	0.09	**85.48**	0.28
Zone 3 - May 2012														
150	**Inferred**	95	11,600	300	10,200	396	10,600	971	2,768	**1.11**	0.04	0.09	**63.03**	0.26
200	**Inferred**	89	11,700	310	10,300	400	10,700	989	2,806	**1.03**	0.04	0.09	**60.48**	0.25
250	**Inferred**	71	11,900	330	10,500	410	10,900	1,026	2,902	**0.84**	0.03	0.07	**51.36**	0.20
300	**Inferred**	47	12,400	358	10,900	433	11,300	1,087	3,008	**0.58**	0.02	0.05	**37.09**	0.14
350	**Inferred**	24	13,000	392	11,400	471	11,900	1,184	3,043	**0.31**	0.01	0.03	**20.65**	0.07
Project Total														
150	**Measured**	143	12,100	303	10,700	432	11,100	978	2,370	**1.72**	0.06	0.14	**95.21**	0.34
150	**Indicated**	308	11,100	253	9,800	411	10,200	899	2,290	**3.42**	0.13	0.28	**171.97**	0.71
150	**Inferred**	559	10,700	264	9,400	384	9,800	867	2,463	**6.00**	0.22	0.49	**325.66**	1.38
150	**Grand Total**	1010	11,000	266	9,700	399	10,100	893	2,397	**11.14**	0.40	0.90	**592.84**	2.42

[1]There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U_3O_8 has therefore been used to define the cutoff grades to maximise the confidence in the resource calculations.

[2]Total Rare Earth Oxide (TREO) refers to the rare earth elements in the lanthanide series plus yttrium.

Note: Figures quoted may not sum due to rounding.

Source: ETM

Ore Reserve – no longer reported

ETM historically reported an Ore Reserve estimate for the Kvanefjeld rare earth project of 108 million tonnes at 1.43% rare earth oxide, 0.26% zinc, and 0.036% uranium oxide.. Because of the refusal of the Greenlandic government to grant an exploitation licence and the ongoing dispute, and the consequent effect on the prospect of economic exploitation of the mineralisation, the Company ceased reporting an Ore Reserve in accordance with the JORC Code since it conducted its annual review of Mineral Resources and Ore Reserves in 2024.

Legal Background

ETM (formerly named Greenland Minerals) commenced operating in Greenland in 2007 to explore the broader Kvanefjeld area and evaluate a multi-element mining operation.

Greenland Minerals A/S (GM), a subsidiary of Energy Transition Minerals Ltd holds the exploration licence and seeks an exploitation (mining) licence

In November 2011, ETM exploration licence over the Kvanefjeld Project, which covers "all mineral resources except hydrocarbons, radioactive elements and hydropower resources", was amended by the government of the time to add a conditional right for the Company to apply for an exploitation licence to include "radioactive elements", which provided the Company with a regulatory framework to effectively evaluate a multi-element mine development. This marked an important step in the evolution of the Project, as it placed a clear emphasis on rigorous scientific evaluation regarding a decision to mine.

The granting of an exploitation licence then became dependent on establishing an environmentally and socially sustainable development scenario that is economically robust. The addition of "radioactive elements" to the exploration licence in 2011 did not affect, or qualify, the right of the Company to apply for an exploitation licence for any other mineral resources (except hydrocarbons and hydropower resources). Similarly, a denial of exploitation licence for "radioactive elements" is irrelevant to the rights which are granted by the Standard Terms for the exploration licence.

Over the subsequent decade, leading independent international experts completed many environmental and technical studies, resulting in the Kvanefjeld impact assessments being accepted as meeting Greenland's Guidelines for public consultation by the Government of Greenland and its independent scientific advisors in December 2020. The 38 -week public consultation period concluded on 13 September 2021, and the Company has lodged its White Paper responses to all public comments with the Government.

Uranium and Greenland

In parallel to detailed feasibility, environmental and social studies on the Kvanefjeld Project, numerous initiatives have been undertaken by successive governments in Greenland to investigate, then establish, a legal framework to manage the production and export of uranium in Greenland. These endeavors were primarily due to Greenland's ambitions to become a significant producer of rare earths materials, and other critical minerals where ores are also enriched in uranium.

