ACG Acquisition Corporation

Presents

ACG Electric Metals

ACG → GLENCORE → STELLANTIS / VW / PowerCo

+

la mancha RESOURCE CAPITAL

Prospectus

June 30, 2023

ACG

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document (as defined below) or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 ("FSMA").

This document (the "**Document**") constitutes a prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 as it forms part of United Kingdom (the "**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**") relating to ACG Acquisition Company Limited (the "**Company**") prepared in accordance with the prospectus regulation rules (the "**Prospectus Regulation Rules**") of the UK Financial Conduct Authority (the "**FCA**") made under section 73A of FSMA. This Document has been approved by the FCA as competent authority under the UK Prospectus Regulation. The FCA only approves the Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the company that is, or the quality of the securities that are, the subject of the Document. Investors should make their own assessment as to the suitability of investing in the class A ordinary shares of the Company (the **"Class A Ordinary Shares**") and in its redeemable public warrants.

In accordance with the listing rules published by the FCA under section 73A of FSMA as amended from time to time (the "**Listing Rules**"), as the proposed acquisition (the "**Acquisition**") from certain entities (the "**Sellers**") controlled and/or managed by Appian Capital Advisory LLP ("**Appian Capital**") of (i) a 100% interest in Mirabela Participações S.A. ("**Mirabela**"), which holds a 100% interest in Atlantic Nickel Mineração Ltda. ("**Atlantic Nickel**"), which in turn operates the Santa Rita mine, (ii) a 100% interest in Serrote Participações S.A. ("**Serrote**"), which holds a 100% interest in Mineração Vale Verde do Brasil Ltda. ("**MVV**", and together with Mirabela, Atlantic Nickel and Serrote, the "**Mining Entities**"), which in turn operates the Serrote mine (the Santa Rita mine and the Serrote mine together, the "**Mines**"), (iii) 100% interests in AMH (Jersey) Limited and AMH 2 (Jersey) Limited (the "**Jersey Entities**" and, together with the Mining Entities, the "**Target Entities**"), which are parties to certain intragroup royalties and shareholder loans, and (iv) the following shareholder loans granted from members of the Appian Capital group to the Target Entities: (a) a shareholder loan granted from Appian Natural Resources Fund II LP to AMH 2; and (b) a shareholder loan granted from ANRH Cooperatief U.A. (the "**Guarantor**") to MVV, is classified as a Reverse Takeover under the Listing Rules, upon completion of the Acquisition on or about 4 August 2023, it is expected that the FCA will cancel the listing of all the issued Class A Ordinary Shares (the "**Existing Class A Shares**") and Warrants.

Applications will be made to the FCA for all of the Warrants and all of the issued and to be issued Class A Ordinary Shares in the Company (being the Existing Class A Shares and the New Shares, and together, the "**Enlarged Ordinary Share Capital**") to be admitted or re-admitted (as applicable) to the Standard Segment of the Official List of the FCA (the "**Official List**") (by way of a standard listing under Chapter 14 of the Listing Rules) and to the London Stock Exchange plc (the "**LSE**") for such Warrants and Enlarged Ordinary Share Capital to be admitted to trading on the LSE's Main Market. It is expected that admission of the Warrants and Enlarged Ordinary Share Capital will become effective, and that unconditional dealings in the Warrants and Enlarged Ordinary Share Capital will commence, at 8.00 a.m. on 4 August 2023 (the "**Re-Admission**"). A separate application will be made to the FCA in due course for the Class A Ordinary Shares issued or issuable upon the exercise or conversion of the Private Placement Warrants, the Sponsor Warrants or the Sponsor Loan Warrants (each as defined herein) to be admitted to the Standard Segment of the Official List and to the LSE for such Class A Ordinary Shares to be admitted to trading on the LSE's Main Market.

Upon Re-Admission, there will be up to 64,225,000 Class A Ordinary Shares in issue, excluding Employee Shares (as defined below), comprising: (i) up to 12,500,000 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document), (ii) 0 Class A Ordinary Shares to be issued pursuant to the terms of any PIPE subscription agreements entered into by the Company (the "**PIPE Shares**"), (iii) up to 30,000,000 Class A Ordinary Shares, in aggregate, to be issued pursuant to the terms of three anchor investment agreements entered into by the Company with each of Stellantis N.V. ("**Stellantis**"), LMH Explorers S.à r.l. ("**La Mancha**"), and Glencore International AG ("**Glencore**") (the "**Anchor Subscription Shares**"), (iv) up to 1,000,000 Class A Ordinary Shares to be issued (at the Company's sole discretion) in repayment of certain sponsor loans (the "**Sponsor Loan Shares**"); (v) 3,125,000 Class A Ordinary Shares, in aggregate, to be issued upon conversion of the Company's existing Class B shares into Class A Ordinary Shares (the "**Converted Shares**") and (vi) up to 30,100,000 Class A Ordinary Shares, in aggregate, comprising any Class A Ordinary Shares to be issued in an offering to certain institutional investors following the date of this Document (the "**Placing Shares**") and in an offering to retail investors in the United Kingdom (the "**Retail Shares**"). Upon Re-Admission the Company will issue 13,000 Class A Ordinary Shares, in aggregate, of no par value, pursuant to the terms of certain investment agreements entered into by the Company and certain senior employees of the Enlarged Group (the "**Employee Shares**"). In this Document, the PIPE Shares, the Anchor Subscription Shares, the Sponsor Loan Shares, the Converted Shares, the Placing Shares, the Retail Shares and the Employee Shares shall be referred to collectively as the "**New Shares**". As

such, upon Re-Admission the Enlarged Ordinary Share Capital of the Company will be 64,238,000. There will also be 6,250,000 Warrants in issue comprising 6,250,000 Warrants that exist as at the date of this Document.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE WARRANTS AND CLASS A ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 16 OF THIS DOCUMENT.

The Directors, whose names appear on page 73, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company, the information contained in this Document is in accordance with the facts and the Document makes no omission likely to affect its import.

ACG ACQUISITION COMPANY LIMITED

(incorporated in the British Virgin Islands (the "BVI") in accordance with the laws of the British Virgin Islands, with number 2067083)

Acquisition of (i) a 100% interest in Mirabela Participações S.A., which holds a 100% interest in Atlantic Nickel Mineração Ltda., which in turn operates the Santa Rita mine (ii) a 100% interest in Serrote Participações S.A., which holds a 100% interest in Mineração Vale Verde do Brasil Ltda., which in turn operates the Serrote mine and (iii) 100% interests in AMH (Jersey) Limited and AMH 2 (Jersey) Limited, which are parties to certain intragroup loans and royalties.

Placing of up to 30,100,000 Class A Ordinary Shares at $10 per Class A Ordinary Share and Admission or Re-Admission of Enlarged Ordinary Share Capital and 6,250,000 Warrants to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the LSE's main market for listed securities.

BMO Capital Markets Limited	**Citigroup Global Markets Limited**	**RBC Capital Markets**
Joint Bookrunner and Placement Agent	*Joint Bookrunner and Placement Agent* ***& Financial Adviser to the Target Entities***	*Joint Bookrunner and Placement Agent*

The date of this Document is 30 June 2023

BMO Capital Markets Limited ("**BMO**"), Citigroup Global Markets Limited ("**Citigroup**") and RBC Europe Limited ("**RBC**") (together, the "**Placement Agents**" in respect of the PIPE (as defined below) and the "**Joint Bookrunners"** in respect of the Placing (as defined below)), have been appointed by the Company in relation to the (i) private placement of PIPE Shares to certain investors pursuant to the PIPE subscription agreements (the "**PIPE**") and (ii) the placing of Class A Ordinary Shares to certain institutional investors following the date of this Document (the "**Placing**"). Citigroup and RBC, which are authorised and regulated in the United Kingdom by the Prudential Regulation Authority and are regulated by the FCA, and BMO which is authorised and regulated by the FCA, are acting exclusively for the Company and no one else in relation to the PIPE and the Placing (save for Citigroup which is also acting as financial advisor to the Target Entities in connection with the Acquisition). The Placement Agents and Joint Bookrunners will not regard any other person (whether or not a recipient of this Document) as their client in relation to the PIPE and the Placing and will not be responsible to anyone (other than the Company in respect of the PIPE and the Placing) for protections afforded to the clients of the Placement Agents and Joint Bookrunners for providing any advice in relation to the PIPE and Placing, the contents of this Document or any transaction or arrangement referred to herein. No liability whatsoever is accepted by the Placement Agents and Joint Bookrunners, or the Sellers, for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which they are not responsible. However, nothing in this paragraph excludes or limits any responsibility which the Placement Agents and Joint Bookrunners may have under the FSMA or the regulatory regime established thereunder, or which, by law or regulation cannot otherwise be limited or excluded.

Alongside the Placing, the Company is also undertaking an offer of Class A Ordinary Shares to retail investors resident and physically located in the United Kingdom (the "**Retail Offer**" and, together with the Placing, the "**Global Placing**") through PrimaryBid's online platform, mobile app and network of retail brokers, wealth managers and investment platforms. The number of Class A Ordinary Shares issued in the Global Placing will not exceed 30,100,000. Retail investors resident in the UK who wish to participate in the Retail Offer can do so by applying through PrimaryBid Limited ("**PrimaryBid**") at www.primarybid.com or the PrimaryBid app (available on the UK Apple App Store and Google Play Store). Retail investors resident in the UK who are existing retail customers of financial intermediaries authorised by the FCA or the Prudential Regulatory Authority in the United Kingdom (each, an "**Intermediary**" and, together, the "**Intermediaries**"), and who wish to hold any shares of Class A Ordinary Share which may be allotted to them in an Individual Savings Account ("**ISA**"), Self-Invested Personal Pension ("**SIPP**") or General Investment Account ("G**IA**") may be able to request their Intermediary to submit an application on their behalf. See "Part XI—*The Placing, Retail Offer, Re-Admission and Dilution—Details of the Retail Offer——Participation, allocation and pricing*" herein.

None of the Joint Bookrunners and the Placement Agents is acting in any capacity, or makes any representation or warranty, express or implied, in connection with the Retail Offer and accordingly none of the Joint Bookrunners and the Placement Agents accepts any responsibility or liability whatsoever in respect of the Retail Offer or the contents of any statement made or purported to be made by it, or on its behalf, in connection with the Retail Offer. Nothing in this prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Save for the responsibilities, if any, which may be imposed under the regulatory regime of any jurisdiction where exclusion of liability would be illegal, void or unenforceable, each of the Joint Bookrunners and the Placement Agents accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of the Retail Offer.

A copy of this document is available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction (as defined below), at the Company's website (acgcorp.co). Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this Document.

The Class A Ordinary Shares comprising the Enlarged Ordinary Share Capital will rank *pari passu* in all respects with all Class A Ordinary Shares in issue on Re-Admission, including the right to receive dividends and other distributions declared following Re-Admission.

The Retail Shares will be issued free of all liens, charges and encumbrances and will, when issued, be fully paid and rank *pari passu* in all respects with the Company's Existing Class A Shares and the Placing Shares.

Withdrawals from the Retail Offer

In the event that the Company is required to publish a supplementary prospectus, applicants who have applied to subscribe for shares of Class A Ordinary Shares in the Retail Offer will have at least two business days commencing on the first business day after the date of the publication of the supplementary prospectus within which to withdraw their offer to subscribe for shares of Class A Ordinary Shares in the Retail Offer.

If the application is not withdrawn within the stipulated period, any offer to apply for Class A Ordinary Shares in the Retail Offer will remain valid and binding. Details of how to withdraw an application will be made available if a

supplementary prospectus or a relevant announcement is published. In such circumstances, prospective investors who have submitted an application to apply for Class A Ordinary Shares in the Retail Offer and Intermediaries who have done so on behalf of prospective investors will receive an email from PrimaryBid notifying them of the fact that the supplementary prospectus has been published and where such supplementary prospectus can be accessed and informing them of how they can withdraw their application. The email will also set out the period during which applicants may withdraw their application. Notice of withdrawal of an application given by any other means or which is submitted to PrimaryBid after the expiry of such period will not constitute a valid withdrawal and any such application to apply for Class A Ordinary Shares in the Retail Offer will remain valid and binding.

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, the Warrants and Class A Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Warrants, the Class A Ordinary Shares and the New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Warrants, the Class A Ordinary Shares and the New Shares may not be offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction (each, a "**Restricted Jurisdiction**").

Notice to prospective investors in the United States

The New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the New Shares in the United States. The New Shares are being offered or sold outside the United States in "offshore transactions" in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S under the Securities Act. Any sale of New Shares in the United States may only be made to persons reasonably believed to be "qualified institutional buyers" (as the term is defined in Rule 144A under the Securities Act) in reliance on an exemption from registration provided by section 4(a)(2) under the Securities Act and/or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Warrants are only capable of being exercised, by persons who represent, amongst other things, that they are (i) Qualified Institutional Buyers ("**QIBs**") or (ii) outside the United States, and are acquiring Class A Ordinary Shares upon exercise of the Warrants in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Company has not been and will not be registered under the Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**") and investors will not be entitled to the benefits of the U.S. Investment Company Act. The New Shares are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under applicable securities laws and regulations, including the Securities Act, and under the Articles. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and may subject the holder to the forced transfer and other provisions set out in the Articles.

The distribution of this Document into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Class A Ordinary Shares, including the New Shares, and Warrants have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Placing or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

Applications will be made for the Enlarged Ordinary Share Capital and the Warrants to be admitted or re-admitted (as applicable) to a Standard Listing on the Official List. A Standard Listing will afford investors a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules. It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated

herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

Information to Distributors

Solely for the purposes of the product governance requirements contained within (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; (c) local implementing measures (the "**EEA Product Governance Requirements**") and (d) of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**" and together with the EEA Product Governance Requirements, the "**Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that such New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Re-Admission. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Placement Agents and Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

CONTENTS

SUMMARY 9
RISK FACTORS 16
CONSEQUENCES OF A STANDARD LISTING 52
IMPORTANT INFORMATION 53
EXPECTED TIMETABLE OF PRINCIPAL EVENTS 70
PLACING AND RE-ADMISSION STATISTICS 71
DEALING CODES 72
DIRECTORS, AGENTS AND ADVISERS 73
PART I THE ACQUISITION 76
PART II TERMS OF THE ACQUISITION AGREEMENT 82
PART III INFORMATION ON THE ENLARGED GROUP'S BUSINESS 89
PART IV REGULATION IN BRAZIL 143
PART V SELECTED HISTORICAL FINANCIAL INFORMATION 154
SECTION A: THE COMPANY 154
SECTION B: THE MINING ENTITIES 155
SECTION C: AMH (JERSEY) LIMITED 157
SECTION D: AMH 2 (JERSEY) LIMITED 160
PART VI CAPITALISATION AND INDEBTEDNESS OF THE COMPANY 164
PART VII CAPITALISATION AND INDEBTEDNESS OF THE MINING ENTITIES 166
PART VIII OPERATING AND FINANCIAL REVIEW OF THE MINING ENTITIES 168
PART IX PRO FORMA FINANCIAL INFORMATION 197
SECTION A: REASONABLE ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION 197
SECTION B: UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP 201
PART X THE COMPANY, ITS BOARD AND CORPORATE GOVERNANCE 220
PART XI THE PLACING, RETAIL OFFER, RE-ADMISSION AND DILUTION 240
PART XII TAXATION 259
PART XIII SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES AND ACCOUNTING POLICIES 267
PART XIV TERMS & CONDITIONS OF THE WARRANTS 275
PART XV ADDITIONAL INFORMATION 284
PART XVI NOTICES TO INVESTORS 320
PART XVII COMPETENT PERSONS REPORTS 327
SECTION A: SANTA RITA MINE 327
SECTION B: SERROTE MINE 328
PART XVIII DEFINITIONS 329
APPENDIX I – HISTORICAL FINANCIAL INFORMATION OF THE COMPANY ..... A-I
APPENDIX II - HISTORICAL FINANCIAL INFORMATION OF THE MINING ENTITIES ..... A-II
APPENDIX III - HISTORICAL FINANCIAL INFORMATION OF AMH (JERSEY) LIMITED ..... A-III

APPENDIX IV - HISTORICAL FINANCIAL INFORMATION OF AMH 2 (JERSEY) LIMITED .....A-IV

SUMMARY

SECTION A – INTRODUCTION AND WARNINGS

The Company's registered office is Craigmuir Chambers, PO Box 71, Road Town, Tortola, British Virgin Islands and its legal entity identifier ("**LEI**") is 549300NXL2KSHKJXTU29. The competent authority approving this Document is the FCA (Company number 01920623) who can be contacted at FCA Head Office, 12 Endeavour Square, London E20 1JN. The FCA approved this Document on 30 June 2023. The New Shares will be registered with ISIN number VGG0056A1030 and SEDOL number BKZ72R6. This summary should be read as an introduction to this Document. Any decision to invest in the Enlarged Ordinary Share Capital and the Warrants should be based on consideration of this Document as a whole, by the investor. The investor could lose all or part of the invested capital as a result of investing in the Class A Ordinary Shares or Warrants. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Document, or it does not provide, when read together with the other parts of this Document, key information to aid investors when considering whether to invest in such Class A Ordinary Shares or Warrants.

SECTION B – KEY INFORMATION ON THE ISSUER

Who is the Issuer of the Securities?

Domicile and legal form: The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the laws of the British Virgin Islands and under the BVI Business Companies Act 2004, as amended (the "**BVI Companies Act**"), with number 2067083. Its LEI number is 549300NXL2KSHKJXTU29.

Principal Activities of the Issuer: The Company, a special purpose acquisition company, was formed to undertake an acquisition of a target company or business and adopted an acquisition strategy focusing on the metals and mining sector globally (excluding Russia), with a particular focus on emerging markets. The Company raised US$125,000,000 before expenses and commissions through an offering (the "**IPO**") of 12,500,000 Class A Ordinary Shares together with 6,250,000 Warrants (on the basis of ½ of a Warrant per Class A Ordinary Share), and was admitted to listing on the standard segment of the Official List by way of a Standard Listing under Chapters 14 and 20 of the FCA's listing rules, with trading in the Existing Class A Shares and Warrants becoming effective on the LSE's Main Market on 12 October 2022. On 12 June 2023, the Company, the Sellers and the Guarantor entered into the acquisition agreement (the "**Acquisition Agreement**"). Pursuant to the Acquisition Agreement, the Company agreed, subject to certain conditions, to acquire (i) a 100% interest in Mirabela Participações S.A. ("**Mirabela**"), which holds a 100% interest in Atlantic Nickel Mineração Ltda. ("**Atlantic Nickel**"), which in turn operates the Santa Rita mine, (ii) a 100% interest in Serrote Participações S.A. ("**Serrote**"), which holds a 100% interest in Mineração Vale Verde do Brasil Ltda. ("**MVV**", and together with Mirabela, Atlantic Nickel and Serrote, the "**Mining Entities**"), which in turn operates the Serrote mine (the Santa Rita mine and the Serrote mine together, the "**Mines**"), (iii) 100% interests in AMH (Jersey) Limited and AMH 2 (Jersey) Limited (the "**Jersey Entities**" and, together with the Mining Entities, the "**Target Entities**"), which are parties to certain intragroup royalties and shareholder loans, and (iv) the following shareholder loans granted from members of the Appian Capital group to the Target Entities: (a) a shareholder loan granted from Appian Natural Resources Fund II LP to AMH 2; and (b) a shareholder loan granted from the Guarantor to MVV. The following table summarises the sources and uses for funding the Acquisition (assuming redemptions at the 20% or 80% level for purposes of illustration):

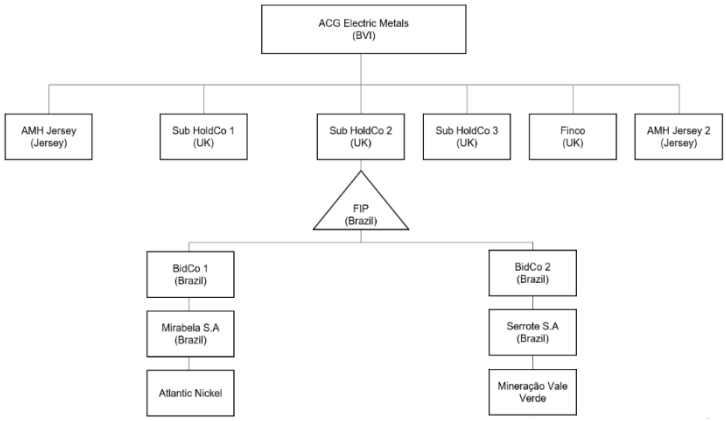
Cash Sources (US$m)			**Cash Uses (US$m)**	
Redemption %	**20**	**80**		
Senior debt finance	225	225	Purchase price payable at Acquisition Date	907
Royalty finance	250	250	Elimination of Appian Capital's Serrote royalty	65
PowerCo Prepayment	100	100	Estimated repayment of MVV senior lenders and promissory note	125
Anchor Investors (Glencore, Stellantis, La Mancha)	300	300	Funding of reserve account and estimated transaction costs[(1)]	80
Placing Investors	201	276		
Escrow Account	100	25		
Total sources	**1,176**	**1,176**	**Total uses**	**1,176**

(1) In addition to the funding of a debt service reserve account of $20 million and estimated transaction costs of $60 million to be funded from raised proceeds, the Company intends to fund estimated further transaction costs as follows: (i) $5 million from cash on the Target Entities' balance sheet at the Acquisition Date; and (ii) up to $15 million from the Credit Facility (as defined herein). In aggregate, these transaction costs relate primarily to fees payable to providers of debt and equity funding and transaction advisors.

The Acquisition, if completed, will constitute a reverse takeover under the Listing Rules since, inter alia, in substance it will result in a fundamental change in the business of the Company. Therefore, it is expected that the FCA will cancel the listing of the Existing Class A Shares and Warrants upon completion of the Acquisition. As of the date of this Document, the Company continues to comply with the guidance set out in LR 5.6.18AG on a modified basis as to the rebuttable presumption that

suspension of listing is not required upon an acquisition announcement. The Company will apply for the Enlarged Ordinary Share Capital and the Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE's Main Market following the publication of this Document. The Acquisition, if completed, will result in the Company becoming an operating company instead of a special purpose acquisition company. The Acquisition was approved by the Board on 5 June 2023. The Acquisition is expected to complete on or about 4 August 2023, which is also the date of anticipated Re-Admission.

Corporate Structure on Re-Admission: Subject to the completion of the Acquisition and Re-Admission, the Company will be the parent company of the Target Entities and together, following completion of the Acquisition, the Company and the Target Entities will constitute a new group (the "**Enlarged Group**") indicatively structured as follows:



Major Shareholders: The following are expected to hold more than 5% of the voting rights in the Company (assuming no exercise of any Warrants, Sponsor Warrants, Sponsor Loan Warrants or Private Placement Warrants and no issuance to Appian under the Backstop Subscription Agreement) (all terms as defined below):

Shareholder	*Subscription Undertaking (number of Class A Ordinary Shares on Re-Admission)*	*Percentage of issued Enlarged Ordinary Share Capital on Re-Admission*	*Percentage of Total Voting Rights[1]*
Glencore	10,000,000	15.6%	15.6%
La Mancha	10,000,000	15.6%	15.6%
Stellantis	10,000,000	15.6%	15.6%

1. Includes any holdings of class B shares in the Company (the "**Class B Shares**") to be converted into Class A Ordinary Shares upon completion of the Acquisition, assuming that these are subscribed for in full.

Such persons will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public. As a result of the completion of the Acquisition and Re-Admission, upon Re-Admission, the Co-Sponsors (as defined below) will hold the following voting rights in the Enlarged Group:

Shareholder	*Percentage of issued Enlarged Ordinary Share Capital on Re-Admission[1]*	*Percentage of Total Voting Rights[2]*
ACG Sponsor	1.1%	1.1%
De Heerd Sponsor	2.7%	2.7%
ACP Sponsor	2.7%	2.7%

1. Includes any holdings resulting from the conversion of Class B Shares into Class A Ordinary Shares upon completion of the Acquisition and receipt of Sponsor Loan Shares.
2. Includes any holdings of Class B Shares, assuming that these are subscribed for in full and that Class B Shares have been allocated from the incentive pool (see, "*The Company, Its Board and Corporate Governance—Existing Incentive Arrangements*").

The Company, the Directors and the Co-Sponsors (as defined below) are not aware of any persons, who, as at 29 June 2023 (being the latest practicable date prior to publication of this Document), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or the Enlarged Group nor are they aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company or the Enlarged Group.

Directors and Senior Officers: The Company's Directors at the date of this Document are: (i) Artem Volynets (Chief Executive Officer), (ii) Peter Whelan (Independent Non-Executive Chairman), (iii) Warren Gilman (Independent Non-Executive Director), (iv) Hendrik Johannes Faul (Independent Non-Executive Director) and (v) Mark Cutis (Independent Non-

Executive Director). On Re-Admission, the following director nominees (the "**Director Nominees**") will also be appointed: (i) Carole Whittall (Chief Financial Officer), (ii) Fiona Paulus (Independent Non-Executive Director) and (iii) Vincent Benoit (La Mancha Representative). The Company is sponsored jointly by ACG Mining Limited (the "**ACG Sponsor**"), De Heerd Investments Limited (the "**De Heerd Sponsor**") and Argentem Creek Partners LP (the "**ACP Sponsor**" and together, the "**Co-Sponsors**").

Independent Auditors: The Company's auditors are RSM UK Audit LLP of 25 Farringdon Street, London, EC4A 4AB. RSM UK Audit LLP an independent auditor, is a member of the Institute of Chartered Accountants of Scotland.

What is the Key Financial Information Regarding the Issuer?

Upon Re-Admission, it is expected that the Acquisition will be completed and the Company will be the parent company of the Target Entities. Accordingly, this Document contains historical financial information on the Company as well as the Target Entities along with pro forma financial information for the Enlarged Group. Prospective investors should review the following selected historical financial information together with the whole of this Document and should not rely on the selected information itself.

The Company: The following tables set out summary historical financial information from (i) the unaudited interim financial statements of the Company as at and for the nine months ended 31 March 2023 and (ii) the audited financial statements of the Company for the period from 22 June 2021 (its date of incorporation) to 30 June 2022.

	30 June 2022 US$	**31 March 2023 (unaudited) US$**
Revenue	—	—
Operating loss	**(2,736,912)**	**(12,303,876)**
Loss for the period	**(2,728,440)**	**(16,239,878)**
ASSETS		
Total assets	**4,586,481**	**136,275,036**
CURRENT LIABILITIES		
Total liabilities	**1,075,921**	**139,548,355**
Net (liabilities)/assets	**3,510,560**	**(3,273,319)**
Capital and reserves		
Called up share capital	—	31,171
Shares subscription reserve	6,239,000	4,700,500
Warrant reserve	—	10,963,328
Accumulated losses	(2,728,440)	(18,968,318)
Total shareholders' fund	**3,510,560**	**(3,273,319)**
Cash flow from operating activities	—	—

***The Target Entities*:** The following tables set out summary combined historical financial information from (i) the audited combined historical financial information of the Mining Entities as at and for the years ended 31 December 2022, 2021 and 2020 and unaudited interim condensed combined financial information as at and for the three months ended 31 March 2023; (ii) the audited financial statements of AMH (Jersey) Limited as at and for the year ended 31 December 2022 and unaudited interim financial statements as at and for the three months ended 31 March 2023; and (iii) the audited financial statements of AMH 2 (Jersey) Limited as at and for the year ended 31 December 2022 and unaudited interim financial statements as at and for the three months ended 31 March 2023.

Summary Financial Information from the Combined Statement of Financial Position of the Mining Entities

	As at 31 December			**As at 31 March 2023**
	2020	**2021**	**2022**	**(unaudited)**
	(in thousands of US$)			
ASSETS				
Cash and cash equivalents	20,058	57,660	31,992	47,071
Total current assets	69,926	140,996	191,640	227,874
Property, plant and equipment	210,118	195,817	201,640	205,772
Mineral properties	355,038	339,863	388,596	407,751
Total non-current assets	574,729	543,392	700,116	699,269
Total assets	**644,655**	**684,388**	**891,756**	**927,143**
LIABILITIES				
Borrowings	5,544	29,508	37,595	31,279
Amounts payable to related parties	101,265	-	-	-
Total current liabilities	155,450	82,949	151,668	96,684
Borrowings	36,820	128,344	82,937	82,254
Amounts payable to related parties	79,916	96,975	47,139	48,339
Total non-current liabilities	231,137	319,634	206,552	207,113
Total liabilities	**386,587**	**402,583**	**358,220**	**303,797**
Net parent investment	**258,068**	**281,805**	**533,536**	**623,346**

Combined Statement of Profit or Loss of the Mining Entities

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 (unaudited)	2023 (unaudited)
			(in thousands of US$)		
Revenue	115,604	276,204	477,899	102,776	126,750
Cost of products sold	(76,506)	(160,761)	(272,390)	(43,601)	(63,500)
Gross profit	**39,098**	**115,443**	**205,509**	**59,175**	**63,250**
General and administrative expenses	(42,928)	(59,702)	(71,482)	(14,427)	(17,747)
Other (expenses)/income, net	8,406	(5,408)	(2,469)	1,356	1,972
Operating income	**4,576**	**50,333**	**131,558**	**46,104**	**47,475**
Net finance income/(expense)	(57,637)	(43,136)	5,637	(45,142)	60,116
Profit/(loss) before taxation	**(53,061)**	**7,197**	**137,195**	**962**	**107,591**
Income tax	5,001	4,649	101,955	772	(25,486)
Net profit/(loss) for the period	**(48,060)**	**11,846**	**239,150**	**1,734**	**82,105**

Summary Financial Information from the Combined Statement of Cash Flows of the Mining Entities

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 (unaudited)	2023 (unaudited)
			(in thousands of US$)		
Net cash flows from operations	(5,342)	87,970	171,523	(2,021)	62,390
Net cash flows used in investment activities	(116,277)	(76,093)	(117,374)	(19,041)	(30,633)
Net cash flows from (used in) financing activities	132,761	25,913	(85,181)	(18,653)	(15,996)
Net (decrease) increase in cash and cash equivalents	**11,142**	**37,790**	**(31,032)**	**(39,715)**	**15,761**
Cash and cash equivalents at the beginning of the year	8,219	20,058	57,660	57,660	31,992
Effect of exchange rate changes on cash and cash equivalents	697	(188)	5,364	(4,396)	(682)
Cash and cash equivalents at the end of the year	**20,058**	**57,660**	**31,992**	**13,549**	**47,071**

Pro Forma Financial Information: This Document includes an unaudited pro forma statement of net assets and unaudited pro forma income statement of the Enlarged Group, which have been prepared in a manner consistent with the accounting policies that will be adopted by the Company in its financial statements for the period ended 31 December 2023. The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and therefore does not represent the Enlarged Group's actual financial position or results nor is it indicative of the results that may, or may not, be achieved in the future. The unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the (i) Re-Admission; (ii) proposed financing arrangements relating to the Acquisition; and (iii) Acquisition on: (i) the unaudited pro forma net assets of the Enlarged Group as at 31 December 2022, as if these transactions had taken place on that date; (ii) the unaudited pro forma income statement of the Enlarged Group for the twelve months period ended 30 June 2022, in respect of the Company, and 31 December 2022, in respect to the Target Entities, as if these transactions had taken place on 22 June 2021; (iii) the unaudited pro forma net assets of the Enlarged Group as at 31 March 2023, as if these transactions had taken place on that date; and (iv) the unaudited pro forma income statement of the Enlarged Group for the three months period ended 31 March 2023 in respect of the Company and the Target Entities, as if these transactions had taken place on 22 June 2021.

What are the Key Risks that are Specific to the Enlarged Group?

The following is a selection of the key risks relating to the Enlarged Group, based on the probability of their occurrence and the expected magnitude of their negative impact. Investors should read, understand and consider all risk factors which should be read in their entirety before making a decision to invest in the Class A Ordinary Shares.

- The Enlarged Group's business is highly dependent on the international market prices of the metals the Enlarged Group produces, which are both cyclical and volatile;
- Changes in the demand for the metals the Enlarged Group produces could adversely affect the Enlarged Group's sales volume and revenues;

- The mining industry is highly competitive and the Enlarged Group may be unable to compete successfully with other mining companies;
- The Enlarged Group's business requires substantial capital expenditures and is subject to financing risks;
- The Enlarged Group's estimates of Mineral Reserve and Mineral Resource may be materially different from mineral quantities the Enlarged Group actually recovers, and market conditions and other operating factors may render certain parts of Mineral Reserve and Mineral Resource, including future exploration and development projects, uneconomical to mine;
- The Enlarged Group depends on its ability to replenish its Mineral Reserve for the Enlarged Group's long-term viability;
- The Enlarged Group's operations may be impaired as a result of restrictions to the acquisition or lease of rural properties by foreign investors or Brazilian companies under foreign control or with the majority of its capital stock held by foreigners;
- Health and safety, mining and environmental laws, regulations and other legislation, including regulations pertaining to climate change, may increase the Enlarged Group's costs of doing business, restrict the Enlarged Group's operations or result in the imposition of fines, revocation of permits or shutdown of the Enlarged Group's facilities;
- General economic conditions in Brazil may materially adversely affect the Enlarged Group's business, financial condition and results of operations;
- Any due diligence conducted by the Company in connection with the Acquisition may not have revealed all relevant considerations or liabilities of the Target Entities, which could have a material adverse effect on the Enlarged Group's financial condition or results of operations.

SECTION C – KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Upon Re-Admission, there will be up to 64,225,000 Class A Ordinary Shares in issue, excluding Employee Shares (as defined below), comprising: (i) up to 12,500,000 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document), (ii) 0 Class A Ordinary Shares to be issued pursuant to the terms of any PIPE subscription agreements entered into by the Company (the "**PIPE Shares**"), (iii) up to 30,000,000 Class A Ordinary Shares, in aggregate, to be issued pursuant to the terms of three anchor investment agreements entered into by the Company with each of Stellantis N.V. ("**Stellantis**"), LMH Explorers S.à r.l. ("**La Mancha**"), and Glencore International AG ("**Glencore**") (the "**Anchor Subscription Shares**"), (iv) up to 1,000,000 Class A Ordinary Shares to be issued (at the Company's sole discretion) in repayment of certain sponsor loans (the "**Sponsor Loan Shares**"); (v) 3,125,000 Class A Ordinary Shares, in aggregate, to be issued upon conversion of the Company's existing Class B shares into Class A Ordinary Shares (the "**Converted Shares**") and (vi) up to 30,100,000 Class A Ordinary Shares, in aggregate, comprising any Class A Ordinary Shares to be issued in an offering to certain institutional investors following the date of this Document (the "**Placing Shares**") and in an offering to retail investors in the United Kingdom (the "**Retail Shares**"). Upon Re-Admission the Company will issue 13,000 Class A Ordinary Shares, in aggregate, of no par value, pursuant to the terms of certain investment agreements entered into by the Company and certain senior employees of the Enlarged Group (the "**Employee Shares**"). In this Document, the PIPE Shares, the Anchor Subscription Shares, the Sponsor Loan Shares, the Converted Shares, the Placing Shares, the Retail Shares and the Employee Shares shall be referred to collectively as the "New Shares". As such, upon Re-Admission the Enlarged Ordinary Share Capital of the Company will be 64,238,000. There will also be 6,250,000 Warrants in issue comprising 6,250,000 Warrants that exist as at the date of this Document Rights attaching to the Class A Ordinary Shares: The Class A Ordinary Shareholders have no conversion or other subscription rights and there are no sinking fund or redemption provisions applicable to the Class A Ordinary Shares, except that holders of Existing Class A Shares may exercise their rights to request redemption in connection with the Acquisition. Class A Ordinary Shareholders who exercise their rights to request redemption will retain the right to exercise any Warrants they own. The Class A Ordinary Shares will be registered with ISIN VGG0056A1030 and SEDOL number BKZ72R6.

Rights attaching to the Warrants: Each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of US$11.50 per Class A Ordinary Share at any time commencing 30 days after the completion of the Acquisition (the "**Acquisition Date**"), subject to adjustments pursuant to the terms and conditions attaching to the Warrants (the "**Warrant T&Cs**"). Pursuant to the Warrant T&Cs, a Warrantholder may exercise only whole Warrants. The Warrants will expire on the date that is five years after the date on which they first become exercisable (or earlier upon redemption of the Warrants or liquidation of the Company), at 5:00 p.m., London time. Any Warrants not exercised in that period of time will expire worthless and any holder thereof will no longer have any rights thereunder. The Warrants will be registered with ISIN VGG0056A1113 and SEDOL number BKZ72S7.

***Dividend policy*:** The Company has not paid any dividends to date and will not pay any dividends prior to the Acquisition. The Company may pay dividends on the Class A Ordinary Shares following the Acquisition at such times (if any) and in such amounts (if any) as the Board determines appropriate.

Where will the securities be traded?

Applications will be made to the FCA for all of the Warrants and all of the issued and to be issued Class A Ordinary Shares in the Company (being the Existing Class A Shares and the New Shares, and together, the "**Enlarged Ordinary Share Capital**") to be admitted or re-admitted (as applicable) to the Standard Segment of the Official List of the FCA (the "**Official List**") (by way of a standard listing under Chapter 14 of the Listing Rules) and to the London Stock Exchange plc (the "**LSE**") for such Warrants and Enlarged Ordinary Share Capital to be admitted to trading on the LSE's Main Market. It is expected that admission of the Warrants and Enlarged Ordinary Share Capital will become effective, and that unconditional dealings in the Warrants and Enlarged Ordinary Share Capital will commence, at 8.00 a.m. on 4 August 2023 (the "**Re-Admission**").

What are the Key Risks that are Specific to the Securities?

The following is a selection of the key risks relating to the Class A Ordinary Shares and Warrants, based on the probability of their occurrence and the expected magnitude of their negative impact. Investors should read, understand and consider all risk factors which should be read in their entirety before making a decision to invest in the Class A Ordinary Shares and Warrants.

- Investors will experience a dilution of their percentage ownership of the Company if the Warrants, Private Placement Warrants, Sponsor Loan Warrants and Sponsor Warrants are exercised following the Acquisition;
- All outstanding Class B Shares issued by the Company will convert into Class A Ordinary Shares upon completion of the Acquisition, which will expose the Class A Ordinary Shareholders to immediate and substantial dilution as a result;
- The proposed Standard Listing of the Class A Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing, and there can be no guarantee that the Company will ever seek or be eligible to transfer to a Premium Listing;
- Shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the UK courts or other foreign courts may be limited, because the Company is incorporated under BVI law.

SECTION D — KEY INFORMATION ON RE-ADMISSION

Under which conditions and timetable can I invest in these securities?

Terms and conditions of the issue: The only listed securities being issued in connection with the Acquisition are the New Shares, which shall be issued to investors who have executed Anchor Investment Agreements, or pursuant to this Document, as applicable. Applications will be made to the FCA for all of the Warrants and the Enlarged Ordinary Share Capital to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE's Main Market pursuant to the publication of this Document. It is expected that Re-Admission will become effective and that dealings in the Warrants and the Enlarged Ordinary Share Capital will commence at 8.00 a.m. on 4 August 2023.

The Retail Offer consists of an offer solely to retail investors resident and principally located in the UK. Retail investors resident in the UK wishing to participate in the Retail Offer can do so by applying through PrimaryBid at www.primarybid.com and the PrimaryBid app. Retail investors resident in the UK who are existing retail customers of any Intermediary and who wish to hold any Class A Ordinary Shares in an ISA, SIPP or GIA may be able to request their relevant Intermediary to submit an application on their behalf. PrimaryBid will not charge retail investors resident in the UK who wish to subscribe for Class A Ordinary Shares any commission for this service. Intermediaries may charge their customers a fee for submitting an application on their behalf. The minimum application amount per investor in the Retail Offer is £500, unless, in the case of an Intermediary Application only, the Intermediary allows prospective investors to make applications in U.S. dollars, in which case the minimum application amount is US$650 for U.S. Dollar Applications. Prospective investors who apply through PrimaryBid will be required to pre-pay the application amount in pounds Sterling. Prospective investors who request an Intermediary to submit an Intermediary Application on their behalf may be required to pre-pay in either pounds Sterling or in U.S. dollars according to the terms and conditions of service of such Intermediary. The Retail Offer is conditional on (a) the passing of the necessary resolutions by the Company's existing Shareholders at the Acquisition EGM and (b) the Enlarged Ordinary Share Capital being re-admitted to the standard listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of London Stock Exchange plc. Re-Admission is expected to take place at 8.00 a.m. on 4 August 2023.

Expected timetable of events

Publication of this Document and launch of the Placing	30 June 2023
Launch of the Retail Offer	3 July 2023
Book building period relating to the Placing	3 July – 18 July 2023
Last time and date for applications to be submitted via PrimaryBid (Retail Offer closes)	18 July 2023
Deadline for Redemptions	1:00 p.m. BST, 18 July 2023
Announcement of Global Placing results and updated equity funding composition for Acquisition	19 July 2023
Acquisition EGM	20 July 2023

Results of Acquisition Announcement	21 July 2023
Completion of the Acquisition	by 8.00 a.m. on 4 August 2023[(1)]
Re-Admission	by 8.00 a.m. on 4 August 2023[(1)]
CREST members' accounts credited in respect of the New Shares (where applicable)	as soon as is reasonably practical after Re-Admission

All references to time in this Document are to London time unless otherwise stated. Each of the times and dates in the timetable is subject to change without further notice.

(1) Completion of the Acquisition and Re-Admission are to be effectively simultaneous.

Dilution: No new Class A Ordinary Shares, Warrants or other securities will be issued on the date of this Document. The main factors that would lead to future dilution are (i) the Acquisition (or such earlier time at which any Class B Shares are converted into Class A Ordinary Shares by the holders thereof), following which the Class B Shares will automatically convert into Class A Ordinary Shares and upon the completion of which the New Shares will be issued, (ii) the exercise of the Warrants, Sponsor Loan Warrants, Sponsor Warrants and Private Placement Warrants into Class A Ordinary Shares, and (iii) any subsequent issuances of equity or equity-linked securities to fund, or otherwise in connection, with the Acquisition.

Expenses and Net Proceeds: The Company expects to raise gross proceeds of up to approximately US$301 million through the issue of the Placing Shares and Retail Shares. The net proceeds (after commissions and expenses) from the Global Placing, being 88.1% of the gross proceeds, will be applied towards the payment of consideration in relation to the Acquisition. No expenses will be charged to retail investors resident in the UK who decide to participate in connection with the Retail Offer by the Company or by PrimaryBid. Intermediaries may charge their customers a fee for submitting an application on their behalf. All other expenses in relation to the Retail Offer will be borne by the Company.

Why is this document being produced?

The Directors believe that it is in the best interests of its shareholders to complete the Acquisition. The Acquisition, if completed, will result in the Company becoming an operating company instead of a special purpose acquisition company and will constitute a reverse takeover under the Listing Rules since, inter alia, in substance it will result in a fundamental change in the business of the Company. Therefore, it is expected that the FCA will cancel the listing of the Existing Class A Shares and Warrants upon completion of the Acquisition. The Company will apply for the Enlarged Ordinary Share Capital and the Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE's Main Market, a condition for which is that the Company publishes a prospectus in compliance with the UK Prospectus Regulation. The Acquisition is expected to complete on or about 4 August 2023, which is also the date of anticipated Re-Admission.

RISK FACTORS

Investment in the Class A Ordinary Shares and the Warrants carries a significant degree of risk, including risks in relation to the Enlarged Group's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Class A Ordinary Shares and the Warrants.

Prospective investors should note that the risks relating to the Class A Ordinary Shares, the Warrants, the Company, the Enlarged Group and the sector in which it operates summarised in the section of this Document headed "*Summary*" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Class A Ordinary Shares and in the Warrants. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "*Summary*" but also, among other things, the risks and uncertainties described below.

All of these risk factors and events are contingencies that may or may not occur. The Company may face a number of these risks described below simultaneously and some risks described below may be interdependent.

The risks referred to below are those risks the Directors consider to be the material risks relating to the Company, the Enlarged Group, the Class A Ordinary Shares and the Warrants. However, there may be additional risks that the Directors do not currently consider to be material or of which the Directors are not currently aware that may adversely affect the Enlarged Group's business, financial condition, results of operations and prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Class A Ordinary Shares or Warrants. If any of the risks referred to in this Document were to occur, the results of operations, financial condition and prospects of the Company and the Enlarged Group could be materially adversely affected. If that were to be the case, the trading price of the Warrants and the Class A Ordinary Shares and/or the level of dividends or distributions (if any) received from the Class A Ordinary Shares could decline significantly. Further, investors could lose all or part of their investment.

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS AND INDUSTRY

The Company's debt obligations could materially and adversely affect its business, financial condition, results of operations, and prospects.

The Company will enter into a definitive financing agreement with Citibank, N.A., ING Capital LLC and Société Générale for a $225 million senior secured credit facility and $75 million revolving credit facility in connection with the closing of the Acquisition (the "**Credit Facility**"). The Credit Facility will be secured by substantially all assets of ACG and its future subsidiaries, including the Target Entities' operating companies in Brazil.

Borrowings under the Company's Secured Credit Facility are at variable rates of interest and are exposed to market risk due to the floating interest rates. The Company's results of operations, cash flows and financial position could be affected adversely by significant fluctuations in interest rates from current levels. Further, the Company's debt service and similar obligations will require the Company to use a large portion of its cash flow to pay principal and interest on debt; it also could have important consequences to the Enlarged Group for the foreseeable future, including that the Company's ability to obtain additional financing for capital expenditures, working capital or other general corporate purposes may be impaired and the Company may be or become substantially more leveraged than some of the Company's competitors. The Credit Facility also provides for (i) a make-whole premium and (ii) 1% prepayment fee (calculated over the aggregate amount prepaid), applicable during the first eighteen months of the facility, which may limit the company's ability to refinance its debt. Any future refinancing provider will also be required to agree to intercreditor arrangements satisfactory to the royalty holders under the Company's royalty agreements (unless the refinancing is of both senior debt and royalties), which may further affect the company's ability to refinance its debt. These features could place the Company at a relative competitive disadvantage and make the Company more vulnerable to changes in market conditions and governmental regulations.

The Company is required to maintain compliance with certain financial and other covenants under the Credit Facility and its royalty agreements. There are and will be operating and financial restrictions and covenants in the Company's debt and royalty agreements, as well as certain other agreements to which the Company is or may become a party. These limit, among other things, the Company's ability to make distributions to its equity holders, incur certain additional debt, create certain liens, or other encumbrances and sell assets. These covenants could limit the Company's ability to engage in activities that may be in the Company's best long-term interests. The Company's failure to comply with certain covenants in these agreements could result in an event of default under the various debt, royalty and similar agreements, allowing lenders to accelerate the maturity for the debt or payment of royalties under these agreements and to foreclose upon any collateral securing the debt and royalty agreements. Under such circumstances, the Company might not have sufficient funds or other resources to satisfy all of its obligations.

The Enlarged Group's business is highly dependent on the international market prices of the metals the Enlarged Group produces, which are both cyclical and volatile

The Enlarged Group's business and financial performance is significantly affected by the market prices of the metals the Enlarged Group produces, particularly the market prices of nickel, copper and, to a lesser extent, gold and cobalt. Historically, prices of such metals have been subject to wide fluctuations and are affected by numerous factors beyond the Enlarged Group's control, including: industrial demand; forward or short sales of nickel and copper by producers and speculators; future levels of nickel and copper production; quality, availability and costs of substitutes; inventory levels maintained by users; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, investors or funds. Nickel and copper prices are also affected by macroeconomic factors including the: costs of production of other nickel and copper producing companies; the strength of, and confidence in, the U.S. dollar, as the currency in which the price of nickel and copper is generally quoted, and other major currencies; confidence in the global economy; current rate of inflation and expectations of the future rate of inflation; global economic, political or geopolitical events, such as the ongoing military conflict between Russia and Ukraine; and global pandemics, such as COVID-19, and related control measures, including shutdowns, as well as other health crises. For a further description of macroeconomic factors affecting the Enlarged Group's business, please see "*Risk Factors—The Enlarged Group's business, results of operations and financial condition are affected by global and local market conditions that the Enlarged Group does not control and cannot predict*" ahead in this section. All of the foregoing factors can, through their interaction, affect the price of nickel and copper by increasing or decreasing the demand for or supply of nickel and copper.

From March 2013 to March 2023, prices for nickel have ranged from a high of US$48,241/t to a low of US$7,710/t; similarly, prices for copper have fluctuated between US$10,730/t and US$4,311/t over the same period. From 1 January 2020 to 15 March 2023 in particular, prices for nickel have ranged from a high of US$48,241/t to a low of US$11,055/t, whereas prices for copper have ranged from a high of US$10,730/t to a low of US$4,618/t over the same period. The Company cannot predict whether, and to what extent, metal prices will rise or fall in the future. Increased or continuing volatility and future declines in metal prices, especially nickel and copper prices, could have an adverse impact on the Enlarged Group's future exploration and development decisions and production levels.

If the world market prices of nickel or copper were to drop and the prices realised by the Enlarged Group on nickel or copper sales were to decrease significantly and remain at such level for any substantial period, the Enlarged Group's business, financial condition, results of operations, cash flows and prospects would be negatively affected. Lower utilisation of capacity during periods of weak prices may expose the Enlarged Group to higher unit production costs since a significant portion of the Enlarged Group's cost structure is fixed in the short-term due to the high capital intensity of mining operations. In addition, efforts to reduce costs during periods of weak prices could be limited by labour regulations or previous labour or government agreements. Depending on the current and expected price of nickel or copper, projected cash flows from planned or current mining operations also may not be sufficient to warrant commencing or continuing mining, and the Enlarged Group could be forced to discontinue exploration, development or commercial production, which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

Conversely, during periods of high prices, the Enlarged Group's ability to rapidly increase production capacity may be limited, which could prevent the Enlarged Group from selling more products. Mining requires significant long-term capital investments and resources in order to replenish Mineral Reserve and Mineral Resource, expand and

maintain production capacity, build infrastructure, preserve the environment, minimise social impacts and prevent fatalities and occupational hazards. As a result, the Enlarged Group may be unable to increase production volume in a timely or cost-effective way in response to surges in demand. Moreover, the Enlarged Group may be unable to complete expansions and greenfield projects in time to take advantage of rising prices for nickel, copper or other metals. In addition, operating at close to full capacity may expose the Enlarged Group to higher costs, including demurrage fees due to capacity restraints in the Enlarged Group's logistics systems.

Changes in the demand for the metals the Enlarged Group produces could adversely affect the Enlarged Group's sales volume and revenues

The Enlarged Group's revenues depend on the volume of metals the Enlarged Group sells, which in turn depend on the level of industrial and consumer demand for these metals. Demand for these metals is mostly driven by: in the case of copper, its uses in the construction industry, electronic product manufacturing, power generation, transmission and distribution, and the production of industrial machinery; and in the case of nickel, its use in industrial processes and products, such as alloying, coating, power generation, batteries, buildings, stainless steel, and its use for direct consumer products, such as for kitchen wares, mobile phones, medical equipment, and jewellery. An increase in the production of these metals world-wide or changes in technology, industrial processes or consumer habits, including increased demand for substitute materials, may decrease the demand for these metals. Increased demand for substitute materials may be either technologically-induced, when technological improvements render alternative products more attractive for first-use or end-use than the Enlarged Group's products or allow for reduced application of the Enlarged Group's products, or price-induced, when a sustained increase in a metal's price leads to partial substitution of that metal by a less expensive product or reduced application of that product. Any substitution of the metals produced by the Enlarged Group, whether technology-induced or price-induced, may decrease the demand for the metals the Enlarged Group produces.

In particular, the development of new battery technologies using less nickel may impact the demand for the Enlarged Group's nickel products. Global demand for metal for batteries is subject to evolving battery chemistry technologies, which are affected by many factors, including cost, performance, safety, material availability, and consumer preferences, as well as governmental regulation. Sustained production and consumption of non-nickel battery chemistries from end-use demand markets could result in lower demand for nickel, reduced prices, postponements of certain exploration and development activities, and a decrease in production levels. Competitive products in the market have existed for years and with end-use customers (particularly electric vehicle original equipment manufacturers) increasingly adopting a broad and efficient portfolio of battery chemistries, new battery technologies could overtake current technologies, including nickel-based chemistries, with a negative impact on the Enlarged Group's nickel business.

Moreover, a fall in demand, resulting from economic slow-downs or recessions or other factors, could also decrease the volume of metals the Enlarged Group sells and therefore materially and adversely impact the Enlarged Group's business, results of operations and financial condition. For instance, China has been the main driver of global demand for minerals and metals over recent decades. As a result, a contraction of China's economic growth, a change in China's economic profile, and the underperformance of the Chinese industrial sector could have a negative impact in the demand for the metals produced by the Enlarged Group and could therefore adversely affect the Enlarged Group's sales volume and revenues.

Beginning in January 2022, there has been a precipitous drop in the market values of growth-oriented companies. Accordingly, securities of growth companies like the Company may be more volatile than other securities and may involve special risks

Beginning in January 2022, there has been a precipitous drop in the market values of growth-oriented companies like the Company. Inflationary pressures, increases in interest rates and other adverse economic and market forces have contributed to these drops in market value. As a result, the securities of the Company are subject to potential downward pressures, which may result in high redemptions of Class A Ordinary Shares. If there are substantial redemptions, there will be a lower float of the Company's Class A Ordinary Shares outstanding, which may cause further volatility in the price of the Company's securities and adversely impact the Company's ability to secure financing following the closing of the Acquisition.

The Enlarged Group's business, financial condition and results of operations may be materially and adversely affected by currency exchange rate fluctuations

The Enlarged Group's revenues are primarily denominated in U.S. dollars, and certain portions of the Enlarged Group's operating costs, principally labour costs, are denominated in Brazilian real. Accordingly, when inflation in Brazil increases without a corresponding devaluation of the Brazilian real, the Enlarged Group's business, financial condition, results of operations and cash flows could be materially and adversely affected.

Given the structure of the Enlarged Group's operations, a decrease in the value of the U.S. dollar relative to the foreign currencies in which the Enlarged Group incurs costs generally could have a negative impact on the Enlarged Group's business, results of operations and financial condition. The Enlarged Group's foreign currency exposures increase the risk of volatility in the Enlarged Group's business, financial condition, results of operations and cash flows. If the currency in Brazil changes materially in relation to the U.S. dollar, the Enlarged Group's business, financial condition, results of operations and cash flows may be materially affected.

Historically, the Brazilian federal government has implemented various economic plans and utilised a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian real and the U.S. dollar, making the Brazilian real a volatile currency. The Brazilian real depreciated by approximately 16.8% against the U.S. dollar in 2018, to R$3.88 per US$1.00 on 31 December2018, compared to R$3.32 per US$1.00 on 31 December 2017. In 2019, the Brazilian real further depreciated by approximately 3.8% against the U.S. dollar, reaching R$4.02 per US$1.00 on 31 December 2019. In 2020, the Brazilian real depreciated by approximately 29.1% against the U.S. dollar, reaching R$5.19 per US$1.00 on 31 December 2020. The Brazilian real has continued to depreciate against the U.S. dollar in 2021, reaching R$5.57 per US$1.00 on 31 December 2021. In 2022, the Brazilian real appreciated by approximately 5.2% against the U.S. dollar, reaching R$5.28 per US$1.00 on 31 December 2022. There can be no assurance that the Brazilian real will not appreciate or depreciate further against the U.S. dollar, and that the Enlarged Group would not be materially adversely affected as a result of these fluctuations.

The Enlarged Group manages foreign exchange risk through the Enlarged Group's financial policies as well as hedging operations to a limited degree and the Enlarged Group may or may not enter into additional hedging operations to manage the potential volatility. However, the Company cannot assure investors that currency fluctuations, or costs associated with the Enlarged Group's hedging activities (including fluctuations in exchange rates contrary to the Enlarged Group's expectations), will not have an impact on the Enlarged Group's financial condition and results of operations.

The Enlarged Group's business, financial condition and results of operations may be adversely affected by inflation

Brazil has historically experienced high rates of inflation. Inflation, as well as government efforts to combat inflation, had significant negative effects on the Brazilian economy, particularly prior to 1995. Inflation rates, measured on the National Extended Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo* - IPCA) were 3.8% in 2018, 4.3% in 2019, 4.5% in 2020, 10.1% in 2021 and 5.8% in 2022 as measured by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística* - IBGE). In addition to Brazil, the world has experienced persistently high levels of inflation over the last years as a result of the COVID-19 pandemic, disruptions in global supply chains and, more recently, the ongoing military conflict between Russia and Ukraine. Brazil may experience high levels of inflation in the future, which may impact the Enlarged Group's operational costs. High levels of inflation in other economies in the future may significantly impact foreign demand for the Enlarged Group's products.

Measures to control inflation in Brazil and elsewhere have often included maintaining a tight monetary policy with high interest rates, restricting thereby the availability of credit and reducing economic growth. Inflation, actions that may be implemented to combat inflation and public speculation about any possible additional actions also may contribute materially to economic uncertainty in Brazil and globally. Conversely, more lenient government and

monetary policies and interest rate decreases in Brazil and elsewhere may trigger increases in inflation and, consequently, growth volatility and the need for sudden and significant interest rate increases, which could negatively affect the Enlarged Group's business.

Inflationary pressures may weaken investor confidence in Brazil, curtail the Enlarged Group's ability to access international financial markets and lead to further government intervention in the economy, in Brazil and elsewhere, including the introduction of government policies that may materially and adversely affect the overall performance of the Brazilian and global economies, which in turn may materially and adversely affect the Enlarged Group. In addition, the Enlarged Group may not be able to adjust the prices the Enlarged Group charges the Enlarged Group's customers to offset the effects of inflation on the Enlarged Group's cost structure.

The mining industry is highly competitive and the Enlarged Group may be unable to compete successfully with other mining companies

The Enlarged Group faces competition from other mining, processing, trading and industrial companies in Brazil and around the world. Competition principally involves factors including sales of nickel sulphide concentrate and copper concentrate, supply and labour prices, contractual terms and conditions, including cost of capital, attracting and retaining qualified personnel and securing the services and supplies the Enlarged Group needs for the Enlarged Group's operations. The Company cannot assure investors that competition will not adversely affect the Enlarged Group in the future.

In particular, the Enlarged Group faces competition from other metal mining companies producing nickel and copper. Some of these companies may have greater financial, distribution, technical, personnel, purchasing and marketing resources than the Enlarged Group, any of which could provide them with a competitive advantage. For example, with respect to nickel sulphide mines (such as the Santa Rita mine), other mining companies that operate large nickel sulphide mines (such as BHP, Vale, Anglo American and Glencore) have much larger resources as compared to the Enlarged Group. Moreover, some of MVV's and Atlantic Nickel's direct competitors have lower C1 costs. C1 costs consist of mining costs, processing costs, site general and administrative costs, treatment charges and refining charges, transportation and shipping costs net of by-product credit. For instance, with respect to MVV, some of its competitors that are also located in Brazil have lower C1 costs than MVV. Atlantic Nickel's main competitors with lower C1 costs are Chinese mining companies. Atlantic Nickel's other competitors include mines in Canada and the United States. Lower cost producers of the metals the Enlarged Group mines could also be better positioned to manage future volatility through commodity price cycles.

Moreover, the number of workers skilled in the acquisition, exploration and development of mining properties is limited in Brazil and competition for such workers among industry participants is intense. Larger mining companies might be better positioned than the Enlarged Group to attract, train and retain such skilled professionals. In addition, mines have limited life cycles and, as a result, the Enlarged Group may seek to replace and expand the Enlarged Group's Mineral Reserve by developing new projects within the regional exploration portfolios of the Santa Rita and Serrote mines and by acquiring new properties. In seeking to acquire mining concessions, land and related assets, the Enlarged Group may face intense competition from other market participants, some of which may have greater financial resources, operational experiences and technical capabilities.

Moreover, potential changes to international trade regulations and agreements, as well as other political and economic arrangements (including direct or indirect subsidies), may benefit metal producers or traders operating in countries other than where the Enlarged Group's mining operations are located or adversely affect the prices the Enlarged Group pays for the supplies the Enlarged Group needs and the Enlarged Group's export costs when the Enlarged Group engages in international transactions. For example, access to the Enlarged Group's markets may be subject to ongoing interruptions or trade barriers due to policies and tariffs of individual countries and the actions of certain interest groups to restrict the import of certain commodities. The Enlarged Group's products may also be subject to tariffs that do not apply to producers based in other countries. The Company cannot assure investors that the Enlarged Group will be able to compete on the basis of price or other factors with competitors that in the future may benefit from favourable regulations, trading or other arrangements or that the Enlarged Group will be able to maintain the cost of the supplies that the Enlarged Group requires as well as the Enlarged Group's export costs.

The Enlarged Group's business requires substantial capital expenditures and is subject to financing risks

The Enlarged Group's business is capital intensive. Exploration for and exploitation of mineral deposits, maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. The Enlarged Group is expected to need to invest additional capital to potentially expand the Enlarged Group's existing operations and to develop new projects within the Santa Rita mine's and Serrote mine's regional exploration portfolios in order to grow production.

No assurance can be given that the Enlarged Group will be able to maintain its production levels or generate sufficient cash flow, capitalise on a sufficient amount of the Enlarged Group's net income or have access to sufficient investments, loans or other financing alternatives to finance the Enlarged Group's capital expenditure programme at a level necessary to grow the Enlarged Group's current exploration and exploitation activities. Any equity or debt financing, if available, may not be on terms that are favourable to the Enlarged Group. If the Enlarged Group's access to external financing is limited, the Enlarged Group may not be able to execute its strategy, which could adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group may engage in hedging activity which may not be successful and may result in losses to the Enlarged Group

The Enlarged Group uses and may continue to use foreign exchange and metal commodity derivatives to reduce the risk associated with currency and metal price volatility, including existing swap transactions and swaps options linked to the U.S. dollar, nickel, copper and other materials, executed with multiple banks. However, the Enlarged Group's hedging activities could cause the Enlarged Group to lose the benefit of an increase in the prices of the metals the Enlarged Group produces if they increase over the price level of hedge positions, or the benefit of an increase in the currency price. The cash flows and the market-to-market values of the Enlarged Group's production hedges can be affected by factors such as the volatility of currency and the market price of metals, which are not under the Enlarged Group's control.

RISKS RELATING TO MINERAL RESERVES AND MINERAL RESOURCES

The Enlarged Group's estimates of Mineral Reserves and Mineral Resources may be materially different from mineral quantities the Enlarged Group actually recovers, and market conditions and other operating factors may render certain part of Mineral Reserves and Mineral Resources, including future exploration and development projects, uneconomical to mine

There is a degree of uncertainty attributable to the estimation of a Mineral Reserve. Until a Mineral Reserve is actually mined and processed, the quantity of ore and grades must be considered as estimates only. The Mineral Reserves described in this Document are estimated tonnages and grades that the Enlarged Group has determined can be economically mined and processed under present and assumed future conditions. The Enlarged Group may be required in the future to revise the Enlarged Group's Mineral Reserve estimate based on actual production experience, updated exploration drilling data and other factors, and the Company cannot assure investors that the indicated amount and grade of ore will be recovered or that it will be recovered at the rates the Enlarged Group anticipates. The Enlarged Group's Mineral Reserve may affect the Enlarged Group's future production and cash generation, impact depreciation and amortisation rates, changes in provisions, such as asset retirement obligation and result in asset write-downs or write-offs, which could have a material impact in the Enlarged Group's business, financial condition and results of operations.

The Mineral Resource numbers referred to in this Document have been determined and valued based on assumed future prices, cut-off grades and operating costs. However, until mineral deposits are actually mined and processed, any Mineral Resource must be considered as estimate only. Any such estimates are expressions of judgment based on knowledge, analysis of drilling results and industry practices. The accuracy of any Mineral Resource estimate is a function of the quality of available data, engineering, market prices of minerals and metals, more stringent regulations, costs estimates, investments, geotechnical analysis, geological interpretation and judgment. Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable or insufficient. In addition, the grade and/or quantity of the

metals ultimately recovered may differ from that interpreted from drilling results. There can be no assurance that metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The grade of the reported Mineral Resource estimate is uncertain in nature and it is uncertain whether further technical studies will result in an upgrade to them. Any material change in the quantity of mineralisation, grade or mill feed to waste ratio or extended declines in market prices for base and/or precious metals may render some or all of the Enlarged Group's mineralisation uneconomic and result in reduced reported Mineral Resources. Any material reductions in estimate of Mineral Resources or of the Enlarged Group's potential ability to extract such Mineral Resources in the future, could have a material adverse effect on the Enlarged Group's financial condition and results of operations.

In particular, the economic viability of the Enlarged Group's future exploration and development projects, including the development of underground operations in the Santa Rita mine, depends to a large extent on estimates of future nickel or copper prices. Current Mineral Resources for the Santa Rita underground extension were estimated using sales prices of US$6.50/lb for nickel and US$3.00/lb for copper. There can be no assurance that the Enlarged Group's assumptions about the future price of these and other metals are or will be accurate, and a material or extended decline in the price of those metals could render the Enlarged Group's intended future exploration and development projects uneconomical. As a result, there can be no assurances that the Enlarged Group's intended future exploration and development projects, including the development of underground operations in the Santa Rita mine, will ever be completed and/or, if completed, will result in profitable commercial mining operations. Any failure to yield the Enlarged Group's anticipated results within the timeline anticipated could have a material adverse effect on the prospects of the Enlarged Group and could restrict the Enlarged Group's ability to successfully implement its strategies for long-term growth.

The Enlarged Group depends on its ability to replenish its Mineral Reserve for the Enlarged Group's long-term viability

Mineral Reserve data are not indicative of future results of operations and are depleted as the Enlarged Group mines. The Enlarged Group uses several strategies to replenish and increase the Enlarged Group's Mineral Reserves, including exploration activities, the acquisition of mining concessions, on-going mining projects and investing in technology that could extend the life of a mine by allowing the Enlarged Group to cost-effectively process mill feed materials that were previously considered uneconomic. However, the Company cannot assure investors that the Enlarged Group will be able to continue with the Enlarged Group's strategy to replenish Mineral Reserves indefinitely.

Difficulties or the inability to obtain licences for new operations, supporting structures or activities (such as dams), real estate, or to renew or maintain (i.e. to comply with the relevant technical conditions) the Enlarged Group's existing licences can affect the Enlarged Group's operations and ability to replenish Mineral Reserves. In addition, mineral exploration is highly uncertain in nature, involves many risks and frequently is non-productive. If the Enlarged Group does not develop new Mineral Reserve, the Enlarge Group will not be able to sustain the Enlarged Group's current level of production beyond the remaining lives of the Enlarged Group's existing mines. Therefore, if the Enlarged Group is unable to replenish the Enlarged Group's Mineral Reserve, the Enlarged Group's business, results of operations and prospects would be materially adversely affected.

The Enlarged Group's mineral exploration efforts are highly speculative in nature and may be unsuccessful, which could adversely affect the Enlarged Group's business, financial condition, results of operations and prospects

Mineral exploration is highly speculative in nature, involves many uncertainties and risks and is frequently unsuccessful. It is performed to demonstrate the dimensions, position and mineral characteristics of mineral deposits, estimate Mineral Resource and Mineral Reserve, assess amenability of the deposit to mining and processing scenarios and estimate potential deposit value. Therefore, once mineralisation is discovered, it may take a number of years from the initial exploration phases before production is possible, during which time the potential feasibility of the project may change adversely. Substantial expenditures are required to establish Proven Mineral Reserve and Probable Mineral Reserve to determine processes to extract the metals and, if required, to construct mining and processing facilities and obtain the rights on the land and resources required to develop the mining activities. The

Enlarged Group holds exploration authorisations, mineral concessions, mining applications and exploration applications that cover areas in the state of Bahia and in the state of Alagoas in Brazil.

Development projects have no operating history upon which to base estimates of Proven Mineral Reserve and Probable Mineral Reserve and estimates of future cash operating costs. Estimates are, to a large extent, based upon the interpretation of geological data and modelling obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of material to be mined and processed, the configuration of the deposit, expected recovery rates of metal from the mill feed material, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, actual cash operating costs and economic returns based upon development of Proven Mineral Reserve and Probable Mineral Reserve may differ significantly from those originally estimated. Moreover, significant decreases in actual or expected commodity prices may mean mineralisation, once found, and existing development projects, such as the underground extension of the Santa Rita mine, will be uneconomical to mine.

If the Enlarged Group's mineral exploration efforts are unsuccessful, the Enlarged Group may not be able to expand or sustain its future operations. Repeated failures in mineral exploration efforts by the Enlarged Group could also weaken and negatively impact the reputation and prospects of, and investors' and customers' confidence in, the Enlarged Group, which in turn may adversely impact the Enlarged Group's business, financial condition and results of operation.

OPERATIONAL RISKS

The Enlarged Group's projects are subject to operational risks that may result in increased costs or delays that prevent their successful or timely implementation

The Enlarged Group invests in increasing its mine and metal production capacity and in developing new operations. The Enlarged Group's projects are subject to a number of risks that may materially and adversely affect the Enlarged Group's growth prospects and profitability, some of which are beyond the control of the Enlarged Group, including the following:

- delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labour or services and in implementing new technologies to develop and operate a project;
- lack of infrastructure, including a reliable power supply and port availability;
- failure to obtain, maintain or renew, or delays or higher than expected costs in obtaining or renewing, the required agreements, authorisations, licences, approvals and permits to develop a project, including the prior consultation procedure, agreements and programmes conducted together with local communities;
- changes in market conditions or regulations;
- accidents, natural disasters, environmental damages, contamination of soil and/or groundwater and superficial water, labour disputes and equipment failures;
- adverse mining conditions; and
- conflicts with local communities and/or strikes or other labour disputes.

Any delays or failure to implement projects according to the conditions and timeframe originally envisaged by the Enlarged Group may adversely affect the Enlarged Group's business, financial condition and results of operations.

The failure of a tailings dam could negatively impact the Enlarged Group's business, reputation and results of operations

Mining companies face inherent risks in their operations of tailings dams—structures built for the containment of the mining waste, known as tailings—that exposes the Enlarged Group to certain risks. For instance, tailing dams can rupture or fail unexpectedly in case of earthquakes, excessive and unprecedented rainfalls or other natural disasters on a scale exceeding the design parameters of the relevant dams. The rupture of any of these structures could cause loss of life and severe personal, property and environmental damages, as well as negative social impact, and could have adverse effects on the Enlarged Group's business and reputation. The Enlarged Group's tailings dams include, in some cases, materials that could increase potential risks in the event of unexpected failure, such as

materials contained in the ore that are removed from concentrates as part of the processing (during the flotation stage), and the concentration of substances which exceeds the applicable Brazilian standards. If any such risks were to materialise, this could materially adversely affect the Enlarged Group's reputation and the Enlarged Group's ability to conduct its operations, subject the Enlarged Group to criminal, administrative and civil liabilities and, as a result, have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

In addition, changes in regulation as a result of recent and significant dam failures in Brazil, including the Brumadinho and the Mariana dam disasters in 2019 and 2015, respectively, could increase the time and costs to build, operate, inspect, maintain and decommission tailings dams, obtain new licences or renew existing licences to build or expand tailings dams, or require the use of new technologies, as well as increase the value of the fines that may be imposed in case of infringement of any of the applicable standards, rules and regulations. New and evolving regulations enacted in Brazil following such disasters may also impose more restrictive requirements that may exceed the Enlarged Group's current standards, including mandated compliance with emergency plans and increased insurance requirements, or require the Enlarged Group to pay additional fees to operate tailings dams. The Enlarged Group may also be required to provide for and facilitate the relocation or resettlement of communities and facilities that may be located downstream of the tailing dams or impacted by tailings dam failures. The Enlarged Group's dams must be registered with the Brazilian Mining Agency ("**ANM**" – *Agência Nacional de Mineração*) and must be in compliance with ANM regulations. Moreover, the Enlarged Group must be licensed by the Bahia Environmental Agency ("**INEMA**" – *Instituto do Meio Ambiente e Recursos Hídricos*) and the Alagoas Environmental Agency ("**IMA**" – *Instituto do Meio Ambiente*) and follow the applicable environmental regulation. Failure to comply with these rules may materially adversely affect the Enlarged Group's operations.

The mining business is subject to inherent risks, some of which are not insurable

The business of mining is generally subject to numerous risks and hazards. Hazards associated with open-pit mining operations most frequently relate to slopes. Heavy machinery, workers, drillers operating on slopes, blasts, cracks, loose rocks and adverse atmospheric conditions in mines cause slope displacement. As such, landslides is a persistent risk. For instance, on 9 November 2021, a wedge-shaped geotechnical instability formed in the open-pit wall of the Santa Rita mine directly affecting less than 1% of the pit wall's total surface area. The initial event consisted of the propagation of a crack forming a wedge in the pit wall. This was accompanied by a slumping, vertical displacement of approximately 1.5 to 2 metres. As a precaution, mining was temporarily suspended in the affected area and constant radar monitoring was established. No safety related incidents occurred in relation to this event. The stability of the affected area as well as the design of a pushback to remediate it has since been evaluated by third-party geotechnical experts, and risks are being assessed through continuous monitoring of the open pit area. The pushback covers mining of 4.7 million tonnes ("**Mt**") of waste material, 2.6 Mt of which fall outside of the final design pit limit. These 2.6 Mt of waste will add to the total material to be mined during the remaining open pit mine life. There can be no assurance that similar geotechnical events will not occur again in mines operated by the Enlarged Group in the future.

Other hazards associated with the Enlarged Group's open-pit mining operations include the flooding of open pits, accidents associated with large open-pit mining operations and operating ore handling equipment, accidents associated with the preparation and ignition of largescale open-pit blasting operations, production disruptions due to the weather and hazards associated with the disposal of mine water, such as groundwater. There are also hazards associated with the Enlarged Group's metallurgical processing operations, including fires or accidents at processing plants and industrial accidents, and such operations may involve the use of hazardous materials and substances that have the potential to present risks to the health and safety of workers and neighbouring populations. Furthermore, the Enlarged Group may experience material plant shutdowns or periods of reduced production as a result of equipment failure.

Occurrences of such hazards could result in damage to, or destruction of, the Enlarged Group's properties or production facilities, third-party property, human exposure to pollution, personal injury or death, environmental and natural resource damage or contamination, delays in mining, monetary losses and civil, criminal and administrative liabilities. In addition, any such occurrences could adversely affect the Enlarged Group's reputation.

The Enlarged Group complies with all the applicable legal requirements and has taken considered actions to maintain the stability of open pits, but additional action may be required in the future. Moreover, the Enlarged Group maintains insurance typical in the mining industry, and in amounts that the Directors believe to be typical, but which may not provide complete coverage in certain circumstances. Insurance against certain risks (including certain liabilities for environmental contamination and other hazards as a result of exploration and production) is not generally available or is uneconomical to afford. In addition, the Enlarged Group may not be able to renew its existing insurance policies and, even if renewed, the Enlarged Group cannot assure that it will be able to renew them on the same contracted terms or at commercially reasonable rates or on acceptable terms, whether with respect to costs or with respect to coverage, which may consequently have a material adverse effect on the Enlarged Group, its business, results of operations and financial condition.

Shortages of water supply, explosives, critical spare parts, maintenance service and new equipment and machinery may materially and adversely affect the Enlarged Group's operations and development projects

The Enlarged Group's mining operations require the use of significant quantities of water for extraction activities, processing and related auxiliary facilities. The fresh water used in these operations is obtained from: (i) surface sources, including rivers, creeks and the ocean; (ii) groundwater and (iii) water the Enlarged Group recycles from its operations.

Water usage, including extraction, containment, and recycling requires appropriate permits, which are granted by the National Water Agency (*Agência Nacional de Águas e Saneamento Básico*), INEMA and IMA.

Brazilian law establishes that water rights must be used efficiently without adversely affecting its quality, its availability or the environment. In addition, when granting water usage permits, the relevant water authority takes into account the actual usage of water resources. Preference is first given to primary uses, such as human consumption, personal care and food preparation, followed by domestic uses, such as bathrooms and drains, and then to productive uses, such as mining. The available water supply may be adversely affected by shortages or changes in governmental regulations.

The Company cannot assure investors that water will be available in sufficient quantities to meet the Enlarged Group's future production needs or will prove sufficient to meet the Enlarged Group's water supply needs at all of the Enlarged Group's mining assets. In addition, the Company cannot assure investors that the Enlarged Group's existing permits related to water rights will be maintained. A reduction in the Enlarged Group's water supply could materially and adversely affect the Enlarged Group's business, results of operations and financial condition.

In addition to water and energy, the Enlarged Group's mining operations require intensive use of equipment and machinery as well as explosives. In order to be able to acquire, store, trade, transport, and use explosives, the Enlarged Group must first obtain the corresponding authorisations, which are granted by the relevant authorities, including the Brazilian Army, the Federal Police and the Civil Police, in Brazil. The inability to renew such authorisations could also adversely affect the Enlarged Group's financial condition, since the failure to obtain such authorisations may subject the Enlarged Group to fines of up to R$1,064,100. A shortage in the supply of key spare parts, adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements, or a shortage of supply of explosives, could materially and adversely affect the Enlarged Group's operations and development projects.

The Enlarged Group's production, processing and product delivery rely on the infrastructure and skilled labour being adequate and remaining available

The Enlarged Group's mining, smelting, processing, development and exploration activities depend to a large degree on adequate infrastructure. The Enlarged Group requires reliable roads, bridges, power sources and water supplies to access and properly conduct the Enlarged Group's operations. As a result, the availability and cost of this infrastructure affects capital and operating costs and the Enlarged Group's ability to maintain expected levels of production and sales. Unusual weather, such as excessive rains and flooding, or other natural phenomena, sabotage, government or other external interference in the maintenance or provision of such infrastructure could impact the

development of a project, reduce mining volumes, increase mining or exploration costs or delay the transportation of raw materials to the mines and projects or concentrates to the customers.

The Enlarged Group depends upon trucking to deliver fuel, wood, cement, cyanide, steel and other supplies to the Enlarged Group's operations and to deliver concentrates to the Enlarged Group's customers. These transport services in some cases may not be adequate to support the Enlarged Group's existing operations or to support expanded operations. Disruptions of these transportation services because of weather related problems, key equipment failures, strikes, lockouts or other events could temporarily impair the Enlarged Group's ability to supply concentrates to the Enlarged Group's customers, which could materially and adversely affect the Enlarged Group's business, results of operations and financial condition.

The mining industry is labour intensive and the Enlarged Group's performance and results depend on the Enlarged Group's capacity to attract, develop and retain skilled and experienced personnel

The mining industry is labour-intensive and the Enlarged Group's success depends to a significant extent on the Enlarged Group's ability to attract, hire, train and retain qualified employees, including the Enlarged Group's ability to attract employees with the necessary skills in the regions in which the Enlarged Group operates. The Enlarged Group could experience increases in the Enlarged Group's recruiting and training costs and decreases in the Enlarged Group's operating efficiency, productivity and profitability if the Enlarged Group is unable to attract, hire and retain a sufficient number of skilled employees to support the Enlarged Group's operations.

The Enlarged Group may be adversely affected by labour disputes

Mining is a labour-intensive industry. The Enlarged Group depends on hundreds of workers, including employees and contractors, to carry out the Enlarged Group's operations. Furthermore, the Enlarged Group is subject to risks arising from a collective labour claim, to which Mineração Vale Verde do Brasil Ltda. is a party, that discusses the union entity responsible for representing its employees. The outcome of this proceeding could result in the understanding that these employees should be represented by a different labour union and consequently encompassed by a new collective bargaining agreement, which might provide for different benefits and obligations other than the ones currently applicable, and, therefore, could have adverse effects on the Enlarged Group's operations. The Company cannot assure that the Enlarged Group will not experience work slowdowns, work stoppages, strikes or other labour disputes in the future, particularly in the context of the annual renegotiation of the Enlarged Group's collective bargaining agreements. Strikes and other labour disruptions at any of the Enlarged Group's operations could have a material adverse effect on the Enlarged Group's business, financial condition, reputation and results of operations.

The Company may be liable for certain payments to individuals employed by third-party contractors

Under Brazilian law, outsourcing is permitted as long as certain requirements are met. In addition, in the context of a labour dispute, Brazilian law provides that the contractor will be held liable on a secondary basis if the outsourced or subcontracted companies do not fulfil their labour obligations. The Target Entities are defendants in certain labour claims alongside outsourced companies in which the plaintiffs seek to hold the Target Entities liable on a secondary basis. In cases in which the outsourced or subcontracted companies do not pay the workers the labour sums they are entitled to, the contractor is responsible for those payments. These payments may have an adverse effect on the Enlarged Group's business, results of operation and financial condition. The Enlarged Group is also responsible for guaranteeing the safety, hygiene and health conditions of the outsourced or subcontracted workers when the work is carried out on the Enlarged Group's headquarters, premises or in a place designated by the Enlarged Group. Recent changes to Brazilian labour laws have affected outsourcing, and although the Brazilian Supreme Court have already allowed companies to outsource activities, the Enlarged Group cannot predict how these changes will be further regulated and applied by local authorities and interpreted by Brazilian labour courts. It is also unpredictable how these laws will impact the labour market, salaries and wages. If as a consequence of these new laws outsourcing becomes more restrictive or costly, the Enlarged Group's cash flow may be reduced, affecting the Company's business, financial condition and results of operations.

Deliveries under the Enlarged Group's offtake agreements may be suspended or cancelled by the Enlarged Group's customers in certain cases

Under the Enlarged Group's offtake agreements, the Enlarged Group's customers may suspend or cancel delivery of the Enlarged Group's concentrates in some cases, such as *force majeure*. Events of *force majeure* under these agreements generally include, among others, acts of God, strikes, fires, floods, wars, government actions, global pandemics or other events that are beyond the control of the parties involved. Any suspension or cancellation by the Enlarged Group's customers of deliveries under the Enlarged Group's offtake contracts that are not replaced by deliveries under new contracts would reduce the Enlarged Group's cash flows and could materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group is exposed to credit risk in relation to the Enlarged Group's contractual and trading counterparties as well as to hedging and derivative counterparties

The Enlarged Group is subject to the risk that the counterparties with whom the Enlarged Group conducts business (in particular the Enlarged Group's customers) and who are required to make payments to the Enlarged Group are unable to make such payment in a timely manner or at all. Credit risk is present in the Enlarged Group's relations with the offtakers, hedging operations and cash management operations. If amounts that are due to the Enlarged Group are not paid or not paid in a timely manner, this may impact not only the Enlarged Group's current trading and cash-flow position but also the Enlarged Group's business, financial condition and results of operations. In addition, the Enlarged Group's derivatives, metals hedging, and foreign currency and energy risk management activities expose the Enlarged Group to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group engages in transactions with certain related parties that could result in conflicts of interest

Certain of the Enlarged Group's related parties have been involved, directly or indirectly, in finance transactions with the Enlarged Group. In accordance with Brazilian law, all transactions with related parties must be made on arm's length terms, which means that the terms of transactions with related parties must not be more favourable than those offered to third parties. Brazilian law is strict and specific on related party transactions affecting transfer pricing between group entities, and the Mining Entities' finance team activities are designed and controlled by management to avoid potential adverse tax consequences as a result of non-compliance with such law. The Enlarged Group intends to continue entering into transactions with related parties on terms similar to those that would be offered by or to an unaffiliated third party. However, transactions with related parties create the potential for, or could result in, conflicts of interest if the Enlarged Group does not observe and comply with the pertaining statutes set forth in Brazilian law.

The nature of the Enlarged Group's business includes risks related to litigation and administrative proceedings, including the costs of such proceedings, management team distraction, exposure to reputational risks and the potential for damage awards, any of which could materially and adversely affect the Enlarged Group's business, financial condition and results of operations in the event of an unfavourable ruling

The nature of the Enlarged Group's business exposes the Enlarged Group to various litigation matters, including civil and criminal liability claims, environmental matters, real estate matters, health and safety matters, regulatory and administrative proceedings, governmental investigations, tort claims, contract disputes, labour matters and tax matters, among others. For the description of Atlantic Nickel's ongoing litigation proceedings against Mining Standards International Pty Ltd, see "*Appian Capital and the Target Entities' exposure to certain legal proceedings involving the Mining Entities could have a material adverse effect on their or the Enlarged Groups' business, financial condition, results of operations and reputation*", below.

