

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.