A timeline of key developments includes:

- September 2010, the 'Standard Terms' for exploration licences in Greenland were modified to allow for the Government to approve, for use in the feasibility study of a mineral deposit, exploration that can include minerals containing radioactive elements above background
- November 2011, ETM's exploration licence amended to include radioactive materials
- October 2013, uranium zero-tolerance policy lifted
- In January 2016, Greenland and Denmark entered into an agreement on the rules for the future commercial export of uranium from Greenland
- In May 2016, Greenland parliament passed four bills to ensure that uranium mining and export meets the Kingdom of Denmark's international non-proliferation commitments.
- In June 2016, Danish parliament passed legislation that created the legal framework to allow Greenland to export uranium
- At the 60th General Conference of the International Atomic Energy Agency (IAEA) held in Vienna in September 2016, Greenland, acting on behalf of Denmark, filed documents that formalised its status as a

signatory in its own right to several important international nuclear conventions essential for Greenland's participation in the global civil uranium industry

- In May 2017, IAEA Director General visits southern Greenland and Kvanefjeld Project area at the invitation of Greenland and Danish governments.
- April 2021: The Inuit Ataqatigiit party, campaigning strongly against uranium mining due to environmental and health risks, wins Greenland's parliamentary election, forming a new government coalition committed to banning uranium extraction.
- **November 2021**: Greenland's parliament (Inatsisartut) passes Act No. 20, reinstating a ban on prospecting, exploration and exploitation of deposits with uranium concentrations above 100 ppm. There are no active primary uranium projects in Greenland. Therefore, the legislation is directed at the production of rare earth materials and other critical metals, where it is common for ores to contain radioactive elements including uranium and thorium. This effectively halts the Kvanefjeld project, as its ore averages 250–350 ppm uranium.
- **December 2021**: Act No. 20 officially takes effect, formalizing the uranium ban and prioritizing environmental protection over mining development in radioactive deposits.
- **March 2022**: Energy Transition Minerals Ltd initiates international arbitration proceedings against the Governments of Greenland and Denmark, claiming the ban constitutes unlawful expropriation of its investment in the Kvanefjeld project and seeking either project approval or substantial compensation.
- **December 2022**: ETM submits an amended exploitation license application for Kvanefjeld, proposing an "alternative development scenario" focused on rare earth elements, zinc, and fluorspar, with uranium separated and stored in tailings (not produced or exported).
- **July 2023**: ETM files a formal Statement of Claim in the Copenhagen arbitration tribunal, detailing its case and valuing potential damages at approximately US$11.5 billion (including interest).
- **August 2023**: The Government of Greenland issues a draft refusal of ETM's amended exploitation license application, rejecting the non-uranium scenario.
- **2024 (ongoing)**: Arbitration proceedings continue in Copenhagen, with procedural updates including applications for cost security and debates over jurisdiction (e.g. whether Denmark remains a party).
- **Early 2025**: Speculation rises about potential policy shifts, with some political parties (e.g. coalition partners expressing conditional support for by-product uranium) and labour unions advocating for Kvanefjeld development amid global demand for rare earths.
- **October 2025**: The arbitration tribunal issues a key procedural decision, removing Denmark as a party and referring claims related to ETM's right to an exploitation license to national courts (in Greenland and/or Denmark), while keeping breach of contract and damages claims potentially arbitrable (proceedings stayed pending court outcomes).
- **March 2026**: legal proceedings confirmed to be progressed through the Greenlandic and Danish courts.

At this time, the Kvanefjeld project remains stalled, with no exploitation license granted. Arbitration and related litigation are ongoing, and the uranium ban (Act No. 20) remains in force. No major policy reversal has occurred, though global critical minerals demand continues to highlight Greenland's strategic resources

Development Status

ETM reiterates its position that it has met all statutory, technical and environmental requirements for an exploitation licence for the Kvanefjeld Project.

5. Similar Arbitration Cases

In this section, we shall describe three arbitration cases between mineral resource companies and governments

Indiana Resources (ASX: IDA) vs. Government of Tanzania

Background

- Indiana Resources, via its majority holdings in Ntaka Nickel Holdings, Nachingwea UK and Nachingwea Nickel, operated the Ntaka Hill Nickel Project in southern Tanzania.
- In January 2018, the Tanzanian government under President Magufuli abolished the retention licence classification that protected Indiana's exploration rights and did not issue a replacement licence, effectively expropriating the project.

Legal Action

- Indiana and its co-claimants commenced arbitration under the International Centre for Settlement of Investment Disputes (ICSID), asserting unlawful expropriation and breaches of the relevant bilateral investment treaty (BIT).
- In February 2024, an ICSID tribunal ruled in favour of Indiana and ordered compensation of around USD 109.5 million (plus interest) for the unlawful expropriation.

Settlement

- Rather than pursue enforcement of the full award and ongoing interest, Indiana and Tanzania agreed on a consent settlement of USD 90 million in July 2024. Payment was structured in instalments and received by the parties through early 2025, thus resolving the dispute and resulting in the discontinuance of annulment proceedings at ICSID.
- The settlement represented ~82.5% of the original award and brought an end to nearly seven years of litigation and arbitration.