In addition, litigation involving the management of the Enlarged Group may expose the Enlarged Group to reputational risks depending on the nature and subject matter of the relevant litigation. While the Enlarged Group contests these and other matters vigorously and intends to make insurance claims where appropriate, litigation and other proceedings could be inherently costly and unpredictable, making it difficult to accurately estimate the outcome of existing or future litigation, and responding to such claims and defending such actions may be distracting to the

Enlarged Group's management team. In addition, litigation and other proceedings may impair the Enlarged Group's business to the extent they result in restrictions to the use of the real estate properties or loss of ownership of the real estate properties with respect to which the Enlarged Group conducts its activities (in particular, expropriation and real estate acquisition annulment proceedings concerning real estate matters). Although the Enlarged Group establishes provisions as it deems necessary in accordance with IFRS, as issued by the IASB, the amount of provisions that the Enlarged Group records could vary significantly from any amounts the Enlarged Group actually pays, due to the inherent uncertainties and shortcomings in the estimation process.

Future litigation costs, settlements or judgments could materially and adversely affect the Enlarged Group's financial condition and results of operations. The Company cannot assure investors that these or other legal proceedings will not have a material adverse effect on the Enlarged Group's ability to conduct the Enlarged Group's business or on the Enlarged Group's financial condition and results of operations, through distraction of the Enlarged Group's management team, diversion of resources or otherwise.

Appian Capital and the Target Entities' exposure to certain legal proceedings involving the Mining Entities could have a material adverse effect on their or the Enlarged Groups' business, financial condition, results of operations and reputation

Appian Capital and the Target Entities' are party to certain legal proceedings relating to the Mining Entities. Any adverse findings in one or more of these proceedings could have a material adverse effect on the business, financial condition, results of operations and reputation of the Target Entities and/or the Enlarged Group.

The total amount of any potential financial liabilities and the impact of any adverse findings on the Target Entities' and/or the Enlarged Group's business, financial condition, results of operations and reputation are subject to uncertainty and could be substantial. Significant costs may be incurred, as well as the diversion of management time from day-to-day operations. In addition, it is difficult to predict or quantify the outcome of many of the legal proceedings that Appian Capital and the Target Entities are involved in. Although the Enlarged Group will have appropriate systems and controls in place to ensure that it can estimate its litigation exposure and provide for it sufficiently, it cannot be guaranteed that sufficient levels of legal, regulatory and accounting provisions will be made. If provisions taken turn out to be insufficient, further losses may be incurred. Such losses may occur several years after the event that caused them. Insufficient provisions, changes in estimates or judgmental errors when provisioning may have a material adverse effect on the Target Entities and/or the Enlarged Group's business, financial condition and results of operations. The principal matter in respect of which the Enlarged Group is currently aware that it may face materially adverse exposure relates to the following:

Atlantic Nickel is named as a defendant in proceedings brought under Australian law in the Queensland Registry of the Federal Court of Australia (the "**Australian Federal Court**") by Mining Standards International Pty Ltd ("**MSI**"). The proceedings arise out of an asset sale agreement for the purchase by MSI of Atlantic Nickel (the "**MSI ASA**") that was entered into prior to the sale of Atlantic Nickel to Appian Capital, but which was terminated as a result of MSI's failure to satisfy a financing condition. In these proceedings, MSI claims unspecified damages and indicates that its damages may be as high as US$745 million reflecting what it claims to be the difference in the value of Atlantic Nickel (US$795 million) and the price that MSI agreed to pay for it when it was effectively a dormant entity (US$50 million). The claim is brought against Atlantic Nickel on the basis that, among other things, Atlantic Nickel breached its obligations under the MSI ASA by failing to cooperate with MSI to achieve MSI's satisfaction of such financing condition and also by providing information to Appian Capital.

In March 2023, in proceedings brought by the former owners of Atlantic Nickel (the "**Receivers**") against MSI, the Supreme Court of Western Australia refused to grant the Receivers a declaration that the MSI ASA was validly terminated (finding that it was not) but found incidentally that the MSI ASA had come to an end in any event on or around 27 November 2017 following MSI's acceptance of the return of its deposit under the MSI ASA. Unless that decision is reversed on appeal, MSI will have no claim to a proprietary entitlement to any of the Mining Entities.

In the present proceedings before the Australian Federal Court, MSI is only seeking monetary damages for loss. To succeed in full on its claim for damages, MSI will need to establish (i) liability on the part of Atlantic Nickel,

(ii) that Atlantic Nickel's breach caused the loss to MSI, and (iii) that MSI has, in fact, suffered a loss and, if so, its quantum. Atlantic Nickel strongly refutes the claims made by MSI and, on 6 April 2023, filed its formal defence in the proceeding, by which it denies breach of contract, argues that MSI would not in any event have been able to satisfy the financing condition in the MSI ASA, and denies that MSI suffered any loss.

Atlantic Nickel has also brought a cross-claim against MSI and the Receivers. By way of the cross claim against the Receivers, Atlantic Nickel seeks contribution in relation to any potential liability to MSI. If MSI's claim is not struck out or otherwise summarily determined, the trial may not occur before the fourth quarter of 2024.

Any adverse findings in these matters could have a material adverse effect on the business, financial condition, results of operations and reputation of the Enlarged Group. The total amount of any potential damages, the nature and extent of any such damages or the impact of any such potential events on the Enlarged Group's reputation nationally and internationally are subject to significant uncertainty and could be substantial.

The Enlarged Group could be harmed by a failure or interruption of its information technology systems or automated machinery

The Enlarged Group relies on its information technology systems and automated machinery to effectively manage its production processes and operate the Enlarged Group's business. Advanced technology systems and machinery are nonetheless subject to defects, interruptions and breakdowns from a variety of sources, including computer viruses, security breaches, cyberattacks, natural disasters, defects in design and human error. Any failure of the Enlarged Group's information technology systems and automated machinery to perform as the Enlarged Group anticipates could disrupt the Enlarged Group's business and result in production errors, processing inefficiencies and the loss of sales and customers, which in turn could result in decreased revenue, increased overhead costs and excess or out-of-stock inventory levels. Although the Enlarged Group has procedures in place to prevent and seek to minimise the impact of a potential failure, there is no assurance that these will work properly or that there will not be a materially adverse effect on the Enlarged Group's business, results of operations and financial condition.

In recent years, cyberattacks and other tactics designed to gain access to and exploit sensitive information by breaching mission critical systems of large organisations have increased in volume and sophistication. The Enlarged Group is dependent on internal information, and the Enlarged Group is vulnerable to failure of these systems, including through system security breaches, data protection breaches or other cybersecurity attacks. The Enlarged Group could be exposed to a cyberattack through an internal breach from servers connected to the Enlarged Group's internal network or an external breach due to disruptions from unauthorised access to the Enlarged Group's systems, which could impact the Enlarged Group's ability to operate the Enlarged Group's existing systems. If these events occur, including a cyberattack causing critical data loss or the disclosure or use of confidential information, the exposure of such information could have a material adverse effect on the Enlarged Group's reputation, which could adversely impact the Enlarged Group's business, financial condition and results of operations.

In addition, data privacy is subject to frequently changing rules and regulations. The European Union's General Data Protection Regulation, or GDPR, took effect in 2018 and introduced increased regulations relating to personal data security. The GDPR requires companies to satisfy new requirements regarding the handling of personal and sensitive data, including its use, protection and the ability of persons whose data is stored to correct or delete such data about themselves. In 2018, the Brazilian president signed Law No. 13,709, the Brazilian General Data Protection Law (*Lei Geral de Proteção de Dados Pessoais*, or "**LGPD**"), a comprehensive data protection law. The LGPD establishes detailed rules for the collection, use, processing and storage of personal data and is expected to affect all economic sectors, including the relationship between customers and suppliers of goods and services, employees and employers and other relationships in which personal data is collected, whether in a digital or physical environment. The LGPD took effect in September 2020.

Currently, Mirabela, Atlantic Nickel, Serrote and MVV have not adopted measures to comply with the LGPD. Any noncompliance with the GDPR, the LGPD or any other cybersecurity and data privacy regulations could result in proceedings or actions against the Enlarged Group by governmental entities and individuals, the imposition of fines or penalties, restrictions to hold, access or use pieces of data, and damage to the Enlarged Group's reputation, which could have an adverse effect on the Enlarged Group and its business, results of operations and financial condition.

HEALTH, SAFETY AND ENVIRONMENTAL RISKS

Natural disasters, such as floods, mudslides and earthquakes, could damage the Enlarged Group's facilities

Natural disasters could significantly damage the Enlarged Group's mining and production facilities and infrastructure and may cause a contraction in sales to countries adversely affected due to, among other factors, power outages and the destruction of industrial facilities and infrastructure. In particular, the east coast of Brazil, where two of the Enlarged Group's mines are located, is prone to floods and storms. The physical impact of climate change on the Enlarged Group's business remains uncertain, but the Enlarged Group is likely to experience changes in rainfall patterns, increased temperatures, water shortages, lower water levels in rivers due to natural or operational conditions, increased storm frequency and intensity as a result of climate change, which may adversely affect the Enlarged Group's operations. Although the Enlarged Group has insurance covering damages caused by natural disasters, extensive damage to the Enlarged Group's facilities and staff casualties due to natural disasters could materially adversely affect the Enlarged Group's ability to conduct the Enlarged Group's operations and, as a result, materially adversely affect the Enlarged Group's business, financial condition and results of operations. Additionally, frequent natural disasters, coupled with erosion of the Brazilian rainforest, though located away from the Enlarged Group's operational sites, may trigger greater environmental activism and regulation from local population and governments, which in turn may raise the Enlarged Group's costs of operation.

Environmental regulations in Brazil to which the Enlarged Group is subject, as well as potential liabilities related to these regulations, may have a material adverse effect on the Enlarged Group's operations

The Enlarged Group is subject to numerous environmental laws and regulations in Brazil, including laws and regulations relating to environmental licenses and authorisations such as, *inter alia*: environmental compensation related to the National System of Nature Conservation Units (*Sistema Nacional de Unidades de Conservação da Natureza*) law, water grants, contaminated areas, environmentally protected areas, air emissions, the Brazilian Forest Code, vegetation removal, fauna management, wastewater discharge, dam safety, solid waste management and the use, manufacture, handling, transportation, storage, disposal and remediation of waste and hazardous substances. With respect to such environmental licences and authorisations, the absence of such documents, failure to comply with their technical conditions or failure to renew relevant authorisations in a timely manner may result in civil, criminal and administrative liabilities, as well as stoppage of activities, which may cause a material adverse effect on the Enlarged Group's operations. The Enlarged Group intends to be fully compliant with all requisite environmental licenses, authorisations and their technical conditions. However, given the size of the Enlarged Group's business and the evolving nature of environmental regulation, the Enlarged Group cannot guarantee that there will be no lapses in its compliance, and that the renewal and regulatory processes regarding environmental licences and authorisations will not result in significant expenses.

With regard to soil and groundwater contamination, processes for managing contaminated areas may be required, which entail significant expenses and can last several years until the competent environmental authority declares the areas are remedied or suitable for the intended use, and restrictions on the use of the property may apply.

The Enlarged Group's activities may also face restrictions resulting from activities in Environmental Protected Areas. Regularisation of past interventions in such Environmental Protected Areas may be required, which may result in civil, criminal and administrative liabilities, may cause a material adverse effect on the Enlarged Group's operations and may result in significant expenses.

Furthermore, potential regularisation with respect to legal reserve areas in the rural properties of the Enlarged Group (the Brazilian Forest Code requires all private rural properties to maintain a fixed proportion of their area in natural vegetation as a "legal reserve") or regularisation of vegetation removal may result in additional requirements and expenses, which in extreme cases may result in restrictions in the Enlarged Group's activities and may imply civil, criminal and administrative liabilities, causing a material adverse effect on the Enlarged Group's operations. Regarding solid waste management, mining operations have risks associated with pollution of the environment related to the disposal of waste.

In the event of an accident or exposure to hazardous materials, environmental damages may occur and trigger the obligation to remedy the environmental damage caused, which may result in significant costs for the Enlarged Group. The victim of such damages or whomever the law so authorises (such as public attorneys' office, foundations, state agencies, state-owned companies and associations engaged in environmental protection) is not compelled to sue all polluting agents in the same proceeding. Since liability is of a joint nature, the aggrieved party may choose to sue only one of the polluting agents (that meets all of the requirements in order to be sued, or simply that has the healthiest economic situation) to redress damages. Environmental disputes may be brought in civil, administrative and criminal courts, with the application of administrative and criminal sanctions, in addition to the obligation to remedy any environmental damage that may have been caused.

The piercing of the corporate veil is permitted by law when the corporate form is an obstacle to recovering damages caused to the environment and, in this situation, shareholders and officers may be held personally liable. There is no limit to the amount that Brazilian courts may award in respect to environmental liabilities. Moreover, according to recent court precedents in Brazil, there is no statute of limitations for claims seeking compensation for environmental damages. In addition, the lack of a conviction or a finding of liability in one of these spheres does not necessarily preclude the finding of liability in the remaining spheres. As a result of potential liability and violations of environmental laws, the Enlarged Group may incur unexpected interruptions to operations, fines, penalties or other reductions in income, as well as third-party claims for property damage or personal injury or remedial or other costs which may have a material adverse effect on the Enlarged Group's operations.

Moreover, municipal, state and federal governments may decide to review their environmental regulations, and continued government and public emphasis on environmental issues may require increased future investments for environmental controls for the Enlarged Group's ongoing operations and the Enlarged Group's greenfield projects.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. There are certain risks inherent in the Enlarged Group's activities, including, but not limited to, risks of accidental spills, leakages or other unforeseen circumstances that could subject the Enlarged Group to potential liability. For instance, in respect of the Santa Rita and Serrote mines, there have been minor incidents related to oil spills and untreated effluents between 2019 and 2023, which have been remedied by the Target Entities by means of removal of the contaminated substances and sending them for treatment and disposal. In addition, there have been instances in the past at the Serrote mine where hazardous substances were temporarily stored in unsuitable conditions. Since that time, MVV has built a new warehouse for such hazardous substances, which is now fully operational, and installed emergency equipment. MVV has also provided training to relevant personnel, including emergency drills in case of any undesirable event focussing on both causes and remediation undertaken. The Company cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws or regulations or environmental pollution will not materially and adversely affect the Enlarged Group's business, financial condition and results of operation.

REGULATORY, POLITICAL, ECONOMIC AND SOCIAL RISKS

Recent changes in Brazil's mining laws may significantly impact the Enlarged Group's mining operations

Although the Brazilian mining regulatory framework has been recently updated and consolidated, there could be further changes to regulations by the mining and environmental authorities, particularly on the matter of tailings management and control. Changes to the Brazilian regulatory framework that could be enacted in the future may result in an increase in the Enlarged Group's expenses and compliance, operation or other costs, particularly mining royalties, sectorial fees and charges and the Financial Compensation for Mineral Exploration ("**CFEM**" – *Compensação Financeira pela Exploração Mineral*), as well as operational rules related to dams and other obligations arising from mining concessions or exploration permits. Such changes in Brazilian mining laws and regulations may require modifications to the Enlarged Group's technologies and operations, which may result in an increase in the Enlarged Group's expenses. In addition, any changes in the interpretation of Brazilian mining laws and regulations, including changes to the Enlarged Group's mineral rights and changes in commercial rules and protections, may increase the Enlarged Group's compliance, operational or other costs.

In 2022, the ANM published the Resolution No. 95/2022, consolidating the content of several rules related to the safety of tailings dams. The new regulation presents some innovations related to the safety obligations of tailings dams, such as: (i) a new classification of dams in terms of operational management; (ii) the regulation of communities and workers located downstream of the tailing dams, in the so-called self-rescue zones (*Zonas de Autossalvamento* – "**ZAS**"); (iii) compatibility of deadlines for the de-characterisation or decommissioning of upstream dams provided for in federal and state regulations; (iv) prohibition of implementation of new tailings dams of which dam break studies identify the existence of a community inside the ZAS; (v) obligation that the entrepreneur of tailings dams that started its installation or operation before Law No. 14.066/2020 came into force in which a community is identified inside the ZAS choose, with the approval of the ANM, between deactivating the structure, resettling the population and rescuing the cultural heritage, or performing reinforcement works which guarantee the effective stability of the structure; (vi) objective criteria for each level of alert and emergency situation; (vii) requirement for designation of an engineer of record for all tailing dams with associated high potential damage; (viii) preparation, organisation and execution of the dam safety plan by a designated professional registered with the relevant professional council, as well as having a manifestation of awareness by the statutory manager holding the highest position in the structure of the legal entity; (ix) the possibility of embargoing and suspending dams and mining complexes in certain situations, as in case of instability of the structure or non-presentation of the required documents attesting its stability; and (x) the need for the development and implementation of a dam safety plan (*Plano de Segurança de Barragens*) containing a risk management programme for mining dams (*Programa de Gestão de Risco para Barragem de Mineração*), the non-compliance with which may lead to the need to suspend the release of effluents and/or tailings in the reservoir and the elevation of the alert level of the dam, under penalty of embargo or suspension of the tailings dam activity.

In addition, the Brazilian Congress created a working group to debate and prepare a legislative proposal to approve a new Brazilian Mining Code. In December 2022, the working group approved a draft to be presented to the President of the Chamber of Deputies to become a bill of law, which comprises, among other aspects, the need to present supplementary guarantees to the ANM in case of mining activities in high-risk areas or in nearby communities, and the expansion of the ANM's powers to issue mining concessions, as the Ministry of Mines and Energy ("**MME**" – *Ministério de Minas e Energia*) would only issue mining concessions for strategic ores.

At the end of 2022, Law No. 14,514 amended the Brazilian Mining Code to increase the validity period of exploration permits to four years and expand the right to use mining rights as collateral in financing transactions. The Decree No. 11.197/2022 also amended the Brazilian Mining Code regulations to raise the value of the fines provided for in the Brazilian Mining Code for non-compliance with the governing rules, which can now reach up to R$1 billion. ANM also enacted, through Resolution No. 122/2022, new regulation with respect to sanctions for non-compliance with mining regulations, significantly increasing the number of fines, which may increase the Enlarged Group's compliance and operational costs.

Currently, certain types of guarantees (such as the guarantee with respect to the risks of mining provided for in Laws Nos. 13,575 and 14,066) related to the operation of mining dams are still not covered by the existing regulation. If such regulations are adopted in the future, this may also increase the Enlarged Group's compliance, operational or other costs.

In 2023, no further significant progress in the legislative processes with respect to the Brazilian Mining Code was achieved, and there is no guarantee that a law will be approved in the same form as the current draft. It is also unclear when it would be approved (if at all), as it depends on debates and other political arrangements. Potential legislative changes in the Brazilian Mining Code may increase the Enlarged Group's compliance, operational or other costs.

The Enlarged Group's mineral rights may be terminated or not renewed by governmental authorities and the Enlarged Group may be negatively impacted by changes to mining laws and regulations.

The Enlarged Group's business is subject to extensive regulation in Brazil, including, among others, regulations relating to tax, environmental, labour, real estate, health and safety and mining matters. In Brazil, the ANM regulates and inspects the conduct of exploration, development and mining operations. The Enlarged Group's mining operations in Brazil are regulated primarily by the Brazilian Federal Constitution of 1988, the Brazilian Mining Code,

as approved by Decree-law No. 227/1967 (its enabling decree), the Brazilian Federal Decree No. 9,406/2018 and certain ANM rulings, such as the consolidation of ANM regulations.

The Enlarged Group has obtained, or are in the process of obtaining, all material authorisations, permits, concessions and licences required to conduct the Enlarged Group's mining and mining-related operations. However, in relation to the Enlarged Group's Brazilian mineral exploration activities, under the Brazilian Mining Code, the Enlarged Group may need to renew the Enlarged Group's exploration authorisations (*autorizações de pesquisa*) 60 days prior to their expiration date if the Enlarged Group continues to have an economic or business interest in the area and has its partial exploration report approved by ANM. With respect to mining concessions, there is no renewal requirement once the Enlarged Group has obtained such concession, but the Enlarged Group must comply with the mining regulation to avoid the risk of losing its concession.

In addition, the Enlarged Group holds certain mining concessions through a lease agreement signed with the *Companhia Baiana de Pesquisa Mineral* ("**CBPM**") for a term of 20 years from the registration of the leases with ANM until 9 June 2028 for No. 871.369/1989 and No. 871.368/1989). The continuity of the operations under these mining concessions are subject to the renewal of the corresponding lease agreement. The lease agreement may be renewed, at the request of the Enlarged Group, if the deposits of Mineral Resource are sufficient to allow the continuation of the mining operations. The lease agreement provides that the conditions for renewal will be defined at the end of the term of the agreement, upon analysis of the technical and economic performance of the project and the market situation with respect to its products at CBPM's discretion. Failure to renew the lease agreement may adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's authorisations, permits, concessions and environmental licences are subject to the Enlarged Group's compliance with conditions imposed and regulations promulgated by the relevant governmental authorities and failure to comply with such conditions may subject the Enlarged Group to fines, cancellation of the respective licence, warning, embargo and full or partial suspension of the activities and demolition. While the Enlarged Group anticipates that all required authorisations, permits, concessions and environmental licences or their renewals will be granted as and when sought, there is no assurance that these items will be granted as a matter of course, and there is no assurance that new conditions will not be imposed in connection with such renewals. The ANM requires the Company to make certain fee payments for exploration authorisations known as the Annual Fee per Hectare (*Taxa Anual por Hectare*) and the CFEM payments for mineral operations. Further to the governmental royalties (CFEM) and the landowners' royalties, CBPM is also entitled to receive royalties related to certain Enlarged Group's mining concessions, calculated on the revenue of sales of minerals pursuant to the lease agreement. Royalties, taxes and fees related to the Enlarged Group's exploration authorisations and mining concessions may change or increase substantially as a result of unfavourable judicial decisions in litigation with the governmental entities collecting such royalties, taxes and fees, due to change of law, or simply because these duties (which are different at each phase of the mineral right development) tend to accrue higher amounts at the mining concession stage than at the exploration authorisation stage (e.g., governmental royalties are charged only at mining concession stage).

Accordingly, the Enlarged Group must continually assess the mineral potential of each mining concession to determine if the costs of maintaining the related exploration authorisations and mining concessions are justified by the results of operations to date. If such costs are not justified and the Enlarged Group abandons the mine or suspend the mining activities without the formal consent of the ANM for a period in excess of six months, the Enlarged Group, after being fined, may lose the respective mining concessions. Alternatively, the Enlarged Group may elect to withdraw or assign some of the Enlarged Group's exploration authorisations or mining concessions. In Brazil, if the Enlarged Group fails to demonstrate the existence of technical and economically feasible mineral deposits in an area covered by an exploration authorisation, the Enlarged Group may be required to return it to the federal government. The federal government may then grant exploration authorisations to other parties that may conduct other mineral prospecting activities at said area. In addition, the mining concessions and exploration authorisations may not be granted due to changes in laws and regulations governing mineral rights. Accordingly, the retrocession requirement, loss of mining royalties and/or inability to renew the Enlarged Group's authorisations permits and licences may materially adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's operations may be impaired as a result of restrictions to the acquisition or lease of rural properties by foreign investors or Brazilian companies under foreign control or with the majority of its capital stock held by foreigners

According to the Brazilian applicable regulation, foreign individuals and foreign legal entities are subject to restrictions for the acquisition or lease of rural properties in Brazil. Limitations also apply to Brazilian legal entities controlled by foreign investors or with the majority of its capital stock held by foreigners, such as some of the Target Entities through which the Enlarged Group operates in Brazil.

Accordingly, the Enlarged Group's current and future operations may be impaired as a result of such restrictions on the acquisition or lease of rural properties, and the Enlarged Group's ownership or lease of any rural properties in Brazil may be subject to legal challenges, all of which could result in a material adverse effect on the Enlarged Group's business, results of operations, financial condition and cash flows. Such limitations are set forth mainly in Laws No. 5,709/1971 and 8,629/1993, and in Decree No. 74965/1974 (the "**Applicable Laws**"). Until 2010, it was interpreted by the Office of the General Counsel to the Federal Government that limitations imposed on the acquisition or lease of rural property did not apply to Brazilian companies under foreign control.

However, on 22 August 2010, a new legal opinion, Opinion LA-CGU/AGU-01/2008, issued by the General Counsel to the Federal Government ("**Opinion CGU/AGU**"), approved by the Office of the General Counsel to the Federal Government and by the Brazilian President, was published in the Brazilian Official Gazette. Opinion CGU/AGU, based on the principle of Brazilian sovereignty, significantly changed the interpretation of the Applicable Laws at the time. Accordingly, Brazilian companies that have the majority of their capital stock, directly or indirectly, owned by foreign individuals and/or foreign legal entities are deemed "foreign investors" for the purposes of application of the restrictions on the acquisition or lease of rural property in Brazil. The legality of Opinion CGU/AGU has been and is currently being challenged in the Brazilian Federal Supreme Court, with ongoing actions challenging the constitutionality of the current restrictions and seeking their nullification or amendment. However, prior challenges to the Opinion CGU/AGU have been unsuccessful.

Under current rules, a foreign investor or a Brazilian company under foreign control may only acquire or lease rural property in Brazil without breaching the Applicable Laws and Opinion CGU/AGU if certain conditions are met, including the prior approval by the Brazilian Institute of Settlement and Land Reform ("**INCRA**" – *Instituto Nacional de Colonização e Reforma Agrária*) and by the Ministry of Agriculture (when required, after consulting the relevant federal authorities), and by the Ministry of Industry and Trade (for industrial projects in rural areas), and others, such as the following:

- foreign entities may only acquire or lease rural properties designed for the implementation of agricultural activities, cattle raising, forestry, industrial tourist or colonisation projects that are encompassed by their corporate purposes, provided that such projects must be approved by the Ministry of Agriculture, after hearing the competent federal agency in charge of regional development in the relevant area; industrial projects shall be submitted to, and approved by, the Ministry of Industry and Trade;
- the aggregate of the rural areas of property held or leased by foreign legal entities may not exceed 25% of the total surface area of the municipality in which they are located, evidenced by a certificate issued by the real estate registry office;
- foreign legal entities and/or individuals of the same nationality may not own or lease, in each municipality, more than 40% of the limit set forth in the second bullet above (therefore, 10% of the total area of each municipality);
- the acquisition or lease of areas in excess of 100 indefinite exploitation modules will be subject to the prior approval by the Brazilian Congress, in addition to the other approvals mentioned above;
- the acquisition or lease must be formalised by means of a public deed executed with certified notary officer; and
- the acquisition or lease of rural properties located at the country's border area (a strip of up to 150 km of length along the country's terrestrial borders, which is deemed essential to the defence of Brazilian territory) is subject to the fulfilment of additional requirements, such as the prior authorisation by Brazil's National Defence Council.

Pursuant to the applicable legislation, any transactions regarding the lease and/or direct or indirect ownership of rural properties by foreign individuals or entities that violate the restrictions may be considered null and void.

The Enlarged Group's operations depend on its relations and agreements with local communities, and new projects require carrying out a prior consultation procedure

There are several local communities that surround the Enlarged Group's operations in Brazil. The Enlarged Group also interacts with regional and local governments and depends on the Enlarged Group's close relations with local communities and regional/local governments to carry out the Enlarged Group's operations. In the event that the Enlarged Group's relations with the local communities and regional/local governments were to deteriorate in the future, or the local communities do not comply with the existing agreements or renew them upon expiration, it could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations, prospects and reputation. Furthermore, in order to develop new projects on land owned by, or in the possession of, third parties, the Enlarged Group needs to reach an agreement with such third parties in order to use that land. The Enlarged Group's failure to reach such agreements or obtain governmental approvals for the Enlarged Group's new projects could result in a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The International Labour Organization's 169 Convention ("**ILO Convention 169**") is grounded on the principle of consultation and participation of indigenous and traditional communities under the Free, Prior and Informed Consent rule ("**FPIC**"). ILO Convention 169 sets forth that governments are to ensure that members of tribes directly affected by legislative or administrative measures are consulted through appropriate procedures and through their representative institutions. ILO Convention 169 also states that the consultation must be undertaken aiming at achieving an agreement or consent to the proposed measures. Further, the American Convention on Human Rights sets forth rights and freedoms prescribed for all persons, including property rights without discrimination due to race, sex, language, religion, political affiliation and national or social origin.

ILO Convention 169 was ratified by Brazil in 2002 and enacted by the Brazilian government by means of the Federal Decree No. 5051/2004, subsequently revoked by Federal Decree No. 10,088/2019. Brazilian law does not regulate the FPIC process for indigenous and traditional people affected by undertakings, nor does it set forth that individual members of an affected community shall render their FPIC on an undertaking that may impact them. However, in order to protect the interests of indigenous and traditional people in the environmental licensing of a given project, a number of institutions are involved: the National Congress (in specific cases), the Federal Public Prosecutor's Office and the National Indian Foundation (*Fundação Nacional dos Povos Indígenas* - FUNAI) (for indigenous people) or INCRA (for Quilombola communities). As a consequence, different processes are required to obtain environmental licences to construct or operate projects in areas that affect indigenous populations, Quilombola communities or other traditional communities. Regarding indigenous communities, for example, FUNAI has an obligation to be involved in any licensing of projects that directly or indirectly affect indigenous lands and communities. Such involvement is generally required at all stages of licensing, namely: (a) preliminary licence, (b) installation licence; and (c) operation licence.

In 2019, MVV identified a Quilombola community called Carrasco located 4.5 km from Serrote, and set about developing a comprehensive and dedicated stakeholder engagement process. For information on the developments in this process, see "*Information on the Enlarged Group's Business – Environment, Social and Governance (ESG) – Human Rights and Indigenous Engagement*".

Health and safety, mining and environmental laws, regulations and other legislation, including regulations pertaining to climate change, may increase the Enlarged Group's costs of doing business, restrict the Enlarged Group's operations or result in the imposition of fines, revocation of permits or shutdown of the Enlarged Group's facilities

The Enlarged Group's mining activities are subject to Brazilian laws and regulations, including without limitation health and safety and environmental matters. Additional matters subject to legislation include, but are not limited to, transportation, mineral storage, water use and discharge, use of explosives, hazardous and other non-hazardous waste, and reclamation and remediation measures. The Enlarged Group's operations are subject to periodic

inspections and special inspections in certain circumstances by governmental authorities and consultation with local communities. Compliance with these laws and regulations and new or existing regulations that may be applicable to the Enlarged Group in the future could increase the Enlarged Group's operating costs and adversely affect the Enlarged Group's business, financial condition and results of operations.

Mining is an inherently dangerous activity that involves substantial risks and both the Enlarged Group's workers and the Enlarged Group's contractors' workers are subject to accidents, some of which may result in serious injury or death. Accidents are reported to Brazilian authorities as required. The occurrence of fatal accidents may result in additional governmental regulation, including the possible suspension of operations, which will inevitably generate negative impact to the Enlarged Group's operations. Although the Enlarged Group believes it is in compliance with all applicable regulations in all material aspects, the Company cannot assure investors that the Enlarged Group has been or will be at all times in full compliance with the laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, temporary or permanent shutdown of the affected operations or facilities or the suspension or revocation of authorisations, permits or licences.

Regulatory and industry response to climate change or other controls on greenhouse gas emissions, including limits on emissions from the combustion of carbon-based fuels, controls on effluents and restrictions on the use of certain materials, could significantly increase the Enlarged Group's operating costs and affect the Enlarged Group's customers. Ongoing international efforts to address greenhouse gas emissions consist of controlling activities that may increase the atmospheric concentration of greenhouse gases. International agreements, like the Paris Agreement and the Kyoto Protocol, are in different stages of negotiation and implementation. The measures included in such agreements may result in an increase of costs related to the installation of new controls aimed at reducing greenhouse gas emissions, the purchase of credits or licences for atmospheric emissions and the monitoring and registration of greenhouse gas emissions generated by the Enlarged Group's operations. These measures could adversely affect the Enlarged Group's business, financial condition and results of operations. The potential impact of climate change on the Enlarged Group's operations is highly uncertain and would be particular to the geographic circumstances of the Enlarged Group's facilities and operations. It may include changes in rainfall patterns, water shortages, changing storm patterns and intensities and changing temperatures. These effects may materially adversely impact the cost, production and financial performance of the Enlarged Group's operations.

The Enlarged Group is subject to costs related to maintenance of its equipment, machinery and assets, as well as its activities monitoring measures, which include the regular update of the Enlarged Group's mines' decommissioning plans, update of the respective accounting provisioning costs since the elaboration of the economical exploitation plan of each mine concession and tailings dam periodical monitoring, as required by regulation. Pursuant to certain applicable regulations and environmental laws, the Enlarged Group could be found liable for all or substantially all of the damages caused by mining activities at the Enlarged Group's current or former facilities or those of the Enlarged Group's predecessors at disposal sites. The Enlarged Group could also be found liable for all incidental damages due to the exposure of individuals to hazardous substances or other environmental damage. The Company cannot assure investors that the Enlarged Group's costs of complying with current and future environmental and health and safety laws and regulations, including decommissioning and remediation requirements, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially and adversely affect the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's business, results of operations and financial condition are affected by global and local market conditions that the Enlarged Group does not control and cannot predict

The Enlarged Group is subject to risks arising from adverse changes in global economic and political conditions. The Enlarged Group's industry is cyclical by nature and fluctuates with economic cycles globally, including the current economic instability at the international level. Global markets are experiencing volatility and disruption following the escalation of geopolitical tensions, in particular in connection with the ongoing military conflict between Russia and Ukraine. The resulting economic sanctions imposed by the United States, the European Union, the United Kingdom and other countries as a direct consequence of this conflict may continue to significantly impact supply chains, lead to market disruptions and significant volatility in commodities' prices, and bring heightened near-term uncertainty to the global financial system, including through instability of credit and of capital markets. Escalation of the conflict between Russia and Ukraine and developments of the COVID-19 pandemic (including as

a result of new or changing policies adopted by China and other economies in the face of the pandemic) could lead to other additional impacts which may adversely affect the Enlarged Group's business, such as disruption of international trade flows, extreme market pricing volatility, with particular impact on the energy sector and industrial supply chains, shipping, and regulatory and contractual uncertainty. These factors could disrupt the global markets in ways that are difficult to predict and estimate in advance as to their potential impact on the Enlarged Group's business, financial condition and results of operations.

There is also considerable uncertainty over the long-term effects of the high levels of inflation currently experienced across the globe, as well as the effects of the contractionary monetary policies being adopted by central banks and financial authorities around the world and in leading economies in response to it. These policies may have a negative impact on the global and local economy, and consequently on the Enlarged Group's business, financial condition and results of operations. Global economic weakness may prompt banks to limit or deny lending to the Enlarged Group or to the Enlarged Group's customers, which could have a material adverse effect on the Enlarged Group's liquidity, on the Enlarged Group's operations and on the Enlarged Group's ability to carry out the Enlarged Group's intended capital investment programmes and may prompt the Enlarged Group's customers to slow down or reduce the purchase of the Enlarged Group's products. The Enlarged Group may experience longer sales cycles, difficulty in collecting sales proceeds and lower prices for the Enlarged Group's products. The Enlarged Group cannot provide any assurance that any of these events will not have a material adverse effect on market conditions, the prices of the Enlarged Group's securities, the Enlarged Group's ability to obtain financing and the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group's operations seek to comply with applicable laws and regulations; however, uncertainty in governmental agency interpretation or court interpretation and the application of such laws and regulations could result in unintended non-compliance

The Brazilian courts may offer less certainty as to the judicial outcome of legal proceedings or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, the Enlarged Group could face risks such as: (i) greater difficulty in obtaining effective legal redress in Brazilian courts, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities, which leads to greater uncertainty; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters.

Enforcement of laws in Brazil may depend on and be subject to the interpretation placed upon such laws by the relevant governmental authorities, and such authority may adopt an interpretation of an aspect of local law that differs from the advice that has been given to the Enlarged Group by local lawyers or even by the relevant local authority itself on a prior occasion. In addition, there may be limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to the Enlarged Group's contracts, joint-ventures, licences, licence applications or other legal arrangements. Thus, there can be no assurance that contracts, joint-ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements in these jurisdictions. In Brazil, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain and may be susceptible to revision or cancellation, and legal redress may be uncertain or delayed. These uncertainties and delays could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Following the Acquisition, mineral rights of the Target Entities will be secured for the benefit of secured creditors of the Enlarged Group

The mineral rights of the Target Entities will be secured for the benefit of secured creditors of the Enlarged Group in connection with financing agreements and other arrangements entered into by the Enlarged Group in the context of the Acquisition. In the event that any Enlarged Group entity defaults on the relevant agreement or if such

agreements are accelerated and, as a result, creditors consolidate the ownership of the mineral rights, sell the mineral rights or otherwise transfer the mineral rights, the Enlarged Group's operations may be impaired.

RISKS RELATING TO BRAZIL

General economic conditions in Brazil may materially adversely affect the Enlarged Group's business, financial condition and results of operations

The Enlarged Group's operations are dependent upon the performance of the Brazilian economy. In consequence, general economic conditions in Brazil may have a material adverse impact on the Enlarged Group's business, financial condition and results of operations. Brazilian GDP growth decreased by 3.3% in 2016, which was followed by 3 years of marginal growth, at 1.3%, 1.8% and 1.2% in 2017, 2018 and 2019, respectively. Mostly as a result of the COVID-19 pandemic, Brazilian GDP declined in 2020 by 3.3%. In 2021 and 2022, the Brazilian GDP grew by 5.0% and 2.8%, partly recovering from the previous decrease and COVID-19 pandemic impact.

This economic condition, coupled with ongoing effects of the global economic crisis and prospects of low economic growth in Brazil in the coming years, may result in greater economic and financial volatility and continued stagnation in terms of GDP growth, all of which could negatively affect the demand for and pricing of the Enlarged Group's products and, consequently, the Enlarged Group's business and results of operations.

For specific macroeconomic variables to which the Enlarged Group's business is subject or exposed in Brazil, see "*Risk Factors—The Enlarged Group's business, financial condition and results of operations may be adversely affected by inflation*", "*Risk Factors—The Enlarged Group's financial condition and results of operations may be materially and adversely affected by currency exchange rate fluctuations*", and "*Risk Factors—Fluctuations in interest rates in Brazil could increase the cost of servicing the Enlarged Group's debt and negatively affect the Enlarged Group's overall financial performance*" elsewhere in this section.

The Brazilian federal government has exercised and continues to exercise significant influence over the Brazilian economy, which may have an adverse impact on the Brazilian economy and on the Enlarged Group's business

The Brazilian economy has been characterised by frequent, and occasionally material, intervention by the Brazilian federal government, which has often modified monetary, credit and other policies intended to influence Brazil's economy. The Brazilian government's actions to control inflation and effect other policy changes have involved wage and price controls, changes in existing (or the implementation of) new taxes and fluctuations of base interest rates. Actions taken by the Brazilian federal government concerning the economy may have important effects on Brazilian companies, including the Enlarged Group, and on market conditions and the competitiveness of Brazilian products abroad. In addition, actions taken by Brazilian state and local governments with respect to labour and other laws affecting the Enlarged Group's operations may have an effect on the Enlarged Group.

Since 1999, the Brazilian Central Bank has allowed the U.S. dollar-Brazilian real exchange rate to float freely, but prior to that the Brazilian real had been subject to exchange controls. Currently, the Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of Brazilian *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures. The Company cannot predict whether the Brazilian Central Bank or the Brazilian government will continue to permit the Brazilian real to float freely or will intervene in the exchange rate market through the return of a currency band system or otherwise. Furthermore, Brazilian law provides that, if there is a serious imbalance in Brazil's balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad.

The Enlarged Group's business, financial condition and results of operations may also be materially and adversely affected by any of the following and the Brazilian federal government's actions in response to them:

- depreciations and other exchange rate movements;
- monetary, labour, tax and health policies;
- inflation rate fluctuations;

- political, economic and/or social instability;
- energy shortages or changes in energy prices;
- interest rates changes;
- exchange controls and restrictions on remittances abroad;
- liquidity of the domestic capital and lending markets;
- tax policy, including international tax treaties;
- introduction of controls over imports and/or exports;
- expiration and revocation of, or the Enlarged Group's inability to re-qualify to, any of the tax benefits granted to the Enlarged Group; and
- other political, diplomatic, social, environmental and economic policies or developments in or affecting Brazil.

Uncertainty over whether the Brazilian federal government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the market value of securities issued by Brazilian companies. Such uncertainties and other future events in the Brazilian economy may eventually adversely affect the Enlarged Group's business, financial condition and results of operations.

Political instability and developments in Brazil may adversely affect the Enlarged Group's business, financial condition and results of operations

Over the last years, Brazilian markets have been experiencing increased volatility due to uncertainties arising from investigations conducted by Brazilian authorities including the Brazilian federal police and the Brazilian Federal Prosecution Service. Such investigations have impacted the country's economy and political environment. Members of the Brazilian government and the legislative branch, as well as executives of large public and private companies, were convicted of corruption for having accepted bribes through kickbacks in contracts awarded by the government to infrastructure, oil and gas, and construction companies. The values of these bribes supposedly financed campaigns of political parties and were not officially accounted for or publicly disclosed, serving to promote the personal enrichment of the beneficiaries of the corruption scheme. As a result, several politicians, including members of Congress and executives of large Brazilian public and private companies, resigned from their positions or were arrested, and others are still being investigated for allegations of unethical and illegal conduct, identified during such investigations.

The potential outcome of these and other investigations is uncertain, but they have had a negative impact on the image and reputation of the companies involved, as well as on the general market perception of the Brazilian economy. The Enlarged Group cannot predict whether ongoing or future investigations will lead to further political and economic instability, nor whether new allegations against government officials and executives or private companies will arise in the future.

Furthermore, a new president, Luis Inácio Lula da Silva, was elected in October 2022, for a four-year term starting in January 2023. The uncertainties regarding the new government's agenda and ability to implement such agenda, considering that the majority of the elected federal legislature is from opposing parties, including potential changes to monetary, fiscal and social security policies, can contribute to economic uncertainty, instability and volatility. The president of Brazil and the federal government in general have the power to determine a broad range of policies and to issue several governmental acts that may impact the Brazilian economy and may, consequently, affect the operations and financial performance of companies, including the Enlarged Group. The Enlarged Group cannot predict the policies that the president and his new administration will adopt, much less whether such policies or changes in current policies may have an adverse effect on the Enlarged Group or on the Brazilian economy.

In addition, since the results of the presidential election have been announced and as of the date of this Document, certain groups formed by extreme supporters of the defeated candidate (former president Jair Bolsonaro) have been organising public demonstrations and protests against the electronic ballot boxes, the election results and the new administration. Any potential threat to the democratic or electoral system in Brazil may result in a deterioration of the political environment and, as a consequence, affect the confidence of investors and the general public. Such

events could have a material adverse effect on Enlarged Group's business, financial condition and results of operations.

The perceptions of risks and economic and market conditions in other countries, including the United States, developing countries, Latin America and other countries with which the Enlarged Group conducts business, may materially and adversely affect the Brazilian economy and, therefore, the Enlarged Group's results of operations

The market for securities issued by Brazilian companies or companies with significant operations in Brazil is influenced by economic and market conditions in Brazil, and, to varying degrees, market conditions in the United States, developing countries and Latin American countries. Although economic conditions vary by country, the reaction of investors to developments in one country may cause fluctuations in the capital markets in other countries. Emerging markets, like Brazil, are particularly susceptible to developments in global markets. Developments or adverse economic conditions in other countries, including developing countries, have at times significantly affected the availability of credit in the Brazilian economy and resulted in considerable outflows of funds and reduced foreign investment in Brazil, as well as limited access to international capital markets, all of which may materially and adversely affect the Enlarged Group's ability to borrow at acceptable interest rates or to raise equity capital when and if the Enlarged Group needs to do so.

In addition, because international investors' reactions to the events occurring in one emerging market country sometimes produce a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors, Brazil could be adversely affected by negative economic or financial developments in other countries. Such developments may affect the Brazilian economy in the future and, consequently, the Enlarged Group's results of operations.

Any further downgrading of Brazil's credit rating could adversely affect the price of the Warrants and Class A Ordinary Shares

The Enlarged Group can be adversely affected by investors' perceptions of risks related to Brazil's sovereign debt credit rating. Rating agencies regularly assess Brazil and its sovereign ratings, which are based on a number of factors including macroeconomic trends, fiscal and budgetary conditions, debt metrics and the prospect of changes in any of these factors. Since 2015, Brazil has lost its investment grade sovereign debt rating by the three main U.S.-based rating agencies (Standard & Poor's, Moody's and Fitch). Over this period, Brazil's sovereign credit rating has gone from BBB- to BB- with a stable outlook for Standard & Poor's (as of 16 June 2022); from Baa3 to Ba2 with a stable outlook for Moody's (as of 13 April 2022); and from BBB- to BB- with a stable outlook for Fitch (as of 20 December 2022).

Recently, the Brazilian political and economic scenario has shown high levels of volatility and instability, including contractions or lower growth in GDP, significant fluctuations in the Brazilian real against the U.S. dollar, increased unemployment and a reduction in expenditure levels and consumer confidence. A prolongation or worsening of the current outlook and continued political and economic uncertainty as a result of the new federal government and administration, among other factors, could lead to further ratings downgrades. Any further downgrade of Brazil's sovereign credit ratings could heighten investors' perception of risk and, as a result, could adversely affect the price of the Warrants and Class A Ordinary Shares.

The Enlarged Group's operations are subject to anti-corruption, anti-bribery and anti-money laundering laws and may be materially adversely affected by related developments in Brazil

The Enlarged Group is subject to anti-corruption, anti-bribery and anti-money laundering laws and regulations in Brazil and in the United Kingdom. In addition, the Enlarged Group is subject to economic sanctions regulations that restrict dealings with certain sanctioned countries, individuals and entities.

Brazilian markets have experienced heightened volatility due to the uncertainties generated by corruption and bribery investigations, as discussed in "*Risk Factors—Political instability and developments in Brazil may adversely affect the Enlarged Group's business, financial condition and results of operations*". Moreover, the Brazilian regulatory framework has evolved and been strengthened to combat corruption and money laundering, including an increase in

administrative proceedings that may subject companies, under strict liability, to major fines and prohibition to contract with public authorities for corruption acts, in addition to the possibility of holding companies accountable for environmental crimes – which are tightly related to the Enlarged Group's operation.

The Enlarged Group maintains policies designed to address the main risks involved in its activities (including corruption derived from regular contact with the public administration in charge of environmental damages and export controls). However, there can be no assurances that the internal policies of the Enlarged Group will be sufficient to prevent or detect all inappropriate practices, fraud or violations of such laws, regulations and requirements by its employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of its policies and procedures. Any violations of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on the Enlarged Group's business, reputation, results of operations and financial condition.

RISKS RELATING TO THE ACQUISITION AND RE-ADMISSION

The Acquisition consideration will be funded from multiple sources, certain of which are not committed as of the date hereof. However, pursuant to the Acquisition Agreement, the Company's obligation to consummate the Acquisition is not conditional on the Company raising funds sufficient to finance it

The Acquisition consideration will be funded by the Company from multiple sources, including the senior debt, the Royal Gold Royalty Agreements (as defined below), PowerCo Prepayment, the Anchor Investors, the Escrow Account and the Placing. As of the date hereof, the Company has entered into agreements (the "**Funding Agreements**") with certain funding providers for funding in an amount of $875 million (subject to the conditions described in this Document. The risk that such funding is not ultimately made available to the Company (either due to a failure to satisfy the conditions precedent contained in, or due to a breach by the funding providers of their obligations under, the Funding Agreements) cannot be excluded. As a consequence, the Company is of the opinion that, as at the date of this Document, the Company does not have sufficient working capital for its present requirements, that is for at least 12 months from the date of this Document.

The total amount required to finance the Acquisition is approximately US$1,178 million, and the Company intends to fund the balance of the consideration not provided under the Funding Agreements (approximately US$301 million) using the funds held in the Escrow Account which have not been used to effect redemptions of the Existing Class A Shares and the proceeds of the Placing, of which up to US$50 million is backstopped by the Guarantor pursuant to the Backstop Subscription Agreement (see "Part XV—*Additional Information—Material contracts—Backstop Subscription Agreement*"). Pursuant to the Acquisition Agreement, the Company's obligation to consummate the Acquisition is not conditional on the Company's ability to finance the Acquisition. To the extent additional equity and/or debt financing is necessary to complete the Acquisition and such financing remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled to either restructure or abandon the Acquisition, or proceed with the Acquisition on less favourable terms, which may reduce the Company's return on investment. Neither the Co-Sponsors or any other party is required to provide any further financing to the Company in connection with, or following, the Acquisition.

If the Company fails to secure or obtain sufficient funds to complete the Acquisition and the other conditions to the completion of the Acquisition pursuant to the Acquisition Agreement are met, the Sellers may bring a claim against the Company for a failure to complete the Acquisition. Under the Acquisition Agreement, the Sellers have waived any right, title, interest or claim of any kind in or to monies held in the Escrow Account. However, if successful in a claim against the Company, potential remedies available to the Sellers include monetary damages (for losses incurred in connection with the Company's breach of the Acquisition Agreement) and/or the equitable remedy of specific performance (seeking that a court order the Company to acquire the Target Entities). If damages are awarded and the Company is unable to pay such damages in full, the Company would become insolvent.

If the Company fails to secure sufficient funds to complete the Acquisition, the Company's ability to pursue an alternative acquisition may be materially and adversely affected

The negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments in connection with the Acquisition has required substantial management time and attention and substantial costs (including adviser fees). The Company may fail to complete the Acquisition for a number of reasons, including reasons beyond its control, such as Public Shareholders (as defined in Part XVIII) voting against the Acquisition

and/or the Company not receiving necessary approvals (including the Antitrust Condition). Any such event would result in a loss to the Company of the related costs incurred.

The Co-Sponsors may choose not to commit any further capital at such point, either to fund an alternative acquisition or to extend the Acquisition Deadline by further overfunding the Escrow Account. As a result, any failure to complete the Acquisition could materially adversely affect the Company's prospects of successfully completing an alternative acquisition in the future.

If the Company is unable to complete an acquisition by the Acquisition Deadline (as extended), the Class A Ordinary Shareholders may receive $10.325 per Class A Ordinary Share (comprising $10.00 per Class A Ordinary Share representing the amount subscribed for by the Class A Ordinary Shareholders in the Offering together with the Class A Ordinary Shareholders' pro rata entitlement to the Escrow Account Overfunding, expected to be $0.325 per Class A Ordinary Share, excluding any Additional Escrow Account Overfunding and excluding Class A Ordinary Shareholders' pro rata entitlement to any interest accrued on the Escrow Account), or nothing at all in certain circumstances, and the Warrants will expire worthless and any holder thereof will no longer have any rights thereunder.

Investors will experience a dilution of their percentage ownership of the Company if the Warrants, Sponsor Loan Warrants, Sponsor Warrants and Private Placement Warrants are exercised following the Acquisition

The Company has previously issued Warrants and Sponsor Warrants that entitle the Warrantholders to purchase additional Class A Ordinary Shares. The Warrants and Sponsor Warrants are exercisable at any time commencing 30 days after the Acquisition Date. In addition, each of Glencore and Stellantis will, on completion of the Acquisition, subscribe for 2,000,000 Private Placement Warrants that entitle the holder to purchase one Class A Ordinary Share at a price of US$12.00 per Class A Ordinary Share, subject to adjustments as set out in this Document, at any time commencing 30 days after the Acquisition Date. Further, the Company may in its sole discretion, repay an aggregate amount of up to US$2,000,000 of the Sponsor Loans in the form of Sponsor Loan Warrants which are exercisable at any time commencing 6 months after the Acquisition Date. If such Warrants, Sponsor Loan Warrants, Sponsor Warrants and Private Placement Warrants are exercised by the respective holders, the Company will issue additional Class A Ordinary Shares and the interests of investors in Class A Ordinary Shares will be further diluted.

Moreover, to the extent that Warrantholders do not exercise their Warrants, their proportionate ownership and voting interest in the Company will be reduced by the issue of Class A Ordinary Shares pursuant to the terms of the Warrants. The exercise of the Warrants, including by other Warrantholders, will result in a dilution of the value of such investors' interests if the value of a Class A Ordinary Share exceeds the price payable on the exercise of a Warrant at the relevant time (the "**Exercise Price**"). The potential for the issue of additional Class A Ordinary Shares pursuant to exercise of the Warrants could have an adverse effect on the market price of the Class A Ordinary Shares.

All outstanding Class B Shares issued by the Company will convert into Class A Ordinary Shares upon completion of the Acquisition, which will expose the Class A Ordinary Shareholders to immediate and substantial dilution as a result

As of the date of this Document, there are 3,125,000 outstanding Class B Shares issued by the Company. Such Class B Shares will automatically convert into Class A Ordinary Shares upon completion of the Acquisition. The conversion of such Class B Shares into Class A Ordinary Shares will lead to an additional 3,125,000 Class A Ordinary Shares being issued, and therefore current holders of Class A Ordinary Shares will experience a significant dilution as a result. The issue of additional Class A Ordinary Shares pursuant to the conversion of outstanding Class B Shares could have an adverse effect on the market price of the Class A Ordinary Shares.

Any due diligence conducted by the Company in connection with the Acquisition may not have revealed all relevant considerations or liabilities of the Target Entities, which could have a material adverse effect on the Enlarged Group's financial condition or results of operations

The Company has conducted such due diligence as it deemed reasonably practicable and appropriate based on the facts and circumstances applicable to the Acquisition. The objective of the due diligence process was to identify material issues which might affect the decision to proceed with the Acquisition or the consideration payable for the

Acquisition. The Company also used information revealed during the due diligence process to formulate its business and operational planning for, and its valuation of, the Target Entities. Whilst conducting due diligence and assessing a potential Acquisition, the Company relied on publicly available information, information provided by Appian Capital and the Target Entities and in some circumstances third-party investigations.

The due diligence undertaken with respect to the Acquisition may not have revealed all relevant facts that were necessary to evaluate the Acquisition, including the determination of the price the Company has paid for the Target Entities, or to formulate a business strategy. Furthermore, the information provided during due diligence may be incomplete, inadequate or inaccurate. As part of the due diligence process, the Company has made subjective judgments regarding the results of operations, financial condition and prospects of a potential opportunity. If the due diligence investigation has failed to correctly identify material issues and liabilities that may be present in the Target Entities, or if the Company has considered such material risks to be commercially acceptable relative to the Acquisition of the Target Entities, and the Company proceeds with the Acquisition, the Enlarged Group may subsequently be forced to write-down or write-off assets, restructure operations, or incur substantial impairment or other charges or losses. Even if the Company's due diligence has successfully identified certain risks, unexpected risks may arise and previously known risks may materialise in a manner not consistent with the Company's preliminary risk analysis. Even though any potential charges may be non-cash items and not have an immediate impact on the Enlarged Group's liquidity, the fact that the Enlarged Group reports charges of this nature could contribute to negative market perceptions about the Enlarged Group, the Company or its securities. In addition, charges of this nature may cause the Company to violate net worth or other covenants to which it may be subject as a result of assuming pre-existing debt held by one of the Target Entities or by virtue of the Company obtaining debt financing to partially finance the Acquisition.

Furthermore, the Target Entities may have liabilities of which the Company is unaware at the time of completion of the Acquisition. In order to protect the Company from such liabilities, the relevant agreements executed as part of the Acquisition provide for warranties that are customary in deals of this nature and the Company has obtained a warranties insurance policy insuring against the breach of such warranties. If such warranties are not true and correct, the Enlarged Group may suffer losses or may be unable to perform to expectations. If this were to occur, there can be no assurance that the Enlarged Group would be able to recover damages from the insurer or Appian Capital in relation to such breaches or losses in an amount sufficient to fully compensate the Enlarged Group for its losses or underperformance.

In addition, following the Acquisition, the Enlarged Group may be subject to significant, previously undisclosed liabilities of the Target Entities that were not identified during due diligence and which could contribute to poor operational performance, undermine any attempt to restructure the Target Entities in line with the Enlarged Group's business plan and have a material adverse effect on the Enlarged Group's financial condition and results of operations.

Citigroup has acted as sole global coordinator and bookrunner with respect to the Company's initial public offering, and has also acted as a Placement Agent in relation to the PIPE and Joint Bookrunner in relation to the Placing and as financial adviser to the Target Entities in connection with the Acquisition. A conflict of interest might be perceived as a result of such relationships

Citigroup has acted as sole global coordinator and bookrunner with respect to the Company's initial public offering of the Warrants and Class A Ordinary Shares, and has been appointed by the Company as a Placement Agent in relation to the PIPE and Joint Bookrunner in relation to the Placing. In addition, Citigroup is acting as financial adviser to the Target Entities in connection with the Acquisition. A conflict of interest might be perceived as a result of such relationships. Citigroup has been granted fees in connection with the IPO (including a deferred commission payable and contingent on the completion of the Acquisition) and for its services as a Placement Agent and Joint Bookrunner and may receive fees for its financial advisory services provided to the Target Entities, each subject to the terms and conditions of the relevant engagement letters.

A potential conflict of interest may arise as a result of such relationships, which could negatively influence the price of the Class A Ordinary Shares and Warrants. In addition, even if an actual conflict of interest does not exist, a perception thereof by investors could negatively impact the Company's outlook or investors' views on the

Acquisition, as well as the price of the Class A Ordinary Shares and Warrants.

The Directors will allocate a substantial portion of their time to other businesses, leading to potential conflicts of interest in their determination as to how much time to devote to the Enlarged Group's affairs, which could have a negative impact on the Enlarged Group's business and performance

None of the Directors are required to commit their full time or any specified amount of time to the Company's or the Enlarged Group's affairs, which could create a conflict of interest when allocating their time between the Enlarged Group's operations and their business or other commitments. If the Directors' other business affairs require them to devote substantial amounts of time to such affairs, it could limit their ability to devote time to the Enlarged Group's affairs and could have a negative impact on the Enlarged Group's business and performance. The Company can provide no assurance that these conflicts will be resolved in the Enlarged Group's favour. In addition, although the Directors must act in what they believe to be the Company's best interests and owe certain other statutory and fiduciary duties to the Company, they are not necessarily obligated under BVI law to present business opportunities to the Company or the Enlarged Group.

Upon completion of the Acquisition, any operating improvements proposed, intended, expected or implemented by the Company may not be successful and effective in increasing the value of the Enlarged Group

The Company may not be able to propose and implement effective operational improvements for the Enlarged Group following the Acquisition. In addition, general economic and market conditions or other factors outside the Company's control could make the Company's operating strategies difficult or impossible to implement. Any failure to implement these operational improvements successfully and/or the failure of these operational improvements to deliver the anticipated benefits could have a material adverse effect on the Enlarged Group's results of operations and financial condition.

Upon completion of the Acquisition, the Enlarged Group's principal source of operating cash will be income received from the Target Entities

Upon completion of the Acquisition, the Enlarged Group will be dependent on the income generated by the Target Entities to meet the Enlarged Group's expenses and operating cash requirements. The amount of distributions and dividends, if any, which may be paid from Target Entities to the Company will depend on many factors, including each of the Target Entities' results of operations and financial condition, limits on dividends under applicable law, constitutional documents, documents governing any indebtedness of the Enlarged Group, and other factors which may be outside the control of the Enlarged Group. If the Target Entities are unable to generate sufficient cash flow, the Company may be unable to pay its expenses or unable or determined not to make distributions and dividends on the Class A Ordinary Shares.

Following the Acquisition, certain shares issued by entities within the Enlarged Group will be secured for the benefit of secured creditors of the Enlarged Group

The shares issued by certain entities within the Enlarged Group will be secured for the benefit of secured creditors of the Enlarged Group in connection with financing agreements entered into by the Enlarged Group in the context of the Acquisition. In the event that any Enlarged Group entity defaults on any financing agreements or if such financing agreements are accelerated and, as a result, creditors consolidate the ownership of the shares, sell the shares or otherwise transfer the shares, the relevant issuing entities may be subject to a change of control following statutory, legal and procedural formalities. A change of control under these circumstances may adversely affect the Enlarged Group.

Securities of companies formed through SPAC mergers such as the Acquisition may experience a material decline in price relative to the share price of the SPAC prior to the merger

As with most special purpose acquisition company ("**SPAC**") initial public offerings in recent years, the Company issued shares for $10.00 per Class A Ordinary Share upon the closing of its initial public offering. As with other SPACs, the $10.00 per share price of the Company reflected each share having a one-time right to redeem such share

for a pro rata portion of the proceeds held in an escrow account opened by the Company in connection with the IPO and held with Citibank N.A. London (the "**Escrow Account**") equal to approximately $10.325 (after taking into account the initial overfunding of the Escrow Account by the Co-Sponsors) per Class A Ordinary Share prior to the Acquisition becoming effective. Following the completion of the Acquisition, no Class A Ordinary Share outstanding will have any such redemption right and the share price will be solely dependent upon the fundamental value of the Enlarged Group, which, like the securities of other companies formed through SPAC mergers in recent years, may be significantly less than the original $10.00 per Class A Ordinary Share.

The proposed Standard Listing of the Class A Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing, and there can be no guarantee that the Company will ever seek or be eligible to transfer to a Premium Listing

Application will be made for the Shares to be re-admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules including higher standards of corporate governance. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Class A Ordinary Shares. In addition, although the Company may in the future seek to transfer from a Standard Listing to a Premium Listing, there can be no guarantee that the Company will ever fulfil the relevant eligibility criteria and that a transfer to a Premium Listing will be achieved.

Not all Intermediaries may be able to facilitate participation in the Retail Offer and submit Intermediary Applications

Retail investors resident in the UK who wish to hold Class A Ordinary Shares in the form of depositary interests which may be allotted to them in an ISA, SIPP or GIA must arrange for an Intermediary to submit an Intermediary Application on their behalf. Only Intermediaries who have contractual arrangements in place with PrimaryBid and who are authorised by the FCA or the Prudential Regulatory Authority in the UK with the appropriate authorisation to carry on the relevant regulated activities in the UK, and, in each case, who have all appropriate permissions, licences, consents and approvals to act in the UK and who are also members of CREST or who have arrangements with a clearing firm that is a member of CREST, will be able to do so. There is no guarantee that an Intermediary will be able to facilitate an Intermediary Application. In order to ensure that they are able to submit an application before the end of the Retail Offering, retail investors resident in the UK should contact their relevant Intermediaries as early as possible for confirmation that such Intermediary will be able to submit an Intermediary Application. Retail investors resident in the UK whose chosen Intermediaries are unable to transmit Intermediary Applications may still apply for shares of Class A Ordinary Shares through PrimaryBid, although not for settlement into an ISA, SIPP or GIA.

RISKS RELATING TO THE CLASS A ORDINARY SHARES AND WARRANTS

Shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the UK courts or other foreign courts may be limited, because the Company is incorporated under BVI law

The Company is incorporated under the laws of the BVI. As a result, although there is reciprocal recognition of UK judgments in the BVI, it may be difficult for investors to enforce judgments obtained in the United Kingdom courts against the Company's directors or officers. There may not be equivalent recognition of judgments obtained in other jurisdictions.

The Company's corporate affairs will be governed by the Company's memorandum and articles of association, the BVI Companies Act and the common law of the BVI. The rights of Shareholders to take action against the Directors, actions by minority Shareholders and the fiduciary responsibilities of the Directors to the Company under BVI law are governed by the BVI Companies Act and the common law of the BVI. The common law of the BVI is derived from English common law and, whilst the decisions of the courts of England and Wales are of persuasive authority, they are not binding on a court in the BVI. The rights of the Shareholders and the fiduciary responsibilities of the

Directors under BVI law may not be as clearly established as they would be under statutes or judicial precedent in the United Kingdom.

Shareholders will not be entitled to the takeover offer protections provided by the City Code

The City Code on Takeovers and Mergers (the "**City Code**") applies, inter alia, to offers for all listed public companies considered by the Takeover Panel to be incorporated or resident in the United Kingdom, the Channel Islands or the Isle of Man. The Company is not so incorporated or resident and therefore Shareholders will not benefit from the takeover offer protections provided by the City Code. There are no rules or provisions relating to the Class A Ordinary Shares and squeeze-out and/or sell-out rules, save as provided by section 176 of the BVI Companies Act which permits the shareholders holding 90% of the votes of the outstanding shares or class of outstanding shares to require the Company to redeem such shares or class of shares. The absence of squeeze-out rules, beyond section 176 of the BVI Companies Act, may render the Company a less attractive target in a takeover, while the absence of sell-out rights may subject minority shareholders to changes in the Company's controlling structure, prevent minority shareholders from benefitting from the same terms and conditions (including consideration) offered by an acquiror to the selling shareholders, and reduce the liquidity and value of remaining minority investors' holdings in the Company.

The Company is not subject to the supervision of the Financial Services Commission, and so the Shareholders are not protected by any regulatory inspections by the Financial Services Commission in the BVI

The Company is not an entity subject to any regulatory supervision in the BVI by the Financial Services Commission. As a result, shareholders are not protected by any regulatory supervision or inspections by any regulatory agency in the BVI, and the Company is not required to observe any restrictions in respect of its conduct save as disclosed in this Document, the Company's memorandum and articles of association or the BVI Companies Act.

If the Company does not satisfy the eligibility requirements for Re-Admission, cancellation of the listing of Class A Ordinary Shares and Warrants will reduce liquidity in such instruments, potentially for a significant period of time, and may adversely affect the price at which a holder can sell them or the ability to sell them

The Acquisition constitutes a reverse takeover (within the meaning given to that term in the Listing Rules). Upon completion of the Acquisition, the current listing of the Class A Ordinary Shares and Warrants will be cancelled and the Company will apply for Re-Admission. It is expected that unconditional dealings in the Class A Ordinary Shares and Warrants will commence at 8.00 a.m. on 4 August 2023 as a result of Re-Admission. However, the Company needs to satisfy the eligibility requirements for Re-Admission and there is no guarantee that Re-Admission will be granted. If Re-Admission of the Class A Ordinary Shares and Warrants is not granted, a cancellation of the listing of the Class A Ordinary Shares and Warrants would materially reduce liquidity in such Class A Ordinary Shares and Warrants which may affect a holder's ability to realise some or all of its investment and/or the price at which such holder can effect such realisation.

Future sales or the possibility of future sales of a substantial number of Class A Ordinary Shares by the Co-Sponsors, Sponsor Director, the Anchor Investors and the Guarantor may adversely affect the market price of the Class A Ordinary Shares and Warrants

Pursuant to the Underwriting Agreement, the Sponsor Insider Letter as supplemented and amended, the Co-Sponsors and Sponsor Director have agreed to lock-up arrangements with the Company with respect to the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares), the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Overfunding) and the Sponsor Loan Warrants (or Class A Ordinary Shares issued or issuable upon the conversion of the Sponsor Loan Warrants) which they hold directly or indirectly in the Company, pursuant to which the Co-Sponsors and Sponsor Director are subject to customary restrictions on transfer or disposal (subject to certain exceptions) ending on the date which is:

(a) in respect of the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares), the earlier of: (a) 365 calendar days after the Acquisition Date or (b) subsequent to the Acquisition, if the last reported

sale price of the Class A Ordinary Shares on the LSE equals or exceeds $12.00 per share (subject to certain adjustments as set out in this Document) for any 20 days on which the LSE is open for business (a "**Trading Day**") within any 30 consecutive Trading Day period commencing at least 150 calendar days after the Acquisition Date;

(b) in respect of the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the exercise or conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Overfunding and any Sponsor Warrants issued in connection with the conversion of loans made by the Co-Sponsors to the Company), 30 calendar days after the Acquisition Date; and
(c) in respect of the Sponsor Loan Shares or Sponsor Loan Warrants (or Class A Ordinary Shares issued or issuable upon the exercise or conversion of the Sponsor Loan Warrants), 6 months after the Acquisition Date.

In addition, the Anchor Investors, ANRH Cooperatief U.A. (the "**Guarantor**") and the Co-Sponsors, respectively, have entered into certain lock-up arrangements pursuant to the terms of the Anchor Investment Agreements, the Backstop Subscription Agreement and a side deed to the Sponsor Funding Agreement, whereby they undertake not to transfer any Sponsor Loans Shares or, in respect to Glencore and Stellantis, the Private Placement Warrants they hold, subject to certain exceptions, without the prior written consent of the Company, during the period ending on the date that is six (6) months after the Acquisition Date.

Moreover, as long as Stellantis and La Mancha, respectively, hold at least a ten per cent. (10%) equity interest in the issued and outstanding Class A Ordinary Shares of the Company immediately following the Acquisition Date, the Company's senior management shall provide such assistance to Stellantis and/or La Mancha, as applicable, as such party may reasonably request in relation to a proposed sale of the Class A Ordinary Shares it has subscribed for under the relevant Anchor Investment Agreement.

The market price of the Class A Ordinary Shares and Warrants could decline if, following the Acquisition and/or the expiration of any lock-up periods, a substantial number of Class A Ordinary Shares or Warrants are sold by the Co-Sponsors, the Sponsor Director, the Anchor Investors or the Guarantor, or if there is a perception that such sales could occur, in particular given the absence of an orderly sell-down arrangement or arrangement between such shareholders.

Furthermore, a sale of Class A Ordinary Shares or Warrants by the Co-Sponsors, the Sponsor Director, the Anchor Investors or the Guarantor could be considered as a lack of confidence in the performance and prospects of the Company and could cause the market price of the Class A Ordinary Shares and Warrants to decline. In addition, such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

To the extent a Warrantholder has not exercised its Warrants before the end of the period within which that is permitted, such Warrants will lapse worthless

Each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of $11.50 per Class A Ordinary Share, subject to adjustments as set out in this Document, at any time commencing 30 days following the Acquisition Date. The Warrants will expire on the date that is the earlier of five years after the date on which they first became exercisable, at 5:00 p.m., London time, their redemption by the Company and the liquidation of the Company. To the extent a Warrantholder has not exercised its Warrants within such period, its Warrants will lapse worthless. Any Warrants not exercised will lapse without any payment being made to the holders of such Warrants and will, effectively, result in the loss of the holder's entire investment in relation to the Warrant. The market price of the Warrants may be volatile.

The Company may redeem unexpired Warrants prior to their exercise at a time that is disadvantageous to Warrantholders, thereby making such Warrants worthless

The Company has the ability to redeem the outstanding Warrants at any time after they become exercisable and prior to their expiration, at a price of $0.01 per Warrant if, among other things, the closing price of the Class A Ordinary Shares for any 20 Trading Days within a 30-day trading period ending on the third Trading Day prior to the date on which the Company publishes the prior written notice of redemption of the Warrants (the "**Reference Value**") equals

or exceeds $18.00 per Class A Ordinary Share, as adjusted for adjustments to the number of Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant. Any such redemption of the outstanding Warrants could force Warrantholders to: (i) exercise Warrants and pay the Exercise Price at a time that may be disadvantageous for Warrantholders to do so; (ii) sell Warrants at the then-current market price when Warrantholders might otherwise wish to hold their Warrants; or (iii) accept the redemption price which, at the time the outstanding Warrants are called for redemption, it is expected would be substantially less than the Market Value of the Warrants. The Company, at its sole discretion, may choose to permit Warrantholders to exercise their Warrants on a cashless basis.

In addition, the Company has the ability to redeem the outstanding Warrants at any time after they become exercisable and prior to their expiration, at a price of $0.10 per Warrant if, among other things, the Reference Value per Class A Ordinary Share equals or exceeds $10.00 but is less than $18.00 (as adjusted for adjustments to the number of Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant). The value received upon exercise of the Warrants (i) may be less than the value the Warrantholders would have received if they had exercised their Warrants at a later time where the underlying Class A Ordinary Share price was higher and (ii) may not compensate the Warrantholders for the value of the Warrants, including because the number of Class A Ordinary Shares received is capped at 0.361 Class A Ordinary Shares per Warrant (subject to adjustment) irrespective of the remaining life of the Warrants.

The Company may redeem the Warrants as set out above even if Warrantholders are otherwise unable to receive Class A Ordinary Shares upon exercise of the Warrants due to the fact that it may not have an approved prospectus in place and there is no exemption to the requirement to have a prospectus in place available.

The Company has no current dividend payment policy. In addition, any future distributions will depend on the income received from the operating subsidiaries of the Enlarged Group, which will be the Company's principal source of operating cash, having regard to the Enlarged Group's obligations and commitments at that time.

Whilst the Company intends to make distributions to Shareholders at the appropriate time in its development, it does not currently have a policy on the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of any future dividends will depend upon earnings and the Company's financial condition, current and anticipated cash needs, distributions from any operating subsidiaries and such other factors as the Board determines appropriate. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

If securities or industry analysts do not publish research or reports about the Company, or if such analysts (if any) change their recommendations regarding the Class A Ordinary Shares and/or the Warrants adversely, the market price and trading volumes of the Class A Ordinary Shares and the Warrants could decline

The trading market for the Class A Ordinary Shares and the Warrants will be influenced by the research and reports that securities or industry analysts publish about the Company and the Enlarged Group's business or industry. If securities or industry analysts do not publish or cease to publish research or reports about the Company or the Enlarged Group's business or industry, the Company and the Enlarged Group could lose visibility in the financial markets, which could cause the market price or trading volume of the Class A Ordinary Shares and the Warrants to decline. Also, if one or more of the analysts covering the Company or the Enlarged Group's business or industry recommends selling Class A Ordinary Shares and/or Warrants, or if negative research is published on the industry or geographic markets the Enlarged Group serves, the market price of the Class A Ordinary Shares and the Warrants could decline.

The Class A Ordinary Shares, the Warrants, the Sponsor Warrants, the Private Placement Warrants and, upon issuance, the Sponsor Loan Warrants are, or will be, accounted for as liabilities and the Warrants, the Sponsor Warrants, the Private Placement Warrants and, upon issuance, the Sponsor Loan Warrants are, or will be, recorded at fair value with changes in fair value for each period reported in profit or loss, which may have an adverse effect on the market price of the Class A Ordinary Shares

The Company accounts for the Class A Ordinary Shares as financial liabilities and for the Warrants, the Sponsor

Warrants, the Private Placement Warrants and, upon issuance, the Sponsor Loan Warrants as derivative liabilities. At each reporting period and upon certain events that may impact the price of the instruments (such as the Acquisition), (i) the Class A Ordinary Shares, the Warrants, the Sponsor Warrants, the Private Placement Warrants and, upon issuance, the Sponsor Loan Warrants may no longer be recognised as liabilities if and when the obligation specified in the contract is discharged or cancelled or expires, and (ii) the fair value of the Warrants, the Sponsor Warrants, the Private Placement Warrants and, upon issuance, the Sponsor Loan Warrants will be re-measured and the change in the fair value will be recorded as a net gain or loss in the statement of comprehensive income. In the absence of a quoted market price for the Warrants, the Sponsor Warrants, the Private Placement Warrants and, upon issuance, the Sponsor Loan Warrants, the Company may use a valuation model to estimate fair value. The share price of the Class A Ordinary Shares represents a significant input that impacts the fair value of the Warrants, the Sponsor Warrants, the Private Placement Warrants and, upon issuance, the Sponsor Loan Warrants. Additional factors that will impact the valuation model include volatility, discount rates and stated interest rates. As a result, the statement of financial position and the profit or loss in the statement of comprehensive income will fluctuate, based on various factors, such as the share price of the Class A Ordinary Shares, many of which are outside of the Company's control. In addition, the Company may change the underlying assumptions used in the valuation model, which could result in significant fluctuations in the Company's profit or loss. If the Class A Ordinary Share price is volatile, the Company expects that it will recognise non-cash gains or losses on the outstanding Warrants, Sponsor Warrants, Private Placement Warrants and, upon issuance, Sponsor Loan Warrants on each reporting period and that the amount of such gains or losses could be material. The impact of changes in fair value on profit or loss may have an adverse effect on the market price of the Class A Ordinary Shares.

RISKS RELATING TO LAW AND TAXATION

Changes to tax and accounting rules in Brazil may impact distributions by the Target Entities and, as a result, the Company as a shareholder

Dividends paid by a Brazilian company, in kind or in cash, including stock dividends, paid to a non-Brazilian shareholder, are currently not subject to Brazilian withholding income tax ("**WHT**"). Also, Law No. 9,249/1995, as amended, allows a Brazilian corporation to make distributions to shareholders of so-called interest on shareholders' equity (*juros sobre capital próprio*) as an alternative to making dividend distributions and, provided that certain conditions are met, to treat those distributions as a deductible expense for purposes of calculating the Brazilian corporate income tax and social contribution on profit owed by the distributing company. Payments of interest on shareholders' equity to a non-resident holder are subject to WHT at the rate of 15%, or 25% if the non-resident holder is domiciled in a low or nil tax jurisdiction.

The Brazilian National Congress is currently discussing the introduction of changes to the individual and corporate income tax rules. On 2 September 2021, the House of Representatives approved the Bill of Law No. 2,337/2021 which proposes taxing dividends paid by Brazilian entities inside and outside of Brazil at a flat 15% rate, subject to WHT, and repealing the distribution of interest on shareholder's equity, eliminating the possibility to compensate the shareholder under this mechanism. The Bill of Law is currently under analysis by the Senate. However, due to the change in the Senate's composition in the last year, significant changes in this Bill of Law or even a draft of a completely new Bill of Law are anticipated. In view of the foregoing, there is no assurance that the current tax treatment will remain unchanged in the future.

Loss of tax incentives could adversely impact the Enlarged Group's financial performance

The Target Entities currently benefit from certain tax incentives granted by the Brazilian government which exempts, suspends or reduces certain taxes applicable to the activities of the Target Entities. Some of the tax incentives will expire in the coming years (2024 and 2025 for Drawback and RECAP, respectively). It is not possible to predict or control which incentives will be renewed or discontinued and whether future changes to Brazilian tax policy will be proposed and enacted in the future. The Enlarged Group may be adversely affected if any of the granted tax incentives expire or are revoked, or if the Enlarged Group is unsuccessful in re-qualifying for such tax incentives.

Changes in tax laws may increase the Enlarged Group's tax burden and, as a result, could adversely affect the Enlarged Group's business, financial condition and results of operations

The Brazilian government from time to time implements changes to tax laws and regulations. Any such changes, as well as changes in the interpretation of such laws and regulations, may result in increases to the Enlarged Group's overall tax burden, which would negatively affect the Enlarged Group's profitability.

The Brazilian federal government has frequently implemented multiple changes to tax regimes that may affect the Enlarged Group, including the execution or amendment of tax treaties. These changes include modifications to prevailing tax rates and the enactment of taxes, which may be temporary, the proceeds of which are earmarked for designated governmental purposes. Some of these changes may result in increases in the Enlarged Group's tax burden, which could materially adversely affect profitability and render certain parts of Mineral Reserve uneconomical to mine. There can be no assurance that the Enlarged Group will be able to maintain the Enlarged Group's projected cash flow and profitability following increases in Brazilian taxes that may apply to the Enlarged Group and the Enlarged Group's operations. Moreover, some tax laws may be subject to controversial interpretation by tax authorities, including, but not limited to, the regulation applicable to corporate restructurings. In the event an interpretation different than the one on which the Enlarged Group based its transactions prevails, the Enlarged Group may be adversely affected.

The Company cannot assure investors that the Brazilian government will not implement additional changes to tax regulations in the future, which could adversely affect the Enlarged Group's business, financial condition and results of operations.

Failure to maintain the Company's tax status may negatively affect the Company's financial and operating results

The Company is not currently subject to any income, withholding or capital gains taxes in the BVI and (provided that the Company does not directly or indirectly hold any interest in land in the BVI, which it does not and does not plan to do) no capital or stamp duties are levied in the BVI on the issue, transfer or redemption of shares. While the Board is experienced and intends to exercise central management and control of the Company's affairs outside of the United Kingdom, continued attention must be paid to ensure that major decisions by the Company are made in a manner that would not result in the Company losing its status as a non-UK tax resident. The composition of the Board, the place of residence of the individual members of the Board and the location(s) in which the Board makes decisions will all be important factors in determining and maintaining the tax residence of the Company outside of the United Kingdom. If the Company were to be considered as resident within the United Kingdom for UK taxation purposes, or if it were to be considered to carry on a trade or business within the United States or United Kingdom for U.S. or UK taxation purposes, the Company would be subject to U.S. income tax or UK corporation tax, on all or a portion of its profits, as the case may be, which may negatively affect its financial and operating results. Further, if the Company is treated as being centrally managed and controlled in the United Kingdom for UK tax purposes, SDRT (as defined below) will be payable in respect of any agreement to transfer Depositary Interests (as defined below).

Taxation of returns from assets located outside the BVI may reduce any net return to investors

Any return the Company receives from a subsidiary incorporated or resident for the purposes of taxation outside of the BVI may be reduced by irrecoverable withholding or other local taxes levied in such other jurisdiction and this may reduce any net return derived by investors from a shareholding in the Company.

Economic substance requirements

The BVI, in common with other low or zero tax jurisdictions, has enacted legislation that requires certain entities registered in the BVI engaged in "relevant activities" to maintain a substantial economic presence in the BVI and to satisfy economic substance requirements. The list of "relevant activities" includes carrying on as a business any one or more of: banking, insurance, fund management, financing and leasing, headquarters, shipping, distribution and service centre, intellectual property and pure equity holding entities. Following the Acquisition, there is a possibility that the Company may in the future conduct a "relevant activity". If that is the case the Company may be required to increase the Company's substance in the BVI to satisfy such requirements, which

could result in additional costs that could adversely affect the Company's financial condition and results of operations. If the Company were required to satisfy economic substance requirements in the BVI but failed to do so, the Company could face spontaneous disclosure to competent authorities in the EU of the information filed by the entity with the BVI International Tax Authority and the BVI Financial Investigation Agency in connection with the economic substance requirements and beneficial and legal ownership of the Company and may also face 47 financial penalties, restriction or regulation of its business activities and/or may be struck off or liquidated as a registered entity in British Virgin Islands.

U.S. Holders may be subject to adverse United States federal income tax consequences if the Company is classified as a passive foreign investment company ("PFIC") for any year in which the U.S. Holders hold Class A Ordinary Shares or Warrants.

Because the Company is a special purpose acquisition company with no current active business, and based on the composition of its income and assets, the Company believes that it is likely that the Company was a PFIC for U.S. federal income tax purposes for the fiscal year ended December 31, 2022. Subject to the completion of the Acquisition on or prior to December 31, 2023, and taking into account income and assets of the Enlarged Group after the Acquisition, the Company does not expect that it will be a PFIC in the current taxable year or the foreseeable future. However, the PFIC tests must be applied each year, and it is possible that the Company may be a PFIC in a future year. If, however, the Acquisition is not completed within the current taxable year, the Company expects that the Company would be treated as a PFIC for the current taxable year, and for future taxable years as well, until the taxable year in which the Acquisition or a similar transaction is completed. If the Company is treated as a PFIC for any taxable year during which a U.S. Holder holds Class A Ordinary Shares or Warrants, certain adverse United States federal income tax consequences could apply to the U.S. Holder (as defined below in "*Taxation—United States Federal Income Tax Considerations*"). Although the PFIC rules permit a holder of PFIC stock in certain circumstances to avoid some of the disadvantageous tax treatment described above by making a qualified electing fund ("QEF") election, a U.S. Holder will not be able to elect to treat the Company as a QEF because the Company does not intend to prepare the information that the U.S. Holder would need to make a QEF election. For a more detailed discussion of United States federal income tax consequences to U.S. Holders, who hold Placing Shares as an investment, see "Taxation—United States Federal Income Tax Considerations."

CONSEQUENCES OF A STANDARD LISTING

Applications will be made for the Enlarged Ordinary Share Capital and Warrants to be admitted or re-admitted (as applicable) to a Standard Listing on the Official List. A Standard Listing will afford investors a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules. It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

Applications will be made for the Enlarged Ordinary Share Capital and the Warrants to be admitted or re-admitted (as applicable) to listing on the Official List pursuant to Chapters 14 and 20 of the Listing Rules, which sets out the requirements for Standard Listings. The Company will comply with the Listing Principles set out in Listing Rule 7.2.1.

In addition, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Re-Admission;

- Chapter 9 of the Listing Rules relating to pre-emption rights;

- Chapter 10 of the Listing Rules relating to significant transactions;

- Chapter 11 of the Listing Rules regarding related party transactions. Although the Company is subject to the disclosure obligations under Disclosure Guidance and Transparency Rule 7.3 and, in addition, will not enter into any transaction which would constitute a "material related party transaction", as defined in Disclosure Guidance and Transparency Rule 7.3, without the specific prior approval of a majority of the Directors unconnected to the relevant related party, the Company is not required to comply with the more onerous obligations set out in Chapter 11 of the Listing Rules;

- Chapter 12 of the Listing Rules regarding purchases by the Company of its Class A Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. The Company will have unlimited authority to purchase Class A Ordinary Shares; and

- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.

