

Aclara Resources

Integrated rare-earth platform takes shape

Aclara held an Investor Day on 20 October, outlining its strategy to build an integrated rare-earth supply chain spanning upstream production in Brazil and Chile, separation in the US and downstream metals and alloys. The event followed an updated preliminary economic assessment (PEA) for Penco and completion of basic engineering for Project Dynamo, bringing together project economics, funding strategy and a 2028–29 development timetable. While heavy rare earth elements (HREEs) remain an important differentiator, Aclara's prospective production is diversified across NdPr, Dy/Tb, Y, Gd and Sm. Financing, permitting and offtake are now the key next steps.

Investor Day defines the integrated platform

Aclara is emerging as an integrated rare-earth platform with US-centred downstream operations, combining the upstream Carina and Penco projects with Project Dynamo separation and subsequent metals and alloys production. Carina provides most of the upstream scale, while Penco contributes a higher-value product mix. Together, the projects target average annual production of c 1.3kt NdPr, 233t Dy/Tb and 1.6kt Y, alongside Gd and Sm. The latest studies estimate post-tax NPV8 of US\$1.66bn for Carina, US\$344m for Penco and US\$773m for Dynamo.

Funding and offtake move to the forefront

Penco and the Louisiana facilities target start-up in late 2028, followed by Carina in Q229. Potential funding sources include a non-binding US EXIM Letter of Interest for up to US\$750m, DFC support for Carina and further investment from CAP, while management identified financing as the principal potential bottleneck. Three customer MoUs are signed, and another three are progressing, with product qualification and price-floor discussions aimed at converting this interest into bankable offtake. We see committed financing and binding commercial agreements as the key next de-risking events.

Valuation: Strategic value beyond the resource

At an enterprise value of c US\$0.5bn, Aclara trades at a substantial discount to the headline value of its development portfolio, reflecting the funding requirement and execution. Recent industry M&A suggests that strategic value is increasingly being attached to integrated ex-China supply chains rather than resources alone, with transactions such as USA Rare Earth/Serra Verde and Energy Fuels/ASM combining upstream supply with processing and downstream capabilities. Aclara is pursuing a similar model, while delivery against its 2027 funding, offtake and construction milestones should be the key drivers of value realisation.

Consensus estimates

Year end	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (\$)	EV/EBITDA (x)
12/25	0.0	(8.6)	(6.4)	(0.04)	N/A
12/26e	0.0	(9.1)	(10.9)	(0.04)	N/A
12/27e	0.0	(9.4)	(15.9)	(0.05)	N/A

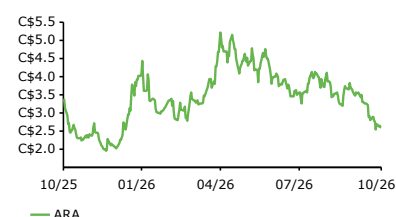
Source: LSEG Data & Analytics

Metals and mining

29 October 2026

Price **C\$2.67**
Market cap **C\$662m**

Share price performance



Share details

Code	ARA
Listing	TSX
Shares in issue	248.0m
Net cash/(debt)	C\$60.5m

Business description

Aclara Resources is a rare-earth development company advancing ionic-clay projects in Brazil and Chile alongside planned separation and metals and alloys facilities in the US.

Bull points

- Complementary ionic-clay projects provide diversified exposure across NdPr, Dy/Tb, Y, Gd and Sm.
- Integrated upstream, separation and metallisation strategy provides a potential direct route to Western end customers.
- Strategic shareholders and growing US government support provide multiple potential funding channels.

Bear points

- c US\$1.7bn of initial development capital remains to be funded.
- Carina environmental licensing and substantial project financing remain outstanding.
- Project economics and commercial terms remain sensitive to rare-earth pricing, product qualification and binding offtake.

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From mine to metals: Integrated development model

The central message from Aclara's Investor Day was the company's evolution from an upstream developer into an integrated rare-earth platform spanning mineral extraction, separation and metals and alloys. Carina in Brazil and Penco in Chile are designed to produce Super Pure Rare Earth Carbonate (SPREC), Aclara's proprietary c 99%-purity mixed rare-earth carbonate, for Project Dynamo in Louisiana, where Aclara plans to separate six principal rare-earth products before selectively converting NdPr, Dy and Tb into metals and alloys. The resulting model combines two sources of ionic-clay feedstock with proprietary upstream processing, conventional solvent-extraction separation and a route towards products suitable for permanent-magnet manufacturers.

The Investor Day also provided a more coherent development timetable across the portfolio. Penco and the Louisiana facilities are targeting first production in late 2028, followed by Carina in Q229. Technical work is at different stages across the value chain: Carina has completed a feasibility study, Penco has an updated PEA, Dynamo has completed basic engineering and the Metals & Alloys project has completed front-end loading stage 2 (FEL 2) engineering. All four projects now have well-defined capital requirements and established project economic profiles. Management characterised the technical phase as largely complete, with the transition to construction now primarily dependent on financing and offtake.