Outcome

- Resolved by settlement with full receipt of agreed payments.
- No ongoing litigation at ICSID (annulment proceedings discontinued), enabling the company to focus on other activities.

GreenX Metals (ASX: GRX) vs. Government of Poland

Background

- GreenX Metals (formerly Prairie Mining) held rights to develop coal and resource projects in Poland, notably the Jan Karski site.
- The company alleged that Polish authorities blocked development and failed to grant mining rights, breaching obligations under the Australia-Poland Bilateral Investment Treaty (BIT) and the Energy Charter Treaty (ECT).

Legal Action

- Arbitration was commenced under UNCITRAL arbitration rules. The claim alleged that Poland's actions deprived GreenX of the value of its investments.

Tribunal Decision:

- In October 2024, an arbitration tribunal unanimously found that Poland had breached its treaty obligations with respect to the Jan Karski project.
- The tribunal awarded GreenX approximately £252 million (A$490m) under the BIT, including compounded interest; an additional award under the ECT (~A$355m) was also issued, but GreenX will receive only the higher award.

Outcome:

- Clear investor victory in binding international arbitration confirming treaty breaches.
- Poland was ordered to pay substantial compensation for the breaches.
- Final awards are subject to potential set-aside applications in limited circumstances, but arbitral awards are otherwise binding.

Tethyan Copper Company v the Islamic Republic of Pakistan

Background

Parties: Tethyan Copper Company Pty Ltd ("TCC"), an Australian-incorporated joint venture between Antofagasta plc and Barrick Gold Corporation; and the Islamic Republic of Pakistan.

Project: The Reko Diq copper-gold deposit in Balochistan, Pakistan — one of the world's largest undeveloped copper and gold deposits.

Investment Context: TCC's subsidiary entered a joint venture (the Chagai Hills Exploration Joint Venture Agreement, CHEJVA) that gave it exploration and prospective development rights. After discovering large mineral deposits, TCC applied for a mining lease in 2011.

Trigger for Dispute

The Balochistan mining authority denied TCC's application for a mining lease in November 2011. Pakistan's courts later declared the underlying joint venture agreement void on domestic law grounds, but TCC maintained its investment protections under international treaty law.

Legal Claims (ICSID Arbitration)

- TCC initiated arbitration under the Australia–Pakistan Bilateral Investment Treaty (BIT) before the International Centre for Settlement of Investment Disputes (ICSID) in 2012.
- TCC asserted that Pakistan's denial of the lease and related conduct constituted:
    - Breach of fair and equitable treatment (FET)
    - Indirect expropriation
    - Breach of the treaty's non-impairment obligation
- The claim focused on denial of the opportunity to develop the investment and loss of economic value.

Tribunal Findings

Jurisdiction: The tribunal confirmed it had jurisdiction, holding that TCC's investment qualified under the BIT even though domestic courts later deemed the joint venture agreement void.

Merits (2017 Decision):

- Pakistan breached the BIT by denying TCC's mining lease application without due process of law.
- The denial deprived TCC of the value of its investment, equivalent to indirect expropriation.
- Tribunal rejected Pakistan's arguments that TCC's investment was not protected due to alleged invalidity of the underlying contract.

Award (Quantum)

- In July 2019, the ICSID tribunal awarded damages totalling approximately USD 5.84–5.9 billion against Pakistan, inclusive of:
- USD ~4.087 billion in compensation based on fair market value of the lost investment,
- USD ~1.753 billion in pre-award interest, and
- Around USD 62 million in legal and arbitration costs.

- Compound interest continues to accrue until payment is made, as per the tribunal's terms.

Outcome and Enforcement

- The award is one of the largest ICSID awards in history.
- Pakistan sought to challenge or stay enforcement of the award through ICSID annulment efforts and domestic court actions, but such stays have lapsed and enforcement efforts have proceeded, including in the U.S. District Court where Pakistan's application to stay enforcement was rejected.
- Pakistan has contested jurisdictional and damages calculations, but the tribunal's award remains final absent annulment, and enforcement actions (e.g., asset actions) are ongoing.

Outcome Summary

- Investor Victory: The ICSID tribunal found in favour of TCC on jurisdiction, legal breach, and quantum.
- Compensation Ordered: ~USD 6 billion award comprising damages, interest, and costs.
- Government Position: Pakistan has contested the award, challenged enforcement, and has sought to negotiate or manage financial exposure since the award was issued.

