CEO Letter to Aclara Shareholders: 2025 Accomplishments and 2026 Outlook

13:00 Uhr | ACCESS Newswire

TORONTO, December 31, 2025 - Aclara Resources Inc. ("Aclara" or the "Company") (TSX:ARA) is pleased to announce the release of a letter to its shareholders from the Company's Chief Executive Officer, Ramón Barúa.

"Dear Shareholders,

As we conclude 2025, Aclara reflects a year that represented far more than incremental progress. It marked the validation of a long-term strategy: to establish a resilient, transparent, and responsible heavy rare earth supply chain outside China, anchored by ionic clay deposits and fully integrated from mine to magnet.

This strategic validation occurred against a market backdrop that became materially clearer-and more urgent-over the course of the year. In 2025, the risk of disruption in the supply of rare earths moved from abstraction to reality. Export restrictions and licensing controls on heavy rare earths, their compounds, and high-performance magnets containing these elements highlighted how concentrated global supply remains, and how rapidly that concentration can translate into real constraints for industries worth trillions of dollars, including electric vehicles, wind turbines, advanced manufacturing, and other emerging technologies. For industries dependent on dysprosium and terbium, the consequences of limited access became immediate and tangible.

At the same time, demand drivers broadened and intensified. Beyond electric vehicles and renewable energy infrastructure, the rapid emergence of robotics, automation, and artificial intelligence as strategic growth sectors reinforced the long-term, structural need for a secure and scalable heavy rare earth supply. These applications are foundational to future industrial competitiveness, and they depend disproportionately on precisely those elements for which supply outside of China remains most constrained.

Pricing dynamics further reinforced this reality. During the year, non-Chinese heavy rare earth supplies commanded significant premiums-in some cases more than ten times published Chinese prices-reflecting a clear willingness by customers to pay for security, transparency, and jurisdictional reliability. Government-backed contracts establishing minimum prices well above historical benchmarks, together with a growing policy consensus-particularly in the United States-that prevailing Chinese prices are distortive and "predatory," reinforced the conclusion that new supply sources cannot be developed under legacy pricing assumptions.

It was within this environment-defined by supply vulnerability, strategic demand growth, and evolving policy frameworks-that Aclara's strategy proved both timely and differentiated. Disciplined execution, selective partnerships, and sustained engagement with governments, academic institutions, and local communities strengthened Aclara's position as a leader in sustainable heavy rare earths. As global priorities shifted toward security of supply, jurisdictional resilience, and sustainability, the Company increasingly emerged not simply as a project developer, but as a platform aligned with long-term industrial, technological, and policy objectives.

This strategic positioning translated into measurable validation during 2025. Early in the year, long-term strategic investors supported the Company with a financing at a 41% premium to market, reinforcing confidence in Aclara's assets, execution capability, and strategic relevance. That confidence was reflected in strong market performance, with Aclara's share price increasing by more than 300% during the year.

What did we do in 2025?

At the upstream level, the Carina Project in Brazil continued to distinguish itself as one of the most advanced heavy rare earth projects globally. The operation of our semi-industrial pilot plant confirmed the scalability of Aclara's proprietary Circular Mineral Harvesting technology and attracted more than 300 visitors from across the global rare earth value chain, including magnet manufacturers, automotive OEMs, investors, government authorities, academic institutions, and journalists.

This operational validation culminated in a landmark technical achievement: the declaration of the world's first NI 43-101 compliant Mineral Reserves for an ionic clay project. The Pre-Feasibility Study confirmed robust project economics (NPV of US$1.1 billion and an IRR of 22%) and an estimated average production of 175 tonnes per year of dysprosium and terbium, equivalent to approximately 11% of China's 2024 official production, positioning the project as a globally relevant and responsible source of heavy rare earths.