IMPORTANT INFORMATION

This Document has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Document. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities.

In deciding whether or not to invest in the Class A Ordinary Shares and the Warrants, prospective investors should rely only on the information contained in this Document and any supplement to this Document within the meaning of Article 23 of the UK Prospectus Regulation. The Company does not undertake to update this Document, unless required pursuant to Article 23 of the UK Prospectus Regulation. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Co-Sponsors, the Placement Agents or the Joint Bookrunners or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the FSMA, the UK Prospectus Regulation Rules, the Listing Rules, Disclosure Guidance and Transparency Rules and the UK Market Abuse Regulation, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, the Co-Sponsors, the Placement Agents or the Joint Bookrunners, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "*Summary*" should be read as an introduction to this Document. Any decision to invest in the Class A Ordinary Shares and the Warrants should be based on consideration of this Document as a whole by the investor. In particular, investors must read the sections headed "Section B—*Key Information on the Issuer—What are the key risks that are specific to the Enlarged Group?*" and "Section C—Information on the Securities—*What are the key risks that are specific to the securities?"* of the Summary together with the risks set out in the section headed "*Risk Factors*" beginning on page 16 of this Document.

Save for the responsibilities, if any, which may be imposed under FSMA to the extent the exclusion of responsibility would be illegal, void or unenforceable, no Placement Agent or Joint Bookrunner, nor the Sellers, accepts any responsibility whatsoever for the contents of this Document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offering, and accordingly each Placement Agent and each Joint Bookrunner and the Sellers each disclaim, to the fullest extent permitted by law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Document. No representation or warranty, express or implied, is made by any of the Placement Agents, the Joint Bookrunners, the Sellers or any person acting on each of their behalf with respect to the completeness, accuracy, verification or fairness of the information in this Document, and nothing contained in this Document is, or shall be relied upon as, a promise or representation in this respect. No such person accepts any responsibility whatsoever for the contents of this Document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Class A Ordinary Shares and the Warrants, the Placing or Re-Admission. Each Placement Agent and Joint Bookrunner and the Sellers accordingly disclaims any and all liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Document or any such statement.

No Placement Agent, Joint Bookrunner nor any person acting on each of their behalf accepts any responsibility or obligation to update, review or revise the information in this Document or to publish or distribute any information which comes to its attention after the date of this Document, and the distribution of this Document shall not constitute a representation by any Placement Agent or Joint Bookrunner or any such person that this Document will be updated, reviewed or revised or that any such information will be published or distributed after the date hereof.

Each of the Placement Agents and the Joint Bookrunners, and any affiliate of each Placement Agent and Joint Bookrunner acting as an investor for its or their own account(s) may subscribe for, retain, purchase or sell Class A Ordinary Shares and Warrants for its or their own account(s) and may offer or sell such securities otherwise than in connection with the PIPE or the Placing. No Placement Agent or Joint Bookrunner intends to disclose the extent of any such investments or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

This Document is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable prospective investors to consider the purchase of the Class A Ordinary Shares and the Warrants. Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Class A Ordinary Shares and the Warrants offered hereby is prohibited. Each offeree of the Class A Ordinary Shares and the Warrants, by accepting delivery of this Document, agrees to the foregoing.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Class A Ordinary Shares and Warrants, by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of the Class A Ordinary Shares and the Warrants in certain jurisdictions may be restricted. Accordingly, persons who obtain possession of this Document are required by the Company, the Directors and the Co-Sponsors to inform themselves about, and to observe any restrictions as to the offer or sale of the Class A Ordinary Shares and the Warrants, and the distribution of, this Document under the laws and regulations of any territory in connection with any applications for the Class A Ordinary Shares and the Warrants, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company, the Directors or the Co-Sponsors that would permit a public offering of the Class A Ordinary Shares and the Warrants in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company, the Directors nor the Co-Sponsors accept any responsibility for any violation of any of these restrictions by any other person.

The Class A Ordinary Shares, the Warrants and the New Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Class A Ordinary Shares may not be offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada, Japan, the Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa.

The Class A Ordinary Shares and the Warrants have not been approved or disapproved by the SEC, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Class A Ordinary Shares and the Warrants, or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

By submitting a bid and/or participating in the Placing each prospective Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with each Joint Bookrunner and the Company, that:

(a) if it received any "inside information" as defined in the UK Market Abuse Regulation concerning the Company or its shares or other securities or related financial instruments in advance of the Placing, it has not (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person except as permitted by the UK Market Abuse Regulation, prior to the information being made publicly available;

(b) it has complied with its obligations under the Criminal Justice Act 1993, the Market Abuse Regulation, the UK Market Abuse Regulation, any delegating acts, implementing acts, technical standards and guidelines and Section 118 of FSMA thereunder, and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006, and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) (the "**Regulations**") and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations. If within a reasonable time after a request for verification of identity, the Joint Bookrunners have not received such satisfactory evidence, the Joint Bookrunners may, at their absolute discretion, terminate the Placee's Placing participation in which event all funds delivered by the Placee to the Joint Bookrunners will be returned without interest to the account of the drawee bank or CREST account from which they were originally debited; and

(c) that in making any decision to acquire the Placing Shares (i) it has such knowledge, sophistication and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for or acquiring the Placing Shares, (ii) it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of participating in, and is able to sustain a complete loss in connection with, the Placing, (iii) it has relied on its own examination, due diligence and analysis of the Company and its affiliates taken as a whole, including the markets in which the Company and its affiliates operate, and the terms of the Placing, including the merits and risks involved and not upon any view expressed or information provided by or on behalf of any of the Joint Bookrunners, (iv) it has had sufficient time and access to information to consider and conduct its own investigation with respect to the offer and purchase of the Placing Shares, including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment and has so conducted its own investigation to the extent it deems necessary to enable it to make an informed and intelligent decision with respect to making an investment in the Placing Shares, (v) it is aware and understands that an investment in the Placing Shares involves a considerable degree of risk and (vi) it will not look to the Company, the Joint Bookrunners, any of their respective affiliates, any of their respective Representatives or any person acting on their behalf for all or part of any such loss or losses it or they may suffer.

Presentation of Financial and Other Information

Historical Financial Information

This Document includes:

1) the audited combined historical financial information of the Mining Entities as at and for the years ended 31 December 2020, 2021 and 2022 and the unaudited interim condensed combined financial information as at and for the three months ended 31 March 2023;

2) the audited financial statements of AMH (Jersey) Limited as at and for the years ended 31 December 2022 and 2021 and the unaudited interim financial statements as at and for the three months ended 31 March 2023;

3) the audited financial statements of AMH 2 (Jersey) Limited as at and for the year ended 31 December 2022 and unaudited interim financial statements as at and for the three months ended 31 March 2023; and

4) the unaudited interim financial statements of the Company as at and for the nine months ended 31 March 2023 and the audited financial statements of the Company for the period from 22 June 2021 (its date of incorporation) to 30 June 2022,

(together, the "**Historical Financial Statements**").

Non-IFRS Financial Measures

This Document contains non-IFRS financial measures and related ratios, as all defined below, which are not recognised measures of financial performance, liquidity or financial position under IFRS. The Mining Entities use these non-IFRS financial measures to manage and monitor the underlying performance of the Mining Entities'

business and operations and financial position. Although certain of this data has been extracted or derived from the Historical Financial Statements in this Document, this data, nor assumptions underlying this data, have been audited or reviewed. Further, they may not be indicative of the Mining Entities' historical operating results or the Mining Entities' historical financial position, nor are such measures meant to be predictive of the Enlarged Group's future results or financial position. These non-IFRS measures are presented in this Document because the Board considers them an important supplemental measure of the Mining Entities' performance and believes that they and similar measures are widely used in the industry in which the Mining Entities operate as a means of evaluating a company's operating performance, liquidity and financial position. By providing additional insight into non-IFRS based measures and non-financial operating data, the Company believes that the users of this information may be better able to understand the Mining Entities' operational performance and trend development.

The non-IFRS financial measures presented are not measures of financial performance or financial position under IFRS and accordingly have not been audited or otherwise reviewed by external auditors, consultants or experts. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Document and they should not be considered in isolation or as a substitute for operating profit, profit for the year, cash flow, loans and other borrowings or other financial measures computed in accordance with IFRS.

The non-IFRS financial measures have limitations as analytical tools. Investors are encouraged to evaluate any adjustments to IFRS measures and the reasons the management considers them appropriate for supplemental analysis. Because of these limitations, as well as further limitations discussed above, the non-IFRS financial measures presented should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. Each of the non-IFRS financial measures is described below.

- Average realised nickel price;
- Average realised copper price;
- C1 costs;
- C1 costs per pound of nickel produced;
- C1 costs per pound of copper produced;
- Cost of production;
- By-product credits;
- All-in sustaining costs ("**AISC**");
- AISC per pound of nickel produced;
- AISC per pound of copper produced;
- Royalties;
- Corporate administrative expenses;
- Sustaining capital expenditures;
- Adjusted EBITDA; and
- Ratio of profit before taxation.

Average Realised Nickel Price

"Average realised nickel price" is a non-IFRS financial measure that is calculated as revenue from nickel sales divided by the amount of payable nickel sold in the same period.

The following table demonstrates a reconciliation from revenue from sale of nickel to average realised nickel price for Atlantic Nickel in the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022** *(unaudited)*	**2023** *(unaudited)*
Revenue from sale of nickel *(in thousands of US$)*[(1)]	97,442	237,353	348,549	68,332	90,372
Divide by:					

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 *(unaudited)*	2023 *(unaudited)*
Payable nickel sold (*in tonnes*)[2]	6,848	12,383	13,130	2,134	3,173
Divide by:					
Ratio for converting kilograms to pounds	2.20462	2.20462	2.20462	2.20462	2.20462
Average realised nickel price	**6.45**	**8.69**	**12.04**	**14.52**	**12.92**

Notes:

(1) Information on the revenue from sales of nickel in respect to the years ended 31 December 2020, 2021 and 2022 and three-months periods ended 31 March 2023 and 2023 has been extracted from the accounting records of Atlantic Nickel

(2) Calculated from actual invoices.

Average Realised Copper Price

"Average realised copper price" is a non-IFRS financial measure that is calculated as revenue from copper sales divided by the amount of payable copper sold in the same period.

The following table demonstrates a reconciliation from revenue from sale of copper to average realised copper price for Atlantic Nickel in the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 *(unaudited)*	2023 *(unaudited)*
Revenue from sale of copper *(in thousands of US$)*[1]	11,406	29,864	26,530	4,369	8,144
Divide by:					
Payable copper sold (*in tonnes*)[2]	1,836	3,079	3,224	471	864
Divide by:					
Ratio for converting kilograms to pounds	2.20462	2.20462	2.20462	2.20462	2.20462
Average realised copper price	**2.82**	**4.40**	**3.73**	**4.21**	**4.28**

Notes:

(1) Information on the revenue from sales of copper in respect to the years ended 31 December 2020, 2021 and 2022 and three-months periods ended 31 March 2023 and 2023 has been extracted from the accounting records of Atlantic Nickel.

(2) Calculated from actual invoices.

The following table demonstrates a reconciliation from revenue from sale of copper to average realised copper price for MVV in the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 *(unaudited)*	2023 *(unaudited)*
Revenue from sale of copper *(in thousands of US$)*[1]	-	20,301	144,154	20,606	46,645
Divide by:					
Payable copper sold (*in tonnes*)[2]	-	1,933	17,254	1,921	4,946
Divide by:					
Ratio for converting kilograms to pounds	-	2.20462	2.20462	2.20462	2.20462
Average realised copper price	**-**	**4.76**	**3.79**	**4.87**	**4.28**

Notes:

(1) Information on the revenue from sales of copper in respect to the years ended 31 December 2020, 2021 and 2022 and three-months

periods ended 31 March 2023 and 2023 has been extracted from the accounting records of MVV.

(2) Calculated from actual invoices.

C1 Costs

"C1 costs" is a non-IFRS financial measure frequently used by companies in the mining industry that was developed for reporting in a uniform format of total cash costs on a per pound basis.

To calculate the C1 costs, the management of the Mining Entities takes into account the production costs of the payable metal contained in the concentrate produced. The production costs include all mining, processing, onsite administration costs, treatment and refining charges, as well as contributions from by-products (see below for the discussion of by-product credits), but exclude amortisation of tangible, intangible and right of use assets, rehabilitation costs and other non-operational costs, corporate administrative expenses, capital costs and exploration costs. Such information is based on cost allocation criteria of the costs and charges referred to above.

The cost of production that is used in the calculation of C1 costs (see the tables below) includes various components that are not directly reconcilable to any line item in the financial statements, such as (i) additions to the concentrate inventory, which represent the processing and mining costs associated with the ore fed to the processing plant, (ii) onsite administrative expenses incurred each month and then aggregated for a full year or period, as applicable and (iii) transport and shipping costs incurred each month and then aggregated for a full year or period, as applicable, and, therefore, cannot be directly reconciled to any line item in the financial statements.

C1 Costs per Pound of Payable Nickel Produced

"C1 costs per pound of payable nickel produced" is calculated by dividing the dollar value of C1 costs of Atlantic Nickel by the pounds of payable nickel produced at the Santa Rita mine. The pounds in this calculation represent the amount of nickel in the total ore produced multiplied by the payable rate contained in the relevant offtake agreements.

The following table provides information on how Atlantic Nickel's C1 costs per pound of payable nickel produced is calculated for the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	**2021**	**2022**
	(in thousands of US$, unless stated otherwise)		
Cost of production[(1)]	62,224	136,796	165,664
By-product credits[(2)]	(20,508)	(52,142)	(43,372)
C1 costs	41,716	84,654	122,293
Nickel pounds produced (*in pounds*)	14,916	26,096	29,611
C1 costs per pound of payable nickel produced *(in US$ per pound)*	**2.80**	**3.24**	**4.13**

Notes:

(1) Cost of production means all costs related to the production of payable nickel contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs; and treatment and refining charges.

(2) By-product credits means the credits related to all metals other than the core metal of Atlantic Nickel, which is nickel.

C1 Costs per Pound of Payable Copper Produced

C1 costs per pound of payable copper produced is calculated by dividing the dollar value of C1 costs of MVV by the pounds of payable copper produced at the Serrote mine. The pounds in this calculation represent the amount of copper in the total ore produced, multiplied by the payable rate contained in the offtake agreement.

The following table provides information on how MVV's C1 costs per pound of payable copper produced is calculated for the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	2022
	(in thousands of US$, unless stated otherwise)	
Cost of production[1]	23,519	84,540
By-product credits[2]	(1,413)	(12,499)
C1 costs	**22,106**	**72,041**
Copper pounds produced (*in thousand pounds*)	6,977	41,687
C1 costs per pound of payable copper produced *(in US$ per pound)*	**3.17**	**1.73**

Notes:

(1) Cost of production means all costs related to the production of payable copper contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs; and treatment and refining charges..

(2) By-product credits means the credits related to all metals other than the core metal of MVV, which is copper.

By-product Credits

"By-product credits" relate to revenue from sales of all metals other than the core metal of each entity (nickel for Atlantic Nickel and copper for MVV).

The following table provides a reconciliation from the sum of Atlantic Nickel's non-nickel revenue from contracts with customers to its by-product credits in the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	2021	2022
		(in thousands of US$)	
Revenue from contracts with customers:			
Copper revenue	11,406	29,864	26,530
Gold revenue	1,025	3,132	1,447
Cobalt revenue	2,376	6,243	7,176
Platinum revenue	2,451	5,545	4,411
Palladium revenue	3,250	7,358	3,808
By-product credits	**20,508**	**52,142**	**43,372**

The following table provides a reconciliation from the sum of MVV's non-copper revenue from contracts with customers to its by-product credits in the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	2021	2022
		(in thousands of US$)	
Revenue from contracts with customers:			
Gold revenue	-	1,413	12,499
By-product credits	**-**	**1,413**	**12,499**

AISC

AISC is another non-IFRS financial measure frequently used by companies in the mining industry. The use of AISC is intended to provide further information about the full costs associated with producing nickel or copper. AISC is essentially an extension of C1 costs and, in addition to C1 costs, it also incorporates all costs related to sustaining payable nickel production or payable copper production, such as the royalties, corporate administrative expenses, and sustaining capital expenditures.

AISC per Pound of Payable Nickel Produced

AISC per pound of payable nickel produced is calculated by dividing the dollar value of Atlantic Nickel's AISC by the pounds of payable nickel produced at the Santa Rita mine. The pounds in this calculation represent the amount of nickel in the total ore produced, multiplied by the payable rate contained in the relevant offtake

agreements.

The following table provides information on how Atlantic Nickel's AISC per pound of payable nickel produced is calculated for the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	**2021**	**2022**
	(in thousands of US$, unless stated otherwise)		
Cost of production[(1)]	62,224	136,796	165,664
By-product credits[(2)]	(20,508)	(52,142)	(43,372)
Royalties	5,786	13,646	18,799
Corporate administrative expenses[(3)]	(4,703)	(7,373)	(7,489)
Sustaining capital expenditures[(4)]	25,430	30,294	83,175
AISC	**77,628**	**135,986**	**231,765**
Nickel pounds produced (*in thousand pounds*)	14,916	26,096	29,611
AISC per pound of payable nickel produced *(in US$ per pound)*	**5.20**	**5.21**	**7.83**

Notes:

(1) Cost of production means all costs related to the production of payable nickel contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs; and treatment and refining charges.

(2) By-product credits means the credits related to all metals other than the core metal of Atlantic Nickel, which is nickel.

(3) Calculated as "general and administrative expenses" incurred by the head office of the Mining Entities in Belo Horizonte in the state of Minas Gerais that were allocated to Atlantic Nickel.

(4) Sustaining capital expenditures are capital expenditures made or to be made with a view to maintaining and sustaining the existing output and reliability as acquisition, substitution, maintenance, repair restoration or refurbishment of fixed assets. For reconciliation of "sustaining capital expenditures", see below.

AISC per Pound of Payable Copper Produced

AISC per pound of payable copper produced is calculated by dividing the dollar value of MVV's AISC metric by the pounds of payable copper produced at the Serrote mine. The pounds in this calculation represent the amount of copper in the total ore produced, multiplied by the payable rate contained in the offtake agreement.

The following table provides information on how MVV's AISC per pound of payable copper produced is calculated for the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	**2022**
	(in thousands of US$, unless stated otherwise)	
Cost of production[(1)]	23,519	84,540
By-product credits[(2)]	(1,413)	(12,499)
Royalties	610	4,852
Corporate administrative expenses[(3)]	3,304	5,044
Sustaining capital expenditures[(4)]	3,242	8,842
AISC	**29,262**	**90,778**
Copper pounds produced (*in thousand pounds*)	6,977	41,687
AISC per pound of payable copper produced *(in US$ per pound)*	**4.19**	**2.18**

Notes:

(1) Cost of production means all costs related to the production of payable copper contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs; and treatment and refining charges.

(2) By-product credits means the credits related to all metals other than the core metal of MVV, which is copper.

(3) Calculated as "general and administrative expenses" incurred by the head office of the Mining Entities in Belo Horizonte in the

state of Minas Gerais that were allocated to MVV.

(4) Sustaining capital expenditures are capital expenditures made or to be made with a view to maintaining and sustaining the existing output and reliability as acquisition, substitution, maintenance, repair restoration or refurbishment of fixed assets. For reconciliation of "sustaining capital expenditures", see the next table.

Royalties

"Royalties" are fees that Atlantic Nickel and MVV pay to mining rights owners ("**CBPM**" only for Atlantic Nickel), federal government ("**CFEM**") and former landowners.

The royalties of the Mining Entities have been disclosed in note 20 (Cost and expenses by nature) of the Combined Historical Financial Information and note 11 (Cost and expenses by nature) of the Unaudited Interim Condensed Combined Financial Information.

Corporate Administrative Expenses

"Corporate administrative expenses" are the costs incurred by Atlantic Nickel or MVV to support their respective overall operations and management functions. These expenses are not directly attributable to specific production activities. Instead, they encompass the overhead costs associated with running the corporate headquarters and providing administrative services, which have been allocated to Atlantic Nickel and MVV.

Sustaining Capital Expenditures

"Sustaining capital expenditures" are capital expenditures necessary to maintain the existing mining operations, such as mine site restoration and equipment replacement and refurbishment.

The following table provides a reconciliation from the cash flow from investing activities of Atlantic Nickel's (i) acquisition of property, plant and equipment, (ii) acquisition of intangible assets and (iii) acquisition of mineral properties to its sustaining capital expenditures in the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	**2021**	**2022**
		(in thousands of US$)	
Acquisition of property, plant and equipment	5,042	10,580	6,327
Acquisition of intangible assets	597	284	145
Acquisition of mineral properties	19,501	23,231	90,888
	25,140	**34,095**	**97,360**
Underground additions to the mineral properties[(1)]	(1,756)	(3,511)	(14,039)
Acquisition of non-sustaining intangible assets	(597)	(284)	(145)
Non-cash transactions[(2)]	2,741	-	-
Other non-sustaining acquisitions	(98)	(6)	(1)
Sustaining capital expenditures	**25,430**	**30,294**	**83,175**

Notes:

(1) The underground additions to the mineral properties do not relate to the current payable nickel production at the Santa Rita mine and are, therefore, excluded from the sustaining capital expenditures.

(2) Refers to provisions for purchase of mineral properties, property, plant and equipment, and intangible assets, which were not paid during the fiscal year.

The following table provides a reconciliation from the cash flow from investing activities of MVV's (i) acquisition of property, plant and equipment, (ii) acquisition of intangible assets and (iii) acquisition of mineral properties to its sustaining capital expenditures in the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	**2022**
	(in thousands of US$)	
Acquisition of property, plant and equipment	9,438	6,006
Acquisition of intangible assets	561	60
Acquisition of mineral properties	32,647	2,973
	42,646	**9,039**

	Year ended 31 December	
	2021	2022
Acquisition of non-sustaining intangible assets	(561)	(60)
Initial capital expenditures for the construction phase[(1)]	(38,843)	-
Other non-sustaining acquisitions	-	(137)
Sustaining capital expenditures	**3,242**	**8,842**

Note:

(1) Initial capital expenditures for the construction phase refers to the capitalised expenses during the construction phase of MVV in 2021 (prior to the completion of such construction at the end of May 2021). Data on initial capital expenditures in 2021 has been extracted from the accounting records of MVV.

Adjusted EBITDA

"Adjusted EBITDA" is a non-IFRS financial measure that represents profit before taxation, finance income/expense, depreciation and amortisation and excludes the impact of certain items due to their materiality and nature, to aid comparability.

As disclosed in the explanation in note 8 of the Combined Historical Financial Information, in November 2019, Atlantic Nickel entered into an offtake agreement with Trafigura that included call options, the last of which expires in July 2023. The adjusted EBITDA presented in the table below excludes the impact of liquidated call options related to the Trafigura offtake agreement as these items have a material impact on revenue and adjusting for them aids comparability across the periods presented.

The following table provides the reconciliation from the Santa Rita segment's, the Serrote segment's and the Mining Entities' net profit for the period to their respective Adjusted EBITDA for the year ended 31 December 2020.

	Year ended 31 December 2020		
	Santa Rita	Serrote	Total
		(in thousands of US$)	
Net profit/(loss) for the year	(38,093)	(9,967)	(48,060)
Income tax	(5,000)	(1)	(5,001)
Net finance income	56,375	1,262	57,637
Depreciation and amortisation	35,399	379	35,778
Impact of liquidated call options	-	-	-
Adjusted EBITDA	**48,681**	**(8,327)**	**40,354**

The following table provides the reconciliation from the Santa Rita segment's, the Serrote segment's and the Mining Entities' net profit for the period to their respective Adjusted EBITDA for the years ended 31 December 2021 and 2022.

	Year ended 31 December 2021			Year ended 31 December 2022		
	Santa Rita	Serrote	Total	Santa Rita	Serrote	Total
			(in thousands of US$)			
Net profit/(loss) for the year	48,249	(36,403)	11,846	186,594	52,556	239,150
Income tax	(4,495)	(154)	(4,649)	(87,469)	(14,486)	(101,955)
Net finance income (expense)	22,434	20,702	43,136	(4,804)	(833)	(5,637)
Depreciation and amortisation	52,967	7,032	59,999	73,030	15,102	88,132
Impact of liquidated call options	5,361	-	5,361	40,301	-	40,301
Adjusted EBITDA	**124,516**	**(8,823)**	**115,693**	**207,652**	**52,339**	**259,991**

The following table provides the reconciliation from the Santa Rita segment's, the Serrote segment's and the Mining Entities' net profit for the period to their respective Adjusted EBITDA for the three months ended 31 March 2022 and 2023.

	Three months ended 31 March 2022 *(unaudited)*			Three months ended 31 March 2023 *(unaudited)*		
	Santa Rita	**Serrote**	**Total**	**Santa Rita**	**Serrote**	**Total**
			(in thousands of US$)			
Net profit/(loss) for the period	(32,502)	34,236	1,734	60,529	21,576	82,105
Income tax	(784)	12	(772)	19,826	5,660	25,486
Net finance income (expense)	73,708	(28,566)	45,142	(57,334)	(2,782)	(60,116)
Depreciation and amortisation	15,469	3,406	18,875	19,321	3,707	23,028
Impact of liquidated call options	4,789	-	4,789	8,896	-	8,896
Adjusted EBITDA	**60,680**	**9,088**	**69,768**	**51,238**	**28,161**	**79,399**

Ratio of Profit before Taxation

Ratio of profit before taxation is expressed as a percentage, as a result of "profit before tax" divided by "revenues".

Disclosure Purpose

"C1 costs", "C1 costs per pound of payable nickel produced", "C1 costs per pound of payable copper produced", "by-product credits", "AISC", "AISC per pound of payable nickel produced", "AISC per pound of payable copper produced", "royalties", "corporate administrative expenses", "sustaining capital expenditures" and "Adjusted EBITDA" should not be considered by investors in isolation or as alternatives to profit/(loss) before taxation, cost of products sold, cash flows used in operating activities or any other measure of financial performance presented in accordance with IFRS. The calculation of these financial measures may vary significantly among mining companies, and by themselves do not necessarily provide a basis for comparison with other mining companies.

However, the management of the Mining Entities believes that "C1 costs", "C1 costs per pound of payable nickel produced", "C1 costs per pound of payable copper produced", "by-product credits", "AISC", "AISC per pound of payable nickel produced", "AISC per pound of payable copper produced", "royalties", "corporate administrative expenses", "sustaining capital expenditures" and "Adjusted EBITDA" are useful indicators to investors and management as they provide:

- an indication of profitability, efficiency and cash flows;
- the trend in costs as the mining operations mature over time on a consistent basis; and
- an internal benchmark of performance to allow for comparison against other mines at other mining companies.

Non-Financial Operating Data

The key performance indicators and other non-financial operating data included in this Document are derived from the Mining Entities' management estimates, are not part of the Mining Entities' financial statements or financial accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts.

The Mining Entities' use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS. For a description of these terms, see "Part VIII—*Operating and Financial Review of the Mining Entities*".

Rounding and Negative Amounts

Certain figures in this Document, including financial data, have been rounded. Accordingly, figures shown for the

same category presented in different tables may vary slightly and figures shown as totals may not be an exact arithmetic aggregation of the figures which precede them. In tables, negative amounts are shown between brackets. Otherwise, negative amounts may also be shown by "-" or "negative" before the amount.

Presentation of Mineral Reserve and Mineral Resource Estimates

The Mineral Reserve and Mineral Resource estimates concerning material mineral properties are derived from the Competent Persons Reports set out in Part XVII of this Document (the "**Competent Person's Reports**").

Market and Industry Information

All references to market share, market data, industry statistics and industry forecasts in this Document consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of the Company's own assessment of its sales and markets. Statements based on the Company's own proprietary information, insights, opinions or estimates contain words such as the Enlarged Group or the Company 'believes', 'expects', 'sees', 'considers', 'aims', 'estimates' and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

This Document contains statistics, data and other information relating to markets, market size, market shares, market positions and other industry data pertaining to the Enlarged Group's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources and information obtained from Appian Capital. Such information has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Company is aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Industry publications generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Investors are, nevertheless, advised to consider these data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Document should not be considered as a recommendation by the relevant third parties to invest in, purchase or take any other action with respect to, shares or other financial instruments in the Company or the Enlarged Group.

This Document contains statements regarding the Enlarged Group's competitive and market position. The Company believes these statements to be true, based on market data and industry statistics, but has not independently verified the information. The Company cannot guarantee that a third-party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Enlarged Group and the Company's competitors may define their markets and their own relative positions in these markets differently than the Enlarged Group or the Company does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Enlarged Group's or the Company's.

Data Protection

The Enlarged Group may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Enlarged Group (or any third party, functionary or agent appointed by the Enlarged Group) for the following purposes:

- verifying the identity of the prospective Investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Enlarged Group and the administering of interests in the Enlarged Group;
- meeting the legal, regulatory, reporting and/or financial obligations of the Enlarged Group in the United

Kingdom or elsewhere; and

- disclosing personal data to other functionaries of, or advisers to, the Enlarged Group to operate and/or administer the Enlarged Group.

Where appropriate it may be necessary for the Enlarged Group (or any third party, functionary or agent appointed by the Enlarged Group) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Enlarged Group to provide services to prospective investors; and

- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Enlarged Group (or any third party, functionary or agent appointed by the Enlarged Group) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Investment Considerations

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Re-Admission, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Prospective investors should inform themselves as to:

- the legal requirements within their own countries (or that otherwise apply to them) for the purchase, holding, transfer or other disposal of the Class A Ordinary Shares and the Warrants;

- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Class A Ordinary Shares and the Warrants, which they might encounter; and

- the income and other tax consequences which may apply in their own countries (or that otherwise apply to them) as a result of the purchase, holding, transfer or other disposal of the Class A Ordinary Shares and the Warrants, or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

There can be no assurance that the Company's objective will be achieved. It should be remembered that the price of the Class A Ordinary Shares and the Warrants, and any income from such securities can go down as well as up. An investor could lose all or part of the invested capital.

It should be remembered that the price of the Class A Ordinary Shares and the Warrants, and any income from the Class A Ordinary Shares, can go down as well as up.

This Document should be read in its entirety before making any investment in the Class A Ordinary Shares and the Warrants. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Company's memorandum and articles of association and the Restated Articles, which investors should review.

Forward-looking Statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases,

these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's ability to obtain adequate information to evaluate the Target Entities, (ii) the Company's ability to successfully or timely complete the Acquisition, (iii) the Company's and Appian Capital's expectations around the performance of the Target Entities, (iv) the Company's success in retaining or recruiting, or changes required in, the Enlarged Group's officers, key employees or directors following the Acquisition, (v) the Company's officers and directors allocating their time to other businesses and potentially having conflicts of interest with the Company's business or in approving the Acquisition, (vi) the Company's potential ability to obtain additional financing to complete the Acquisition, (vii) the Company's public securities' potential liquidity and trading, the lack of a market for the Company's securities, and (viii) the Enlarged Group's financial performance following the Acquisition. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's or the Enlarged Group's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Enlarged Group's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause such differences include, but are not limited to, the following risks:

- The Enlarged Group's business is highly dependent on the international market prices of the metals the Enlarged Group produces, which are both cyclical and volatile;
- Changes in the demand for the metals the Enlarged Group produces could adversely affect the Enlarged Group's sales volume and revenues;
- The mining industry is highly competitive and the Enlarged Group may be unable to compete successfully with other mining companies;
- The Enlarged Group's business requires substantial capital expenditures and is subject to financing risks;
- The Enlarged Group's estimates of Mineral Reserves and Mineral Resources may be materially different from mineral quantities the Enlarged Group actually recovers, and market conditions and other operating factors may render certain parts of Mineral Reserves and Mineral Resources, including future exploration and development projects, uneconomical to mine;
- The Enlarged Group depends on its ability to replenish its Mineral Reserves for the Enlarged Group's long-term viability;
- The Enlarged Group's operations may be impaired as a result of restrictions to the acquisition or lease of rural properties by foreign investors or Brazilian companies under foreign control or with the majority of its capital stock held by foreigners;
- Health and safety, mining and environmental laws, regulations and other legislation, including regulations pertaining to climate change, may increase the Enlarged Group's costs of doing business, restrict the Enlarged Group's operations or result in the imposition of fines, revocation of permits or shutdown of the Enlarged Group's facilities;
- General economic conditions in Brazil may materially adversely affect the Enlarged Group's business, financial condition and results of operations;
- Any due diligence conducted by the Company in connection with the Acquisition may not have revealed all relevant considerations or liabilities of the Target Entities, which could have a material adverse effect on the Enlarged Group's financial condition or results of operations.
- Investors will experience a dilution of their percentage ownership of the Company if the Warrants, Private Placement Warrants, Sponsor Loan Warrants and Sponsor Warrants are exercised following the Acquisition;
- All outstanding Class B Shares issued by the Company will convert into Class A Ordinary Shares upon completion of the Acquisition, which will expose the Class A Ordinary Shareholders to immediate and substantial dilution as a result;

- The proposed Standard Listing of the Class A Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing, and there can be no guarantee that the Company will ever seek or be eligible to transfer to a Premium Listing;
- Shareholders may face difficulties in protecting their interests, and their ability to protect their rights through the UK courts or other foreign courts may be limited, because the Company is incorporated under BVI law.

Each of the factors listed above may be affected by local and global economic, political or geopolitical events, such as the ongoing military conflict between Russia and Ukraine, related sanctions and potential escalations in Ukraine and elsewhere; the COVID-19 pandemic and related control measures, including shutdowns, and other health crises; and uncertainty and volatility in the face of rising interest rates, high inflation and lower economic growth across the globe.

Prospective investors should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's or the Enlarged Group's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 13 of "Part XV—*Additional Information*".

Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Supplements

If a significant new factor, material mistake or material inaccuracy relating to the information included in this Document which is capable of affecting the assessment of the Class A Ordinary Shares and/or the Warrants arises or is noted between the date of this Document and Re-Admission, a supplement to this Document will be published in accordance with the relevant provisions under the UK Prospectus Regulation. Such a supplement will be subject to approval by the FCA in accordance with Article 23 of the UK Prospectus Regulation, and will be published in accordance with the relevant provisions under the UK Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Document (or contained in any document incorporated by reference in this Document). Any supplement shall specify which statement is so modified or superseded and shall specify that such statement shall, except as so modified or superseded, no longer constitute a part of this Document.

Currency Presentation

Unless otherwise indicated, in this Document all references to "U.S. dollars" or "US$" are to the lawful currency of the United States of America and all references to "Brazilian real" or "R$" are to the lawful currency of the Federative Republic of Brazil ("**Brazil**").

No Incorporation of Website

The contents of any website of the Company or any other person do not form part of this Document.

Availability of Documents

For so long as any of the Class A Ordinary Shares will be listed on the LSE, corporate documents relating to the Company or the Enlarged Group that are required to be made available to Class A Ordinary Shareholders pursuant to BVI law (including a copy of the up-to-date memorandum and articles of association of the Company) may be inspected at the registered office of the Company, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands

during usual business hours on any day (except Saturdays, Sundays and public holidays) and will be published on the Company's website (acgcorp.co).

Provision of Information

For so long as any Class A Ordinary Shares and Warrants of the Company are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

The Company is not currently subject to the periodic reporting and other information requirements of the Exchange Act.

Available information

The Company is not subject to the reporting requirements of section 13 or 15(d) of the Exchange Act. For so long as any Class A Ordinary Shares and Warrants are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide, upon written request, to holders of any Class A Ordinary Shares or Warrants, or any owner of a beneficial interest in Class A Ordinary Shares and Warrants or any prospective purchaser designated by such holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Selling and Transfer Restrictions

Prospective investors should consider (to the extent relevant to them) the notices to residents of various countries set out in "Part XVI—*Notices to Investors*".

Information to Distributors

Solely for the purposes of the product governance requirements contained within (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; (c) local implementing measures (the "**EEA Product Governance Requirements**") and (d) of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**" and together with the EEA Product Governance Requirements, the "**Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that such New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Re-Admission. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Placement Agents and Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or Chapters 9A or 10A respectively of the FCA Handbook Conduct of

Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

Definitions

A list of certain defined terms used in this Document is set out in "Part XVIII—*Definitions*", beginning at page 329.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document and launch of the Placing	30 June 2023
Launch of the Retail Offer	3 July 2023
Book building period relating to the Placing	3 July – 18 July 2023
Last time and date for applications to be submitted via PrimaryBid (Retail Offer closes)	18 July 2023
Deadline for Redemptions	1:00 p.m. BST, 18 July 2023
Announcement of Global Placing results and updated equity funding composition for Acquisition	19 July 2023
Acquisition EGM	20 July 2023
Results of Acquisition Announcement	21 July 2023
Completion of the Acquisition	by 8.00 a.m. on 4 August 2023[(1)]
Re-Admission	by 8.00 a.m. on 4 August 2023[(1)]
CREST members' accounts credited in respect of the New Shares (where applicable)	as soon as is reasonably practical after Re-Admission

All references to time in this Document are to London time unless otherwise stated. Each of the times and dates in the timetable is subject to change without further notice.

(1) Completion of the Acquisition and Re-Admission are to be effectively simultaneous.

The Company, in its sole discretion, may adjust the dates, times and periods given in the timetable and throughout this Document. If the Company should decide to do so, it will make this public through a press release, which will also be posted on the Company's website (acgcorp.co). Any other material alterations will be published through a press release that will also be posted on the Company's website and (if required) in a supplement to this Document that is subject to the approval of the FCA. Any extension of the timetable for Re-Admission will be published in a press release at least the day before Re-Admission, provided that any extension will be for a minimum of one full business day. Any acceleration of the timetable for the Re-Admission will be published in a press release at least the day before the accelerated Re-Admission date.

PLACING AND RE-ADMISSION STATISTICS

Number of Existing Class A Shares in issue at the date of this Document	12,500,000
Number of Class A Ordinary Shares to be issued pursuant to the Global Placing	up to 30,100,000
Total number of Class A Ordinary Shares in issue following the Placing and Re-Admission	64,238,000
Total number of Warrants in issue at the date of this Document	6,250,000
New Shares as a percentage of the enlarged ordinary share capital	46.9%
Price per New Share	US$10
Estimated Gross Proceeds of the Global Placing	US$301,000,000
Estimated Total Transaction Costs	US$35,900,000
Expected Market Capitalisation of the Company on Re-Admission	US$642,380,000

DEALING CODES

Upon Re-Admission, the dealing codes for the Class A Ordinary Shares and Warrants will be as follows:

	Class A Ordinary Shares	**Warrants**
ISIN	VGG0056A1030	VGG0056A1113
SEDOL	BKZ72R6	BKZ72S7

DIRECTORS, AGENTS AND ADVISERS

Directors and Director Nominees	Artem Volynets Peter Whelan Warren Gilman Hendrik Johannes Faul Mark Cutis Carole Whittall Fiona Paulus Vincent Benoit
Registered Office	Craigmuir Chambers, PO Box 71 Road Town Tortola VG1110 British Virgin Islands
Registered Agent	Harneys Corporate Services Limited Craigmuir Chambers, PO Box 71 Road Town Tortola VG1110 British Virgin Islands
Placement Agents and Joint Bookrunners	BMO Capital Markets Limited 100 Liverpool Street London EC2M 2AT United Kingdom Citigroup Global Markets Limited Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom RBC Europe Limited 100 Bishopsgate London EC2N 4AA United Kingdom
Reporting Accountants to the Company	RSM UK Corporate Finance LLP 25 Farringdon Street London EC4A 4AB United Kingdom Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom

Reporting Accountants to the Mining Entities and with respect to pro forma financial information	Ernst & Young Auditores Independentes S.S. Ltda. Avenida do Contorno, 5.800 – 17th floor Belo Horizonte – Minas Gerais 30.110-042 Brazil
Reporting Accountants to the Jersey Entities	Ernst & Young LLP 100 Adelaide St W Toronto, ON M5H 0B3 Canada
Registrar	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH Channel Islands
Legal advisers to the Company as to English and U.S. law	Cleary Gottlieb Steen & Hamilton LLP 2 London Wall Place London EC2Y 5AU, England
Legal advisers to the Company as to BVI law	Harney Westwood & Riegels LP Craigmuir Chambers, PO Box 71 Road Town Tortola VG1110 British Virgin Islands
Legal advisers to the Company as to Brazilian law	Lefosse Advogados Rua Tabapuã, 1227, 14th floor, Zip code 04533-014, São Paulo – SP Brazil
Legal advisers to the Placement Agents and Joint Bookrunners as to English and U.S. law	Latham & Watkins (London) LLP 99 Bishopsgate London EC2M 3XF
Legal advisers to the Placement Agents and Joint Bookrunners as to Brazilian law	Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados Al. Joaquim Eugênio de Lima, 447 CEP 01403-001, São Paulo – SP Brazil
Legal Advisors to Appian Capital/ the Sellers as to English and U.S. law	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ

Legal Advisors to the Appian Capital/the Sellers as to Brazilian law	Cescon, Barrieu, Flesch & Barreto Advogados Av. Brigadeiro Faria Lima, 949 – 10th floor 05426-100 São Paulo/SP Brazil
Depositary	Link Market Services Trustees Limited Central Square 10th Floor 29 Wellington Street Leeds LS1 4DL England
Competent Persons in respect of the Santa Rita mine.....	SLR Consulting (Canada) Ltd
Competent Persons in respect of the Serrote mine.....	SLR Consulting (Canada) Ltd

PART I

THE ACQUISITION

General

On 12 June 2023, the Company, the Sellers and the Guarantor entered into the Acquisition Agreement. Pursuant to the Acquisition Agreement, the Company agreed, subject to certain conditions, to acquire the Target Entities.

The Acquisition, if completed, will constitute a Reverse Takeover under the Listing Rules since, *inter alia*, in substance it will result in a fundamental change in the business of the Company. Therefore, it is expected that the FCA will cancel the listing of the Existing Class A Shares and Warrants upon completion of the Acquisition. As of the date of this Document, the Company continues to comply with the guidance set out in LR 5.6.18AG on a modified basis as to the rebuttable presumption that suspension of listing is not required upon an acquisition announcement. The Company will apply for the Enlarged Ordinary Share Capital and the Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE's Main Market following the publication of this Document. The Acquisition, if completed, will result in the Company becoming an operating company instead of a special purpose acquisition company. The Acquisition was approved by the Board on 5 June 2023. The Acquisition is expected to complete on or about 4 August 2023, which is also the date of anticipated Re-Admission.

For more information about the transactions contemplated in the Acquisition Agreement, please see "Part II—*Terms of the Acquisition Agreement*".

Share Capital Structure and Related Aspects

The Company was incorporated on 22 June 2021 as a BVI business company limited by shares.

Class A Ordinary Shares

On 12 October 2022 (the "**IPO Closing Date**"), the Company completed an offering of 12,500,000 Class A Ordinary Shares together with ½ of a redeemable warrant per Class A Ordinary Share, at an offer price of US$10.00 per Class A Ordinary Share. The Class A Ordinary Shares have traded on the LSE under the symbol "ACG". The Warrants have traded on the LSE under the symbol "ACGW".

Class B Shares

On 5 October 2022, the Company issued 3,125,000 Class B Shares to the Co-Sponsors in the following amounts:

Shareholder	Number of Class B Shares
ACG Sponsor	602,578
ACP Sponsor	1,261,211
De Heerd Sponsor	1,261,211

On the IPO Closing Date, the Co-Sponsors surrendered to the Company, in proportion to their existing holdings, such number of Class B Shares as was equal to the number of Class B Shares subscribed for by the IPO Anchor Investors and the IPO Cornerstone Investor. As at the IPO Closing Date, the 3,125,000 Class B Shares were re-allocated as follows:

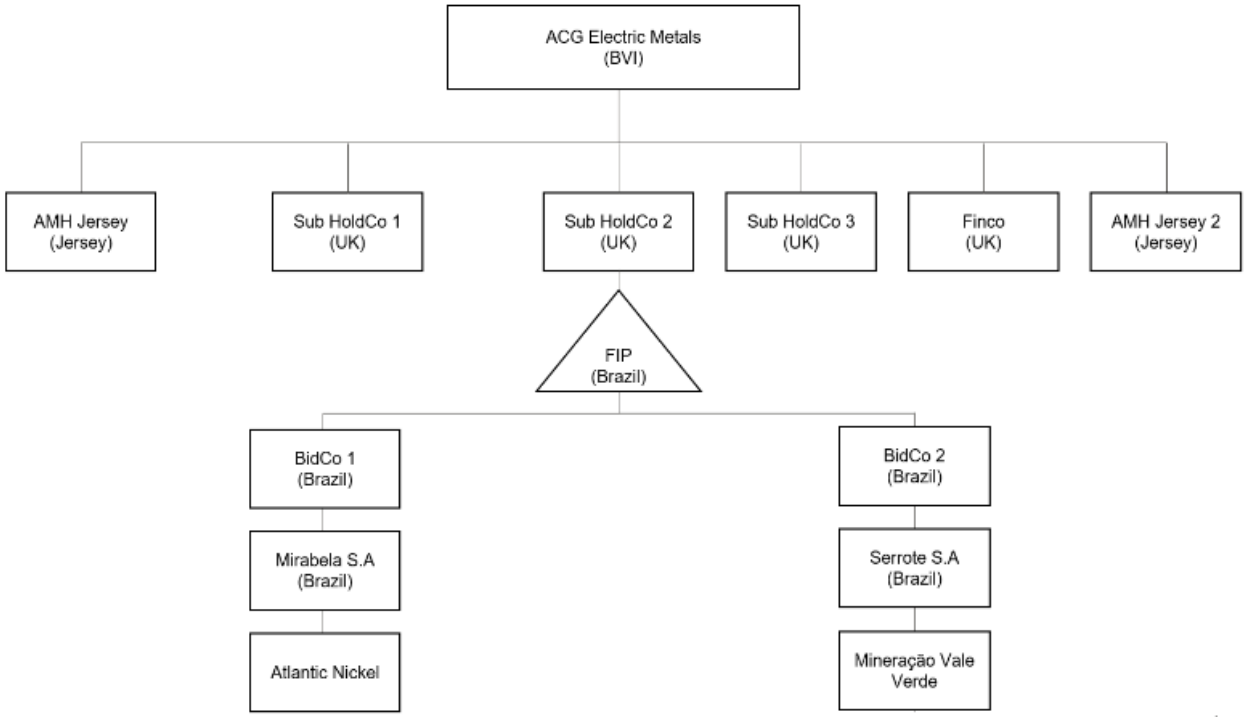
Shareholder	Number of Class B Shares (Aggregate)
Co-Sponsors	1,926,562
IPO Anchor Investors	832,813
IPO Cornerstone Investor	365,625

Sponsor Warrants

On 7 October 2022, the Co-Sponsors subscribed for 9,286,250 Sponsor Warrants at a price of US$1.00 per Sponsor Warrant. In addition, the Co-Sponsors committed additional funds to the Company through subscription for an aggregate of 4,062,500 Sponsor Warrants at a price of US$1.00 per Sponsor Warrant.

The Enlarged Group's Structure

Subject to the completion of the Acquisition and Re-Admission, the Company will be the parent company for the Enlarged Group, indicatively structured as follows:



Ownership Structure of the Enlarged Group

Upon Re-Admission, there will be up to 64,225,000 Class A Ordinary in issue, excluding Employee Shares, comprising: (i) up to 12,500,000 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document), (ii) 0 PIPE Shares, (iii) up to 30,000,000 Anchor Subscription Shares, (iv) up to 1,000,000 Sponsor Loan Shares; (v) 3,125,000 Converted Shares and (vi) up to an aggregate of 30,100,000 Placing Shares and Retail Shares. Upon Re-Admission the Company will issue 13,000 Employee Shares. As such, upon Re-Admission the Enlarged Ordinary Share Capital of the Company will be 64,238,000. There will also be 6,250,000 Warrants in issue comprising 6,250,000 Warrants that exist as at the date of this Document.

Major Shareholders and Other Interests

Pursuant to the Anchor Investment Agreements and this Document, the following Anchor Investors and Placing Investors have undertaken to subscribe for more than 5% of the Enlarged Ordinary Share Capital and/or are expected to hold more than 5% of the voting rights in the company (assuming no exercise of any Warrants, Sponsor Loan Warrants, Sponsor Warrants or Private Placement Warrants and no issuance to Appian under the Backstop Subscription Agreement):

Shareholder	*Subscription Undertaking (number of Class A Ordinary Shares on Re-Admission)*	*Percentage of issued Enlarged Ordinary Share Capital on Re-Admission[1]*	*Percentage of Total Voting Rights[1]*
Glencore	10,000,000	15.6%	15.6%
La Mancha	10,000,000	15.6%	15.6%
Stellantis	10,000,000	15.6%	15.6%

1. Includes any holdings of class B shares in the Company (the "**Class B Shares**") to be converted into Class A Ordinary Shares upon completion of the Acquisition, assuming that these are subscribed for in full.

Such persons will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public.

As a result of the completion of the Acquisition and Re-Admission, upon Re-Admission, the Co-Sponsors will hold the following voting rights in the Enlarged Group:

Shareholder	*Percentage of issued Enlarged Ordinary Share Capital on Re-Admission[1]*	*Percentage of Total Voting Rights[2]*
ACG Sponsor	1.1%	1.1%
De Heerd Sponsor	2.7%	2.7%
ACP Sponsor	2.7%	2.7%

1. Includes any holdings resulting from the conversion of Class B Shares into Class A Ordinary Shares upon completion of the Acquisition and receipt of Sponsor Loan Shares.

2. Includes any holdings of Class B Shares, assuming that these are subscribed for in full and that Class B Shares have been allocated from the incentive pool (see, "*The Company, Its Board and Corporate Governance—Existing Incentive Arrangements*").

The Company, the Directors and the Co-Sponsors are not aware of any persons, who, as at 29 June 2023 (being the latest practicable date prior to publication of this Document), directly or indirectly, jointly or severally, exercises or could exercise control over the Company or the Enlarged Group nor are they aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company or the Enlarged Group.

As a result of the completion of the Acquisition and Re-Admission, upon Re-Admission, Glencore is expected to hold up to 2,000,000 Private Placement Warrants and Stellantis is expected to hold up to 2,000,000 Private Placement Warrants.

Anchor Subscription, PIPE and Placing

- *Anchor Subscription*

  The Company has entered into Anchor Investment Agreements with the Anchor Investors for an aggregate amount of US$300,000,000. Each of the Glencore AIA, the Stellantis AIA and the La Mancha AIA (as defined below) are subject to customary conditions precedent, including: (i) the closing of the Acquisition Agreement; (ii) the consummation of agreements entered into by the Company to fund the Acquisition; and (iii) there having been no changes to the overall funding structure of the Acquisition (including as contemplated under "Part I—*The Acquisition—Sources and Uses of the Acquisition*"). For a description of the Anchor Investment Agreement, see "Part XV—*Additional Information—Material*

contracts".

- *PIPE*

The Company has not entered into any PIPE subscription agreements, and there are no PIPE investors.

- *Placing*

The Company will issue Placing Shares on the basis of this Document for an aggregate amount of up to US$301,000,000. A description of the terms and conditions of the Placing is included under "Part XI—*The Placing, Re-Admission and Dilution—The Placing—Terms and Conditions of the Placing*".

Background to the Acquisition

The Initial Public Offering

The Company, a special purpose acquisition company, was incorporated as a BVI business company limited by shares on 22 June 2021 with limited liability under the laws of the British Virgin Islands under the BVI Companies Act. The Company raised US$125,000,000 before expenses and commissions through an offering (the "**IPO**") of 12,500,000 Class A Ordinary Shares together with 6,250,000 Warrants (on the basis of ½ of a Warrant per Class A Ordinary Share), and was admitted to listing on the standard segment of the Official List by way of a Standard Listing under Chapters 14 and 20 of the FCA's listing rules, with trading in the Existing Class A Shares and Warrants becoming effective on the LSE's Main Market on the IPO Closing Date.

The Company has 12 months from the IPO Closing Date to complete an acquisition (the "**Acquisition Deadline**") subject to an initial three-month extension period and a second three-month extension period. Any extension of the Acquisition Deadline for such an extension period will be decided in the Company's discretion (subject to agreement with the Co-Sponsors), will not require shareholder approval, and will be announced at least one (1) month prior to the Acquisition Deadline (as extended). If the Company is unable to complete an Acquisition before the Acquisition Deadline (as extended), it will either (i) seek Public Shareholder approval for a further extension of six (6) months to the Acquisition Deadline, in accordance with Chapter 5 of the Listing Rules or (ii) liquidate, in each case pursuant to the terms of the Memorandum and Articles.

To the extent that the Acquisition Deadline is extended for an extension period upon agreement among the Company and the Co-Sponsors, the Co-Sponsors will commit further additional funds to the Company through the subscription of further Sponsor Warrants, in the proportions in which the Co-Sponsors subscribed for Class B Shares and Sponsor Warrants prior to the IPO Closing Date (such proportions, the "**Existing Proportions**"), at the commencement of each extension period (each, an "**Additional Co-Sponsor Overfunding**"), the proceeds of which are to be held in the Escrow Account. Each Additional Co-Sponsor Overfunding will be made at a price of US$1.00 per Sponsor Warrant, for such amount as represents 1.00% of the gross proceeds of the IPO. Should any Co-Sponsor not subscribe for its Existing Proportion of each Additional Co-Sponsor Overfunding, any remaining amount shall be subscribed for by the other Co-Sponsors.

Concurrent with the IPO, the Company adopted an acquisition strategy to evaluate opportunities in the metals and mining sector globally (excluding Russia), with a particular focus on emerging markets. The Acquisition is the result of an extensive search for potential transactions utilising the global network of the Company's management team. The terms of the Acquisition are the result of significant negotiations among the respective representatives of the Company and Appian Capital. The Company, the Seller and the Guarantor entered into the Acquisition Agreement on 12 June 2023. For more information about the transactions contemplated in the Acquisition Agreement, please see "Part II—*Terms of the Acquisition Agreement*".

To complete the Acquisition, the Company must convene a general meeting and propose the Acquisition to be considered by the Public Shareholders (the "**Acquisition EGM**"). On 5 June 2023, the Board passed a resolution

to propose the Acquisition to the Acquisition EGM. The resolution to effect the Acquisition shall require the prior approval by at least a simple majority of the votes cast at the Acquisition EGM, and only Public Shareholders (including the IPO Institutional Investors) will be permitted to participate in such vote. The Acquisition Agreement is conditional upon approval by the required majority of Public Shareholders at the Acquisition EGM.

If the Acquisition is not approved at the Acquisition EGM, the Company may (i) within seven days following the Acquisition EGM, convene a subsequent general meeting and submit the same proposed Acquisition for approval and (ii) until the expiration of the Acquisition Deadline, continue to seek other potential target businesses, provided that the Acquisition must always be completed prior to the Acquisition Deadline.

The Company's Reasons for the Acquisition

In evaluating the Acquisition, the board of directors of the Company (the "**Board**") consulted with its legal counsel, financial and accounting advisors and other advisors. The Board considered a number of factors pertaining to the Acquisition as generally supporting its decision to enter into the Acquisition Agreement and the transactions contemplated thereby, including but not limited to, the following factors:

- *Highly attractive market fundamentals*. Strong demand for nickel and copper is expected over the next 30 years as the clean energy transition continues, with the backdrop of declining supply due to years of mine under-investment and recent geopolitical tensions.

- *Long-life, low-cost assets.* Both Mines are newly built, operating nickel and copper businesses with high cash flow generation capability, defensive cost position, a mine life of over 30 years and expansion potential.

- *Attractive mining jurisdiction and location*. Brazil's rich geological endowment and clearly defined regulatory framework makes it an attractive mining jurisdiction. Additionally, the Mines benefit from existing infrastructure, access to renewable power and multiple nearby ports.

- *Strong fit with the Company's leadership and strategy.* The Mining Entities' operating team is committed to the ongoing management of the Mining Entities and is fully aligned with the Company's strategy, including with regard to strong focus on safety and sustainability.

- *Platform for Company's growth strategy.* The proposed LSE-listed combined business would provide a platform for further value-enhancing acquisitions to create a new global premium mining group focused on critical metals.

For more information about the business of the Enlarged Group and its strengths and strategies, please see "Part III—*Information on the Enlarged Group's Business—Key Strengths*".

In addition to considering the factors described above, the Board also considered that the Co-Sponsors have interests in the Acquisition as individuals that are in addition to, and that may be different from, the interests of the Company's shareholders (see "—*Interests of Certain Persons in the Acquisition*", below). As a result of such considerations, the Board determined that the Acquisition Agreement and the Acquisition were advisable, fair to and would materially benefit and be in the best corporate interest of the Company and its shareholders.

Interests of Certain Persons in the Acquisition

The Co-Sponsors, the IPO Institutional Investors and the Board have interests in the Acquisition that are different from, or in addition to, those of the Company's Public Shareholders. The Board was aware of and considered these interests, among other matters, in evaluating and negotiating the Acquisition, and will consider these issues in recommending to the Public Shareholders that they approve the Acquisition proposal at the Acquisition EGM. These interests include:

- The Co-Sponsors and IPO Institutional Investors have subscribed for certain Class B Shares and Sponsor

Warrants. Each Class B Share will automatically convert into Class A Ordinary Shares at the time of the Acquisition, or earlier at the option of the holder thereof. Accordingly, the Co-Sponsors and IPO Institutional Investors will each exert a substantial influence on actions requiring a shareholder vote, potentially in a manner that other shareholders do not support.

These interests may influence the members of the Board in making their recommendation that the Public Shareholders should vote in favour of the approval of the Acquisition.

Sources and Uses for the Acquisition

The following table summarises the sources and uses for funding the Acquisition (assuming redemptions, as described in Part XIII of this Document, at the 20% or 80% level, for purposes of illustration):

Cash Sources (US$m)			**Cash Uses (US$m)**	
Redemption %	**20**	**80**		
Senior debt finance	225	225	Purchase price payable at Acquisition Date	907
Royalty finance	250	250	Elimination of Appian's Serrote royalty	65
PowerCo Prepayment	100	100	Estimated repayment of MVV senior lenders and promissory note	125
Anchor Investors (Glencore, Stellantis, La Mancha)	300	300	Funding of reserve account and estimated transaction costs[(1)]	80
Placing Investors	201	276		
Escrow Account	100	25		
Total sources	**1,176**	**1,176**	**Total uses**	1,176

(1) In addition to the funding of a debt service reserve account of $20 million and estimated transaction costs of $60 million to be funded from raised proceeds, the Company intends to fund estimated further transaction costs as follows: (i) $5 million from cash on the Target Entities' balance sheet at the Acquisition Date; and (ii) up to $15 million from the Credit Facility (as defined herein). In aggregate, these transaction costs relate primarily to fees payable to providers of debt and equity funding and transaction advisors

Use of Proceeds

The Company expects to raise gross proceeds of up to approximately US$301 million through the issue of the Placing Shares and the Retail Shares. The net proceeds (after commissions and expenses) from the Global Placing, being 88.1% of the gross proceeds, will be applied towards the payment of consideration in relation to the Acquisition.

Dividend Policy

The Company has not paid any dividends to date and will not pay any dividends prior to the Acquisition.

Further Information

The attention of prospective investors is also drawn to the remainder of this Document, which contains further information on the Enlarged Group.

PART II

TERMS OF THE ACQUISITION AGREEMENT

General Description of the Acquisition Agreement and Scope of the Acquisition

On 12 June 2023, ACG entered into the Acquisition Agreement with the Sellers and ANRH Cooperatief U.A. (the "**Guarantor**"). Pursuant to the Acquisition Agreement, the Company will directly or indirectly acquire:

a. shares representing 100% of Serrote Participações S.A. ("**Serrote**") (which holds 100% of MVV, the company operating the Serrote Mine);

b. shares representing 100% of Mirabela Participacoes S.A. ("**Mirabela**") (which holds 100% of Atlantic Nickel, the company operating the Santa Rita Mine);

c. shares representing 100% of AMH and AMH 2 (both of which are parties to certain intra-group royalties and shareholder loans)

(Serrote, Mirabela, AMH and AMH 2 collectively, the "**Target Entities**"); and

d. the following shareholder loans granted from members of the Appian Capital group to the Target Entities: (i) a shareholder loan granted from Appian Natural Resources Fund II LP to AMH 2; and (ii) a shareholder loan granted from the Guarantor to MVV

(such acquisitions set out in (a) to (d) collectively, the "**Acquisition**").

Consideration

The parties to the Acquisition Agreement agreed to an enterprise value of US$1 billion in connection with the Acquisition and an equity value of US$895 million, based on a locked box with a 31 December 2022 reference date. In addition, a US$65 million enterprise value (US$70 million equity value) has been associated to the cancellation of Appian Capital's contemplated gold royalty on MVV. The amount payable by the Company at completion of the Acquisition ("**Acquisition Date**") will be net of any leakage paid or agreed in favour of Appian Capital and its related parties between 1 January 2023 and the date of completion, and such netted amount will be subject to a 5% per annum interest rate accruing from 1 April 2023 to the Acquisition Date. The Sellers will bear half of the premium of the W&I insurance policy by means of a deduction from the consideration.

Conditions Precedent

The obligations of each party to consummate the Acquisition under the Acquisition Agreement are in all respects subject to the satisfaction or (where permissible) written waiver of the following conditions:

a. the clearance by the Brazilian antitrust authority (*Conselho Administrativo de Defesa Econômica*) of the indirect investment in the Target Entities by Glencore, Stellantis and La Mancha resulting from the Acquisition and the investment in the Company by Glencore, Stellantis and La Mancha (the "**Antitrust Condition**");

b. the approval by the Company's Public Shareholders of the Acquisition and any other proposals as the FCA indicates are necessary to consummate the Acquisition as described in this Document and/or are otherwise required to be approved by the Company's Public Shareholders in order for Completion to occur (the "**Approval Condition**");

c. the FCA having confirmed to the Company that it intends to admit (or re-admit) the Class A Ordinary Shares and Warrants issued by the Company as at the Acquisition Date to the standard listing segment of the Official List, and the London Stock Exchange having confirmed to the Company that it intends to admit (or re-admit) such Company securities to trading on the London Stock Exchange's Main Market for listed securities, in each case subject to the issuance of such Company securities (collectively, "**Admission Condition**"); and

d. no law or order having been instituted that has the result of restraining, prohibiting or declaring illegal the consummation of the Acquisition.

The obligation of the Company to complete the Acquisition is also subject to the following conditions precedent:

a. the obligations of the Placement Agents in the placing agreements having become unconditional and the placing agreement not having otherwise been terminated; and

b. (i) the adoption by Appian Capital of a US$100 million insurance policy to back the MSI Indemnity (as defined below) (the "**MSI Insurance Policy**"), together with the premium thereunder having been fully paid, or (ii) the full and final resolution of the MSI Litigation.

Pre-Completion Covenants

Conduct of business of the Target Entities

Under the Acquisition Agreement, the Sellers have agreed to customary interim covenants to procure that, during the period from the date of the Acquisition Agreement until the Acquisition Date, the Target Entities (i) are managed in the ordinary and usual course of business in accordance with past practice, (ii) take all reasonable steps to preserve and protect their business and assets, (iii) maintain in force their licences and grants, and policies of insurance, and (iv) promptly notify the Company in writing of any material change in their business, financial position or assets.

Without prejudice to the generality of the previous paragraph, during the period from the date of the Acquisition Agreement until the Acquisition Date, the Sellers also agreed to procure that the Target Entities do not take a number of specified actions without the prior written consent of the Company (or in certain other prescribed circumstances), including (amongst others) the following:

a. the acquisition or disposal of any property or other material asset, except in the ordinary and usual course of trading and on normal arm's length terms;

b. the surrender acquisition or disposal of any mineral licence or other real property or interest in real property;

c. the acquisition or disposal of any businesses or lines of businesses, or the discontinuance or cessation of all or any part of the business of any Target Entities;

d. any reduction, redemption or repayment of any securities of the Target Entities or other entities, or any acquisition or disposal of any such securities of, or other interest in, any person;

e. any amendments to the constitutional documents of the Target Entities other than as required under the Acquisition Agreement;

f. the making of any material change to the accounting practices or policies, including the writing up, writing down or writing off the book value of any asset of the Target Entities, or to the tax practices or methods of reporting income or of claiming losses or deductions for tax purposes;

g. anything which, so far as the Sellers are aware, might cause the cancellation, loss or non-availability to any of the Target Entities of, or any reduction of, all or any material part of any CIT tax loss credits or PIS and COFINS tax credits available to the Target Entities for use in taxable periods beginning after 31 December 2022, other than the utilisation of any such CIT tax loss credits or PIS and COFINS tax credits in the ordinary course of business;

h. any merger, demerger or other type of corporate reorganisation or extraordinary transaction;

i. the entering into of any new material borrowing arrangements with a third party lender;

j. the entering into, assignment or termination of, or any amendment to, or waiver of any material rights under, any material contracts or financial arrangements;

k. any material amendment, including any increase in emoluments (including pension contributions, bonuses, commissions and benefits in kind), to the terms of employment of any category of employees, except as required under applicable law or certain contracts disclosed by the Sellers, if such action would materially increase the staff costs of any of the Target Entities (where material means an aggregate of 5% per annum);

l. the commencement, compromise, settlement, release or discharge of any litigation proceedings or other disputes except for routine collection of non-material debt; or

m. the entering into of, or any amendment to, any contract, understanding or arrangements with Appian Capital or any of its related parties.

Other pre-Completion covenants

The Acquisition Agreement also includes a number of other pre-Completion covenants that are applicable to either or both of the Company and the Sellers, including (amongst others) the following:

a. The Company must use its reasonable endeavours to fulfil or procure the fulfilment of the Antitrust Condition as soon as practicable, and must promptly give written notice to the Sellers of the fulfilment of such Antitrust Condition, and the Sellers are required to cooperate with the Company in the satisfaction of such Antitrust Condition;

b. The Company must use its reasonable endeavours to ensure that (i) the Approval Condition is satisfied as soon as reasonably practicable after the date of the circular to be issued to the Company's shareholders in connection with the general meeting of the Company convened to obtain the approval by the Company's Public Shareholders of the Acquisition, and (ii) the Admission Condition is satisfied as soon as reasonably practicable after the date on which the Antitrust Condition has been satisfied, and the Sellers are required to cooperate with the Company in the satisfaction of such Approval Condition and Admission Condition;

c. the Sellers must promptly provide and cause the Target Entities and their management and advisors to promptly provide the Company with such information, cooperation and assistance as the Company may reasonably request in connection with the consummation of the Company's debt, equity and other financing arrangements relating to the Acquisition;

d. the Sellers must procure that each of the lenders under the credit agreement dated 23 December 2020 between MVV, as borrower, and ING Capital LLC, Société Générale and Natixis, New York Branch, as mandated lead arrangers (such credit agreement, the "**Serrote Loan**"), delivers to the Sellers (with a copy to the Company) the relevant payoff and transfer documentation in connection with the full repayment of the Serrote Loan and the acquisition by the Company or an affiliate thereof of the related receivable owed by MVV;

e. to extent that the Acquisition may reasonably constitute a prepayment, close-out or termination event or a default under any of the Target Entities' hedging or prepayment offtake arrangements expected to remain in effect as at Completion, the Sellers must use reasonable efforts to obtain the full and unconditional waiver of any such potential prepayment, close-out or termination events or defaults, in each case as promptly as possible after the date of the Acquisition Agreement, including by paying or causing the Target Entities to pay any waiver fee or similar amount and other costs and expenses relating to the foregoing;

f. the Sellers must procure that the Company is given reasonable access during normal business hours to the books and records of the Target Entities (together with the right to make copies of such books and records and other documents), as well as to the senior employees of the Target Entities, in each case as reasonably required by the Company and subject to applicable law and any confidentiality obligations or restrictions, and subject to there being no material interruption to the ordinary course of business;

g. The Company and the Sellers must, at least 10 business days prior to the expected Acquisition Date, acting in good faith, enter into one or more agreements with one or more escrow agents in order to manage the funds flow at and prior to Completion, in accordance with certain principles set out in the Acquisition Agreement;

h. the Sellers must negotiate in good faith, acting reasonably, an intercreditor agreement and security documents pursuant to which security will be created over assets of the Company and its affiliates in favour of the counterparties to the new royalty agreements, and the senior lenders, in accordance with the principles set out in the Acquisition Agreement and in respect of other matters to the extent that they are not inconsistent with those principles; and

i. Appian Capital must adopt the MSI Insurance Policy (unless the MSI Litigation is fully and finally resolved) by the sixth business day before the Acquisition Date, and pay any premium thereunder prior to the Acquisition Date.

Termination

At any time prior to Completion, the Acquisition Agreement may be terminated as follows:

a. by written consent of the parties; or

b. in writing by either the Company or the Sellers, if Completion has not occurred on or before 18 August 2023 (including because the conditions precedent have not been satisfied or (where permissible) waived in writing) (such date, the "**Long Stop Date**"), with immediate effect by notice in writing to the other party, provided that such termination right will not be available to the party whose breach of its obligations under the Acquisition Agreement will have caused the failure of Completion to occur by the Long Stop Date.

If a party to the Acquisition Agreement becomes a sanctioned person under the laws, regulations, decrees and/or orders administered or enforced by the United States Department of the Treasury's Office of Foreign Assets Control, the United States Departments of State or Commerce, the United Kingdom, the European Union, the United Nations Security Council, Switzerland, Brazil or any other applicable sanctions authority (such person, the "**Sanctioned Party**"), the other party (the "**Non-Sanctioned Party**") may:

a. terminate or suspend all or any part of the Acquisition Agreement with immediate effect by notice to the Sanctioned Party; or

b. take any other action it deems necessary in order for the Non-Sanctioned Party to comply with applicable sanctions laws or avoid sanctionable activity.

The Sanctioned Party will be liable for any and all direct costs, liabilities and expenses whatsoever incurred by the Non-Sanctioned Party due to the Non-Sanctioned Party exercising its aforementioned rights.

Warranties

Under the Acquisition Agreement, the Sellers have made customary warranties to the Company relating to, among other things, accuracy of disclosure in relation to specified sections of this Document, authority and capacity of the Sellers, title over the shares of the Target Entities, constitution and share capital of the Target Entities, accounts, absence of material developments from the latest accounts, financing and other below) (the "**MSI Insurance Policy**, grants, compliance with law, litigation, anti-bribery, permits, insolvency, related-party transactions, environmental matters, mining matters, assets, insurance, employment, and taxation.

The warranties are backed by a W&I insurance policy (the key terms of which are summarised in the section entitled "*Key Terms of the W&I insurance Policy*" below), which is the sole remedy of the Company for breaches of warranties other than specified warranties (including, without limitation, fundamental, tax, litigation, anti-bribery, sanctions, environmental, and disclosure warranties), for which Appian Capital remains liable.

The Company has made customary warranties to the Sellers relating to authority and capacity of the Company, insolvency, anti-bribery, sanctions, and public information set out in the prospectus relating to the admission to the Official List of all Class A Ordinary Shares and Warrants of the Company, dated 7 October 2022 (the "**IPO Prospectus**") and any public announcement released by the Company thereafter.

Key Terms of the W&I Insurance Policy

The W&I insurance was entered into simultaneously with the Acquisition Agreement and is subject to the following key terms and conditions:

a. *Premium*: approx. US$8 million;

b. *Limit of liability*: US$213 million;

c. *Retention*: NIL in the aggregate with regard to fundamental warranties; US$10.65 million in the aggregate with regard to all other warranties;

d. *De Minimis*: NIL with regard to fundamental warranties; US$750,000 with regard to all other warranties;

e. *Policy period*: 7 years from the Acquisition Date with regard to fundamental warranties; 3 years from the Acquisition Date with regard to all other warranties; and

f. *Most material exclusions*: tax, proceedings, condition of assets, health and safety matters, expropriation by authorities, indigenous community rights, environmental matters, anti-bribery, and sanctions.

Indemnities

The Acquisition Agreement includes a customary tax covenant whereby the Sellers have agreed to indemnify the Company from and against pre-closing tax liabilities of the Target Entities.

Certain of the Sellers have also agreed to indemnify the Company from and against all losses suffered from (and excluding) 31 December 2022 (including in connection with any proceedings threatened, initiated or commenced on or before such date) by the Company, its affiliates and/or any of the Target Entities (and each of their respective employees and directors) arising out of or in connection with any of the following:

a. any proceedings relating to a dispute between the Sellers, Sibanye BM Brazil (PTY) Ltd and Sibanye Stillwater Limited, the latter of which had previously agreed to buy the Target Entities and then terminated that transaction (the "**Sibanye Indemnity**");

b. any proceedings relating to (i) a dispute (the "**MSI Litigation**") between Atlantic Nickel and Mining Standards International Pty Ltd ("**MSI**"), a potential buyer of Atlantic Nickel before Atlantic Nickel was acquired by Appian, whose purchase agreement was terminated on the ground that MSI had failed to secure funding for the acquisition, and who subsequently brought legal claims against, among others, Atlantic Nickel (which was a party to that purchase agreement) on the ground that (among other things) Atlantic Nickel had failed to perform its obligation to assist MSI in securing funding for the acquisition, (ii) a related dispute between Mirabela Investments Pty Ltd (In Liquidation) (Receivers and Managers appointed) and others against MSI, and (iii) any development of the foregoing proceedings (the "**MSI Indemnity**");

c. certain administrative proceedings outstanding before the ANM in relation to the tailing dams operated by the Targets, provided that the ANM issues an order or direction within two years of Completion and other than to the extent that the order or direction arises as a result of an act or omission undertaken by the Target Entities in breach of the applicable laws after Completion (the "**Dam Indemnity**"); and/or

d. the performance of obligations under the transitional arrangements referred to below (the "**TAA Indemnity**").

Limitations of Liability

The Sellers' liability under the Acquisition Agreement is subject to various limitations, including (without limitation) the following:

Quantum limitations

a. Caps:

   - General purchase price cap;
   - Cap equal to US$100 million for claims under the MSI Indemnity, which will be backed up by the MSI Insurance Policy;
   - Cap equal to US$90 million for (i) claims under the Dam Indemnity, TAA Indemnity and/or the tax covenant, and/or (ii) warranty claims relating to the tax, litigation, anti-bribery, sanctions, environmental, and disclosure warranties;
   - Cap equal to US$1 for all warranty claims other than as set out above;

b. US$10 million threshold for warranty claims (when aggregated with the amount of any other warranty claim(s)); once exceeded, the Sellers are required to pay the entire aggregate amount and not just the excess; and

c. US$750,000 de minimis when aggregated with the amount of any other warranty claim arising out of the same (or similar or related) events, facts or circumstances;

Time Limitations

a. In the case of claims under the MSI Indemnity or Sibanye Indemnity, no time limit;

b. Fundamental, employment and tax warranties, tax covenant, TAA Indemnity or Dam Indemnity, 24 months after the Acquisition Date; and

c. In the case of any other claims under the warranties, 18 months after the Acquisition Date;

Guarantee

Under the Acquisition Agreement, the Guarantor, who is a member of the Appian Capital group controlling the Sellers, has agreed to guarantee all of the obligations of the Sellers up to US$90 million.

Transitional arrangements

The Acquisition Agreement includes the agreed form of a transitional agreement to be entered into at Completion under which, for 12 months after Completion, specified employees of the Target Entities will be made available to members of the Appian Capital group for a portion of their time in return for an agreed fee, and two Appian Capital employees will be made available to assist the Enlarged Group by responding to questions on a non-reliance basis for purposes of assisting with the transition.

Restrictive Covenants

Non-compete

The Acquisition Agreement contains a non-compete covenant restricting the acquisition by Appian Capital of mining licenses and surface rights within specified areas around the areas covered by the mineral licenses of the Target Entities, for two years after the Acquisition Date. Similarly, the Acquisition Agreement contains a non-compete restricting the acquisition by the Company of mining licenses and surface rights within a specified area around the areas covered by mineral licenses of Appian Capital (other than the Target Entities), for two years after the Acquisition Date

Non-solicit

The Acquisition Agreement prohibits the Sellers, for 12 months after Completion (or for 18 months for each of Paulo Castellari Porchia, Milson Mundim, Murilo Nagato, Ricardo Campos da Silva, Tony Lima, Diogo de Oliveira, Breno Martins, Rafael Carneiro, and Angelo Miranda (each a "**Restricted Senior Employee**")) from soliciting, endeavouring to solicit, employing, engaging, or appointing, or offering to employ any employee of any of the Target Entities, or inducing or endeavouring to induce any such employee to terminate his employment with any of the Targets Entities, save that the foregoing will not prevent the Sellers or any of their affiliates from taking the following actions in respect of any employee who is not a Restricted Senior Employee:

a. publishing any bona fide recruitment advertisement which is not targeted at any person who was employed by any of the Target Entities immediately prior to Completion;

b. recruiting any person in response to any such advertisement; or

c. negotiating with or offering to employ any person who initiates any contact with the Sellers or any affiliate of the Sellers with regard to such employment.

The non-solicit restrictions do not apply to Luiz Borges or to certain of the employees of the Target Entities who will be made available to Appian Capital for a portion of their time under the transitional agreement.

Expenses

Except as agreed in the Acquisition Agreement in connection with certain capped professional advisor costs of the Sellers to be paid by the Company, each party to the Acquisition Agreement agreed to bear its own costs and expenses in connection with the negotiation, preparation, execution and implementation of the Acquisition Agreement and the documents referred to therein.

Consequences of Breach of Acquisition Agreement

Remedies

Except where expressly stated to the contrary in the Acquisition Agreement, if the Company or the Sellers fails to perform its obligations under the Acquisition Agreement, the non-breaching party will be entitled (in addition to and without prejudice to all other rights or remedies available to it) to equitable relief, including specific performance.

Escrow account waiver

The Sellers and the Guarantor, including on behalf of their respective affiliates, have agreed in the Acquisition Agreement to waive any rights, title, interest or claim of any kind in or to any monies in the Escrow Account (including any distributions therefrom) and has agreed not to seek any recourse against such Escrow Account (including any distributions therefrom), provided that such waiver shall not preclude or limit: (i) any action, claim, suit or proceeding of any kind by the Sellers against the Company (except to the extent seeking recourse against the Escrow Account) seeking recourse against or recovery from any assets or monies outside the Escrow Account; or (ii) any action, claim, suit or proceeding by the Sellers for specific performance or other equitable relief for failure to complete the Acquisition Agreement, in each case so long as it does not affect the Company's ability to fulfil its redemption obligations as described in the IPO Prospectus.

Governing law and Arbitration

The Acquisition Agreement is governed by English law and any dispute arising therefrom is to be resolved by arbitration under the rules of the London Court of International Arbitration.

PART III

INFORMATION ON THE ENLARGED GROUP'S BUSINESS

Overview of the Company

The Company's vision is to become a premium supplier of critical metals to the western electric vehicles ("**EV**") value chain, actualised through the support of its strategic partnerships with Glencore, Stellantis, La Mancha and PowerCo. Supported by these partnerships, the Company intends to create a platform that will offer critical metal consumers complete, end to end supply chain visibility, with control over:

- *Where metals are produced:* The Santa Rita and Serrote mines are located in Brazil, a secure, mining friendly jurisdiction that can support a reliable and ethically-sourced supply chain (see "*—Key Strengths—The Company's vision is to establish itself as an integral part of the western EV value chain, with support from blue-chip partners Glencore, Stellantis, La Mancha and PowerCo*" below).

- *How metals are produced:* Operation of the Santa Rita and Serrote mines will remain with the local management team, who are experienced, ESG-driven, with a strong health and safety track record and focus on operational stability (see "*—Key Strengths—The Mines possess best-in-class ESG standards and a strong health and safety track record with operation stability as a focus of the management team*" below).

- *Mining practices:* The Santa Rita and Serrote mines benefit from best-in-class ESG standards and a low carbon footprint, with the two mines positioned in the lowest 10% of the global carbon emissions curve (see "*—Key Strengths—The Mines have a minimal carbon footprint with battery-grade nickel and copper produced in the lowest 10% of the global carbon emissions curve* " below).

- *Onward processing*: Concentrates are to be supplied to Glencore's refineries in North America and Western Europe. End products will be sent directly to OEMs such as VW, Stellantis and other EV companies and consumers of critical metals.

This specialised supply chain positions the Company to meet the demands of three key global trends:

1. *Clean energy revolution:* The global transition to clean energy has significantly increased demand for green metals, with the EV market expected to grow from $8 million to $25 million by 2030 (data collated from BMO Capital Markets, IHS, EV Sales Blog and research analyst consensus), representing a sizeable increase in demand for green metals such as those produced at the Santa Rita and Serrote mines (see "*—Key Strengths—The Mines' commodities nickel & copper have highly attractive market fundamentals with strong long-term demand expected through a global transition to green energy*" below).

2. *Supply chain polarisation*: By securing critical supply chains amid geopolitical challenges, the Company can position itself as a cornerstone of the Western EV value chain.

3. *Responsible mining*: By maintaining strong standards and utilising relationships with its globally pre-eminent partners across the supply chain, the Company can ensure that best-in-class sustainability and ESG practices have been adopted across the value chain, responding to a strong consumer and manufacturer push for high ESG standards.

This platform also establishes a strategy for the Company's further growth. Future acquisition targets will strengthen the Company's premium supply chain, by supporting its strategic focus on (i) well-established mining jurisdictions that can support the Western EV value chain; (ii) critical mineral producers; (iii) assets that are producing or near-production with a low-cost/long-life emphasis; and (iv) low carbon footprint with best-in-class ESG practices (see "*—Strategy*" below).

Key Strengths

The Company's vision is to establish itself as an integral part of the western EV value chain, with support from blue-chip partners Glencore, Stellantis, La Mancha and PowerCo

The Company intends to create a platform that will offer consumers of critical metals complete, end-to-end supply chain visibility. This begins with the location of the assets. The Mines are located in Brazil, which is a safe and established, mining-friendly, jurisdiction with a reputable legal framework and strategic minerals policy. Advantages include existing infrastructure conducive to mining operations and a skilled local workforce with a supportive community to enable the smooth functioning of mining operations. Further, against a backdrop of heightened geopolitical tensions which have led to efforts in securing supply chains for critical materials, Brazil represents a neutral jurisdiction that can support a reliable and ethically-sourced supply chain, making it an attractive critical metals source for Western manufacturers.

The Company's strategic partnerships will provide valuable support in enabling the Company to become a cornerstone of the critical metals supply chain. Concentrate produced in Brazil is to be be refined and processed at Glencore's sophisticated facilities in Western Europe and North America, following which end-products can be incorporated into EV batteries by OEMs such as Stellantis and PowerCo SE ("**PowerCo**"), to be used to power clean energy vehicles and a de-carbonised future. From this end-to-end visibility, end-users can be confident that best-in-class mining, sustainability and ESG practices have been utilised across the value chain.

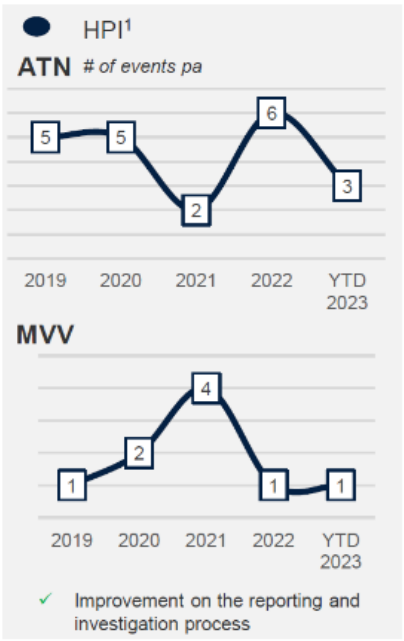
The Mines possess best-in-class ESG standards and a strong health and safety track record with operation stability as a focus of the management team

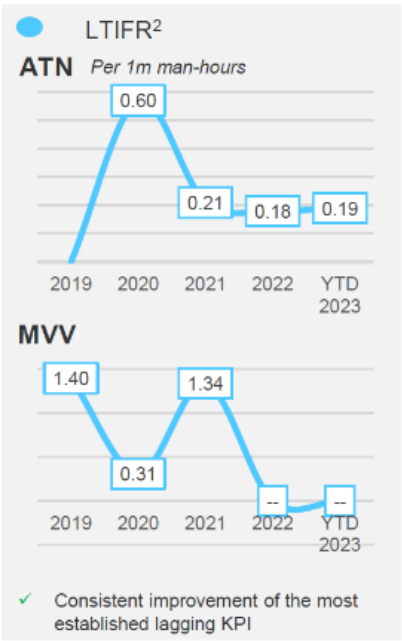
Both of the Mines, under the management of the local operating team, have a demonstrated track record of operational excellence combined with high health, safety and ESG standards. Improvements in mining operations, supported by a strong safety culture and robust risk management practices, have resulted in significant reductions between 2019 and 2022 in potential incidents, lost time injury frequency rate and total recordable injury frequency rate (*see figures below*). This is further supported by the initiatives undertaken by the operating team to mitigate health and safety risks and improve operating efficiency, including:

- clear, enforced reporting and investigation procedures;
- improved maturity over the past three years in handing health and safety related incidents; and
- key leadership personnel stationed on-site, promoting frequency and quality of leadership interaction at mine sites.