6. Penouta Tin-Tantalum-Niobium Mine

Acquisition

On 7 August 2025, ETM was confirmed as the successful bidder for the Penouta tin-tantalum niobium mine and processing plant in Spain, acquired for €5.2 million (A$9.2m).

The mine was acquired through the insolvency process of Strategic Minerals Spain, the previous owner of the Penouta mine which last operated as recently as October 2024.

The purchase price is well below the cost ~€28 million (A$49.8m1) of historic investment including processing infrastructure.

The maximum price payable by ETM Spain for the Project under the bid is €5.2 million (A$9.28 million), comprised of:

- €907,112 (A$1,619,8431) in favour of a first ranking secured creditor to discharge its security interest on signing
- €3,192,887 (A$5,701,5841) in favour of the administrator to discharge unsecured creditors in accordance with the priority stipulated in Spanish law on signing
- €1,000,000 (A$1,785,7141) as a contingent or variable consideration payable if applicable in whole or in part, on resolution of a second-ranking mortgage; and
- €100,000 (A$178,5711) for the payment of liabilities in respect of the employment workforce being retained by ETM Spain post completion of the transaction.

The maximum price does not include any ongoing costs, expenses and liabilities that ETM Spain shall assume by way of subrogation under the transaction, including €100,000 (approximately A$0.18 million1) per month payable by ETM Spain from obtaining the authorisation(s) necessary for the transfer of the mining rights from local administrations and through to receipt of foreign direct investment approval, up to a maximum of 12 months or €1.2 million (approximately A$2.1 million1), to cover care and maintenance costs of the Penouta Mine. Any assumed liabilities will remain with ETM Spain and the Company is not a party to any of the contractual arrangements enable ETM to leverage legacy investment and prior technical work to accelerate project development.

ETM has advanced the transaction, announcing in Q4 2025 and Q1 2026 that it has received judicial approval of the insolvency court for the transaction, and has submitted applications for both foreign direct investment approval and for the transfer of the mining rights.

Next steps in the acquisition process are to receive the ruling of the Supreme Court, followed by licence approval in respect of the transfer of the mining rights. From there, the administrator will close the transaction, which is expected to occur in Q2 / Q3 2026.

