



ACLARA ANNOUNCES STRATEGIC ALLIANCE WITH VAC TO DEVELOP PERMANENT MAGNET SUPPLY CHAIN

TORONTO, ON, July 09, 2024 – Aclara Resources Inc. (“Aclara” or “Company”) (TSX: ARA) is pleased to announce that it has signed a Memorandum of Understanding with VACUUMSCHMELZE GmbH & Co. KG (“VAC”), which establishes a non-binding, non-exclusive, preliminary agreement, to jointly approach potential clients as a “mine-to-magnets” solution for ESG compliant permanent magnets (the “Preliminary Agreement”).

Aclara and VAC believe that there is a significant market opportunity driven by the rising demand for electric vehicles (“EVs”), wind turbines, and other clean technologies that require rare earth permanent magnets produced pursuant to ever-increasing ESG standards. Such permanent magnets require significant quantities of both light and heavy rare earth minerals. Currently, obtaining these rare earth mineral materials whilst also having the capacity to process them, combined with the industrial technology needed to fabricate permanent magnets, is very limited and concentrated among a few Asia-based suppliers. This supply/demand dynamics results in a promising background to develop a new, resilient, ESG-focused supply for permanent magnets.

The strategic alliance between VAC and Aclara is unique due to Aclara being one of the very few potential suppliers of Dysprosium and Terbium, two highly coveted heavy rare earth minerals which are key in the production of permanent magnets and are not easily available outside of Asia. Aclara is currently developing two ionic clay projects, one in Chile and another in Brazil, for the production of a high-purity heavy rare earth carbonate. In addition, the Company is developing processing technology through its US-based subsidiary to be able to receive this carbonate and produce with it magnetic alloys. These alloys, in turn, are the key input required by VAC to produce permanent magnets.

VAC is considered the largest producer of rare earths magnets outside of Asia, with more than 40 years of experience in magnet making technology. VAC, whose main permanent magnet facility is located in Hanau, Germany, recently executed a contract with General Motors (GM) to supply GM with permanent magnets by building a new magnets’ plant in the State of South Carolina, United States.

Accordingly, each of Aclara and VAC are strategically positioned to collaborate to build a reliable long-term solution to supply high-performance permanent magnets to power EV motors and other technologies for our global clients.

Agreement Structure and Next Steps

The collaborative relationship between Aclara and VAC is not structured as a legal entity. Instead, each of the parties will engage in collaborative efforts, in a relationship characterized as (i) preferred supplier-purchaser and (ii) cooperation on marketing, customer relations, and related matters. Highlights of a number of the collaborative next steps include but are not limited to:

- VAC's intention to support the further development of Aclara's rare earth metals and alloys existing joint venture project with CAP S.A., by providing product specification requirements to produce the high-performance permanent magnets used in EVs;
- the intention of both parties to jointly analyze the mine to magnets cost structure to develop an optimal cost-effective solution for potential customers; and
- the intention of both parties to jointly approach potential new customers and present them with a 'one-stop-shop' solution to secure geopolitically independent and ESG responsible permanent magnets.

VAC's CEO, Erik Eschen, commented:

"We are thrilled to announce the fortification of our partnership with Aclara, a frontrunner in the development of ionic clay mines in South America. This collaboration is aimed at streamlining the supply chain for rare earth elements, specifically Dysprosium and Terbium. These elements play a pivotal role in the decarbonisation of the transportation sector and the generation of renewable energy. By joining forces with Aclara, VAC is committed to tackling one of the most pressing issues of our era. Our joint efforts not only create value for our customers and shareholders but also contribute significantly to the well-being of our planet."

Aclara's CEO, Ramon Barua, commented:

"This strategic alliance is expected to offer great synergies to both Aclara and VAC as it combines a clean source of heavy rare earths with the technology needed to convert those resources into actual products. It is the first step towards solving a real need in the market, as the transition to electric vehicles requires new rare earths supply chains, which are currently not being addressed in a comprehensive manner. This strategic alliance will create value for VAC, Aclara, OEMs and for our planet, as we will be closer to achieving our climate change goals in a sustainable manner."

About VAC

VACUUMSCHMELZE (VAC) is a leading global producer of advanced magnetic solutions, rare earth permanent magnets, and inductive components. With extensive application know-how and 100 years of experience in material science and product development, VAC designs and manufactures mission critical solutions for a wide variety of industries, including renewable energy, e-mobility, automotive, industrial automation, medical, aerospace and defense. VAC's unique ability to develop and manufacture from base elements through final products enables us to provide customers optimal form factors and performance, generating best in class efficient solutions in an environmentally conscious manner. More information is available at www.vacuumschmelze.com. VAC is a portfolio company of Ara Partners, a global private equity firm that is decarbonizing the industrial economy.

About Acara

Aclara Resources Inc. (TSX: ARA) is a development-stage company that is focused on heavy rare earth mineral resources hosted in Ion-Adsorption Clay deposits. The Company's rare earth mineral resource development projects include the Penco Module in the Bío-Bío Region of Chile and the Carina Module in the State of Goiás, Brazil.

Aclara's rare earth extraction process offers several environmentally attractive features. Circular mineral harvesting does not involve blasting, crushing, or milling, and therefore does not generate tailings and eliminates the need for a tailing's storage facility. The extraction process developed by Aclara minimizes water consumption through high levels of water recirculation made possible by the inclusion of a water treatment facility within its patented process design. The ionic clay feedstock is amenable to leaching with a common fertilizer main reagent, ammonium sulfate. In addition to the development of the Penco Module and the Carina Module, the Company will continue to identify and evaluate opportunities to increase future production of heavy rare earths through greenfield exploration programs and the development of additional projects within the Company's current concessions in Brazil, Chile, and Peru.

Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities legislation, which reflects the Company's current expectations regarding future events, including statements with regard to, among other things, the Company's expectations including statements with regard to, among other things, the Company's strategic investments and partnerships, the current and future valuation of the Company, the economic effect of the Preliminary Agreement, the success of its and its subsidiary's development projects and the Company's expectations as to the partnership and the transactions contemplated thereby. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in the Company's annual information form dated as of March 22, 2024 filed on the Company's SEDAR+ profile. Actual results, timing, performance, achievements or future events or developments could differ materially from those expressed or implied herein. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained in this news release is provided as of the date of this news release and the Company does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required under applicable securities laws.

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