Local management is also acutely focused on sustainability and strong ESG governance, as demonstrated by the US$ 4.4 million committed to social and community projects and approximately 70 – 90% of achieved or targeted reuse of water consumption across both mining operations since Appian Capital acquired the Mines. The operating team has implemented quantitative targets to ensure a continued commitment to the environment and local communities surrounding their respective areas of operation, and aims to achieve IRMA standards for responsible mining for both Mines by 2025.

The graphs below show measurable success of local managements' strong safety culture and robust risk management practices, through health and safety performance indicators at each of the Mines:





Notes

1) HPI: High Potential Incident means a safety incident in which there is an uncontrolled release of energy or failure of critical control integrity with the potential to cause a fatality or a case of permanent disability.

2) LTIFR: Lost Time Injury Frequency Rate is a metric used to record the average number of incidents leading to an employee being unable to work for a minimum of one day during a set period. The formula is as follows: ((Number of lost time injuries in the reporting period) x 1,000,000) / (Total hours worked in the reporting period).

3) TRIFR: Total Recordable Injury Frequency Rate encompasses LTI (Lost Time Injury) + MTC (Medical Treatment Case) + RWC (Restricted Work Case). MTC is an injury that requires medical treatment beyond first aid, even if they do not result in lost work time. The worker must be able to return to their regular work activities on the same day or in the next day of the event. RWC occurs when an employee cannot perform all of the routine job functions, but does not result in days away from work. The formula is as follows: ((Number of TRI in the reporting period) x 1,000,000) / (Total hours worked in the reporting period).

4) VFL: Visible Felt Leadership, meaning an approach to leadership emphasising the importance of engagement, personal connection and purposeful action to enhance productivity and increase efficiency in achieving organisational and team goals.

The Mines have a minimal carbon footprint with battery-grade nickel and copper produced in the lowest 10% of the global carbon emissions curve

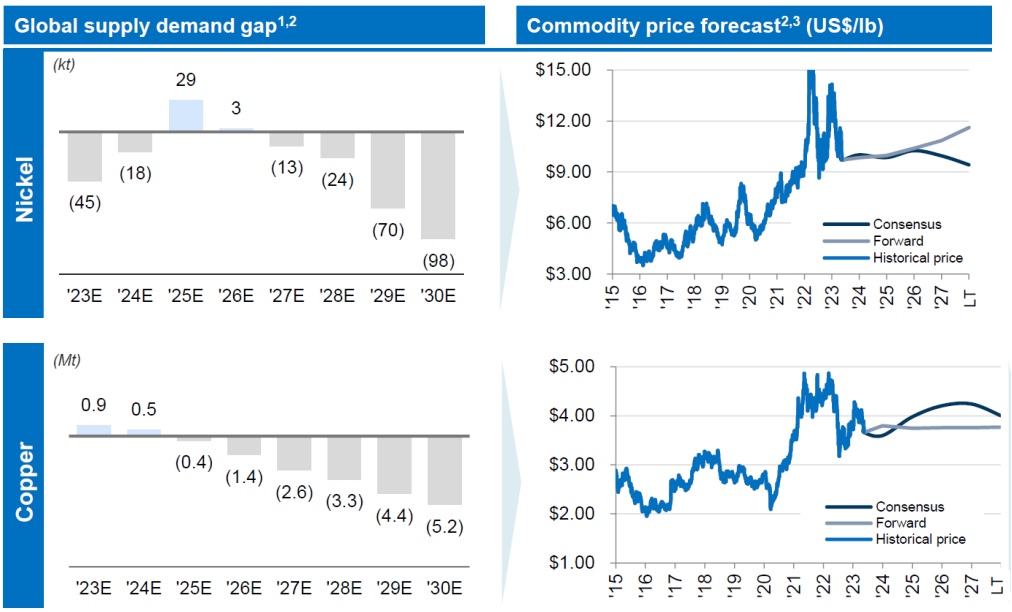
Each of the Santa Rita mine and the Serrote mine sits within the first quartile of the global nickel and copper carbon emissions curves (Skarn Associates 2020), demonstrating a strong commitment to ESG in line with the Company's broader strategy. The Company aims to be the cornerstone of a reliably and ethically sourced battery metals supply chain, with a minimal carbon footprint and best in class ESG practices. The Mines have a minimal carbon footprint, with battery-grade nickel and copper produced in the lowest 10% of the global carbon emissions curve (Skarn Associates (2020). Santa Rita's and Serrote's CO2e emissions intensity is calculated as LoM average forecasted CO2e emissions divided by average forecasted production).

The Mines' commodities nickel & copper have highly attractive market fundamentals with strong long-term demand expected through a global transition to green energy

Broker consensus and forward forecasts indicate future prices for nickel ("**nickel**" or "**Ni**") and copper ("**copper**" or "**Cu**") that are well above average prices over 2015-2020, as demand for nickel and copper is expected to increase over the next 20 years, whilst supply is expected to decline due to mine under-investment and recent geopolitical tensions.

Specifically, nickel demand to supply the EV market is expected to increase sevenfold over the next 20 years (Wood Mackenzie), resulting from increased use of nickel for EV batteries, with the market for electric vehicles expected to grow by approximately 20% CAGR until 2030 (data collated from BMO Capital Markets, IHS, EV Sales Blog and research analyst consensus). In addition, it is expected that copper demand will increase by 10.6 Mt by 2040 (Wood Mackenzie) in response to electrification initiatives such as the adoption of EV batteries instead of internal combustion engines as well as the transitions to alternative sources of energy such as wind and solar. Annual investment in clean technologies is expected to nearly triple by 2030 (IEA), supporting this demand. The expected demand push and supply deficit of the Enlarged Group's key commodity outputs, nickel and copper, supports an attractive long term critical metals investment case and it is expected that the price of the Enlarged Group's key commodities will trend upwards (Bloomberg). The following graphs evidence this global supply-demand gap, demonstrating the expected deficits and resulting anticipated increases in nickel and copper prices.

The graphs below indicate a supportive price outlook for nickel and copper based on a predicated global supply-demand gap and a growing commodity price forecast.



Notes

1) Source: Wood Mackenzie.

2) Projected information is for illustrative purposes only and should not be relied upon as being necessarily indicative of future results.

3) Market data as at 02 June 2023.

The Enlarged Group combines the experienced executive leadership of the Company with the Mining Entities' operating leadership, with a shared strategic goal

Following completion of the Acquisition, responsibility for the operation of the Mines will remain with local management, thus combining the operational excellence of the Target Entities' management team with the extensive leadership experience of the Company's Board. The management team is safety-focused, ESG-driven and aligned with the Enlarged Group's broader growth strategy to become a globally diversified critical metals company focused on supplying the western EV value chain.

The Enlarged Group would be the only LSE-listed nickel producer of scale, with a low cost of production relative to many peers

There are currently few other comparable producers with nickel as their primary commodity output ("**nickel-primary**") that are publicly listed, positioning the Enlarged Group as a rare London-listed nickel producer of scale. The Enlarged Group would be the only nickel-primary producer listed on the LSE. Other such nickel-primary producers include IGO Limited (ASX-listed), Sherritt International Corporation (TSX-listed) and Panoramic Resources Limited (ASX-listed).

The Mines are newly built, producing assets with a defensive cost position

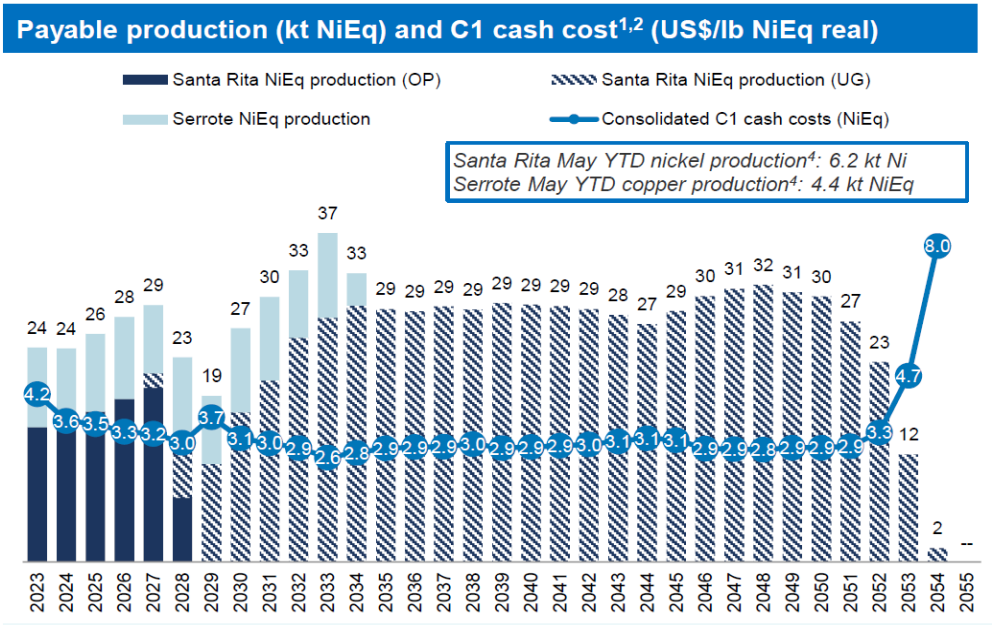
Following completion of the Acquisition, the Enlarged Group will consist of two fully operating, cash generative assets in Brazil with a long-life, low cost, production base of 15-16 ktpa nickel and 24-26 ktpa copper in concentrate.

The Santa Rita mine is a low-cost nickel sulphide producer with a 34-year remaining life-of-mine,[1] 33 ktpa nickel equivalent ("**NiEq**") expected production and ranking among the top-10 nickel sulphide producers in the world. The mine also shows significant growth potential with the extension of the current open pit and future underground operations to improve performance beyond 13.4 kt nickel produced in 2022. The Serrote mine is a scalable shallow copper deposit mine, completed in 2021 and now ramped up (105% capacity reached by September 2022) with further expansion opportunities (ore production expected to be extended to approximately 90 Mt sulphide and 17 Mt oxide) and a low-cost debottlenecking opportunity with respect to the processing plant.

This is consistent with the Company's acquisition strategy which focuses on assets which are in production, close to production, or in advanced development stages with the potential to generate cash flows in the near term, together with a competitive cost curve position. The Mines have a first quartile cost profile (based on Wood Mackenzie's 2023 Nickel Industry C1 Cash Cost curve on a by-product basis.) with significant upside potential, such as pit expansion and oxide processing. See also "*—Strategy—Strategy relating to targeted further expansion*" below.

The graph below shows that C1 cash costs are expected to fall from US$4.2/lb in 2023 to ~US$3.0/lb, from 2028 onwards, as Santa Rita begins underground production, and that significant battery metals production is expected (FactSet, analyst consensus).

[1] Provided a decision is made to mine underground.



Strategy

Strategy relating to targeted further expansion

The Enlarged Group intends to pursue the acquisition and consolidation of high quality, critical minerals and mining assets into a single London-listed platform. The Enlarged Group intends to evaluate and prioritise opportunities based on an objective, disciplined acquisition criteria including the following:

1. assets with a focus on metals and mining materials critical to the global green energy transition, characterised by constrained supply and the expectation of rising long-term demand;
2. assets in production, close to production, or in advanced development stages with the potential to generate cash flows in the near term;
3. assets with attractive investment qualities such as, *inter alia*, a compelling valuation relative to the expected risk-adjusted return profile, a competitive cost curve position and significant upside potential; and
4. assets with strong ESG standards in place or for which an ESG action plan can be developed and implemented in a timely manner.

The Enlarged Group will target global expansion and intends to consider geographically diversified acquisition opportunities, prioritising assets located in mining-friendly jurisdictions. The Enlarged Group will also prioritise acquisition opportunities with an experienced operating management team that can remain with the asset(s) after the relevant transaction is complete, allowing the Enlarged Group's corporate leadership to focus on executing its strategy with greater speed and stability.

Many assets, globally, that satisfy the above criteria are held privately or by single-asset companies. The Enlarged Group will seek to maximise such assets' value by providing strategic and additional operational expertise as well as access to funding through a strong capital markets presence. By rolling up multiple assets under a publicly listed platform, the Enlarged Group will seek to unlock the re-rate potential from scale that is characteristic of the metals and mining industry.

Overview of the Mining Entities

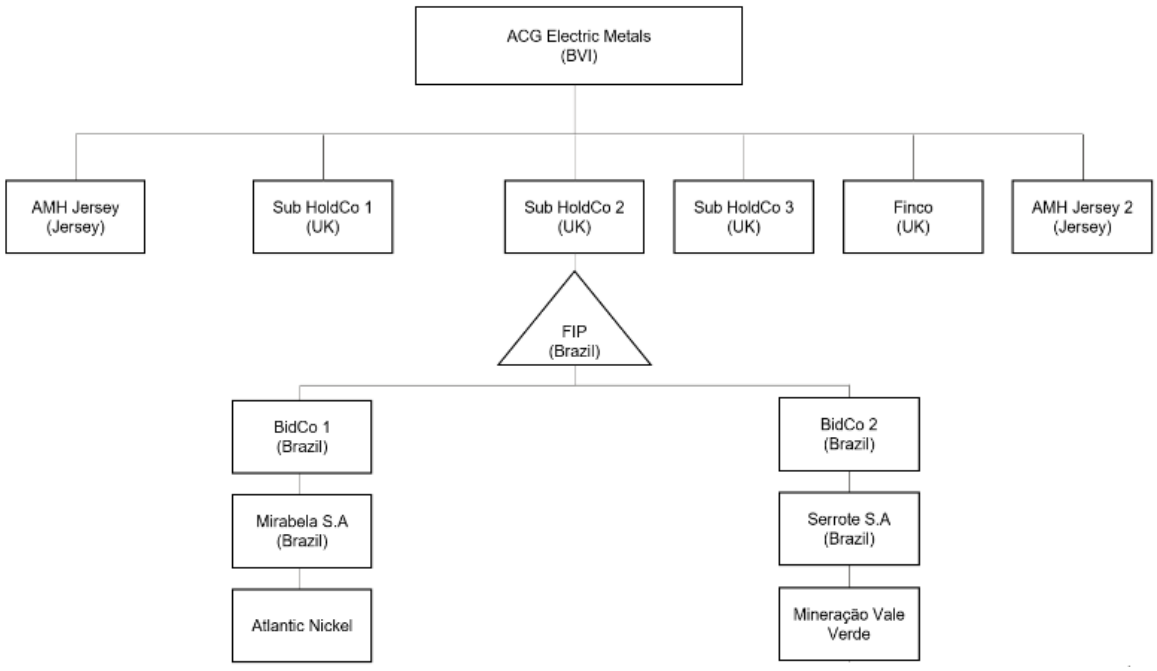
The Mining Entities' primary assets include two producing large-scale, modern, mechanised open pit mines: the Santa Rita mine located in the state of Bahia, Brazil, and the Serrote mine located in the state of Alagoas, Brazil. In addition to the on-site offices and operations, an in-country head office is maintained in Belo Horizonte, Minas Gerais.

The Santa Rita mine is one of the few nickel sulphide mines and one of the larger open pit nickel sulphide operations in the world today. It is a long-lived asset that produces a nickel concentrate with copper, cobalt, gold, and platinum group metal by-products. Since the resumption of operations in 2019, the Santa Rita mine has operated with a defensive cost profile, achieving first quartile C1 cost performance based on Wood Mackenzie's 2023 nickel industry C1 cash cost curve on a by-product basis. Mining at Santa Rita currently employs open pit methods with Proven Mineral Reserves and Probable Mineral Reserves of 34.8 Mt at grades of 0.31% NiS and 0.11% Cu. The Competent Person's Report on the Santa Rita mine states that Atlantic Nickel could potentially employ underground mining methods to mine additional Mineral Resources at depth, which currently consist of 105.9 Mt of Indicated Mineral Resources at grades of 0.54% NiS and 0.18% Cu and 130.9 Mt of additional Inferred Mineral Resources at grades of 0.54% NiS and 0.17% Cu. The Santa Rita mine's production plan targets a processing throughput of 6.5 Mtpa. The planned mine life consists of approximately 34 years (six years of production from the open pit and 28 years of production from underground operations). The Mining Entities have not yet made a production decision with respect to the underground mining at Santa Rita. As of 31 December 2022, in total, Atlantic Nickel holds 37 mineral rights (two mining concessions for nickel, three applications for mining concessions for nickel and 32 exploration licences for nickel) throughout the Santa Rita property area, collectively covering 40,286 ha.

The Serrote mine is a recently constructed mine that produces a copper concentrate with gold as a by-product. Construction of the mine was completed in May 2021 ahead of schedule and under budget. The Serrote mine's first sale of concentrate was made in of 2021 and, as of 1 February 2023, eight shipments have been successfully completed. The Serrote mine has an estimated mine life of 12 years. Mining on site is focused on an open pit with Proven Mineral Reserve and Probable Mineral Reserve of 46.7 Mt at grades of 0.58% Cu and 0.10 g/t Au that is contained within a larger Measured Mineral Resource and Indicated Mineral Resource of 96.7 Mt at grades of 0.54% Cu and 0.10 g/t Au and Inferred Mineral Resource of 4.9 Mt at grades of 0.52% Cu and 0.07 g/t Au. Several organic growth opportunities have been identified at the Serrote mine including the potential mining of Mineral Resources not already included in the mine's Mineral Reserve, de-bottlenecking and productivity opportunities, processing of oxide materials currently being stockpiled at the mine, and near-mine resource potential at Caboclo, the project in the advanced exploration stage. In total, MVV holds eight mineral rights (one mining concession for gold, copper and iron ore, two applications for mining concessions for copper and five exploration licences for gold, copper and iron ore) throughout the Serrote property area covering 11,505 ha.

Corporate Structure

Subject to the completion of the Acquisition and Re-Admission, the Company will be the parent company of the Target Entities and together, following completion of the Acquisition, the Company and the Target Entities will constitute the Enlarged Group structured as follows:



Project Setting

The Santa Rita mine is located in the Itagibá municipality of the state of Bahia in north-eastern Brazil, seven km from the city of Ipiaú, 140 km northwest of the port of Ilhéus, and 360 km southwest of Salvador. The operations are accessed via paved roads from Ilhéus to Ipiaú, and, after that, via a road without a hard surface to the mine site. Access within the Santa Rita mining operations is by unsealed municipal roads and farm tracks. A small airstrip is located at Ipiaú, and Ilhéus is serviced by a regional airport. Ipiaú (population 47,000) is the major source of commercial and industrial support services and skilled and unskilled labour for the Santa Rita mining operations.

The climate in the Itagibá region is humid tropical. Annual rainfall varies between 800 and 1,800 millimetres and averages approximately 1,200 millimetres. Mining operations are conducted year-round. Exploration activities can be curtailed by rainfall events, but are generally also conducted year-round.

The topography is characteristically flat to gently undulating terrain at approximately 150 masl. The Santa Rita mining operations are located in the drainage basin of the Contas River. This area is characterised as being sub-tropical rainforest. However, a minimal amount of that forest remains due to deforestation for agricultural purposes.

History, Including Exploration History

In 1976, mafic-ultramafic intrusive complexes were identified by the state company CBPM using aeromagnetic survey data in the current area of the Santa Rita mining operations. From 1976 to 2003, various companies conducted geological reconnaissance, geochemical surveys and various types of geophysical surveys. That work identified the layered nature of the Fazenda Mirabela intrusion as well as some of the mineralisation. CBPM performed a limited drill programme in 1988 and 1989 that confirmed the presence of primary sulphide mineralisation. In 1989, CBPM assumed ownership of what is now the Santa Rita mining operations area.

In 2003, CBPM offered private companies an opportunity to develop the nickel-bearing sulphide and laterite prospects that had been identified within the Favela Mirabela intrusion via a public tender. Mirabela Mineração do Brasil Ltda. ("**Mirabela Brazil**") won the tender.

On 17 October 2003, Mirabela Brazil entered into an exploration agreement named "Contrato de Pesquisa Complementar e Promessa de Arrendamento de Direitos Minerários Nº 038/2003" (the "**CBPM Exploration Agreement**") with CBPM, which was subsequently amended several times. Mirabela Brazil completed an approved exploration programme for Exploration Licence No. 871.369/1989 in 2006. Subsequently, Mirabela Brazil and CBPM signed a mineral rights lease agreement named "Contrato de Arrendamento de Direitos Minerários Nº 008/2008" on 3 March 2008 (the "**CBPM Lease Agreement**"), which was also subsequently amended several times.

The Santa Rita processing plant was commissioned in October 2009, commenced production of nickel concentrate in November 2009 and entered into commercial production in January 2010. Mining operations commenced in 2009 and continued until 2016. However, due to a combination of low nickel prices in 2014 and 2015 and a loan restructuring, Mirabela Nickel Ltd. ("**Mirabela Nickel**"), the parent company of Mirabela Brazil, was placed into bankruptcy proceedings in 2015 and the operations of the Santa Rita mine were then placed into care and maintenance. From the start of production in 2009 to the end of the first quarter of 2016 when the plant was shut down, the processing plant treated a total of 34.1 Mt of ore. From July 2012 to the end of March 2016, Santa Rita produced 386,947 tonnes of concentrate with a total metal content of approximately 18% and an average nickel content of approximately 14.3%, containing 55,263 tonnes of nickel, 15,221 tonnes of copper and 986 tonnes of cobalt ("**Co**") in concentrate.

The bondholders of Mirabela Nickel acted as receivers and managers for the Santa Rita mining operations until 2018 and focused on keeping the mine and infrastructure in a ready for start-up mode. In 2017, the bondholders determined that a sale of the operations was the best method available to creditors to recover value.

In 2018, Appian funds (the current beneficial owners are: Appian Natural Resources Fund L.P., Appian Natural Resources (UST) Fund L.P. and Appian Natural Resources (NV) Fund L.P. (collectively, "**Appian Funds I**")), through assignment of membership interests to Mirabela Brazil, acquired 100% ownership of the Santa Rita mine through the Mirabela Nickel bankruptcy proceedings, with Atlantic Nickel as the in-country operating subsidiary. At the time of acquisition by Appian funds, the Santa Rita mine had been on care and maintenance since 2016,

but benefited from existing permits, fully constructed surface infrastructure including a 6.5 Mtpa processing plant, energy connections to the grid, access to water and paved roads to site. After the acquisition of the Santa Rita mine by Appian funds, Appian Capital), which is the investment advisor to Appian Funds I and Appian funds that beneficially own the Serrote mine, brought in a management team to lead the pursuit of Santa Rita's revised operating strategy with a focus on maintaining a defensive cost position on the back of high plant throughput and more selective mining method (with strip ratio reduced from 6.0x to 2.8x). Atlantic Nickel conducted extensive drilling campaigns from 2018 to 2021, with the objectives of improving confidence in the Mineral Resource potentially amenable to open pit mining methods and investigating underground potential.

As of 31 December 2022, a total of 1,403 drill holes for 382,029 metres were completed at the Santa Rita mine and neighbouring targets. Drilling included core and reverse circulation types. Atlantic Nickel has carried out exploration systematically since 2018. The 2022 exploration programme included an additional 87 drill holes totalling 33,866 metres. In particular, a total of 47 drill holes for 7,862 metres were completed at the Palestina target in 2022.

Upon completion of site refurbishment activities, the processing plant was recommissioned in October 2019. The ramp-up of operations proceeded faster than planned in the early months of the re-start and resulted in production of Santa Rita's first full shipment of concentrate by January 2020, two months ahead of plan. In the first half of 2020, however, operational setbacks caused plant ramp-up performance to suffer. First, heavy seasonal rains flooded the open pit before adequate dewatering capacity could be installed. This restricted the rate at which ore could be accessed and mined from the open pit and consequently increased the operation's processing of historically-stockpiled material. Such historically-stockpiled material has less certain lithological composition and may have experienced some degree of sulphide oxidation, both of which is generally unhelpful to plant performance. The pit dewatering systems were installed in 2020. Second, primary crushing throughput suffered when, in January 2020, the bottom shell of the gyratory crusher was found to be cracked during a visual inspection and required replacement. Re-commissioning of the existing jaw crusher and securing additional mobile crushing capacity helped to restore sufficient reliability and throughput capacity to crushing activities on site. The bottom shell of the gyratory crusher was replaced in May 2020. The use of historically-stockpiled materials and large variations in plant throughput during this period adversely affected flotation performance.

On 9 November 2021, a wedge-shaped geotechnical instability formed in the open-pit wall directly affecting less than 1% of the pit wall's total surface area. The initial event consisted of the propagation of a crack forming a wedge in the pit wall. This was accompanied by a slumping, vertical displacement of approximately 1.5 to 2.0 metres. As a precaution, mining was temporarily suspended in the affected area and constant radar monitoring was established. No safety related incidents occurred related to this event. The mining operations were subsequently restarted and, by 11 November 2021, the daily amount of ore mined exceeded pre-event levels. The stability of the affected area as well as the design of a pushback to remediate it has since been evaluated by third-party geotechnical experts. The pushback covers mining of 4.7 Mt of waste material, only 2.6 Mt of which falls outside of the final design pit limit. These 2.6 Mt of waste will add to the total material to be mined during the remaining open pit mine life. Prior to the event, over 140 Mt of open pit material remained to be mined, and so the additional material equates to a less than 2% increase. With the potential underground extension, the increase is less than 1% of the total material to be mined.

In the last three years, processing plant feed amounted to 4.5 Mt in 2020, 6.0 Mt in 2021 and 6.6 Mt in 2022, which allowed the processing plant to produce 66 thousand dmt, 108 thousand dmt and 117 thousand dmt of nickel sulphide concentrate in 2020, 2021 and 2022, respectively.

Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements

Two key agreements that specify mineral rights with respect to the Santa Rita mine are (i) the CBPM Exploration Agreement and (ii) the CBPM Lease Agreement.

In total, Atlantic Nickel held 37 mineral rights (two mining concessions for nickel, three applications for mining concessions for nickel and 32 exploration licences for nickel) throughout the Santa Rita property area, collectively covering 40,286 ha, as of 31 December 2022, which consisted of:

- two mining concessions for nickel in the municipality of Itagibá, state of Bahia (871.368/1989 and 871.369/1989);
- three applications for mining concessions for nickel in the municipality of Itagibá, state of Bahia

(871.291/2003; 871.843/2003; and 870.255/2007); and

- 32 exploration licences for nickel in different municipalities in the state of Bahia.

As of December 31, 2022, the exploration licences granted by the ANM processes nos. 871.572/2016, 872.741/2016, 871.486/2017, 870.736/2021, 870.737/2021, 870.738/2021, 870.739/2021, 870.740/2021 and 870.741/2021 were registered with ANM in the name of CBPM, and exploration licences granted by the ANM processes nos. 870.319/2018; 870.318/2018; 870.253/2018; 870.252/2018; 870.251/2018; 870.250/2018; 870.249/2018; 870.248/2018; 870.011/2018; 870.010/2018; 870.009/2018; 870.012/2018; 871.220/2017; 872.158/2017; 871.203/2017; 871.195/2017; 871.190/2017; 871.188/2017; 871.187/2017; 872.368/2016; 873.431/2011; 873.416/2011 and 872.157/2017 were registered with ANM in the name of Atlantic Nickel.

Mining concession No. 871.368/1989 was granted to CBPM on 11 March 2014 and is valid until depletion of the deposit. It covers an area of 1,000 ha. Mining concession No. 871.369/1989 was granted to CBPM on 2 January 2008 and is valid until depletion of the deposit. It also covers an area of 1,000 ha. Mining concessions are leased to Atlantic Nickel as per the CBPM Lease Agreement (ANM processes nos. 871.368/1989 and 871.369/1989). The CBPM Lease Agreement is valid until 9 June 2028 for No. 871.369/1989 and No. 871.368/1989. Both can be renewed at CBPM's discretion. Additionally, the CBPM Lease Agreement states that exhaustion of the deposit and inexistence of other minerals that can be economically exploited in the leased area are the only factors that could prevent renewal. In the capacity of lessee, Atlantic Nickel can mine and become the owner of the production from the mining concessions.

With respect to applications for mining concessions that have been made by CBPM but have not yet been granted, such mining concessions will be leased to Atlantic Nickel if and when the respective mining concessions are granted, as per the CBPM Exploration Agreement.

As of the date of this Document, all required payments and reporting necessary to maintain the mineral tenures in good standing have been completed.

Atlantic Nickel currently owns the surface rights over the area of the operations totalling 5,238 ha. Within this area, the 2,732 ha surface rights area covers the locations of the mining operations, waste rock storage facilities ("**WRSFs**") and the tailings storage facility ("**TSF**"). The surface rights parcel boundaries are fixed by a combination of surveyed points and the locations of cultural features.

Atlantic Nickel currently also holds permits from the Bahia State Environmental Agency ("**INEMA**") to extract ground water for use in the processing plant and for human consumption. The rights are sufficient for the life-of-mine ("**LOM**") operations of the processing plant and ancillary needs.

Geology and Mineralisation

Mineralisation within the Fazenda Mirabela intrusion is considered to be an example of a magmatic nickel-copper sulphide deposit.

The Fazenda Mirabela intrusion, host to the mineralisation in the Santa Rita mining operations area, is located within the Archean-Paleoproterozoic Itabuna-Salvador-Curaça orogenic ("**ISC**") belt. It consists of a low-potassium calc-alkaline plutonic suite of rocks that includes intercalated metasedimentary rocks, gabbro and basalt. The Fazenda Mirabela mafic-ultramafic body intruded granulite of the ISC. The lower zone of the intrusion consists of olivine-rich cumulates, primarily dunite to harzburgite, and is capped by pyroxenite; the upper zone consists primarily of gabbroic cumulates, consisting of gabbronorites to norites.

The intrusion is oval-shaped, with outcrop dimensions of approximately 4.0 km by 2.5 km and, in its original stratigraphic thickness, is at least three km thick. In cross-section, the intrusion extends to a vertical depth of approximately 1,400 metres.

Three generations of deformation phases are recognised, including thrust duplexes, quartz-feldspar pegmatite dikes intruded into basement lithologies and folding. The major alteration type is fracture or structurally-controlled serpentinisation.

A significant laterite profile, typically 25 metres thick, developed over the dunite-harzburgite lithologies, but is absent or poorly developed over other lithologies.

The Santa Rita deposit is characterised by the lateral continuity of the mineralisation (approximately two km along strike and 1.3 km down-dip). Nickel and copper sulphides form stratiform bodies that are generally parallel to the lithostratigraphic contacts. The primary lithological host rocks are orthopyroxenite, olivine orthopyroxenite, harzburgite and dunite.

The mineralisation that supports the Mineral Resource estimate is primarily hosted in disseminated sulphides, 2% to 5% sulphide by volume. Some evidence of vein-like semi-massive sulphides is also noted, but this mineralisation type is not economic. On average, sulphide mineralisation comprises 52% pentlandite, 7% violarite, 18% chalcopyrite, 14% pyrite and 9% pyrrhotite as granular intercumulus aggregates. Traces of platinum group metals ("**PGMs**") also occur, but these elements appear to be included within the structure of the principal sulphides.

The Fazenda Palestina mafic-ultramafic intrusion is located 25 km to the south-southwest of the Santa Rita mine. The intrusion cluster measures approximately five km east-west by three km north-south and, in common with the Fazenda Mirabela intrusion, is intrusive into granulite facies country rocks. The two dominant lithologies within the intrusion are orthopyroxenites and, to a lesser extent, gabbronorites. The deposit is approximately 1,350 metres long, 50 metres wide and extends to a depth of at least 350 metres. Pentlandite and chalcopyrite are the dominant nickel and copper minerals respectively.

Drilling and Sampling

As of 31 December 2022, the Santa Rita drill hole database consisted of 1,240 drill holes totalling 350,107 metres. Drilling included core and reverse circulation ("**RC**") types. Drill data collected prior to and including Mirabela Brazil's ownership is referred to as legacy data.

A total of 108,460 and 71,536 sample analyses were performed during legacy and the Atlantic Nickel 2018 drilling campaigns, respectively.

Both open hole percussion drilling (blast holes) and RC drilling were used for grade control in 2014-2018 and 2019-2021.

Mineral Resource estimation at Santa Rita was supported by the database with a cut-off date of 25 February 2021. Between 25 February 2021 and 31 December 2022, an additional 61 exploration drill holes for a total of 39,714 metres of diamond drilling were completed but are not included in the current Mineral Resource estimate. GeoEstima SpA has reviewed the location of the more recent drilling and is of the opinion that they would not have a material impact on the current open pit and underground resource estimate.

For the Palestina deposit, a total of 124 drill holes (26,377 metres) have been drilled to 31 December 2022.

Mirabela Brazil routinely recorded core structural orientations. After the structural measurements were completed, the record indicates that lithology, colour, texture, mineralogy, alteration, estimated magnetite content, sulphide mineralogy and estimated percentages and mineralisation were logged for all holes. Magnetism, magnetic susceptibility, core recovery, rock quality designation and fracture spacing are recorded in the database, but not for each sample interval. A staff geologist completed the geology log of the drill core. Geology logs were recorded both on paper and digitally.

After Atlantic Nickel acquired the ownership of the Santa Rita mine, geological logging of RC chips and core was completed by Atlantic Nickel geology staff. Core was logged for geological information including lithology, alteration, mineralisation type, mineralisation abundance and structure. Geology data were captured on paper logging forms and entered into the drill hole database. A core library at the core shed is used for reference, which aids consistency of logging. Magnetic susceptibility was logged for some holes. Digital images of wet core were captured and are stored with the project database.

With respect to sampling by Atlantic Nickel, it began sampling RC cuttings at the lower contact of the gabbro and continued in one metre intervals to the end of each drill hole. The one metre interval was collected in a bin from the cyclone and split using a three-tiered riffle splitter. The final sample shipped to the laboratory was approximately five kilograms in weight. A number of RC drill holes reportedly encountered significant water during the drilling process, which can adversely affect sample quality.
For diamond drilling, sample intervals were typically one metre, as marked by the logging geologist and noted on a sample form. The sampling commonly started from the lower contact of the gabbro unit and continued to the end of each drill hole. Trained technicians, supervised by Atlantic Nickel geology staff, used a core saw to cut the drill core into halves. The sawn core was returned to the core tray. Samplers collected one-half of the core into

sample bags according to the sample form. The remaining half remained in the core box and was archived at the core storage facility.

With respect to production sampling, one in four blast holes were sampled. Samples were collected on a tarpaulin below the cyclone used to minimise dust escape from the blast hole drills. The pile was homogenised by rolling the sample in the tarpaulin. A five kilograms sample was then obtained by splitting with a riffle splitter. The final split was bagged and sent to the mine site laboratory.

A total of 10,329 density determinations were obtained during the 2004–2008 drill campaigns. Density determinations were completed using 10 centimetres samples selected from available core. The methodology included sun drying, weighing the core in air, and weighing while suspended in water. The density was then determined as a ratio of weight in air divided by weight in water. Weights were obtained using a high-quality electronic scale. As of 31 December 2022, Atlantic Nickel completed approximately 4,185 density determinations since 2018 drilling campaigns. Density data were determined using 10 centimetres core samples collected at 20 metres intervals from 98 core holes. Atlantic Nickel also determined the moisture content of some of the samples using the as-received mass and the dry mass. Some samples were duplicated as a quality control measure. These duplicates were as close to immediately adjacent to the original sample as possible.

Sample preparation methods varied by campaign. For RC and core sample analysis in Mirabela Brazil's programmes, the procedure consisted of crushing the half core with a jaw crusher to more than 70% of the sample passing two millimetres. A riffle splitter was used to obtain a representative sub-sample. This crushed sub-sample was ground to a pulp with 85% of the sub-sample passing 75 micrometres. For RC and core sample analysis in Atlantic Nickel's programmes, the procedure consisted of crushing to more than 70% of the sample passing two millimetres and pulverising to more than 85% of the sample passing 75 micrometres.

Analytical methods also varied by laboratory and campaign. Procedures included aqua-regia acid digestion with inductively coupled plasma atomic emission spectroscopy; four-acid digestion with inductively coupled plasma atomic emission spectroscopy; ammonium citrate/hydrogen peroxide digestion and inductively coupled plasma atomic emission spectroscopy; or gold and PGM analysis by fire assay.

Analytical quality control typically included insertion of blank samples, standard reference materials (standards) and duplicate samples. The quality of the nickel and copper analytical data is sufficiently reliable to support Mineral Resource estimation.

Until 2018, the drill hole database was maintained in Microsoft (MS) Access. The drill hole data were migrated to an acQuire database in January 2019, and the entire database used in the Mineral Resource estimation was exported from that database. Since 2022, Atlantic Nickel has used Datamine Software's Fusion software for database management.

Metallurgical Testwork

Open Pit

Metallurgical testwork was conducted from 2005 to 2021. Primary laboratories involved in the testwork that supports the mine plan and original plant design included SGS Lakefield, SGS Geosol, JKTech, AMMTEC Ltd., Independent Metallurgical Laboratories Pty. Ltd and Outokumpu Technologies.

Testwork that supported plant design included mineralogy, comminution, heap leach, flotation and thickening tests.

Once operating, review of the processing plant performance indicated that there was a variation in annual total nickel recovery ranging from 48.6% to 59.9% over the period from 2012 to 2016. The nickel sulphide ("**nickel sulphide**" or "**NiS**") recovery varied from 78.2% to 84.9% over the period from July 2012 to March 2016.

The plant was re-started in January 2020. The average NiS recovery over the period from January 2020 to December 2022 was 79.3%. However, improvements in plant operating practices and a change in the main flotation collector have led to an increase in the NiS recovery to an average of 80.1% over the period from June to December 2022.

The only deleterious element in the concentrate that could lead to downstream treatment penalties is magnesium oxide ("**magnesium oxide**" or "**MgO**"); this is controlled by efficient cleaner flotation and has not been an issue to date.

Atlantic Nickel commenced new testwork in support of re-starting operations which continued up to mid-2021 on ores from the open pit. The work included mineralogy, comminution, flotation tests, geometallurgical variability testing, tailings thickening and rheology tests.

Results for open pit ore included the following:

- comminution testwork, which was carried out on composites of the three main lithologies and on variability samples. The pyroxenite material in the north of the pit is the hardest material and harzburgite is the softest. JKTech used results from a plant survey to model plant performance. The base case calculated a throughput of 855 tonnes per hour versus the production requirement of 842 tonnes per hour at 89.5% availability;
- rougher-scavenger flotation testing, which was carried out on the three main open pit lithology composites, 51 variability samples and a blend of the variability samples. The lithology testing confirmed that pyroxenite and orthopyroxenite perform better than harzburgite. The variability samples showed large variations in recovery and concentrate grade; and
- mineralogical examinations, which showed that for a sample ground to 125 micrometres, the mean size of the pentlandite particles was 48 micrometres and 30 micrometres for chalcopyrite. Finer grinding would lead to slime losses. The majority of losses to tailings occurs in complex particles with fine metal sulphides occluded in gangue minerals.

Underground

A separate testwork programme was conducted on site on material from the area for which potential underground operations were being evaluated. The lithologies were the same as those found in the open pit, but divided into upper and lower domains based on depth. Flotation tests were carried out to determine the optimum flotation feed size, the optimum reagent additions and flotation kinetics. Subsequently, a more comprehensive programme was carried out at SGS Geosol on samples from the upper and lower domains, which included assaying, mineralogical examinations, comminution testing, flotation testing and tailings testing.

Results and interpretations included:

- the upper and lower composite underground material showed similar particle size data to the open pit ore. The pentlandite content was approximately 60% higher;

- the comminution data for the underground composites showed they were softer for crushing and semi-autogenous grinding milling than the open pit ore but harder for ball milling. JKTech calculated a throughput of 955 tonnes per hour. To achieve the production forecast of 6.25 Mt per year (plan for the first five years after underground mining ramp-up), an hourly throughput of 797 tonnes per hour is required at a plant availability of 89.5%;

- rougher-scavenger flotation testing on the upper and lower underground composites showed similar results to the previous Atlantic Nickel tests but with higher recovery and lower rougher concentrate grade; and

- locked cycle tests on the underground upper and lower composites gave similar results to the open pit blend material. However, the locked cycle tests on the underground LOM period composites gave better results with NiS recoveries in the range 85% to 91% at concentrate grades between 13.3% and 14.9% NiS; and

- as with the open pit, no deleterious elements are expected to affect plant performance or lead to downstream treatment penalties.

Mineral Resource Estimate

Two Mineral Resource models were completed for the Santa Rita nickel-copper deposit. The open pit Mineral Resource model was completed in July 2019 to support Mineral Resource estimation assuming open pit mining methods. The open pit model included drill data completed by Atlantic Nickel up to 23 June 2019. The second

Mineral Resource model was completed in March 2021 to determine Mineral Resource potentially amenable to underground mining methods. The underground model included drill hole data completed by Atlantic Nickel between June 2019 and February 2021. The database close-out date for the underground model was 25 February 2021.

The methodology used for the two models was similar and included:

- construction of a lithology domain model;
- construction of a grade shell to constrain the grade estimation;
- calculation of nominal drill spacing used to control estimations and determine resource classification;
- construction of a surface for local varying anisotropy to control the search ellipse during interpolations;
- estimate a sulphur indicator model to define the low and high-sulphur domains;
- estimate indicator and ordinary kriging models for total nickel, sulphide nickel, copper, cobalt and magnesium oxide to define the low and high-grade domains of each one;
- estimate sulphur, total nickel, sulphide nickel, copper, magnesium oxide, cobalt, palladium ("**palladium**" or "**Pd**"), platinum ("**platinum**" or "**Pt**"), gold ("**gold**" or "**Au**") and iron grades for both domains, and calculate the final grade based on the grades and indicator value of each domain;
- assign density by lithology domain; and
- validate the estimation using trend analysis, statistical and visual checks.

The following table presents the first part of the Mineral Resource estimate for the open pit mining operations and stockpile at Santa Rita (information related to the tonnage, metal grades and NSR) as of 31 December 2022.

		Grades						
Category	**Tonnage (kt)**	**NiS (%)**	**Cu (%)**	**Co (%)**	**Pd (g/t)**	**Pt (g/t)**	**Au (g/t)**	**NSR (US$/t)**
Measured open pit	7,044	0.40	0.13	0.01	0.03	0.07	0.04	34.26
Measured stockpile	870	0.22	0.10	0.09	0.03	0.06	0.04	23.19
Indicated open pit	36,343	0.31	0.12	0.01	0.03	0.06	0.04	26.90
Indicated stockpile	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Measured and Indicated open pit	**43,388**	**0.33**	**0.12**	**0.01**	**0.03**	**0.06**	**0.04**	**28.10**
Total Measured and Indicated stockpile	870	0.22	0.10	0.09	0.03	0.06	0.04	23.19
Inferred open pit	45	0.25	0.10	0.01	0.02	0.05	0.03	21.82
Inferred stockpile	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The following table presents the second part of the Mineral Resource estimate for the open pit mining operations and stockpile at Santa Rita (information related to the metals contained) as of 31 December 2022.

	Metal contained					
Category	**NiS (kt)**	**Cu (kt)**	**Co (kt)**	**Pd (koz)**	**Pt (koz)**	**Au (koz)**
Measured open pit	28.3	9.4	0.8	7.7	16.6	10.1
Measured stockpile	1.9	0.9	0.8	0.8	1.7	1.1
Indicated open pit	112.9	41.8	3.4	36.1	73.8	49.5
Indicated stockpile	0	0.0	0.0	0.0	0.0	0.0

	Metal contained					
Category	**NiS (kt)**	**Cu (kt)**	**Co (kt)**	**Pd (koz)**	**Pt (koz)**	**Au (koz)**
Total Measured and Indicated open pit	**141.2**	**51.3**	**4.2**	**43.8**	**90.4**	**59.7**
Total Measured and Indicated stockpile	1.9	0.9	0.8	0.8	1.7	1.1
Inferred open pit	0.1	0.0	0.0	0.0	0.1	0.0
Inferred stockpile	0	0.0	0.0	0.0	0.0	0.0

Notes to the two Mineral Resources tables above:

1. 2014 CIM Definition Standards were followed for Mineral Resources.
2. The Mineral Resource estimate has an effective date of 31 December 2022.
3. Mineral Resources are estimated at a NSR cut-off value of US$8.91 per tonne for open pit.
4. Mineral Resources are estimated using metal prices of US$6.50/lb Ni, US$3.00/lb Cu and US$20.00/lb Co.
5. Open pit Mineral Resources are reported within a conceptual open pit.
6. Minimum widths are five metres for the open pit.
7. The metallurgical recoveries used are 83% for NiS; 70% for Cu and 29% for Co.
8. Bulk density varies depending on mineralisation domain from 2.5 g/cm³ to 3.5 g/cm³.
9. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves.
10. Mineral Resources that are not Mineral Reserve does not have demonstrated economic viability.
11. Numbers may not add due to rounding.

The following table presents the first part of the Mineral Resource estimate for the potential underground mining operations at Santa Rita (information related to the tonnage, metal grades and NSR) as of 31 December 2022.

		Grades						
Category	**Tonnage (kt)**	**NiS (%)**	**Cu (%)**	**Co (%)**	**Pd (g/t)**	**Pt (g/t)**	**Au (g/t)**	**NSR (US$/t)**
Measured	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indicated	105,859	0.54	0.18	0.01	0.04	0.10	0.06	45.68
Total Measured and Indicated	**105,859**	**0.54**	**0.18**	**0.01**	**0.04**	**0.10**	**0.06**	**45.68**
Inferred	130,852	0.54	0.17	0.01	0.05	0.10	0.06	45.52

The following table presents the second part of the Mineral Resource estimate for the potential underground mining operations at Santa Rita (information related to the metals contained) as of 31 December 2022.

	Metal contained					
Category	**NiS (kt)**	**Cu (kt)**	**Co (kt)**	**Pd (koz)**	**Pt (koz)**	**Au (koz)**
Measured	0.0	0.0	0.0	0.0	0.0	0.0
Indicated	568.2	187.5	13.6	135.8	331.0	216.8
Total Measured	**568.2**	**187.5**	**13.6**	**135.8**	**331.0**	**216.8**

	Metal contained					
Category	**NiS (kt)**	**Cu (kt)**	**Co (kt)**	**Pd (koz)**	**Pt (koz)**	**Au (koz)**
and Indicated						
Inferred	702.3	224.5	17.3	210.6	426.8	259.2

Notes to the two Mineral Resource tables above:

1. 2014 CIM Definition Standards were followed for Mineral Resources.
2. The Mineral Resource estimate has an effective date of 31 December 2022.
3. Mineral Resources are estimated at a NSR cut-off value of US$30.00 per tonne for underground.
4. Mineral Resources are estimated using metal prices of US$6.50/lb Ni, US$3.00/lb Cu and US$20.00/lb Co.
5. Underground Mineral Resource is reported within underground constraining shapes for material below the pit.
6. All blocks within the underground constraining shapes have been included within the Mineral Resource estimate.
7. Minimum widths are 45 metres for the underground.
8. The metallurgical recoveries used are 83% for NiS; 70% for Cu and 29% for Co.
9. Bulk density varies depending on mineralisation domain from 2.5 g/cm³ to 3.5 g/cm³.
10. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves.
11. Mineral Resources that are not Mineral Reserve do not have demonstrated economic viability.
12. Numbers may not add due to rounding.

A net smelter return ("**NSR**") value was calculated for each block based on the sales agreements for the Atlantic Nickel concentrates from 2021. The NSR calculation included metal prices, recoveries and payable values. A NSR was calculated for each block using the block grade for NiS, copper and cobalt sulphide. The NSR calculation uses the following formula:

NSR = (73.832 * sulphide nickel) + (31.482 * copper) + (36.922 * cobalt sulphide).

The assessment of reasonable prospects for eventual economic extraction used metal prices of US$6.50/lb for nickel, US$3.00/lb for copper and US$20.00/lb for cobalt. Historically, the Santa Rita mine also received concentrate credits for platinum, palladium and gold, but metallurgical recoveries are not defined and these products were not included in the NSR calculation.

Atlantic Nickel used actual production data to estimate operating costs and determine a NSR cut-off of US$8.91 per tonne for open pit mining.

A Whittle pit optimisation was used to define the pit shell constraining the Mineral Resource estimate.

A NSR cut-off of US$30.00 per tonne was used to constrain the Mineral Resources potentially amenable to underground mining methods, and a Datamine Mineable Reserves Optimiser shell was constructed to constrain the Mineral Resource estimate.

Mineral Reserve Estimation

The Mineral Reserve estimation for the Santa Rita mining operations incorporates industry-accepted practices and is reported using the 2014 CIM Definition Standards.

Measured Mineral Resources and Indicated Mineral Resources were converted to Mineral Reserves. Inferred Mineral Resources were considered as waste.

The Mineral Reserve estimates are based on detailed pit limit designs, which were validated by a LOM mine plan.

The estimate of Mineral Reserve may be materially affected by metal prices, US$/R$ exchange rate, environmental, permitting, legal, title, taxation, socio-political, marketing, infrastructure development or other relevant issues.

Mineralised material stockpiles exist at the mine site. In particular, two large stockpiles have been surveyed and estimated to contain approximately 5.7 Mt of material. Atlantic Nickel plans to drill and sample the material to allow a Mineral Resource estimate to be completed.

Mineral Reserve Statement

Mineral Reserves are reported using the 2014 CIM Definition Standards, with an effective date of 31 December 2022. The Proven Mineral Reserve and Probable Mineral Reserve estimates for the Santa Rita mining operations are summarised in the table below.

The estimate of Mineral Reserve may be materially affected by metal prices, US$/R$ exchange rate, environmental, permitting, legal, title, taxation, socio-political, marketing, infrastructure development, or other relevant issues.

The following table presents the first part of the Mineral Reserve estimate for the Santa Rita mine (information related to the tonnage, metal grades and NSR value) as of 31 December 2022.

Classification	Tonnage (kt)	NSR value (US$/t)	NiS (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)
Proven	7,980	38.41	0.35	0.12	0.01	0.03	0.07	0.04
Probable	26,862	31.31	0.30	0.11	0.01	0.03	0.06	0.04
Total Proven and Probable	**34,842**	**32.94**	**0.31**	**0.11**	**0.01**	**0.03**	**0.06**	**0.04**

The following table presents the second part of the Mineral Reserve estimate for the Santa Rita mine (information related to the metals contained) as of 31 December 2022.

	Metal contained					
Classification	NiS (kt)	Cu (kt)	Co (kt)	Pd (koz)	Pt (koz)	Au (koz)
Proven	28.2	9.4	0.8	7.7	17.7	10.3
Probable	80.6	29.5	2.7	25.9	51.8	34.5
Total proven and probable	**108.8**	**39.0**	**3.5**	**33.6**	**69.5**	**44.8**

Notes to the two Mineral Reserve tables above:

1. The Mineral Reserve estimate has an effective date of 31 December 2022.
2. Mineral Reserves are defined within a mine plan and incorporate mining dilution and ore losses that result in a reduction of 1.4% of the tonnage and a 6% reduction in the nickel sulphide contained metal with no reduction in other contained metals.
3. Mineral Reserves are based on Measured Mineral Resource and Indicated Mineral Resource classifications only.
4. Mineral Reserve is based on metal prices of US$8.15/lb nickel, US$3.50/lb copper, US$25.00/lb cobalt, US$1,375/oz palladium, US$1,100/oz platinum and US$1,550/oz gold and is constrained within an optimised pit shell that uses 39 degrees to 46 degrees overall wall slopes; and process recoveries of 83% nickel, 75% copper and 38% cobalt with no credit for palladium, platinum or gold.
5. An NSR cut-off value of US$11.04/t is estimated to differentiate ore from waste and is based on cost assumptions of US$5.67/t processing, US$1.96/t site general and administrative costs and US$3.41/t sustaining capital costs
6. Proven Mineral Reserves include stockpiled ore of 0.87 Mt at 0.22% Ni, 0.10% Cu, 0.09% Co, 0.03 g/t Pd, 0.06 g/t Pt and 0.04 g/t Au.
7. The estimate of Mineral Reserves may be materially affected by metal prices; US$/R$ exchange rate; environmental, permitting, legal, title, taxation, socio-political, marketing or infrastructure development or other relevant issues.
8. Totals may not sum due to rounding.

Mining Methods

The Santa Rita open pit mining operations mainly encompass a single large open pit that is mined with conventional mining equipment. The open pit was planned to be completed in 10 phases, of which six phases remain as of 1 January 2023. A small satellite open pit located to the southeast of the main pit has also been mined. Mining may occur simultaneously in multiple phases in order to meet the waste stripping and processing plant ore

delivery targets. The primary crusher area is located to the north of the open pit and the main WRSF is on the east side.

Mining operations at the Santa Rita mine re-started in August 2019. At such restart, the planned ramp-up was to achieve processing plant feed production of 6.5 Mtpa and a total production rate of 30 Mtpa (combined ore and waste). These goals were achieved in 2022 when processing plant feed production reached 6.6 Mtpa and total production rate reached 37.2 Mtpa.

The following table presents information on the operational performance of the Santa Rita mine in 2020, 2021 and 2022.

Operational performance indicator	**Units**	**2020**	**2021**	**2022**
Total material mined	Mt mined	17.6	23.5	37.2
Processing plant feed	Mt processed	4.5	6.0	6.6
Concentrate produced	thousands of dmt	66	108	117
Average concentrate grade	%	13.5	13.6	13.6
Average realised nickel price	US$/lb	6.45	8.69	12.04
C1 costs per pound of payable nickel produced[1]	US$/lb Ni	2.80	3.24	4.13

Notes:

1. For the discussion of what constitutes C1 costs and C1 costs per pound of payable nickel produced, see "*Important Information – Presentation of Financial and Other Information – Non-IFRS Financial Measures – C1 Costs*" and *Important Information – Presentation of Financial and Other Information – Non-IFRS Financial Measures – C1 Costs per Pound of Payable Nickel Produced*. C1 costs and C1 costs per pound of payable nickel produced are non-IFRS measures, see "*Presentation of Financial and Other Information – Non-IFRS Financial Measures*". For information on how Atlantic Nickel's C1 costs per pound of payable nickel produced are calculated for the years ended 31 December 2020, 2021 and 2022, see "*Important Information – Presentation of Financial and Other Information – Non-IFRS Financial Measures – C1 Costs per Pound of Payable Nickel Produced*".

Mining operations use standard open pit methods with drilling and blasting, loading and hauling. Bench heights are six metres in ore and 12 metres in waste. Mining is contracted to three mining contractors until the second quarter of 2023, at which time the mine will transition to the owner-operated model. The transition is expected to be completed by the end of 2024.

Open pit dewatering consists of in-pit pumping systems. The majority of the groundwater and surface run-off flows to the open pit bottom. A combination of run-off from areas up-gradient of the open pit, precipitation falling within the open pit and groundwater inflows accounts for the total volume of water to be handled by the dewatering system. Water is collected at the bottom of each open pit phase in sumps, pumped to the open pit rim and subsequently channelled to the East dike.

A contractor was hired in 2020 to install pumps in each open pit area designed to pump water flow to the surface using generator power. The pumping system is equipped with four pumps, three with a capacity of 300 m^3 per hour and one of 400 m^3 per hour. A drainage area update is under review to assess surface water management measures. Consulting firm FloSolutions SAC is assisting Atlantic Nickel in this regard.

Four ore types and stockpiles of material are used. They are defined based on NSR cut-off values, lithology type (based on MgO grade) and head grade ranges (high-grade and low-grade based on NiS %). Ore types include lithologies based on MgO % (peridotite with over 29% MgO and pyroxenite with less than 29% MgO). The high-grade versus low-grade threshold for NiS % is approximately 0.35% NiS. The remaining open pit mine life is approximately six years, ending in 2028.

Hydraulic excavators (70 tonnes) are used for waste rock loading, and hydraulic excavators (50 tonnes) are used for ore loading. Wheel loaders are used for miscellaneous clean-up jobs and as backups to the excavators. A peak fleet of 80 haul trucks with capacities of 36 tonnes and 48 tonnes are used to transport material to either the WRSFs or the primary crusher stockpiles. Drills are equipped with 114 millimetres (4.5 inch) diameter bits. The

primary mining operations are supported by a fleet of equipment consisting of bulldozers, graders, water trucks, fuel trucks, maintenance vehicles and service vehicles.

The Santa Rita mine is currently operated by three contractors.

Recovery Methods

The plant design was based on metallurgical testwork results. The Santa Rita processing plant consists of crushing, grinding, flotation, thickening and filtration unit operations to produce a saleable nickel concentrate. Flotation tailings are pumped to the mine's TSF. The initial nameplate capacity of the processing plant was 4.6 Mtpa. This nameplate capacity was expanded to 6.5 Mtpa in 2012 with the addition of a desliming circuit, pebble crushing, a second ball mill and a pressure filter.

The processing plant re-started its operations in October 2019 and treated 4.5 Mt of ore in 2020, 6.0 Mt of ore in 2021 and 6.6 Mt of ore in 2022, in the latter year slightly exceeding the design annual throughput of 6.5 Mt. The total concentrate produced amounted to 66 thousand dmt, 108 thousand dmt and 117 thousand dmt in 2020, 2021 and 2022, respectively.

Since the start-up of the processing plant in October 2019, the desliming circuit of the plant has not been operated. Plant technical staff conducted statistical studies of processing plant data and bench scale flotation tests to compare results with and without desliming. These both demonstrated that desliming makes no difference to nickel recovery. This conclusion was supported by testwork carried out by SGS Geosol in 2020.

The processing plant requires approximately 1,600 m^3 of water per hour. This water is derived from three sources: the Contas river, recycled water from the TSF and tailings thickener overflow. Power is provided from the national grid. The processing plant power requirement is 21.1 MW. Tailings spigotting at the TSF is under evaluation to start in mid-2023. This would require an extra 0.7 MW. For underground mill feed the plant power demand could increase by up to 2 MW to 23.8 MW due to the higher consumption in ball milling.

Key consumables include grinding media, slimes depressant, copper sulphate, sodium ethyl xanthate, sodium di-alkyl dithiophosphate, sodium silicate, citric acid and flocculant.

Project Infrastructure

The Santa Rita mining operations currently have all necessary infrastructure in place to support a large open pit mining and mineral processing operations.

Existing infrastructure includes the gatehouse, administration offices, kitchen/canteens, maintenance buildings, warehouse, washroom and change rooms, health and fire-fighting facilities, processing plant, conveyors, concentrator, laboratories, pipelines and power lines.

There is no accommodations camp on site. Personnel reside in adjacent communities and commute to the site.

Electricity supply is generated by a hydroelectric power plant that is located approximately 20 km from the mine. The power plant is connected to the mine via a 230 KV transmission line that can provide up to 40 MW.

The average power demand breakdown for Santa Rita mining operations in 2022 was as follows:

- mine: 1.04 MW;
- processing plant: 23.22 MW; and
- general administration: 0.84 MW.

Three emergency 500 kVA diesel generators provide back-up power in the event of grid power failures.

There are two existing WRSFs located to the east and south of the open pit. The WRSF located to the east of the open pit is the primary waste rock storage area and the WRSF located to the south of the open pit is a secondary storage area. The two WRSFs are estimated to have a capacity of 143 Mt to a maximum height of 150 metres, which is sufficient to store the LOM waste rock production.

Ore stockpiles and ore bins are mainly used for short-term operational ore control and emergency ore handling purposes and are not intended to provide longer-term storage capacity. Consequently, no oxidation or recovery issues are reported or expected. The stockpiles are located close to the crusher area.

Environmental, Permitting and Social Considerations with respect to Open Pit Mining Operations

Environmental

An environmental impact assessment (the "**2006 EIA**") was completed in 2006. To support the development and approval of the 2006 EIA and state licensing/permitting requirements, the 2006 EIA evaluated impacts on water quality, flora and fauna, air quality, soil and the socio-economic impact on neighbouring communities. The 2006 EIA is linked to numerous mitigation measures consisting primarily of management plans that are required based on permits and licences. Mitigation measures have been implemented after the re-start of operations, including the water management system changes to reduce sulphate and other constituents in the discharge water.

Atlantic Nickel updated the 2006 EIA with Santa Rita's Environmental and Social Impact Assessment ("**ESIA**") in 2020. The updated ESIA did not encounter any major additional impact, above and beyond what had already been identified in the initial studies developed during the previous licensing processes. The gaps have been identified, however, as compared to the International Finance Corporation ("**IFC**") Performance Standards. The findings have been thoroughly described within the Environmental and Social Action Plan ("**ESAP**"), and recommendations were fully implemented by the end of 2021.

For additional information, see " – *Environment, Social and Governance (ESG)*".

Tailings Storage Facility

The Santa Rita TSF consists of an unlined basin with a zoned earthen and rockfill perimeter embankment enclosing three sides of the impoundment. The TSF embankment is planned to be constructed in three major stages (initial, intermediate and final stages) using a downstream raise methodology. Construction of Phase 3 of the intermediate stage ceased in early 2016 when the mine was placed into care and maintenance. The TSF embankment is constructed of zoned, locally sourced earth materials, which form the inner inclined low-permeability core layers, filter/transition layers and rockfill sections of run-of-mine waste rock.

The TSF operations were resumed in October 2019. Prior to resumption of operations, a total of approximately 35.3 Mt of tailings had been stored in the existing TSF with the dam crest ranging in elevation from 154 masl to 158 masl. A conceptual TSF design of the final stage was completed with the final dam crest at elevation 180 masl to achieve an additional storage capacity exceeding the planned remaining LOM tailings production from the open pit of approximately 33 Mt. The TSF final stage design is expected to be further revised and improved as needed to accommodate future mining operations. WSP Consultoria e Projetos do Brasil Ltda., formerly Wood Environment and Infrastructure Solutions Inc., assumed the role of TSF designer in November 2019 and became the engineer of record in April 2021.

Since the resumption of TSF operations in 2019, the next TSF expansion stages that had been previously called intermediate stages were renamed to Phases I, Phase II and Phase III. The construction of Phase I has already been completed. Phase II is divided into two interim stages, II-A and II-B, with the construction of Phase II-A recently completed to the lowest dam crest elevation of 162.2 masl. Phase II-B (to crest elevation of 168.0 masl) and Phase III (to crest elevation of 174.0 masl) are currently being designed and constructed.

Under the new Brazilian laws and regulations, the Santa Rita TSF is classified as "high" potential damage (among the three potential damage classification categories of "high", "medium", and "low") and "low" risk (among the three risk classification categories of "high", "medium", and "low") and falls into an overall classification category of "Class A". Class A indicates a second highest hazard "score" out of five tiers (AA, A, B, C and D). The new TSF phases have been designed to also satisfy the Canadian Dam Association ("**CDA**") Dam Safety Guidelines (2019) for an "extreme" consequence classification facility.

The TSF has been well managed by the mine using an operation, maintenance and surveillance manual and an emergency action plan has been prepared in line with recent Brazilian regulations. The dam has been inspected and assessed semi-annually by the mine tailings management team and an engineering consulting firm each year, with the latest inspection completed by WSP Consultoria e Projetos do Brasil Ltda., formerly Wood Environment

and Infrastructure Solutions Inc. No significant or emergency concerns have been raised and the safety factors were found to be in compliance with design criteria for both Brazilian regulations and CDA guidelines.

Closure And Reclamation Planning

Atlantic Nickel developed a mine closure plan with the last update to such plan completed in 2022. Since the current closure plan is conceptual in nature, the reclamation cost estimate only provides a preliminary assessment of the potential cost for reclamation. The 2022 closure plan estimated the total closure costs at US$29.3 million. As the conceptual closure plan is revised to a detailed closure plan, the closure costs will also be more accurately developed.

Permitting Considerations

The Santa Rita mining operations currently have the required permits for open pit mining and processing operations.

Social Considerations

In order to understand the needs of the stakeholders, including the local communities, Atlantic Nickel created a stakeholder mapping and engagement plan. A survey was conducted as part of the plan to obtain information from interested parties that frequently interact with the mine. Based on the results of the survey, an action plan was developed that establishes frequent engagement with the stakeholders to ensure a bidirectional flow of communications and transparency. Atlantic Nickel registers and monitors interactions with the stakeholders to enhance the quality of the engagements.

Atlantic Nickel has several social programmes focusing on education and training, environmental stewardship, social entrepreneurship and culture.

For additional information, see " *–Environment, Social and Governance (ESG)*".

Markets and Contracts Related to Open Pit Mining Operations

There are several offtake agreements in place between Atlantic Nickel and smelters/traders for export of concentrate from Brazil.

Atlantic Nickel's Offtake Agreements

2020 Contract with Boliden

The nickel concentrate sales agreement (the "**2020 Boliden Offtake Agreement**") between Atlantic Nickel and Boliden Commercial AB ("**Boliden**") with respect to the sales of nickel sulphide concentrate by Atlantic Nickel to Boliden was entered into on 15 July 2020 and amended on 28 January 2021. This offtake covers the sale and delivery of an agreed annual quantity of nickel sulphide concentrate by Atlantic Nickel to Boliden over a period of several years and can be extended at the end of the current contractual period. Delivery under the contract is on a CIF basis (which means that Atlantic Nickel pays for delivery of the concentrate to a ship, loading it onto the ship, the transportation of the concentrate to the destination port and insurance coverage on the concentrate through its shipment to the destination port) to the port of Pori in Finland.

The price payable by Boliden per dmt of the nickel sulphide concentrate equals the sum of the payables for nickel, copper, cobalt, gold, platinum and palladium contained in the concentrate, with volumes calculated on a sample lot by sample lot basis for each shipment and using agreed prices for the relevant metals, with further price adjustments for a set of commercially agreed deductions or bonus payments.

The agreed prices for relevant metals are:

- for nickel – the official daily London Metal Exchange cash settlement quotations for nickel averaged over the quotational period;

- for copper – the official daily London Metal Exchange cash settlement quotations for Grade A copper averaged over the quotational period;

- for cobalt – all the official "Cobalt standard grade, in-warehouse Rotterdam" low quotations, as published by Fastmarkets MB, averaged over the quotational period;

- for gold – the official daily London Bullion Market Association gold morning quotations averaged over the quotational period;

- for platinum – the official daily London Platinum and Palladium Market afternoon platinum quotation averaged over the quotational period; and

- for palladium – on the official daily London Platinum and Palladium Market afternoon palladium quotation averaged over the quotational period.

The commercially agreed deductions and/or bonus payments comprise (i) treatment charge, (ii) refining charges, (iii) price participation bonuses, if any, and (iv) quality-related penalty or bonus payments. All four components of the agreed charges or bonuses can vary with metal price or concentrate quality.

Any disputes between the parties arising out of or in connection with the 2020 Boliden Offtake Agreement, other than disputes involving pricing in case of cessation or non-representativeness of metal price quotations that the parties agreed to resolve by referral to a jointly appointed referee, are required to be referred to and finally resolved by arbitration under the arbitration rules of the International Chamber of Commerce. The seat of arbitration is required to be London. The 2020 Boliden Offtake Agreement is governed by the laws of England.

2022 Contract with Boliden

Another nickel concentrate sales agreement (the "**2022 Boliden Offtake Agreement**") between Atlantic Nickel and Boliden with respect to the sales of nickel sulphide concentrate by Atlantic Nickel to Boliden was entered into on 13 May 2022. This offtake agreement is for a limited number of cargoes scheduled for shipment in 2023 and potentially 2024 only. Delivery under the contract is on a CIF basis to Pori, Finland.

The price payable by Boliden per dmt of the nickel sulphide concentrate equals the sum of the payables for nickel, copper, cobalt, gold, platinum, palladium and silver contained in the concentrate, with volumes calculated on a sample lot by sample lot basis for each shipment and using agreed prices for the relevant metals, with further price adjustments for a set of commercially agreed deductions or bonus payments.

The agreed prices for relevant metals are:

- for nickel – the official daily London Metal Exchange cash settlement quotations for nickel averaged over the quotational period;

- for copper – the official daily London Metal Exchange cash settlement quotations for Grade A copper averaged over the quotational period;

- for cobalt – all the official "Cobalt standard grade, in-warehouse Rotterdam" low quotations, as published by Fastmarkets MB, averaged over the quotational period;

- for gold – the official daily London Bullion Market Association gold morning quotations averaged over the quotational period;

- for platinum – the official daily London Platinum and Palladium Market afternoon platinum quotation averaged over the quotational period;

- for palladium – the official daily London Platinum and Palladium Market afternoon palladium quotation averaged over the quotational period; and

- for silver – the official London Bullion Market Association silver quotations averaged over the quotational period.

The commercially agreed deductions and/or bonus payments comprise (i) treatment charge, (ii) refining charges, (iii) price participation bonuses, if any, and (iv) quality-related penalty or bonus payments. The treatment charge

is a fixed U.S. dollar amount per dmt of concentrate, whilst the other three components can vary with metal price or concentrate quality.

Any disputes between the parties arising out of or in connection with the 2022 Boliden Offtake Agreement, other than disputes involving pricing in case of cessation or non-representativeness of metal price quotations that the parties agreed to resolve by referral to a jointly appointed referee, are required to be referred to and finally resolved by arbitration under the arbitration rules of the International Chamber of Commerce. The seat of arbitration is required to be London. The 2022 Boliden Offtake Agreement is governed by the laws of England

Purchase Contract with Trafigura

A purchase contract (the "**Trafigura Nickel Offtake Agreement**") between Atlantic Nickel and Trafigura Pte. Ltd. ("**Trafigura**") with respect to the sales of nickel sulphide concentrate by Atlantic Nickel to Trafigura was entered into on 18 August 2020 and was subsequently amended on 13 December 2022 to add one additional shipment of concentrate in January 2023. This offtake agreement is for a limited number of cargoes for shipment in 2023 and 2024. Delivery under the contract is on a CIF FO (where "FO" means that Trafigura as the buyer is responsible for the cost of unloading cargo from the vessel at the port of destination) basis to one of four named Chinese ports in Trafigura's option. The price payable by Trafigura per dmt of the nickel sulphide concentrate equals the sum of the payables for nickel, copper, cobalt, gold, platinum, palladium and silver contained in the concentrate, with volumes calculated based on assay results determined from the samples taken in accordance with the agreed procedure and using agreed prices for the relevant metals less a set of commercially agreed deductions.

The agreed prices for relevant metals are:

- for nickel – the official daily London Metal Exchange cash settlement quotations for nickel averaged over the quotational period;
- for copper – the official daily London Metal Exchange cash settlement quotations for Grade A copper averaged over the quotational period;
- for cobalt – all the official "Cobalt standard grade, in-warehouse Rotterdam" low quotations, as published by Fastmarkets MB, averaged over the quotational period;
- for gold – the official daily London Bullion Market Association AM/PM quotation for gold published in the Metal Bulletin, averaged over the quotational period;
- for platinum – the official daily London Bullion Market Association PM fixed free market in warehouse low quotation for platinum, averaged over the quotational period;
- for palladium – the official daily London Bullion Market Association PM fixed free market in warehouse low quotation for palladium, averaged over the quotational period; and
- for silver – the official London Bullion Market Association quotation for silver published in the Metal Bulletin, averaged over the quotational period.

The commercially agreed deductions comprise a quality-related penalty charge that varies with concentrate quality.

Any disputes between the parties arising out of or in connection with the Trafigura Nickel Offtake Agreement are required to be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration 2020, except for articles 9A and 9B of such rules. The seat of arbitration is required to be London. The Trafigura Nickel Offtake Agreement is governed by the laws of England.

The Trafigura Nickel Offtake Agreement includes confidentiality provisions that remain in effect, save that the parties have agreed to disclosure only in respect of the information provided herein.

Other Contracts

A portion of nickel and copper production is subject to non-deliverable forwards agreement. The agreement included a notional of 9,020 tonnes of nickel and 2,800 tonnes of copper until July 2023. The contract has been amended to cover an additional notional of 3,600 tonnes of nickel and extended until January 2024. Otherwise, metal prices are subject to spot market conditions. Currency exchange rates are subject to spot market conditions. There are no metal streaming agreements in place.

Atlantic Nickel has entered into agreements with various contractors ((i) R&D Mineração e Construção Ltda., with the agreement entered into on 18 April 2022; (ii) IBQ – Indústrias Químicas – S.A., with the agreement entered into on 1 May 2022); and (iii) FAGUNDES Construção e Mineração S.A. with the agreement entered into on 1 June 2022) for open pit mining at the Santa Rita mine. The contracts cover all open pit mining activities, such as drilling, blasting, loading and hauling of ore and waste rock. Atlantic Nickel is planning to switch from open pit contractor mining to owner-operated mining in starting in the second quarter of 2023. Down payments for the acquisition of mining equipment in the amount of R$26.3 million were made between January 2023 and June 2023.

Atlantic Nickel has also entered into the following electrical power agreements:

- a power purchase agreement on a take-or-pay basis with Tradener Ltda. for approximately 50% of the yearly required power; and
- a power purchase agreement on a take-or-pay basis with Focus Energia for approximately 50% of the yearly required power.

Near-Mine Target Opportunities for Open Pit Extension

Atlantic Nickel plans to investigate the potential for extensions to the mineralisation currently exploited within the open pit as part of normal operational drill programmes during the LOM.

With respect to northern strike extensions, definition of drill targets is currently underway for Phase 8 pit extension and new satellite pits. Initial results from the 2022/2023 drilling campaign indicated mineralisation and potential to add open pit Mineral Resources. With respect to the so-called open pit southern gap, there is an under-drilled mineralisation between the previously identified potential Phase 4 pit extension, which has been recently cancelled following the completion of the exploratory holes, and the main open pit.

Preliminary Economic Assessment of Potential Underground Mining Operations

Introduction

The preliminary economic assessment completed in 2023 ("**2023 PEA**") is an alternative development option for the Santa Rita mining operations completed at the conceptual level based on the mine's Mineral Resource estimates, which assesses the potential for underground operations beneath the Santa Rita open pit. No production decision with respect to the Santa Rita underground mine has been made. Such production decision will follow the delivery of (i) a pre-feasibility study with respect to underground mining at the Santa Rita mine, which is currently expected to occur at the end of 2023, and (ii) the delivery of a definitive feasibility study, which is currently targeted for the second half of 2024. See "*Pre-Feasibility Study and Definitive Feasibility Study with respect to Underground Mining at the Santa Rita Mine*".

According to the 2023 PEA, underground development would commence before the open pit is depleted so that there would not be a significant gap in feed to the processing plant.

The mine plan for underground mining is partly based on Inferred Mineral Resource that is considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the preliminary economic assessment based on this Mineral Resource will be realised.

The 2023 PEA is based on the subset of the Mineral Resource presented in the following table.

		Grade						Contained Metal					
Classification	**Tonnes (kt)**	**NiS (%)**	**Cu (%)**	**Co (%)**	**Pd (g/t)**	**Pt (g/t)**	**Au (g/t)**	**NiS (%)**	**Cu (%)**	**Co (%)**	**Pd (g/t)**	**Pt (g/t)**	**Au (g/t)**
Indicated	64,346	0.57	0.19	0.02	0.04	0.09	0.06	364	121	10	73	187	126
Inferred	77,396	0.55	0.18	0.02	0.05	0.10	0.06	428	135	12	117	249	152

Mine Plan

The 2023 PEA mine plan envisages sublevel caving ("**SLC**") using a transverse drill drive orientation. Two caveability assessments were undertaken by different consultants, and each study indicated the SLC method was feasible for the deposit.

A cut-off value of US$35 per tonne for production was selected because it was shown to generate near-maximum net present values ("**NPVs**") across varying nickel prices. Dilution and recovery will be dependent on geometry, rock types, geotechnical conditions, drill and blast performance and draw control management (which can be tonnage or grade based).

The SLC modelling resulted in an overall SLC draw factor of 75% of the blasted tonnes and 6% grade dilution. Development in mineralisation is estimated to total 18 Mt over the underground mine life.

The production rate was assumed at 6.2 Mtpa. The LOM plan covers a period of 30 years, including pre-production.

The underground mine design was based on decline access from surface with a separate conveyor decline developed in parallel to accommodate a conveyor handling system for mill feed. Truck haulage was selected for handling all waste material to simplify the materials handling infrastructure and given the relatively small waste movement required.

Additional design considerations included:

- access decline for level access;
- 40 production levels, spaced at 25 metres vertically;
- footwall drives parallel to the SLC for entire strike length on each level with a nominal stand-off distance of 30 metres from the SLC;
- ore-passes consisting of an ore-pass access drive and a finger raise;
- crushers, consisting of tip and loading levels, and transfer drives; and
- primary intake, exhaust and escape-way raises.

The ventilation system was based on a pull (or exhaust) system.

A generic pumping system comprising pump stations in stages (in series) was assumed in the absence of sufficient data for specific station design. Water surge storage stopes are expected to be used to store excess rainfall underground in preference to pumping.

A modern diesel mining fleet was selected and sized appropriately for the mine, consisting primarily of 63 tonnes trucks, 17 tonnes and 21 tonnes automated load-haul-dump machines, automated longhole drills, programmable development jumbos, ground support bolters and shotcreting units. A high level of automation was assumed to improve productivity, reduce costs and increase quality.

The underground mine is expected to operate continuously seven days per week, 24 hours a day, using an 8-hour shift roster and a total of four crews.

The underground mill feed is planned to be treated in the existing processing plant, which is expected to require only minor modifications. The annual feed rate is expected to be 6.25 Mtpa for the first five years after the mining ramp-up. The projected average NiS feed grade is 0.56% Ni compared to an average of 0.29% for the open pit mill feed. Flotation testwork has shown that the NiS recovery will be higher than that obtained for open pit mill feed.

Future underground mining operations are expected to largely use the existing surface infrastructure facilities. The current workshop, canteen, explosives magazine, warehousing, fuel storage and office facilities are generally expected to be more than sufficient for supporting the underground operations. The underground operations are expected to function with fewer people than the open pit.

New surface infrastructure associated with the underground operations is expected to include the following:

- a box cut and portal located to the west of the north end of the open pit;
- a conveyor portal connecting to the bottom of the existing crusher installation;
- a temporary construction portal in the west wall at the north end of the open pit on the 82 metre reduced level bench;
- multiple ventilation raise surface collars on the western side of the open pit;
- ventilation adits on the west wall at the south end of the open pit on the 10 metre reduced level bench;
- dewatering pond for storing, settling and recycling water from underground;
- electrical reticulation to the portals, adits and services; and
- shotcrete batch plant.

Atlantic Nickel currently expects that, around November 2023, the 2023 PEA will be updated to allow for the material changes in commodity prices and input costs, but the mine plan is expected to remain generally unchanged. Hydrogeological and geotechnical studies for the pre-feasibility study with respect to underground mining at the Santa Rita mine are well advanced. The preliminary results indicate no significant departure from the 2023 PEA assumptions and, therefore, the mine plan remains generally unchanged. As a result of progress in completing the hydrogeological study, the dewatering costs and design will be updated, but differences to dewatering costs and design in the 2023 PEA are considered to be immaterial. The pre-feasibility study, once completed at the end of 2023, will supersede the 2023 PEA.

Environmental, Permitting and Social Considerations with respect to Underground Mining Operations

After completion of open pit mining, a new TSF or facilities would be required in order to store the additional 140 Mt of tailings to be produced from the underground mine over a period of 28 years.

The proposed site is outside of the existing mine property boundaries and is located approximately six to nine km southwest of the existing open pit and plant areas. It is assumed that Atlantic Nickel will acquire lands associated with the future TSF footprint and required infrastructure, including access roads and pipelines prior to construction of the new TSF. The new TSF construction is expected to begin with an initial starter dam and is expected to be expanded every three years using a downstream raise method until reaching the ultimate maximum dam height of 70 metres.

Since underground operations are expected to use existing surface infrastructure, with the exception of a new TSF, a simplified permitting process may be negotiated with INEMA. This process would likely include presenting compliance data from the ongoing monitoring programmes for the existing operations and collecting additional baseline data for the area proposed for the new TSF. In addition to re-granting of the operating licence from INEMA, other permits required for operations would need to be renewed or extended for the life of the underground mine. This would include waste management, water use (industrial and drinking water) and other current permits and plans. Compliance with existing permits, development of a TSF design to meet current and proposed new dam safety laws and regulations and a strong public outreach programme are expected to reduce and mitigate the risks associated with development of a new TSF.

The baseline data collected in the area of the new TSF and TSF corridor would be used to develop a new or supplemental ESIA associated with the new underground operations and new TSF. The ESIA would address proposed changes to the operations, existing environmental and social conditions, expected impacts to the environment and socioeconomic conditions and proposed mitigation measures to address the expected impacts.

With the addition of the underground operations, Atlantic Nickel is expected to continue existing social programmes and is expected to extend these programmes to areas that would be impacted by the new TSF and new TSF transportation corridor. These programmes are expected to be extended to the projected life of the mine based on the underground operations.

The effective start of underground mining operations would also require the prior presentation and approval by the ANM of a new Economic Exploitation Plan (*Plano de Aproveitamento Econômico* – "**PAE**"), yet to be prepared.

The reclamation and closure of the facilities associated with the underground mining would follow the same procedure as currently planned for the open pit facilities. The new TSF is expected to be closed in a similar fashion as the current TSF.

For additional information, see " – *Environment, Social and Governance (ESG)*".

Contracts Related to Underground Mining Operations

There were no contracts in place related to underground mining.

Pre-Feasibility Study and Definitive Feasibility Study with respect to Underground Mining at the Santa Rita Mine

The delivery of a pre-feasibility study with respect to underground mining at the Santa Rita mine is expected to occur at the end of 2023. The hydrogeological and geotechnical studies for the pre-feasibility study are well advanced. SRK have been engaged to lead the study and deliver the mine design and plan. Atlantic Nickel is currently conducting an infill drilling campaign to convert sufficient Inferred Mineral Resources to Indicated Mineral Resources to support a 15-year underground LOM in the pre-feasibility study.

Definitive feasibility study is currently targeted for the second half of 2024.

Santa Rita Identified Mine Plan Optimisation Opportunities

Atlantic Nickel has identified several opportunities to increase production or otherwise improve operational performance at Santa Rita:

enhancing ball mill capacity: improvements in processing plant throughput may be achieved from improving the utilisation of the ball mills within the grinding circuit. By increasing the transfer size from the semi-autogenous grinding mill and reducing residence time, there may be an opportunity to send more material through the ball mills for re-grind and increasing the overall throughput of the grinding circuit. In 2023, an impact meter is expected to be commissioned in the semi-autogenous grinding, making it possible to increase the semi-autogenous grinding transfer size and, consequently, have better utilisation of the ball mills;
increased conditioning time: Atlantic Nickel believes there is opportunity to improve NiS recoveries by examining the impact of increased conditioning time on recoveries achieved from certain minerals within the feed during flotation. In October 2021, a third conditioning tank was commissioned, resulting in subsequent performance gains; and
downstream processing of nickel sulphide concentrates: there is potential to review the feasibility of, and implement, downstream hydrometallurgical processing capabilities at Santa Rita that allow for the production of nickel sulphate on site.

