

Porsgrunn 8 November 2022

REEtec raises EUR 115 million for first industrial rare earth plant

REEtec, a Norwegian-based manufacturer of high-quality and sustainable rare earth elements (REE), has closed a financing round of EUR 115 million to build an industrial-scale plant for separating rare earths in Herøya, near Porsgrunn in Norway. REEtec has developed a proprietary technology for environmentally friendly and efficient production of neodymium and praseodymium, commonly referred to as 'NdPr'. Known as "magnet metals", these two rare earth elements are essential in the manufacturing of electric motors, wind turbines, robots, and pumps.

REEtec was founded in 2008 by Scatec Innovation, a family-owned incubator and investment company focusing on renewable energy and advanced materials. Through this financing round, LKAB, an international mining and minerals group, will become the largest shareholder in REEtec. The Norwegian State's climate investment company Nysnø and energy and commodity groups Mercuria and TechMet also participated with new equity alongside existing shareholders.

"Governments and businesses in Europe aim to reduce the reliance on imports, and the European Commission considers rare earth elements to be critical materials for reaching climate neutrality by 2050. Having LKAB, with its strong industrial position and technical insight, as a new major shareholder is a sound endorsement of our technology. REEtec is now well positioned to become a leading European REE producer," says John Andersen, Chair of REEtec and CEO of Scatec Innovation.

"LKAB plans to extract rare earth elements as a by-product from our iron ore mining. Together with REEtec, we can create the basis of a strong and sustainable Nordic value chain for rare earth metals," says Jan Moström, LKAB's President and CEO.

REEtec's first plant for separating rare earths will provide annual production of 720 tons of NdPr oxide from the second half of 2024 which represents approx. 5% of the estimated demand in the EU. REEtec's proprietary technology can reduce CO₂ emissions by 90% compared to other leading suppliers, as virtually all consumables are recovered and re-utilized in the process.

The market for magnet metals is set to grow five times to a total value of USD 33 billion driven by growth across many segments, with electric vehicles as a particularly strong driver, according to Adamas Intelligence Rare Earth Market Outlook.

The Herøya plant will process rare earth carbonates produced by Vital Metals in Canada. Under an agreement between REEtec and Vital Metals, it is the parties' intention to triple volumes from Vital Metals, thereby providing REEtec with a basis for significant

expansion. REEtec has secured offtake for 80% of the NdPr from the first plant, including a 5-year contract with the global automotive supplier Schaeffler Group.

“Our strategic alliance with Vital Metals is an important pillar of our business plan. In addition, Norway, Sweden, and Finland contain significant rare earth deposits which makes the Nordics an attractive region to develop a complete value chain of mineral extraction, separation, and processing to production of metals and magnets,” says John Andersen.

A second plant is planned to be built in Herøya in 2026, based on material from Vital Metals as well as from LKAB’s mining operations which is expected to be available from 2027.

Nordea Bank Abp, Norwegian branch and SEB Corporate Finance, Skandinaviska Enskilda Banken AB, Oslo Branch have been financial advisors to REEtec in this process.

Contact

REEtec AS www.reetec.no and Scatec Innovation AS www.scatec.no
Sven Røst, VP Communications tel: +47 932 53 196, sven.rost@scatec.no

About LKAB

LKAB is an international mining and minerals group that offers sustainable iron ore, minerals, and special products. LKAB is committed to developing carbon-free processes and products by 2045, leading the transformation of the iron and steel industry. Since 1890, unique innovations and technological solutions have been developed and driven forward by more than 4,500 employees in 12 countries. In 2021, the LKAB group had sales of about SEK 49 billion. www.lkab.com

About Nysnø Klimainvesteringer

Established in 2017, Nysnø Climate Investments (Nysnø) is a state-owned climate investment company that invests in companies and funds with profitable and smart solutions to reduce greenhouse gas emissions. With 2,9 billion NOK in assets under management Nysnø invests within clean energy, digital and enabling technologies, resource efficiency, sustainable demand, and the circular economy. Nysnø is based in Stavanger and owned by the Norwegian Ministry of Trade, Industry & Fisheries. www.nysnoinvest.no/en

About Mercuria

Established in 2004, the Mercuria group is one of the largest independent energy and commodity groups in the world, bringing efficiency to the commodity value chain with technology, expertise, and solutions. Mercuria’s business includes trading flows, strategic assets and structuring activities that generate more than \$120 billion in turnover. The company has built upon a series of strategic acquisitions, including the physical commodities trading unit of JPMorgan Chase & Company, Noble Group’s US gas and power business and the Aegean Marine Petroleum Network, reorganized as Minerva Bunkering. It has become one of the most active players in the renewable markets with more than fifty percent of new investments dedicated to the energy transition. www.mercuria.com

About TechMet

TechMet Limited is a leading technology metals investment company with a portfolio of assets that produce, process, and recycle the metals that are critical to the global energy transition and the electric vehicle revolution. Current global assets in the TechMet portfolio include vanadium processing, hard rock and brine lithium development, nickel-cobalt mining, rare earth mining, tin mining, direct lithium extraction. TechMet’s major shareholders include the U.S. International Development Finance Corporation and the global energy and commodity group Mercuria. www.techmet.com