INDEX METHODOLOGY

NASDAQ SPROTT RARE EARTHS EX-CHINA™ INDEX

NSREXC™

INDEX DESCRIPTION

The Nasdaq Sprott Rare Earths Ex-China Index is designed to track the performance of a selection of securities in the rare earth industry. Rare earth elements are a group of chemical elements in the periodic table that are known for their unique magnetic, luminescent, and electrochemical properties. They are widely applied in various high-tech devices, energy technologies, and industrial applications such as electronics, magnets, batteries, and lighting.

SECURITY ELIGIBILITY CRITERIA

To qualify for index inclusion, securities must meet the following Security Eligibility Criteria, which are applied as of the Reconstitution reference date.

Security types

A security must be classified as a common stock or depositary receipt.

A security must not be classified as a China A-Share, B-Share, H-Share, N-Share, Red Chip, P Chip, or S Chip.[1]

[1] Nasdaq screens for these security types as follows: A-Shares are securities that trade on the Shanghai or Shenzhen Exchanges and are denominated in local currencies. B-Shares are securities that trade on the Shanghai or Shenzhen Exchanges but are denominated in foreign currencies. H-Shares, Red Chips, P Chips, S Chips, and N-Shares are securities that trade on the Hong Kong Exchange (H-Shares, Red Chips, P Chips), Singapore Exchange (S Chips), NYSE (N-Shares), or Nasdaq – All Markets (N-Shares) and derive the majority of their company revenues from mainland China or the company's operations are considered to be at risk of being affected by changes in the business environment of China. In addition, there is a screen provided by Sprott for the purposes of classifying these security types.

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Multiple securities per issuer

One security per issuer is permitted. If an issuer has multiple otherwise-eligible securities, one of which is an Index Security as of the Reconstitution Reference Date, only that Index Security may be eligible; otherwise, only the security with the highest three-month average daily value traded (ADVT) may be eligible.

Listing Exchanges

Publicly listed securities, with the exception of those listed on the Shanghai or Shenzhen stock exchanges, are eligible for index inclusion.

Geographies

A security's issuer must not be domiciled or incorporated in China (excluding Hong Kong and Taiwan).

Industries and sectors

A security's issuer must be classified by Sprott as a Rare Earths company.

Additionally, a security's issuer must have a Rare Earth Intensity Score of at least 25%; i.e., at least 25% of its revenues should be attributable to the aforementioned strategy of this Index.

Market capitalization

A security not in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least $30 million (USD).

A security in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least $25 million (USD).

Seasoning

To be eligible for initial index inclusion, a security must have been listed and available for trading on an eligible exchange for at least three full calendar months, not including the month of initial listing. For seasoning purposes, eligible exchanges include those not named as ineligible under Listing Exchanges in the Security Eligibility Criteria. The seasoning eligibility is determined as of the Reconstitution Reference Date and includes that month.

For example, to be considered for inclusion at the June Reconstitution, a security must have been listed and available for trading on an eligible exchange no later than the last trading day of February, with seasoning occurring over the months March, April, and May.

Any security that is already a member of the Index, including those added as the result of a spin-off event, will be exempt from the seasoning requirement.

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Liquidity

A security must have a three-month average daily value traded of at least $20,000 (USD).

Other eligibility criteria

If, at reconstitution, Nasdaq becomes aware that an issuer or security will soon undergo a fundamental change that makes it ineligible, Nasdaq will remove the security from consideration. This includes entering into a definitive merger or acquisition agreement or other pending arrangement that would make it ineligible for Index inclusion, or a filing of bankruptcy or similar protection from creditors, or other events as described in Section 3 of **Corporate Actions and Events Manual – Equities**.

CONSTITUENT SELECTION

Every security that meets all applicable Security Eligibility Criteria is included in the Index.

CONSTITUENT WEIGHTING

Constituent weighting scheme

The Index is a modified free-float market capitalization-weighted index.

Constituent weighting process

Initial Index Security weights are determined using the process detailed below:

1. Securities that pass all applicable Security Eligibility Criteria are grouped into two categories based on their Rare Earth Intensity Score. Securities with a Rare Earth Intensity Score of at least 50% are considered “Group 1,” and securities with a Rare Earth Intensity Score greater than or equal to 25% and less than 50% are considered “Group 2.”
2. A modified free-float market capitalization is calculated as follows:
    a. For securities in Group 1, free float market cap (unadjusted) is used.
    b. For securities in Group 2, a Theme-Adjusted Free Float Market Capitalization is calculated by multiplying a security’s free float market capitalization by its Rare Earth Intensity Score.

Each Index Security’s initial weight is determined by dividing its modified free float market cap (as determined in Step 2) by the aggregate modified free float market cap of all Index Securities.

Initial weights are then adjusted in the following order:

3. Group 2 securities are subject to the following caps:
    a. Maximum aggregated weight is 15%. Excess weight is redistributed to Group 1.

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b. Maximum single security weight is 4.75%. Excess weight is redistributed within Group 2.

