

1 July 2024

Ecora Resources PLC
("Ecora" or the "Group")

Acquisition of royalty over the Phalaborwa rare earths project

Ecora (LSE/TSX: ECOR) announces that it has entered into an agreement to acquire a 0.85% Gross Revenue Royalty ("GRR") over the Phalaborwa Rare Earths Project ("Phalaborwa" or the "Project") located in South Africa for a total cash consideration of US\$8.5 million.

In connection with the royalty acquisition and in addition to the cash consideration, Ecora has subscribed for 10,442,427 new ordinary shares in Rainbow Rare Earths Ltd ("Rainbow"), the majority owner of the Phalaborwa project, for US\$1.5 million in cash. Rainbow is listed on the London Stock Exchange (LSE: RBW).

The investment represents Ecora's first rare earth exposure, and is in-line with the Group's stated strategy of further diversifying and growing its portfolio of future facing commodity royalties over high quality operations and projects.

Marc Bishop Lafleche, Chief Executive Officer of Ecora, commented:

"We are delighted to announce our partnership with the Rainbow Rare Earths team on the Phalaborwa project. This project stands out as one of the lowest-cost prospective producers of rare earths outside of China. Notably, production will be principally weighted to rare earth elements essential in the production of permanent magnets, key components in renewable wind power turbines and electric vehicle motors.

"The transaction provides Rainbow with a non-dilutive means of securing the funding to move the project forward towards the completion of a DFS and subsequently a final investment decision. It also provides Ecora with a counter-cyclical entry point to further diversify our commodity exposure to include rare earth elements whose end markets are forecast to see sustained demand growth over the coming decades."

Highlights

- Amongst the highest quality rare earth projects globally with a 16-year estimated mine life¹ - expected to generate strong cashflows throughout the commodity price cycle
- Located on brownfield site treating phosphogypsum stacks generated as a by-product of historical fertilizer production
 - No primary mining, crushing or grinding costs
 - Operation to fully rehabilitate site

- Phalaborwa project product mix heavily weighted to permanent magnet end-markets which account for over 90% of global rare earth consumption by value⁴ and underpinned by strong long-term demand growth fundamentals
 - Life of mine average annual production¹: 1,750t of neodymium/praseodymium (NdPr) oxide, 60t of dysprosium (Dy) oxide and 20t of terbium (Tb) oxide
- Attractive cyclical entry point for rare earths with spot prices for Phalaborwa's commodity basket trading near three-year market lows of \$64/kg versus a three-year high of \$221/kg (and a three-year average of \$121/kg)
- Proceeds to primarily fund the completion of a Definitive Feasibility Study ("DFS") targeted for release in 2025
 - Pilot plant operations underway to test the flowsheet at DFS level and produce product samples
- Rainbow targeting first Phalaborwa production in 2027, with protections for Ecora in the event of delays
 - Ecora royalty entitlement of 0.85% at transaction close
 - Royalty rate increases to 0.95% if commercial production does not occur prior to 1 October 2027
 - Royalty rate increases to 1.1% if commercial production does not occur prior to 1 July 2028
- High quality management team with rare earths experience, combined with prior project development and operation experience at large mining companies
- High quality shareholder base including backing from the U. S. International Development Finance Corporation (DFC) which has the option to invest US\$50 million into the Project via TechMet
- Transaction to be funded through a combination of cash on hand and the Group's revolving credit facility

The Phalaborwa Project¹

Phalaborwa is located in the Limpopo region of South Africa and is 85% owned by Rainbow, who have the right to acquire 100% ownership of the Project. It has a total JORC compliant MRE² of 30.4Mt at 0.44% TREO contained within phosphogypsum in two unconsolidated stacks derived from historic phosphate hard rock mining. High value neodymium and praseodymium (NdPr) oxide, critical elements used in permanent magnets, represent c. 75% of the magnet rare earth basket by value, with economic dysprosium (Dy) and terbium (Tb) oxide credits enhancing the overall value of the rare earth basket.