As Atlantic Nickel continues to develop the underground expansion through technical studies, there is scope to pursue further optimisations to the mine design. These include:

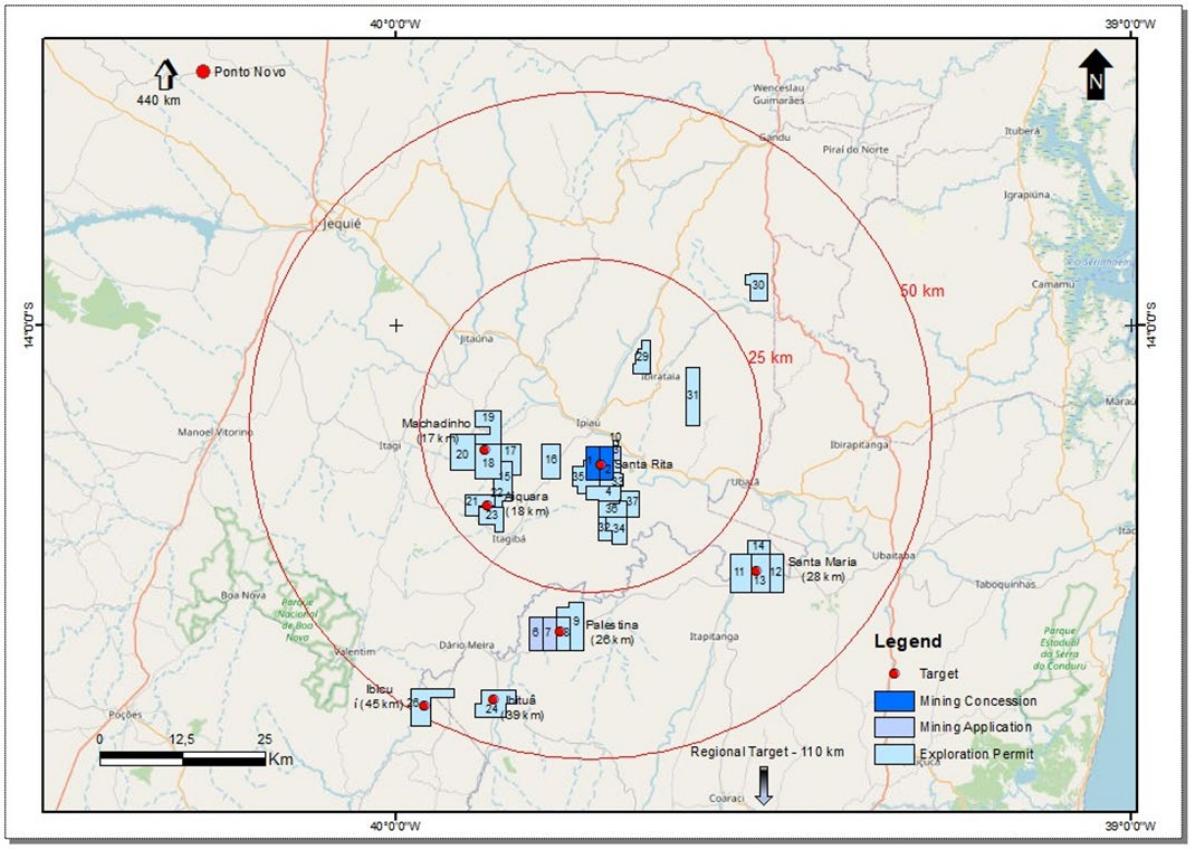
- adjusting cut-off grade: the PEA assumes a higher cut-off grade than the break-even grade. There is potential to both lower the cut-off grade to allow more material to be mined and to seek to optimise the cut-off over time. The current pre-feasibility study will incorporate updated commodity price forecasts to determine the optimum cut-off(s) for the mine plan;
- more efficient ventilation systems: there may be an opportunity to reduce ventilation costs if the applicable regulatory agency allows ventilation criteria to be modified from that assumed in the PEA mine plan. Atlantic Nickel plans to have discussions with regulators in connection with the preparation of the pre-feasibility study;
- greater use of automation: given the repetitiveness of tasks on each sub-level, an investigation into the feasibility of automating underground equipment will look to provide potential capital and operation cost savings and reduce safety risks associated with human-operated equipment; and
- various trade-off studies: as the underground mine design advances through the pre-feasibility study, several trade-off studies will seek to optimise value of the underground expansion. These include trucking versus conveying, scheduling optimisations, locations of underground crushers and incorporating additional resources defined through further step-out and in-fill drilling, among others.

On-site Mineral Resource potential is evaluated via continued drilling and exploration of the highly prospective Santa Rita orebodies, with the objective of defining and incorporating additional mineralised material into the mine plans. At Santa Rita, Atlantic Nickel is exploring for additional open pit resource targets through infill drilling along strike and to the south of the main pit. It is also assessing underground resource potential along strike and at depth from the inferred resource boundary, below the limits of the PEA underground mine plan discussed above, where drilling continues to intersect significant mineralisation.

Santa Rita Regional Exploration Portfolio

As of 31 December 2022, Atlantic Nickel held 37 mining licences, application for mining licences and exploration licences, covering over 40 thousand hectares.

The following map shows the Santa Rita land package, in which almost all tenements are located (except for two areas to the south of the area shown on the map and one other area to the north of the area shown on the map).



A host of potential exploration targets exist within the Santa Rita regional exploration portfolio, which includes the following areas.

Palestina

The most advanced target within the regional exploration portfolio of the Santa Rita mine is the Palestina mafic-ultramafic intrusion located 25 km to south-southwest of the Santa Rita mine.

A total of 124 drill holes (26,377 metres) have been drilled at Palestina as of 31 December 2022. The legacy drill holes consist of 31 drill holes (8,590 metres) completed in the 2007, 2008 and 2012 campaigns by Mirabela Brazil staff, 29 drill holes (7,140 metres) in 2020 and 17 drill holes (2,116 metres) in 2021 completed by Atlantic Nickel. During 2022, an additional 47 drill holes (7,862 metres) were completed at this location.

Intervals containing as much as 5% sulphide occur at Palestina. Pyrrhotite, pyrite, pentlandite, chalcopyrite and arsenopyrite are the dominant sulphide minerals. The nickel and copper grades shown in the drilling are similar to grades at Santa Rita, but grades of the platinum group elements are significantly higher. The status of the other key elements of the development process is as follows:

- the initial Mineral Resource estimate is expected to be completed by mid-2023;
- a preliminary economic assessment that takes into account the synergies with the Santa Rita facilities is nearly completed, presenting significant positive results;
- with respect to the block model, a variogram study and metal content estimation have been completed;
- economic evaluation and sensitivity analysis are scheduled for November 2023;
- hydrology and geotechnical studies are scheduled for July 2023;
- geotechnical drilling has been completed in January 2023; and
- contract for the preparation of the environmental impact study is expected to be entered into in November 2023.

Peri-Peri

This area is located about five km from the Santa Rita mine. The bounding lithology of the Fazenda Mirabela intrusion changes from the usual metres-thick zone of melanogabbronorite at Santa Rita to a thick ultramafic sequence in the Peri-Peri area. Drilling to date has identified disseminated nickel-copper sulphide mineralisation (pentlandite-chalcopyrite associated primarily with pyrrhotite) hosted within a steeply-dipping shoot that is primarily hosted by the ultramafic units, but locally transgresses the intrusive contact into a basement mafic granulite. The prospect area is underneath the current TSF.

Santa Maria

This area is located approximately 30 km southeast of the Santa Rita mine. Anomalous nickel geochemical results were returned from a combination of stream sediment, rock chip and soil sampling. Some rock chip samples contained visible sulphide minerals, which petrographic examination indicated to be pyrrhotite, pyrite, pentlandite and chalcopyrite. Geological mapping identified outcrops of pyroxenite within basement rocks comprising felsic and mafic granulites and amphibolites. Ground induced polarisation/resistivity geophysical surveys identified four areas of anomalous geophysical responses. The combination of nickel-bearing sulphides at surface, associated with mafic-ultramafic intrusive bodies, was identified by Atlantic Nickel as a priority target for drill testing.

A geological survey campaign was conducted at this area during 2021, with geological mapping and soil sampling, collecting a total of 564 samples. Following the completion of the soil sampling, a small drilling programme was performed with five shallow holes (800 metres) to further explore the target area. The results of such drilling were not satisfactory. However, such drilling is still not sufficient to identify the continuity of this anomaly in depth and/or to delimit a deposit in the subsurface. Other work needs to be done for a better evaluation of the potential of this area.

Aiquara

This area is located near the city of Itagibá, approximately 17 km from the Santa Rita mine. Anomalous nickel geochemical results were returned from a combination of stream sediment, rock chip and soil sampling. Ground induce polarisation/resistivity geophysical surveys identified 32 anomalous geophysical responses, of which seven were considered a high priority for follow-up and six were medium priority. Geological mapping showed an ultramafic intrusion with dimensions of 2,000 metres long (northwest-southeast) and as wide as 1,500 metres. The combination of the size of the intrusive body and the geophysical and geochemical responses led to this area being considered by Atlantic Nickel to be a priority target for drill testing.

Ibicuí

This area is located approximately 45 km from the Santa Rita mine. Limited geochemical testwork, comprising stream sediment and soil sampling, contained anomalous nickel grades. Anomalies identified from ground induced polarisation and resistivity geophysical surveys did not correlate with the geochemical data. Geological mapping identified a small intrusive ultramafic body. The Mirabela Brazil results obtained several years ago warrant additional exploration review, but this area is not yet considered to be drill-ready.

SECTION B: THE SERROTE MINE

Project Setting

The Serrote mine is located in the municipalities of Craíbas and Arapiraca, in the central region of the state of Alagoas, known as the Agreste meso-region. The mine is situated 12 km from the city of Arapiraca and five km from the city of Craíbas, which is located approximately 140 km by road from the Maceió, the local capital. Access to the mine is via paved highways AL-220, or BR-316 and BR-101 from Craíbas. Port facilities and a regional airport with scheduled services are located at Maceió. The processing plant is in the Craíbas municipality.

Arapiraca is the second-largest city in the state of Alagoas with over 214,000 inhabitants and is the major source of commercial and industrial support services for the region. Craíbas has over 22,000 inhabitants. Skilled and semi-skilled labour can be obtained from these two cities and neighbouring rural areas.

The Serrote mining operations are located in the tropics, in an area classified as tropical savanna. An average annual rainfall of 670 millimetres was recommended for project designs, based on a detailed precipitation study completed by Walm Engenharia e Tecnologia Ambiental (Walm) in 2018. Seismicity in the area is classified as low.

The physiography consists of generally flat topography with a few low hills, ranging in elevation from 24 to 41 metres. The terrain slopes gently toward the Salgado stream in the southwest of the mining operations area. Nearly all the local drainages are intermittent, flowing only in the wet season. Ephemeral swamps and marshes can form in low-lying areas during the rains. Water is scarce in the mining operations area during the dry season.

History, Including Exploration History

The Serrote mining operations area was owned by Rio Doce Geologia e Mineração ("**DOGEGEO**"), the former exploration arm of Companhia Vale do Rio Doce ("**CVRD**"), the precursor to Vale, from 1982 to 2006. In 2006 and 2007, CVRD negotiated the transfer of the mineral rights to Mineração Barra Bonita ("**Barra Bonita"**). In 2007, Aura Minerals Ltd. ("**Aura Minerals**") acquired the Clearwater Holdings Fund, LLC ("**Clearwater**"), which, through its subsidiary Mineração Vale Verde Ltda. ("**MVV**"), had been assigned the property rights from Barra Bonita.

Work completed by those entities included geochemical and geophysical surveys, trenching to expose rocks for sampling, metallurgical testwork, Mineral Resource estimate, a preliminary economic assessment and a feasibility study. From 1982 to 1986, GOCEGEO drilled 37 holes with a total length of 10,818 metres followed by another 52 holes with a total length of 15,348 metres during the period from 1998 to 2002. However, results did not meet internal DOCEGEO criteria for project size. From 2007 to 2010, Aura Minerals drilled 291 diamond core holes with a total length of 62,686 metres. In September 2012, it completed a feasibility study for the project.

On 21 March 2018, Serrote Participações S.A. ("**Serrote**") completed the acquisition of MVV from Aura Gold Mineração Ltda. and Clearwater. All mineral rights are currently held in the name of MVV, a wholly-owned subsidiary of Serrote. Serrote is controlled by a Brazilian investment fund whose shares are held by a foreign legal entity that is ultimately controlled by Appian funds (the current beneficial owners are: Appian Natural Resources Fund II LP, Appian Natural Resources (UST) Fund II LP, Appian Natural Resources Fund I LP, Appian Natural Resources (UST) Fund I LP and Appian Natural Resources Fund I LP (NV) (collectively, "**Appian Funds II**")). MVV, now owned by Serrote, from 2018 to date, completed infill drilling and pilot-scale metallurgical testwork; updated Mineral Resource estimate; completed a feasibility study; completed pre-stripping activities; and, by the end of May 2021, essentially completed mine construction. The ramp-up phase of the mine development was successfully completed in 2022.

Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements

All mineral rights are held in the name of MVV.

A number of security documents, dated 23 December 2020, were entered into by MVV and Banco Citibank S.A. ("**Citibank**"), as security agent, as collateral to obligations assumed under a credit agreement dated 23 December 2020 (the "**Credit Agreement**"), as well as under hedge and swap agreements (together with the Credit Agreement, the "**Financial Instruments**"). As a result, equipment, contract receivables, ore production, investments funds quotas and real properties over which MVV has property rights are subject to fiduciary

assignments or liens (as the case may be) in favour of Citibank as collateral with respect to the Financial Instruments. These fiduciary assignments and liens are valid until the debt under the Credit Agreement is fully paid by MVV. In case of default, these property rights are subject to enforcement procedures.

MVV holds three groups of mineral rights covering a total of 11,505 ha, which include:

- one mining concession for gold, copper and iron ore (840.235/1982). Mining concession No. 840.235/1982 was granted to MVV on 20 October 2011 and is valid until depletion of the deposit. It covers an area of 400 ha. An application for silver to be included in the minerals that can be extracted has been lodged with the applicable authorities;
- two applications for mining concessions for copper (844.005/2006 and 844.004/2006); and
- five exploration licences for gold, copper and iron ore, as applicable (844.113/2014; 844.091/2013; 844.026/2019; 844.057/2021 and 844.090/2021).

As of 31 December 2022, all required payments and reporting had been completed to maintain the mineral tenures in good standing.

MVV's surface rights holdings comprise twelve land properties that cover a total area of 1,012 ha. The land properties owned by MVV are subject to fiduciary lien in favour of Citibank as collateral to the Financial Instruments.

In addition, MVV entered into a number of possessions agreements with landowners to acquire possession rights over the respective land properties. Pursuant to 14 of such possession agreements, MVV has undertaken to pay contractual royalty equal to 50% of the statutory royalty due to federal government under the Financial Compensation for Mineral Exploration ("**CFEM**" in the Brazilian acronym).

MVV has four granted water rights, covering the construction of a dam at Salgado stream (the "**Serrote dam**"), an allowance for effluent discharge into a tributary of the Salgado stream, an allowance for effluent discharge into the Serrote dam and one for water intake from the Serrote dam.

Geology and Mineralisation

The Serrote deposit and Caboclo exploration target are examples of mafic-ultramafic magmatic copper sulphide deposits.

The Serrote deposit and Caboclo prospect are within the Sergipano fold belt, which consists of five separate domains of metavolcanics and metasedimentary rocks deposited around Archean/Paleoproterozoic basement gneiss in the south and partially migmatised paragneisses, metasedimentary rocks and granitoids. The Rio Coruripe domain includes the Jaramataia Group, a rift-related volcano-sedimentary sequence consisting of quartz-feldspathic (pink gneiss) and garnet-biotite gneisses (garnet gneiss), marbles, calcsilicate rocks, iron formation and mafic-ultramafic layered intrusive rocks of the Serrote da Laje suite. The Serrote da Laje suite is a tectonically disrupted layered intrusion comprising hypersthenite, norite, gabbronorite, gabbro and anorthosite. Magnetitite bodies are associated with hypersthenite and norite. The intrusion is typically concordant with the host paragneiss. The mafic-ultramafic units are locally intruded by granite and granitic pegmatite dykes. Metamorphism reached granulite facies, with some areas of retrograde metamorphism at amphibolite facies.

Mineralisation at Serrote consists of multiple, stacked pancake-like layers with approximate dimensions of two km north-south, one km east-west, five to 250 metres thick and with a maximum depth of mineralisation of 200 metres. Pink and garnet gneisses host the Serrote da Laje suite, which is a north-northwest-elongated intrusion approximately two km long that dips to the east at about 40 to 50 degrees. The partially disrupted mafic-ultramafic bodies are as much as 140 metres thick, with variable widths of 100 to 1,000 metres and lengths of as much as 800 metres. Two northeast-trending faults divide the intrusion into three domains, with the northernmost domain having larger and thicker mafic-ultramafic units. The Serrote da Laje suite includes ilmenite-magnetitite, orthopyroxenite and norite. The primary sulphide mineralisation is stratiform and follows the magnetite-rich layers. Some primary sulphide mineralisation is remobilised into the northeast-trending faults forming a secondary stringer-type mineralisation.

Copper minerals in primary mineralisation include chalcopyrite and bornite with lesser chalcocite. Pyrite and pyrrhotite occur locally and are common in gabbro. Gold occurs as 0.1 millimetre or smaller grains in fracture fillings with chalcocite and bornite associated with chalcopyrite. Chalcopyrite, and to a lesser degree bornite,

occur as disseminations and fracture fillings. The secondary mineralisation is associated with hydrothermally-altered gabbroic rocks and occurs as sulphide veins adjacent to the main mineralisation. Copper occurs mainly as chalcopyrite with pyrrhotite and pyrite in veinlets.

The Serrote da Laje suite at Caboclo is hosted by pink and garnet gneisses and calc-silicate rocks, all of which are commonly migmatised. The Serrote da Laje suite consists of three major units, magnetitite, magnetite norite and gabbro. The deposit is divided into five areas (zones), Rogério, Zezé, Petrúcio, Maninho and Adriano, which are separated by shear zones. The thickest of the ultramafic units is in the Rogério area, which has a strike length of 800 metres and a thickness of as much as 60 metres. Two types of mineralisation occur: (i) magmatic mineralisation in the ultramafic rocks, consisting of disseminated sulphides in the intercumulate magnetite, hercynite and pyroxene and (ii) epigenetic hydrothermal mineralisation characterised by remobilised chalcopyrite/bornite in fractures and breccias in ultramafic/mafic rocks.

Chalcopyrite, and to a lesser degree bornite, occur as disseminations and fracture fillings. Pyrite and pyrrhotite occur locally and are more common in the hydrothermal zones. Examination of polished sections revealed that gold occurs as discrete grains 0.10 millimetre or less in size or as discrete grains enclosed in fracture filling in chalcocite and bornite associated with chalcopyrite.

Drilling and Sampling

Three companies completed drill campaigns at Serrote and Caboclo (DOCEGEO, Aura Minerals and MVV).

As of 31 December 2022, the Serrote project drill hole database consisted of a total of 9,610 drill holes totalling 205,271 metres drilled, consisting of reverse circulation, diamond drill holes, blast holes, auger, penetration and geotechnical holes (mixed) and piezometers.

Drilling was completed at regularly-spaced intervals over the mineralisation and is considered representative of the deposits.

The Serrote Mineral Resource estimate is supported by approximately 701 core and RC drill holes and trenches (97,467 metres) with a data cut-off date of 10 May 2021. Since this data cut-off date, an additional 214 drill holes have been completed in the Serrote area.

Core logging is covered by a number of standard operating procedures dating from 2008 that discuss requirements for photography and lithological and geotechnical logging. Lithology, structure, texture, grain size, alteration, types and amounts of mineralisation, base of oxidation and structural measurements on oriented core are covered by the standard operating procedures. These standard operating procedures also describe sampling and quality control measures for analysis.

After the core boxes were checked for accuracy, geologists recorded the geological log directly on a palmtop. Two worksheets (lithological description and structural description) were filled in using drop down menus so that the possibility of extraneous data was very small. Lithological intervals were limited to a minimum of one metre.

Representative RC cuttings were placed in tray boxes and logged for lithology, mineralogy, alteration and oxidation state.

Collar surveys methods for the DOCEGEO drill programmes was not recorded. Collar surveys for the Aura Minerals and MVV programmes were performed using industry standard instrumentation.

During the DOCEGEO programmes, core samples were generally collected at one metre intervals honouring lithology contacts. Core was sawn in half and half was put into bags and labelled for shipment to the analytical laboratory.

During the Aura Minerals programmes, mineralised intervals in trenches were sampled every metre. Non-mineralised rocks were sampled every three metres. An attempt was made to make the trench sampling as similar to the drill hole sampling as possible. RC samples were quartered using a Jones splitter and collected every metre. Core sample intervals were marked and tagged by the geologist during the geological logging procedure. Sample intervals honoured lithological breaks and were a nominal one metre long with a minimum of 0.5 metre and a maximum of 1.5 metres.

Following the acquisition of MVV from Aura Minerals in 2018, samples were marked at intervals of two metres for non-mineralised core and one metre for mineralised core. The drill core was cut into halves using a diamond

saw, and half of the core samples were collected from the right side of the core and sealed into labelled plastic bags.

Density determinations were performed by DOCEGEO and Aura Minerals personnel using the Archimedes method. The database contains 45,749 density determinations: 4,834 performed by DOCEGEO and 40,915 performed by Aura Minerals.

Sample preparation methods varied by campaign. Samples could be (i) crushed to more than 95% passing two millimetres in a jaw crusher, split in a Jones-type riffle splitter and pulverised to more than 95% passing 150 mesh; (ii) crushed to 70% passing two millimetres and pulverised to 85% passing 75 micrometres; or (iii) crushed to 75% passing three millimetres, homogenised, split in a riffle splitter and pulverised to 95% passing 150 mesh.

Analytical methods also varied by laboratory and campaign. Copper determinations included atomic absorption ("**AA**") after hot aqua regia digestion, four-acid digestion followed by inductively-coupled plasma atomic emission spectroscopy or optical emission spectroscopy analysis and four-acid digestion followed by AA. Gold analysis was predominantly by fire assay.

Analytical quality control included insertion of standard reference materials (standards), blank samples and duplicate samples. In general, standard results showed acceptable accuracy and precision. Duplicate sample results from the 2018-2020 drill programmes show that most copper methods exhibit less than six percent of error, which is fully acceptable for the industry standards.

With respect to sample security, core and RC samples from the Aura Minerals programmes were transported from the drill rigs to the on-site logging facility by either the drilling contractor or company personnel. At the logging facility, the core and RC chips were stored indoors with access limited to the geologists and technicians responsible for logging and sampling. Once the core/RC chips were sampled, samples were sent to SGS for sample preparation in either Belo Horizonte or at the on-site sample preparation facility. Strict chain-of-custody procedures and signoffs were observed during any sample transfer. MVV sample handling and security was essentially identical to that by Aura Minerals.

Data Verification

Data verification was performed by external consultants on the Aura Minerals database in 2007, 2008 and 2010.

Shortly after the Serrote mine acquisition in 2018, MVV commissioned WSP Consultoria e Projetos do Brasil Ltda. (formerly Wood Environment and Infrastructure Solutions Inc.) to audit the database, which consisted of high-level reviews of the collars, downhole surveys, density and lithology tables and an extensive audit of the assay data. No material errors were noted. A second check was performed in 2021, which consisted of high-level reviews of collar locations, downhole surveys, assays and lithology data. No material errors were noted during the review.

As part of the data verification process, GeoEstima carried out a site visit and inspected the drill holes in section and plan view to review geological interpretation related to the drill hole and blast holes database and found good correlation. GeoEstima also reviewed quality assurance/quality control data collected by MVV for the Serrote mine and did not identify any significant discrepancies.

In 2021, the geologic database was migrated from spreadsheets and Access files to an acQuire database. This process was managed, validated, and signed off to be accurate and error and bias free by the manager of resource and geology. WSP Consultoria e Projetos do Brasil Ltda. (formerly Wood Environment and Infrastructure Solutions Inc.) reviewed this migration process and certified that the data were found to be in a good and error-free format.

The geologic database is in a Fusion Datamine system and all the old records are expected to be migrated during 2023. This migration process will be developed by Datamine and followed by MVV personnel.

Metallurgical Testwork

Metallurgical testwork was conducted from 1985 to 2022 and further work is continuing. Primary laboratories involved in the testwork that supports the plant design included SGS Lakefield in Canada, SGS Geosol in Brazil, the ALS Metallurgy laboratory in Kamloops, Canada and Pocock Laboratories in Salt Lake City, USA.

Early testwork included detailed mineralogical analysis, comminution, flotation, sulphide copper recovery, oxide copper recovery, magnetite recovery, assessment of gold, nickel and gallium recovery and mineralogical examinations.

MVV performed in-house due diligence on the previous metallurgical testwork data in 2018. The resulting new testwork programmes completed in 2018 included grind size versus rougher recovery tests, mineralogical studies on the rougher concentrate, evaluation of alternative non-sulphide gangue depressant reagents, examination of rougher flotation kinetics and assessment of potential flowsheet optimisations.

During 2019, metallurgical testwork focused on variability work, particularly on material for year five onwards in the mine plan.

In 2020, tests were conducted to provide more confidence in the selected flowsheet and to provide additional mineralogical data. This work included head assays, comminution testing, mineralogical examination using bulk mineral analysis, batch rougher tests, estimation of energy requirements for the target regrind discharge sizing, open circuit rougher/cleaner and locked-cycle tests.

Pilot plant testing of a Woodgrove direct flotation reactor ("**DFR**") pilot flotation cell and a pilot scale Outotec high intensity grinding mill was carried out between September and November of 2020 at Santa Rita's pilot plant in Itagibá, Bahia, Brazil.

The main outcomes of the 2019 and 2020 testwork were:

- with respect to copper recovery, a model was developed to estimate copper recovery as a function of the head grade and lithology. Overall copper recovery (average LOM) was 84.7%;
- with respect to gold recovery, recovery was confirmed by locked cycle tests ("**LCT**") results at 65%;
- with respect to copper grade in concentrate, a model was developed to estimate the copper concentrate grade based on the copper/sulphur ratio ("**Cu/S**") of each lithology. The current block model lacks extended sulphur assays to support a sound estimate of the Cu/S ratio. Hence, a decision was made to use the same values obtained in the LCT results for the first year of operations (equal to 40% Cu in concentrate), years two and three of operations (equal to 42% Cu in concentrate) and year four of operations (equal to 40% Cu in concentrate). Sulphur assays are now being carried out on samples to support further development of the short-term recovery/concentrate grade model; and
- with respect to copper concentrate specification, a model was developed to estimate the MgO and SiO_2 contents, supported by a full suite analysis of the concentrate produced in the first year of operations and years two and three of operations LCTs. The results showed a clean concentrate with low levels of deleterious elements and minimal expected penalties.

The 2022 work at SGS Geosol and the work carried out using the Woodgrove pilot cell were aimed at understanding and improving the flotation plant performance. In 2022, ALS Metallurgy laboratory in Kamloops, Canada carried out a programme using seven reverse circulation drill samples and one quarter drill core sample. The programme comprised comminution testing on the drill core, QEMSCAN mineralogical analysis on eight samples, rougher and cleaner flotation tests on eight samples and two LCTs on composites.

Mineral Resource Estimate

The Mineral Resource estimate for the Serrote deposit, as of 31 December 2022, was completed by MVV staff, recently reviewed by WSP Consultoria e Projetos do Brasil Ltda. (formerly Wood Environment and Infrastructure Solutions Inc.) and considered all data available through 10 May 2021. GeoEstima reviewed all the works developed by MVV and all procedures and parameters used by WSP Consultoria e Projetos do Brasil Ltda. (formerly Wood Environment and Infrastructure Solutions Inc.) to estimate the Mineral Resources.

The Mineral Resource estimate was completed using Vulcan software. Wireframes for mineralisation were constructed in Leapfrog Geo based on geology sections, assay results and lithological information. Assays were capped to various levels based on exploratory data analysis and then composited to five metres lengths. Wireframes were filled with blocks at wireframe boundaries. Block model was interpolated to copper and gold grades using the ordinary kriging ("**OK**") based on five metres capped composite values. Hard boundaries were used for the main mineralised zones.

Block estimates were validated using industry standard validation techniques. The classification parameters consider the proximity and number of composite data, as well as the continuity of the mineralisation. The Mineral Resource estimate was reported using all the material within a Whittle pit shell, satisfying the minimum mining size, continuity criteria and using a cut-off grade of 0.15% Cu. Mineral Resource is estimated using metal prices of US$3.20 per pound for copper and US$1,300 per ounce for gold. Metallurgical recoveries of 86% for copper and 67% for gold were used.

The Mineral Resource estimate is prepared in accordance with 2014 CIM Definition Standards.

The following table presents information on Measured Mineral Resources, Indicated Mineral Resources and Inferred Mineral Resources estimated for the Serrote deposit as of 31 December 2022.

			Grade		Contained Metal	
Category	**Method**	**Tonnage (kt)**	**Cu (%)**	**Au (g/t)**	**Cu (kt)**	**Au (koz)**
Measured	Oxide	8,744	0.48	0.11	42	30
	Sulphide	51,091	0.56	0.10	285	168
	Stockpile	1,580	0.61	0.10	10	5
	Sub-total	61,415	0.55	0.10	336	203
Indicated	Oxide	2,198	0.45	0.13	10	9
	Sulphide	33,056	0.53	0.08	175	87
	Stockpile	0	0.00	0.00	0	0
	Sub-total	35,254	0.53	0.08	185	96
Measured and Indicated	**Oxide**	**10,941**	**0.47**	**0.11**	**52**	**39**
	Sulphide	**84,148**	**0.55**	**0.09**	**460**	**255**
	Stockpile	**1,580**	**0.61**	**0.10**	**10**	**5**
	Sub-total	**96,669**	**0.54**	**0.10**	**521**	**299**
Inferred	Oxide	360	0.36	0.08	1	1
	Sulphide	4,524	0.53	0.07	24	11
	Stockpile	0	0.00	0.00	0	0
	Combined	4,883	0.52	0.07	25	12

Notes:

1. 2014 CIM Definition Standards definitions were followed for Mineral Resources.
2. The Mineral Resource estimate has an effective date of 31 December 2022.
3. Mineral Resources are estimated at a copper cut-off above 0.15%.
4. Mineral Resources are estimated using metal prices of US$3.20/lb for copper and US$1,300/oz for gold.
5. Open pit Mineral Resources are reporting within a conceptual open pit.
6. Minimum width is five metres.
7. The metallurgical recoveries used are 86% for copper and 67% for gold.
8. Bulk density varies depending on mineralisation domain.
9. Mineral Resources are reported inclusive of those parts of Mineral Resources converted to Mineral Reserves.
10. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
11. Numbers may not add due to rounding.

Mineral Reserve Estimation

Measured Mineral Resources and Indicated Mineral Resources that were classified by material type as sulphide were converted to Mineral Reserves. Only copper and gold economic values were considered. Inferred Mineral Resources in sulphide and material classified as oxide were considered as waste. Oxide material is stockpiled separately as a potential heap leach opportunity. Magnetite value was considered to be zero for the purposes of the pit limit design and the Mineral Reserve estimate.

The Mineral Reserve estimate is based on detailed pit limit designs, which were validated by a LOM mine plan. The mining cost for the purposes of the pit limit design was set by MVV at US$2.47 per tonne.

The slopes used for the final pit limit and some of the intermediate phase wall inter-ramp slope angles range from 42 to 55 degrees in the fresh rock zones and from 31 to 37 degrees in the fractured and altered zones. The geotechnical study recommends the use of a double bench configuration in the fresh rock and a single bench configuration in rock for all other geomechanical classes. Ramp placement on the final pit limit and phase walls generally does not exceed the recommended uninterrupted inter-ramp wall height. The pit limit design considers ramps with a total nominal ramp width of 15 metres and a gradient of 10%.

The design criteria include metal prices of US$3.50/lb for copper and US$1,550/oz for gold, 84.6% copper processing recovery for Mano mineralisation, 86.8% copper processing recovery for Gabbro mineralisation and 65% gold processing recovery. The Proven Mineral Reserves and Probable Mineral Reserves are estimated using the in-pit Measured Mineral Resources and Indicated Mineral Resources, respectively, and the cut-off grade from a contained in-situ mineralisation value (NSR) of US$11.85 per tonne.

The Mineral Reserve estimate for Serrote is provided in the following table with an effective date of 31 December 2022.

		Diluted Grades		Contained Metals		
Classification	**Quantity (Mt)**	**Cu (%)**	**Au (g/t)**	**Cu (kt)**	**Cu (lMlb)**	**Au (koz)**
Proven	41.17	0.59	0.10	243.8	537.5	134.9
Probable	5.56	0.54	0.08	29.9	65.8	13.8
Total Proven and Probable Mineral Reserves	**46.73**	**0.58**	**0.10**	**273.7**	**603.3**	**148.6**

Notes:

1. Mineral Reserves are reported using the 2014 CIM Definition Standards, 2019 CIM Best Practices and have an effective date of 31 December 2022.
2. The Mineral Reserve is estimated at metal prices of US$3.50/lb for copper and US$1,550/oz for gold and an 85%copper processing recovery for Mano mineralisation, 87% copper processing recovery for Gabbro mineralisation and 65% gold processing recovery .
3. The estimates were carried out using an NSR cut-off value of US$11.85 per tonne.
4. Proven Mineral Reserves include stockpiled ore of 1.58 Mt at 0.61% Cu and 0.10 g/t Au
5. Totals may not add due to rounding.

Copper and gold grades estimates are based on the diluted grades of the orebody block model for the material classified as sulphide. In addition to the internal dilution inherent in the block modelling process (estimated at approximately 10%), MVV introduced a block edge contact dilution in the block model and generated diluted copper, gold and a diluted bulk density. The block edge contact dilution broadly represents 0.875 metre of each 10 x 10 x 5 metre block shifted to the neighbouring block horizontally at each block edge and 0.25 metre vertically to the top and bottom benches. This methodology results in a reduction of 0.8% of the Measured Mineral Resource and Indicated Mineral Resource fractions of the in-pit Mineral Resource tonnage and a reduction of 3.4% and 2.7% in the copper and gold contained metals, respectively, compared with the quantities estimated on the basis of the block model prior to dilution.

The mine plan includes an estimate of 76.1 Mt of waste rock to be mined. Inferred Mineral Resource was set as waste in the pit optimisations and mine plans. The waste rock tonnage includes an estimate of 6.3 Mt of oxide material that contains mineralisation. This material is currently not planned to be processed and is stockpiled

separately as a potential future heap leach opportunity. As of 31 December 2022, a stockpile of approximately 7.7 Mt of oxide material exists at the Serrote mine.

A sensitivity analysis established that the Serrote open pit limit geometry is robust in the north, east and west parts of the open pit for a wide variation of the design parameters due to the orebody geometry. This part of the orebody is higher grade and has a lower stripping ratio than the south part. In contrast, the geometry of the south part of the pit is more sensitive to changes in the design parameters. MVV elected to set the south part of the final pit limit using a revenue factor of 0.9. This broadly corresponds to a copper price of US$2.70/lb for copper and also introduces a measurable level of robustness in the pit limit in the south part of the pit. The final pit limit design is considered conservative, and it will potentially remain valid for substantial adverse changes in the design parameters. The pit limit can be reviewed in future studies, particularly the south part, to determine if it should be adjusted according to updated economic parameters such as metal prices and mining costs.

Information that affects the cut-off grades used for estimating the Mineral Reserve includes the copper and gold metal prices, exchange rates, overall mine and process variable and fixed costs and copper concentrate transport, smelting, refining and processing costs.

Mining Methods

Pre-strip was completed and essentially all construction was completed at the end of May 2021. The Serrote mine has been developed as a conventional open pit operation using hydraulic excavators in backhoe configuration, rigid body trucks and hammer drills as the primary mining equipment. The mine plan is based on a peak total ore and waste rock production rate of 12.7 Mtpa and a mine operating life of 12 years. Ore is expected to be delivered to the crusher pad adjacent to the processing plant site at an average rate of 11,390 tonnes per day or 4.1 Mtpa.

The following table presents information on the operational performance of the Serrote mine in 2021 and 2022.

Operational performance indicator	**Units**	**2021**	**2022**
Total material mined	Mt mined	6.3	11.0
Processing plant feed	Mt processed	1.2	3.5
Concentrate produced	thousands of dmt	16	85
Average concentrate grade	%	21	23
Average realised copper price	US$/lb Cu	4.76	3.73
C1 costs per pound of payable copper produced[1]	US$/lb Cu	3.17	1.73

Note:

(1) For the discussion of what constitutes C1 costs and C1 costs per pound of payable copper produced, see "*Important Information – Presentation of Financial and Other Information – Non-IFRS Financial Measures – C1 Costs*" and *Important Information – Presentation of Financial and Other Information – Non-IFRS Financial Measures – C1 Costs per Pound of Payable Copper Produced*. C1 costs and C1 costs per pound of payable copper produced are non-IFRS measures, see "*Presentation of Financial and Other Information – Non-IFRS Financial Measures*". For information on how MVV's C1 costs per pound of payable copper produced is calculated for the years ended 31 December 2020, 2021 and 2022, see "*Important Information – Presentation of Financial and Other Information – Non-IFRS Financial Measures – C1 Costs per Pound of Payable Copper Produced.*

The final pit is expected to have a top elevation of 325 masl and a pit bottom elevation of 75 masl, resulting in a total depth of 250 metres. Mining is carried out by a contractor that supplies its own equipment fleet, equipment maintenance and personnel, including a sub-contract for explosives services. MVV plans to purchase its own mining equipment and become an owner-operated mine in 2025.

Geotechnical evaluations were used as the basis of the geotechnical and geometrical design of the final pit and included consideration of structural domains, discontinuity families, identification of possible failure modes (planar, wedge, toppling or circular) and stability analyses. The pit slope recommendations were based on 10 to 20 metres bench heights, 6.5 to 8.5 metres berm widths, 15 metres safety benches and 30 to 300 metres inter-ramp heights and resulted in recommended bench slope angles that ranged from 45 to 80 degrees and inter-ramp angles that ranged from 31 to 55 degrees.

The inflow of ground water into the pit is not anticipated to be significant. The mine dewatering system was designed for 200 m^3 per hour of water with a small amount of suspended solids.

The Serrote pit is expected to be developed in five phases (0 to 4). Phases are feasible mining shapes, which are used as guides for the generation of long-term mine plans at varying level of detail, typically in annual increments. The rate of maximum vertical advance per phase was limited to 50 metres per year.

Sulphide ore is sent directly to the primary crusher whenever possible. Sulphide ore and oxide material are also stockpiled in separate stockpiles:

- the sulphide stockpile, which is located to the northwest of the pit, is divided into sections depending on the ore grade. This is a temporary structure; the stockpiled ore will be re-handled and processed during the LOM; and
- the oxide stockpile located to the southwest of the pit. Currently, testwork and studies are being performed with respect to future processing (using acid leaching).

Mining activities generate four types of overburden/waste materials: topsoil, saprolite (overburden), transitional weathered rock and waste rock. Topsoil is stored separately from the other materials, and, when possible, is delivered to reclamation areas. The other three materials extracted from the mine are sent to one WRSF located along the southeast, east and northeastern areas of the open pit.

As already mentioned above, the mining contractor is expected to conduct mining operations up to the end of 2024. From 2025 onwards, MVV intends to own and operate a new fleet. The equipment type and size selection were carried out by MVV, and both the contractor and MVV fleets will be of compatible sizes. The primary loading and hauling equipment are 3.7 m^3 hydraulic excavators supported by 4.0 m^3 front-end loaders and 8x4, 35 tonnes rigid body trucks. The selected support equipment includes track and wheel dozers, graders, water trucks and general utility vehicles such as lube trucks, a forklift, a flatbed truck and a general-purpose truck. The drill fleet consists of top hammer drilling units. Emulsion explosives are utilised at powder factors of 0.51 kg per tonne for ore, 0.24 kg per tonne for waste rock and 0.20 kg per tonne for oxide material.

Recovery Methods

The plant design was based on metallurgical testwork results, experience based on design, construction and operation of similar processing plants and information from similar operations in Brazil and worldwide.

At a feed rate of 4.1 Mtpa and average grades of 0.59% Cu and 0.1 g/t Au, 84% copper recovery, 65% gold recovery and plant utilisation of 91.7%, the plant was expected to have an average production rate of copper concentrate of approximately 46,000 tonnes per year at a minimum grade of 40.5% Cu. The remaining mine life was estimated to be 14 years.

Both the copper recovery and concentrate grades were low over the first six months of operation (54% to 58% recovery at concentrate grades of 20% to 25% Cu). Improvements have been made and, in November 2022, the plant achieved the design recovery of 84.5% although the concentrate grades remained between 22% and 25% Cu (MVV prioritised recovery over grade).

Comminution is carried out in three crushing stages – a single stage of ball milling and two regrinding stages within the cleaner and cleaner-scavenger flotation circuits. Rougher flotation is carried out in in conventional tank cells, and the two stages of cleaning and a cleaner-scavenger stage are carried out in Woodgrove DFR cells. Flotation tailings are directed to the TSF. Final concentrate is thickened and then filtered in a vertical press filter for shipment to smelters.

Reagents include depressant (CMC), two types of collectors, frother, flocculant, and lime.

Project Infrastructure

The mine site is accessed via paved roads from the cities of Craíbas and Arapiraca. The port of Maceió, which is located within the city of Maceió (approximately 140 km from the Serrote mine), is being used for the copper concentrate exports. As of 1 February 2023, eight shipments have been successfully completed.

No on-site accommodation is available. Employees and contractors reside in Arapiraca, Craibas and neighbouring communities.

Existing infrastructure includes the gatehouse, trucker support building, change house, administration offices, workshop offices, first aid post, kitchen/canteens, processing plant with workshop, laboratory, process control room, main workshop building, tire shop, welding area, drilling maintenance bay, fuel station, wash bay and power sub-station. Infrastructure construction was completed by the end of 2021.

Power is supplied via a 21 km long powerline that connects the Serrote sub-station with the national grid at the Arapiraca III substation.

Plant emergency power is provided by a 480 volts packaged diesel generator located in the thickening and filtration substation. Emergency power supports critical loads only and does not maintain production.

The plant estimated power load consists of:

- total power installed: 36 MW;
- maximum demand: 24 MW;
- average demand: 20 MW; and
- annual power consumption: 155,000 MWh.

The Arapiraca water supply is provided by the state water utility company CASAL. This water is sourced from the São Francisco River via a pipeline to the CASAL reservoir. MVV tied into the CASAL pipeline via a seven km long pipeline to connect to the Serrote mine's fresh water reservoir on site.

The overall water balance included the processing plant and TSF, based on an operational throughput rate of 8,760 hours per year. The total average fresh water demand is estimated to be approximately 112 m^3 per hour. The total processing plant water demand is estimated at about 1,700 m^3 per hour, including 1,397 m^3 per hour recirculated from the thickeners, 167 m^3 per hour of water reclaimed from the TSF, 112 m^3 per hour of fresh water and 25 m^3 per hour of water contained in the run-of-mine material. Two water reservoirs have been provided to supply processing water demand.

There are at least three wells within the Serrote mining operations area. While the operating characteristics of these wells have been investigated, MVV has no current plans to exploit this water source.

Water management infrastructure is designed to Brazilian standards. The standards prescribe the 24-hour 500-year return period storm for the design of peripheral channels used to collect and convey surface drainage. Structures specifically requiring diversion drainage management are the sulphide and oxide stockpiles, the WRSF and the open pit.

Environmental, Permitting and Social Considerations

Overview

The environmental impacts of the Serrote mining operations were identified and evaluated for the construction, operation and closure stages, along with proposals for control, mitigation, monitoring and environmental compensation actions.

The communities neighbouring the Serrote mining operations area have economic, cultural, technical and structural dynamics typical of rural areas, with activities primarily related to the cultivation and preparation of tobacco. In 2019, MVV identified a Quilombola community called Carrasco located 4.5 km from Serrote, and set about developing a comprehensive and dedicated stakeholder engagement process with this community (see "– *Environmental, Social and Governance (ESG) – Human Rights and Indigenous Engagement*").

The Serrote mining operations brought changes to the quality of life of the communities, such as relocation of residents within the Serrote mining operations footprint and alterations to the landscape. One significant residual physical impact post-closure will be alteration of the landscape due to the construction of the WRSF, TSF and open pit. Design and operational practices along with surveillance programmes are fundamental in controlling, mitigating and monitoring the effects of the Serrote mining operations to ensure that the environmental standards

set out in the laws, licences and permits are met and respected. Positive changes can be expected, particularly for the Craíbas municipality, from the increase in income generated by taxes collected during LOM. The Serrote mining operations have created and diversified employment and training opportunities for the residents of the local municipalities. Direct job opportunities are an important positive effect, particularly those jobs generated by operations; these are considered to be of higher quality than those generated during the construction phase because they are long-term and require higher vocational qualifications.

Environmental

The Serrote mine's Environmental Control Plans ("**PCAs**") for construction and operation licensing were submitted to the state environmental agency and are based on an environmental impact assessment completed in 2009. MVV commissioned the consulting firm Ferreira Rocha to update its Environmental and Social Impact Assessment ("**ESIA**") in 2020. The updated ESIA did not uncover any major additional impacts above and beyond what had already been identified in the initial studies developed during the previous licensing process. The gaps have been identified, however, as compared to the IFC performance standards (the "**IFC Performance Standards**"). In response, an environmental and social management plan was prepared and included in the ESIA. This plan addresses the measures needed to manage impacts in accordance with international standards and guidance documents and through the adoption of the best international industry practices.

Mine rock and tailings geochemistry studies to date indicate low potential for generation of net acidity from the WRSF and TSF. Drainage quality from the WRSF could be sensitive to the presence of rock containing sulphide, metal oxide constituents and other similar materials. Metal loadings in the TSF will be governed by metal leaching processes occurring at neutral pH.

Additional geochemical characterisation is underway to augment the existing understanding, characterise metal solubilisation aspects of the mine rock, pit walls and tailings and inform management strategies. This work is part of a comprehensive water quality effects assessment for the Serrote mining operations directed by Lorax Environmental Services of Vancouver, Canada, with final results expected in the beginning of 2024. Supplementary water quality monitoring is being conducted at additional stations downstream from the Serrote mining operations to establish a wider base of characterisation of the receiving environment. Aquatic biota assessments to supplement the existing baseline data are also carried out on an annual basis.

MVV is subject to legal requirements for monitoring air quality, climate, ambient noise and vibration, water quality and flora and fauna. The monitoring programmes are stipulated in the Serrote mine's PCAs. MVV and designated subcontractors are responsible for monitoring, reporting and implementing corrective measures as required.

MVV updated its mine closure plan in January 2023, including aspects to conform to IFC standards. The Serrote mine's operating licence issued on 27 May 2021 states that updates to the degraded areas recovery plan and mine and plant closure plan are required to be submitted at the time of licence renewal in early 2025. The permit and environment team has been active in overseeing vegetation removal, plant salvage and transplanting, seedling production and fauna management as required.

The Serrote mining operations have undergone an independent environment and social due diligence review process against national legislation and international standards (including IFC Performance Standards, Equator Principles and good international industry practices). MVV implemented an action plan to address the findings.

For additional information, see " – *Environment, Social and Governance (ESG)*".

Permits

The operating licences for the operations phase of the mine and for mineral processing and tailings management were issued by the state environmental agency on 27 May 2021 and all ancillary required permits have been obtained.

Closure

The most recent site-wide update of the Serrote mining operations conceptual closure plan and associated cost estimate was developed in January 2023. Per the closure plan schedule, the next update to the conceptual closure

plan is in five years (2028). The post-closure phase is expected to see maintenance and monitoring carried out over a five-year period.

A total of US$18.8 million (R$98.1 million at an exchange rate of R$5.21 per US$1) is assumed in the cost model for closure, including US$0.6 million for pre-closure updates and studies and preparation of the detailed mine closure plan, US$17.5 million for closure activities and US$0.7 million for monitoring, inspections and maintenance during post-closure. No contingency is considered in the estimate nor potential salvage value of components. There are no specific legislated requirements in Brazil for reclamation or closure bonding for mining projects.

Social Considerations

There are 14 communities within the area of direct Serrote mining operations influence. MVV is in regular communication with the residents and holds regular community meetings under its social dialogue initiative. Topics that have been raised in the community forums include job opportunities, social projects and mining-related items such as blasting and TSF operations. The forums are intended to be flexible, with topics discussed as they are raised. The meetings are held in public spaces on a monthly basis to ensure that each attendee has the opportunity to provide comment.

At the end of each meeting, MVV requests that attendees participate in a confidential satisfaction survey, and responses are placed into a suggestions box. MVV reviews these documents and incorporates the comments and suggestions into future meeting agendas to ensure community concerns and comments are, and are seen to be, addressed.

MVV uses different communication channels to support the dialogue with the neighbouring communities including social dialogue meetings, monthly newsletters and WhatsApp messaging application. MVV uses the WhatsApp messaging application as a main tool to support communications between the communities and MVV's community relations team. In addition, MVV maintains a grievance mechanism operating in accordance with Equator Principle 6.

A resettlement programme was conducted from 2012 to 2020, under which 158 families (with a total of 213 properties) residing in the area needed for the Serrote mining operations were resettled. MVV has no record of complaints and/or complaints lodged using the grievance mechanism in relation to the resettlement process. MVV maintains an ongoing social dialogue with the resettled families including regular meetings.

MVV has a stakeholder engagement plan in place that sets out its guidelines for addressing stakeholder concerns, stakeholder communications and stakeholder relationships. The plan is constantly updated to reflect the Serrote mining operations development stage, scenario changes, stakeholder profiles and the type and nature of stakeholder feedback.

MVV instituted an "open doors" (portas abertas) programme that consists of personal guided tours of the Serrote mining operations that provided external stakeholders with Serrote mine-specific information, in particular on aspects of the environmental and engineering matters. A particular focus of the open doors programme is communication around the TSF. The social and community team maintains a constant schedule of door-to-door technical visits to all stakeholders within the designated TSF self-rescue zone. The teams explain the TSF construction process and outlined how the TSF is expected to be operated during the LOM.

MVV also maintains regular communications with external stakeholders by way of general community-related information updates on the Serrote mining operations, weekly information emails and monthly newsletters on social and environmental actions. MVV is also active in the press and social media spheres.

MVV developed a portfolio of social projects in conjunction with communities in the area of influence, which focused on the areas of social entrepreneurship, culture, environmental education, science and technology. In 2022, a total of six projects were supported and, in 2023, another seven projects are expected to be supported.

For additional information, see " – *Environment, Social and Governance (ESG)*".

Tailings Storage Facility

Tailings from the processing plant are conveyed via a slurry pipeline to a conventional cross-valley TSF. During Phase 1 of operations, the TSF consists of a zoned earthfill embankment comprising an upstream low-permeability compacted earthfill shell, a central chimney drain and a downstream compacted earthfill embankment underlain by a blanket drain and associated filter zones. The TSF during Phase 1 is designed with the dam elevation of 244 metres allowing for four years of operations.

The planned Phase 2 downstream raise will consist of an upstream core and filter zones and a downstream rockfill zone overlying the Phase 1 embankment.

Both stages of the TSF will include a spillway system on the left abutment capable of discharging the routed probable maximum flood.

The tailings are classified as Class II-A (non-hazardous and inert waste) based on the Associação Brasileira de Normas Técnicas NBR 10004/2004 technical standard. The dam reservoir area, therefore, is not provided with a liner.

The Serrote mining operations are expected to produce approximately 51 Mt of ore over the 14-year mine life, and the TSF was designed to contain the LOM tailings volume. However, it is anticipated that additional reserves will be discovered that will significantly extend the LOM, which will require additional tailings storage capacity. The tailings are thickened to a solids content of approximately 50% before being deposited in the TSF. Water released from the slurry following tailings deposition is reclaimed and returned to the processing plant.

Construction of the TSF was completed in January 2021 and its operations commenced in mid-June 2021. Production through the first year of operations slowly ramped up from initial production rates averaging approximately 4,000 tonnes per day to an average of 12,000 tonnes per day at the end of December 2022. Phase 2 of the TSF was originally intended to be to be a single seven metre raise to an elevation of 251 masl. It has since been split into two additional raises (four metres followed by three metres) to achieve the same final crest elevation of 251 masl. Detailed designs for Phase 2 are anticipated to be completed in mid-2023 for the initial Phase 2 (four metres) downstream TSF raise.

The Brazilian Standards for Mining Tailings Dams and Canadian Dam Association recommendations were used to define acceptable factors of safety for the TSF embankment. Pseudo-static conditions were modelled using a horizontal ground acceleration of 0.2 g (where g means the standard acceleration due to Earth's gravity), corresponding to an event having a 10,000-year return interval. All factors of safety obtained from the slope stability analyses for Phases 1 and 2 significantly exceeded the values required by the Brazilian and Canadian standards/recommendations.

Markets and Contracts

MVV's base case metal price assumptions are considered to be in line with the periodic forecasts of future copper, gold and silver prices prepared by several banking institutions and research analysts. The forecasts used vary for the period from 2023 to 2026, reverting to long-term pricing in 2027. The long-term prices include US$3.59/lb Cu and US$1,615/oz Au. The long-term Brazilian real to U.S. dollar exchange rate forecast is 5.55.

MVV's Offtake Contract with Trafigura

The purchase contract (the "**Trafigura Copper Concentrate Offtake Agreement**") between MVV and Trafigura with respect to the sales of copper concentrate by MVV to Trafigura was entered into on 24 December 2020. The Trafigura Copper Concentrate Offtake Agreement covers the sale and delivery of 100 percent of the annual production of MVV's Serrote mine and mill over multiple years and can be extended at the end of the current contractual period. Delivery under the contract is on a CIF FO to main Chinese, Japanese or Korean ports or parity in Trafigura's option.

The price payable by Trafigura per dmt of the copper concentrate equals the sum of the payables for copper, gold, and silver contained in the concentrate, with volumes calculated based on assay results determined from the samples taken in accordance with the agreed procedure and using agreed prices for the relevant metals less a set of commercially agreed deductions.

The agreed prices for relevant metals are:

- for copper – the official daily London Metal Exchange cash settlement quotations for Grade A copper averaged over the quotational period;
- for gold – the mean of the official daily London Bullion Market Association gold morning and afternoon quotations averaged over the quotational period; and
- for silver – the official London Bullion Market Association silver quotations averaged over the quotational period.

The commercially agreed deductions comprise (i) a treatment charge, (ii) refining charges and (iii) a quality-related penalty. The quality-related penalty varies with concentrate quality, with penalties (i) to be imposed when the content of magnesium oxide exceeds a certain threshold and (ii) increasing when the content of magnesium oxide further increases to reach other pre-agreed thresholds. Any disputes between the parties arising out of or in connection with the 2020 Trafigura Copper Concentrate Offtake Agreement are required to be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration 2020. The seat of arbitration is required to be London. The Trafigura Copper Concentrate Offtake Agreement is governed by the laws of England.

The Trafigura Copper Concentrate Offtake Agreement includes confidentiality provisions that remain in effect, save that the parties have agreed to disclosure only in respect of the information provided herein.

Other Contracts

The open pit mining contract is with Fagundes Construção e Mineração.

Identified Serrote Mine Plan Optimisation Opportunities

The current targeted annual run-rate throughput of the processing plant is 4.1 Mt. MVV is investigating options to expand the annual rate of material processed at the processing plant to 5.0 Mt without significant capital investments through business improvement initiatives and strategic studies.

Other upside opportunities include the processing of oxide material. The current mine plan with respect to the Serrote mine only incorporates the processing of sulphide material from the deposit. In addition to this sulphide material, however, the Serrote mine's Mineral Resource includes 8.7 Mt of oxide Measured Mineral Resource, 2.2 Mt of oxide Indicated Mineral Resource and 0.4 Mt of oxide Inferred Mineral Resource. Oxide and transitional material currently being mined at the Serrote mine are stored in their own dedicated stockpiles. Testwork and studies are being carried out in Chile to find out whether oxide leaching and solvent extraction and electrowinning cathode production on-site is economic.

While the Serrote mine has been designed and constructed with what MVV believes is an attractive, defensive cost profile, there are several opportunities that MVV believes could potentially reduce costs at the Serrote mine. These opportunities include:

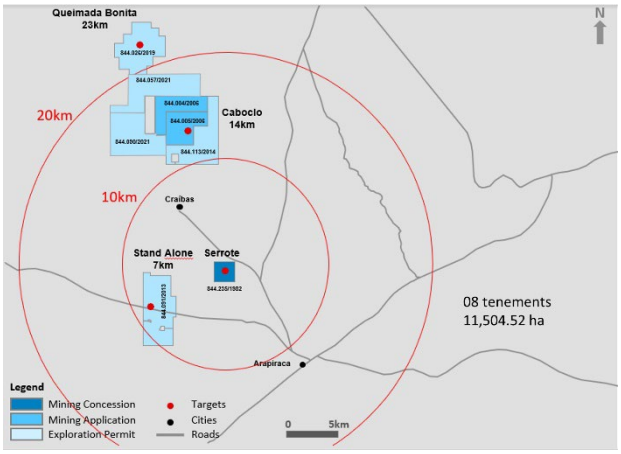
reduced imports: by importing only spare parts from outside Brazil, rather than importing entire pieces of equipment, it may be possible to reduce sustaining capital expenditure costs; domestic concentrate sales: concentrates produced at the Serrote mine are currently exported by ocean freight under contract with Trafigura. Transportation costs could potentially be lowered by marketing the concentrates produced within Brazil; and sustainable power: power costs could potentially be reduced by self-generating power using a solar energy plant.

On-site Mineral Resource potential is evaluated via continued drilling and exploration of the highly prospective Serrote orebodies, with the objective of defining and incorporating additional mineralised material into the mine plans. MVV is evaluating the potential to capture additional mineralisation outside of the Mineral Reserve pit boundary, the limits of which were defined using a conservative US$2.70/lb copper price assumption, by reviewing the mine design to incorporate potential additional pit laybacks. Sulphide resources that sit outside the Mineral Reserve pit outline and could be converted into Mineral Reserve currently include 37.4 Mt of Measured Mineral Resource and Indicated Mineral Resource and 4.5 Mt of Inferred Mineral Resource.

Serrote Regional Exploration Portfolio

MVV holds three groups of mineral rights covering a total of 11,505 hectares. See "– *Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements*".

The following map shows the Serrote land package, in which all mineral rights are located.



A host of potential exploration targets exist within the Serrote regional exploration portfolio and include the following areas.

Caboclo

Upside potential remains for additional mineralisation to be outlined at Caboclo, 14 km to the north of Serrote. This project is in the advanced exploration stage. Mineralisation at the Caboclo deposit is not included in the current mine plan. There is potential, with additional metallurgical testwork and technical studies, to incorporate this mineralisation into mine planning. Based on a review of the drilling in the Caboclo mineralised zone, and other exploration work on the property such as geophysical surveys, geological mapping, soil geochemistry and drill testing of other targets, GeoEstima estimates that the potential tonnage and grade of mineralisation at the Caboclo area could be from 10 Mt to 25 Mt grading from 0.3% Cu to 0.7% Cu, and from 0.1 grams per tonne Au to 0.2 grams per tonne Au. The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define Mineral Resource, and it is uncertain if further exploration will result in the target being delineated as Mineral Resource.

The upper and lower values of the above grade ranges are based on the existing drill hole information, with consideration given from the surrounding areas. The estimated tonnage range is based on the dimensions of the mineralised bodies tested by drilling that have intercepted mineralised bodies distributed in five main targets: Rogério (Rogério and Rogério Norte), Adriano, Petrúcio, Maninho and Zezé.

Queimada Bonita

MVV believes that the Queimada Bonita prospect, a 2,500 to 3,000 metre long copper—gold—nickel in soil anomaly associated with magnetite-norite-gabbro and amphibolite located 23 km to the north of Serrote, warrants additional investigation. No drilling has been completed to date at Queimada Bonita.

Employees

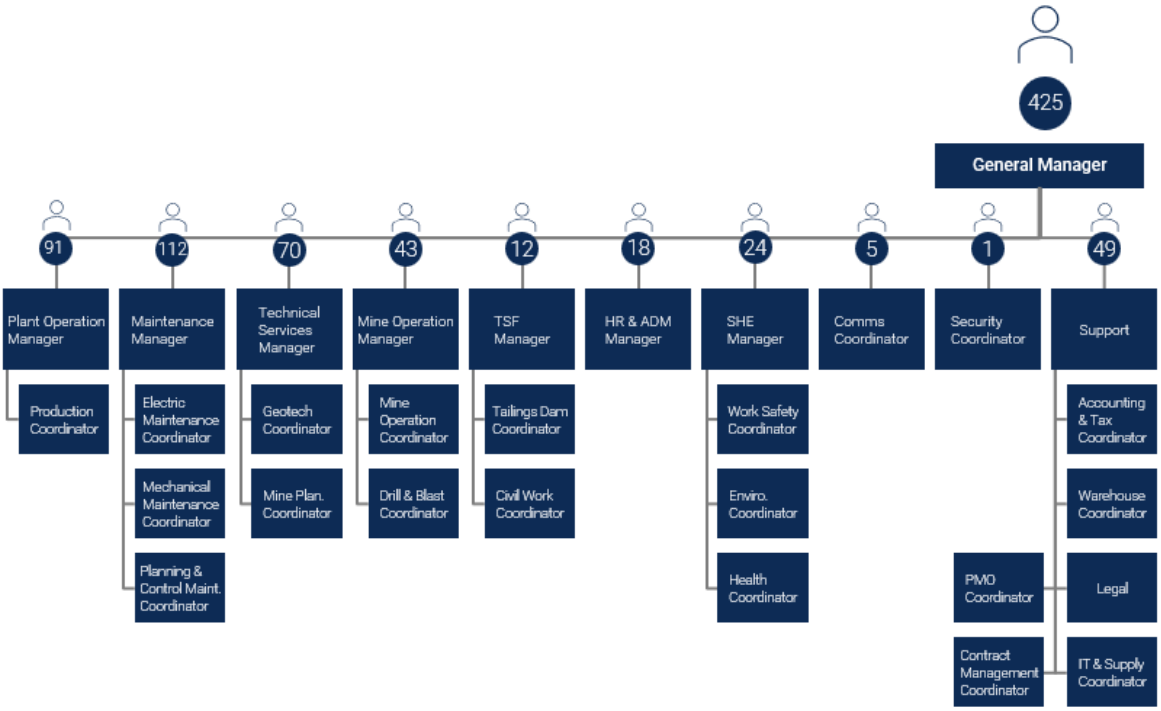
Santa Rita

As of 31 December 2022, the work force of Atlantic Nickel consisted of 3,241 dedicated personnel, of which 488 were full-time employees of Atlantic Nickel (of which 425 were on site at the Santa Rita mine, 56 were in the Belo Horizonte office and 7 were involved in exploration) and 2,753 were contracted. The primary contracted functions on site are mining-related drilling, blasting, loading and hauling, construction of the tailings dam and exploration drilling, among others. Atlantic Nickel's full-time employees are led by a General Manager and oversee all contractor activities, provide technical, planning and support services to the mine, execute all

processing plant maintenance and operations and carry out all other required functions not performed by contractors.

Atlantic Nickel makes a concerted effort to hire locally. Employees that are local to the neighbouring communities and region made up approximately 77% of full-time employees of Atlantic Nickel as of 31 December 2022.

The following chart provides a description of the organisational structure for the Santa Rita mining operations (on site employees only) as of 31 December 2022.

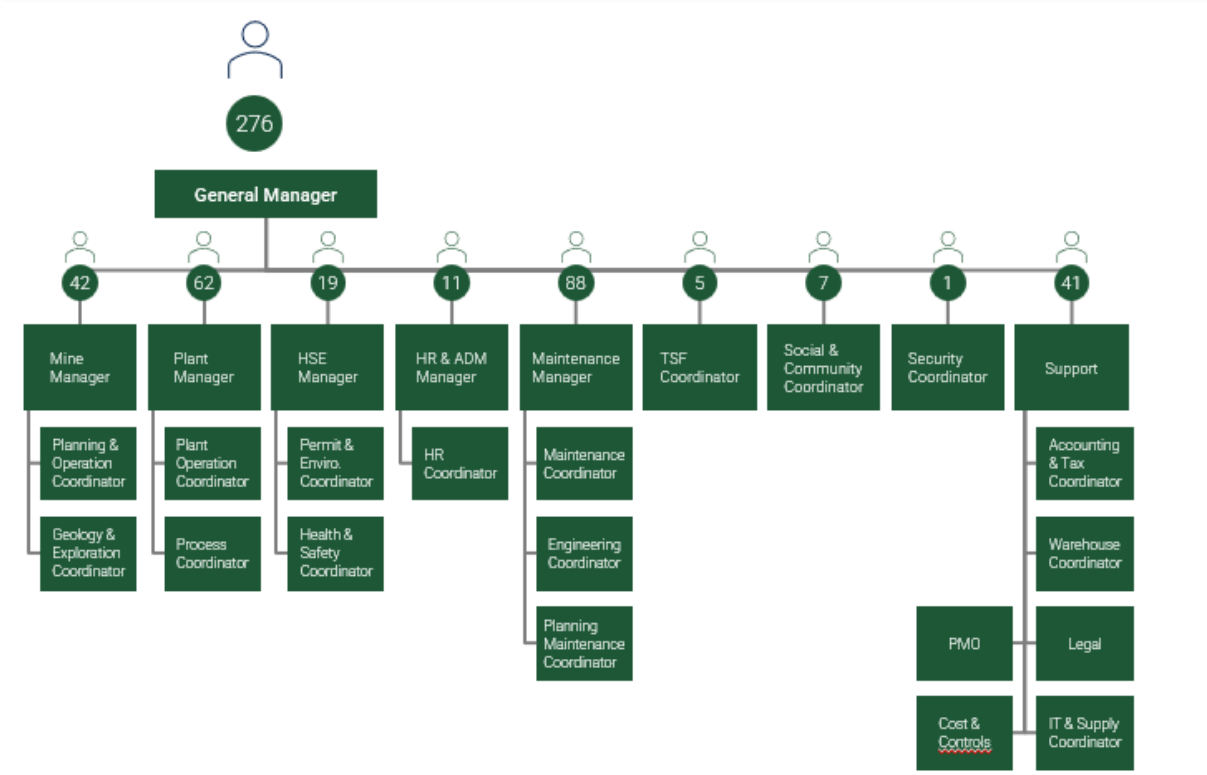


Serrote

As of 31 December 2022, the work force at the Serrote mining operations consisted of 942 dedicated personnel, of which 302 were full-time employees of MVV (of which 276 were on site at the Santa Rita mine, 15 were in the Belo Horizonte office and 11 were involved in exploration) and 640 were contracted. At the Serrote mine, there are broadly similar contractor/owners team arrangements to Santa Rita, with primary contracted functions related to mining and exploration drilling. Full-time employees are led by a General Manager and oversee all contractor activities, provide technical, planning and support services to the mine, execute all processing plant maintenance and operations and carry out all other required functions not performed by contractors.

Approximately 68% of full-time employees of MVV as of 31 December 2022 were locally hired.

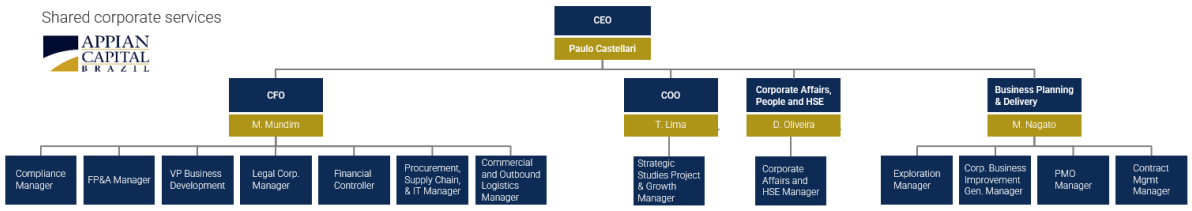
The following chart provides a description of the organisational structure for the Serrote mining operations (on site employees only) as of 31 December 2022.



Belo Horizonte

Certain back-office functions are carried out by employees at each mine site with the assistance of additional "shared corporate services" provided by the Belo Horizonte office, which include, but are not limited to, executive management, business planning, finance, procurement, IT and legal. All employees rendering such corporate services from the Belo Horizonte office are either employees of Atlantic Nickel or MVV and the costs of such services are shared by Atlantic Nickel and MVV on a pro rata basis.

The following chart provides a description of the organisational structure for the shared corporate services provided from the Belo Horizonte office as of 31 December 2022.



Royalties

Currently, there are four royalties in respect of the Santa Rita mining operations consisting of: (i) a royalty to the ANM, i.e. CFEM; (ii) a royalty to CBPM under the CBPM Lease Agreement; (iii) a royalty to the previous owners of the surface rights to the area and (iv) a royalty to Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP. Currently, there are two royalties in respect of the Serrote mining operations consisting of: (i) a royalty to the ANM, i.e., CFEM; and (ii) a royalty to the previous owners of the surface rights to the area.

CFEM

The federal constitution of Brazil has established that the states, municipalities, the federal district and certain agencies of the federal administration are entitled to receive royalties for the exploitation of mineral resources by holders of mining concessions (including extraction permits). The rate is currently between 1% and 3.5% of net smelter return or consumption of the mineral product, excluding the deductibility of freight costs. Atlantic Nickel and MVV must each pay a 2% adjusted net smelter return royalty (without the deduction of freight costs) to the ANM for the exploitation of all concessions (i.e. CFEM).

Royalty to CBPM

Pursuant to the terms of the CBPM Lease Agreement, Atlantic Nickel must pay a royalty to CBPM equal to 2.51% (on 60% of the value of nickel contained in concentrate and a royalty rate of 2.51% on 100% of the value of copper, cobalt, palladium, platinum and gold contained in concentrate) of the gross revenue from the sale or conversion of nickel concentrates produced from sulphide ore plus the market value of other metals that are economically recoverable and marketable. A royalty is also due on any laterite ore sold or converted in the amount ranging from US$1.01/t to US$2.01/t of laterite ore, based on the value of nickel on the LME. Atlantic Nickel must also pay a royalty to CBPM for other economically recoverable metals including copper, cobalt, gold and metals in the platinum group equal to the Brazilian real equivalent of US$0.31/t of extracted minerals transferred or sold.

Royalty to Landowners

Pursuant to certain land purchase agreements, Atlantic Nickel must pay the vendors a royalty of which the rate is equivalent to 1% on revenue or 50% of CFEM described above on the basis of net smelter return.

Pursuant to certain land purchase agreements, MVV also must pay the vendors a royalty equivalent to 1% on revenue or 50% of CFEM described above on the the basis of net smelter return.

Royalty to Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP

Pursuant to the royalty agreement originally signed on 22 June 2020, then amended by an amendment and restatement agreement dated 17 July 2020, an amendment and restatement agreement dated 1 October 2020 and transferred to AMH (Jersey) Limited as grantor pursuant to a novation agreement dated 1 October 2020 and then further amended and restated on 13 July 2021 among AMH (Jersey) Limited, Appian Natural Resources Fund II LP, Appian Natural Resources (UST) Fund II LP and Atlantic Nickel, AMH (Jersey) Limited must pay a 2.75% net smelter return royalty to Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP calculated on the revenue derived from the sale of all minerals less downstream selling costs, transportation and insurance costs on all exploration licences held by Atlantic Nickel. The current plan with respect to this royalty is for this royalty to be terminated and a replacement to be entered into as part of the closing conditions for the Acquisition. Both the termination and the entry into the replacement royalty will happen after signing of the Acquisition Agreement but prior to or concurrently with completion of the Acquisition. It is expected that this royalty will be terminated and replaced by the Appian and La Mancha Royalty Agreements. For further information, please see "Part XV—*Additional Information—Material contracts— Appian and La Mancha Royalty Agreements*".

Environment, Social and Governance (ESG)

Certain environmental and social considerations related to the operations of the Santa Rita and Serrote mines have already been briefly discussed above in "*– SECTION A: THE SANTA RITA MINE – Environmental, Permitting and Social Considerations with respect to Open Pit Mining Operations – Environmental*", "*– SECTION A: THE*

SANTA RITA MINE – Environmental, Permitting and Social Considerations with respect to Open Pit Mining Operations – Social Considerations", "*– SECTION A: THE SANTA RITA MINE – Environmental, Permitting and Social Considerations with respect to Underground Mining Operations*", "*– SECTION B: THE SERROTE MINE – Environmental, Permitting and Social Considerations – Environmental*", "*– SECTION B: THE SERROTE MINE – Environmental, Permitting and Social Considerations with respect to Open Pit Mining Operations – Social Considerations*".

This section addresses Appian Capital's approach to environment, social and governance in more detail.

Strong ESG Governance

The ESG standards that mining companies adhere to can vary, depending (amongst other things) on the values of the owners and operators, the culture of the organisation and the regulatory or permitting requirements of the jurisdiction. Prior to the Acquisition, Appian Capital strived to emulate global best practices. With this goal as a focus, Appian Capital has embraced the IFC Performance Standards and, more recently, the Initiative for Responsible Mining Assurance for managing the Santa Rita and Serrote mining operations.

To assist Atlantic Nickel and MVV in meeting these performance standards, external consultants with extensive know-how in the field of ESG, including, but not limited to, multinational consultancy firms ERM, RCS Global Group, Ramboll A/S and Ferreira Rocha, were hired to identify potential improvements for both companies.

Appian Capital has published its ESG reports since 2020. The ESG reports are informed by sector-specific standards developed by the Sustainability Standards Accounting Board and in IFC Performance Standards. The reports establish a baseline of ESG performance data for Appian Capital and its assets and outline specific ESG performance at the site level.

At the date of this Document, the ESG function at Atlantic Nickel and MVV is managed by a Director of Corporate Affairs, People and Health, Safety and Environment, who is also a member of the executive committee of the boards of directors of Atlantic Nickel and MVV, with general oversight from the boards of directors of Atlantic Nickel and MVV, respectively, and dedicated health, safety and environment committees for each company. In addition, each of the Santa Rita and Serrote mines has its own ESG team with dedicated personnel, including a Health, Safety and Environment Manager and an Institutional, Community Relations and Communications Coordinator, who support and advance ESG efforts at the respective mines. Each site-level ESG team reports both directly to the site General Manager as well as to the Director of Corporate Affairs, People and Health, Safety and Environment and the ESG and People Manager (see the chart in "*– Employees – Belo Horizonte*" above) at the corporate level.

Key corporate policies that Appian Capital maintains with respect to the Santa Rita and Serrote mining operations include the Code of Conduct; the Safety, Health, Environmental and Social Responsibility Policy; the Anti-Bribery and Corruption Policy; Human Rights Policy and a Grievance Mechanism that has been aligned with guidance from the IFC Performance Standards, UN PRI, the International Council on Mining and Metals ("**ICMM**"), UN Guiding Principles on Business and Human Rights and ILO 169.

Environmental Stewardship

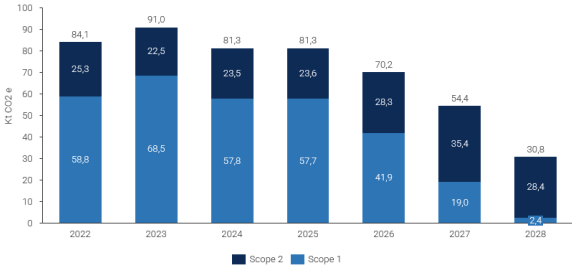
Environmentally Conscientious Approach

Appian Capital is committed to an environmentally conscientious approach to mining, with a general philosophy to avoid, reduce, neutralise or offset negative effects arising from its mines' operational processes, including through proactively mitigating its greenhouse gas ("**GHG**") emissions footprint, seeking to optimise the use of water as well as working toward biodiversity positive net impact.

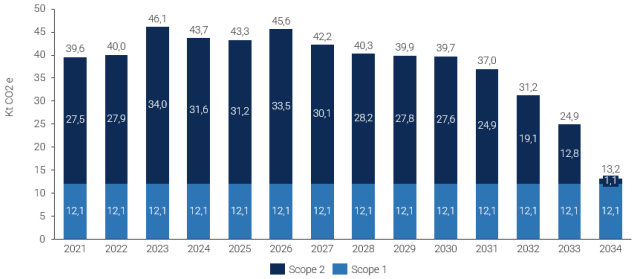
Appian Capital self-reported GHG emissions from the Santa Rita and Serrote mining operations in line with the Greenhouse Gas Protocol standard as set by the World Resources Institute and the World Business Council for Sustainable Development (the "**GHG Protocol**"). The GHG Protocol classifies corporate emissions according to different business processes, with Scope 1 including direct emissions from sources owned or controlled by the company, such as transport and premises ("**Scope 1**"), and Scope 2 covering indirect emissions from purchased electricity, heating and cooling "**Scope 2**"). In 2019, the first full year after the acquisition of the Santa Rita mine by Appian funds, the activities of the Santa Rita mining operations resulted in the emission of 9.7 thousand tonnes

of CO2e across Scope 1 and 2 (of which 5.9 thousand tonnes of CO2e were Scope 1 emissions). In 2020, activities related to the construction of the Serrote mine resulted in the emission of 21.8 thousand tonnes of CO2e across Scope 1 and Scope 2 (of which more than 99% were Scope 1 emissions).

The following charts present annual estimates of GHG emissions for the Santa Rita and Serrote mining operations based on estimates of the consulting firm GSS Carbono e Inovação that specialises on analysing GHG inventories.



Source: GSS Carbono e Inovação (2022), based on data provided by Atlantic Nickel



Source: GSS Carbono e Inovação (2022), based on data provided by MVV

The combined GHG footprint of both mining operations benefits from sourcing power from the Brazilian grid, which obtains 84% of its electricity from renewable energy sources such as hydroelectric, biomass, wind and solar power. Brazil's access to low-cost, renewable hydroelectric power (yielding a LOM energy cost of under US$0.05/kWh for the combined Santa Rita and Serrote mining operations) makes it an excellent location for minimising the carbon footprint of nickel and copper concentrates production. Beyond the benefits from being connected to the Brazilian grid, Appian Capital implemented a number of initiatives to reduce the mines' Scope 1 and 2 GHG emissions, including operational processes improvements as well as installation of solar panels at both sites. Both the Santa Rita and Serrote mines' GHG inventories are subject to external verification that assesses whether the information disclosed is correct. This information is publicly disclosed on the public emissions register website.

Committed to the responsible use of natural resources, Appian Capital has developed a comprehensive water management strategy to seek to optimise the use of water and reduce the extraction of water from the environment through notably increasing reuse rates, with the reuse performance target set at 85% or higher. In 2022, more than 70% of water was reused at the Santa Rita mine, and the Serrote mine has been designed to be reusing at site over 90% of the water used in the mineral process. Both sites are in low to medium water-stressed areas.

Biodiversity Action Plan

Environmental conservation and preservation have been a focus for Appian Capital which developed procedures, plans and actions to ensure that good practices are established to protect, re-establish and sustain biodiversity (fauna and flora) at both Santa Rita and Serrote. Biodiversity action plans have been developed for both sites in line with IFC Performance Standards.

Within the various environmental plans and programmes developed by Appian Capital to promote positive biodiversity impact, several activities (for example, revegetation with native species, seedlings nurseries) were planned in collaboration with the local communities to promote environmental training and education in the region.

In 2009, MVV created an environmental education centre ("**EEC**") at Serrote located at Fazenda Uruçu five km from the Serrote mine's administrative office.

Through lectures at its headquarters and in the region's schools on the Caatinga phyto physiognomy and other environmental issues, MVV's education efforts reached around 5,000 people in 2022, including teachers and students from schools in the Serrote mining operations' impact area, local universities and employees of the region.

The EEC produces more than 40 species of the Caatinga biome and, by 31 December 2022, had contributed to the planting of more than 78,000 specimens of native species in communities and urban areas in addition to thousands of seedlings produced and planted in the Serrote mining operations area.

On 13 December 2019, as a result of its involvement in the conservation of the Caatinga's ecosystem, MVV received a UNESCO certificate and recognition as an "Advanced Post of the Caatinga Biosphere Reserve".

Santa Rita is also pursuing a revegetation project which was inaugurated on World Environment Day on 5 June 2020, with an efficient irrigation system to reduce water consumption. The expectation is to produce approximately 30,000 seedlings per year of species native to the Atlantic forest. Between 2020 and the end of 2022, more than 170 ha were recovered, and more than 125,000 seedlings were planted.

Significant Investments in Tailings Management

Appian Capital took a rigorous approach to the design, engineering, and management of the TSFs at the Santa Rita and Serrote mines and targeted continuous improvement processes to ensure full adherence to the Dam Safety Guidelines of the Canadian Dam Association and to the current Brazilian legislation. The TSFs at both mines are robust downstream-raised rockfill dams designed by Wood Group Engineering and Production Facilities Brasil Ltda. (which was subsequently merged into WSP Consultoria e Projetos do Brasil Ltda. in the third quarter of 2022), the acting designer and engineer of record of both dams. WSP Consultoria e Projetos do Brasil Ltda. is a top-tier international engineering firm with full-time quality assurance staff. At Santa Rita, quality assurance and quality control ("**QA/QC**") is supported by 24-hour monitoring of construction by QA/QC inspectors. Automated monitoring is also in place with piezometers, water level and settlement markers, continuous video monitoring and regular drone surveys. Each TSF has its own dedicated maintenance and operation teams that carry out additional safety measures for the tailings dam that include daily operational routines and maintaining up-to-date response emergency plans in line with best practices.

Comprehensive Strategy for Rehabilitation and Closure

As an integral part of its long-term sustainability strategy, Appian Capital has established closure plans for both mines (including dam decommissioning and environmental recovery across the open pit and supporting structures) that will be frequently reviewed by the permitting authorities throughout the life of the operations at least every five years, as per current legislation.

Post closure, the dams at both Santa Rita and Serrote will receive a clay and organic soil layer before planting native species of flora. Drainage channels will be utilised to control rainwater and prevent it from entering the structure. Waste dumps will be covered with low permeability local borrow materials and fine rockfill for erosion protection to support vegetation growth and limit infiltration.

People: Fit for Purpose Strategy

Commitment to "Zero Harm"

Both the Santa Rita and Serrote mines have a comprehensive set of workforce health and safety programmes focused on the health and safety of both their respective employees and third-party contractors. There is continued investment in the workforce health and safety management practices at the mine sites resulting in no fatalities at either the Santa Rita or the Serrote mines in the past five years.

In particular, Santa Rita and Serrote have both implemented extensive safety programmes and procedures on site including:

- clear, enforced safety rules and procedures;
- leading (such as contract assessments) and lagging (such as rates of accidents) safety indicators;
- visible felt leadership programme (with over 7,900 visible felt leadership engagements at Santa Rita and over 3,600 visible felt leadership engagements at Serrote between 1 January 2010 and 31 December 2022). "Visible felt leadership" is an approach to leadership emphasising the importance of engagement, personal connection and purposeful action to enhance productivity and increase efficiency in achieving organisational and team goals;
- over 192,000 hours in safety, health and environmental training at both mines in 2022;

- contractor assessment framework;
- inclusion of safety key performance indicators ("**KPIs**") in all performance contracts;
- critical risks management frameworks; and
- programmes that encourage the identification and reporting of safety risks at all levels.

In order to strengthen the safety culture and develop the right behaviours, in 2020, Appian Capital introduced the first "safety day" at both mine sites in an effort to promote safety as an integral part of its strategy.

The following tables present information on accumulated rates of occupational injuries with and without lost time, involving employees and contractors at Santa Rita and Serrote.

Santa Rita		
Year	LTIFR	NLTIFR
2019	0	2.21
2020	0.60	1.19
2021	0.20	2.02
2022	0.18	1.09

Serrote		
Year	LTIFR	NLTIFR
2019	1.59	0
2020	0.31	1.25
2021	1.34	1.79
2022	0	0.53

Notes: "**LTIFR**" = Lost time injury frequency rate; "**NLTIFR**" = Non lost time injury frequency rate; the accumulated rate is calculated based on the number of accidents multiplied by the value of man-hours worked divided by one million.

Stakeholder Engagement

At the heart of ESG strategy with respect to the Santa Rita and Serrote mining operations is a focus on stakeholder engagement. At the local level, Appian Capital seeks to engage neighbouring communities and develop a shared understanding of how responsible mining operations can contribute to local communities, their people and their development and well-being. It considered national development plans and applied a stringent set of environmental and social criteria in its business decision-making to evaluate and manage the impacts on people and communities arising from the Santa Rita and Serrote mining operations.

Both the Santa Rita and Serrote mines have comprehensive stakeholder engagement plans ("**SEPs**") that have been updated to align with internationally recognised standards and guidelines, including mining-specific frameworks from ICMM and IFC.

The table below provides the description of the key goals of MVV's SEP, with the goals of Atlantic Nickel's SEP being of a similar nature.

SEP's Goals	**Description**
Participatory Monitoring	Involve directly affected stakeholders in monitoring project impacts, mitigation measures and benefits
Effective Grievance Mechanism	Provide accessible and responsible communications channels and procedures to guarantee that stakeholders can raise their concerns and questions about the project throughout the LOM
Building Partnership with Affected Communities	Promote good faith negotiations between MVV and potentially affected communities, considering their interests when defining social investments
Effective Reporting	Report MVV's environmental, social and economic performance and ensure the delivery of relevant information
Provision of Information	Provide information to stakeholders early in the decision-making process, in ways that are meaningful and accessible, and throughout the LOM
Building and Maintaining Relationships	Stakeholder identification, analysis and consultation; understanding their concerns and interests; and providing an ongoing and continuous process of communications focused on enhancing local communications and decision-making processes
Guiding Stakeholder Engagement and Social Investment	Develop a set of procedures and practices that will support stakeholder engagement and investment strategy
Facilitating Change Control	Facilitate change control and the decision-making process and avoid and minimise conflicts

Source: ERM, 2021

Atlantic Nickel and MVV, through their respective operations and SEPs, make significant direct and indirect contributions to the government and their neighbouring communities, which are summarised in the chart below (with the US$4.4 million committed for social and community projects calculated for the period from 2020 to 2022).