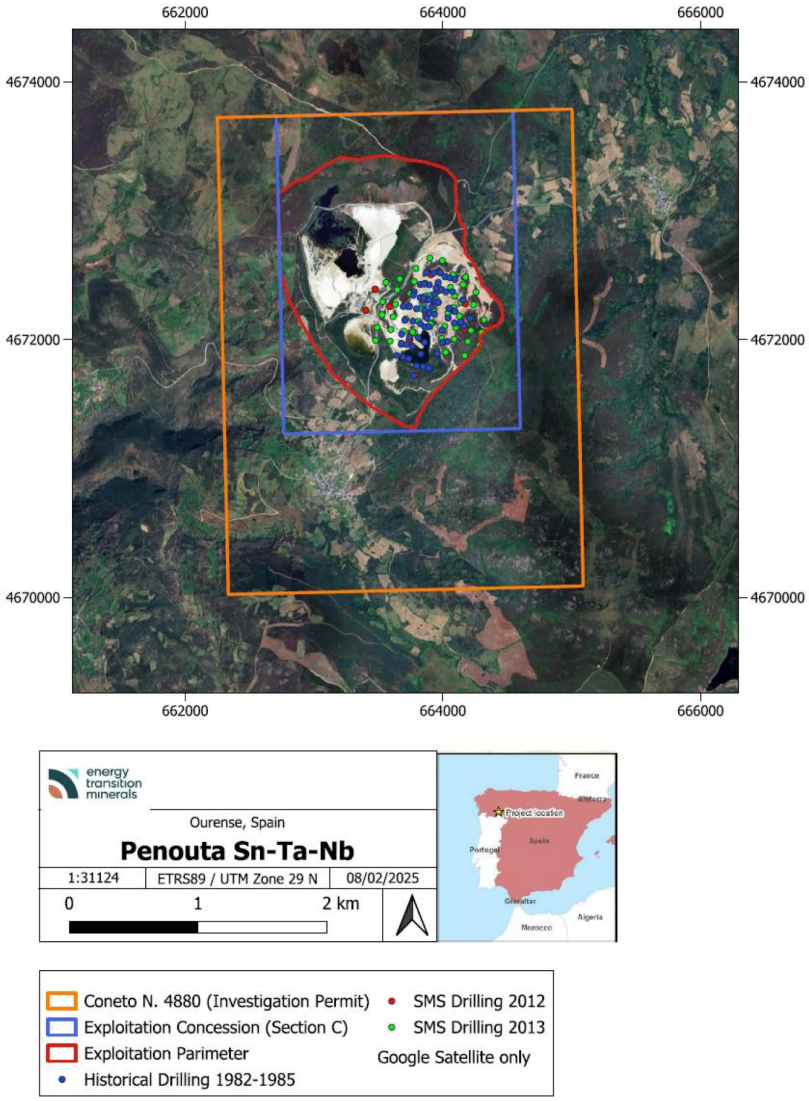
Strategic Value

The Penouta Mine is a truly differentiated entry point into the heart of Europe's critical minerals supply chain. As the only advanced tin-tantalum-niobium deposit within the European Union, Penouta carries an outsized geopolitical advantage particularly as both tin and tantalum feature prominently on the EU's and US's strategic-minerals lists. The presence of existing process infrastructure, historic offtake relationships and a defined mineral resource.

Project Location

The Penouta Mine and process facility is located in the northwest of the Iberian Peninsula in the province of Ourense (Galicia, Spain), within the municipality of Viana do Bolo. The site lies within the Sierra de Queixa mountain range at an altitude of approximately 1,200 metres above sea level, with gently undulating relief and mixed forest and pastureland (Figure 6.1).

Figure 6.1 – Penouta Mine Site - Location of drilling, permits & mine areas



Source: ETM

The Penouta Project consists of 2 overlapping mining licenses for mining and exploration of the metallic minerals tin, tantalum and niobium and industrial minerals. The section B nº 61 licence for exploitation of tailings and waste deposits was granted to SMS on May 6, 2013, for 30 years, under the Spanish Mining Act (1973).

The section C investigation permit No 4880, which covers the drilled extent of the Penouta tin and tantalum hard rock deposit, was most recently extended on February 6, 2017, for a further 3 years. Prior to the end of this 3-year extension, on February 6th, 2020, SMS applied for the conversion of the investigation permit to a mining concession, and on May 23, 2022, the Company was granted the definitive concession on section C of the Penouta Project.

Project History

Penouta has a history of mining dating back to Roman times for both metals and industrial minerals. In a modern context, the Penouta tin–tantalum–niobium deposit was first developed in the early 1900s which saw intermittent production through to the mid-20th century. The most significant progress during this period was by industrial conglomerate RUMASA from the 1970s – 1983.

During that period, the site delivered significant quantities of tin concentrate to European smelters, utilizing conventional open-pit methods and gravity processing circuits. Declining tin prices and operational challenges led to a suspension of primary extraction, leaving behind well-maintained infrastructure and a thoroughly characterised resource base.

Strategic Minerals acquired the Penouta Project in 2011 and completed a reverse takeover of Buccaneer Gold Corp. in December 2021 to become Canadian public company Strategic Minerals Europe Corp., listed on Cboe Canada (formerly NEO Exchange). A National Instrument 43-101 Technical Report including a mineral resource statement was published as part of this reverse takeover, which can be found at www.sedarplus.ca under the issuer “Strategic Minerals Europe Corp”.

In 2020, SMS was granted the permit to produce 1.2 million tonnes in the open pit, and on May 23, 2022, SMS was granted the definitive concession on Section C of the Penouta Project, consisting of 16 mining squares with an area of 155.8 hectares (the “Concession C Grant”), which allows the Company to fully develop the open pit mine to exploit cassiterite (tin), tantalum and niobium, and also to exploit the industrial minerals that exist in the mine, such as quartz, feldspars and micas for a 30 year term, which is renewable for up to 75 years. During the second quarter of 2022, SMS consolidated the transition to open pit mining at the Penouta Project and the commissioning of the new primary crushing plant.

Following investment in exploration and process development, the Penouta site recommenced production from 2022. Production from the Section C Concession was suspended in 2024 following a decision by the Superior Court of Xustiza of Galicia due to an action filed by the environmentalist group "Ecoloxistas en Acción”.

Details

On October 16, 2023, the Superior Court of Xustiza of Galicia (the "TSXG") notified SMS that it had provisionally suspended the section C permit for the Company's Penouta Project (the "Decision"). The Decision of the TSXG relates to a complaint (the "Claim") filed by an environmentalist group known as "Ecoloxistas en Acción" against the local mining authority, Xunta, requesting a revocation of the section C permit granted to SMS in May 2022.

On October 23, 2023, SMS submitted an appeal (the "Appeal") of the Decision to the Administrative Court of the High Court of Justice of Galicia (the "High Court"). On December 13, 2023, SMS was notified of the High Court's decision to maintain the Decision and continue the provisional suspension of the section C permit of the Penouta Project until the main proceeding is decided.

