
Letter to Shareholders

Energy Transition Minerals Ltd (**ASX: ETM**) (the **Company**) attaches a copy of a Letter to Shareholders from the Company's Chairperson, Sara Kelly, and Managing Director, Daniel Mamadou.

Released for and on behalf of the Board.

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28 March 2024

Dear ETM Shareholders

2023 Annual Report Lodgement and Shareholder Update

- **Update on the Kvanefjeld Rare Earths Project and the ongoing arbitration process.**
- **Recent developments in Greenland including appointment of an in-country advisor.**
- **Diversification strategy and new lithium assets in Spain and Canada.**
- **Recent corporate changes and cost savings.**
- **Enhanced shareholder engagement.**

With the recent lodgement of our 2023 Annual Report, we would like to take this opportunity to update you on important recent developments at Energy Transition Metals (“**ETM**” or “**the Company**”) ahead of our Annual General Meeting, which is scheduled to be held in late May.

The Board believes that, with its strong cash position of ~A\$16 million and ownership of one of the world’s premier rare earth element development assets, ETM represents a unique investment proposition in the junior resources sector on the ASX.

Accordingly, the Board has taken steps to protect and enhance our position, defend our rights in Greenland, preserve our strong balance sheet in the current challenging market environment, and improve the way we communicate with our shareholders and stakeholders.

Kvanefjeld Rare Earth Element Project

As outlined in the Annual Report, the Company has been actively working to protect, enhance and ultimately unlock the enormous inherent value of our flagship asset, the world-class Kvanefjeld Project in Greenland.

With a JORC compliant resources of over 1 billion tonnes, Kvanefjeld is one of the world's largest deposits of rare earth elements (REEs), crucial for the global energy transition, with the potential to fundamentally change the balance of the global REE market.

Given its strategic geopolitical significance as one of the world’s premier REE development assets, the ETM Board firmly believes that every avenue to advance Kvanefjeld to production must be explored. This involves acting both on the legal front by activating the dispute resolution mechanism embedded in the licence contract, as well as working in parallel with all stakeholders and strategic partners in order to find a negotiated path to development, whilst allaying and addressing the legitimate concerns of all parties.

In light of this, ETM took decisive action in July to protect shareholders’ interests by filing a statement of claim with the International Arbitration Court in Copenhagen against the Governments of Greenland and Denmark. Importantly, the cost of the arbitration is borne by the Company’s litigation funding partner, Burford Capital.

The Board believes that this arbitration process is a necessary and legitimate approach to the situation that confronts us in Greenland, with the potential either to lead to the reinstatement of our Exploitation Licence (allowing the project to move ahead) or to the Company receiving a substantial damages payout.

In Greenland, we are seeing political sentiment and community attitudes beginning to shift towards the Kvanefjeld Project, with acknowledgement of the enormous economic and social contribution its development could make to the advancement of the Greenlandic nation. In response, the Company has strengthened its local Community Advisory and Public Relations team to help draw attention to the positive case for developing this world-class critical minerals project.

Of particular note, the Company has recently taken an important step to strengthen our position and level of engagement in Greenland with the appointment of Svend Hardenberg as our new Greenland-based Strategic Advisor to the Board. Svend is a highly respected Greenlandic businessman and former politician, and the significance of his appointment cannot be understated. More information about this appointment can be found in our recent announcements here [ASX Announcements • Energy Transition Minerals \(etransmin.com\)](#).

The strategic significance of the Kvanefjeld Project has been further reinforced by the seismic shifts that are currently occurring in the critical minerals space globally as a result of the disruption to supply chains caused by geopolitical changes.

On a global legislative front, the enactment of the Critical Raw Materials Act by the EU and the Inflation Reduction Act (IRA) by the USA essentially represent the West's legislative response to address the current concentration of midstream and downstream REE processing capacity in China.

Portfolio Diversification

After taking on board feedback from shareholders and investors during the year, the Company acknowledged the importance of considering alternative strategies to grow by diversifying its portfolio while we await the outcome of the legal process at Kvanefjeld.

To that effect, the company has decided to establish itself locally both in Western Europe (Spain) as well as in North America (Canada). Both jurisdictions have a strong tradition of mining, supported by stable and attractive mining codes. By taking this barbell approach, the Company is establishing a strong platform from which it can grow as needed.

On the product front, the Company has added lithium as a metal to be targeted across the supply chain. Prioritizing lithium as an exploration target allows ETM to align with global energy transition trends, to capitalize on increasing market demand, and to position itself strategically for the growing demand for electric vehicles.

The increasing demand for lithium is expected to continue, if not accelerate, as governments around the world implement policies to encourage the adoption of electric vehicles. In light of this, ETM has secured exciting new lithium exploration assets at Villasrubias in Spain and in the James Bay region of Quebec, Canada. These assets are consistent with our long-term strategic focus on critical minerals for the global energy transition and, importantly, are located in Tier-1 jurisdictions offering certainty of title and proximity to infrastructure and key growth markets.

Cost-effective exploration programs are planned across both new assets in the course of 2024, with a follow-up drilling program currently underway in Spain. This should provide a source of news-flow and investor interest in complementary critical minerals assets over the coming months.

Cost Savings

In response to challenging market conditions and the Company's reshaped strategic focus, ETM implemented several significant corporate and administrative cost savings during the year, reducing the cost base of the business with additional cost savings under review.

This has included a significant reduction in personnel and enabled the closure of our head office in Perth.

These changes were designed to ensure that the Company's personnel and financial resources are focused on preserving our strong balance sheet, creating shareholder value by acquiring new growth opportunities in the battery materials sector and progressing exploration and discovery opportunities within our current portfolio.

Shareholder Engagement

After listening to feedback from investors and stakeholders, the Company has implemented initiatives to improve shareholder communications and engagement.

Some of these initiatives include:

- More frequent direct shareholder communications.
- Engagement of the Investor Hub platform to improve transparency and engagement with all investors.
- Regular ASX announcements to update shareholders on progress with all of our key assets.
- Engagement of expert advisors to assist us with all aspects of shareholder engagement.
- A broadening of our social media channels to provide regular information on the Company's progress.
- Participation in selected investor conferences and forums (both virtual and in-person) to promote the ETM investment proposition.

Conclusion

In conclusion, we warmly thank our shareholders for their continued support.

ETM is in a unique position in the junior resource sector, and we will continue to work hard to strengthen our position and crystallise the significant value of our assets.

We look forward to meeting you at the upcoming AGM.

Yours faithfully,



Sara Kelly (Chair)



Daniel Mamadou (Managing Director)