Source: Atlantic Nickel and MVV

Prioritising Local Hiring and Suppliers

Both the Santa Rita and Serrote mines are committed to prioritising regional and local employees and suppliers. At Santa Rita, as of 31 December 2022, 59% of employees were hired locally while 18% were hired regionally. At Serrote, as of 31 December 2022, 59% of employees were hired locally and 9% regionally. The management at both the Santa Rita and Serrote mines is committed to fostering an inclusive and rewarding culture for employees as both sites were recognised with a "Great Place to Work Certification" from Great Place to Work, a global organisation considered to be an authority on workplace culture, in April 2022 based on the results of a comprehensive employee "organisational climate" survey. Both Santa Rita and Serrote focus on the well-being and growth potential of employees through respectful relationships, treating all workers fairly and offering equal opportunities on recruitment and promotion, guided by transparent policies that foster diversity and inclusion. These commitments are expressed in Atlantic Nickel's and MVV's Codes of Conduct.

In 2021, Appian Capital launched a new leadership and learning framework at each of the Santa Rita and Serrote mines to support its strategy of engagement and development of workers with a focus on succession planning, leadership and employee engagement and talent management, taking into account cultural, diversity and inclusion aspects.

The STEM Programme

Appian Capital 's social investment strategy seeks to achieve sustainable development of communities around the Santa Rita and Serrote mines through creating and investing in various socio-environmental programmes, the most prominent of which is a training programme in science, technology, engineering and math disciplines ("**STEM**") introduced by MVV in 2021. The programme has been run in partnership with the local government and the non-governmental organisation Educando. During 2021 and 2022, the STEM partnership with the participation of MVV was rolled out across five schools, training approximately 95 teachers and helping more than 1,700 students. The programme is designed to deliver training and ongoing support to teachers and principals from underserved schools in the Serrote mine's area of impact, improving educational outcomes and reducing drop-out rates. In 2023, both MVV and Atlantic Nickel are expected to take part in STEM.

Human Rights and Indigenous Engagement

Appian Capital's human rights policy, as applied to its mining operations in Brazil, sets a framework for ensuring respect and protection of human rights. Appian Capital's approach to indigenous engagement was formalised in the "book of social corporate policies".

As a case study for Appian Capital's commitment to human rights, MVV identified in 2019 a Quilombola community called Carrasco located 4.5 km from Serrote, and set about developing a comprehensive and dedicated stakeholder engagement process.

The following table presents key developments in MVV's engagement process with the Carrasco Quilombola community since 2019.

Year	Actions
2019	MVV issued a public release apologising for not identifying the Quilombola's community during the ESIA development and officially declining any possibility of exploring the area
2020	MVV was authorised by IMA/AL[(1)] and ANM to begin engaging with Carrasco community
	MVV agreed with INCRA[(2)] and Carrasco how their engagement was going to be conducted, taking into consideration the requirements of the FPIC process[(3)]
	MVV started to support Carrasco community with donations and local events
	During the COVID-19 pandemic, MVV had weekly virtual dialogues with the Carrasco Quilombola[(4)] community as part of the FPIC engagement process
2021	MVV, in coordination with INCRA, introduced a plan to develop an environmental and social impact assessment for Quilombola's territory and a specific programme to address the impacts of its mining operations
2022	A public hearing was held by INCRA with MVV's and Carrasco's representatives in order to present an action plan developed by a third-party consultant company
	The action plan was approved by the Carrasco Quilombola community and is expected to be implemented over the next four years with results to be presented on an annual basis.

Notes:

1. IMA/AL: State government responsible for environmental permitting.
2. INCRA: Federal agency responsible for Quilombola's communities in Brazil.
3. Free Prior Informed Consent ("**FPIC**") engagement process: the normal framework for FPIC consists of a series of legal international instruments including the United Nations Declaration on the Rights of Indigenous People (UNDRIP), the International Labour Organization Convention 169 (ILO 169) and the Convention on Biological Diversity, among many others, as well as national laws. It allows indigenous and tribal peoples to give or withhold consent to a project that may affect them or their territories. Once they have given their consent, they can withdraw it at any stage. Furthermore, FPIC enables them to negotiate the conditions under which the project will be designed, implemented, monitored and evaluated. This is also embedded within the universal right to self-determination.
4. Quilombola communities are considered traditional people by Brazilian legislation (Decree no 6.040, de 2007) and refer to descendants of Afro-Brazilian slaves that escaped slavery and forced labour in the 19th century and formed free isolated communities based on the common use of land and protection of unique cultural heritage. The legislation recognises the Quilombola community's right to possess the land where they live and produce.

Litigation

Litigation Involving Mining Standards International Pty Ltd

Atlantic Nickel is named as a defendant in proceedings brought under Australian law in the Queensland Registry of the Australian Federal Court by MSI. The proceedings arise out of an asset sale agreement for the purchase by MSI of Atlantic Nickel that was entered into prior to the sale of Atlantic Nickel to Appian Capital, but which was terminated as a result of MSI's failure to satisfy a financing condition. In these proceedings, MSI claims unspecified damages and indicates that its damages may be as high as US$745 million reflecting what it claims to be the difference in the value of Atlantic Nickel (US$795 million) and the price that MSI agreed to pay for it (US$50 million). The claim is brought against Atlantic Nickel on the basis that, among other things, Atlantic Nickel breached its obligations under the MSI ASA by failing to cooperate with MSI to achieve MSI's satisfaction of such financing condition and also by providing information to Appian Capital.

In March 2023, in proceedings brought by the former owners of Atlantic Nickel against MSI, the Supreme Court of Western Australia refused to grant the Receivers a declaration that the MSI ASA was validly terminated (finding that it was not) but found incidentally that the MSI ASA had come to an end in any event on or around 27 November 2017 following MSI's acceptance of the return of its deposit under the MSI ASA. Unless that decision is reversed on appeal, MSI will have no claim to a proprietary entitlement to any of the Mining Entities.

In the present proceedings before the Australian Federal Court, MSI is only seeking monetary damages for loss. To succeed in full on its claim for damages, MSI will need to establish (i) liability on the part of Atlantic Nickel, (ii) that Atlantic Nickel's breach caused the loss to MSI, and (iii) that MSI has, in fact, suffered a loss and, if so,

its quantum. Atlantic Nickel strongly refutes the claims made by MSI and, on 6 April 2023, filed its formal defence in the proceeding, by which it denies breach of contract, argues that MSI would not in any event have been able to satisfy the financing condition in the MSI ASA, and denies that MSI suffered any loss.

Atlantic Nickel has also brought a cross-claim against MSI and the Receivers. By way of the cross claim against the Receivers, Atlantic Nickel seeks contribution in relation to any potential liability to MSI. If MSI's claim is not struck out or otherwise summarily determined, the trial may not occur before the fourth quarter of 2024.

PART IV

REGULATION IN BRAZIL

The Brazilian Mining Law Regime

General

Set out below is a summary of certain provisions of the mining legislation in Brazil. It does not purport to be a comprehensive statement of all relevant provisions. It is included for the purposes of background information only and should not be relied upon or used for any other purpose.

Mining activities in Brazil are governed by the Brazilian Federal Constitution of 1988 (the "**Brazilian Constitution**"), Decree-Law No. 227/1967 (the "**Brazilian Mine Code**"), Federal Decree No. 9,406/2018 (the "**Brazilian Mining Code Regulation**"), other decrees, laws, ordinances and regulations. These regulations impose several obligations on mining companies relating to, among others, the exploration and mining activities, the safety of workers and local communities where mines are located, and environmental protection and remediation. These regulations also establish the Brazilian government's jurisdiction over the industry.

Mining activities in Brazil are regulated by the Ministry of Mines and Energy (the "**MME**"), and the ANM (formerly known as the National Department of Mineral Production – "**DNPM**"). The MME is responsible for formulating and coordinating Brazilian public policies regarding mineral resources and energy production, and it has jurisdiction over the government agencies and federal public companies in charge of executing such policies in the electric, oil and gas, mining and other energy sectors.

Federal Law No. 13,575/2017 provided for the creation of ANM, replacing the DNPM. The ANM is an agency within the MME that is empowered to monitor, analyse and promote the Brazilian mineral economy; to award rights for the exploration and mining of mineral resources; to take other actions as required under the governing mining legislation; and to plan and inspect mining exploration and mining activities in Brazil.

Under the Brazilian Constitution, mineral deposits represent a class of property separate from surface rights, and belong exclusively to the Federative Republic of Brazil. Exploration and mining activities can only be undertaken by Brazilian individuals or legal entities incorporated in Brazil which hold an authorisation/licence or concession granted by the federal government of Brazil.

The Amendment No. 6/1995 to the Brazilian Constitution, granted foreign companies the right to hold majority ownership in Brazilian mining projects, through legal entities incorporated in Brazil, and the right to equal fiscal and economic treatment. In general, there are no restrictions to foreign investment in mining companies in Brazil, except for those companies that hold mineral rights in the Brazilian border area, which is a 150 km-wide strip of land parallel to the Brazilian terrestrial borders, where the government currently requires that the equity interest of such companies be majority Brazilian-owned, among other requirements, according to Federal Law No. 6,634/1979 and its regulation.

The Brazilian Mining Code currently establishes five regimes for regulating mineral exploration and mining in Brazil, which vary according to mineral type and project size. These are: (i) exploration licence (*alvará de pesquisa*); mining concession (*concessão de lavra*); mining licences (*licenciamento mineral*); small-scale mining permits (*permissão de lavra garimpeira*); and monopoly (*monopólio*). The first two regimes are the primary ones.

The Brazilian Mining Code does not require that the holder of a granted exploration licence or mining concession spend a prescribed amount on exploration or mining activities. Notwithstanding, mining companies are subject to various obligations under the Brazilian Constitution and the Brazilian Mining Code, including those relating to:

- the exploration and mining of mineral deposits;
- health and safety;
- environmental protection and remediation;
- pollution prevention; and
- the development of local communities.

At the end of 2022, Law No. 14,514 amended the Brazilian Mining Code to increase the validity period of exploration permits to a four-year period and expand the hypothesis of encumbrance of mining rights as collateral. The Decree No. 11.197/2022 also amended the Brazilian Mining Code Regulation (*Regulamento do Código de Mineração*) to raise the value of the fines provided for in the Brazilian Mining Code due to the non-compliance with the governing rules, which can now reach up to R$ 1 billion. Such Decree was regulated by ANM by means of the Resolution No. 122/2022, which presented the new amounts of the fines provided for any of the possible infringements to the applicable mining rules and regulations, significantly increasing it, which may impact the Enlarged Group's compliance and operational costs.

Currently, two types of securities related to the operation of mining dams are still pending regulation, to address the risks of mining provided for in Laws No. 13,575 and 14,066, and the surety bond for loss and decommissioning of tailing dams, provided for in State Law No. 23,291 (State Policy for Dams Safety in the Minas Gerais State), which may also increase the Enlarged Group's compliance, operational or other costs.

Exploration Licences

An exploration licence entitles a holder, to the exclusion of all others, to explore for minerals in the area of the licence but not to conduct commercial mining. An exploration licence is valid for a maximum period of four years and can be extended by a single additional four-year period (except in particular circumstances under the Brazilian Mining Code). The holder of an exploration licence must (i) inform the ANM of the discovery of any other mineral substance not included in the exploration licence; (ii) perform work in accordance with applicable environmental legislation; (iii) report annually to the ANM on exploration expenditures; (iv) compensate the surface owner for occupation of land and for losses caused by the work; and (v) submit a final report of the results of the work to the ANM before expiration of the exploration licence. In addition, the holder of an exploration licence must pay an annual exploration fee per hectare to the ANM, known as "**TAH**". The TAH is established at progressive values based on the size of the area and the extension period of the exploration licence.

If the final report demonstrates the existence of a resource which can be both technically and financially developed, the ANM will generally approve the report. Once the final exploration report is approved, the holder of an exploration licence has one year to apply for a mining concession. If the holder of an exploration licence fails to apply for a mining concession within this one-year period, the mineral rights over the property will lapse. The ANM may extend the referred term for the same period, if timely requested and justified by the titleholder.

Mining Concessions

An application for a mining concession must be addressed to the ANM and be supported by PAE. A mining concession will not be granted until an environmental installation licence of the mine has been issued by the applicable environmental authority. See "*—Environmental Licensing*" below. A mining concession is granted under ordinance of the MME (*portaria de lavra*), depending on the type of mineral substance involved. The area of the mining concession will be limited to (and can be smaller than) the area of the exploration licence from which it is derived. Subject to complying with its conditions, particularly the PAE, a mining concession entitles the holder thereof, to the exclusion of others, to mine the mining lease area, until full depletion of the deposit. The holder of a mining concession is entitled to servitudes over the land covered by the mining concession, processing and infrastructure or over adjacent land for processing and infrastructure. In very occasional circumstances, mineral rights can be denied where the government mining authority considers that a subsequent public interest exceeds the utility of mineral exploration, in which case the Federal Government must compensate the mining concession holder.

A mining concession may only be granted to a company incorporated under Brazilian law. Mining concessions can be transferred between parties qualified to hold them, however transfers must be authorized by the applicable governmental authority (ANM/MME).

The holder of a mining concession must (i) commence development within six months from the publication of the mining ordinance (*portaria de lavra*) in the Brazilian Official Gazette; (ii) not suspend development and mining operations for more than six months without the prior approval of the ANM; (iii) mine in accordance with the PAE; (iv) compensate the landowner for occupation and indemnification for damages of the property; (v) pay a royalty to the landowner (if not agreed otherwise, corresponding to 50% of CFEM regarding the production from such portion of the land); (vi) pay a royalty to the Federal Government – the CFEM, which is partially transferred to the municipalities, the states, the Federal District and certain agencies of the Federal Government; (vii) obtain

all required environmental licences and authorizations; (viii) restore the areas degraded by mining and processing operations and infrastructure; and (ix) report annually to the ANM on activities, production and sales.

CFEM

Revenues from mining activities are subject to the CFEM, which is a statutory royalty paid to the Federal Government and partially transferred to municipalities, the states, the Federal District and certain agencies of the Federal Government.

CFEM is assessed on a monthly basis based on (i) the sales value of materials produced by the mine, net of taxes levied on the sales (ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*), Social Integration Program (*Programa de Integração Social*) or PIS, and Social Security Financing Contribution (*Contribuição para o Financiamento da Seguridade Social*) or COFINS) or (ii) in exportation, upon the greater of (a) the calculated/incurred revenues by the company or (b) the price defined by the Brazilian Federal Revenue Service (PECEX) or the reference value defined by ANM if it is not possible to define the price by PECEX. When the produced materials are used in our internal industrial processes, the amount of the CFEM is determined based on estimated revenue, considering the current market price of the mineral or its reference value established by ANM, when applicable.

Pursuant to Federal Law No. 13,540/2017, the CFEM's tax rates ranges from 1% (rocks, sands, gravel and others) to 3.5% (iron ore). The CFEM rate for gold is 1.5%, while CFEM rates for nickel and copper is 2%.

Tailings Construction, Management and Control

Federal Law No. 12,334/2010 enacted the National Dams Safety Policy (the "**PNSB**"), which provides for the main rules regarding the construction, operation and maintenance of dams for accumulation of water for any use, final or temporary disposal of tailings and the accumulation of industrial waste.

Regarding dams used for mining activities, mining companies must observe not only the rules set forth in the PNSB, but also in the Brazilian Mining Code, ANM's regulations, the relevant environmental authorities' regulations, and the applicable technical standards and rules.

Due to recent events involving the failure of tailings storage facilities, Brazilian authorities have significantly increased the scrutiny over tailings management and control. The PNSB was recently amended by Law No. 14.066, of September 30, 2020, with a view to changing the framework of mining dams, strengthening the civil liability in the event of failure, in addition to establishing additional obligations to increase the safety of the structures, provide efficiency to the inspection process, and create administrative infractions and crimes related to non-compliance with the PNSB. One of the main relevant changes established by the mentioned amendment was the prohibition of construction of new dams with upstream method.

Mining companies operating dams in their site must submit to the relevant authorities (mainly ANM, the relevant environmental agency, local government) updated technical information about the dams, which include manuals and policies adopted for monitoring dam's safety conditions, inspection reports, the licensing of the personnel in charge, and the Emergency Action Plan (*Plano de Ação Emergencial* – the "**PAEBM**"), which is required for all tailing dams, regardless of their potential hazard classification.

Tailings dams are also subject to the environmental licensing process, once they are considered potentially pollutant activities. Different Brazilian States may have different regulations on the proceedings for the issuance of the environmental licences.

In addition, ANM Resolution No. 95, of February 7, 2022, consolidated the ANM rules regarding the safety of mining dams. The resolution provides for the deadlines for the execution or updating of the Dam Safety Plan, including safety inspection reports, the PAEBM, as well as the Dam Safety Statement (*Declaração de Condição de Estabilidade da Barragem* – the "**DCE**"), duly signed by the responsible technician jointly with the person of highest rank of the mining company. The DCE must be submitted to ANM in March and September of every year, subject to penalty of embargo or suspension of the dam activities. The ANM Resolution No. 95/2022 also provides for the registration of the mining dams with the Integrated Mining Dams Management System (*Sistema Integrado de Gestão de Barragens de Mineração*).

Furthermore, Resolution No. 95/2022 presents some innovations related to the safety obligations of tailings dams, such as: (i) a new classification of dams in terms of operational management; (ii) the regulation of communities and workers located downstream of the tailing dams in the so-called self-rescue zones (*Zonas de Autossalvamento*); (iii) compatibility of deadlines for the de-characterization or decommissioning of upstream dams provided for in federal and Minas Gerais State regulations; (iv) prohibition of implementation of new tailings dams of which dam break studies identify the existence of a community inside the ZAS; (v) obligation that the entrepreneur of tailings dams that started its installation or operation before Law No. 14.066/2020 came into force in which a community is identified inside the ZAS choose, with the approval of the ANM, between deactivating the structure, resettling the population and rescuing the cultural heritage, or performing reinforcement works which guarantee the effective stability of the structure; (vi) objective criteria for each level of alert and emergency situation; (vii) requirement for designation of an engineer of records for all tailing dams with high associated potential damage; (viii) preparation, organisation and execution of the dam safety plan by a designated professional registered with the respective professional council, as well as having a manifestation of awareness by the statutory manager holding the highest ranking position in the structure of the legal entity; and (ix) the possibility of embargoing and suspending dams and mining complexes in certain situations, as in case of instability of the structure or non-presentation of the required documents attesting its stability; and (x) the need for instruction of the PSB with the PGRBM, which result may lead to the need to suspend the release of effluents and (or) tailings in the reservoir and the elevation of the alert level of the dam, under penalty of embargo or suspension of the tailings dam activities.

Any default with the obligations provided for in the PNSB may subject the offender to penalties such as warnings, fines, suspension of works, demolition, total or partial suspension of operations, attachment of minerals, assets or equipment, forfeiture of the mining title and rights restrictions (e.g., suspension of permits, loss of tax incentives and suspension of participation of credit facilities), pursuant to the Brazilian Mining Code Regulation. The penalty for non-compliance with PNSB's obligations may vary from R$2,000.00 to R$1,000,000,000.00, according to the materiality of the default to be assessed by the relevant authority.

Environmental Licensing

Mining company's operations are subject to environmental regulations due to the high potential impact in the environment. In this context, mining companies are subject to the environmental licensing proceeding.

Pursuant to Brazilian law, construction, installation, expansion and operation of any establishment or activity using environmental resources or that is deemed actually or potentially polluting, as well as those capable of causing any kind of environmental degradation, depend on a prior licensing process, which shall establish the conditions, restriction and *inspection* measures of the undertaking.

Environmental licensing processes usually comprise a three-phase system, in which each licence is subject to the issuance of the preceding one, as follows:

Preliminary Licence (*Licença Prévia*) is obtained during the preliminary stage of the project. In this phase the environmental agency approves the project/activity location, concept and environmental feasibility. In case of activities considered as high polluting, CONAMA's Resolution No. 1/1986 sets forth that the licensing of activities that cause significant impacts to the environment shall be supported by an Environmental Impact Assessment and respective Environmental Impact Report (*Estudo de Impacto Ambiental e respectivo Relatório de Impacto Ambiental*) drafted by the entrepreneur and subject to the approval of the competent environmental authority (the "**Assessment**"). Such Assessment is also presented in public hearings, in which potential affected communities participate.

Installation licence (*Licença de Instalação*) authorises the construction works according to the specifications of the approved plans, programmes and projects, including environmental control measures and conditions. The issuance of a mining concession is conditional upon the issuance of an installation licence. At this stage, the environmental authority will set the environmental compensation amount, which is a minimum of 0.5% of the projected capital investment.

Operation Licence (*Licença de Operação* – "LO") authorises the operation of the activity or undertaking, after effective verification of compliance with the provisions set forth in the preceding licences, as well as with environmental control measures and conditions established in the licences.

The renewal of any environmental licence must be requested within at least 120 days before its validity term, so it remains valid until the environmental authority's definitive decision on the renewal. By doing so, the

entrepreneur is authorized to continue operating its activities during the renewal of the respective environmental licence.

Nevertheless, upon a justified decision, environmental authorities may interrupt or cancel the validity of environmental licences in the event of: (i) breach of the legal rules or inadequacy of any of the conditions established therein; (ii) omission or false description of material information that would support the issuance of the licence; and (iii) supervening facts that result in severe environmental and health risks.

The absence of environmental licences to construct, implement, operate, expand or enlarge an enterprise or activity that causes significant environmental impact subjects the wrongdoers to criminal and administrative sanctions, despite the legal obligation to remedy the eventual damages caused.

Environmental Liability

Environmental liability may be attributed under civil, administrative and criminal spheres, with the application of administrative and criminal sanctions, in addition to the obligation to reimburse damages. These legal spheres are independent and thus the same fact may trigger environmental liabilities in some or all three of them, as well as the absence of liability in one sphere does not exempt the agent from sanctions in the other ones.

Brazilian civil environmental liability is strict, joint and several, which means that regardless of fault (intentional or negligent failure to maintain standard of conduct, when such failure results in harm to something or someone), all those who directly or indirectly have caused environmental damage can be held liable to provide remediation, compensation and/or indemnity in respect of the environmental damage and/or third parties affected.

The Brazilian administrative environmental liability refers to actions or omissions that violate environmental laws, regardless of the occurrence of environmental damage. Companies that violate Brazilian administrative environmental law are subject to fines of up to R$50,000,000.00, depending on the offender's payment capacity, the seriousness of the offence, and the offender's background in terms of environmental offences committed, if any; embargo of construction or activities; demolition of construction works; and total or partial suspension of activities. The sanctions and the amount of the fines may vary pursuant to municipal, state, and federal legislation.

Brazilian criminal liability is established when wilful misconduct or gross negligence in the unlawful conduct of the agent is verified. Offenders may be held liable for actions and omissions defined as environmental crimes under Brazilian law (Federal Law No. 9,605/1998). If environmental damage is verified, the individuals responsible for the decision that resulted in the criminal conduct (such as directors, officers, administrators, board members, members of technical committees, auditors, managers, agents or representatives) may also be subject to criminal penalties, provided that the criminal intent (intention) or fault (negligence, recklessness or unskillfulness) is evidenced. In addition to penalties that involve deprivation of liberty (individuals), there are penalties that involve restriction of rights, such as loss of tax benefits and incentives, suspension or cancellation of permits and prohibitions against contracting with the government (legal entities and individuals).

According to Brazilian law, civil, administrative, and criminal liabilities are independent, which means that a company may be responsible in different spheres for a sole action or omission.

Native Title

According to the Brazilian Constitution, native title areas (reserves) inhabited by indigenous peoples in Brazil are available to mining activities subject to Congress approval. Several proposals have been submitted to Congress but since 1988, none have been approved as yet. Management believes that none of the Company's properties currently encroach native title areas. However, it is important to stress out that although the Company´s activities seem to be outside indigenous, quilombola and other communities areas, there are native communities near the Company´s properties.

The installation or operation of enterprises within or nearby indigenous / quilombola areas without the proper consent of the competent authority (FCP), as required by the Interministerial Ordinance No. 60/2015, may be challenged by means of public civil inquiries and public civil actions and, consequently, directly impact the activities developed by the Company. Usually, public civil actions seek an injunction to suspend the

environmental licensing or the effects of the issued licence until a final judicial decision is rendered, which may impact the development of the activities by the Companies.

Certain Brazilian Tax Considerations

Mining activities are subject to taxation in the same manner as other activities in Brazil. Mining activities are subject to a range of corporate taxes, charges and duties which are administered at the federal, state and municipal levels. These include income tax, social contributions taxes, sales taxes, service taxes and taxes on financial transactions. Companies under Brazilian or foreign control are subject to the same income tax, and are liable for tax on their worldwide income. A variety of fiscal incentives, concessions and exemptions are also available and are aimed at the selective fostering of industries and advancement or development of certain economic regions, that can result in an effective tax reduction to the companies.

Generally, corporations in Brazil are currently subject to a federal income tax at a rate of 25%, plus a social contribution tax on net profits of 9%, for a theoretical combined tax rate of 34%. The Company's tenements are located in the state of Bahia, which is subject to the Brazilian authorities for the development of the north-east. Tax benefits from participation in exemptions and incentives available in this region can result in an effective corporate tax rate as low as 15.25%.

On 29 December, 2022, the Brazilian government published Provisional Measure No. 1,152 (MP1152) which introduces changes to the legislation on corporate income tax and provides for new transfer pricing rules aiming to align the country's rules with international standards as proposed by the Organization of Economic Co-operation and Development ("**OECD**").

In essence, MP 1152 (i) is a result of an adaptation effort to conform the current transfer pricing rules to the OECD model which forsakes fixed criteria in favour of adopting the principle that transactions should be valued as if they had been carried out between unrelated parties, each acting in his own best interest ("**The Arm's Length Principle**"); and (ii) brought forth express guidance in relation to some specific transactions.

Specifically in relation to the concept of Privileged Tax Regime (as defined below), MP1152 has a minimum threshold tax rate of 17%, a change from the minimum rate of 20% foreseen in the current rules.

In addition, MP 1152 also stipulates that in transactions where an entity acts as guarantor of another related entity, it is necessary to observe the remuneration agreement for the guarantee within The Arm's Length Principle.

MP 1152 will produce effects as of January 2024, unless the taxpayer choses to anticipate its effects to January 2023, subject to further regulation. At this time, it is not possible to predict whether MP 1152 will be converted into law, or even the final wording of the resulting law since the text of the law may undergo amendments during the legislative process. Therefore, given the uncertainties of the outcome of MP 1152 and its further regulation, the matter should be closely monitored.

Income Tax

Dividends

Dividends paid by a Brazilian corporation, in kind or in cash, including stock dividends and other dividends paid to a non-Brazilian holder of common shares (a "**Non-Brazilian Holder**"), are currently not subject to Brazilian withholding income tax, or WHT, to the extent that such amounts are related to profits generated on or after January 1, 1996. Dividends paid from profits generated before 1 January, 1996 may be subject to Brazilian WHT at variable rates, pursuant to the tax legislation applicable to each corresponding year.

Law No. 11,638, dated 28 December, 2007, significantly modified Brazilian Corporate Law in order to align Brazilian GAAP more closely with IFRS. Nonetheless, Law No. 11,941 dated 27 May, 2009 introduced the transitory tax regime (*regime tributário de transição*), or RTT, in order to render neutral, from a tax perspective, all changes provided by Law No. 11,638/07. Under RTT, Brazilian companies had to adopt, for tax purposes, the accounting rules and criteria that were effective as in force on 31 December, 2007.

Profits determined pursuant to Law No. 11,638, or IFRS Profits, may differ from the profits as calculated pursuant to the accounting methods and criteria as effective on 31 December, 2007, or 2007 Profits.

While it was general market practice to distribute exempted dividends with reference to the IFRS Profits, Normative Ruling No. 1,397, issued by the Brazilian tax authorities on 16 September, 2013, established that legal entities should observe the accounting methods and criteria in force on 31 December, 2007, or 2007 Profits, in order to determine the amount of profits that could be distributed as exempted income to its beneficiaries.

According to the authorities' interpretation and particularly in the case of Non-Resident Holders, any profits paid in excess of said 2007 Profits, or Excess Dividends, should, in the tax authorities' view and in the specific case of non-resident beneficiaries, be subject to the following rules of taxation: (1) 15% WHT, in the case of beneficiaries domiciled abroad, but not in Low or Nil Tax Jurisdictions (as defined below), and (2) 25% WHT, in the case of beneficiaries domiciled in Low or Nil Tax Jurisdictions (as defined below).

In order to mitigate potential disputes on the subject, Law No. 12,973, dated 13 May, 2014, in addition to revoking the RTT, introduced a new set of tax rules (the "**New Brazilian Tax Regime**"), including new provisions with respect to Excess Dividends. Under these new provisions: (1) Excess Dividends related to profits generated from 2008 to 2013 are exempt; (2) potential disputes remain concerning the Excess Dividends related to 2014 profits, since Law No 12,973 has not expressly excluded those amounts from taxation and Normative Ruling No. 1,492, issued by the Brazilian tax authorities on September 17, 2014, established they are subject to taxation when distributed by companies which have not voluntarily elected to apply the New Brazilian Tax Regime in 2014; and (3) as of 2015, as the New Brazilian Tax Regime is mandatory and has completely replaced the RTT, dividends calculated based on IFRS standards should be considered fully exempt.

There can be no assurance that the current tax exemption on dividends distributed by Brazilian companies will continue in the future.

For further considerations relating to potential changes to Brazil's tax system, see "*Risk Factors—Changes to tax and accounting rules in Brazil may impact distributions by the Target Entities and, as a result, the Company as a shareholder".*

Interest on Shareholders' Equity

Law No. 9,249, of 26 December, 1995, as amended, allows a Brazilian corporation to make distributions to shareholders of so-called interest on shareholders' equity (*juros sobre capital próprio*) as an alternative to making dividend distributions, and to treat those distributions as a deductible expense for purposes of calculating the distributing company's Brazilian corporate income tax and social contribution on net profit, up to certain limits described below and provided that the distribution is approved at a general meeting of shareholders. These distributions may be paid in cash.

For tax deductibility purposes at the corporate level, the total amount that can be distributed as interest on shareholder's equity is limited to the daily pro rata variation of the TJLP interest rate (*Taxa de Juros de Longo Prazo*), as determined by the Central Bank from time to time, as applied to the sum time multiplied by the sum of determined Brazilian company's net equity accounts of the Brazilian company with certain adjustments. The amounts distributed as interest on shareholders' equity may not in any case exceed the greater of:

- 50% of net profit (after the deduction of the social contribution on profit but before taking into account the provision for corporate income tax and the amounts attributable to shareholders as interest on shareholders' equity) related to the period in respect of which the payment is made; or

- 50% of the sum of retained earnings and profit reserves, as of the date of the beginning of the period in respect of which the payment is made.

Payments of interest on shareholders' equity to a Non-Resident Holder are subject to WHT at the rate of 15%, or 25% if the Non-Resident Holder is domiciled in a Low or Nil Tax Jurisdiction.

Payments of interest on shareholders' equity to a Non-Resident Holder may be included, at their net value, as part of any mandatory dividend. To the extent payments of interest on shareholders' equity are so included, the company is required to distribute to shareholders an additional amount to ensure that the net amount received by shareholders (after payment of the applicable Brazilian WHT) *plus* the amount of declared dividends is at least equal to the mandatory dividend.

Distributions of interest on shareholders' equity to Non-Resident Holders may be converted into U.S. dollars and remitted outside Brazil, subject to applicable exchange controls, to the extent that the investment is registered with the Central Bank.

No assurance can be given that our board of directors will not recommend that future distributions of income should be made by means of interest on shareholders' equity instead of dividends.

For further considerations relating to potential changes to Brazil's tax system, see "*Risk Factors—Changes to tax and accounting rules in Brazil may impact distributions by the Target Entities and, as a result, the Company as a shareholder".*

Discussion on Nil or Low Taxation Jurisdictions

According to Law No. 9430/1996, a "**Low or Nil Tax Jurisdiction**" is a country or a location that (i) does not impose taxation on income; (ii) imposes income tax at a maximum rate lower than 20%; or (iii) imposes restrictions on the disclosure of shareholding composition, the ownership of the investment or the ultimate beneficiary of earnings attributed to non-residents. A regulation issued by the Ministry of Treasury on 28 November, 2014 (Ordinance No. 488, of 2014) decreased, from 20% to 17%, the minimum threshold for certain specific cases. The reduced 17% threshold applies only to countries and regimes aligned with international standards of fiscal transparency in accordance with rules to be established by the Brazilian tax authorities in Normative Ruling No. 1,530, dated 19 December, 2014.

On 24 June 2008, and with effect as of January 1, 2009, Law No. 11,727/08, or Law No. 11,727/08 introduced the concept of "Privileged Tax Regime", in connection with transactions subject to Brazilian transfer pricing rules and also applicable to thin capitalization/cross border interest deductibility rules, which is broader than the concept of a Low or Nil Tax Jurisdiction (a "**Privileged Tax Regime**"). Pursuant to Law No. 11,727/08, a jurisdiction will be considered a Privileged Tax Regime if it (i) does not tax income or taxes it at a maximum rate lower than 20%, or 17% provided that the requirements set forth in Normative Ruling No. 1,530 and Ordinance No. 488 are met; (ii) grants tax benefits to non-resident entities or individuals (a) without the requirement to carry out a substantial economic activity in the country or location or (b) contingent on the non-exercise of a substantial economic activity in the country or location; (iii) does not tax or that taxes income earned outside of the respective country or location at a maximum rate lower than 20%, or 17% provided that the requirements set forth in Normative Ruling No. 1,530 are met; or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out.

In addition, on 4 June 2010, the Brazilian tax authorities enacted Ordinance No. 1,037 listing (i) the countries and jurisdictions considered "**Low or Nil Tax Jurisdictions**"; and (ii) the Privileged Tax Regimes. Normative Ruling No. 1,037/10 has not been amended thus far to reflect the threshold changes previously mentioned.

Although we believe that the best interpretation of the current tax legislation is that the above mentioned "privileged tax regime" concept should only apply for certain Brazilian tax purposes, such as transfer pricing and thin capitalization/cross border interest deductibility rules, we can provide no assurance that Brazilian Tax Authorities will not attempt to apply the concept of Privileged Tax Regime to other types of transactions. According to this interpretation, the concept of Privileged Tax Regimes should not be applied in connection with the taxation of dividends, interest on capital and gains related to investments made by Non-Brazilian Holders in Brazilian corporations. Regulations and a recent binding tax ruling (Solução de Consulta COSIT n. 575, dated of 20 December, 2017) issued by Brazilian federal tax authorities seem to confirm this interpretation. However, we cannot assure you that subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a Privileged Tax Regime provided by Law No. 11,727 will not apply such regime to a Non-Resident Holder's income from the investment in common shares, in which case the withholding income tax applicable to such payments could be assessed at a rate of up to 25%.

Prospective purchasers should consult with their own tax advisors from time to time regarding the potential consequences arising from Ordinance No. 1,037/10 and Law No. 11,727/08, as well as any related Brazilian tax law or regulation concerning Low or Nil Tax Jurisdiction and Privileged Tax Regimes.

Capital Gains

Pursuant to Article 26 of Law No. 10,833/2003, as amended, capital gains realized by a Non-Resident Holder related to the disposition or sale of assets located in Brazil, are generally subject to WHT in Brazil, regardless of

whether the sale or the disposition is carried out in Brazil or abroad, or whether or not it is carried out with an individual or entity resident or domiciled in Brazil.

As a general rule, capital gains realized as a result of a transaction carried out on a Brazilian stock exchange can be measured by the positive difference between the amount realized upon sale or exchange of a security and its respective acquisition cost.

Under Brazilian law, income tax on such gains may vary depending on the domicile of the Non-Resident Holder, the type of registration of the investment by the Non-Resident Holder with the Central Bank and how the disposition is carried out.

There is a controversy regarding the currency that should be considered for purposes of determining the capital gain realized by a Non-Brazilian Holder on a sale or disposition of common shares in Brazil, more specifically, if such capital gain is to be determined in foreign or in local currency.

Until December 31, 2016, the applicable general rate for non-residents was 15%. Law No. 13,259 of March 17, 2016 increased the income tax rates applicable to gains derived by Brazilian individuals up to 22.5%. Under Law No. 13,259/16, the income tax rates applicable to Brazilian individuals' capital gains would be: (i) 15% for the part of the gain that does not exceed R$5 million, (ii) 17.5% for the part of the gain that exceeds R$5 million but does not exceed R$10 million, (iii) 20% for the part of the gain that exceeds R$10 million but does not exceed R$30 million and (iv) 22.5% for the part of the gain that exceeds R$30 million.

At the time, there was uncertainty around whether or not the new progressive income tax rates applied to Non-Brazilian Holders, because Law No. 13,259 made express reference to the capital gains tax applicable to Brazilian resident individuals but did not mention capital gains tax in respect of non-residents.

Considering that Brazilian tax law sets forth that in certain circumstances the tax regime applicable to non-resident investors is the one applicable to Brazilian resident individuals, questions could be raised as to how such increase may affect Non-Brazilian Holders upon the disposition of common shares carried out (i) outside of the Brazilian stock exchange, (ii) carried out by a Non-Brazilian Holder that does not invest in common shares under Resolution 4,373, of September 2014, of the National Monetary Council (a "**4,373 Holder**"); and/or (iii) carried out by a Non-Brazilian Holder resident in a Low or Nil tax jurisdiction.

Notwithstanding the foregoing, according to our interpretation of the applicable law, capital gains realized by a Non-Brazilian Holder on the disposition of common shares sold on a Brazilian stock exchange (which includes a transaction carried out on the organized over-the-counter market) are:

- exempt from income tax when realized by a Non-Resident Holder that (1) has registered its investment in Brazil with the Central Bank under the rules of Resolution No. 4,373, or 4,373 Holder, and (2) is not resident or domiciled in a Low or Nil tax jurisdiction;

- subject to income tax at a rate of 15% in the case of gains realized by (A) a Non-Resident Holder that (1) is not a 4,373 Holder and (2) is not resident or domiciled in a Low or Nil tax jurisdiction; or by (B) a Non-Resident Holder that (1) is a 4,373 Holder, and (2) is resident or domiciled in a Low or Nil tax jurisdiction;

- subject to income tax at a 25% rate in case of gains realized by a Non-Resident Holder that is not a 4,373 Holder and is resident or domiciled in a Low or Nil tax jurisdiction.

Any other gains realized on a sale or disposition of the common shares that is not carried out on a Brazilian stock exchange are:

1. subject to income tax at the rate of 15% when realized by a Non-Resident Holder that (i) is a 4,373 Holder and (ii) is not resident or domiciled in a Low or Nil Tax Jurisdiction, although different interpretations may be raised to sustain the application of the progressive rates set forth by Law No. 13,259/16;

2. subject to income tax at progressive rates ranging from 15% to 22.5%, in case of gains realized by a Non-Resident Holder that (1) is not a 4,373 Holder and (2) is not resident or domiciled in a Low or Nil tax

jurisdiction. There would be good arguments to sustain the position that the progressive rates should not apply and, in this case, the 4,373 Holder should be subject to income tax at a fixed 15% rate; and

3. subject to income tax at a 25% rate in case of gains realized by a Non-Resident Holder that is resident or domiciled in a Low or Nil tax jurisdiction (as defined below).

If the capital gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation of a financial institution, the WHT of 0.005% will apply and can be later offset against any income tax due on the capital gain earned by the Non-Resident Holder. This 0.005% WHT is not levied on day trade transactions, which are subject to a rate of 1%.

In the case of a redemption of common shares or a capital reduction by a Brazilian corporation the positive difference between the amount effectively received by the Non-Resident Holder and the corresponding acquisition cost of the common shares redeemed is treated, as capital gains derived from the sale or exchange of common shares not carried out on a Brazilian stock exchange. Therefore, the same tax treatment above described.

There can be no assurance that the current favourable tax treatment to 4,373 Holders will continue in the future.

Tax on Foreign Exchange Transactions (IOF/Exchange)

Pursuant to Decree No. 6,306, dated December 14, 2007, as amended, or Decree No. 6,306/07, the conversion of *Brazilian currency* into foreign currency (e.g., for purposes of paying dividends and interest paid on shareholders' equity), and the conversion of foreign currency into *Brazilian currency*, may be subject to the tax on foreign exchange transactions, or ("**IOF/Exchange**"). Currently, for most exchange transactions, the rate of IOF/Exchange is 0.38%. However, foreign exchange transactions carried out for the inflow of funds into Brazil and the outflow of funds from Brazil in connection with investments in financial and capital markets carried out by a foreign investor, including payments of dividends and interest on shareholders' equity and the repatriation of funds invested in the Brazilian market are currently subject to IOF/Exchange at a zero percent rate. The Brazilian government is permitted to increase the rate of IOF/Exchange at any time up to 25% of the amount of the foreign exchange transaction. However, any increase in rates may only apply to transactions carried out after this increase in rate and not retroactively.

Other Brazilian Taxes

There are no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of common shares.

Investment and Repatriation of Funds

Pursuant to Brazilian law, foreign capital investments must be registered with the Central Bank of Brazil ("**BACEN**") through an internet-based electronic registration system. The registration of foreign capital investments is required for (i) any foreign direct investment ("**FDI**") in a company domiciled in Brazil (i.e. equity investment); and (ii) any foreign credit investment ("**FCI**") in a company domiciled in Brazil, which is defined by the regulations in force as representing any given financial commitment, even if the funds do not enter Brazil, undertaken by a Brazilian resident (individual or company) whose creditor is a non-resident investor (individual or company), in connection with any of the following credit transactions: (a) direct loans; (b) issuance of bonds or securities overseas; (c) issuance of bonds or securities for private placement in Brazil; (d) financings, including those relating to the import of goods or services; (e) export pre-payment; or (f) financial leasing.

The registration of an FDI or FCI is required for any inbound or outbound remittances in foreign currency (or in local currency to a non-resident account owned by a non-resident investor) in connection with such investments, including the remittance of profits, the repatriation of capital and the repayment of loans. An existing FDI or FCI registration is also required for the registration of the reinvestment in the Brazilian entity of profits obtained by a non-resident investor. Any given FDI or FCI investment, by way of subscription for capital from treasury, the purchase of capital stock of an existing Brazilian corporation or the extension of a loan, may be sent to Brazil through any financial institution duly authorized to execute foreign exchange operations or disbursed overseas, at the parties' discretion. Regarding FDI, a registration is also required in order to comply with certain reporting obligations to BACEN to gather statistics on foreign capital in Brazil.

Foreign Exchange Act

As a result of the enactment of the Foreign Exchange Act (Law No. 14,286, of December 31, 2021), BACEN has amended the foreign capital regulations to provide that from 1 November, 2023 onwards no registration will be required for remittances in connection with investments that do not exceed (i) for FDI, US$100,000 per remittance (or its equivalent in other currencies); and (ii) for FCI, US$1,000,000 per remittance (or its equivalent in other currencies), except for financings relating to the import of goods or services with maturity of more than 180 days, in which case the threshold was set at US$500,000 per remittance (or its equivalent in other currencies).

Regarding FDI, reporting to the Central Bank to gather statistics on foreign capital in Brazil will still be required for investments starting at R$100,000, as follows: (i) quarterly reporting for investments of R$300,000,000 or more; (ii) annual reporting for investments of R$100,000,000 or more; and (iii) reporting every five years for investments of R$100,000 or more.

PART V

SELECTED HISTORICAL FINANCIAL INFORMATION

SECTION A: THE COMPANY

For the unaudited interim historical financial information of the Company as at and for the nine months ended 31 March 2023, please refer to "*Appendix I—Section A*". For the historical financial information of the Company for the period from 22 June 2021 (its date of incorporation) to 30 June 2022, please refer to "*Appendix I—Section C*", and for the accompanying report of the auditors of the Company, please refer to "*Appendix I—Section B*". The unaudited condensed financial statements of the Company for the six months ended 31 December 2022 are incorporated by reference herein, and are available on the Company's website and on the National Storage Mechanism. Selected historical financial information of the Company is included below.

Statement of financial position

	30 June 2022	31 March 2023 (unaudited)
	US$	US$
Assets		
Current assets		
Restricted cash	-	131,574,145
Prepayments & other receivables	47,074	330,392
Cash and cash equivalents	4,539,407	4,370,499
Total assets	**4,586,481**	**136,275,036**
Liabilities		
Current liabilities		
Redeemable Public Share Liabilities	-	124,223,418
Derivative financial instruments	-	4,303,886
Trade and other payables	50,125	3,075,710
Accruals	1,025,796	7,945,341
Total liabilities	**1,075,921**	**139,548,355**
Net assets/(liabilities)	**3,510,560**	**(3,273,319)**
Capital and reserves		
Called up share capital	-	31,171
Share/ Warrant subscription reserve	6,239,000	4,700,500
Warrant reserve	-	10,963,328
Accumulated losses	(2,728,440)	(18,968,318)
Total equity attributable to owners of the company	**3,510,560**	**(3,273,319)**

Statement of comprehensive income

	Period ended 30 June 2022	Nine months ended 31 March 2023 (unaudited)
	US$	US$
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(2,736,912)	(12,303,876)
Operating loss	**(2,736,912)**	**(12,303,876)**
Finance (expense)/ income	8,472	(3,134,413)
Loss on derivatives		(801,589)
Loss before tax	**(2,728,440)**	**(16,239,878)**
Taxation	-	-
Loss for the period	**(2,728,440)**	**(16,239,878)**
Other comprehensive income	-	-
Total comprehensive loss for the period	**(2,728,440)**	**(16,239,878)**

Statement of cash flows

	Period ended 30 June 2022 (audited) US$	Nine months ended 31 March 2023 (unaudited) US$
Cash flows from operating activities		
Loss before tax for the period	(2,728,440)	(16,239,878)
Adjustments for:		
Loss on derivatives	-	801,589
Finance (income)/expense	(8,472)	3,134,413
(Decrease)/increase in other receivables	(47,074)	(283,318)
Increase in trade and other payables and accruals	1,075,921	7,355,390
Net cash used in operating activities	(1,708,065)	(5,231,804)
Cash flows from investing activities		
Interest received	8,472	100,984
Net cash generated from investing activities	8,472	100,984
Cash flows from financing activities		
Issue of Public Shares	-	125,000,000
Issue of Sponsor Shares	-	31,250
Issue of Sponsor Warrants	-	9,109,750
Share issue costs settled during the period	-	(2,817,090)
Restricted cash	-	(131,574,145)
Interest on restricted funds	-	2,511,646
Sponsor loans and advance share/warrant subscriptions received	6,239,000	2,700,500
Net cash generated from financing activities	6,239,000	4,961,911
Net increase/(decrease) in cash and cash equivalents	**4,539,407**	**(168,909)**
Cash and cash equivalents as at beginning of the period	-	4,539,407
Cash and cash equivalents as at end of the period	**4,539,407**	**4,370,498**

SECTION B: THE MINING ENTITIES

For the historical financial information of the Mining Entities for the three year period ended 31 December 2022, please refer to "*Appendix II—Section B*", and for the accompanying report of the auditors of the Mining Entities, please refer to "*Appendix II—Section A*". For the unaudited interim condensed historical financial information of the Mining Entities for the three months ended 31 March 2023, please refer to "*Appendix II—Section C*". Selected historical financial information of the Mining Entities is included below.

Combined Statement of Financial Position

	As at 31 December			As at 31 March 2023
	2020	2021	2022	(unaudited)
	(in thousands of US$)			
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	20,058	57,660	31,992	47,071
Short-term investments	248	811	10,596	11,247
Trade receivables	4,508	10,866	35,329	15,599
Inventories	25,534	53,273	87,597	97,297
Recoverable taxes	11,008	15,543	19,199	19,692
Derivative financial asset	1,005	-	3,075	32,918
Other assets	7,565	2,843	3,852	4,050
TOTAL CURRENT ASSETS	**69,926**	**140,996**	**191,640**	**227,874**
NON-CURRENT ASSETS				
Deferred taxes	-	-	98,041	74,341
Recoverable taxes	7,704	5,381	9,170	9,043
Property, plant and equipment	210,118	195,817	201,640	205,772
Mineral properties	355,038	339,863	388,596	407,751
Intangible assets	1,221	1,664	1,523	1,462
Other assets	648	667	1,146	900

	As at 31 December			As at 31 March 2023 (unaudited)
	2020	2021	2022	
TOTAL NON-CURRENT ASSETS	**574,729**	**543,392**	**700,116**	**699,269**
TOTAL ASSETS	**644,655**	**684,388**	**891,756**	**927,143**
LIABILITIES				
CURRENT LIABILITIES				
Trade payables	36,140	21,612	46,677	36,819
Labour and social obligations	4,086	4,112	8,048	4,237
Borrowings	5,544	29,508	37,595	31,279
Amounts payable to related parties	101,265	-	-	-
Taxes payable	1,759	5,747	10,120	6,403
Royalties payable	1,815	2,681	5,029	4,045
Derivative financial liabilities	4,410	17,016	43,476	13,122
Provisions	-	1,868	-	-
Other liabilities	431	405	723	779
TOTAL CURRENT LIABILITIES	**155,450**	**82,949**	**151,668**	**96,684**
NON-CURRENT LIABILITIES				
Borrowings	36,820	128,344	82,937	82,254
Derivative financial liabilities	19,524	13,791	-	-
Amounts payable to related parties	79,916	96,975	47,139	48,339
Deferred taxes	60,327	48,827	42,836	42,047
Promissory note	10,000	10,466	11,238	11,512
Provisions	23,373	20,968	22,016	22,684
Other liabilities	1,177	263	386	277
TOTAL NON-CURRENT LIABILITIES	**231,137**	**319,634**	**206,552**	**207,113**
TOTAL LIABILITIES	**386,587**	**402,583**	**358,220**	**303,797**
NET PARENT INVESTMENT	**258,068**	**281,805**	**533,536**	**623,346**

Combined Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 (unaudited)	2023 (unaudited)
			(in thousands of US$)		
Revenue	115,604	276,204	477,899	102,776	126,750
Cost of products sold	(76,506)	(160,761)	(272,390)	(43,601)	(63,500)
Gross profit	**39,098**	**115,443**	**205,509**	**59,175**	**63,250**
General and administrative expenses	(42,928)	(59,702)	(71,482)	(14,427)	(17,747)
Other (expenses)/income, net	8,406	(5,408)	(2,469)	1,356	1,972
Operating income	**4,576**	**50,333**	**131,558**	**46,104**	**47,475**
Net finance income/(expense)	(57,637)	(43,136)	5,637	(45,142)	60,116
Profit/(loss) before taxation	**(53,061)**	**7,197**	**137,195**	**962**	**107,591**
Income tax	5,001	4,649	101,955	772	(25,486)
Net profit/(loss) for the period	**(48,060)**	**11,846**	**239,150**	**1,734**	**82,105**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods					
Currency translation adjustment	(92,483)	(15,625)	12,581	39,477	16,103
Total comprehensive income/(loss)	**(140,543)**	**(3,779)**	**251,731**	**41,211**	**98,208**

Combined Statement of Cash Flows

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 (unaudited)	2023 (unaudited)
			(in thousands of US$)		
OPERATING ACTIVITIES					
Income/(loss) before tax income/(expense)	(53,061)	7,197	137,195	962	107,591

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 (unaudited)	2023 (unaudited)
Adjustments to reconcile the income/(loss) for the period					
Net foreign exchange	28,556	15,126	(12,305)	(30,668)	(3,412)
Interest expense	4,227	12,159	16,798	3,515	4,737
Net change in fair value of derivatives	26,295	10,804	(12,091)	71,842	(62,432)
Depreciation and amortisation	35,788	59,999	88,132	18,875	23,028
Environmental and legal proceedings provisions	(1,546)	1,834	(1,943)	(21)	71
Net loss/(gain) on disposal of property, plant and equipment	(1,874)	4,319	(279)	550	337
Impairment/(reversal of impairment) of VAT credit	(5,201)	6,543	3,427	212	(1,231)
CHANGES IN ASSETS AND LIABILITIES					
Trade receivables	(3,388)	(4,389)	(37,122)	(55,417)	19,282
Inventories	(10,463)	(19,944)	(39,478)	(20,260)	(7,685)
Recoverable taxes	(5,279)	(3,006)	(12,676)	(941)	1,487
Other assets	6,386	3,626	(2,146)	(1,520)	(121)
Trade payables	(24,832)	(9,758)	27,654	3,573	(10,354)
Taxes payable	2,134	1,127	8,007	219	(3,804)
Other liabilities	(3,084)	2,333	8,350	7,058	(5,104)
Net cash flows from/(used in) operations	**(5,342)**	**87,970**	**171,523**	**(2,021)**	**62,390**
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	(72,285)	(20,018)	(12,333)	(1,782)	(3,590)
Acquisition of intangible assets	(729)	(846)	(204)	(25)	(20)
Acquisition of mineral properties	(45,324)	(55,878)	(93,860)	(12,181)	(26,622)
Proceeds from sale of property, plant and equipment	1,922	1,135	98	-	-
(Investment in)/receipts from short-term investments	139	(486)	(11,075)	(5,053)	(401)
Net cash flows used in investment activities	**(116,277)**	**(76,093)**	**(117,374)**	**(19,041)**	**(30,633)**
FINANCING ACTIVITIES					
Contributions from (to) parent	22,560	151	-	-	(8,398)
Proceeds from related party borrowings	115,170	19,291	10,209	10,083	-
Proceeds from borrowings with third parties	16,321	137,845	-	-	-
Repayment of related party borrowings	(14,149)	(107,839)	(66,495)	(4,050)	(228)
Repayment of third-party borrowings	(6,063)	(24,636)	(48,514)	(25,062)	(9,880)
Net cash (outflow)/inflow from derivatives	(1,078)	1,101	19,619	376	2,510
Net cash flows from (used in) financing activities	**132,761**	**25,913**	**(85,181)**	**(18,653)**	**(15,996)**
Net (decrease)/increase in cash and cash equivalents	**11,142**	**37,790**	**(31,032)**	**(39,715)**	**15,761**
Cash and cash equivalents at the beginning of the period	8,219	20,058	57,660	57,660	31,992
Effect of exchange rate changes on cash and cash equivalents	697	(188)	5,364	(4,396)	(682)
Cash and cash equivalents at the end of the period	**20,058**	**57,660**	**31,992**	**13,549**	**47,071**

SECTION C: AMH (JERSEY) LIMITED

For the audited financial statements of AMH (Jersey) Limited as at and for the year ended 31 December 2022, please refer to "*Appendix III—Section B",* and for the accompanying report of the auditor of AMH (Jersey) Limited, please refer to "*Appendix III—Section A".* For the unaudited interim financial statements of AMH (Jersey) Limited as at and for the three months ended 31 March 2023, please refer to "*Appendix III—Section C".* Selected historical financial information of the Company is included below.

Statement of Financial Position

As at 31 December

	31 December 2021	31 December 2022
	US$	US$
ASSETS		
Current Assets		
Cash	133,601	**110,892**
Loans receivable	40,203,933	**23,024,527**
Trade and other receivables	46,917	**-**
	40,384,451	**23,135,419**
TOTAL ASSETS	40,384,451	**23,135,419**
LIABILITIES		
Current Liabilities		
Trade and other payables	3,875,021	**3,486,719**
Shareholders' loan payables	46,178,158	**-**
	50,053,179	**3,486,719**
TOTAL LIABILITIES	50,053,179	**3,486,719**
EQUITY/(DEFICIENCY)		
Stated capital	1,000	**1,000**
Retained earnings/(deficit)	(9,669,728)	**19,647,700**
TOTAL EQUITY/(DEFICIENCY)	(9,668,728)	**19,648,700**
TOTAL EQUITY AND LIABILITIES	40,384,451	**23,135,419**

As at 31 March 2023 and 31 December 2022, condensed

	31 December 2022	31 March 2023
	US$	US$
ASSETS		
Current Assets		
Cash	110,892	106,923
Loans receivable	23,024,527	14,395,539
	23,135,419	14,502,462
TOTAL ASSETS	**23,135,419**	**14,502,462**
LIABILITIES		
Current Liabilities		
Trade and other payables	3,486,719	4,935,216
	3,486,719	**4,935,216**
TOTAL LIABILITIES	**3,486,719**	**4,935,216**
EQUITY		
Stated capital	1,000	1,000
Retained earnings/	19,647,700	9,566,246
TOTAL EQUITY	**19,648,700**	**9,567,246**
TOTAL EQUITY AND LIABILITIES	**23,135,419**	**14,502,462**

Statement of Income/(Loss) and Comprehensive Income/(Loss)

For the year ended 31 December

	For the year ended 31 December	
	2021	**2022**
	US$	**US$**
Other income		
Impairment gain		55,504,976
Interest income	1,686,869	-
Total other income	**1,686,869**	**55,504,976**
Expenses		
Operating expenses	(1,926,804)	(8,103,073)
Royalty expense	(7,373,053)	(7,814,618)
Gain/(loss) on foreign exchange	(4,900)	8,340
Total expenses	**(9,304,757)**	**(15,909,351)**
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(7,617,888)**	**39,595,625**

For the three months ended 31 March, condensed

	For the three months ended 31 March	
	2022	**2023**
	US$	**US$**
Expenses		
Operating expenses	(2,527,356)	(3,769,923)
Royalty expense	(37,155)	(2,243,437)
Loss on foreign exchange	(1,043)	(68,094)
Total expenses	**(2,565,554)**	**(6,081,454)**
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(2,565,554)**	**(6,081,454)**

Statement of Cash Flows

For the year ended 31 December

	For the year ended 31 December	
	2021	**2022**
	US$	**US$**
Cash flows from operating activities		
Net income/(loss) for the year	(7,617,888)	39,595,625
Interest income on loans receivable	(1,686,869)	-
Impairment gain		(55,504,976)
Changes in working capital:		
Increase/(decrease) in trade and other receivables	(29,339)	46,917
(Decrease)/increase in trade and other payables	2,811,634	(388,302)

Net cash used in operating activities	**(6,522,462)**	**(16,250,736)**
Cash flows from investing activities		
Receipt of loans receivable	15,702,040	72,684,382
Interest received	1,686,869	-
Net cash generated from investing activities	**17,388,909**	**72,684,382**
Cash flows from financing activities		
Shareholders' loan repayment	(10,742,144)	(46,178,158)
Dividends paid	-	(10,278,197)
Net cash used in financing activities	**(10,742,144)**	**(56,456,355)**
Net (decrease)/increase in cash	124,303	(22,709)
Cash at the beginning of the year	9,298	133,601
Cash at the end of the year	**133,601**	**110,892**

For the three months ended 31 March, condensed

	For the three months ended 31 March	
	2022	**2023**
	US$	**US$**
Cash flows from operating activities		
Net loss for the period	(2,565,554)	(6,081,454)
Changes in working capital:		
Increase in trade and other receivables	29,904	-
Increase/ (Decrease)/increase in trade and other payables	(1,464,028)	1,448,497
Net cash used in operating activities	**(3,999,678)**	**(4,632,957)**
Cash flows from investing activities		
Receipt of loans receivable	4,069,337	8,628,988
Net cash generated from investing activities	**4,069,337**	**8,628,988**
Cash flows from financing activities		
Dividends paid	-	(4,000,000)
Net cash used in financing activities	**-**	**(4,000,000)**
Net (decrease)/increase in cash	69,659	(3,969)
Cash at the beginning of the period	133,601	110,892
Cash at the end of the period	**203,260**	**106,923**

SECTION D: AMH 2 (JERSEY) LIMITED

For the (audited financial statements of AMH 2 (Jersey) Limited as at and for the year ended 31 December 2022, please refer to "*Appendix IV—Section B",* and for the accompanying report of the auditor of AMH 2 (Jersey) Limited, please refer to "*Appendix IV—Section A"*. For the unaudited interim financial statements of AMH 2 (Jersey) Limited as at and for the three months ended 31 March 2023, please refer to "*Appendix IV—Section C"*. Selected historical financial information of the Company is included below.

Statement of Financial Position

As at 31 December

	As at 31 December	
	2021	**2022**
	US$	**US$**
ASSETS		
Current Assets		
Trade and other receivables	593,081	1,092,013
	593,081	**1,092,013**
Non-Current Assets		
Financial assets at amortised cost	21,345,161	35,806,927
	21,345,161	**35,806,927**
TOTAL ASSETS	**21,938,242**	**36,898,940**
LIABILITIES		
Current Liabilities		
Shareholders loan	21,345,161	36,029,927
Trade and other payables	609,179	812,249
TOTAL LIABILITIES	**21,954,340**	**36,842,176**
EQUITY/(DEFICIENCY)		
Stated capital	1,000	1,000
Retained earnings/(deficit)	(17,098)	55,764
TOTAL EQUITY/(DEFICIENCY)	**(16,098)**	**56,764**
TOTAL EQUITY AND LIABILITIES	**21,938,242**	**36,898,940**

As at 31 March 2023 and 31 December 2022, condensed

	31 December 2022	31 March 2023
	US$	**US$**
ASSETS		
Current Assets		
Trade and other receivables	1,092,013	1,136,811
	1,092,013	**1,136,811**
Non-Current Assets		
Financial assets at amortised cost	35,806,927	37,264,214
	35,806,927	**37,264,214**
TOTAL ASSETS	**36,898,940**	**38,401,025**
LIABILITIES		
Current Liabilities		
Shareholders loan	36,029,927	37,478,214
Trade and other payables	812,249	850,515
TOTAL LIABILITIES	**36,842,176**	**38,328,729**
EQUITY/(DEFICIENCY)		
Stated capital	1,000	1,000
Retained earnings/(deficit)	55,764	71,296
TOTAL EQUITY/(DEFICIENCY)	**56,764**	**72,296**

TOTAL EQUITY AND LIABILITIES	**36,898,940**	**38,401,025**

Statement of Income/(Loss) and Comprehensive Income/(Loss)

For the period ended 31 December

	Period from 24 May 2021 to 31 December 2021 US$	Year ended 31 December 2022 US$
Other income		
Interest income	1,345,161	5,211,765
Other income	92,081	248,932
Total other income	**1,437,242**	**5,460,697**
Expenses		
Interest expense	(1,345,161)	(5,184,765)
Other expense	(109,179)	(203,070)
Total expenses	**(1,454,340)**	**(5,387,835)**
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(17,098)**	**72,862**

For the three months ended 31 March, condensed

	31 March 2022 US$	31 March 2023 US$
Other income		
Interest income	991,556	1,457,287
Other income	77,283	44,798
Total other income	**1,068,839**	**1,502,085**
Expenses		
Interest expense	(991,556)	(1,448,288)
Other expense	(23,683)	(38,265)
Total expenses	**(1,015,239)**	**(1,486,553)**
NET INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD	**53,600**	**15,532**

Statement of Cash Flows

For the period ended 31 December

	Period from 24 May 2021 to 31 December 2021 US$	Year ended 31 December 2022 US$
Cash flows from operating activities		
Net income / (loss) for the year / period	(17,098)	72,862
Interest income	(1,345,161)	(5,211,765)
Interest expense	1,345,161	5,184,765

Changes in working capital		
Increase in trade and other receivables	(592,081)	(248,932)
Increase in trade and other payables	609,179	203,070
Net cash used in operating activities	-	-
Net increase in cash	-	-
Cash at the beginning of the period	-	-
Cash at the end of the period	-	-

Non-cash transactions

The back-to-back loan of US$10,000,000 made during the year was transferred directly to MVV from ANRF II. There was no transfer of funds through the Company.

For the three months ended 31 March, condensed

	For the three months ended 31 March	
	2022	**2023**
	US$	**US$**
Cash flows from operating activities		
Net income for the period	53,600	15,532
Interest income	(991,556)	(1,457,287)
Interest expense	991,556	1,448,288
Changes in the working capital		
Increase in trade and other receivables	(77,284)	(44,798)
Increase in trade and other payables	23,684	38,265
Net cash used in operating activities	-	-
Net increase in cash	-	-
Cash at the beginning of the period	-	-
Cash at the end of the period	-	-

PART VI

CAPITALISATION AND INDEBTEDNESS OF THE COMPANY

Capitalisation

The following table sets out the Company's capitalisation as at 31 March 2023 and has been extracted without material adjustment from the unaudited management accounts of the Company as at that date.

	31 March 2023 (US$)
Total Current Debt	124,223,418
Guaranteed	-
Secured	124,223,418
Unguaranteed/Unsecured	-
Total Non-Current Debt	-
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
Total Debt	**124,223,418**
	(US$)
Shareholder Equity	
Share Capital	31,171
Share Premium	-
Other Reserves	12,935,388
Total	**12,966,559**

As at 31 May 2023, being the latest practicable date prior to the publication of this Document, there has been no material change in the capitalisation of the Company since 31 March 2023.

Indebtedness

The following table sets out the Company's indebtedness as 31 March 2023 and has been extracted without material adjustment from the unaudited management accounts of the Company as at that date:

		31 March 2023 (US$)
A	Cash (see note 1)	4,370,499
B	Cash equivalents	-
C	Other current financial assets	-
D	**Liquidity** (A) + (B) + (C)	**4,370,499**
E	Current financial debt (including debt instruments, but excluding current portion	124,223,418
F	Current portion of non-current financial debt	-
G	**Current financial indebtedness** (E) + (F)	**124,223,418**
H	**Net current financial indebtedness** (G) – (D)	119,852,919
I	Non-current financial debt (excluding current portion and debt instruments)	-
J	Debt instruments	-
K	Non-current trade and other payables	-
L	**Non-current financial indebtedness** (I) + (J) + (K)	-
M	**Total financial indebtedness** (H) + (L)	**119,852,919**

As at 31 March 2023, the Company had no indirect or contingent indebtedness.

As at 31 May 2023, being the latest practicable date prior to the publication of this Document, there has been no material change in the indebtedness of the Company since 31 March 2023.

Notes

1. The cash balance excludes restricted cash held in escrow.

.

PART VII

CAPITALISATION AND INDEBTEDNESS OF THE MINING ENTITIES

Capitalisation

The following table sets out the Mining Entities' capitalisation as at 31 March 2023 and has been extracted without material adjustment from the unaudited interim combined condensed financial information of the Mining Entities as at that date.

	31 March 2023 (US$ thousands)
Total Current Debt	**31,279**
Guaranteed	31,279
Secured	-
Unguaranteed/Unsecured	-
Total Non-Current Debt	**142,105**
Guaranteed	82,254
Secured	-
Unguaranteed/Unsecured	59,851
Total Debt	**173,384**
Net Parent Investment	**623,346**
Total	**796,730**

As at 31 May 2023, being the latest practicable date prior to the publication of this Document, there has been no material change in the capitalisation of the Mining Entities since 31 March 2023.

Indebtedness

The following table sets out the Mining Entities' indebtedness as at 31 March 2023 and has been extracted without material adjustment from the unaudited interim combined condensed financial information of the Mining Entities as at that date.

		31 March 2023 (US$ thousands)
A	Cash	-
B	Cash equivalents	47,071
C	Other current financial assets[(1)]	44,165
D	**Liquidity** (A) + (B) + (C)	**91,236**

E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	-
F	Current portion of non-current financial debt	31.279
G	**Current financial indebtedness** (E) + (F)	**31,279**
H	**Net current financial indebtedness** (G) – (D)	**(59,957)**
I	Non-current financial debt (excluding current portion and debt instruments)[(2)]	11,512
J	Debt instruments[(3)]	82,254
K	Non-current trade and other payables[(4)]	48,339
L	**Non-current financial indebtedness** (I) + (J) + (K)	**142,105**
M	**Total financial indebtedness** (H) + (L)	**82,148**

_____

Notes:

(1) Other current financial assets as at 31 March 2023 comprise short-term investments of US$11,247 thousand and derivative financial assets of US$32,918 thousand.

(2) Non-current financial debt as at 31 March 2023 refers to promissory note.

(3) Debt instruments as at 31 March 2023 refers to borrowings.

(4) Non-current trade and other payables refers to accounts payable to related parties.

As at 31 March 2023, the Mining Entities had no indirect or contingent indebtedness.

As at 31 May 2023, being the latest practicable date prior to the publication of this Document, there has been no material change in the indebtedness of the Mining Entities since 31 March 2023.

PART VIII

OPERATING AND FINANCIAL REVIEW OF THE MINING ENTITIES

Overview

The Mining Entities' primary assets include two producing large-scale, modern, mechanised open pit mines: the Santa Rita mine located in the state of Bahia, Brazil, and the Serrote mine located in the state of Alagoas, Brazil. In addition to the on-site offices and operations, an in-country head office is maintained in Belo Horizonte, Minas Gerais.

The Santa Rita mine is one of the few nickel sulphide mines and one of the larger open pit nickel sulphide operations in the world today. It is a long-lived asset that produces a nickel concentrate with copper, cobalt, gold, and platinum group metal by-products. Since the resumption of operations in 2019, the Santa Rita mine has operated with a defensive cost profile, achieving first quartile C1 cost performance based on Wood Mackenzie's 2023 nickel industry C1 cash cost curve on a by-product basis. Mining at Santa Rita currently employs open pit methods with Proven Mineral Reserve and Probable Mineral Reserve of 34.8 Mt at grades of 0.31% NiS and 0.11% Cu. The Competent Person's Report on the Santa Rita mine states that Atlantic Nickel could employ underground mining methods to mine additional Mining Resource at depth, which currently consist of 105.9 Mt of Indicated Mineral Resource at grades of 0.54% NiS and 0.18% Cu and 130.9 Mt of additional Inferred Mineral Resource at grades of 0.54% NiS and 0.17% Cu. The Santa Rita mine's production plan targets a processing throughput of 6.5 Mtpa. The planned mine life consists of approximately 34 years (six years of production from the open pit and 28 years of production from underground operations). The Mining Entities have not yet made a production decision with respect to the underground mining at Santa Rita. As of 31 December 2022, in total, Atlantic Nickel holds 37 mineral rights (two mining concessions for nickel, three applications for mining concessions for nickel and 32 exploration licences for nickel) throughout the Santa Rita property area, collectively covering 40,286 ha.

The Serrote mine is a recently constructed mine that produces a copper concentrate with gold as a by-product. Construction of the mine was completed in May 2021 ahead of schedule and under budget. The Serrote mine's first sale of concentrate was made in of 2021 and, as of 1 February 2023, eight shipments have been successfully completed. The Serrote mine has an estimated mine life of 14 years. Mining on site is focused on an open pit with Proven Mineral Reserve and Probable Mineral Reserve of 46.7 Mt at grades of 0.58% Cu and 0.10 g/t Au that is contained within a larger Measured Mineral Resource and Indicated Mineral Resource of 94.7 Mt at grades of 0.54% Cu and 0.10 g/t Au and Indicated Mineral Resource of 35.3 Mt at grades of 0.53% Cu and 0.08 g/t Au. Several organic growth opportunities have been identified at the Serrote mine including the potential mining of Mineral Resource not already included in the mine's Mineral Reserve, de-bottlenecking and productivity opportunities, processing of oxide materials currently being stockpiled at the mine, and near-mine resource potential at Caboclo, the project in the advanced exploration stage. In total, MVV holds eight mineral rights (one mining concession for gold, copper and iron ore, two applications for mining concessions for copper and five exploration licences for gold, copper and iron ore) throughout the Serrote property area covering 11,505 ha.

Basis for Preparation of the Combined Historical Financial Information

The Mining Entities' combined historical financial information for the three years period ended 31 December 2022 (the "**Combined Historical Financial Information**") has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").

The Combined Historical Financial Information has been prepared solely for the purpose of the Mining Entities' proposed acquisition by the Company and the inclusion of such Combined Historical Financial Information in this Document.

The Mining Entities' Combined Historical Financial Information represents the combined financial position, combined financial performance and combined cash flows for the three-year period ended 31 December 2022. The Combined Historical Financial Information has been prepared from the accounting records of Mirabela, Atlantic Nickel, Serrote and MVV and reflects the combined cash flows, revenues, expenses, assets, and liabilities of these individual legal entities. All companies were under common control during the three years as presented in the Combined Historical Financial Information. All transactions and balances between the individual legal entities within the Mining Entities have been eliminated on combination, in accordance with the principles of IFRS 10 *Consolidated Financial Statements*.

Given there is no group tax consolidation in the country where the entities forming the Mining Entities operate, each entity is assessed as a stand-alone taxpayer and thus the income tax balances (current and deferred) are presented on an entity-by entity-basis.

Because the separate legal entities that comprise the Mining Entities were not and are not held by a single legal entity, net parent investment is shown in lieu of shareholders' equity in the Combined Historical Financial Information. Net parent investment represents the cumulative net investment by the common control shareholder, ANRH Coöperatief U.A., during the periods presented. The impact of transactions between the Mining Entities and the common control shareholder that were not historically settled in cash, including certain intercompany borrowings, are also included in net parent investment.

As the Mining Entities did not operate as a stand-alone group of entities in the past, the Combined Historical Financial Information may not be indicative of the Mining Entities' future performance and does not necessarily reflect what the combined results of operations, financial position and cash flows would have been had the Mining Entities operated as a standalone group of entities during the periods presented.

The accounting policies and measurement principles that have been applied in preparing the Combined Historical Financial Information are those that reflect the operational businesses of the Mining Entities most appropriately and have been consistently applied for all periods presented.

Basis for Preparation of the Unaudited Interim Condensed Combined Financial Information

The unaudited interim condensed combined financial information (the "**Unaudited Interim Condensed Combined Financial Information**") for the three-month period ended 31 March 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Unaudited Interim Condensed Combined Financial Information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Mining Entities' Combined Historical Financial Information.

The accounting policies adopted in the preparation of the Unaudited Interim Condensed Combined Financial Information are consistent with those followed in the preparation of the Combined Historical Financial Information, except for the adoption of new standards effective as at 1 January 2023.

The Mining Entities have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the Interim Condensed Combined Financial Information.

Functional and Presentation Currency

The Combined Historical Financial Information and Unaudited Interim Condensed Combined Financial Information are measured using the currency of the primary economic environment in which the Mining Entities operate ("**functional currency**"), which is the Brazilian real. For presentation purposes, the Combined Historical Financial Information and Unaudited Interim Condensed Combined Financial Information are presented in U.S. dollars.

Transactions in foreign currencies are initially recorded by the Mining Entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the combined statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

The results and financial position of the Mining Entities in the functional currency (Brazilian real) are translated into the presentation currency (U.S. dollars) as follows: assets and liabilities are translated into U.S. dollars at foreign exchange rates ruling at the combined statement of financial position date; and the income and expenses of the Mining Entities are translated into U.S. dollars at average exchange rates unless these do not approximate the foreign exchange rates ruling at the dates of the transactions, in which case, income and expenses are translated at the dates of the transactions.

All resulting exchange differences are recognised in other comprehensive income, within the combined statement of profit or loss and other comprehensive income.

Segment Information

Mirabela's and Serrote's sources of income are derived from Atlantic Nickel's and MVV's operations, respectively. The operating results of Atlantic Nickel and MVV are monitored separately.

The Mining Entities have two reportable segments being: (i) Santa Rita: production and sale of nickel and secondary metals concentrate (metal in concentrate) (the "**Santa Rita segment**"); and (ii) Serrote: production and sale of copper and secondary metals concentrate (metal in concentrate) (the "**Serrote segment**").

Key Factors Affecting Results of Operations

Significant Expansion of Mining Operations at the Santa Rita Mine, the Commencement of Mining Operations at the Serrote Mine in 2021 and Significant Expansion of Mining Operations at the Serrote Mine in 2022

The following table presents certain information on increases in production and sales at the Santa Rita and Serrote mines in the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

		Year ended 31 December			Three months ended 31 March	
	Unit	2020	2021	2022	2022	2023
Santa Rita mine						
Total material mined	Mt	17.6	23.5	37.2	7.2	10.7
Plant feed	Mt	4.5	6.0	6.6	1.5	1.7
Nickel sulphide concentrate produced	kdmt	66	108	117	28	29
Payable nickel sold	kt	6.8	12.4	13.1	2.1	3.2
Serrote mine						
Total material mined	Mt	-	6.3	11.0	3.0	3.5
Plant feed	Mt	-	1.2	3.5	0.6	1.0
Copper concentrate produced	kdmt	-	16	85	12	28
Payable copper sold	kt	-	1.9	17.3	1.9	4.9

Sources:

*For Santa Rita mine's (i) plant feed and (ii) nickel sulphide concentrate produced in 2020, 2021 and 2022 – Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil ("**CPR Santa Rita**"), pages 13-7 to 13-8. For Santa Rita mine's (i) plant feed and (ii) nickel sulphide concentrate produced in the three months ended 31 March 2023 – Atlantic Nickel, Performance Summary, March 2023. For Santa Rita mine's total material mined– Atlantic Nickel, Performance Summary, March 2023. The amount of payable nickel sold is calculated from actual invoices.*

*For Serrote mine's (i) plant feed and (ii) copper concentrate produced in 2021 and 2022– Competent Person's Report on the Serrote Mine, Alagoas, Brazil ("**CPR Serrote**"), page 17-17. For Serrote mine's (i) plant feed and (ii) copper concentrate produced in the three months ended 31 March 2023 – MVV – Open Pit Performance Summary, March 2023. For Serrote mine's total material mined in 2021 – Appian Capital Advisory LLP, Lenders Report, December 2022. For Serrote mine's total material mined in 2022 and the three months ended 31 March 2022 – MVV – Open Pit Performance Summary for 12 months 2022. For Serrote mine's total material mined in the three months ended 31 March 2023 – MVV – Open Pit Performance Summary, March 2023. The amount of payable copper sold is calculated from actual invoices.*

In October 2019, Atlantic Nickel restarted the processing plant at Santa Rita and the first nickel sulphide concentrate sales were made in January 2020. As can be seen from the table above, there was a large increase in all production and sales volumes in 2021 as compared to 2020 at Santa Rita, followed by a smaller increase in all such volumes (other than in the total material mined) in 2022 as compared by 2021. With respect to total material mined, its volume increased by 33.5% in 2021 as compared to 2020 and by 58.3% in 2022 as compared to 2021 as mining operations at Santa Rita were ramped up from very low volumes at the re-start of mining in 2019 to full capacity in 2022. These significant increases in production and the consequent increases in sales of payable nickel and other payable metals had a positive impact on Atlantic Nickel's, the Santa Rita segment's and the Mining Entities' revenue from contracts with customers and also led to an increase in the costs of products sold. The large increase in total material mined in 2022 as compared to 2021 also contributed to a significant increase in Atlantic Nickel's and the Santa Rita segment's cost of product sold as well as Atlantic Nickel's C1 costs and especially all-in sustaining costs ("**AISC**") between the two years, as further discussed below. C1 costs include direct costs, which include costs incurred in mining and processing, plus site general and administrative expenses, transportation and shipping costs and treatment charges and refining charges, net of by-product credits. C1 costs are tracked per pound of payable nickel (for Atlantic Nickel) or copper (for MVV). C1 costs track the cost performance of the operation and can be compared against market pricing for nickel and copper to understand the margin the operations are realising. AISC include all C1 costs as well as allocated corporate general and administrative expenses, royalty payments and sustaining capital expenditure and is tracked per pound of payable

nickel (for Atlantic Nickel) or copper (for MVV). AISC tracks the cost performance of the operation and can be compared against market pricing for nickel and copper to understand the margin the operations are realising.

Mining operations at the Serrote mine commenced in June 2021. Accordingly, MVV or the Serrote segment had no revenue from contracts with customers, cost of product sold, C1 costs or AISC in 2020. As can be seen from the table above, there was a large increase in all of MVV's production and sales volumes in 2022 as compared to 2021. With respect to total material mined, its volume increased by 74.6% in 2022 as compared to 2021 as mining operations at the Serrote mine were ramped up from low volumes at the commencement of mining in June 2021 to full capacity in the end of 2022. The increase in production and sales volumes had a positive impact on MVV's, the Serrote segment's and the Mining Entities' revenue from contracts with customers and also led to an increase in the costs of products sold. Due to the significantly increased scale of mining operations at the Serrote mine in 2022 as compared to 2021, when mining operations at the Serrote mine were first launched, MVV was able to significantly reduce its C1 costs and AISC over this period.

Changes in Commodity Prices and, in Particular, Prices of Nickel and Copper

Changes in commodity prices have a significant impact on the Mining Entities' results of operations, with commodity prices impacted by the balance of supply and demand for relevant commodities. The balance of supply and demand may be driven by many factors including the availability and cost of substitute products, currency exchange rates, metal inventory levels, the cyclicality of consumption, actions of other mining companies and participants in the commodities markets, national tariffs, general global, regional and local economic activity or other international macroeconomic and geopolitical events.

Sales of nickel and copper comprise most of the Mining Entities' revenue and, as such, changes in realised nickel and copper prices generally have a greater impact on the Mining Entities' performance than changes in realised prices of other precious or base metal commodities.

The following table presents average realised prices for (i) nickel and copper from the Santa Rita mine and (ii) copper from the Serrote mine, in each case for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

		Year ended 31 December			Three months ended 31 March	
	Unit	2020	2021	2022	2022	2023
Atlantic Nickel/the Santa Rita mine						
Average realised nickel price	US$/lb Ni	6.45	8.69	12.04	14.52	12.92
Average realised copper price	US$/lb Cu	2.82	4.40	3.73	4.21	4.28
MVV/the Serrote mine						
Average realised copper price	US$/lb Cu	-	4.76	3.79	4.87	4.28

Average realised nickel price with respect to sales of payable nickel from Santa Rita increased by 34.7% in 2021 as compared to 2020 and by 38.6% in 2022 as compared to 2021. These increases in the average realised nickel prices had a positive impact on the Santa Rita segment's revenue. The increase in revenue of the Santa Rita segment from US$256.3 million in 2021 to US$329.6 million in 2022 was principally due to this 34.7% increase in the average realised nickel price. In contrast, average realised copper price with respect to sales of payable copper from the Serrote mine decreased by 20.4% in 2022 as compared to 2021 and by 12.1% in the three months ended 31 March 2023 as compared to the three months ended 31 March 2022, which had a negative impact on the Serrote segment's revenue in 2022 and the three months ended 31 March 2023.

On 30 November 2019, Atlantic Nickel signed an offtake agreement with Trafigura PTE Ltd ("**Trafigura**"). The offtake agreement includes certain put and call options linked to the underlying nickel price. The options represent fixed-quantity tranches each with a set expiry date. The first tranche expired in October 2020 and last tranche will expire in July 2023. The options are linked to the global nickel price and are characterised as: (i) put options with a strike price of US$13,000/t; and (ii) call options with a strike price of US$17,000/t. In June 2020, Atlantic Nickel negotiated an amendment to the offtake agreement with Trafigura that eliminated the put options. Since the commencement of the agreement, to the extent that the call options are in the money at the time of settlement, Atlantic Nickel has settled these options concurrently with the sale of nickel concentrate. The Mining Entities, therefore, record the revenue from these sales net of the realised derivative position and, in turn, the associated liability is decreased through profit or loss as finance income under net finance income/(expense), given the

obligation to settle the option is liquidated upon sale. The net effect of the change in fair value and liquidation of the call options of these derivatives on the Mining Entities profit or loss was a loss of US$7.0 million in 2022, a loss of US$10.1 million in 2021 and a loss of US$26.2 million in 2020.

In 2021, the Mining Entities entered into derivative financial instrument transactions to reduce their exposure to the nickel and copper prices through non-deliverable forwards. The effect of this derivative on the Mining Entities' profit or loss was a gain of US$14.8 million in 2022, while the cash effect of this derivative was a receipt of US$17.5 million in 2022.

In January 2023, the Mining Entities entered into derivative financial instruments with ING Capital Markets LLC. These derivatives are a commodity swap transaction (cash settlement) for copper prices, priced on the London Metal Exchange. Altogether, the swap covers 6,066 thousand tonnes of copper, with maturities starting in March 2023 and ending in February 2024. The fixed price is US$9,200 per metric tonne.