SMS firmly disagreed with this new decision from the High Court. SMS filed the necessary appeals before the Supreme Court for those decisions that violated its rights. The local mining authority Xunta de Galicia also expressed its intention to appeal decisions that negatively affect the Company's Section C mining right. As a result of the High Court decision, work at the Penouta Project has been suspended.

The Penouta mine is the largest producer of cassiterite concentrate and tantalite and columbite concentrate in the European Union.

Assuming that the annulment of the Section C concession is upheld on the resolution of the various legal appeals, ETM may apply for a new Concession C. Re-compliance of the Section C Concession (new mining) will be required to enable full-scale production to recommence.

Mineral Resource Estimate

The Mineral Resource estimates relating to the Penouta Mine were prepared in accordance with Canadian National Instrument 43-101 standards. The Foreign Mineral Resource calculated by SRK Consulting (UK) Ltd in 2021 is provided in Table 5.1.

Table 6.1 – Mineral Resource Statement for the Penouta Ta-Sn Deposit

Category	Tonnes (Mt)	Grade				Metal	
		Ta2O5 Eq (ppm)	Sn (ppm)	Ta (ppm)	Ta2O5 (ppm)	Sn (kt)	Ta (kt)
Measured	7.6	184	600	85	103	4.6	0.6
Indicated	68.6	145	426	72	88	29.2	4.9
Total Measured and Indicated	**76.3**	**149**	**443**	**73**	**89**	**33.8**	**5.6**
Inferred	57.0	129	389	62	76	22	4

Source: ETM, SRK, effective date 05 March 2021. Cut-off grades are based on a price of US$178/kg and recoveries of 75% for Ta_2O_5, and US$24,000/t and recoveries of 75% for tin

Tin prices are currently in excess of US$42,500/t and tantalum pentoxide prices are in excess of US$250/kg.

Current status

ETM has commenced preliminary technical assessments and site inspections in coordination with current site management. The Company is evaluating restart pathways, optimisation opportunities and regulatory workstreams required to recommence operations.

Engagement with prospective contractors and technical advisers is ongoing to streamline a responsible and efficient restart plan.

Penouta represents a potential near-term production asset capable of establishing ETM as a critical minerals' producer within the European Union.

7. Lithium Projects

Villasrubias Project Overview

The Villasrubias project represents a great example of untapped potential within the Iberian tin-lithium belt.

The project is located in the southwest corner of the province of Salamanca close to the Portuguese border and 33 km away from Ciudad Rodrigo, the district capital.

The Villasrubias project consists of a permit of investigation (11.4 km^2) acquired by Technology Metals Europe SL in 2021.

The main target is a set of lithium-tantalum-niobium-tin-bearing aplite-pegmatite dykes. Of these minerals, the first three are critical raw materials for the EU, according to the list updated in 2020.

Preliminary exploration works performed on the Villasrubias project include field reconnaissance, grab sampling, geophysics (VLF and tomography) and trenches (259 m), which has evidenced mineralized dykes along 370 m at least within a complex buried pegmatite field. Taking the values of the aplo-pegmatites with lepidolite, the average grade of the lithium carbonate deposit is 2.79%.

James Bay Project Overview

The Solo and Good Setting projects are located southwest of Winsome Resources Ltd's (ASX: WR1), Cancet and Adina lithium projects, and northeast of Allkem Ltd, now part of Rio Tinto (ASX: RIO) James Bay lithium project. Both projects were selected as they lie along strike from spodumene outcrops, enhancing prospectivity for lithium mineralisation.

The proximity of both projects to spodumene-bearing pegmatite outcrops underscores the significant lithium potential of the region. They represent under-explored areas in one of the most prolific and active hard-rock lithium jurisdictions.

8. Directors & Management Team

Simon Kidston, Non-Executive Chair

Simon Kidston is an experienced Australian company director and entrepreneur with over 35 years' experience across the mining, energy and finance sectors. He has a strong track record of founding, financing and building ASX-listed companies, with deep expertise in capital markets, M&A and project development.

Mr Kidston is a co-founder and former Executive Director of Genex Power Limited (ASX: GNX), where he played a key role in developing a portfolio of renewable energy assets, including the Kidston Pumped Storage Hydro Project. Genex was ultimately acquired in July 2024 at an enterprise value of approximately $1.2 billion.

He has been involved in the establishment and development of several ASX-listed resource companies, including Endocoal Limited, Carabella Resources Limited and Estrella Resources Limited, and has held numerous board positions across ASX-listed entities spanning the resources, energy and emerging technology sectors.

Earlier in his career, Mr Kidston worked in investment banking with Macquarie Bank, HSBC and Helmsec Global Capital, specialising in project finance, M&A and equity capital markets.