4. Group 1 securities are subject to the following caps (excess weight is redistributed within Group 1):

   a. Maximum single security weight is 20%.

   b. Group 1 securities with weight of more than 5% are then aggregated, and if this subset exceeds 49% of the Index weight, the smallest weights within this subset are capped at 4.75% until the subset no longer makes up more than 49% of the Index weight.

   c. Group 1 securities with weights of 5% or less, prior to the weight aggregation process as described in the step b, cannot have a weight above 4.75%.

The final index weight constraints are the following:

- No security weight may exceed 20%
- The aggregate weight of all securities with a weight greater than 5% may not exceed 49%.

For additional information about index weighting, see **Nasdaq Index Weight Calculations**.

INDEX CALENDAR

Reconstitution & Rebalancing schedule

Reconstitution Frequency	Semi-annually
Rebalance Frequency	Quarterly
Reconstitution Reference Dates	Last trading day of May and November
Reconstitution Announcement Dates	After the close on the sixth trading day prior to the Reconstitution effective date
Reconstitution Effective Dates	At market open on the first trading day following the third Friday of June and December
Rebalance Reference Dates	Last trading day of February, May, August, and November
Rebalance Announcement Dates	After the close on the sixth trading day prior to the Rebalance effective date
Rebalance Effective Dates	At market open on the first trading day following the third Friday in March, June, September, and December

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Holiday schedules

The Index is calculated Monday through Friday and does not close for holidays.

Index calculation and dissemination schedule

The Index Value is calculated five (5) days a week, Monday through Friday, once per second from the start of the trading day in Tokyo (09:00:01 Japan Standard Time) until the close of the trading day in New York (17:16:00 Eastern Time).

INDEX MAINTENANCE

Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq determines that an Index Security has or will undergo a fundamental alteration that would make it ineligible for Index inclusion, the Index Security is removed as soon as practicable. Such alterations may include a merger, acquisition or other major corporate event that would otherwise adversely affect the integrity of the Index. Refer to the **Corporate Actions and Events Manual – Equities** for further information.

Corporate actions

In the periods between scheduled index reconstitution and rebalancing events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. The specific treatment of each type of corporate action or event is described in the **Nasdaq Corporate Actions and Events Manual – Equities**, which is incorporated herein by reference.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the “Non-Market Cap Corporate Action Method.”

Replacement policy

Index securities deleted at any time during the year other than the Index Reconstitution(s) are not replaced.

Index share adjustments

Other than as a direct result of corporate actions, the Index does not normally experience share adjustments between scheduled Index rebalance and reconstitution events.

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ADDITIONAL INFORMATION

Announcements

Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at http://indexes.nasdaqomx.com.

For more information on the general Index Announcement procedures, please refer to the **Nasdaq Index Methodology Guide**.

Unexpected market closures

For information on Unexpected Market Closures, please refer to the **Nasdaq Index Methodology Guide**.

Calculation types

For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), please refer to the **Nasdaq Index Policies & Procedures: Calculation Manual – Equities & Commodities**.

Recalculation and restatement policy

For information on the Recalculation and Restatement Policy, please refer to the **Nasdaq Index Recalculation Policy**.

Data sources

For information on data sources and the classification of dividends and associated tax rates, please refer to the **Nasdaq Index Methodology Guide**.

Contact information

For any questions regarding an Index, please contact the Nasdaq Index Client Services team at indexservices@nasdaq.com.

Index dissemination

Index values and weightings information are available through Nasdaq Global Index Watch (GIW) website at https://indexes.nasdaqomx.com/ as well as the Nasdaq Global Index FlexFile Delivery Service (GIFFD) and Global Index Dissemination Services (GIDS). Similar to the GIDS offerings, Genium Consolidated Feed (GCF) provides real-time Index values and weightings for the Nordic Indexes.

For more detailed information regarding Index Dissemination, see the **Nasdaq Index Methodology Guide**.

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Website

For further information, please refer to Nasdaq GIW website at https://indexes.nasdaqomx.com/.

FTP and dissemination service

Index values and weightings are available via FTP on the Nasdaq Global Indexes FlexFile Delivery Service (GIFFD). Index values are available via Nasdaq's Global Index Dissemination Services (GIDS).

GOVERNANCE

All Nasdaq Indexes are managed by the governance committee structure and have transparent governance, oversight, and accountability procedures for the index determination process. For further details on the Index Methodology and Governance overlay, refer to the **Nasdaq Index Methodology Guide.**

GLOSSARY OF TERMS AS USED IN THIS DOCUMENT

For the glossary of key terms, refer to the **Nasdaq Index Methodology Guide.**

DISCLAIMER

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. Nasdaq may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Nasdaq does not guarantee that any Index accurately reflects future market performance.

Neither Nasdaq, Inc., its third-party providers, nor any of their respective affiliates (collectively "Corporations") make any recommendation to buy or sell any security or any representation about the financial condition of any company. Investors should undertake their own due diligence and carefully evaluate companies before investing. The information contained herein is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. **ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED**.

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