The changes in commodity prices directly affect the profitability of the two reportable segments of the Mining Entities. In 2022, when mining operations at both the Santa Rita mine and the Serrote mine were fully ramped up, the Santa Rita segment's ratio of profit before taxation to revenue was equal to 30.1%, while the Serrote segment's ratio of profit before taxation to revenue was equal to 25.7%. This difference is, in part, attributable to the fact that while average realised nickel price at the Santa Rita segment increased from US$8.54 per pound of nickel in 2021 to US$11.50 per pound of nickel in 2022, average realised copper price at the Serrote segment decreased from US$4.27 per pound of copper in 2021 to US$3.96 per pound of copper in 2022.

Factors Affecting Increases in Costs of Production, C1 Costs and AISC for Atlantic Nickel and Decreases in C1 Costs and AISC for MVV

For Atlantic Nickel, which accounts for all costs of production of the Santa Rita segment, costs of production increased by 119.8% in 2021 as compared to 2020 (from US$62.2 million in 2020 to US$136.8 million in 2021) and by 21.1% in 2022 (when they amounted to US$165.7 million) as compared to 2021. At the same time, Atlantic Nickel's C1 costs (see the discussion of what constitute C1 costs above) increased from US$2.80 per pound of payable nickel in 2020 to US$3.24 per pound of payable nickel in 2021 (or by 15.7%) and then further increased to US$4.13 per pound of payable nickel in 2022 (or by 27.5%). Atlantic Nickel's AISC (see the discussion of what constitute AISC above) increased from US$5.20 per pound of payable nickel in 2020 to US$5.21 per pound of payable nickel in 2021 (or by 0.2%) and then further increased to US$7.83 per pound of payable nickel in 2022 (or by 50.3%).

The following table provides information on how Atlantic Nickel's C1 costs per pound of payable nickel produced is calculated for the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	**2021**	**2022**
	(in thousands of US$, unless stated otherwise)		
Cost of production[(1)]	62,224	136,796	165,664
By-product credits[(2)]	(20,508)	(52,142)	(43,372)
C1 costs	41,716	84,654	122,293
Nickel payable pounds produced (*in pounds*)	14,916	26,096	29,611
C1 costs per pound of payable nickel produced *(in US$ per pound)*	**2.80**	**3.24**	**4.13**

Notes:

(1) Cost of production means all costs related to the production of payable nickel contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs; and treatment and refining charges.

(2) By-product credits means the credits related to all metals other than the core metal of Atlantic Nickel, which is nickel.

The following table provides information on how Atlantic Nickel's AISC per pound of payable nickel produced is calculated for the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	**2021**	**2022**
	(in thousands of US$, unless stated otherwise)		

	Year ended 31 December		
	2020	**2021**	**2022**
Cost of production[(1)]	62,224	136,796	165,664
By-product credits[(2)]	(20,508)	(52,142)	(43,372)
Royalties	5,786	13,646	18,799
Corporate administrative expenses[(3)]	(4,703)	(7,373)	(7,489)
Sustaining capital expenditures[(4)]	25,430	30,294	83,175
AISC	**77,628**	**135,986**	**231,765**
Nickel payable pounds produced (*in thousand pounds*)	14,916	26,096	29,611
AISC per pound of payable nickel produced *(in US$ per pound)*	**5.20**	**5.21**	**7.83**

Notes:

(1) Cost of production means all costs related to the production of payable nickel contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs; and treatment and refining charges.

(2) By-product credits means the credits related to all metals other than the core metal of Atlantic Nickel, which is nickel.

(3) Calculated as "general and administrative expenses" incurred by the head office of the Mining Entities in Belo Horizonte in the state of Minas Gerais that were allocated to Atlantic Nickel.

(4) Sustaining capital expenditures are capital expenditures necessary to maintain the existing mining operations, such as mine site restoration and equipment replacement and refurbishment.

One factor contributing to the significant growth in Atlantic Nickel's costs of products sold, C1 costs and AISC in 2022 as compared to 2021 was the large increase in total material mined in 2022 at the Santa Rita mine as compared to 2021. The volume of total material mined over this period increased by 58.4% as compared to a 13.5%increase in the volume of payable nickel produced by Atlantic Nickel in 2022 as compared to 2021.

The principal reason for the large increase in Atlantic Nickel's AISC in 2022 as compared to 2021 was the increase in sustaining capital expenditures from US$1.16 per pound of payable nickel in 2021 to US$2.81 per pound of payable nickel in 2022. Sustaining capital expenditures are capital expenditures necessary to maintain the existing mining operations, such as mine site restoration and equipment replacement and refurbishment.

The large increase in Atlantic Nickel's sustaining capital expenditures in 2022 as compared to 2021 was principally due to the large increase in deferred mine stripping costs, which increased from US$6.7 million in 2021 to US$61.3 million in 2022.

For MVV, cost of production increased by 259.5% in 2022 as compared to 2021. At the same time, MVV's C1 costs decreased from US$3.17 per pound of payable copper in 2021 to US$1.73 per pound of payable copper in 2022 (or by 45.4%). MVV's AISC decreased from US$4.19 per pound of payable copper in 2021 to US$2.18 per pound of payable copper in 2022 (or by 48.0%).

The following table provides information on how MVV's C1 costs per pound of payable copper produced is calculated for the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	**2022**
	(in thousands of US$, unless stated otherwise)	
Cost of production[(1)]	23,519	84,540
By-product credits[(2)]	(1,413)	(12,499)
C1 costs	**22,106**	**72,041**
Copper payable pounds produced (*in thousand pounds*)	6,977	41,687
C1 costs per pound of payable copper produced *(in US$ per pound)*	**3.17**	**1.73**

Notes:

(1) Cost of production means all costs related to the production of payable copper contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs;

and treatment and refining charges.

(2) By-product credits means the credits related to all metals other than the core metal of MVV, which is copper.

The following table provides information on how MVV's AISC per pound of payable copper produced is calculated for the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	2022
	(in thousands of US$, unless stated otherwise)	
Cost of production[1]	23,519	84,540
By-product credits[2]	(1,413)	(12,499)
Royalties	610	4,852
Corporate administrative expenses[3]	3,304	5,044
Sustaining capital expenditures[4]	3,242	8,842
AISC	**29,262**	**90,778**
Copper payable pounds produced (*in thousand pounds*)	6,977	41,687
AISC per pound of payable copper produced *(in US$ per pound)*	**4.19**	**2.18**

Notes:

(1) Cost of production means Cost of production means all costs related to the production of payable copper contained in the concentrate including processing and mining costs associated with the ore fed to the processing plant; onsite administrative expenses; transport and shipping costs; and treatment and refining charges.

(2) By-product credits means the credits related to all metals other than the core metal of MVV, which is copper.

(3) Calculated as "general and administrative expenses" incurred by the head office of the Mining Entities in Belo Horizonte in the state of Minas Gerais that were allocated to MVV.

(4) Sustaining capital expenditures are capital expenditures necessary to maintain the existing mining operations, such as mine site restoration and equipment replacement and refurbishment.

The relatively smaller increase in MVV's cost of production (as compared to the volume of payable copper produced) in 2022 as compared to 2021 and its lower C1 costs and AISC in 2022 as compared to 2021 were principally due to the significantly increased scale of mining operations (and MVV's ability to benefit from the economies of scale) at the Serrote mine in 2022 as compared to 2021, when mining operations at the Serrote mine were just being launched.

Foreign Exchange

The Mining Entities report in U.S. dollars. Their cost base at the Santa Rita and Serrote mines in relation to mining, processing and site services costs are primarily denominated in Brazilian *reais*. However, metal prices, which drive the Mining Entities' revenues are in U.S. dollars. Some selling costs, such as treatment and refining charges, shipping and fuel are also denominated in U.S. dollars. In addition, borrowings by both Atlantic Nickel and MVV are denominated in U.S. dollars.

Accordingly, an appreciation of Brazilian real against the U.S. dollar increases the Mining Entities' reported Brazilian real-denominated costs and expenses in U.S. dollar terms reducing profitability in the year. Conversely, depreciation of the Brazilian real against the U.S. dollar decreases the Mining Entities' reported Brazilian real-denominated costs and expenses in U.S. dollar terms, increasing profitability in the year.

Net foreign exchange gains of the Mining Entities were lower by US$27.3 million in the three months ended 31 March 2023 as compared to the three months ended 31 March 2022 principally due to foreign exchange gains on borrowings, promissory note and amounts payable to related party in the amount of US$4.9 million in the three months ended 31 March 2023 as compared to foreign exchange gains on borrowings, promissory note and amounts payable to related party in the amount of US$41.9 million in the three months ended 31 March 2022.

Foreign exchange movements had a positive impact on the Mining Entities' net financial results in 2022 as compared to 2021 principally because the Mining Entities had foreign exchange gains on borrowings in the amount of US$17.8 million in 2022 as compared to foreign exchange losses on borrowings in the amount of US$15.7 million in 2021.

Foreign exchange losses of the Mining Entities were lower in 2021 as compared to 2020 principally due to lower foreign exchange losses on borrowings (by US$12.8 million). The impact of this factor was partially offset by lower (by US$0.6 million) foreign exchange gains on foreign bank deposit accounts, trade receivables and payables in 2021 as compared to 2020.

The impact of foreign exchange movements may be mitigated by entering into derivative financial instruments. The Mining Entities have certain derivatives in place to reduce their exposure to movements in the U.S. dollar. In 2020, the Mining Entities entered into European-style put options, which had maturities between January 2021 and May 2021. The premium paid (notional) in relation to such options was US$2.1 million. The effect of this derivative on the Mining Entities profit or loss was nil in 2022, loss in the amount of US$1.0 million in 2021 and loss in the amount of US$0.1 million in 2020. In 2021, the Mining Entities entered into foreign exchange non-deliverable forwards. The effect of this derivative on the Mining Entities profit or loss was a gain of US$4.3 million in 2022 and US$0.3 million in 2021, while the cash effect of this derivative was a receipt of US$2.2 million in 2022 and US$1.1 million in 2021.

Large Increase in Income Tax Credit in 2022

In 2022, the Mining Entities' recognised an income tax credit in the amount of US$102.0 million (as compared to an income tax credit in the amount of US$4.6 million in 2021). This large income tax credit had a significant positive effect of the Mining Entities' net profit for the year in 2022. The principal reason for this increase in income tax credit in 2022 as compared to 2021 was that, in 2022, the Mining Entities have recognised deferred tax assets in the amount of US$119.2 million, following ramp-up phases of the Santa Rita mine's and Serrote mine's operations and commodity price environment.

Recent Developments

In the five months ended 31 May 2023, the Santa Rita mine produced 6.2 kt of nickel in concentrate. Atlantic Nickel shipped 6.3 kdmt of nickel in concentrate in that period (containing 5.3 kt of payable nickel in concentrate after applying the payable rate to nickel in concentrate).

In the five months ended 31 May 2023, the Serrote mine produced 11.2 kt of copper in concentrate. MVV shipped 10.8 kdmt of copper in concentrate in that period (containing 10.3 kt of payable copper in concentrate after applying the payable rate to copper in concentrate).

Results of Operation

The following table presents the Mining Entities' combined statements of profit or loss data in the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022** *(unaudited)*	**2023** *(unaudited)*
			(in thousands of US$)		
Revenue	115,604	276,204	477,899	102,776	126,750
Cost of products sold	(76,506)	(160,761)	(272,390)	(43,601)	(63,500)
Gross profit	**39,098**	**115,443**	**205,509**	**59,175**	**63,250**
General and administrative expenses	(42,928)	(59,702)	(71,482)	(14,427)	(17,747)
Other (expenses)/income, net	8,406	(5,408)	(2,469)	1,356	1,972
Operating income	**4,576**	**50,333**	**131,558**	**46,104**	**47,475**
Net finance income/(expense)	(57,637)	(43,136)	5,637	(45,142)	60,116
Profit/(loss) before taxation	**(53,061)**	**7,197**	**137,195**	**962**	**107,591**
Income tax	5,001	4,649	101,955	772	(25,486)
Net profit/(loss) for the period	**(48,060)**	**11,846**	**239,150**	**1,734**	**82,105**

Three Months Ended 31 March 2023 Compared to Three Months Ended 31 March 2022

Revenue from contracts with customers comprises the sale of nickel and copper concentrates at prices related to the quotations of nickel and copper contained in the concentrates on the London Metal Exchange and quotations of secondary metals contained in the concentrates such as cobalt, gold, platinum and palladium. The transaction

prices are determined by the prevailing commodity prices discounted by the treatment and refining charges (performed by the off-takers), given that the Mining Entities are not responsible for such services.

The following table presents the Mining Entities' revenue from contracts with customers in the three months ended 31 March 2022 and 2023.

	Three Months ended 31 March	
	2022 *(unaudited)*	**2023** *(unaudited)*
	(in thousands of US$)	
Revenue from sale of nickel	68,332	90,372
Revenue from sale of copper	24,976	54,789
Revenue from sale of gold	1,557	4,979
Revenue from sale of cobalt	2,048	777
Revenue from sale of platinum	843	1,253
Revenue from sale of palladium	1,187	888
Unrealised price adjustments	14,043	(8,407)
Less cost of treatment and refinement deductible on sales[(1)]	(10,210)	(17,901)
Revenue from contracts with customers	**102,776**	**126,750**

Note:

(1) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

The Mining Entities' revenue from contracts with customers increased by US$24.0 million, or 23.3%, from US$102.8 million in the three months ended 31 March 2022 to US$126.8 million in the three months ended 31 March 2023. The principal reasons for this increase were the increases in revenue from sale of copper in the amount of US$29.8 million and in revenue from sale of nickel in the amount of US$22.0 million. The impact of these two factors was partially offset by the change from US$14.0 million gain from unrealised price adjustments in the three months ended 31 March 2022 to US$8.4 million loss from unrealised price adjustments in the three months ended 31 March 2023.

The principal reason for the increase in revenue from sale of copper from US$25.0 million in the three months ended 31 March 2022 to US$54.8 million in the three months ended 31 March 2023 was the increase in payable copper sold by MVV from 1.9 kt in the three months ended 31 March 2022 to 4.9 kt in the three months ended 31 March 2023, the impact of which was partially offset by the decrease in MVV's average realised copper price from US$4.87 per pound in the three months ended 31 March 2022 to US$4.28 per pound in the three months ended 31 March 2023. Such an increase in payable copper sold in the three months ended 31 March 2023 as compared to the three months ended 31 March 2022 is due to the fact that the construction of the Serrote mine was only completed in late May and the mine has not reached its full capacity until September 2022. In the three months ended 31 March 2023, the Serrote mine was operating at full capacity and it produced 6.7 kt of copper in concentrate. MVV shipped 5.2 kdmt of copper in concentrate in that period (containing 4.9 kt of payable copper in concentrate after applying the payable rate to copper in concentrate).

The principal reason for the increase in revenue from sale of nickel from US$68.3 million in the three months ended 31 March 2022 to US$90.4 million in the three months ended 31 March 2023 was the increase in the amount of payable nickel sold from 2.1 kt in the three months ended 31 March 2022 to 3.2 kt in the three months ended 31 March 2023. The impact of this factor was partially offset by the decrease in the average realised nickel price from US$14.52 per pound in the three months ended 31 March 2022 to US$12.92 per pound in the three months ended 31 March 2023 In the three months ended 31 March 2023, the Santa Rita mine produced 4.0 kt of copper in concentrate. Atlantic Nickel shipped 3.9 kdmt of nickel in concentrate in that period (containing 3.2 kt of payable nickel in concentrate after applying the payable rate to nickel in concentrate).

In terms of the contribution of the Santa Rita segment and the Serrote segment to the total revenue from contracts with customers, the share of Serrote segment's revenue from contracts with customers in the total revenue from contracts with customers increased from 22.4% in the three months ended 31 March 2022 to 39.8% in the three months ended 31 March 2023, principally due to a significant ramp-up of the Serrote mine's operations in the course of 2022, which allowed this mine to reach its full capacity in September 2022.

Cost of Products Sold, General and Administrative Expenses and Other Income (Expenses) Net

The following table presents costs, general and administrative expenses, tax expenses and other operating expenses, presented in the Mining Entities' statement of profit or loss, classified according to their nature in the three months ended 31 March 2022 and 31 March 2023.

	Three months ended 31 March	
	2022 *(unaudited)*	**2023** *(unaudited)*
	(in thousands of US$)	
Mine operations services	(13,847)	(18,202)
Depreciation and amortisation	(18,875)	(23,028)
Raw materials, consumables, repairs and maintenance	(17,763)	(16,626)
Employment costs	(5,616)	(5,325)
Royalties	(4,037)	(6,089)
Shipping and other freight costs	(5,510)	(6,078)
External services	(2,550)	(6,987)
(Impairment) reversal of VAT tax credits[(1)]	(212)	1,231
Decrease in finished goods and work in progress	10,960	1,961
Other	778	(132)
	(56,672)	**(79,275)**
Cost of products sold	(43,601)	(63,500)
General and administrative expenses	(14,427)	(17,747)
Other income, net	1,356	1,972
	(56,672)	**(79,275)**

Note:

(1) During the first quarter of 2023, the Mining Entities have obtained approval from the Bahia state tax authorities for the offset of US$2,158 thousand ICMS (Imposto sobre Circulação de Mercadorias e Serviços) tax credits against ICMC tax liabilities.

Cost of Products Sold

The Mining Entities' cost of products sold increased by US$19.9 million, or 45.6%, from US$43.6 million in the three months ended 31 March 2022 to US$63.5 million in the three months ended 31 March 2023. The increase in cost of products sold was almost double in size as compared to the increase in the Mining Entities' revenue from contracts with customers, which increased by 23.3% in the three months ended 31 March 2023 as compared to the three months ended 31 March 2022. In terms of the shares of the Santa Rita segment and the Serrote segment in the total cost of products sold, the share of the Serrote segment's cost of products sold in the total cost of products sold remained at the same level (30.1%) in both the three months ended 31 March 2022 and the three months ended 31 March 2023.

The Santa Rita segment's cost of products sold increased by US$13.9 million, or 45.5%, from US$30.5 million in the three months ended 31 March 2022 to US$44.4 million in the three months ended 31 March 2023. The increase in the Santa Rita segment's cost of products sold in part reflected the expansion of Santa Rita's mining operations between the two periods, which principally manifested itself in the increase in total material mined from 7.2 Mt in the three months ended 31 March 2022 to 10.7 Mt in the three months ended 31 March 2023. In addition, plant feed increased from 1.5 Mt in the three months ended 31 March 2022 to 1.7 Mt in the three months ended 31 March 2023 and the amount of total concentrate produced increased from 28 kdmt in the three months ended 31 March 2022 to 29 kdmt in the three months ended 31 March 2023. The increase in the amount of total concentrate produced was reflected in the increase in the amount of payable nickel sold. The amount of payable nickel sold increased from 2.1 kt in the three months ended 31 March 2022 to 3.2 kt in the three months ended 31 March 2023. The relatively larger increase in the Santa Rita segment's cost of products sold (by 45.5%) as compared to the increase in payable nickel sold (by 3.1%) was, in large part, due to higher international freight costs, which were adversely affected by the war between Russia and Ukraine that commenced in February 2022, and higher prices of raw materials, grinding media, reagents and diesel in the three months ended 31 March 2023 as compared to the three months ended 31 March 2022.

The Serrote segment's cost of products sold increased by US$6.0 million, or 45.9%, from US$13.1 million in the three months ended 31 March 2022 to US$19.1 million in the three months ended 31 March 2023. This increase in the Serrote segment's cost of products sold was principally due to a significant expansion of the Serrote mine's

operations between the two periods. The amount of total material mined increased from 3.0 Mt in the three months ended 31 March 2022 to 3.5 MT in the three months ended 31 March 2023. Plant feed increased from 0.6 Mt in the three months ended 31 March 2022 to 1.0 Mt in the three months ended 31 March 2023. The amount of copper concentrate produced increased from 12 kdmt in the three months ended 31 March 2022 to 28 kdmt in the three months ended 31 March 2023. These increases in production were reflected in increases in the amount of payable copper sold. The amount of payable copper sold increased from 1.9 kt in the three months ended 31 March 2022 to 14.1 kt in the three months ended 31 March 2023. In addition, higher international freight costs and higher prices of raw materials, grinding media, reagents and diesel in the three months ended 31 March 2023 as compared to the three months ended 31 March 2022 discussed above also contributed to the increase in the Serrote segment's cost of products sold between the two periods.

General and Administrative Expenses

The Mining Entities' general and administrative expenses increased by US$3.3 million, or 23.0%, from US$14.4 million in the three months ended 31 March 2022 to US$17.7 million in the three months ended 31 March 2023. This increase in general and administrative expenses was in line with the increase in the Mining Entities' revenue from contracts with customers between the two periods, which increased by 23,3%. In terms of the shares of the Santa Rita segment and the Serrote segment in the total general and administrative expenses, the share of the Serrote segment's general and administrative expenses in the total general and administrative increased from 25.7% in the three months ended 31 March 2022 to 35.3% in the three months ended 31 March 2023 principally due to a significant ramp-up of the Serrote mine's operations in 2022 (the Serrote mine reached its full capacity in September 2022).

Net Finance Income (Expense)

The Mining Entities net finance income amounted to US$60.1 million in the three months ended 31 March 2023 as compared to net finance expenses of US$45.1 million in the three months ended 31 March 2022. The principal reason for this change was the increase in fair value of the Mining Entities' derivative instruments in the amount of US$62.4 million in the three months ended 31 March 2023 as compared to the decrease in fair value of the Mining Entities' derivative instruments in the amount of US$71.8 million in the three months ended 31 March 2022. This was principally driven by the change in nickel price on the LME during the two respective periods. At the beginning of the three months period ended 31 March 2023, the nickel price on LME was US$30,400/t and at the end of the period, as at 31 March 2023, the nickel price on LME was US$23,100/t. At the beginning of the three months period ended 31 March 2022, the nickel price on LME was US$20,900/t and at the end of the period, as at 31 March 2022, the nickel price on LME was US$33,375/t. The impact of this factor was partially offset by the decrease in foreign exchange gains of the Mining Entities from US$ 30.7 million in the three months ended 31 March 2022 to US$3.4 million in the three months ended 31 March 2023.

Tax Expense or Income

The following table provides the reconciliation of the actual tax expense or income recognised by the Mining Entities to their income taxes at statutory rates in the three months ended 31 March 2022 and 2023.

	Three months ended 31 March	
	2022 *(unaudited)*	**2023** *(unaudited)*
	(in thousands of US$, unless stated otherwise)	
Income before tax (expense) income	962	107,591
Combined Brazilian statutory tax expense rate (*in %*)	34%	34%
Tax expense at statutory rates	**(327)**	**(36,581)**
Reconciliation adjustments:		
Tax benefits from Sudene[(1)]	4,138	4,518
Recognised/(unrecognised) deferred tax assets[(2)]	(5,325)	7,441
Offset tax losses	2,413	-
Excess capitalisation of intergroup borrowing interest	(397)	(226)
Permanent adjustments	270	(638)
Tax (expense) income	**772**	**(25,486)**
Effective rate (*in %*)	80%	-24%
Current tax expense	(1,490)	(36,739)
Deferred tax income	2,262	11,253

Note:

*(1) The tax benefit from the Superintendency for the Development of the Northeast ("**Sudene**") refers to a government grant for the areas where Sudene operates, granting the right to a 75% reduction in income tax, including the surcharge, on profit from tax incentive activities in the area entitled to the incentive.*

(2) On 31 March 2022, the Mining Entities had unrecognised deferred taxes assets on carried-forward corporation tax losses and temporary differences, which have been recognised as at 31 March 2023.

The Mining Entities' income tax credit was US$0.8 million in the three months ended 31 March 2022 as compared to income tax expense of US$25.5 million in the three months ended 31 March 2023. The principal reason for this difference was that the Mining Entities had income before tax expense of only US$1.0 million in the three months ended 31 March 2022 as compared to US$107.6 million in the three months ended 31 March 2023. For the three months ended 31 March 2023, after recognised deferred tax assets of US$7.4 million and tax benefit from Sudene in the amount of US$4.5 million, the effective tax rate was 24%, resulting in tax expense of US$25.5 million.

Net Profit for the Period

For the reasons discussed above, the Mining Entities' net profit for the period increased by US$80.4 million from US$1.7 million in the three months ended 31 March 2022 to US$82.1 million in the three months ended 31 March 2023. The Santa Rita segment had a net loss in the amount of US$32.5 million for the three months period ended 31 March 2022 as compared to net profit in the amount of US$60.5 million for the three months period ended 31 March 2023. The Serrote segment's net profit for the period decreased by US$12.6 million between the two periods from US$34.2 million in the three months ended 31 March 2022 to US$21.6 million in the three months ended 31 March 2023.

Adjusted EBITDA

For the purposes of the measurement of performance of segment operations, the Mining Entities' management assesses "Adjusted EBITDA", which represents profit before taxation, finance income/expense, depreciation and amortisation and exclusion of the impact of certain items due to their materiality and nature to aid comparability.

In November 2019, Atlantic Nickel entered into an offtake agreement with Trafigura that included call options, the last of which expires in July 2023. The adjusted EBITDA presented in the table below excludes the impact of liquidated call options related to the Trafigura offtake agreement as these items have a material impact on revenue and adjusting for them aids comparability across the periods presented.

It is the Mining Entities' management's view that adjusted EBITDA provides useful information, but that this measure should not be considered as substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. Adjusted EBITDA is a non-IFRS measure, see "*Presentation of Financial and Other Information – Non-IFRS Financial Measures*".

The following table provides the reconciliation from the Santa Rita segment's, the Serrote segment's and the Mining Entities' net profit for the period to their respective Adjusted EBITDA for the three months ended 31 March 2022 and 2023.

	Three months ended 31 March 2022 *(unaudited)*			**Three months ended 31 March 2023** *(unaudited)*		
	Santa Rita	**Serrote**	**Total**	**Santa Rita**	**Serrote**	**Total**
	(in thousands of US$)					
Net profit/(loss) for the period	(32,502)	34,236	1,734	60,529	21,576	82,105
Income tax	(784)	12	(772)	19,826	5,660	25,486
Net finance income (expense)	73,708	(28,566)	45,142	(57,334)	(2,782)	(60,116)
Depreciation and amortisation	15,469	3,406	18,875	19,321	3,707	23,028
Impact of liquidated call options	4,789	-	4,789	8,896	-	8,896
Adjusted EBITDA	**60,680**	**9,088**	**69,768**	**51,238**	**28,161**	**79,399**

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

Revenue from Contracts with Customers

The following table presents the Mining Entities' revenue from contracts with customers in the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	**2022**
	(in thousands of US$)	
Revenue from sale of nickel	237,353	348,549
Revenue from sale of copper	50,165	170,684
Revenue from sale of gold	4,545	13,946
Revenue from sale of cobalt	6,243	7,176
Revenue from sale of platinum	5,545	4,411
Revenue from sale of palladium	7,358	3,808
Unrealised price adjustments	(2,599)	7,972
Less cost of treatment and refinement deductible on sales[(1)]	(32,406)	(78,647)
Net revenue from contracts with customers	**276,204**	**477,899**

Note:

(1) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

The Mining Entities' revenue from contracts with customers increased by US$201.7 million, or 73.0%, from US$276.2 million in 2021 to US$477.9 million in 2022. The principal reasons for this increase were the increases in revenue from sale of copper in the amount of US$120.5 million and in revenue from sale of nickel in the amount of US$111.2 million. The impact of these two factors was partially offset by the increase in the cost of treatment and refinement deductible on sales by US$46.2 million in 2022 compared to 2021.

The principal reason for the increase in revenue from sale of copper from US$50.2 million in 2021 to US$170.7 million in 2022 was the increase in payable copper sold by MVV from 1.9 kt in 2021 to 17.3 kt in 2022, the impact of which was partially offset by the decrease in MVV's average realised copper price from US$4.76 per pound in 2021 to US$3.79 per pound in 2022. Such a large increase in copper sold in 2022 as compared to 2021 is due to the fact that the construction of the Serrote mine was only completed in late May 2021 and, in 2021, there was only one shipment of copper concentrate from the Serrote mine as compared to eight shipments in 2022.

The principal reason for the increase in revenue from sale of nickel from US$237.4 million in 2021 to US$348.5 million in 2022 was the increase in Atlantic Nickel's average realised nickel price from US$8.69 per pound in 2021 to US$12.04 per pound in 2022 and, to a lesser extent, the increase in the amount of payable nickel sold from 12.4 kt in 2021 to 13.1 kt in 2022.

The principal reason for the increase in the cost of treatment and refinement deductible on sales was the increase in the volume of concentrates sold in 2022 as compared to 2021. The volume of copper concentrate sold by MVV in 2022 was 82.0 kdmt as compared to 9.4 kdmt in 2021. The volume of nickel sulphide concentrate sold by Atlantic Nickel in 2022 was 117.2 kdmt as compared to 111.1 kdmt in 2021.

In terms of the contribution of the Santa Rita segment and the Serrote segment to the total revenue from contracts with customers, the share of Serrote segment's revenue from contracts with customers in the total revenue from contracts with customers increased from 7.2% in 2021 to 31.0% in 2022, principally due to a significant ramp-up of the Serrote mine's operations in 2022.

The discussion below provides further information on the Santa Rita segment's and the Serrote segment's revenue from contracts with customers.

The following table presents the Santa Rita segment's revenue from contracts with customers in the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	2022
	(in thousands of US$)	
Revenue from sale of nickel	237,353	348,549
Revenue from sale of copper	29,864	26,530
Revenue from sale of gold	3,132	1,447
Revenue from sale of cobalt	6,243	7,176
Revenue from sale of platinum	5,545	4,411
Revenue from sale of palladium	7,358	3,808
Unrealised price adjustments	(1,580)	9,382
Less: cost of treatment and refinement deductible on sales[(1)]	(31,639)[(2)]	(71,708)[(2)]
Net revenue from contracts with customers	**256,276**	**329,595**

Notes:

(1) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

(2) Includes the charge in the amount of US$5.4 million in 2021 and US$40.3 million in 2022 related to call options under an offtake agreement with Trafigura entered into in 2019, which will expire in July 2023.

The Santa Rita segment's revenue from contracts with customers increased by US$73.3 million, or 28.6%, from US$256.3 million in 2021 to US$329.6 million in 2022. As discussed above, the principal reason for this increase was the increase in the average realised nickel price from US$8.54 per pound in 2021 to US$11.50 per pound in 2022.

The following table presents the Serrote segment's revenue from contracts with customers in the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	2022
	(in thousands of US$)	
Revenue from sale of copper	20,301	144,154
Revenue from sale of gold	1,413	12,499
Unrealised price adjustments	(1,018)	(1,410)
Less: cost of treatment and refinement deductible on sales[(1)]	(768)	(6,939)
Net revenue from contracts with customers	**19,928**	**148,304**

Note:

(1) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

The Serrote segment's revenue from contracts with customers increased by US$128.4 million, or 644.2%, from US$19.9 million in 2021 to US$148.3 million in 2022. As discussed above, the principal reason for this increase in net revenue from contracts with customers between the two years was the increase in payable copper sold by the Serrote segment from 1.9 kt in 2021 to 17.3 kt in 2022. The impact of such increase in the volume of payable copper sold was partially offset by a decrease in the average realised copper price from US$4.27 in 2021 to US$3.96 in 2022.

Cost of Products Sold, General and Administrative Expenses and Other Income (Expenses) Net

The following table costs, general and administrative expenses, tax expenses and other operating expenses, presented in the Mining Entities' statement of profit or loss, classified according to their nature in the years ended 31 December 2021 and 31 December 2022.

	Year ended 31 December	
	2021	2022
	(in thousands of US$)	

	Year ended 31 December	
	2021	2022
Depreciation and amortisation	(59,999)	(88,132)
Raw materials, consumables, repairs and maintenance	(47,893)	(75,843)
Mine operations services	(46,436)	(68,515)
Shipping and other freight costs	(17,038)	(29,804)
Employment costs	(23,569)	(29,217)
External services	(22,226)	(27,549)
Royalties	(14,285)	(23,631)
Impairment of VAT credit	(6,543)	(3,427)
Decrease in finished goods and work in progress	15,558	3,785
Other	(3,440)	(4,008)
	(225,871)	**(346,341)**
Cost of products sold	(160,761)	(272,390)
General and administrative expenses	(59,702)	(71,482)
Other expenses, net	(5,408)	(2,469)
	(225,871)	**(346,341)**

Cost of Products Sold

The Mining Entities' cost of products sold increased by US$111.6 million, or 69.4%, from US$160.8 million in 2021 to US$272.4 million in 2022. The increase in cost of products sold was in line with the increase in the Mining Entities' revenue from contracts with customers, which increased by 73.0% in 2022 as compared to 2021. In terms of the shares of the Santa Rita segment and the Serrote segment in the total cost of products sold, the share of the Serrote segment's cost of products sold in the total cost of products sold increased from 9.9% in 2021 to 31.8% in 2022, principally due to a significant ramp-up of the Serrote mine's operations in 2022.

This increase in the Mining Entities' cost of products sold in 2022 as compared to 2021 was principally due to the increase in the Serrote segment's cost of products sold, which increased by US$70.8 million, or 443.8%, from US$15.9 million in 2021 to US$86.7 million in 2022. This increase in the Serrote segment's cost of products sold was principally due to a very significant expansion of the Serrote mine's operations between the two years (from the commencement of mining in June 2021 to reaching the full production capacity in the end of 2022). The amount of total material mined increased from 6.3 Mt in 2021 to 11.0 MT in 2022. Plant feed increased from 1.2 Mt in 2021 to 3.5 Mt in 2022. The amount of total concentrate produced increased from 16 kdmt in 2021 to 85 kdmt in 2022. These increases in production were reflected in increases in the amount of payable copper sold. The amount of payable copper sold increased from 1.9 kt in 2021 to 17.3 kt in 2022. In addition, higher international freight costs and higher prices of raw materials, grinding media, reagents and diesel in 2022 as compared to 2021 discussed in the paragraph below also contributed to the increase in the Serrote segment's cost of products sold between the two years.

The Santa Rita segment's cost of products sold increased by US$40.9 million, or 28.2%, from US$144.8 million in 2021 to US$185.7 million in 2022. The increase in the Santa Rita segment's cost of products sold reflected the expansion of Santa Rita's mining operations between the two years. The amount of total material mined increased from 23.5 Mt in 2021 to 37.2 MT in 2022. Plant feed increased from 6.1 Mt in 2021 to 6.6 Mt in 2022. The amount of total concentrate produced increased from 107 kdmt in 2021 to 117 kdmt in 2022. These increases in production were reflected in increases in the amount of payable nickel sold. The amount of payable nickel sold increased from 12.1 kt in 2021 to 13.1 kt in 2022. The relatively larger increase in the Santa Rita segment's cost of products sold (by 28.2%) as compared to the increase in payable nickel sold (by 4.0%) was in large part due to higher international freight costs, which were adversely affected by the war between Russia and Ukraine that commenced in February 2022, and higher prices of raw materials, grinding media, reagents and diesel in 2022 as compared to 2021.

General and Administrative Expenses

The Mining Entities' general and administrative expenses increased by US$11.8 million, or 19.7%, from US$59.7 million in 2021 to US$71.5 million in 2022. This increase in general and administrative expenses was significantly smaller than the increase in the Mining Entities' revenue from contracts with customers between the two years and was principally due to the increase in the scale of the mining operations of the Mining Entities in 2022 as compared to 2021, as discussed above. In terms of the shares of the Santa Rita segment and the Serrote segment in the total general and administrative expenses, the share of the Serrote segment's general and administrative

expenses in the total general and administrative expenses remained at approximately the same level (28.7% in 2021 as compared to 29.0% in 2022).

C1 Costs and All-In Sustaining Costs of Atlantic Nickel and MVV

The Mining Entities regularly report, and are expected to continue to report in the future, C1 costs and AISC for Atlantic Nickel and MVV.

C1 Costs

Atlantic Nickel's C1 costs increased by US$0.89 per pound of payable nickel produced, or 27.5%, from US$3.24 per pound of payable nickel produced in 2021 to US$4.13 per pound of nickel produced in 2022. The principal reasons for this increase were (i) the increase in Atlantic Nickel's cost of production from US$136.8 million in 2021 (or US$5.24 per pound of nickel produced) to US$165.7 million in 2022 (or US$5.59 per pound of nickel produced) and (ii) the decrease in Atlantic Nickel's by-product credits from US$52.1 million in 2021 (or US$2.00 per pound of nickel produced) to US$43.4 million in 2022 (or US$1.46 per pound of nickel produced).

MVV's C1 costs decreased by US$1.44 per pound of payable copper produced, or 45.4%, from US$3.17 per pound of payable copper produced in 2021 to US$1.73 per pound of payable copper produced in 2022. This decrease was principally due to the significantly increased scale of mining operations (and MVV's ability to benefit from the economies of scale) at the Serrote mine in 2022 as compared to 2021, when mining operations at the Serrote mine were just being launched.

All-In Sustaining Costs

Atlantic Nickel's AISC increased by US$2.62 per pound of payable nickel produced, or 50.3%, from US$5.21 per pound of payable nickel produced in 2021 to US$7.83 per pound of payable nickel produced in 2022. The principal reason for this increase was the increase in sustaining capital expenditures from US$1.16 per pound of payable nickel produced in 2021 to US$2.81 per pound of payable nickel produced in 2022. The large increase in Atlantic Nickel's sustaining capital expenditures in 2022 as compared to 2021 was principally due to the large increase in defined mine stripping costs, which increased from US$6.7 million in 2021 to US$61.3 million in 2022.

MVV's AISC decreased by US$2.02 per pound of payable copper produced, or 48.1%, from US$4.19 per pound of payable copper produced in 2021 to US$2.18 per pound of payable copper produced in 2022. Similar to the decrease in C1 costs, this decrease in MVV's AISC was principally due to the significantly increased scale of mining operations (and MVV's ability to benefit from the economies of scale) at the Serrote mine in 2022 as compared to 2021, when mining operations at the Serrote mine were just being launched.

Net Finance Income (Expense)

The Mining Entities net finance income amounted to US$5.6 million in 2022 as compared to net finance expenses of US$43.1 million in 2021. The principal reasons for this change were: (i) foreign exchange gains on borrowings in the amount of US$17.8 million in 2022 as compared to foreign exchange losses on borrowings in the amount of US$15.7 million in 2021 and (ii) US$12.1 million gain with respect to change in fair value of derivative instruments in 2022 as compared to US$10.8 million loss with respect to change in fair value of derivative instruments in 2021.

Income Tax

The following table provides the reconciliation of the actual income tax credit recognised by the Mining Entities to their income taxes at statutory rates in the years ended 31 December 2021 and 2022.

	Year ended 31 December	
	2021	**2022**
	(in thousands of US$, unless stated otherwise)	
Income before income taxes	7,197	137,195
Combined Brazilian statutory income taxes rate (*in %*)	34%	34%
Income taxes at statutory rates	**(2,447)**	**(46,646)**
Reconciliation adjustments:		
Tax benefits from Sudene[(1)]	7,102	15,514

	Year ended 31 December	
	2021	2022
Recognised deferred tax assets	566	119,205
Offset tax losses	-	9,611
Excess capitalisation of intergroup borrowing interest	(572)	(1,629)
Permanent adjustments	-	5,900
Income tax	**4,649**	**101,955**
Effective rate (*in %*)	65%	74%
Current income tax expense	(2,957)	(6,558)
Deferred income tax income	7,606	108,513

Note:

*(1) The tax benefit from the Superintendency for the Development of the Northeast ("**Sudene**") refers to a government grant for the areas where Sudene operates, granting the right to a 75% reduction in income tax, including the surcharge, on profit from tax incentive activities in the area entitled to the incentive.*

The Mining Entities' income tax credit increased by US$97.3 million from US$4.6 million in 2021 to US$102.0 million in 2022. The principal reason for this increase was that the Mining Entities have recognised deferred tax assets in the amount of US$119.2 million.

Net Profit for the Year

For the reasons discussed above, the Mining Entities' net profit for the year increased by US$227.3 million from US$11.8 million in 2021 to US$239.2 million in 2022. The Santa Rita segment's net profit for the year increased by US$138.4 million from US$48.2 million in 2021 to US$186.6 million in 2022, while the Serrote segment's net profit for the year increased by US$89.0 million in 2022 as compared to 2021. In 2021, Serrote segment's net loss for the year amounted to US$36.4 million. In 2022, the Serrote segment's net profit for the year amounted to US$52.6 million.

Adjusted EBITDA

For the purposes of the measurement of performance of segment operations, the mining entities' chief operating decision maker assesses "Adjusted EBITDA", which represents profit before taxation, finance income/expense, depreciation and amortisation and the exclusion of the impact of certain items due to their materiality and nature, to aid comparability. As disclosed in note 8 of the Combined Historical Financial Information, in November 2019 the Group entered into an offtake agreement with Trafigura that included call options, the last of which expires in July 2023. The adjusted EBITDA presented in the table below excludes the impact of liquidated call options related to the Trafigura offtake agreement as these items have a material impact on revenue and adjusting for them aids comparability across the periods presented. The following table provides the reconciliation from the Santa Rita segment's, the Serrote segment's and the Mining Entities' net profit for the period to their respective Adjusted EBITDA for the years ended 31 December 2021 and 2022.

	Year ended 31 December 2021			Year ended 31 December 2022		
	Santa Rita	Serrote	Total	Santa Rita	Serrote	Total
			(in thousands of US$)			
Net profit/(loss) for the year	48,249	(36,403)	11,846	186,594	52,556	239,150
Income tax	(4,495)	(154)	(4,649)	(87,469)	(14,486)	(101,955)
Net finance income (expense)	22,434	20,702	43,136	(4,804)	(833)	(5,637)
Depreciation and amortisation	52,967	7,032	59,999	73,030	15,102	88,132
Impact of liquidated call options	5,361	-	5,361	40,301	-	40,301
Adjusted EBITDA	**124,516**	**(8,823)**	**115,693**	**207,652**	**52,339**	**259,991**

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

Revenue from Contracts with Customers

The following table presents the Mining Entities' revenue from contracts with customers in the years ended 31 December 2020 and 2021.

	Year ended 31 December	
	2020	**2021**
	(in thousands of US$)	
Revenue from sale of nickel	97,442	237,353
Revenue from sale of copper	11,406	50,165
Revenue from sale of gold	1,025	4,545
Revenue from sale of cobalt	2,376	6,243
Revenue from sale of platinum	2,451	5,545
Revenue from sale of palladium	3,250	7,358
Unrealised price adjustments	352	(2,599)
Less: cost of treatment and refinement deductible on sales[(1)]	(2,698)	(32,406)
Net revenue from contracts with customers	**115,604**	**276,204**

Note:

(1) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

The Mining Entities' revenue from contracts with customers increased by US$160.6 million, or 138.9%, from US$115.6 million in 2020 to US$276.2 million in 2021. The principal reasons for this increase were the increases in revenue from sale of nickel in the amount of US$139.9 million and, to a lesser extent, in revenue from sale of copper in the amount of US$38.8 million. The impact of these two factors was partially offset by the increase in the cost of treatment and refinement deductible on sales in the amount of US$29.7 million.

The reasons for the increase in revenue from sale of nickel from US$97.4 million in 2020 to US$237.4 million in 2021 were the increase in the amount of payable nickel sold from 6.8 kt in 2021 to 12.4 kt in 2021 and, to a lesser extent, the increase in Atlantic Nickel's average realised nickel price from US$6.45 per pound in 2020 to US$8.69 per pound in 2021.

The principal reasons for the increase in revenue from sale of copper from US$11.4 million in 2020 to US$50.2 million in 2021 were (i) the completion of construction of the Serrote mine in late May 2021 (in 2020, all revenue from sale of copper came from the sales of copper extracted at the Santa Rita mine and contained in nickel sulphide concentrate); (ii) the increase in payable copper sold by Atlantic Nickel from 1.8 kt in 2020 to 3.1 kt in 2021 and (iii) the increase in Atlantic Nickel's average realised copper price from US$2.82 per pound in 2020 to US$4.40 per pound in 2021.

The principal reason for the increase in the cost of treatment and refinement deductible on sales was the increase in the volume of concentrates sold in 2021 as compared to 2020. The volume of nickel sulphide concentrate sold by Atlantic Nickel in 2021 was 111.1 kdmt as compared to 67.8 kdmt in 2020. The volume of copper concentrate sold by MVV in 2021 was 9.2 kdmt as compared to nil in 2020.

In terms of the contribution of the Santa Rita segment and the Serrote segment to the total revenue from contracts with customers, the share of Serrote segment's revenue from contracts with customers in the total revenue from contracts with customers increased from 0.0% in 2020 to 7.2% in 2021 due to the commencement of mining operations at the Serrote mine in June 2021.

Cost of Products Sold, General and Administrative Expenses and Other Income (Expenses) Net

The following table costs, general and administrative expenses, tax expenses and other operating expenses, presented in the Mining Entities' statement of profit or loss, classified according to their nature in the years ended 31 December 2020 and 2021.

	Year ended 31 December	
	2020	**2021**
	(in thousands of US$)	

	Year ended 31 December	
	2020	2021
Depreciation and amortisation	(35,778)	(59,999)
Raw materials, consumables, repairs and maintenance	(20,367)	(47,893)
Mine operations services	(19,960)	(46,436)
Shipping and other freight costs	(6,655)	(17,038)
Employment costs	(14,580)	(23,569)
External services	(18,810)	(22,226)
Royalties	(5,786)	(14,285)
(Impairment)/reversal of impairment of VAT credit[(1)]	5,201	(6,543)
Decrease in finished goods and work in progress	3,223	15,558
Other	2,484	(3,440)
	(111,028)	**(225,871)**
Cost of products sold	(76,506)	(160,761)
General and administrative expenses	(42,928)	(59,702)
Other (expense)/income, net	8,406	(5,408)
	(111,028)	**(225,871)**

Note:

(1) As described in note 9 to the Combined Historical Financial Information, during the year ended 31 December 2018, the Mining Entities recorded an impairment of a portion of its federal value added tax – PIS (Contribution to the Social Integration Plan) and COFINS (Contribution for Social Security Financing). In 2020, following tax determinations in their favour, the Mining Entities reversed US$7,683 of this impairment. Following the determination, the Mining Entities received US$7,043 of tax reimbursement in cash (US$2,097 of which was interest).

Cost of Products Sold

The Mining Entities' cost of products sold increased by US$114.8 million, or 103.4%, from US$111.0 million in 2020 to US$225.9 million in 2021. This increase was significantly smaller than the increase in the Mining Entities' revenue from contracts with customers, which increased by 138.9% in 2021 as compared to 2020. In terms of the shares of the Santa Rita segment and the Serrote segment in the total cost of products sold, the share of Serrote segment's cost of products sold in the total cost of products sold increased from 0.0% in 2020 to 9.9% in 2021 due to the commencement of mining operations at the Serrote mine in June 2021.

This increase in the Mining Entities' cost of products sold in 2021 as compared to 2020 was principally due to the increase in the Santa Rita segment's cost of products sold, which increased by US$68.3 million, or 89.3%, from US$76.5 million in 2020 to US$144.8 million in 2021. The increase in the Santa Rita segment's cost of products sold reflected the expansion of Santa Rita's mining operations between the two years. The amount of total material mined increased from 17.6 Mt in 2020 to 23.5 MT in 2021. Plant feed increased from 4.5 Mt in 2020 to 6.1 Mt in 2021. The amount of total concentrate produced increased from 66 kdmt in 2020 to 107 kdmt in 2021. These increases in production were reflected in increases in the amount of payable nickel sold. The amount of payable nickel sold increased from 6.8 kt in 2020 to 12.4 kt in 2021.The Serrote segment's cost of products sold increased from nil in 2020 to US$15.9 million in 2021. The Serrote mine commenced operations in June 2021. The volume of total material mined at the Serrote mine in 2021 amounted to 6.3 Mt. Plant feed in the same year reached 1.2 Mt while the amount of total copper concentrate produced was 16 kdmt. In November 2021, MVV made the only shipment of copper concentrate in that year. The volume of payable copper sold in that shipment was 1.9 kt.

General and Administrative Expenses

The Mining Entities' general and administrative expenses increased by US$16.8 million, or 39.1%, from US$42.9 million in 2020 to US$59.7 million in 2021. This increase was significantly smaller than the increase in the Mining Entities' revenue from contracts with customers between the two years and was principally due to the significant increase in the scale of the mining operations of the Mining Entities in 2021 as compared to 2020 as discussed above. In terms of the shares of the Santa Rita segment and the Serrote segment in the total general and administrative expenses, the share of Serrote segment's general and administrative expenses in the total general and administrative expenses increased from 20.3% in 2020 to 28.7% in 2021.

C1 Costs and All-In Sustaining Costs of Atlantic Nickel

C1 Costs

Atlantic Nickel's C1 costs increased by US$0.44 per pound of payable nickel produced, or 15.7%, from US$2.80 per pound of payable nickel produced in 2020 to US$3.24 per pound of payable nickel produced in 2021. The principal reasons for this increase were (i) the increase in Atlantic Nickel's cost of production from US$62.2 million in 2020 (or US$4.17 per pound of nickel produced) to US$136.8 million in 2021 (or US$5.24 per pound of nickel produced). The impact of this factor was partially offset by the increase in by-product credits from US$1.37 per pound of payable nickel produced in 2020 to US$2.00 per pound of payable nickel produced in 2021.

All-In Sustaining Costs

Atlantic Nickel's AISC increased only slightly by US$0.02 per pound of payable nickel produced, or 0.4%, from US$5.20 per pound of payable nickel produced in 2020 to US$5.21 per pound of payable nickel produced in 2021.

Net Finance Expenses

The Mining Entities net finance expenses decreased by US$14.5 million, or 25.2%, from US$57.6 million in 2020 to US$43.1 million in 2021. The principal reasons for this decrease were: (i) a decrease in foreign exchange losses on borrowings from US$28.6 million in 2020 to US$15.7 million in 2021 and (ii) expenses related to settlement of put options in the amount of US$20.0 million in 2020 as compared to no such expenses in 2021. This settlement of put options was related to the signing, on 30 November 2019, of an offtake agreement between Atlantic Nickel and Trafigura, which included embedded derivatives comprising put and call options with respect to payable nickel price. These embedded options included a US$13,000 per tonne floor on the price for payable nickel. In June 2020, Atlantic Nickel negotiated an amendment to the offtake agreement, which eliminated the US$13,000 per tonne floor to the nickel price. As at that date, the put options have been derecognised to profit or loss.

The impact of the two factors on net financial result discussed above was partially offset principally by (i) interest on third-party borrowings in the amount of US$6.3 million in 2021 as compared to US$2.0 million in 2020; (ii) interest on related party borrowings in the amount of US$6.4 million in 2021 as compared to US$2.3 million in 2020; (iii) a US$10.8 million decrease in fair value of derivative instruments in 2021 as compared to a US$7.3 million decrease in fair value of derivative instruments in 2020 and (iv) "other" finance income of US$3.7 million in 2020 as compared to US$1.1 million in 2021.

Income Tax

The Mining Entities' income tax credit remained at approximately the same level in 2020 (US$5.0 million) and 2021 (US$4.6 million).

Net Profit for the Year

For the reasons discussed above, the Mining Entities recognised net profit of US$11.8 million in 2021 as compared to net loss of US$48.1 million in 2020. The Santa Rita segment recognised net profit of US$48.2 million in 2021 as compared to net loss of US$38.1 million in 2020. The Serrote segment's net loss for the year increased by US$26.4 million from US$10.0 million in 2020 to US$36.4 million in 2021.

Adjusted EBITDA

The following table provides the reconciliation from the Santa Rita segment's, the Serrote segment's and the Mining Entities' net profit for the period to their respective Adjusted EBITDA for the years ended 31 December 2020 and 2021.

	Year ended 31 December 2020			Year ended 31 December 2021		
	Santa Rita	**Serrote**	**Total**	**Santa Rita**	**Serrote**	**Total**
			(in thousands of US$)			
Net profit/(loss) for the year	(38,093)	(9,967)	(48,060)	48,249	(36,403)	11,846
Income tax	(5,000)	(1)	(5,001)	(4,495)	(154)	(4,649)
Net finance income	56,375	1,262	57,637	22,434	20,702	43,136
Depreciation and amortisation	35,399	379	35,778	52,967	7,032	59,999
Impact of liquidated call options	-	-	-	5,361	-	5,361
Adjusted EBITDA	**48,681**	**(8,327)**	**40,354**	**124,516**	**(8,823)**	**115,693**

Liquidity and Capital Resources

The Mining Entities' primary source of liquidity for their operations is cash provided by their operating activities (see "*– Cash Flows – Net Cash Flows from (Used in) Operating Activities*" below), although the Mining Entities also partially fund their operations from third-party debt and related party debt (see "*– Description of Third-Party Loans*" and "*– Description of Related Party Loans and Other Liabilities*" below). The Mining Entities expect that cash provided by their operating activities will continue to be their principal source of cash in the future. Cash generated from operations amounted to US$62.4 million in the three months ended 31 March 2023, US$171.5 million in 2022, US$88.0 million in 2021. Cash used in operations amounted to US$5.3 million in 2020. The Mining Entities had cash and cash equivalents in the amounts of US$47.1 million as at 31 March 2023, US$32.0 million as at 31 December 2022, US$57.7 million as at 31 December 2021 and US$20.1 million as at 31 December 2020. The Mining Entities had total current and non-current third-party borrowings of US$113.5 million as at 31 March 2023, US$120.5 million as at 31 December 2022, US$157.9 million as of 31 December 2021 and US$42.4 million as at 31 December 2020. They also had loans from related parties in the amounts of US$48.3 million as at 31 March 2023, US$47.1 million as at 31 December 2022, US$97.0 million as at 31 December 2021 and US$181.2 million as at 31 December 2020.

The Mining Companies' principal financing requirements have been, and will continue to be, to finance mining operations and exploration and the production of nickel sulphide concentrate and copper concentrate, and to fund capital expenditure, including the purchase of equipment. In the future, the Mining Entities may also become involved in acquisitions. The Mining Entities may also be allocating their funds to dividend payments, working capital requirements and repayments of borrowings.

Cash Flows

The following table presents the Mining Entities' summarised combined cash flows for the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2022 and 2023.

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 *(unaudited)*	2023 *(unaudited)*
			(in thousands of US$)		
Net cash flows from operations	(5,342)	87,970	171,523	(2,021)	62,390
Net cash flows used in investment activities	(116,277)	(76,093)	(117,374)	(19,041)	(30,633)
Net cash flows from (used in) financing activities	132,761	25,913	(85,181)	(18,653)	(15,996)
Net (decrease) increase in cash and cash equivalents	**11,142**	**37,790**	**(31,032)**	**(39,715)**	**15,761**
Cash and cash equivalents at the beginning of the year	8,219	20,058	57,660	57,660	31,992
Effect of exchange rate changes on cash and cash equivalents	697	(188)	5,364	(4,396)	(682)
Cash and cash equivalents at the end of the year	**20,058**	**57,660**	**31,992**	**13,549**	**47,071**

Net Cash Flows from Operations

Three Months Ended 31 March 2023 Compared to Three Months Ended 31 March 2022

Cash provided by operations principally consists of income (loss) before income taxes adjusted for certain non-cash items, including depreciation and amortisation and other items, and the effect of changes in working capital and other payables.

The Mining Entities' net cash flows from operations in the three months ended 31 March 2023 amounted to US$62.4 million. The Mining Entities' net cash flows used in operations in the three months ended 31 March 2022 amounted to US$2.0 million. One of the principal reasons for this change was the increased income before income taxes in the three months ended 31 March 2023 (US$107.6 million) as compared to the three months ended 31 March 2022 (US$1.0 million). With respect to the impact of adjustments, the impact of changes in net change in fair value of derivatives (from the increase in fair value of derivatives in the amount of US$71.8 million in the three months ended 31 March 2022 to the decrease in fair value of derivatives in the amount of US$62.4 million in the three months ended 31 March 2023) was partially offset by the larger net foreign exchange gain in

the three months ended 31 March 2022 (in the amount of US$30.7 million) as compared to the three months ended 31 March 2023 (in the amount of US$3.4 million). With respect to the effect of changes in assets and liabilities, a change in trade receivables (from the increase in the amount of US$55.4 million in the three months ended 31 March 2022 to the decrease in the amount of US$19.3 million in the three months ended 31 March 2023) had a positive effect on cash flows from operations in the three months ended 31 March 2023 as compared to in the three months ended 31 March 2022.

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

Net cash flows from operations increased by US$83.6 million, or 95.0%, from US$88.0 million in 2021 to US$171.5 million in 2022. The principal reason for this increase was increased income before income taxes in 2022 (US$137.2 million) as compared to 2021 (US$7.2 million). With respect to the impact of adjustments, the impact of changes in (i) net foreign exchange (from net foreign exchange loss of US$15.1 million in 2021 to net foreign exchange gain of US$12.3 million) and (ii) net change in fair value of derivatives (from the increase in fair value of derivatives in the amount of US$10.8 million in 2021 to the decrease in fair value of derivatives in the amount of US$12.1 million in 2022) was partially offset by the increase in depreciation and amortisation from US$60.0 million in 2021 to US$88.1 million in 2022, which was due to the significant expansion of operations at both mines. With respect to the effect of changes in assets and liabilities, larger increases in trade receivables (from the increase in the amount of US$4.4 million in 2021 to the increase in the amount of US$37.1 million in 2022) and inventories (from the increase in the amount of US$19.9 million in 2021 to the increase in the amount of US$39.5 million in 2022) reduced cash flows from operations.

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

The Mining Entities' net cash flows from operations in 2021 amounted to US$88.0 million. The Mining Entities' net cash flows used in operations in 2020 amounted to US$5.3 million. The principal reason for this change was that the Mining Entities had income before income taxes in the amount of US$7.2 million in 2021 as compared to loss before income taxes in the amount of US$53.1 million in 2020. With respect to the impact of adjustments, the impact of (i) the increase in depreciation and amortisation from US$35.8 million in 2020 to US$60.0 million in 2021, which was due to the commencement of mining operations at the Serrote mine in June 2021 and the significant expansion of operations at the Santa Rita mine in 2021 as compared to 2020 and (ii) changes in VAT credit (from the reversal of impairment of VAT credit in the amount of US$5.2 million in 2020 to the impairment of VAT credit in the amount of US$6.5 million) was, in part, offset by (i) lower increase in fair value of derivatives (in the amount of US$26.3 million in 2020 as compared to the increase of US$10.8 million in 2021) and (ii) the decrease in net foreign exchange loss (from the loss of US$28.6 million in 2020 to the loss of US$15.1 million in 2021). With respect to the effect of changes in assets and liabilities, the key factor was the impact of the change in trade payables (which increased by US$24.8 million in 2020 as compared to the increase in the amount of US$9.8 million in 2021), which increased cash flows from operations in 2021 as compared to 2020.

Net Cash Flows Used in Investing Activities

Three Months Ended 31 March 2023 Compared to Three Months Ended 31 March 2022

Net cash flows used in investing activities increased by US$11.6 million, or 60.9%, from US$19.0 million in the three months ended 31 March 2022 to US$30.6 million in in the three months ended 31 March 2023. The principal reason for this increase in net cash flows used in investing activities between the two periods was the increase in cash spent on acquisition of mineral properties from US$12.2 million in in the three months ended 31 March 2022 to US$26.6 in in the three months ended 31 March 2023. This increase was due to higher mine development additions, such as deferred stripping costs, in the three months ended March 2023 as compared to in the three months ended 31 March 2022.

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

Net cash flows used in investing activities increased by US$41.3 million, or 54.3%, from US$76.1 million in 2021 to US$117.4 million in 2022. The principal reason for this increase in net cash flows used in investing activities between the two years was the increase in cash spent on acquisition of mineral properties from US$55.9 million in 2021 to US$93.9 million in 2022. This increase was due to higher mine development additions, such as exploration, tailings dam and deferred stripping costs, in 2022 as compared to 2021.

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

Net cash flows used in investing activities decreased by US$40.2 million, or 34.6%, from US$116.3 million in 2020 to US$76.1 million in 2021. The principal reason for this decrease was the decrease in cash spent on property, plant and equipment from US$72.3 million in 2020 to US$20.0 million in 2021. This decrease was principally due to the commencement of mining operations at the Serrote mine in June 2021 (and hence the decrease in the need to spend on property plant and equipment for this mine in 2021). The impact of this large decrease in cash spent on property, plant and equipment was partially offset by an increase in cash spent on acquisition of mineral properties from US$45.3 million in 2020 to US$55.9 in 2021.

Net Cash Flows Used in (from) Financing Activities

There Months Ended 31 March 2023

The Mining Entities used US$16.0 million of cash in financing activities in the three months ended 31 March 2023, which principally consisted of (i) repayments of third-party borrowings in the amount of US$9.9 million and (ii) contribution to parent in the amount of US$8.4 million. These repayments of borrowings and contribution to parent became possible in the three months ended 31 March 2023 because the Mining Entities were able to generate US$62.4 million of cash flows from operations in that period.

Year Ended 31 December 2022

The Mining Entities used US$85.2 million of cash in financing activities in 2022, which principally consisted of repayments of related parties' borrowings in the amount of US$66.5 million and repayments of third-party borrowings in the amount of US$48.5 million. These repayments of borrowings became possible in 2022 because the Mining Entities were able to generate US$171.5 million of cash flows from operations in that year.

Year Ended 31 December 2021

The Mining Entities generated US$25.9 million of cash from financing activities in 2021. This was principally due to a US$113.2 million excess of proceeds from third-party borrowings over repayments of third-party borrowings in that year.

Year Ended 31 December 2020

The Mining Entities generated US$132.8 million of cash from financing activities in 2020. This was principally due to (i) a US$101.0 million excess of proceeds from related party borrowings over repayments of related party borrowings in that year and (ii) a US$22.6 million contribution from parent company, which represented the amount received in 2020 by Serrote Participações S.A. from BM Brazil 1 Fundo de Investimento em Participações Multiestratégia through a share capital increase.

Description of Third-Party Loans

The following table presents the Mining Entities' interest-bearing loans, which are stated at amortised cost, as at 31 December 2020, 2021 and 2022 and as at 31 March 2023.

Loans	Effective interest rate	Maturity	As at 31 December 2020	2021	2022	As at 31 March 2023 *(unaudited)*
				(in thousands of US$)		
Bradesco	LIBOR + 1.5% per year	2026	42,364	22,736	-	-
Project finance	LIBOR + 5% per year	2028	-	135,116	120,532	113,533
Total			**42,364**	**157,852**	**120,532**	**113,533**
Current			5,544	29,508	37,595	31,279
Non-current			36,820	128,344	82,937	82,254

In 2012, Atlantic Nickel entered into a US$50 million loan from Banco Bradesco S.A. ("**Bradesco**"), acting through its Grand Cayman branch, payable in 35 months for working capital purposes. Atlantic Nickel renegotiated the terms of the loan several times, and, in 2017, Atlantic Nickel did not make interest or principal

payments, resulting in a default event. In 2018, as part of the total restructuring of its debts, Atlantic Nickel successfully renegotiated the agreement, and the loan was evidenced by a promissory note. The new interest rate was set at 1.5% per year plus LIBOR. The new payment term was set at 12 years, with semi-annual instalments as from the first export shipping. In 2022, Atlantic Nickel settled the remaining balance of its loan with Bradesco as there was a cash sweep provision in the loan agreement and Atlantic Nickel generated large cash balances in 2022 and, therefore, had to repay this loan.

In February 2021, MVV successfully obtained senior financing from ING Capital LLC, as lender, that was used to start operations at the Serrote mine. The amount of this loan totalled US$140 million, and the interest rate was set at 5% per year plus LIBOR. The maturities on this loan are divided into 25 instalments starting in September 2022 with the last payment scheduled for September 2028.

Promissory Note

The Mining Entities have a US$10,000 of vendor financing liability in connection with the acquisition of MVV. Under the terms of the transaction, the liability only accrued interest from February 2021.

The following table presents the Mining Entities' promissory note as at 31 December 2020, 2021 and 2022 and as at 31 March 2023.

			As at 31 December			As at 31 March 2023
Promissory note	**Effective interest rate**	**Maturity**	**2020**	**2021**	**2022**	*(unaudited)*
				(in thousands of US$)		
Clearwater Holdings Fund LLC	LIBOR + 5% per year	2028	10,000	10,466	11,238	11,512
Total			**10,000**	**10,466**	**11,238**	**11,512**
Current			-	-	-	-
Non-current			10,000	10,466	11,238	11,512

Description of Related Party Loans and Other Liabilities

The following table presents the Mining Entities' related party loans and other liabilities as at 31 December 2020, 2021 and 2022 and as at 31 March 2023.

	As at 31 December			As at 31 March 2023
	2020	**2021**	**2022**	*(unaudited)*
		(in thousands of US$)		
Loans – AMH (Jersey) Limited	79,916	64,525	-	-
Loans – ANRH Coöperatief UA	73,900	11,197	11,197	11,197
Loans – AMH 2 (Jersey) Limited	-	21,253	35,942	37,142
Other liabilities	27,365	-	-	
Total	**181,181**	**96,975**	**47,139**	48,339
Current	101,265	-	-	-
Non-current	79,916	96,975	47,139	48,339

Loans from AMH (Jersey) Limited

The borrowings from AMH (Jersey) Limited as at 31 December 2020 and 2021 were derived from the transfer of the creditor's ownership of the debt from Mirabela Nickel Limited (former parent entity of Atlantic Nickel) to AMH (Jersey) Limited. The borrowing amounts as shown above for all reporting periods represent the fair value of the borrowings acquired by AMH (Jersey) Limited from Mirabela Nickel Limited, as at 24 July 2018, and subsequently measured at amortised cost. AMH (Jersey) Limited and Atlantic Nickel will form part of the Enlarged Group and thus such related party transactions will be acquired by the Company.

Each borrowing is subject to specific interest rates (LIBOR plus 2%-3%; 8.5% or 15% per year).

Loan from ANRH Coöperatief UA

In 2020, MVV obtained borrowings denominated in U.S. dollars from its related party ANRH Coöperatief UA in order to complete the construction of the production facility and/or for working capital purposes. The arrangement initially had a term until May 2021. However, the agreement was subsequently amended to extend the maturity

of this arrangement to May 2027. This arrangement was, therefore, classified as a non-current liability as at 31 December 2021 and 2022. There is no interest charge associated with this arrangement. As disclosed in "*Part II - Terms of the Acquisition Agreement*", such agreement will be acquired by the Company.

Loans from AMH 2 (Jersey) Limited

In 2021, MVV obtained related party loans denominated in U.S. dollars from AMH 2 (Jersey) Limited in the amount of US$20,000,000. In 2022, MVV obtained an additional loan denominated in U.S. dollars from AMH 2 (Jersey) Limited in the amount of US$10,000,000. The maturity of these contract is linked to the repayment of project finance advanced, followed by future gold revenues and then the availability of cash at MVV. For the year ended 31 December 2022, these loans were characterised as non-current liabilities. The interest rate applicable to these loans is fixed at 16% per year. AMH 2 (Jersey) Limited and MVV will form part of the Enlarged Group and thus such related party transactions will be acquired by the Company.

Financial Liabilities of the Mining Entities According to Their Related Contractual Maturities

The following table presents the Mining Entities' financial liabilities according to their related contractual maturities (including estimated interest payments and excluding possible netting arrangements) as at 31 December 2022.

	Carrying amount	Within six months	From six to 12 months	From one to two years	From two to five years	Above five years	Total cash flows
					(in thousands of US$)		
Related parties	47,139	649	-	-	-	71,703	72,352
Borrowings	120,532	12,023	12,023	22,920	75,457	11,287	133,710
Promissory note	11,238	-	-	-	-	14,332	14,332
Derivatives	43,476	28,892	14,584	-	-	-	43,476
Trade payables	46,677	46,677	-	-	-	-	46,677
Total	**269,062**	**88,241**	**26,607**	**22,920**	**75,457**	**97,322**	**310,547**

Commitments

As at 31 December 2021 and 2022, Atlantic Nickel had a commitment of US$62.5 million as a termination amount relating to the royalty agreement entered into between AMH (Jersey) Limited, Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP on 13 July 2021, all of which are related parties of Atlantic Nickel. Pursuant to this royalty agreement, Atlantic Nickel will be jointly and severally liable for the payment of royalties owed by AMH (Jersey) Limited to Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP in the case of any event of default. No liability related to this royalty agreement has been incurred by Atlantic Nickel to date.

MVV had no similar commitments as at 31 December 2021 and 2022.

Additions to Property, Plant and Equipment and Additions to Mineral Properties

Additions to property, plant and equipment and additions to mineral properties refer to expenditures to acquire, upgrade, and maintain fixed assets such as plants, equipment, or mineral properties on an accrual basis.

Information on the components of Mining Entities' additions to property, plant and equipment and additions to mineral properties is provided in the two tables below.

The following table provides information on the additions to property, plant and equipment, in the years ended 31 December 2020, 2021 and 2022 and in the three months ended 31 March 2022 and 2023.

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 *(unaudited)*	2023 *(unaudited)*
			(in thousands of US$)		
Land	1,103	1,661	191	-	1,189
Buildings[(1)]	22	635	994	246	192
Machinery and equipment [(2)]	3,405	4,187	4,384	787	708
Facilities[(3)]	268	7,412	3,998	493	620

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 *(unaudited)*	2023 *(unaudited)*
Assets under construction[4]	71,568	4,100	401	40	58
Other[5]	4,180	2,746	2,365	216	823
Total	80,546	**20,741**	**12,333**	**1,782**	**3,590**

Notes:

(1) Buildings comprise administrative and operational buildings, supply warehouses, laboratory, dispatch shed, water intake, electrical substation, explosives warehouse, cafeteria, infirmary, workshop and concierge, among others.

(2) Machinery and equipment comprise machinery and equipment used in the transport and production processes of crushing, grinding, flotation, decanting and drying.

(3) Facilities comprise facilities used in the administrative and operational facilities of the Mining Entities' buildings in Itagibá, Craíbas and Belo Horizonte.

(4) Assets under construction are assets that are in the assembly phase, which are not depreciable. Among the additions during the year ended 31 December 2021, US$535 was capitalised interest on borrowings (nil in 2022 and 2020), and US$189 from capitalisation of financial charges on borrowings (nil in 2022 and 2020). MVV finished its pre-operational phase in June 2021. As such, costs previously classified as assets under construction were transferred to buildings, facilities, machinery and equipment, as appropriate.

(5) "Other" comprises vehicles, leasehold improvements, IT equipment, furniture and components for vehicles and machines.

The following table provides information on the additions to mineral properties in the years ended 31 December 2020, 2021 and 2022 and in the three months ended 31 March 2022 and 2023.

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022 *(unaudited)*	2023 *(unaudited)*
			(in thousands of US$)		
Mine in production[1]	19,693	26,786	79,821	11,468	24,473
Mine in construction[2]	28,801	25,143	-	-	-
Mineral rights[3]	1	-	-	-	-
Other[5]	1,743	4,210	14,039	713	2,149
Total	**50,238**	**56,139**	**93,860**	**12,181**	**26,622**

Notes:

(1) Mine in production includes mine stripping assets of US$89.1 million in 2022, US$37.2 million in 2021 and US$38.5 million in 2020.

(2) MVV finished its pre-operational phase in June 2021, with costs transferred to mine in production at that time.

(3) Refers mainly to the fair value of mineral properties acquired through business combinations, accounted for in accordance with IFRS 3 (Business Combinations) as a result of acquisition of Atlantic Nickel and MVV by Mirabela and Serrote, respectively.

(4) Other comprises environmental licencing fees, opportunity cost CBPM and exploration/evaluation pre-operational costs for both underground and open pit.

Disclosures about Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Mining Entities' income or the value of its holdings of financial instruments.

Commodity Prices Risk

The Mining Entities continuously monitor the prices of metals.

Assuming that expected metal production and sales are achieved, that tax rates are unchanged, and giving no effect to potential hedging programmes, metal price sensitivity factors would indicate the following change in profit or loss resulting from metal price changes in the year ended 31 December 2022. The impact of a 10% increase or decrease in nickel and copper prices is shown in the table below.

	Nickel	Copper
Change in metal price *(in %)*	+/- 10.0%	+/- 10.0%
Changes in trade receivables *(in thousands of US$)*	1,575	1,784

For more on risks related to the impact of metal price changes on the Enlarged Group's business after the Acquisition, see "*Risk Factors – Risks Relating to the Enlarged Group's Business and Industry – The Enlarged Group's business is highly dependent on the international market prices of the metals the Enlarged Group produces, which are both cyclical and volatile*" and "*Key Factors Affecting Results of Operations – Changes in Commodity Prices and, in Particular, Prices of Nickel and Copper*"

Foreign Exchange Risk

The Mining Entities are subject to foreign exchange risk on sales, purchases and borrowings that are denominated in a currency other than the Brazilian real, the Mining Entities' functional currency. The currency in which these transactions are principally denominated is the U.S. dollar. Approximately 10% of the Mining Entities' operating costs are exposed to the Brazilian real exchange rate.

Interest on loans is denominated in the currency of the loan. In general, loans are denominated in currencies that are equivalent to the cash flows generated from the Mining Entities' basic operations (i.e., in U.S. dollars). This provides an economic hedge without derivatives being entered into and, therefore, hedge accounting is not applied in these circumstances.

The following tables show the sensitivity analysis of the balance of liabilities from third parties and related parties in a currency different from the Brazilian real, the Mining Entities' functional currency, outstanding as at 31 December 2022. There are no significant assets in a different currency from the Brazilian real.

Transactions in US$	**Exposure balance**
US$/R$ exchange rate as at 31 December 2022	5.22
	(in thousands of US$)
Bank deposits in US$	22,879
Trade accounts receivable in US$	35,329
Trade accounts payable in US$	(2,939)
Related parties' transactions in US$	(47,139)
Loans and financing in US$	(120,532)
Promissory note in US$	(11,238)
Derivatives in US$	(43,476)
	(167,116)

Transactions in US$	**5% (increase)**	**25% (increase)**	**50% (increase)**
		(in thousands of US$)	
Effect on profit before tax	(8,357)	(41,780)	(83,558)

For more on risks related to the impact of exchange rate fluctuations on the Enlarged Group's business after the Acquisition, see "*Risk Factors – Risks Relating to the Enlarged Group's Business and Industry – The Enlarged Group's business, financial condition and results of operations may be materially and adversely affected by currency exchange rate fluctuations*" and "*Foreign Exchange*".

Interest Rate Risk

The Mining Entities short-term investments are subject to fluctuations in the Interbank Deposit Certificate ("**CDI**") rate. The Mining Entities have calculated interest differences for each of the estimated scenarios set out below according to the balances of exposed amounts and assuming that they remain constant.

When valuing the amounts exposed to the interest rate risk, the Mining Entities considered the risks only for financial statements, i.e. the transactions subject to fixed-rate interest were not included.

The probable scenario is based on the Mining Entities expectations for each of the variables, and negative and positive fluctuations of 25% and 50% were applied to the rates in effect on 31 December 2022.

Instruments	**Risk factor**	**Amount exposed**	**Probable scenario**	**25%**	**50%**
			(in thousands of US$)		
Cash and cash equivalents and short-term investments	CDI	(19,709)	2,440	610	1,220

Instruments	Risk factor	Amount exposed	Probable scenario	25%	50%
Borrowings and financing	LIBOR	120,532	(6,608)	(1,652)	(3,304)
Promissory note	LIBOR	11,238	(616)	(154)	(308)
Related party transactions	LIBOR	35,942	(1,970)	(493)	(985)

For more on risks related to the impact of interest rate fluctuations on the Enlarged Group's business after the Acquisition, see "*Risk Factors – Risks Relating to the Enlarged Group's Business and Industry – Fluctuations in LIBOR could increase the cost of servicing the Enlarged Group's debt and negatively affect the Enlarged Group's overall financial performance*".

Critical Accounting Judgments, Estimates and Assumptions

For information on critical accounting judgments, estimates and assumptions, see note 3 (Significant accounting judgments, estimates and assumptions) of the Combined Historical Financial Information.

In particular, the Mining Entities have focused on the following areas where significant judgments, estimates and assumptions are required in the Combined Historical Financial Information.

Judgments

Stripping (Waste) Costs

As part of their mining operations, the Mining Entities incur stripping (waste removal) costs both during the development phase and production phase of their operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a unit of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Where production stripping activity both produces inventory and improves access to ore in future periods, the associated costs of waste removal are allocated between the two elements:

- the portion that benefits future ore extraction is capitalised as a "mine in production" within "mineral properties" line item in the combined statement of financial position. This is classified as stripping and development capital expenditure within investing cash flows. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable. If the amount to be capitalised cannot be specifically identified, it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's design and LOM plan and, therefore, changes to the design or LOM plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the LOM plan. The assessment depends on a range of factors including each mine's specific operational features (such as mining sequence, investment decision and orebodies used in extraction) and materiality; and
- where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore plus an allocation of directly attributable overhead costs.

Where stripping constitutes waste removal activity on a non-production area, the corresponding cost is not capitalised, instead being expensed in the period in which it is incurred.

The stripping activity asset is subsequently depreciated using the unit of production method over the life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Production Start Date

The Mining Entities assess the stage of the mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine

development/construction project, such as the complexity of the project and its location. The Mining Entities consider various relevant criteria to assess when the production phase is considered to have commenced.

Some of the criteria used to identify the production start date include, but are not limited to:

- level of capital expenditure incurred compared with the original construction cost estimate;
- majority of the assets making up the mining project are substantially complete and ready for use;
- completion of a reasonable period of testing of the mine plant and equipment;
- a specified percentage of design capacity for the mine;
- the percentage grade (metal content) of ore being mined is sufficiently economic and consistent with the overall mine plan;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain ongoing production of metal.

Estimates and Assumptions

The Mining Entities have based their key estimates and assumptions on parameters available when the Combined Historical Financial Information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Mining Entities. Such changes are reflected in the assumptions when they occur.

Mineral Reserve and Mineral Resource Estimates

Mineral Reserve estimates are estimates of the amount of ore that can be economically and legally extracted from the Mining Entities' mining properties. Such Mineral Reserve and Mineral Resource estimates and changes to them may impact the Mining Entities' reported financial position and results, in the following way:

- the carrying value of mineral properties, property, plant and equipment may be affected due to changes in estimated future cash flows;
- depreciation and amortisation charges in the combined statement of profit or loss and other comprehensive income may change where such charges are determined using the units-of-production method, or where the useful life of the related assets change;
- capitalised stripping costs recognised in the combined statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios;
- provisions for asset retirement obligations may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities; and
- the recognition and carrying value of deferred income tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Mining Entities estimate their Mineral Reserve and Mineral Resource based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgments to interpret the data. The estimation of reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgments made in estimating the size and grade of the ore body. As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of Mineral Reserve and Mineral Resource may change.

Recoverability of Non-financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, defined as the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the cash generating units using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects and its eventual disposal, based on the cash generating unit's latest LOM plans. The recoverable amount is sensitive to the discount rate used for the discounted cash-flow model as well as to expected future cash-inflows.

PART IX

PRO FORMA FINANCIAL INFORMATION

SECTION A: REASONABLE ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Board of Directors
ACG Acquisition Company Limited
Craigmuir Chambers, PO Box 71
Road Town, Tortola, VG1110
British Virgin Islands

30 June 2023

Dear Ladies and Gentlemen

ACG Acquisition Company Limited (the "Company")

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of the Enlarged Group, which consists of the Company, Mirabela Participações S.A., Atlantic Nickel Mineração Ltda., Serrote Participações S.A. and Mineração Vale Verde do Brasil Ltda. (the "Mining Entities") and AMH (Jersey) Limited and AMH 2 (Jersey) Limited (the Mining Entities and AMH (Jersey) Limited and AMH 2 (Jersey) Limited collectively referred to as the "Target Entities"), the "Unaudited Pro Forma Financial Information". The unaudited pro forma financial information consists of the:

- unaudited pro forma net asset statement as at 31 December 2022;
- unaudited pro forma income statement for the twelve months period ended 30 June 2022 for the Company and 31 December 2022 for the Target Entities;
- unaudited pro forma net asset statement as at 31 March 2023;
- unaudited pro forma income statement for the three months period ended 31 March 2023; and
- related notes

as set out in Section B of Part IX (Unaudited Pro Forma Financial Information) of the prospectus of ACG Acquisition Company Limited dated 30 June 2023 (the "Prospectus").

This report is required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that item and for no other purpose.

Unless otherwise defined in this report or the context otherwise requires, expressions and terms defined in the Prospectus have the same meaning in this report.

The Unaudited Pro Forma Financial Information has been prepared on the basis described in the notes to the Unaudited Pro Forma Financial Information, for illustrative purposes only, to provide information about how the: (i) the placing of ordinary shared by the Company; (ii) the proposed financing arrangements relating to the proposed acquisition of the Target Entities by the Company (the "proposed acquisition"); and (iii) the proposed acquisition (the "transactions") as if the transactions had taken place at 31 December 2022 and 31 March 2023 in respect to the unaudited pro forma net asset statement and 22 June 2021 in respect to the unaudited pro forma income statement might have affected the financial information presented of the Company on the basis of the accounting policies that will be adopted by the Company in its financial statements for the period ended 31 December 2023.

As part of this process, i) information about the Company's net assets has been extracted from the Company's interim financial statements for the six months period ended 31 December 2022, on which a review report was issued with emphasis of matter regarding material uncertainty related to going concern, and from the Company's interim financial statements for the three and nine months period ended 31 March 2023, ii) information about the Company's income statement has been extracted from the Company's annual financial statements for the year ended 30 June 2022, on which an audit report was issued, and the Company's interim financial statements for the nine and three months period ended 31 March 2023; and iii) information about the Target Entities' net assets and income statement have been extracted from the Target Entities' historical financial information for the year ended 31 December 2022, on which audit reports were issued, and the Target Entities' interim historical financial information for the three months period ended 31 March 2023.

The Director's responsibility for the Unaudited Pro Forma Financial Information

It is the responsibility of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Sections 1 and 2 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent auditor's Responsibilities

Our responsibility is to express an opinion, as required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, about whether the unaudited pro forma financial information has been properly compiled by the Company on the basis stated in the Notes to the Unaudited Pro Forma Financial Information and that such basis is consistent with the accounting policies that will be adopted by the Company in its financial statements for the period ended 31 December 2023.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Document.

Basis of Opinion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the independent auditor's plan and perform procedures to obtain reasonable assurance about whether the Company has compiled, in all material respects, the unaudited pro forma financial information on the basis stated in the Notes to the Unaudited Pro Forma Financial Information and that such basis is consistent with the accounting policies that will be adopted by the Company in its financial statements for the period ended 31 December 2023.

No reports or opinions have been made by us on any financial information of ACG Acquisition Company Limited (the "Company"), AMH (Jersey) Limited and AMH 2 (Jersey) Limited used in the compilation of the Unaudited Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information on the Company, AMH (Jersey) Limited and AMH 2 (Jersey) Limited on which the Unaudited Pro Forma Financial Information is based beyond the above opinion.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information of the Combined Historical Financial Information of Mining Entities used in the compilation of the Unaudited Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Enlarged Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2022 or 31 March 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the independent auditor's judgment, having regard to the independent auditor's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Unaudited pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies that will be adopted by the Company.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Ernst & Young Auditores Independentes S.S. Ltda.

SECTION B: UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Basis of Preparation

The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of ACG Acquisition Company Limited (the "**Company**"), Mirabela Participações S.A. ("**Mirabela**"), Atlantic Nickel Mineração Ltda. ("**ATN**"), Serrote Participações S.A. ("**Serrote**") and Mineração Vale Verde do Brasil Ltda. ("**MVV**") (the "**Mining Entities**") and AMH (Jersey) Limited ("**AMH**") and AMH 2 (Jersey) Limited ("**AMH2**") (the Mining Entities and AMH (Jersey) Limited and AMH 2 (Jersey) Limited collectively referred to as the "**Target Entities**") the Company and the Target Entities collectively referred to as the Enlarged Group (the "**Enlarged Group**") has been prepared to illustrate the effect of (i) the Re-Admission (as defined in Part XVIII of this Document (*Definitions*)); (ii) the proposed financing arrangements relating to the Acquisition (as defined in Part XVIII of this Document (*Definitions*)); and (iii) the Acquisition on:

- the unaudited pro forma net assets of the Enlarged Group as at 31 December 2022, as if these transactions had taken place on that date;
- the unaudited pro forma income statement of the Enlarged Group for the twelve months period ended 30 June 2022 in respect of the Company and 31 December 2022 in respect to the Target Entities, as if these transactions had taken place on 22 June 2021;
- the unaudited pro forma net assets of the Enlarged Group as at 31 March 2023, as if these transactions had taken place on that date; and
- the unaudited pro forma income statement of the Enlarged Group for the three months period ended 31 March 2023 in respect of the Company and the Target Entities, as if these transactions had taken place on 22 June 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. The hypothetical financial position or results included in the Unaudited Pro Forma Financial Information may differ from the Enlarged Group's actual financial position or results. It does not purport to represent what the Enlarged Group's financial position or results of operations actually would have been if the Acquisition and other adjusted items described in this section had been completed on the dates indicated, nor does it purport to represent the results of operations for any future period or financial position of the Enlarged Group at any future date. The Unaudited Pro Forma Financial Information has been prepared on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies that will be adopted by the Company in its financial statements for the period ended 31 December 2023 and in accordance with the requirements of sections 1 and 2 of Annex 20 of the UK Prospectus Delegated Regulation.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Ernst & Young Auditores Independentes S.S. Ltda.'s report on the Unaudited Pro Forma Financial Information is set out in Section A of this Part IX (Pro Forma Financial Information of the Enlarged Group) of this Document.