Exhibit 1: Aclara's integrated development platform

Stage	Project	Role	Development status	Initial capex, US\$m	Target start-up
Upstream	Penco, Chile	SPREC feedstock	PEA	244	Q4 2028
Upstream	Carina, Brazil	SPREC feedstock	Feasibility study	781	Q2 2029
Separation	Project Dynamo, US	NdPr, Dy, Tb, Y, Gd and Sm oxides	Basic engineering	494	H2/Q4 2028
Metals & alloys	Louisiana, US	Metals and NdFeB alloy	FEL 2	149	Q4 2028

Source: Aclara Resources

Updated Penco PEA adds definition to the upstream base

Published immediately ahead of the Investor Day, the updated Penco PEA provides the latest technical underpinning for the integrated strategy. The study is based on 35.8Mt of measured and indicated (M&I) mineral resources grading 2,095ppm total rare earth oxides (TREO), plus 2.2Mt of inferred resources. Approximately 74% of the M&I resource is in the measured category, while the mine plan assumes processing 30.8Mt over a 17-year life at an average rate of c 1.9Mt/ya.

Average annual production is estimated at 732t of rare earth oxides (REO) contained in SPREC, including 128t NdPr, 44t Dy, 6t Tb and 400t Y, alongside Gd, Sm and smaller-volume HREEs. The study estimates a post-tax NPV8 of US \$344m, a 26.1% internal rate of return (IRR) and a 3.2-year payback on total initial construction capex of US\$244m. Average net revenue is US\$155m per annum and EBITDA c US\$101m pa on the study's long-term price assumptions. The high basket value is driven primarily by Penco's Y-rich product mix: Y represents c 55% of average REO production and is priced at US\$250/kg in the study, below current ex-China pricing but materially above prevailing China prices.

The updated study also incorporates more up-to-date cost assumptions than the 2021 PEA. Initial capex has increased by US\$115m, while operating costs have risen to US\$28.9/t of clay processed from US\$13.6/t. Aclara attributes the increases to flowsheet enhancements following three pilot campaigns, more developed mining and environmental plans, updated equipment quotations and general cost escalation. The mine life has nevertheless increased to 17 years as the processing inventory expands to 30.8Mt from 19.9Mt.

An important feature of the Penco economics is that the upstream model already incorporates downstream treatment. Average separation, commercial discounts and transport charges of US\$72m pa, equivalent to c 32% of gross revenue, are included in the PEA. Aclara intends to process Penco SPREC at Dynamo on arm's-length terms, with the separation value therefore captured separately at the Louisiana facility. This provides a clear distinction between upstream economics and the incremental value attributed to separation.

Exhibit 2: Updated Penco PEA

M&I Mineral Resources	35.8Mt @ 2,095ppm TREO
Inferred Mineral Resources	2.2Mt @ 1,768ppm TREO
Mine life	17 years
Average REO production	732tpa
NdPr	128tpa
Dy + Tb	50tpa
Y	400tpa
Initial capex	US\$244m
Operating cost	US\$28.9/t clay processed
LoM basket price	US\$309/kg
Post-tax NPV8	US\$344m
Post-tax IRR	26%
Payback	3.2 years

Source: Aclara Resources

Diversified product mix broadens market exposure

While Dy and Tb provide an important strategic differentiator, Aclara's planned product mix also includes meaningful NdPr, Y, Gd and Sm volumes. On a 100% project basis, Penco and Carina together target average annual production of c 1.3kt NdPr, 233t Dy/Tb, 1.6kt Y, 207t Gd and 192t Sm. Carina provides most of the absolute production scale, while Penco has the higher-value basket, reflecting a greater concentration of Y, Dy and Tb.

This broader exposure is relevant to the integrated model. NdPr gives Aclara access to the much larger permanent-magnet market, while Dy and Tb are scarce high-value additives required for certain high-temperature magnet applications. Y, Gd and Sm further diversify the product offering and potential customer base. Importantly, Project Dynamo is designed to separate NdPr, Dy, Tb, Y, Gd and Sm into individually saleable oxides in the US. Combining meaningful production of these elements with ex-China separation capacity would address one of the most constrained parts of the rare-earth supply chain.

Exhibit 3: Average annual upstream production

REO, tpa	Penco	Carina	Combined
NdPr	128	1,191	1,319
Dy	44	156	200
Tb	6	27	33
Dy + Tb	50	183	233
Y	400	1,160	1,560
Gd	31	176	207
Sm	19	173	192

Source: Aclara Resources. Note: Average annual production excluding ramp-up and ramp-down; 100% project basis.

Downstream development provides the route to market

Project Dynamo is designed to convert SPREC into separated oxides using conventional solvent extraction in mixer-settlers. Basic engineering was completed in October, with the latest study estimating US\$494m initial capex, a US \$773m post-tax NPV8 and a 27.9% IRR. The use of commercially established solvent-extraction equipment should reduce scale-up risk relative to less proven separation technologies, although Aclara's specific flowsheet still needs to be demonstrated at commercial scale.