Phalaborwa's Preliminary Economic Assessment ("PEA"), published in October 2022, establishes a post-tax base case NPV_{10%} of US\$627 million, an IRR of 40%, an average EBITDA operating margin of 75% and a payback period of only two years. Capital costs of the project were estimated at c. US\$296 million. The PEA was based on processing 2.2 million tonnes per annum of phosphogypsum over a 14-year project life (subsequently extended to 16-years³ to deliver 26,208 tonnes of separated magnet rare earth oxides at an average cost of US\$33.86/kg.

A process flowsheet to extract rare earth elements efficiently from the phosphogypsum stacks has been developed in collaboration with K-Technologies, Inc., USA (“K-Tech”), following extensive test work carried out at ANSTO Minerals, Australia, and at K-Tech’s facilities in Florida, U.S.A.

Rare earths overview and market dynamics⁴

Rare earth elements (REEs) are a group of 17 elements which mostly occur naturally but rarely in concentrated forms that are commercial to extract. Due to their similar chemical properties, they can be challenging to split into individual elements with current producers often using harsh solvents to aid separation. China produced over 90% of refined rare earth products in 2023, with 66% of feedstock sourced from domestic production.

Rare earth magnets, or permanent magnets is the largest demand sector accounting for 90% of total market value in 2023. Neodymium (Nd) and praseodymium (Pr), the main rare earth elements at Phalaborwa, are a core component in NdFeB magnets, whilst small additions of dysprosium (Dy) and terbium (Tb) can further enhance magnet performance by improving temperature resistance.

Permanent magnets are used in wind turbines, electric vehicle motors and many consumer electronics. A key growth area is their use in electric vehicles where they can significantly improve performance with minimal additional cost. The added efficiency of using permanent magnets allows EV manufacturers to reduce the size and cost of their battery packs whilst maintaining performance.

The REE market is positioned to experience significant growth over the coming decade, with the industry valued at US\$7.4 billion in 2023 forecast to grow to c. \$10 billion by 2030.

Transaction structure and financing

Ecora will fund the US\$8.5 million royalty consideration and US\$1.5 million equity investment through a combination of cash on hand and the Group’s revolving credit facility.

As of transaction close, Ecora will be entitled to a 0.85% GRR over the Phalaborwa project. The royalty rate steps up by 0.1% to 0.95% if commercial production does not occur prior to 1 October 2027. If commercial production does not occur prior to 1 July 2028, then the royalty rate steps up by a further 0.15% to 1.10%.

Transaction Completion

Payment of the US\$8.5 million royalty consideration is conditional upon:

- receipt of exchange control authorisation from the South African Reserve Bank Financial Surveillance Department (customary for transactions of this nature), expected within 6 to 8 weeks of submitting the application; and
- execution and delivery of certain security documents to Ecora.

Ecora subscribed for 10,442,427 ordinary shares at a price of 11.3652 pence per share (calculated at the 20-day volume weighted average price) for consideration of US\$1.5 million. The subscription is conditional upon the new ordinary shares being admitted to the standard listing segment of the Official List of the Financial Conduct Authority and being admitted to trading on the main market for listed securities of the London Stock Exchange plc on or around 5 July 2024.

¹Source: www.rainbowrareearth.com

²JORC Compliant MRE published by Rainbow Rare Earths Limited on 20 March 2023 in a regulatory news release

³As per regulatory news release issued by Rainbow Rare Earths Limited on 26 February 2024

⁴Source: Project Blue Report, May 2024

For further information

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About Ecora Resources

Ecora Resources is a leading royalty company focused on supporting the supply of commodities essential to creating a sustainable future.

Our vision is to be globally recognised as the royalty company of choice synonymous with commodities that support a sustainable future by continuing to grow and diversify our royalty portfolio in line with our strategy. We will achieve this through building a diversified portfolio of scale over high quality assets that drives low volatility earnings growth and shareholder returns.

The mining sector has an essential role to play in the energy transition, with commodities such as copper, nickel and cobalt - key materials for manufacturing batteries and electric vehicles. Copper also plays a critical role in our electricity grids. All these commodities are mined and there are not enough mines in operation today to supply the volume required to achieve the energy transition.