He currently serves as Non-Executive Chair of Greentech Metals Ltd (ASX: GRE) and Sparc Technologies Ltd (ASX: SPN), and as a Non-Executive Director of Lithium Plus Minerals Ltd (ASX: LPM) and Moonlight Resources Ltd (ASX: ML8)

Daniel Mamadou, Managing Director

Daniel Mamadou is the founder of Welsbach Holdings Pte Ltd, a Singapore-based company which specialises in the financing and development of technology metals supply chains. He founded and was Managing Director of Talaxis Ltd (Noble Group's technology metals division, in Hong Kong) from 2015 until 2020. During this period, he drove the development and growth acceleration of technology metals supply chains, gaining expertise across rare earths, lithium, cobalt, and graphite along with a range of other critical materials.

Prior to that, Daniel held various senior positions with Deutsche Bank, Goldman Sachs and Nomura, with more than two decades across EMEA and Asia-Pacific. He has established and nurtured relationships with key stakeholders and decision makers across the specialty metals sector. His global network includes upstream companies in Europe, America's, Asia and Africa, and midstream in China, South Korea and Japan.

Sara Kelly, Executive Director

Sara Kelly has over 17 years' experience as a corporate lawyer and extensive experience in corporate governance, compliance and risk management. She has been involved in a broad range of cross-border and domestic transactions including capital raisings, asset acquisitions and disposals, joint ventures and corporate restructures.

Sara is a Partner at Edwards Mac Scovell, boutique litigation, insolvency and corporate firm based in Perth, Western Australia. She is also a Non-Executive Chair of Midas Minerals Limited.

Mark Saxon, Non-Executive Director

Mark has over 25 years of industry experience with a strong geological and technical background. He is an Honours BSc graduate in Geology from the University of Melbourne and received a Graduate Diploma of Applied Finance and Investment through the Financial Services Institute of Australasia. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.

Mark is presently CEO of Canadian-listed Medallion Resources Ltd, focused on the development of REE processing technologies; he is the CEO of Aguila Copper Corp a Canadian public company dedicated to copper exploration in North America. He is part time Executive Director of ACDC Metals Ltd (an unlisted mineral sands company) and Non-Executive Director of NorTech Strategic Minerals Ltd (an unlisted company).

Gan Lu, Non-Executive Director

Ms. Gan Lu holds a Master of Laws degree awarded by Vanderbilt University, Nashville, TN, USA. She once worked at several reputable law firms in China, engaging in corporate and securities legal services.

She joined Shenghe Resources Holding Co., Ltd. as Legal Manager in 2021, and has served as the Investment Director of Shenghe Resources since May 2025, being in charge of the company's strategic planning and investment management.

Aris Stamoulis, Non-Executive Director

Aris Stamoulis has gained close to three decades of broad experience across corporate and structured finance, investment banking, consulting, risk management, resources, and energy. He has worked and built relationships in multiple jurisdictions in Africa, Europe, Asia, and Australia. He served as an Executive Director for Hastings Technology Metals Ltd, an ASX-listed rare earth developer company. More recently as a Managing Director at AWR Lloyd, a boutique consulting firm based across Southeast Asia, Aris and his team identified, researched and advised several clients on potential critical mineral acquisition targets.

Aris was previously at Deutsche Bank in London and Singapore deployed in various roles, from fixed-income analyst, global markets risk manager and culminating in him heading up the structured credit trading desk responsible for pricing, risk management and trade execution in non-Japan Asia and Australia.

Amy Jiang, Non-Executive Director

Ms Jiang has more than 18 years' experience in the mining and resources sector.

Ms Jiang is currently the Chief Operating Officer and Company Secretary of OCJ Investment (Australia) Pty Ltd.

Ms Jiang served as a Non-Executive Director of Red Hawk Mining Ltd (ASX: RHK) from March 2021 to February 2025. During Ms Jiang's time on the RHK Board, the company focused on the development of its iron ore project in the Pilbara, Western Australia, before being acquired for $254 million by a subsidiary of Fortescue Ltd (ASX: FMG) in early 2025. Ms Jiang was also a member of the Audit & Risk Committee and the Nominations & Remuneration Committee.

Ms Jiang is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. She holds a Bachelor of Arts and a Juris Doctor, both from The University of Sydney.

9. Investment Risks

As a speculative exploration and development-stage company, ETM faces heightened investment risks typical of the sector, including high cash burn rates, potential share dilution from future capital raises, and no guarantees of returns, dividends, or share price appreciation. These are compounded by project-specific challenges in politically sensitive and environmentally scrutinized jurisdictions. Below, risks are categorized by asset, drawing from regulatory, operational, environmental, financial, and geopolitical perspectives.

Geological Risk

There is a possibility that the geological characteristics of the Kvanefjeld project or the Penouta mine, including orebody geometry, mineralisation style, and continuity, may differ materially from the original models. Such discrepancies could adversely impact mine planning, development costs, and overall recoverable metals.

Resource and Reserve Estimation Risk

Mineral resource and reserve estimates are inherently uncertain and based on technical interpretations using available drilling, sampling, and assay data. These estimates, while consistent with industry standards, remain subject to revision as further data becomes available or if economic parameters change. There is a risk that future drilling may materially downgrade existing resource confidence, convert fewer tonnes to reserves, or alter expected grades, directly impacting mine life and project economics.

Commodity Price Risk

Energy Transition Minerals' revenues will primarily come from the sale of rare earth concentrate and tin-tantalum-niobium concentrate. The prices of those metals are volatile and influenced by multiple factors beyond ETM's control, such as:

- Global supply–demand dynamics
- Electrification trends (e.g., EVs, renewable infrastructure)
- Geopolitical tensions and trade policy
- Investor sentiment and macroeconomic indicators

A significant and sustained decline in metal prices would directly impact project cash flows, margins, and potentially the viability of the projects.

Foreign Exchange Risk

Energy Transition Minerals' revenues from metal products will be denominated in US dollars, while the company's operational costs are in Australian dollars, Danish crowns and Euros. As a result, the company is exposed to fluctuations in the various exchange rates. A strengthening Australian dollar against the other currencies would reduce translated revenues and margins unless offset by hedging strategies.

Mining Risk

Proposed mining is open pit at the Kvanefjeld project. Typical mining risks include challenges in permafrost and geotechnical instability from ice-thaw cycles. With limited DFS-level geotechnical data thus far, actual mining performance (recovery, dilution) may diverge from forecast. Poor mining performance—whether due to geological surprises, equipment availability, or operator productivity—can lead to reduced ore production and higher unit costs, resulting in lower revenue and delayed cash flow.

Processing and Metallurgical Risk

At the Kvanefjeld project, REE separation from uranium requires advanced hydrometallurgy; pilot tests show 85% recovery but scaling remains unproven.

At the Penouta mine, the operation includes the re-processing of tailings and waste (Section B Concession) which presents some challenges.

The performance of the treatment plants and associated infrastructure is central to the development strategy. Risks include:

- Lower-than-expected metal recovery during processing
- Delays in refurbishment or commissioning of plant equipment (Penouta)

If metal recoveries are below forecast, or plant throughput is constrained, then revenue generation and payback periods will be negatively impacted.

Operational Cost Inflation Risk

Cost assumptions in feasibility studies are based on prevailing prices for labour, consumables (e.g. acid, diesel), and maintenance. If input costs rise materially—due to inflation, supply chain disruptions, or regulatory change—then the operating margin and free cash flow profile of the project will deteriorate.

Exposure exists to inflation in labour, energy, consumables, transport, and regulatory compliance costs, especially given global commodity cost escalations.

Management, Labour and Skills Risk

The success of the Kvanefjeld project and the Penouta mine hinges on ETM's ability to attract and retain a skilled workforce, including experienced mine planners, metallurgists, plant operators, and technical contractors. A shortage of skilled personnel, particularly in remote Greenland and rural Galicia, could lead to project delays, safety issues, or higher costs. Management continuity and operational discipline are equally critical to project delivery and performance.

Permitting & Compliance Risk

Single biggest near-term risk for Kvanefjeld — uranium in the deposit prompted Greenland's uranium mining ban and political opposition, creating permit rejection and legal disputes. The project may be prevented or materially restricted reducing economics.

Penouta operates in Galicia where EU/Spanish environmental standards are strict; past issues included tailings management and water/legacy contamination

concerns common at tin tailings sites. Any expansion or changes in processing could trigger new permits / EIA processes.

Funding & Capital Access Risk

At Kvanefjeld, large capex is required for an integrated mine and processing facility in Greenland; political risk reduces access to cheap financing or partners.

Penouta is smaller scale than greenfield Kvanefjeld but still may require capital for plant upgrades, working capital and to ramp production.

Infrastructure & Logistics Risk

Kvanefjeld needs port, roads, power (likely diesel/grid options), and remote workforce accommodation while Greenland has currently limited infrastructure. Remoteness could also lead to ongoing supply-chain fragility (fuel, reagents).

Penouta is on the Iberian Peninsula with good European transport links — lower logistics risk than Greenland. However, concentrate transport, port access and local road capacity matter. Tailings pond management and site water handling infrastructure are important.

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative:** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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