Product qualification is now becoming an increasingly important part of the commercial process. NdPr has already been produced at the targeted $\geq 99.5\%$ purity at the Virginia Tech demonstration plant, while management now expects Dy and Tb samples in December, later than its initial August target as the separation circuits are progressively optimised. Prospective customers are requesting different products depending on their position in the value chain, ranging from SPREC to separated oxides and metals. Management indicated that successful sample qualification is an important step towards converting existing customer memoranda of understanding (MoUs) into binding offtake agreements.

The final downstream step is the proposed Metals & Alloys plant, owned 50/50 with CAP, a Chilean mining and industrial group with iron-ore, steel and infrastructure operations, and planned alongside Dynamo in Louisiana. The US\$149m

project targets NdPr metal, FeDy, Tb and c 2.7ktpa of NdFeB alloy. A demonstration plant inaugurated in Chile in October has a nominal NdPr-metal capacity of up to 175kg/day and had produced c 500kg by the time of the Investor Day event. Although this business accounts for a smaller proportion of the group's projected economics, it extends Aclara's addressable market towards magnet manufacturers and enables the company to offer customers products at several stages of the rare-earth value chain.

Permitting, funding and offtake become the main execution milestones

At Carina, the preliminary environmental licence (LP), the first stage of Brazil's three-step environmental licensing process, remains the principal permitting milestone ahead of construction. Management expects the public hearing to be the next step and continues to target the LP by end-Q1 2027. Building all four projects requires c US\$1.67bn of initial capital. Aclara is pursuing a staged funding strategy, with US government agencies progressing technical and ESG due diligence. The Export-Import Bank of the United States (EXIM) has issued a non-binding Letter of Interest for up to US \$750m, while the US International Development Finance Corporation (DFC) has made an initial US\$5m investment in Carina. CAP can invest a further US\$50m to increase its Penco ownership from 20% to 40%, while management noted it is already structuring project finance for Penco with private banks and multilaterals. Management described financing as the principal potential bottleneck to the development timetable.

Offtake negotiations are being advanced in parallel with financing. Aclara has signed three private customer MoUs and noted that another three are in the pipeline, including one that is already closer to an offtake arrangement. Management also indicated that aggregate customer interest exceeds planned production and estimates that contracting roughly 50% of output for the first five to seven years could be sufficient to support repayment of construction financing, depending on achieved prices. Current negotiations are focused particularly on price floors and caps referenced to Western pricing benchmarks: securing a minimum bankable cash flow during the initial repayment period is taking precedence over retaining full upside exposure.

The two workstreams are interdependent. Potential lenders want greater visibility on offtake, while customers require product samples and confidence that the projects will be financed and built. Aclara is therefore using government-backed financing, customer MoUs and progressive product qualification to advance both processes in parallel. In our view, successful conversion of these discussions into committed financing and binding commercial contracts is now the most important near-term de-risking event.

Exhibit 4: Key development milestones

Project	Current position	Next milestones
Penco	Updated PEA; Phase 1 EIA approved	FS Q1 2027; early works Q1 2027
Carina	FS complete; permitting underway	Preliminary licence and detailed engineering Q1 2027
Dynamo	Basic engineering complete; air permit secured	EPCM/site preparation Q1 2027; financing
Metals & Alloys	FEL 2 complete; demonstration plant operating	FEL 3 / feasibility work
Commercial	Three private MoUs signed	Product qualification; binding offtake

Source: Aclara Resources

US support underpins the integrated strategy

Aclara's current development and funding strategy is focused on the US. Project Dynamo and the Metals & Alloys facility are planned for Louisiana, while US government support extends across the value chain through EXIM, DFC and the Department of Energy, alongside technology collaboration with Argonne National Laboratory and state-level support in Louisiana. Management said US government funding provides a route to advance development while binding offtake agreements are still being negotiated, potentially accelerating construction relative to relying solely on conventional private financing. Brazil's new critical-minerals framework also places greater emphasis on domestic value addition; management noted that this could support future separation capacity in Brazil, although the practical implications remain unclear and do not affect the current Carina development plan.

Aclara's strategy is consistent with the direction of recent rare-earth industry M&A. USA Rare Earth's acquisition of Serra Verde combined operating Brazilian upstream supply with US separation and magnet ambitions, while Energy Fuels' acquisition of Australian Strategic Materials (ASM) added established metals and alloys capability to its upstream and separation portfolio. These transactions are not directly comparable to Aclara, but they illustrate growing strategic interest in platforms that connect ex-China resources with processing and downstream product capabilities.

Aclara is pursuing a similar model organically, with two complementary sources of mine feed, planned US separation

and a route into metals and alloys. Following the Investor Day and updated Penco study, the architecture of that platform is becoming increasingly well-defined. The next step is execution: completing the remaining technical work, securing financing and offtake, and moving the first projects into construction during 2027.

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