

### THE DEAL: BUILDING A NON-CHINESE SUPPLY CHAIN

## \$2 Billion+

#### INITIAL CO-INVESTMENT

Commitment to invest US\$1bn each within 6 months via US EXIM and Export Finance Australia (EFA).

## \$5 Billion

#### POTENTIAL MOBILIZATION

Backed by ~\$2.2bn of EXIM letters already issued. Includes Alcoa (Gallium) & Arafura (Rare Earths).

### STRATEGIC OBJECTIVES & TARGET MINERALS

NdPr & Dy (Magnets)

Lithium (EVs)

Cobalt (Defense)

Gallium (Semi)

Nickel

Graphite

#### Why Australia?

- Resource Dominance: World's #1 Lithium producer; Top 5 in Cobalt & Rare Earths.
- Capital Markets: ASX is the global hub for junior miners (second only to TSX).
- Trust: Deep geopolitical alignment with US defense & manufacturing objectives.
- De-Risking: Framework includes price-floors & expedited permitting.

### FRAMEWORK MECHANICS: FROM MINE TO MAGNET

#### Funding & Capital

Concessional loans, equity, and offtake-linked financing to bridge the 'Valley of Death' for developers.

#### Regulatory De-Risking

Streamlined permitting and 'contracts-for-difference' (price floors) to ensure revenue certainty and support price stabilisation.

#### Midstream Focus

Capital directed not just at digging holes, but refining and processing to break China's stranglehold on purity.

### STRATEGIC ASX PICKS: VALUE & ALIGNMENT

#### Cobalt Blue (COB AU)

**KWINANA REFINERY (WA) + BROKEN HILL**

**STRATEGIC FIT: Only non-Chinese refiner in Australia.**

Aligns with US goals for non-Chinese midstream capacity. Critical for defense supply chains.

#### Northern Minerals (NTU AU)

**BROWNS RANGE PROJECT (WA)**

**STRATEGIC FIT: Critical Heavy Rare Earths (Dy, Tb) source.**

One of few non-Chinese sources of Dysprosium. High strategic value for US defense magnets. Strong EXIM financing interest.

#### VHM Limited (VHM AU)

**GOSCHEN RARE EARTHS & MINERAL SANDS**

**STRATEGIC FIT: Execution-ready asset.**

Advanced permitting status and near-term production profile fits framework's goal of rapid supply chain diversification.

#### European Metals (EMH AU)

**CINOVEC LITHIUM PROJECT (CZECH)**

**STRATEGIC FIT: Allied Jurisdiction Scale.**

Largest hard-rock lithium resource in Europe. Benefits from 'friend-shoring' initiative to secure non-Chinese EV supply chains.

### DETAILED INVESTMENT PLAYBOOK

#### THE ALLOCATION STRATEGY: ARBITRAGING THE 'GOVERNMENT PUT'

1. Asymmetric Risk/Reward: Target junior developers (Market Cap <\$300M) controlling assets designated 'Strategic' by Western governments. These assets offer high upside potential, with success driving a significant re-rating to 'Producer' valuation multiples.
2. The 'Government Put' (Valuation Floor): Unlike typical juniors, these firms have access to EXIM/EFA funding. This non-dilutive capital reduces reliance on equity markets during downturns, effectively putting a floor under the valuation and reducing bankruptcy risk.
3. The Basket Approach: Given singular project risks (geology, metallurgy), we recommend a basket of 4-6 names (2-3% total NAV). This captures the macro tailwind while mitigating individual asset failure.

#### KEY CATALYSTS (2025-26)

- Funding Conversion: Watch for non-binding Letters of Interest (LOI) converting into binding Credit Agreements.
- Final Investment Decisions (FID): Expected in 2025-26 for key projects (e.g., VHM, Northern Minerals).
- Downstream Validation: Success of pilot refineries (e.g., Cobalt Blue) proves the 'value-add' thesis.

#### STRUCTURAL RISK FACTORS

- Predatory Pricing: China may flood markets (as seen in 2023 Nickel/Lithium) to render Western projects uneconomic before launch.
- Permitting Reality: 'Fast-track' designation does not guarantee approval. Australian environmental standards remain rigorous.
- Technical Scaling: Moving from lab-scale separation to commercial production carries execution risk.