Our strategy is to acquire royalties and streams over low-cost operations and projects with strong management teams, in well-established mining jurisdictions. Our portfolio has been reweighted to provide material exposure to this commodity basket and we have successfully transitioned from a coal orientated royalty business in 2014 to one that by 2026 will be materially coal free and comprised of over 90% exposure to commodities that support a sustainable future. The fundamental demand outlook for these commodities over the next decade is very strong, which should significantly increase the value of our royalty portfolio.

Ecora's shares are listed on the London and Toronto Stock Exchanges (ECOR) and trade on the OTCQX Best Market (OTCQX: ECRAF).

About Rainbow:

Rainbow Rare Earths aims to be a forerunner in the establishment of an independent and ethical supply chain of the rare earth elements that are driving the green energy transition. It is doing this successfully via the identification and development of secondary rare earth deposits that can be brought into production quicker and at a lower cost than traditional hard rock mining projects, with a focus on the permanent magnet rare earth elements neodymium and praseodymium, dysprosium and terbium.

The company is focused on the development of the Phalaborwa Rare Earths Project in South Africa and the earlier stage Uberaba Project in Brazil. Both projects entail the recovery of rare earths from phosphogypsum stacks that occur as the by-product of phosphoric acid production, with the original source rock for both deposits being a hardrock carbonatite. Rainbow intends to use a continuous ion exchange / continuous ion chromatography separation technique, which simplifies the process of producing separated rare earth oxides (versus traditional solvent extraction), leading to cost and environmental benefits.

The Phalaborwa Preliminary Economic Assessment has confirmed strong base line economics for the project, which has a base case NPV₁₀ of US\$627 million, an average EBITDA operating margin of 75% and a payback period of less than two years.

Cautionary statement on forward-looking statements and related information

Certain statements in this announcement, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which include the phrase 'forward-looking information' within the meaning of Canadian securities legislation) are provided for the purposes of assisting readers in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and of presenting information about management's current expectations and plans relating to the future. Readers are cautioned that such forward-looking statements may not be appropriate other than for purposes outlined in this announcement. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of acquiring new royalties and making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities, for the current fiscal year and subsequent periods.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: the stability of the global economy; the stability of local governments and legislative background; the relative stability of interest rates; the equity and debt markets continuing to provide access to capital; the continuing of ongoing operations of the properties underlying the Group's portfolio of royalties, streams and investments by the owners or operators of such properties in a manner consistent with past practice; no material adverse impact on the underlying operations of the Group's portfolio of royalties, streams and investments from a global pandemic; the accuracy of public statements and disclosures (including feasibility studies, estimates of reserve, resource, production, grades, mine life and cash cost) made by the owners or operators of such underlying properties; the accuracy of the information provided to the Group by the owners and operators of such underlying properties; no material adverse change in the price of the commodities produced from the properties underlying the Group's portfolio of royalties, streams and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any significant property in which the Group holds a royalty or other interest, including but not limited to unusual or unexpected geological formations and natural disasters; successful completion of new development projects; planned expansions or additional projects being within the timelines anticipated and at anticipated production levels; and maintenance of mining title.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate; that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Group's control, affect the operations, performance and results of the Group, its businesses and investments, and could cause actual results to differ materially from those suggested by any forward-looking information. Such risks and uncertainties include, but are not limited to current global financial conditions, royalty, stream and investment portfolio and associated risk, adverse development risk, financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties, streams and investments; royalties, streams and investments subject to other rights, and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section of our most recent Annual Report, which is available on our website. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noted in the section herein entitled 'Risk' is not exhaustive of the factors that may affect the Group's forward-looking statements. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

The Group's management relies upon this forward-looking information in its estimates, projections, plans and analysis. Although the forward-looking statements contained in this announcement are based upon what the Group believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements made in this announcement relate only to events or information as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, the Group undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

This announcement also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties.