
Update on Arbitration Process for Kvanefjeld Rare Earth Element Project

- **By a majority decision (two out of three arbitrators), the Arbitral Tribunal has ordered that ETM's subsidiary, GMAS, provide security for costs of the Greenland and Denmark Governments ("GoG" and "GoD") in the ongoing arbitration process.**
- **Costs would be incurred under a potential scenario in which the two governments prevail in the arbitration, and GMAS is ordered to reimburse legal costs.**
- **The Tribunal has given GMAS 30 days to comment on the form of security proposed (namely, a parent company guarantee from ETM, for approximately A\$5.5 million).**
- **GMAS is working through the Tribunal's decision with its legal advisers.**

Energy Transition Minerals Ltd (the **Company** or **ETM**) (ASX:ETM) provides the following update on developments in the arbitration brought by ETM's subsidiary, Greenland Minerals A/S (**GMAS**), against the Government of Greenland and the Government of Denmark concerning the Kvanefjeld rare earth element project in Southern Greenland (**Kvanefjeld** or the **Project**). The Arbitral Tribunal is composed of Professor Iversen (President), Doctor Heiskanen (appointed by GMAS) and Mr Rordam (appointed by GoG and GoD).

On 6 March 2023, the two Governments applied for an order that GMAS be required to provide security for the costs of the two Governments' defence in the event that the two Governments prevail in the arbitration, and that GMAS is ordered to pay some or all of their legal costs.

As part of this application, the two Governments also applied for an order that GMAS produce a copy of its litigation funding agreement. On 26 June 2023, the Tribunal declined the two Governments' application for disclosure of GMAS' funding agreement. During 2023, GMAS and the two Governments exchanged written submissions on the issue of security for costs, with GMAS opposing the two Governments' application on various legal and factual grounds. The Tribunal did not immediately rule on the two Governments' application for security, due to procedural issues in the arbitration (including the resignation of the arbitrator originally appointed by the two Governments).

On 13 January 2024, the Tribunal issued its decision on the two Governments' application for security for costs. By a majority (the majority comprising the Professor Iversen, the President of the Tribunal, and Mr Rordam, the arbitrator appointed by the two Governments), the Tribunal has decided to grant the Respondents' application.

Specifically, the Tribunal ordered GMAS to:



'clarify within 30 days whether the company's parent company, Energy Transition Minerals (ETM), PLC, Australia, will provide an indefinite demand guarantee of DKK25,000,000 (twenty-five million Danish kroner) to Naalakkersuisut [the Government of Greenland] and the Ministry of Climate, Energy and Utilities (the Danish Government) as security for the legal costs that Greenland Minerals A/S may be ordered to pay in the arbitration proceedings'.

25 million Danish kroner (DKK) is approximately A\$5.5 million (or US\$3.7 million).

The third arbitrator (Dr Heiskanen, appointed by GMAS) disagreed with the majority's decision and issued a dissenting opinion, stating that, in his view, the *'exceptional circumstances'* required for an order for security for costs were not present in this case.

- The Tribunal's lengthy decision (spanning 101 pages) was provided in Danish. GMAS is therefore currently still in the process of reviewing the decision with its legal advisers. The Company will revert with a further update on the action it intends to take in relation to the Tribunal's decision on security for costs following this review.

The Tribunal's decision on security for costs is an interim decision only and does not amount to a final determination of any other issue in dispute between GMAS and the two Governments. The Tribunal also stated that it is *'not certain that the claimant will be ordered to pay legal costs, let alone full costs, even if the defendants win the case'*.

Daniel Mamadou, ETM Managing Director, said:

“Our objective is, and remains, to find a path to the development of Kvanefjeld as world-class asset that can underpin a new supply chain for materials that are critical to global decarbonization. Greenland's commitment to act on the climate crisis is evidenced by its recent accession to the Paris Agreement. We will continue to work together with all stakeholders to find a path to resolve the current situation.

The Company has in excess of \$17 million in cash reserves and has the capacity to meet the order for security from existing funds, if necessary. The Company will revert with a further update on the action it intends to take in relation to the Tribunal's decision on security for costs in due course.”

**Authorised for release by the Board of Energy Transition Minerals Ltd.
-ENDS-**

ABOUT ENERGY TRANSITION MINERALS LTD.

Energy Transition Minerals Ltd (ASX: ETM) is an exploration and development company focused on developing and financing supply chains for the metals and materials that are critical to the decarbonization of the world, with a special focus on high-quality mineral projects globally. The Company is managing exploration projects in Western Europe, North



America and Greenland, and targeting lithium and permanent magnet rare earths. The Company is also part of the SUPREEMO project which aims to establish the first pre-commercial Rare Earth Elements production value chain using European primary resources as feedstock, developing sustainable, cost-competitive processing, refining and Rare Earth Permanent Magnet production technologies in a responsible way.

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