Through our planned investment in Carina-the largest in our portfolio-we are focused on moving well beyond conventional mining. Our objective is to implement significant value-added processing to produce a high-purity mixed rare earth carbonate like nothing available in the market today. This approach enables the creation of skilled jobs and the development of advanced processing technologies in Brazil, allowing us to deliver not a commodity, but a highly processed intermediate product that materially simplifies and de-risks the later stages needed to convert the rare earths into permanent magnets.

The strategic importance of Carina was further underscored by the U.S. International Development Finance Corporation's commitment of up to US$5 million in project development funding, including a financing right for the construction stage. This support reflects the strong alignment between Aclara's assets and evolving U.S. policy priorities, including the DFC's expanded mandate, which increased its total investment authority by approximately 65%, enabling the agency to deploy significantly larger amounts of capital and assume greater project risk in support of strategic supply chains.

The Penco Module advanced steadily through the permitting process while continuing to differentiate itself through innovation and community engagement. During 2025, the project entered the final stage of environmental evaluation, bringing it closer to development readiness. The voluntary decision to renounce all local freshwater rights and operate using 100% recycled industrial water establishes the first fully recycled industrial water industrial project in the Biobío Region and reinforces Aclara's commitment to responsible resource development. Social performance at Penco was further recognized when Aclara received third place from the United Nations Global Compact Chile Network in the Human Rights category for its Local Suppliers Network, which has incorporated more than 300 regional suppliers, 95% of which are small and medium enterprises, with women-led businesses representing over 40% of participating companies.

International engagement during the year further underscored the growing global relevance of the Penco Module. This included a site visit by a European delegation of more than 50 participants, led by the European Union Ambassador and comprising 11 ambassadors and diplomatic representatives, as well as binational chambers, companies, and R&D centers from multiple European countries, who visited Penco to gain firsthand insight into Aclara's rare earths initiative.

In parallel, Aclara significantly strengthened its strategic positioning in the United States by advancing a deliberate downstream integration strategy focused on rare earth processing, including separation and metallization technologies. By anchoring its core processing capabilities in the U.S., Aclara is positioning itself to serve both domestic and global customers while aligning closely with U.S. industrial policy, critical minerals objectives, and supply chain security priorities.

Partnerships with Stanford University and Virginia Tech embedded advanced separation science, artificial intelligence, and process optimization into Aclara's development roadmap. As announced during the year, the collaboration with Virginia Tech is supporting the scale-up of next-generation separation technologies, with a separation pilot facility currently under construction at the Virginia Tech Corporate Research Center.

These efforts culminated in a defining strategic decision: the development of the first heavy rare earth separation facility in the United States supplied by two ionic clay sources from Chile and Brazil. This downstream separation platform, which we have formally named Project Dynamo, will be located in Louisiana and represents an investment of approximately US$277 million. Project Dynamo is designed to supply more than 75% of U.S. dysprosium and terbium demand for electric vehicles and has received strong support from the State of Louisiana, including an estimated US$46.4 million in incentives. The selection of

Louisiana resulted from a careful evaluation that included key factors like access to reagent supplies, permitting readiness, availability of experienced workforce and direct support from State and local authorities. Together with future metallization and alloys production, Project Dynamo completes the core of Aclara's U.S. downstream integration strategy.

Beyond Carina and Penco, Aclara continued to deepen its long-term growth pipeline by advancing multiple exploration targets across Chile and Brazil to secure additional ionic clay resources. These efforts are supported by the application of artificial intelligence to accelerate discovery and enhance targeting accuracy, leveraging Aclara's partnership with Stanford University and the Mineral-X initiative.

Looking ahead to 2026: Accelerating toward production

As we enter 2026, Aclara moves into a year of coordinated execution across all elements of its vertically integrated mine-to-magnet strategy, with a clear emphasis on transitioning projects from validation to construction readiness.

In Brazil, Carina is expected to complete its feasibility study and environmental permitting in the first quarter of 2026, followed by early works and the start of construction activities in the second half of the year. These milestones will position Carina as the anchor supply source for Aclara's integrated platform.

In Chile, the Penco Module is projected to reach a critical inflection point with the anticipated receipt of its environmental permit, currently expected in the first quarter of 2026. This would be followed by completion of the feasibility study in the third quarter, alongside continued advancement of detailed engineering and construction planning.

In the United States, execution will focus on validating and scaling downstream processing capabilities. The rare earth separation pilot facility at Virginia Tech, which underpins Project Dynamo, is expected to be fully operational in the first quarter of 2026, enabling the demonstration of Aclara's separation technology and supporting the completion of basic engineering by mid-year. In parallel, the metallization project is expected to advance through a Pre-Feasibility Study in the first quarter, pilot plant commissioning in the second quarter, and completion of the Feasibility Study by year-end.

By the end of 2026, Aclara expects to have completed the full development phase across its upstream, separation, and metallization projects, positioning the Company to commence construction at the end of 2026, subject to financing, and achieve commercial production by 2028. This milestone will mark the transformation of Aclara into the first vertically integrated heavy rare earth producer outside China with a secured ionic clay feed.

We thank you for your continued confidence and support and look forward to a new transformational year.

Sincerely,

Ramon Barua
Chief Executive Officer"

About Aclara

Aclara Resources Inc. (TSX: ARA), a Toronto Stock Exchange listed company, is focused on building a vertically integrated supply chain for rare earths alloys used in permanent magnets. This strategy is supported by Aclara's development of rare earth mineral resources hosted in ionic clay deposits, which contain high concentrations of the scarce heavy rare earths, providing the Company with a long-term, reliable source of these critical materials. The Company's rare earth mineral resource development projects include the Carina Project in the State of Goiás, Brazil as its flagship project and the Penco Module in the Biobío Region of Chile. Both projects feature Aclara's patented technology named Circular Mineral Harvesting, which offers a sustainable and energy-efficient extraction process for rare earths from ionic clay deposits. The Circular Mineral Harvesting process has been designed to minimize the water consumption

and overall environmental impact through recycling and circular economy principles. Through its wholly-owned subsidiary, Aclara Technologies Inc., the Company is further enhancing its product value by developing a rare earths separation plant in the United States. This facility will process mixed rare earth carbonates sourced from Aclara's mineral resource projects, separating them into pure individual rare earth oxides. Additionally, Aclara through a joint venture with CAP, is advancing its alloy-making capabilities to convert these refined oxides into the alloys needed for fabricating permanent magnets. This joint venture leverages CAP's extensive expertise in metal refining and special ferro-alloyed steels. Beyond the Carina Project and the Penco Module, Aclara is committed to expanding its mineral resource portfolio by exploring greenfield opportunities and further developing projects within its existing concessions in Brazil, and Chile, aiming to increase future production of heavy rare earths.

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 the Company's long-term strategy to establish a vertically integrated heavy rare earth supply chain outside China; the development, permitting, construction, and timing of the Carina Project in Brazil and the Penco Module in Chile; the expected timing of feasibility studies, environmental approvals, early works, and construction activities; the anticipated completion and operation of pilot plants, including separation and metallization pilot facilities; the development, construction, location, cost, capacity, and performance of a heavy rare earth separation facility in the United States; the availability, amount, and impact of government incentives, financing arrangements, and strategic investments; the Company's ability to secure and integrate multiple ionic clay feed sources; anticipated production levels, demand coverage, pricing assumptions, and economic outcomes; the application and effectiveness of artificial intelligence and advanced technologies in exploration and processing; expectations regarding institutional and governmental support; anticipated timelines for achieving construction readiness, commercial production, and growth milestones, including the expectation of achieving commercial production by 2028; and plans relating to expenditures, investments, capital allocation, and the use of financial resources in the near and long term. 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 20, 2025, filed on the Company's SEDAR profile. Actual results and timing could differ materially from those projected 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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