Unaudited pro forma statement of net assets as at 31 December 2022

		Adjustments							
	ACG Acquisition Company Ltd net assets	Mining Entities net assets	AMH (Jersey) Ltd net assets	AMH 2 (Jersey) Ltd net assets	Related party and intercompany transactions	Equity financing adjustment	Other financing adjustment	Transaction adjustments	Pro forma enlarged group
US$ millions	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**					
	Note 1	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**Note 8**	**Note 9**
Assets									
Non-current assets									
Deferred tax assets	0.0	98.0	0.0	0.0	0.0	0.0	0.0	0.0	98.0
Recoverable taxes	0.0	9.2	0.0	0.0	0.0	0.0	0.0	0.0	9.2
Financial assets at amortised cost	0.0	0.0	0.0	35.8	(35.8)	0.0	0.0	0.0	0.0
Other assets	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Property, plant & equipment	0.0	201.6	0.0	0.0	0.0	0.0	0.0	0.0	201.6
Mineral properties	0.0	388.6	0.0	0.0	0.0	0.0	0.0	678.6	1,067.2
Intangible assets	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Total non-current assets	**0.0**	**700.0**	**0.0**	**35.8**	**(35.8)**	**0.0**	**0.0**	**678.6**	**1,378.6**
Current assets									
Cash & cash equivalents	2.0	32.0	0.1	0.0	0.0	556.1	402.1	(991.5)	0.8
Restricted cash	130.1	0.0	0.0	0.0	0.0	(130.1)	20.0	0.0	20.0
Short-term receivables	0.0	10.6	0.0	0.0	0.0	0.0	0.0	0.0	10.6
Trade receivables	0.4	35.3	0.0	1.1	(1.1)	0.0	0.0	0.0	35.7
Loans receivable	0.0	0.0	23.0	0.0	(23.0)	0.0	0.0	0.0	0.0
Inventories	0.0	87.6	0.0	0.0	0.0	0.0	0.0	0.0	87.6
Recoverable taxes	0.0	19.2	0.0	0.0	0.0	0.0	0.0	0.0	19.2
Derivative financial instruments	0.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0	3.1
Other assets	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0	3.9
Total current assets	**132.5**	**191.7**	**23.1**	**1.1**	**(24.1)**	**426.0**	**422.1**	**(991.5)**	**180.9**
Total assets	**132.5**	**891.7**	**23.1**	**36.9**	**(59.9)**	**426.0**	**422.1**	**(312.9)**	**1,559.5**
Liabilities									
Non-current liabilities									
Borrowings	0.0	82.9	0.0	0.0	0.0	0.0	96.7	0.0	179.6
Accounts payable - related parties	0.0	47.1	0.0	0.0	(47.1)	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.0	42.8	0.0	0.0	0.0	0.0	0.0	0.0	42.8
Notes payable	0.0	11.2	0.0	0.0	0.0	0.0	(11.2)	0.0	0.0
Provisions	0.0	22.0	0.0	0.0	0.0	0.0	0.0	0.0	22.0
Deferred revenue	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	100.0
Other liabilities	0.0	0.4	0.0	0.0	0.0	12.0	0.0	0.0	12.4
Total non-current liabilities	**0.0**	**206.4**	**0.0**	**0.0**	**(47.1)**	**12.0**	**185.5**	**0.0**	**356.8**

Current liabilities									
Trade and other payables	3.1	46.7	3.5	0.8	(0.8)	4.9	0.0	(1.7)	56.5
Labour and social obligations	0.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0
Borrowings	0.0	37.6	0.0	36.0	(36.0)	0.0	(8.9)	0.0	28.7
Taxes payable	0.0	10.1	0.0	0.0	0.0	0.0	0.0	0.0	10.1
Royalties payable	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
Derivative financial instruments	5.4	43.5	0.0	0.0	0.0	1.2	0.0	0.0	50.1
Redeemable public share liabilities	122.5	0.0	0.0	0.0	0.0	(122.5)	0.0	0.0	0.0
Other liabilities	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Total current liabilities	**131.0**	**151.6**	**3.5**	**36.8**	**(36.8)**	**(116.4)**	**(8.9)**	**(1.7)**	**159.1**
Total liabilities	**131.0**	**358.0**	**3.5**	**36.8**	**(83.9)**	**(104.4)**	**176.6**	**(1.7)**	**515.9**
Net assets	**1.5**	**533.7**	**19.6**	**0.1**	**24.0**	**530.4**	**245.5**	**(311.2)**	**1,043.6**

Note 1

The ACG Acquisition Company Limited net assets information as at 31 December 2022 has been extracted, without material adjustment, from the Company's Unaudited Condensed Financial Statements for the six-month period ending 31 December 2022, which are incorporated by reference herein and available on the Company's website and are filed in the National Storage Mechanism.

No accounting policy differences have been identified between the unaudited interim financial statements of the Company as at 31 December 2022 and the historical financial information of the Target Entities' as at 31 December 2022. However, differences in the presentation of certain line items have been identified. As the Enlarged Group will follow the financial statement format and presentation of the Target Entities, the presentation of a number of the Company statement of net assets items have been aligned with the Target Entities presentation as follows:

Previous Company's line item presentation	**Updated presentation line item aligned with Target Entities**
• Prepayments and other receivables	• Trade receivables
• Derivative financial instruments	• Derivative financial liabilities

Note 2

The Mining Entities' net assets information as at 31 December 2022 has been extracted, without material adjustment, from the audited combined historical financial information of the Mining Entities for the three years period ended 31 December 2022, which are included in this Document as set out in "*Appendix II—Section B*".

Note 3

The AMH (Jersey) Limited net assets information as at 31 December 2022 has been extracted, without material adjustment, from the audited financial statements of AMH (Jersey) Limited for the year ended 31 December 2022, which are included in this Document as set out in "*Appendix III—Section B*".

Note 4

The AMH 2 (Jersey) Limited net assets information as at 31 December 2022 has been extracted, without material adjustment, from the audited financial statements of AMH 2 (Jersey) Limited for the year ended 31 December 2022, which are which are included in this Document as set out in "*Appendix IV—Section B*".

Note 5: Related party and intercompany transactions

As disclosed in the Target Entities' respective historical financial information, there are a number of intercompany and related party transactions, as follows:

a) Financial assets at amortised cost: US$35.8 million reflects the elimination of the intercompany loan receivable by AMH 2 (Jersey) from MVV.
b) Trade receivables: US$1.1 million reflects the elimination of loan administration and arrangement fees, and accrued interest, receivable by AMH 2 (Jersey) from MVV.
c) Loans receivable: US$23.0 million reflects the elimination of the intercompany loan receivable by AMH (Jersey), due from Mirabela. The loans receivable balance was acquired by AMH from the previous shareholder of ATN, as at 31 July 2018. The amounts initially recognized and subsequently measured at amortised cost were repaid and thus there is no corresponding liability in Mirabela. Any additional cash payment from Mirabela to AMH (Jersey) is treated as contribution to Parent in the combined historical financial information.
d) Accounts payable – related parties: i) US$11.2 million reflects the related party loan payable by MVV to ANRH Coöperatief UA, a related party outside the acquisition perimeter. This balance will be acquired by the Company, and therefore become an intercompany loan eliminated on consolidation in future periods; ii) US$35.9 million reflects the elimination of the intercompany loan payable by MVV to AMH 2 (Jersey).
e) Trade and other payables: US$0.8 million reflects the loan administration and arrangement fees, and accrued interest, payable by AMH 2 (Jersey) to Appian Natural Resources Fund II L.P., a related party outside the acquisition perimeter. This balance will be acquired by the Company, and therefore become an intercompany payable eliminated on consolidation in future periods.
f) Borrowings: US$36.0 million reflects the related party loan payable by AMH 2 (Jersey) to Appian Natural Resources Fund II L.P., a related party outside the acquisition perimeter. This balance will be acquired by the Company, and therefore become an intercompany loan eliminated on consolidation in future periods.

Note 6: Equity financing adjustment

In connection with the acquisition of the Target Entities the Company expects to have an overall available cash from equity financing of US$601.0 million, before expenses, subject to the effect of non-redeemed shares and placing shares.

The US$130.1 million of restricted cash held on the Company's statement of net assets at 31 December 2022 reflects cash raised through the offer of Class A shares upon the Company's IPO on 12 October 2022, that is subject to a redemption feature; holders of Class A shares can exercise this redemption right until two trading days prior to the Acquisition EGM. As result, adjustments have been made to reflect: i) US$130.1 million full redemption of this restricted cash (including accrued interest); ii) US$122.5 million, being the extinguishment of the public share liabilities; iii) US$1.1 million removal of the accrued interest liability in the Company's trade and other payables; iv) US$2.2 million release of unamortised transaction costs associated with the public share liabilities to the income statement; and v) US$3.2 million of unamortised effective interest expense associated with the public share liabilities to the income statement. The remaining balance relates to public share warrants which will remain.

As a result, the Company plans to issue approximately 60,100,000 Class A Ordinary Shares on a non-pre-emptive basis at a placing price of US$10.00 per placing share to raise aggregate gross proceeds of US$601.0 million.

To the extent that any existing holders of Class A shares do not exercise their redemption right, the number of Class A Ordinary Shares offered in the Placing will be decreased commensurately.

In the pro forma statement of net assets this is reflected in Cash & cash equivalents by net proceeds from the placing of US$556.1 million (US$601.0 million proceeds from the Placing less the immediately payable expenses of

US$44.9 million). As noted, any restricted cash that is not redeemed would result in a compensating decrease in the net Placing proceeds, resulting in the same overall adjustment to Cash & cash equivalents.

The estimated expenses (excluding VAT) in connection with the Placing are US$62.9 million, of which US$44.9 million are payable on completion and US$18.0 million is payable in future periods (US$6.0 million in trade and other payables and US$12.0 million in other non-current liabilities). This level of expenses assumes that the full US$601.0 million will be raised from the issue of new Class A Ordinary Shares, and these costs would be lower should existing holders of Class A shares not exercise their redemption rights.

A derivative financial liability of US$1.2 million has been recognised for the Private Placement Warrants to be issued to equity holders at completion.

Note 7: Other financing adjustment

The other financing adjustment relates to three agreements: a) US$225 million senior debt facility; b) US$250 million royalty agreement; c) a US$100 million prepayment agreement. It has been agreed that US$20 million will be held in a debt service reserve account as restricted cash; and d) settlement of the existing MVV project finance borrowings and the payment of a promissory note. This adjustment is presented net of the two outflows noted in the final paragraph of this footnote.

a) Details of the US$225 million senior debt facility are outlined in "Part XV—*Additional Information—Material contracts—Senior Secured Debt Facility*". The senior debt facility also provides a $75 million revolving credit facility, which is available at the Company's election, should the Enlarged Group have additional cash requirements. The senior debt facility has a maturity of five years, with a total aggregate interest of applicable margin of 5.25% per annum plus a benchmark rate of SOFR as well as a commitment fee of 50% of applicable margin. This senior debt facility presented net of expenses of US$16.7 million incurred in association with this facility, which have been apportioned between the current (US$13.4 million) and non-current (US$3.3 million) components of the associated liability.

b) Details of the US$250 million royalty agreement, over the life of mine, with Royal Gold are outlined in "Part XV—*Additional Information—Material contracts—Royal Gold Royalty Agreements*". The royalty agreement constitutes a simultaneous acquisition, by the Company, and sale of a mineral interest, to Royal Gold. The arrangement was assessed as a partial sale of the existing and prospective mineral property assets, specifically copper, nickel and precious metal by-products, which are (or will be) transferred to Royal Gold through royalty payments once mined, processed into concentrate and sold. Should production cease temporarily or permanently, the Enlarged Group is not contractually obliged to repay any of the advance payment outstanding. No portion of the US$250 million has been allocated to ongoing extraction services. Transaction costs associated with this agreement have been expensed, and are included in the US$23.6 million as per income statement note 7.

c) Details of the US$100 million prepayment agreement with PowerCo are outlined in "Part XV—*Additional Information—Material contracts—Prepayment Addendum*". The prepayment agreement is a contract to sell a non-financial item to be discharged by way of deliveries of Primary Nickel from the Company to PowerCo. PowerCo will receive a pre-agreed discount on the delivery price of the Primary Nickel, applicable for the whole duration of the initial term ending in 2033. The discount will be used to reduce the outstanding Prepayment Amount. After the initial term, PowerCo will have the option to apply the full value of deliveries to any remaining Prepayment Amount outstanding. There is no unconditional obligation on the Company to repay the Prepayment Amount in cash or other financial asset and as a result. Accordingly, the prepayment has been recognised as deferred revenue. The deferred revenue will be recognised in line with the sales to PowerCo, which will commence in 2026, with an associated interest expense reflecting the time value of money differential between receipt of the advance payment and recognition of the revenue. Transaction costs associated with this agreement have been expensed, and are included in the US$23.6 million as per income statement note 7.

d) In addition, the debt financing adjustment reflects the settlement of the existing MVV project finance borrowings US$125.0 million net of unamortised debt transaction costs, and the payment of a promissory note of US$11.2 million due to the previous owner of MVV.

The adjustment to Cash and cash equivalents comprises the net proceeds of the financing agreements, net of the settlement of existing loans.

	Other financing adjustment (US$ million)
US$225m senior debt facility (net of US$16.7 million expenses)	208.3
US$250m royalty agreement cash receipt	250.0
US$100m deferred revenue cash receipt	100.0
Settlement of existing project finance borrowings	(125.0)
Settlement of existing promissory note	(11.2)
Cash to be held in debt service reserve account as restricted cash	(20.0)
Adjustment to cash and cash equivalents	402.1
Non-current senior debt liability (net of US$13.4 million expenses)	179.6
Settlement of non-current project finance borrowing	(82.9)
Adjustment to non-current borrowings (A)	96.7
Current senior debt liability (net of US$3.3 million expenses)	28.7
Settlement of current project finance borrowing	(37.6)
Adjustment to current borrowings (B)	(8.9)
Recognition of deferred revenue (C)	100.0
Settlement of existing promissory note (D)	(11.2)
Adjustment to total liabilities (A+B+C+D)	176.6

Note 8: Transaction adjustments

The Unaudited Pro Forma Financial Information has been prepared on the basis that the Acquisition will be treated as a business combination in accordance with IFRS 3 Business Combinations. Upon completion of the acquisition, the Company is the legal and accounting acquirer, and the Target Entities are the legal and accounting acquiree for the purposes of applying IFRS 3.

Following acquisition accounting methodology required by IFRS 3, it is necessary to fair value the consideration paid and all the assets and liabilities of the acquired business. In the unaudited pro forma statement of net assets, no adjustment has been made to the fair values of the individual net assets of the Target Entities to reflect any re-measurement to fair value that may arise and any resultant deferred tax as this exercise will not be undertaken until the effective completion date. The fair value adjustments, when finalised, may be material. For the purposes of the Unaudited Pro Forma Financial Information the excess of the purchase consideration over the carrying amount of net assets acquired has been attributed to mineral properties within non-current assets, as follows:

	Purchase price adjustment (US$ million)
Total consideration	1,065.0
Less: estimated adjustments as per SPA	(93.0)
Total estimated consideration to be transferred	972.0
Target Entities net assets acquired	577.4
Less: estimated fair value of mineral interest sold to Royal Gold	(250.0)
Less: estimated fair value of mineral interest sold to La Mancha	(34.0)
Adjustment to mineral properties	678.6

For details of the SPA adjustments, see "Part II—*Terms of the Acquisition Agreement*".

The Target Entities' net assets acquired is the aggregate of the net assets of the Mining Entities, AMH (Jersey) Ltd, AMH 2 (Jersey) Ltd and related party and intercompany transactions elimination.

The estimated fair value of the mineral interest sold to Royal Gold is the US$250 million received as part of the Royal Gold Agreement as described in note 7 is deemed a partial sale of the mineral properties and thus a reduction to mineral properties.

Details of the La Mancha Anchor Investor Agreement and La Mancha Royalty Agreement are outlined in "Part XV—*Additional Information—Material contracts— Appian and La Mancha Royalty Agreements*". The granting of a royalty to La Mancha was assessed as a partial sale of the existing and prospective mineral property assets, specifically copper, nickel and precious metal by-products, which are (or will be) transferred to La Mancha through royalty payments once mined, processed into concentrate and sold. Transaction costs associated with this agreement have been expensed, and are included in the US$23.6 million as per income statement note 7.

The estimated fair value of the mineral interest sold to La Mancha represents management's best estimate of the present value of the future royalties payable to La Mancha under the La Mancha Royalty Agreement. Royalties will be recognised and paid in cash as earned post-completion and accounted for as an expense within cost of products sold in the financial statements of the Enlarged Group.

The adjustment to cash and cash equivalents comprises the consideration paid for the acquisition of the Target Entities including transaction expenses of US$19.5 million assumed to have been paid on the date of acquisition, other than those attributable to debt and equity, see income statement notes 6 and 7. An adjustment of US$1.7 million to Trade and other payables has been made to reflect the payment of billed and accrued transaction expenses.

	Purchase price adjustment US$ millions
Total estimated consideration to be transferred	972.0
Transaction expenses paid	19.5
Adjustment to cash and cash equivalents	991.5

Note 9

No adjustment has been made to reflect the trading results of the Company, the Mining Entities, AMH (Jersey) Limited or AMH 2 (Jersey) Limited since 31 December 2022.

Unaudited pro forma income statement for the twelve-month periods ended 30 June 2022 in respect of the Company and 31 December 2022 in respect to the Target Entities

		Adjustments						
US$ millions	**ACG Acquisition Company Ltd Income Statement 30/06/2022**	**Mining Entities Income Statement 31/12/2022**	**AMH (Jersey) Ltd Income Statement 31/12/2022**	**AMH 2 (Jersey) Ltd Income Statement 31/12/2022**	**Related party and intercompany transactions**	**Other financing adjustment**	**Transaction adjustments**	**Pro forma enlarged group**
	Note 1	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**	**Note 8**
Revenue	0.0	477.9	0.0	0.0	0.0	0.0	0.0	477.9
Cost of products sold	0.0	(272.4)	0.0	0.0	0.0	0.0	(61.2)	(333.6)
Gross profit	0.0	**205.5**	**0.0**	**0.0**	**0.0**	0.0	(61.2)	144.3
General and administrative expenses	(2.7)	(71.5)	0.0	0.0	0.0	0.0	(14.4)	(88.6)
Share-based payment expense	0.0	0.0	0.0	0.0	0.0	0.0	(3.3)	(3.3)
Transaction expenses	0.0	0.0	0.0	0.0	0.0	0.0	(24.6)	(24.6)
Impairment gain	0.0	0.0	55.5	0.0	(55.5)	0.0	0.0	0.0
Other (expenses)/income	0.0	(2.5)	(15.9)	0.0	0.0	0.0	0.0	(18.4)
Operating (loss)/income	**(2.7)**	**131.5**	**39.6**	**0.0**	**(55.5)**	**0.0**	**(103.5)**	**9.4**
Net finance income/(expense)	0.0	5.6	0.0	0.0	6.5	(78.8)	0.0	(66.7)
(Loss)/profit before tax	**(2.7)**	**137.1**	**39.6**	**0.0**	**(49.0)**	**(78.8)**	**(103.5)**	**(57.3)**
Income tax	0.0	102.0	0.0	0.0	(1.6)	0.7	0.3	101.4
Net (loss)/profit for the period	**(2.7)**	**239.1**	**39.6**	**0.0**	**(50.6)**	**(78.1)**	**(103.2)**	**44.1**
Currency translation adjustment	0.0	12.6	0.0	0.0	0.0	0.0	0.0	12.6
Total comprehensive (loss)/income	**(2.7)**	**251.7**	**39.6**	**0.0**	**(50.6)**	**(78.1)**	**(103.2)**	**56.7**

Note 1

The Company's income statement information for the year ended 30 June 2022 has been extracted, without material adjustment, from the audited financial statements of ACG Acquisition Company Limited which are included in this Document as set out in "*Appendix I—Section C*".

No accounting policy differences have been identified between the audited financial statements of the Company as at 30 June 2022 and the historical financial information of the Target Entities as at 31 December 2022. However, differences in the presentation of certain line items have been identified. As the new Enlarged Group will follow the financial statement format and presentation of the Target Entities, the presentation of a number of Company's income statement items have been aligned with the Target Entities presentation as follows:

Previous Company's line item presentation	**Updated presentation line item aligned with Target Entities**
• Administrative expenses	• General and administrative expenses
• Gain/(loss) on derivatives	• Net finance income/(expense)

AMH (Jersey) Limited and AMH2 (Jersey) Limited present: i) Other income and Expenses separately in the income statement. These items have been aggregated into Other (expenses)/income for the Unaudited pro forma income statement; and ii) Interest income and Interest Expenses separately in the income statement. These items have been aggregated into Net finance income/(expense) for the Unaudited pro forma income statement.

Note 2

The Mining Entities' income statement information as at 31 December 2022 has been extracted, without material adjustment, from the combined historical financial information of the Mining Entities for the three years period ended 31 December 2022, which are included in this Document as set out in "*Appendix II—Section B*".

Note 3

The AMH (Jersey) Limited income statement information as at 31 December 2022 has been extracted, without material adjustment, from the audited financial statements of AMH (Jersey) Limited for the year ended 31 December 2022, which are included in this Document as set out in "*Appendix III—Section B*".

Note 4

The AMH 2 (Jersey) Limited income statement information as at 31 December 2022 has been extracted, without material adjustment, from the audited financial statements of AMH 2 (Jersey) Limited for the year ended 31 December 2022, which are included in this Document as set out in "*Appendix IV—Section B"*.

Note 5: Related party and intercompany transactions

As disclosed in the Target Entities' historical financial information there are a number of related party and intercompany loans that eliminate on consolidation, as follows:

a) The adjustment of US$55.5 million reflects the impairment gain recorded in AMH (Jersey) Limited has been eliminated on consolidation as it arises from intercompany loan principal and interest receipts from Mirabela. Tax adjustments have been made in the Brazilian-resident entities where a tax effect is expected, at the statutory rate of 34%.

b) The net finance income/(expense) adjustment is comprised of: i) US$5.1 million to Finance income reflects the elimination of the intercompany loan interest receivable by AMH 2 (Jersey) from MVV, with a corresponding adjustment of US$4.7 million to Finance expense; ii) US$1.8 million to Finance expense reflects the elimination of the intercompany loan interest payable by Mirabela to AMH (Jersey); iii) US$5.1 million to Finance expense reflects the elimination of the related party loan payable interest payable by AMH 2 (Jersey) to Appian Natural Resources Fund II L.P., a related party outside the acquisition perimeter. This loan will be acquired by the Company, and therefore become an intercompany loan eliminated on consolidation in future periods.

Note 6: Other financing adjustment

The adjustment to finance expenses reflects:

	US$ million
1. Target Entities finance income removed	(2.1)
2. Finance costs associated with new senior debt facility	(36.4)
3. Cost of products sold associated with royalty facility	(28.0)
4. Deferred revenue finance expense	(6.9)
5. Release of unamortised transaction costs and effective interest	(5.4)
	(78.8)

1. All finance expenses (with the exception of lease-related finance expenses and fair value movements on derivatives) of the Target Entities have been removed. These expenses are:

a) US$11.3 million finance expense comprising the interest (US$9.5 million) and commission (US$1.8 million) expenses of the MVV project finance facility.
b) US$0.8 million interest expense of the Serrote vendor promissory note.

In addition, US$9.7 million of foreign exchange gains on the MVV project finance facility have been removed and US$4.5 million of unamortised transaction costs of this facility have been fully recognised in the income statement. Tax adjustments have been made in the Brazilian-resident entities where a tax effect is expected, at the statutory rate of 34%.

2. Representing the finance costs associated with the senior debt facility, using the SOFR rate as at the Latest Practical Date and US$3.3 million of senior debt transaction costs amortised to the income statement.

3. Representing the royalty expense associated with the Royal Gold Agreement. This adjustment has been calculated using actual production and price realisations achieved during the year ended 31 December 2022. No adjustment has been made for a royalty with Appian already in place during the period presented, and the La Mancha royalty is only expected to commence on production from the underground expansion at Santa Rita.

4. Representing the financing component on the unwind of the PowerCo Prepayment Amount accounted for as deferred revenue. Refer to note 7 Other financing adjustments above on Unaudited pro forma statement of net assets as at 31 December 2022.

5. As described in the net assets note 6 Equity financing adjustment above, US$2.2 million of unamortised transaction costs and US$3.2 million of unamortised effective interest, both associated with the Company's public share liabilities, have been released on the assumption that all such public shares are redeemed.

Note 7: Transaction adjustments

Transaction expenses of US$24.6 million incurred in connection with the Acquisition are reflected as a separate line item. The adjustment relates to estimated transaction expenses of US$23.6 million incurred by the Company and transaction costs of US$1.0 million incurred by the Target Entities. These costs are not associated with the Placing (see net assets note 6) or the senior debt facility (see net assets note 7). US$1.7 million of transaction expenses previously incurred by the Company have been reclassified from G&A expense to transaction expenses.

328,363 Class B shares are expected to be granted as share-based payments on completion of the Acquisition. The fair value of a Class B share has been assessed as US$10, given that this is the price at which the equity raise is being completed and that Class B shares will convert to Class A shares on completion. Accordingly, a share-based payment expense of US$3.3 million has been included in the income statement.

All costs that relate solely to the Acquisition have been expensed in accordance with IFRS 3.
There is no adjustment to tax in profit/(loss) for a number of adjustments as the Company's tax domicile is the British Virgin Islands which has an effective tax rate of 0%, and similarly Jersey tax-resident entities have effective tax rates of 0%. Tax adjustments have been made in the Brazilian-resident entities where a tax effect is expected, at the statutory rate of 34%.

An adjustment has been made to Cost of Products sold and General and administrative expenses to reflect the higher depreciation and amortisation expense due to the increase in valuation of Mineral properties, as described in note 8 Transaction costs above, as follows:

	US$ million
Increased depreciation and amortisation charge allocated to cost of products sold	(61.2)
Increased depreciation and amortisation charge allocated to general and administrative expenses	(16.1)
Total	(77.3)

Note 8

No adjustment has been made to reflect the trading results of the Company since 30 June 2022, or the Mining Entities, AMH (Jersey) Limited or AMH 2 (Jersey) Limited since 31 December 2022.

Unaudited pro forma statement of net assets as at 31 March 2023

		Adjustments							
US$ millions	ACG Acquisition Company Ltd net assets 31/03/2023 Note 1	Mining Entities net assets 31/03/2023 Note 2	AMH (Jersey) Ltd net assets 31/03/2023 Note 3	AMH 2 (Jersey) Ltd net assets 31/03/2023 Note 4	Related party and intercompany transactions Note 5	Equity financing adjustment Note 6	Other financing adjustment Note 7	Transaction adjustments Note 8	Pro forma enlarged group Note 9
Assets									
Non-current assets									
Deferred tax assets	0.0	74.3	0.0	0.0	0.0	0.0	0.0	0.0	74.3
Recoverable taxes	0.0	9.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0
Financial assets at amortised cost	0.0	0.0	0.0	37.3	(37.3)	0.0	0.0	0.0	0.0
Other assets	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Property, plant & equipment	0.0	205.8	0.0	0.0	0.0	0.0	0.0	0.0	205.8
Mineral properties	0.0	407.8	0.0	0.0	0.0	0.0	0.0	589.2	997.0
Intangible assets	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Total non-current assets	**0.0**	**699.3**	**0.0**	**37.3**	**(37.3)**	**0.0**	**0.0**	**589.2**	**1,288.5**
Current assets									
Cash & cash equivalents	4.4	47.1	0.1	0.0	0.0	556.1	408.8	(991.5)	25.0
Restricted cash	131.6	0.0	0.0	0.0	0.0	(131.6)	20.0	0.0	20.0
Short-term receivables	0.0	11.2	0.0	0.0	0.0	0.0	0.0	0.0	11.2
Trade receivables	0.3	15.6	0.0	1.1	(1.1)	0.0	0.0	0.0	15.9
Loans receivable	0.0	0.0	14.4	0.0	(14.4)	0.0	0.0	0.0	0.0
Inventories	0.0	97.3	0.0	0.0	0.0	0.0	0.0	0.0	97.3
Recoverable taxes	0.0	19.7	0.0	0.0	0.0	0.0	0.0	0.0	19.7
Derivative financial instruments	0.0	32.9	0.0	0.0	0.0	0.0	0.0	0.0	32.9
Other assets	0.0	4.1	0.0	0.0	0.0	0.0	0.0	0.0	4.1
Total current assets	**136.3**	**227.9**	**14.5**	**1.1**	**(15.5)**	**424.5**	**428.8**	**(991.5)**	**226.1**
Total assets	**136.3**	**927.2**	**14.5**	**38.4**	**(52.8)**	**424.5**	**428.8**	**(402.3)**	**1,514.6**
Liabilities									
Non-current liabilities									
Borrowings	0.0	82.3	0.0	0.0	0.0	0.0	97.3	0.0	179.6
Accounts payable - related parties	0.0	48.3	0.0	0.0	(48.3)	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.0	42.0	0.0	0.0	0.0	0.0	0.0	0.0	42.0
Notes payable	0.0	11.5	0.0	0.0	0.0	0.0	(11.5)	0.0	0.0
Provisions	0.0	22.7	0.0	0.0	0.0	0.0	0.0	0.0	22.7
Deferred revenue	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	100.0
Other liabilities	0.0	0.3	0.0	0.0	0.0	12.0	0.0	0.0	12.3
Total non-current liabilities	**0.0**	**207.1**	**0.0**	**0.0**	**(48.3)**	**12.0**	**185.8**	**0.0**	**356.6**
Current liabilities									
Trade and other payables	11.0	36.8	4.9	0.9	(0.8)	3.5	0.0	(8.0)	48.3
Labour and social obligations	0.0	4.2	0.0	0.0	0.0	0.0	0.0	0.0	4.2
Borrowings	0.0	31.3	0.0	37.5	(37.5)	0.0	(2.6)	0.0	28.7
Taxes payable	0.0	6.4	0.0	0.0	0.0	0.0	0.0	0.0	6.4
Royalties payable	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0
Derivative financial instruments	4.3	13.1	0.0	0.0	0.0	1.0	0.0	0.0	18.4
Redeemable public share liabilities	124.2	0.0	0.0	0.0	0.0	(124.2)	0.0	0.0	0.0
Other liabilities	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Total current liabilities	**139.5**	**96.7**	**4.9**	**38.4**	**(38.3)**	**(119.7)**	**(2.6)**	**(8.0)**	**110.9**
Total liabilities	**139.5**	**303.8**	**4.9**	**38.4**	**(86.6)**	**(107.7)**	**183.2**	**(8.0)**	**467.5**
Net (liabilities)/assets	**(3.2)**	**623.4**	**9.6**	**0.0**	**33.8**	**532.2**	**245.6**	**(394.3)**	**1,047.1**

Note 1

The Company's net assets information as at 31 March 2023 has been extracted, without material adjustment, from the Company's Unaudited Interim Condensed Financial Statements for the nine-month period ending 31 March 2023, included in this Document as set out in "*Appendix I—Section A*".

No accounting policy differences have been identified between the unaudited interim financial statements of the Company as at 31 March 2023 and the unaudited interim financial statements of the Target Entities as at 31 March 2023. However, differences in the presentation of certain line items have been identified. As the Enlarged Group will follow the financial statement format and presentation of the Target Entities, the presentation of a number of the Company statement of net asset items have been aligned with the Target Entities presentation as follows:

Previous Company's line item presentation	Updated presentation line item aligned with Target Entities
Prepayments and other receivables	Trade receivables
Derivative financial instruments	Derivative financial liabilities

Note 2

The Mining Entities net assets information as at 31 March 2023 has been extracted, without material adjustment, from the unaudited interim condensed combined financial information of the Mining Entities for the three months period ended 31 March 2023, which are included in this Document as set out in "*Appendix II—Section C*".

Note 3

The AMH (Jersey) Limited net assets information as at 31 March 2023 has been extracted, without material adjustment, from the unaudited interim condensed financial statements of AMH (Jersey) Limited for the three months ended 31 March 2023, which are included in this Document as set out in "*Appendix III—Section C*".

Note 4

The AMH 2 (Jersey) Limited net assets information as at 31 March 2023 has been extracted, without material adjustment, from the unaudited interim condensed financial statements of AMH 2 (Jersey) Limited for the three months ended 31 March 2023, which are included in this Document as set out in "*Appendix IV—Section C*".

Note 5: Related party and intercompany transactions

As disclosed in the Target Entities' respective historical financial information, there are a number of intercompany and related party transactions, as follows:

a) Financial assets at amortised cost: US$37.3 million reflects the elimination of the intercompany loan receivable by AMH 2 (Jersey) from MVV.

b) Trade receivables: US$1.1 million reflects the elimination of loan administration and arrangement fees, and accrued interest, receivable by AMH 2 (Jersey) from MVV.

c) Loans receivable: US$14.4 million reflects the elimination of the intercompany loan receivable by AMH (Jersey), due from Mirabela. The loans receivable balance was acquired by AMH from the previous shareholder of ATN, as at 31 July 2018. The amounts initially recognized and subsequently measured at amortised cost were repaid and thus there is no corresponding liability in Mirabela. Any additional cash payment from Mirabela to AMH (Jersey) is treated as contribution to Parent in the combined historical financial information.

d) Accounts payable – related parties: i) US$11.2 million reflects the related party loan payable by MVV to ANRH Coöperatief UA, a related party outside the acquisition perimeter. This balance will be acquired by the Company, and therefore become an intercompany loan eliminated on consolidation in future periods; and ii) US$37.1 million reflects the elimination of the intercompany loan payable by MVV to AMH 2 (Jersey).

e) Trade and other payables: US$0.8 million reflects the loan administration and arrangement fees, and accrued interest, payable by AMH 2 (Jersey) to Appian Natural Resources Fund II L.P., a related party outside the acquisition perimeter. This balance will be acquired by the Company, and therefore become an intercompany payable eliminated on consolidation in future periods.

f) Borrowings: US$37.5 million reflects the related party loan payable by AMH 2 (Jersey) to Appian Natural Resources Fund II L.P., a related party outside the acquisition perimeter. This balance will be acquired by the Company, and therefore become an intercompany loan eliminated on consolidation in future periods.

Note 6: Equity financing adjustment

In connection with the acquisition of the Target Entities the Company expects to have an overall available cash from equity financing of US$601.0 million, before expenses, subject to the effect of non-redeemed shares and Placing shares in the Unaudited pro forma income statement for the twelve month periods ended 30 June 2022 in respect of the Company and 31 December 2022 in respect to the Target Entities.

The US$131.6 million of restricted cash held on the Company's statement of net assets at 31 March 2023 reflects cash raised through the offer of Class A shares upon the Company's IPO on 12 October 2022, that is subject to a redemption feature; holders of Class A shares can exercise this redemption right until two trading days prior to the Acquisition EGM. As a result, adjustments have been made to reflect: i) US$131.6 million full redemption of this restricted cash (including accrued interest); ii) US$124.2 million, being the extinguishment of the public share liabilities; and iii) US$2.5 million removal of the accrued interest liability in the Company's trade and other payables. Other unamortised costs have been released, see note 6 Other financing adjustment to the Unaudited pro forma income statement for the twelve-month periods ended 30 June 2022 in respect of the Company and 31 December 2022 in respect to the Target Entities. The remaining balance relates to public share warrants which will remain.

As a result, the Company plans to issue approximately 60,100,000 Ordinary Shares on a non-pre-emptive basis at a placing price of US$10.00 per placing share to raise aggregate gross proceeds of US$601.0 million.

To the extent that any existing holders of Class A shares do not exercise their redemption right, the number of Ordinary Shares offered in the Placing will be decreased commensurately.

In the pro forma statement of net assets this is reflected in Cash & cash equivalents by net proceeds from the placing of US$556.1 million (US$601.0 million proceeds from the Placing less the immediately payable expenses of US$44.9 million). As noted, any restricted cash that is not redeemed would result in a compensating decrease in the net Placing proceeds, resulting in the same overall adjustment to Cash & cash equivalents.

The estimated expenses (excluding VAT) in connection with the Placing are US$62.9 million, of which US$44.9 million are payable on completion and US$18.0 million is payable in future periods (US$6.0 million in trade and other payables and US$12.0 million in other non-current liabilities). This level of expenses assumes that the full US$601.0 million will be raised from the issue of new Ordinary Shares, and these costs would be lower should existing holders of Class A shares not exercise their redemption rights.

A derivative financial liability of US$1.0 million has been recognised for Private Placement Warrants to be issued to equity holders at completion.

Note 7: Other financing adjustment

The other financing adjustment relates to three financing agreements: a) US$225 million senior debt facility; b) US$250 million royalty agreement; c) a US$100 million prepayment agreement. It has been agreed that US$20 million will be held in a debt service reserve account as restricted cash; and d) settlement of the existing MVV project finance borrowings and the payment of a promissory note. This adjustment is presented net of the two outflows noted in the final paragraph of this footnote.

a) Details of the US$225 million senior debt facility are outlined in "Part XV—*Additional Information—Material contracts—Senior Secured Debt Facility*". The senior debt facility also provides a $75 million revolving credit facility. The senior debt facility has a maturity of five years, with a total aggregate

interest of applicable margin of 5.25% per annum plus a benchmark rate of SOFR as well as a commitment fee of 50% of applicable margin. This senior debt facility presented net of expenses of US$16.7 million incurred in association with this facility, which have been apportioned between the current (US$13.4 million) and non-current (US$3.3 million) components of the associated liability.

b) Details of the US$250 million life of mine royalty agreement with Royal Gold are outlined in "Part XV—*Additional Information—Material contracts—Royal Gold Royalty Agreements*". The royalty agreement constitutes a simultaneous acquisition, by the Company, and sale of a mineral interest, to Royal Gold. The arrangement was assessed as a partial sale of the existing and prospective mineral property assets, specifically copper, nickel and precious metal by-products, which are (or will be) transferred to Royal Gold through royalty payments once mined, processed into concentrate and sold. Should production cease temporarily or permanently, the Enlarged Group is not contractually obliged to repay any of the advance payment outstanding. No portion of the US$250 million has been allocated to ongoing extraction services. Transaction costs associated with this agreement have been expensed, and are included in the US$8.0 million as per income statement note 7.

c) Details of the US$100 million prepayment agreement with PowerCo are outlined in "Part XV—*Additional Information—Material contracts—Prepayment Addendum*". The prepayment agreement is a contract to sell a non-financial item to be discharged by way of deliveries of Primary Nickel from the Company to PowerCo. PowerCo will receive a pre-agreed discount on the delivery price of the Primary Nickel, applicable for the whole duration of the initial term ending in 2033. The discount will be used to reduce the outstanding Prepayment Amount. After the initial term, PowerCo will have the option to apply the full value of deliveries to any remaining Prepayment Amount outstanding. There is no unconditional obligation on the Company to repay the Prepayment Amount in cash or other financial asset. Accordingly, the prepayment has been recognised as deferred revenue. The deferred revenue will be recognised in line with the sales to PowerCo, which will commence in 2026, with an associated interest expense reflecting the time value of money differential between receipt of the advance payment and recognition of the revenue. Transaction costs associated with this agreement have been expensed, and are included in the US$8.0 million as per income statement note 7.

d) In addition, the debt financing adjustment reflects the settlement of the existing MVV project finance borrowings US$118.0 million net of unamortised debt transaction costs, and the payment of a promissory note of US$11.5 million due to the previous owner of MVV. The adjustment to cash and cash equivalents comprises the net proceeds of the financing agreements, net of the settlement of existing loans.

	Other financing adjustment (US$ million)
US$225m senior debt facility (net of US$16.7 million expenses)	208.3
US$250m royalty agreement cash receipt	250.0
US$100m deferred revenue cash receipt	100.0
Settlement of existing project finance borrowings	(118.0)
Settlement of existing promissory note	(11.5)
Cash to be held in debt service reserve account as restricted cash	(20.0)
Adjustment to cash and cash equivalents	408.8
Non-current senior debt liability (net of US$13.4 million expenses)	179.6
Settlement of non-current project finance borrowing	(82.3)
Adjustment to non-current borrowings (A)	97.3
Current senior debt liability (net of US$3.3 million expenses)	28.7
Settlement of current project finance borrowing	(31.3)
Adjustment to current borrowings (B)	(2.6)
Recognition of deferred revenue (C)	100.0
Settlement of existing promissory note (D)	(11.5)
Adjustment to total liabilities (A+B+C+D)	183.2

Note 8: Transaction adjustments

The Unaudited Pro Forma Financial Information has been prepared on the basis that the Acquisition will be treated as a business combination in accordance with IFRS 3 Business Combinations. Upon completion of the acquisition, the Company is the legal and accounting acquirer, and the Target Entities are the legal and accounting acquiree for the purposes of applying IFRS 3.

Following acquisition accounting methodology required by IFRS 3, it is necessary to fair value the consideration paid and all the assets and liabilities of the acquired business. In the unaudited pro forma statement of net assets, no adjustment has been made to the fair values of the individual net assets of the Target Entities to reflect any re-measurement to fair value that may arise and any resultant deferred tax as this exercise will not be undertaken until the effective completion date. The fair value adjustments, when finalised, may be material. For the purposes of the Unaudited Pro Forma Financial Information the excess of the purchase consideration over the carrying amount of net assets acquired has been attributed to mineral properties within non-current assets, as follows:

	Purchase price adjustment
Total consideration	1,065.0
Less: estimated adjustments as per SPA	(93.0)
Total estimated consideration to be transferred	972.0
Target Entities net assets acquired	666.8
Less: estimated fair value of mineral interest sold to Royal Gold	(250.0)
Less: estimated fair value of mineral interest sold to La Mancha	(34.0)
Adjustment to mineral properties	589.2

For details of the SPA adjustments, see "Part II—*Terms of the Acquisition Agreement*".

Target Entities net assets acquired is the aggregate of the net assets of the Mining Entities, AMH (Jersey) Ltd, AMH 2 (Jersey) Ltd and related party and intercompany transactions elimination.

The estimated fair value of the mineral interest sold to Royal Gold is the US$250 million received as part of the Royal Gold Agreement as described in note 7 is deemed a partial sale of the mineral properties and thus a reduction to mineral properties.

Details of the La Mancha Anchor Investor Agreement and La Mancha Royalty Agreement are outlined in "Part XV—*Additional Information—Material contracts*". The granting of a royalty to La Mancha was assessed as a partial sale of the existing and prospective mineral property assets, specifically copper, nickel and precious metal by-products, which are (or will be) transferred to La Mancha through royalty payments once mined, processed into concentrate and sold. Transaction costs associated with this agreement have been expensed, and are included in the US$8.0 million as per income statement note 7.

The estimated fair value of the mineral interest sold to La Mancha represents management's best estimate of the present value of the future royalties payable to La Mancha under the La Mancha Royalty Agreement. Royalties will be recognised and paid in cash as earned post-completion and accounted for as an expense within cost of products sold in the financial statements of the Enlarged Group.

The adjustment to cash and cash equivalents comprises the consideration paid for the acquisition of the Target Entities including transaction expense of US$19.5 million assumed to have been paid on the date of acquisition, other than those attributable to debt and equity, see notes 6 and 7. An adjustment of US$8.0 million to Trade and other payables has been made to reflect the payment of billed and accrued transaction expenses.

	Purchase price adjustment US$ millions
Total estimated consideration to be transferred	972.0
Transaction expenses paid	19.5
Adjustment to cash and cash equivalents	991.5

Note 9

No adjustment has been made to reflect the trading results of the Company, the Mining Entities, AMH (Jersey) Limited or AMH 2 (Jersey) Limited since 31 March 2023.

Unaudited pro forma income statement for the three month period ended 31 March 2023

US$ millions	ACG Acquisition Company Ltd Income Statement 31/03/2023 Note 1	Adjustments: Mining Entities Income Statement 31/03/2023 Note 2	AMH (Jersey) Ltd Income Statement 31/03/2023 Note 3	AMH 2 (Jersey) Ltd Income Statement 31/03/2023 Note 4	Related party and intercompany transactions Note 5	Other financing adjustment Note 6	Transaction adjustments Note 7	Pro forma enlarged group Note 8
Revenue	0.0	126.8	0.0	0.0	0.0	0.0	0.0	126.8
Cost of products sold	0.0	(63.5)	0.0	0.0	0.0	0.0	(12.1)	(75.6)
Gross profit	0.0	**63.3**	**0.0**	**0.0**	**0.0**	**0.0**	**(12.1)**	**51.2**
General and administrative expenses	(8.8)	(17.7)	0.0	0.0	0.0	0.0	4.6	(21.9)
Share-based payment expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction expenses	0.0	0.0	0.0	0.0	0.0	0.0	(8.0)	(8.0)
Impairment gain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income/(expenses)	0.0	2.0	(6.1)	0.0	0.0	0.0	0.0	(4.1)
Operating (loss)/income	**(8.8)**	**47.6**	**(6.1)**	**0.0**	**0.0**	**0.0**	**(15.5)**	**17.2**
Net finance income/(expense)	(0.7)	60.1	0.0	0.0	1.1	(25.8)	0.0	34.7
(Loss)/profit before tax	**(9.5)**	**107.7**	**(6.1)**	**0.0**	**1.1**	**(25.8)**	**(15.5)**	**51.9**
Income tax	0.0	(25.5)	0.0	0.0	(0.4)	0.1	0.3	(25.4)
Net (loss)/profit for the period	**(9.5)**	**82.2**	**(6.1)**	**0.0**	**0.7**	**(25.7)**	**(15.2)**	**26.4**
Currency translation adjustment	0.0	16.1	0.0	0.0	0.0	0.0	0.0	16.1
Total comprehensive (loss)/income	**(9.5)**	**98.3**	**(6.1)**	**0.0**	**0.7**	**(25.7)**	**(15.2)**	**42.5**

Note 1

The Company's income statement information for the three months ended 31 March 2023 has been extracted without material adjustment from the unaudited interim condensed financial statements of ACG Acquisition Company Limited which are included in this Document as set out in "*Appendix I—Section A*".

No accounting policy differences have been identified between the unaudited interim financial statements of the Company as at 31 March 2023 and the unaudited interim financial statements of the Target Entities as at 31 March 2023. However, differences in the presentation of certain line items have been identified. As the new Enlarged Group will follow the financial statement format and presentation of the Target Entities, the presentation of a number of the Company's income statement items have been aligned with the Target Entities presentation as follows:

Previous Company line item presentation	Updated presentation line item aligned with Target Entities
Administrative expenses	General and administrative expenses
Gain/(loss) on derivatives	Net finance income/(expense)

AMH (Jersey) Limited and AMH2 (Jersey) Limited present: i) Other income and Expenses separately in the income statement. These items have been aggregated into Other (expenses)/income for the Unaudited pro forma income statement; and ii) Interest income and Interest Expenses separately in the income statement. These items have been aggregated into Net finance income/(expense) for the Unaudited pro forma income statement.

The unaudited pro forma income statement of the Enlarged Group for the three months period ended 31 March 2023 in respect of the Company and the Target Entities, have been prepared to illustrate the re-admission, the proposed financing arrangement and the acquisition, as if these transactions had taken place on 22 June 2021. As result, nonrecurring transaction related adjustments were presented in that period. Thus, the unaudited pro forma income statement of the Enlarged Group for the three-month period ended 31 March 2023 presents only expenses incurred during the three-month period ended 31 March 2023.

Note 2

The Mining Entities' income statement information as at 31 March 2023 has been extracted, without material adjustment, from the unaudited interim condensed combined financial information of the Mining Entities for the

three months period ended 31 March 2023 which are included in this Document as set out in "*Appendix II—Section C*".

Note 3

The AMH (Jersey) Limited income statement information as at 31 March 2023 has been extracted, without material adjustment, from the unaudited interim condensed financial statements of AMH (Jersey) Limited for the three months ended 31 March 2023 which are included in this document as set out in "*Appendix III—Section C*".

Note 4

The AMH 2 (Jersey) Limited income statement information as at 31 March 2023 has been extracted, without material adjustment, from the unaudited interim condensed financial statements of AMH 2 (Jersey) Limited for the three months ended 31 March 2023 which are included in this Document as set out in "*Appendix IV—Section C*".

Note 5: Related party and intercompany transactions

As disclosed in the Target Entities' historical financial information there are a number of related party and intercompany loans that eliminate on consolidation, as follows:

a) The adjustment of US$1.2 million to Finance income reflects the elimination of the intercompany loan interest receivable by AMH 2 (Jersey) from MVV, with a corresponding adjustment of US$1.5 million to Finance expense.

b) The adjustment of US$1.4 million to Finance expense reflects the elimination of the intercompany loan interest payable by AMH 2 (Jersey) to Appian Natural Resources Fund II L.P., a related party outside the acquisition perimeter. This loan will be acquired by the Company, and therefore become an intercompany loan eliminated on consolidation in future periods.

Note 6: Other financing adjustment

The adjustment to finance expenses reflects:

	US$ million
1. Target Entities finance expense removed	0.4
2. Finance costs associated with new senior debt facility	(16.3)
3. Cost of products sold associated with royalty facility	(8.2)
4. Deferred revenue finance expense	(1.7)
	(25.8)

1. All finance expenses (with the exception of lease-related finance expenses and fair value movements on derivatives) of the Target Entities have been removed. These expenses are:
2.
    a) US$3.5 million finance expense comprising the interest (US$3.2 million) and commission (US$0.2 million) expenses of the MVV project finance facility.

    b) US$0.3 million interest expense of the Serrote vendor promissory note.

    In addition, US$3.4 million of foreign exchange gains on the MVV project finance facility have been removed. Tax adjustments have been made in the Brazilian-resident entities where a tax effect is expected, at the statutory rate of 34%.
3. Representing the finance costs associated with the senior debt facility, using the SOFR rate as at the Latest Practical Date. US$0.8 million of senior debt transaction costs have been amortised to the income statement.

4. Representing the royalty expense associated with the Royal Gold Agreement. This adjustment has been calculated using actual production and price realisations achieved during the three months ended 31 March 2023. No adjustment has been made for a royalty with Appian already in place during the period presented, and the La Mancha royalty is only expected to commence on production from the underground expansion at Santa Rita.

5. Representing the financing component on the unwind of the PowerCo Prepayment Amount accounted for as deferred revenue. Refer to note 7 Other financing adjustments above on Unaudited pro forma statement of net assets as at 31 March 2023.

Note 7: Transaction adjustments

Transaction expenses of US$8.0 million, incurred in connection with the Acquisition during the three-month period ended 31 March 2023, have been reclassified from G&A expense to transaction expenses. These costs do not include those associated with the Placing (see net assets note 6) or the senior debt facility (see net assets note 7).

All costs that relate solely to the Acquisition have been expensed in accordance with IFRS 3.

There is no adjustment to tax in profit/(loss) for a number of adjustments as the Company's tax domicile is the British Virgin Islands which has an effective tax rate of 0%, and similarly Jersey tax-resident entities have effective tax rates of 0%. Tax adjustments have been made in the Brazilian-resident entities where a tax effect is expected, at the statutory rate of 34%.

An adjustment has been made to Cost of Products sold and General and administrative expenses to reflect the higher depreciation and amortisation expense due to the increase in valuation of Mineral properties, as described in Note 8 Transaction costs above, as follows:

	US$ million
Increased depreciation and amortisation charge allocated to cost of products sold	(12.1)
Increased depreciation and amortisation charge allocated to general and administrative expenses	(3.4)
Total	(15.5)

Note 8

No adjustment has been made to reflect the trading results of the Company, the Mining Entities, AMH (Jersey) Limited or AMH 2 (Jersey) Limited since 31 March 2023.

PART X

THE COMPANY, ITS BOARD AND CORPORATE GOVERNANCE

This section gives an overview of the material information concerning the Board, the senior management team of the Company and the Enlarged Group and the Company's and the Enlarged Group's corporate governance. To the extent applicable, it is based on the relevant provisions of BVI law as in effect on the date of this Document, and the memorandum and articles of association of the Company. This section does not purport to give a complete overview and should be read in conjunction with the memorandum and articles of association, available free of charge on the Company's website (acgcorp.co).

The Company

The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the BVI Business Companies Act 2004 (as amended). Under the Company's memorandum and articles of association as in force at the date of original admission to the Official List (the "**Admission**") and at the date of this Document (the "**Memorandum and Articles**") the Company is authorised to issue an unlimited number of Class A Ordinary Shares with no par value, an unlimited number of Class B Shares with no par value, and multiple classes of warrants pursuant to a warrant instrument. Under the Memorandum and Articles, the existing Class B Shares shall automatically convert into Class A Ordinary Shares upon completion of the Acquisition (or earlier at the holder's option). See "Part VIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies*". Prior to Re-Admission, and subject to Shareholder approval at the Acquisition EGM, the Company will adopt amended and restated memorandum and articles of association (the "**Restated Articles**"). Under the Restated Articles, the Company will be authorised to issue one class of shares, being an unlimited Class A Ordinary shares with no par value. Unless otherwise stated, references to the Memorandum and Articles are applicable to the Restated Articles.

The Company's Directors at the date of this Document are Artem Volynets, Peter Whelan, Warren Gilman, Hendrik Johannes Faul and Mark Cutis. On Re-Admission, the following Director Nominees will also be appointed: Carole Whittall, Fiona Paulus and Vincent Benoit. The Company is sponsored jointly by the ACG Sponsor, the De Heerd Sponsor and the ACP Sponsor.

The Board

The Directors believe the Board comprise a knowledgeable and experienced group of professionals with relevant experience in sourcing, evaluating, structuring and executing the business strategy of the Company and the Enlarged Group. The Board has full responsibility for its activities. The Directors are of the opinion that their respective track records demonstrate their ability to source, structure and complete acquisitions, return value to investors and introduce and complete operational improvements to companies. The details of the Directors are set out below.

The ACP Sponsor has the right to appoint one director (the "**ACP Sponsor Director**") to the Board. Such right has not been exercised to date and will terminate upon completion of the Acquisition.

The De Heerd Sponsor has the right to appoint one director (the "**De Heerd Sponsor Director**") to the Board. Such right will terminate upon completion of the Acquisition.

The Restated Articles provide Stellantis and La Mancha with the right to appoint one director to the Board, provided that such right applies, only for as long as Stellantis and/or La Mancha, as applicable, holds at least a ten per cent. (10%) equity interest in the issued and outstanding Class A Ordinary Shares of the Company immediately following the Acquisition Date. La Mancha has exercised this right in respect of Vincent Benoit (the "**La Mancha Representative**"), who is a Director Nominee and will, subject to shareholder approval, become a Director of the Company as of the closing of the Acquisition. As of the date of this Document, Stellantis have not exercised this right.

Independence of the Board

Artem Volynets is the CEO of the Company, and is therefore not considered by the Board to be an independent

director for the purposes of the UK Corporate Governance Code. Carole Whittall is the Chief Financial Officer of the Company, and is therefore not considered by the Board to be an independent director for the purposes of the UK Corporate Governance Code.

The Board considers Peter Whelan, Warren Gilman, Hendrik Johannes Faul, Mark Cutis and Fiona Paulus to be independent in character and judgment and free from relationships or circumstances which are likely to impair, or could appear to impair, their judgment. These independent members of the Board are non-executive directors.

Directors

Upon Re-Admission, the Board will be comprised of the following Directors and, subject to shareholder approval, Director Nominees:

Name	**Position**	**Age**
Artem Volynets	Chief Executive Officer, Director	55
Peter Whelan	Independent Non-Executive Chairman	60
Warren Gilman	Independent Non-Executive Director	63
Hendrik Johannes Faul	Independent Non-Executive Director	60
Mark Cutis	Independent Non-Executive Director	69
Carole Whittall	Chief Financial Officer, Director Nominee	51
Fiona Paulus	Independent Non-Executive Director, Director Nominee	63
Vincent Benoit	La Mancha Representative, Director Nominee	55

No further appointments to the Board of Directors are expected between the date of this Document and Re-Admission. Immediately on and following Re-Admission, the above Directors will constitute the Board.

The Company's address of its place of effective management, Craigmuir Chambers, PO Box 71, Road Town, Tortola, VG1110, British Virgin Islands, serves as the business address for all Directors from where they shall perform their duties.

Director Biographies

Artem Volynets – Chief Executive Officer (CEO)

Mr. Volynets has 25 years of experience in mergers and acquisitions, capital markets, and senior corporate management roles. He has led private and public transactions worth more than US$30 billion and managed leading businesses in the metals and mining industry.

Mr. Volynets established ACG in 2014, as an advisory and investment management firm, through which he worked on a number of cross border transactions in the mining and metals sector in Eurasian emerging markets. These transactions utilised his extensive experience of M&A-led sector consolidation, his local knowledge and networks, and his global industry and investor connections.

Between 2018 and 2021, Mr. Volynets led the transformation of London-listed Chaarat Gold, via an M&A-driven strategy from a development business with no production or cash flows, into a fully-operational producer. At the end

of his tenure as Chief Executive Officer, Chaarat had three assets in Kyrgyzstan and Armenia, 63 koz of gold equivalent production (in 2021), 9.5 moz of resources, and had raised over US$175 million in various forms of funding. Mr. Volynets stepped down on 5 August 2021 from his role as Chaarat CEO to focus on the Company.

As a key strategy & M&A executive in the Eurasian aluminium industry from 2003 to 2013, Mr. Volynets has led several high-profile transactions that consolidated this sector. These include: the three-way merger between Sual, Rusal and Glencore's alumina assets to create UC Rusal (US$8.5 billion); UC Rusal's acquisition of a 25 percent strategic stake in Norilsk Nickel (US$12.6 billion); and its US$2.2 billion IPO on the Hong Kong Stock Exchange. As CEO of En+ (2010-2013), Mr. Volynets also spearheaded cooperation and joint ventures with China's Norinco, Yangtze Power and Shenhua.

From 1997 to 2003, Mr. Volynets was a management consultant and corporate finance advisor with Monitor Group in Boston and London, working on more than 25 major international strategy and M&A projects for world-leading companies in mining and metals, banking and telecommunications.

Mr. Volynets was a board director of Chaarat Gold, En+, UC Rusal and Eurosibenergo, and served as an independent non-executive director at Norilsk Nickel and as Chairman of International Aluminium Institute.

He obtained an MBA from Georgetown University in 1997 (in a joint programme with INSEAD in France) and a BA in Economics from The American University in Washington DC in 1994 and also studied at Moscow State University in Moscow.

Peter Whelan – Independent Non-Executive Chairman

Peter Whelan serves as the independent Chairman. He is a former partner at PwC and managing director at NM Rothschild. Mr. Whelan is a specialist adviser in initial public offerings, having advised on numerous IPOs to date, and has particularly deep experience in the execution of IPOs across emerging markets. Mr. Whelan is also a director of Iris Audio Technologies.

Mr. Whelan is a senior adviser and former investment banker having worked at PwC, NM Rothschild, the ABN AMRO Rothschild joint venture, and Flemings. From 2013 to 2020 he was a partner at PwC where he was Head of Equity Advisory and UK IPO Lead. From 2008 to 2013 he was a Managing Director and Head of Emerging Markets Equity Advisory at NM Rothschild. From 2000 to 2008 he was Joint Head of Execution at ABN AMRO Rothschild and from 1994 to 2000 he worked in the Equity Capital Markets team at Flemings where he worked on a variety of transactions from South Africa including the listing of Billiton on the LSE. He left the PwC partnership in 2020 and, whilst he has retained a role as a Senior Adviser to the firm in equity market related transactions, he co-founded Phene Capital Limited, a boutique independent advisory and consulting business.

Mr. Whelan started his career at KPMG, where he qualified as a chartered accountant and was seconded to the listing advisory team at the LSE. He is a member of the Institute of Chartered Accountants in England & Wales and has a degree in Physics from Durham University.

Warren Gilman – Independent Non-Executive Director

Warren Gilman was Chairman and CEO of private global mining investment company CEF Holdings Ltd., which was 50 percent owned by the flagship public company of Mr. Li Ka-Shing, CK Hutchison Holdings Ltd and 50 percent by Canadian bank CIBC.

Mr. Gilman is a mining engineer and co-founded CIBC's Global Mining Group in 1988. During his 26 years at CIBC he ran the mining investment banking teams in Canada, Australia and Asia, serving as Managing Director and Head of the Asia Pacific region for 10 years and latterly as Vice Chairman for CIBC World Markets.

Mr. Gilman has acted as advisor to the largest mining companies in the world including BHP, Rio Tinto, Anglo American, Noranda, Falconbridge, Sumitomo Corporation, Mitsubishi Corporation, China Minmetals, Jinchuan and Zijin and has been responsible for some of the largest equity capital markets financings in Canadian mining history.

Mr. Gilman is Founder, Chairman and CEO of TSX listed Queen's Road Capital investment Ltd. He is also a board member of NYSE/TSX-listed NexGen Energy Ltd, a uranium exploration and development company, and the Lead Director of NYSE-listed Gold Royalty Corp.

Mr. Gilman holds a BSc (Honours) in Engineering from Queen's University and an MBA from the Richard Ivey School of Business at Western University in Canada.

Hendrik Johannes Faul – Independent Non-Executive Director

Hendrik Johannes Faul has over 30 years of mining industry experience as both a qualified mining engineer and as a senior corporate manager, with demonstrated ESG leadership experience as well as operational and project execution experience across five continents.

Mr. Faul joined Anglo American in 2004, initially holding several senior engineering positions within its Technical and Base Metals divisions. From 2013 to 2019, Mr. Faul served as CEO of Anglo American's copper business. Prior to this, he held roles as Anglo American's Head of Mining (2011 to 2013) and as CEO of the group's zinc business (2009-2010). Before his tenure at Anglo American, Mr. Faul worked for mining contractor Brandrill Torex, where he held technical and general management roles. He began his career at Gencor in 1988.

Mr. Faul is an NED of London listed gold company Centamin plc, a position he has held since July 2020. He has also been an NED of Johannesburg listed Master Drilling Group Ltd since June 2020. Mr. Faul has previously held NED positions at London AIM-listed Gold company Amara Mining (2011 to 2016) and JSE-listed Palabora Mining Company (2011 to 2013). Mr. Faul was Chairman of the International Copper Association from 2016 to 2018.

Mr. Faul holds a B(Eng) Mining Engineering degree from the University of Pretoria.

Mark Cutis – Independent Non-Executive Director

Mark Cutis is a seasoned banking and capital markets executive with extensive global experience having actively managed portfolios of assets as CIO and CEO on behalf of both private and state-owned capital managers.

Most recently, Mr. Cutis was both CEO of Abu Dhabi Global Market, Group CFO, and Chief Advisor of Abu Dhabi National Oil Company (2018 – 2021), and immediately prior to that was founding CIO of Global Situations at Abu Dhabi Investment Council (2008 – 2018), a Middle East sovereign wealth fund. Mr. Cutis has also run investment managers and financial institutions in London, Tokyo, and New York.

Prior to this, Mr. Cutis held senior management roles at Bank of America, Morgan Stanley, Merrill Lynch, UniCredit and the European Bank for Reconstruction and Development amongst others.

Mr. Cutis holds a BA in Monetary Economics and History from Emory University and an MBA in Finance from Wharton Business School.

Director Nominee Biographies

Carole Whittall – Chief Financial Officer (CFO)

Carole Whittall is an executive director and CFO of Yellow Cake plc., having joined to list the company on the LSE in a successful IPO, raising US$200 million. As part of the founding management team, Ms. Whittall established the company's processes, procedures and policies and corporate functions and has participated in four successful capital raisings. Ms. Whittall will continue in these roles at Yellow Cake plc following Re-Admission.

Ms. Whittall is also a director and co-founder of Mining Strategies SARL, which provides M&A and transaction advisory services to the metals and mining sector. She has 25 years' worth of management, corporate finance and M&A experience in the metals and mining sector. Most recently, she was Vice President, Head of M&A at ArcelorMittal Mining where she led acquisitive growth in the mining sector and streamlined the raw materials portfolio through divestment of non-core assets, establishment of mining joint ventures and public markets

acquisitions. As a member of its Mining Executive Team, she was responsible for global M&A, government relations and corporate and social responsibility and served as a board member of subsidiary companies and joint ventures. Previously, she was with Rio Tinto where she held various senior commercial and business development roles. Her prior career was with JP Morgan and Standard Corporate and Merchant Bank in corporate finance.

Ms. Whittall studied at the University of Cape Town, South Africa, completing degrees in Geology and Geochemistry before completing an MBA with the London Business School.

Fiona Paulus – Independent Non-Executive Director

Fiona Paulus has over 37 years' global investment banking experience, having held senior management roles with a number of leading international investment banks including Credit Suisse, ABN AMRO Bank, and Citigroup.

During her career, Ms. Paulus has led a variety of global banking businesses, from start-ups to companies with US$4 billion in annual revenues. Additionally, Ms. Paulus has advised companies and private equity firms on strategic initiatives in the energy and resources sectors across more than 70 countries, often in complex and challenging situations. These include M&A, equity and debt financing, and risk management transactions. She has worked effectively with regulators in numerous countries.

Ms. Paulus has extensive risk management expertise having sat on several banks' global and regional risk and credit committees. She has consistently introduced improvements to the banks' origination and risk mitigation practices, leading to significant increases in revenues and risk adjusted returns whilst also substantially reducing deployed capital.

She is a member of JSW Steel's Audit and Risk Committees, and served on RHI Magnesita plc's Audit committee between 2019 and 2021.

Ms. Paulus has long recognised the need to focus on sustainability and has been actively engaged in global leadership roles in ESG. She was the Founding Member of the Global ESG Board at ABN Amro Bank in 2004 – the first bank to devise and successfully implement an award-winning ESG strategy, reducing its carbon footprint radically. In the same year, Ms. Paulus set up the first investment banking business focused specifically on the newly emerging global renewables sector.

Ms. Paulus is currently a non-executive director and chair of the ESG Committee at JSW Steel. She is also a founding member of the ESG Committees of the Interpipe Group (2020 to date); and was previously a director of RHI Magnesita plc (2019-22), a FTSE 250 global industrial company which has achieved the leading ESG credentials in the global refractories sector. Fiona also serves as Senior Advisor to Gleacher Shacklock LLP.

Vincent Benoit – La Mancha Representative

Mr. Benoit has 30 years of corporate finance, business development, and M&A experience in the mining, telecom, and energy sectors.

Mr. Benoit began working with the Sawiris family in 2012 when he identified the opportunity to buy La Mancha Resources Inc., a non-core asset from the mining division of Orano (previously known as Areva). Following this transaction, he joined the La Mancha group to oversee the strategy and the development of the business. Between 2013 and 2015, he led La Mancha Holding s.à r.l.'s ("**La Mancha Holding**") portfolio restructuring and contributed to the enhancement of its mines' performance in Australia and Africa. In 2015, he identified and executed successful business combinations involving La Manch Holding's Australian assets with Evolution Mining Limited (currently the third largest gold producer in Australia and in the top 30 globally, based on production) and La Mancha Holding's African assets with Endeavour Mining PLC (currently one of the top 15 gold producers globally, based on production). From 2016 to 2019, Mr. Benoit was CFO and EVP Corporate Development at Endeavour Mining plc where he reshaped the company's strategy, improved its mine portfolio quality, and enhanced the balance sheet to fund organic growth. This contributed to the growth of Endeavour Mining plc's market capitalization by greater than 400% by the time he departed the company at the end of 2019.

In early 2020, Mr. Benoit re-joined La Mancha Holding as a partner and co-chief investment officer of La Mancha Resource Capital LLP to oversee investment opportunities and continues in that role following the La Mancha Resource Fund SCSp's establishment.

Previously, Mr. Benoit was at Orange, the French telecommunications group, from 2006 through 2012 where he served as Executive Vice President of M&A and led the development of the group's African footprint through several acquisitions, restructured its European portfolio, and formed strong strategic partnerships with key European telecommunications players. At Orange, he was also Head of Strategy and Investor Relations. Prior to this, Mr. Benoit held various finance positions including with Orano (previously known as Areva) from 2001 to 2006, Bull Information Systems from 1994 to 2000 and PricewaterhouseCoopers from 1990 to 1994.

Mr. Benoit currently holds or previously held board or investment committee positions at Horizonte Minerals plc, Pearl Infrastructure, Euronews, Transatel, Dailymotion, General de Telephonie and Iris Capital. He is a chartered accountant and holds a Master's in Management from Kedge Business School. Mr. Benoit is fluent in English and French.

Directors' Remuneration and Notice Periods prior to Re-Admission

Pursuant to a consultancy agreement entered into between the Company and ACG Advisory Limited (a personal service company of which Artem Volynets owns 100 percent of the issued share capital) (the "**Sponsor Director Consultancy Agreement**"), Mr. Volynets (through his personal service company) is entitled to a fee of US$25,000 per calendar month for serving as Chief Executive Officer and as an executive Director of the Company. In addition, Mr. Volynets (through his personal service company) is entitled to receive a success fee comprising 35,062 Class B Shares and 107,078 Sponsor Warrants, as a form of long-term incentive arrangement (see, *"—Existing Incentive Arrangements"*). Mr. Volynets is not entitled to any additional fees for attendance on any committees of the Board. The Sponsor Director Consultancy Agreement governs the terms on which Mr. Volynets (through his personal service company) has provided services to the Company since 1 October 2021, and on which he will continue to do so, and requires Mr. Volynets to devote such number of hours per week as is necessary to perform his services. Unless terminated earlier in accordance with its terms, the Sponsor Director Consultancy Agreement will continue until the first annual general meeting of the Company following completion of the Acquisition, or such later date as the parties may agree. Either party to the Sponsor Director Consultancy Agreement may terminate the agreement on six months' notice. The Sponsor Director Consultancy Agreement may also be terminated immediately if, among other things, Mr. Volynets (or his personal service company) is in material breach of their respective obligations to the Company. Upon Re-Admission, the Sponsor Director Consultancy Agreement will be terminated by agreement, and Mr. Volynets will become a full-time employee of the Company or a subsidiary of the Company on an indefinite term service agreement, the terms of which are being discussed and which is expected to contain a 12 month notice period and other customary terms and conditions of employment. These are expected to include provisions entitling the employer to terminate Mr. Volynets' employment without notice in certain circumstances, entitling the employer to place Mr. Volynets' on garden leave during his notice period, and entitling the employer to make a payment in lieu of notice. Under the service agreement, Mr. Volynets is expected to be subject to 12 month post-termination non-competition and non-solicitation covenants. As an employee, Mr. Volynets will be entitled to receive a base salary, a cash supplement in lieu of pension, certain benefits of employment and a one-off award under the EIP, and to participate in an annual bonus plan and the VCP (see, "*—Overview of the key features of the Executive Directors' Remuneration Policy*").

Pursuant to the Independent Director Letters of Appointment (as defined in Part XVIII), each Independent Non-Executive Director is currently entitled to a fee of US$80,000 per annum for services in the role of non-executive Director. Additional fees of US$20,000 per annum are currently payable for taking on the role of Chairman of the Board, US$15,000 per annum for serving as Chairman of a committee of the Board, and US$10,000 per annum for serving as a member of one or more committees of the Board.

As such:

- Peter Whelan is currently entitled to an aggregate fee of US$110,000 per annum for services in the role of non-executive Director, Chairman of the Board, and member of the Audit Committee and

Remuneration and Nomination Committee, and for his commitment to serve as a member of the Sustainability and Technical Committee;

- Warren Gilman is currently entitled to an aggregate fee of US$105,000 per annum for services in the role of non-executive Director and Chairman of the Remuneration and Nomination Committee, and for his commitment to serve as a member of the Sustainability and Technical Committee;

- Hendrik Johannes Faul is currently entitled to an aggregate fee of US$105,000 per annum for services in the role of non-executive Director and member of the Audit Committee, and for his commitment to serve as Chairman of the Sustainability and Technical Committee; and

- Mark Cutis is currently entitled to an aggregate fee of US$105,000 per annum for services in the role of non-executive Director, Chairman of the Audit Committee, and member of the Remuneration and Nomination Committee.

From Re-Admission, Peter Whelan will be entitled to an aggregate fee of US$330,000 per annum for services in the role of non-executive Director, Chairman of the Board, and member of the Remuneration and Nomination Committee and Sustainability and Technical Committee, and each Independent Non-Executive Director will be entitled to a fee of US$121,000 per annum for services in the role of non-executive Director, an additional fee of US$30,000 per annum for serving as Chairman of a committee of the Board, and US$15,000 per annum for serving as a member of a committee of the Board. As such:

- Warren Gilman will be entitled to an aggregate fee of US$166,000 per annum for services in the role of non-executive Director, Chairman of the Remuneration and Nomination Committee, and member of the Sustainability and Technical Committee;

- Hendrik Johannes Faul will be entitled to an aggregate fee of US$166,000 per annum for services in the role of non-executive Director, Chairman of the Sustainability and Technical Committee, and member of the Audit Committee;

- Mark Cutis will be entitled to an aggregate fee of US$166,000 per annum for services in the role of non-executive Director, Chairman of the Audit Committee, and member of the Remuneration and Nomination Committee; and

- Fiona Paulus will be entitled to an aggregate fee of US$151,000 per annum for services in the role of non-executive Director, once appointed, member of the Sustainability and Technical Committee and Audit Committee.

Mr. Whelan received remuneration at a rate of US$125,000 per annum from the period beginning 28 January 2022 until 30 June 2022, and received no compensation for the period beginning 1 July 2022 until 7 October 2022, before his entitlement to fees, as described above, commenced. Prior to Re-Admission, Mr. Whelan will receive a one-off lump-sum fee payment of US$900,000, which reflects the significant increase in his workload in preparation for the Re-Admission.

The Independent Non-Executive Directors will not be eligible to participate in any share or share-based incentive arrangements. All the Directors are entitled to be reimbursed by the Company for all expenses reasonably incurred (including travel and accommodation) in performing their services or undertaking their duties, as applicable.

Pursuant to the Independent Director Letters of Appointment, the term of appointment for each Independent Non-Executive Director began on or around 29 September 2022, save that Peter Whelan's and Warren Gilman's appointments became effective on 28 January 2022, and Fiona Paulus's appointment will become effective on Re-Admission. Following completion of the Acquisition, each Independent Non-Executive Director is entitled to terminate their appointment in accordance with the terms of their respective Independent Director Letters of Appointment.

CFO's Remuneration and Notice Period prior to Re-Admission

Pursuant to a consultancy agreement entered into between the Company, Mining Strategies Limited (a personal service company of which Carole Whittall owns 50 percent of the issued share capital, and the original consultancy counterparty) and Mining Strategies SARL (a personal service company of which Carole Whittall owns 100 percent of the issued share capital, and the consultancy counterparty) (the "**CFO Consultancy Agreement**"), Ms. Whittall (through these personal service companies) is entitled to a fee of US$20,000 per calendar month for serving as Chief Financial Officer. In addition, Ms. Whittall (through her personal service company) is entitled to receive a success fee comprising 35,062 Class B Shares and 107,078 Sponsor Warrants, as a form of long-term incentive arrangement (see *"—Existing Incentive Arrangements"*). The consultancy agreement governs the terms on which Ms. Whittall (through her personal service company) has provided services to the Company since 20 January 2022, and on which she will continue to do so, and requires Ms. Whittall to devote such number of hours per week as is necessary to perform her services. Unless terminated earlier in accordance with its terms, the consultancy agreement will continue until the first annual general meeting of the Company following completion of the Acquisition, or such later date as the parties may agree. Either party to the consultancy agreement may terminate the agreement on three months' notice. The consultancy agreement may also be terminated immediately if, among other things, Ms. Whittall (or her personal service company) is in material breach of their respective obligations to the Company.

Upon Re-Admission, the CFO Consultancy Agreement will be terminated by agreement, and Ms. Whittall will become an employee of the Company or a subsidiary of the Company on an indefinite term service agreement, the terms of which are being discussed and which is expected to contain a six month notice period and other customary terms and conditions of employment. These are expected to include provisions entitling the employer to terminate Ms. Whittall's employment without notice in certain circumstances, entitling the employer to place Ms. Whittall on garden leave during her notice period, and entitling the employer to make a payment in lieu of notice. Under the service agreement, Ms. Whittall is expected to be subject to 12 month post-termination non-competition and non-solicitation covenants. As an employee, Ms. Whittall will be entitled to receive a base salary, a cash supplement in lieu of pension, certain benefits of employment and a one-off award under the EIP, and to participate in an annual bonus plan and the VCP (see, "*—Overview of the key features of the Executive Directors' Remuneration Policy*").

Remuneration Policy

Overview of Executive Remuneration approach

In anticipation of Re-Admission, the Company undertook a review of remuneration policy for senior employees of the Enlarged Group, including the Executive Directors, to ensure that it is appropriate for its new operating structure, the quoted company environment, and taking into account corporate governance practice in the UK. In undertaking this review, the Company sought independent, specialist advice.

The main objectives of the remuneration policy, which shall apply from Re-Admission, are to attract, retain and motivate the Executive Directors and senior employees, incorporating incentives that align with and support the Enlarged Group's strategic corporate strategy as it evolves, and which align executives to the creation of long term shareholder value. To support the Company's growth ambitions, a significant proportion of potential total remuneration is, therefore, performance-related and will be delivered in awards over Class A Ordinary Shares.
The Remuneration and Nomination Committee will oversee the implementation of the Company's remuneration policy and, in particular, will seek to ensure that the Executive Directors are properly rewarded for the Enlarged Group's performance and the delivery of the Enlarged Group's strategy and the resultant creation of shareholder value.

Overview of the key features of the Executive Directors' and other Key Personnel Remuneration Policy

Salary

Following Re-Admission, base salaries for the CEO and CFO will be set at US$780,000 and US$597,000 per annum, respectively. Salaries have been set at an appropriate level to reflect the Company's current stage of development. The Remuneration and Nomination Committee will review the base salaries 12 months after Re-Admission and may reposition them taking into account levels of pay in the global mining industry.

Base salaries will be reviewed annually after that and will take into account several factors including: remuneration practices within the Group; change in scope, role and responsibilities; the performance of the Enlarged Group; experience of the director; the economic environment; wider workforce increases; and, when the Remuneration and Nomination Committee determines a benchmarking exercise is appropriate, salaries within the ranges paid by the companies in the peer groups used for remuneration benchmarking.

On Re-Admission, there are not expected to be any changes to the base salaries for Paulo Castellari Porchia (CEO of Atlantic Nickel), Milson Mundim (CFO of Atlantic Nickel), Tony Lima (COO of Atlantic Nickel), Diogo Oliveira (Head of Corporate Affairs, People, Safety, Health and Environment of Atlantic Nickel), and Murilo Nagato (Director, Business Planning & Delivery of MVV).

Pension and benefits

There is not currently a pension plan in place for employees, and therefore employees will receive a cash supplement in lieu of pension. In the event that any group-wide pension plan is established, Executive Directors would be eligible to participate in the group-wide pension plan on the same terms as the workforce in the same geography.

The Executive Directors will also be entitled to benefits appropriate for local geography (including, but not limited to, private medical, life assurance and car allowance (or cash equivalent)). Other market standard benefits, including relocation allowances or expatriate benefits, and tax equalisation arrangements may be provided from time-to-time, as appropriate.

Annual bonus

Executive Directors and the key personnel in the Enlarged Group are eligible to participate in the Company's annual bonus plan. The maximum annual bonus plan opportunity for Executive Directors will be 150% of base salary. It is intended that the maximum annual bonus opportunity for the CEO will be 150% of base salary and for the CFO will be 110% of base salary. It is intended that the maximum annual bonus opportunity for the key personnel in the Enlarged Group will be 110% of base salary for Paulo Castellari Porchia (CEO of Atlantic Nickel), 100% of base salary for Milson Mundim (CFO of Atlantic Nickel), 93.75% of base salary for Tony Lima (COO of Atlantic Nickel), 62.5% of base salary for Diogo Oliveira (Head of Corporate Affairs, People, Safety, Health and Environment of Atlantic Nickel), and 62.5% of base salary for Murilo Nagato (Director, Business Planning & Delivery of MVV).

The annual bonus will be based on stretching financial, strategic, operational, health and safety and environmental, social, and governance (ESG) targets. It is currently anticipated that the majority of the bonus (at least 50%) will be linked to financial targets. Any bonus earned by Executive Directors above a predetermined percentage of salary (which it is currently expected will be 75% of salary) will be deferred into Class A Ordinary Shares for three years and the remainder will be paid out in cash following the conclusion of the one-year performance period.

The Remuneration and Nomination Committee will have the discretion to adjust bonus outcomes if it believes the outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of bonus earned resulting from the application of the performance measures. Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration and Nomination Committee's opinion, make it appropriate to make adjustments

to the performance conditions so that they maintain their commercial relevance. The annual bonus will be subject to malus and clawback provisions.

ACG Value Creation Plan

Conditional on shareholder approval at the Acquisition EGM and Re-Admission, the Board has approved the ACG Value Creation Plan ("**VCP**") which will enable the Remuneration and Nomination Committee to make a one-off award to Artem Volynets (CEO), Carole Whittall (CFO), Paulo Castellari Porchia (CEO of Atlantic Nickel), Milson Mundim (CFO of Atlantic Nickel) and certain other senior executives of the Company following Re-Admission that allows for individuals to share in a portion of the returns generated for shareholders delivered above a hurdle level of growth which will normally be measured on the third, fourth and fifth anniversaries of Re-Admission. VCP awards will normally pay out between the third and sixth anniversaries of Re-Admission. VCP awards will be satisfied with Class A Ordinary Shares.

Participants in the VCP will be entitled to share in 10% of the value created for shareholders in excess of an annual hurdle of 10% per annum from the Global Placing price of US$10.

Given the nature of the VCP, the Remuneration and Nomination Committee will retain the discretion to scale down VCP payments to VCP participants including taking into account the relative total shareholder return of the Company and the movement in the nickel price over the performance period. The Remuneration and Nomination Committee will additionally have the discretion to adjust VCP award outcomes if it believes the outcome is not a fair and accurate reflection of business performance and the overall levels of remuneration relative to the value created for shareholders.

The principal terms of the VCP are set out in section 18 of Part XV of this Document (*Additional Information*).

ACG Equity Incentive Plan

Conditional on shareholder approval at the Acquisition EGM and Re-Admission, the Board has additionally approved the ACG Equity Incentive Plan ("**EIP**") which will enable the Remuneration and Nomination Committee to make annual grants of share awards to the Executive Directors and other participating employees in the Enlarged Group, which it is currently intended will normally be subject to time and/or performance conditions. The EIP also allows the grant of deferred share bonus awards. In addition, the EIP allows the grant of restricted share awards without performance conditions, although it is currently intended that restricted share awards would only be granted in exceptional circumstances, for example on recruitment or for retention purposes. EIP awards will be satisfied with Class A Ordinary Shares.

It is also anticipated that Artem Volynets (CEO), Carole Whittall (CFO), Paulo Castellari Porchia (CEO of Atlantic Nickel), Milson Mundim (CFO of Atlantic Nickel), Tony Lima (COO of Atlantic Nickel), Diogo Oliveira (Head of Corporate Affairs, People, Safety, Health and Environment of Atlantic Nickel), Murilo Nagato (Director, Business Planning & Delivery of MVV) and certain other senior executives will be granted a one-off performance share award under the EIP conditional on Re-Admission of 400% of salary for the CEO, 350% of salary for the CFO, 350% of salary for the CEO of Atlantic Nickel, 300% of salary for the CFO of Atlantic Nickel, 140% of salary for the COO of Atlantic Nickel, 140% of salary for the Head of Corporate Affairs, People, Safety, Health and Environment of Atlantic Nickel and 140% of salary for the Director, Business Planning & Delivery of MVV. The one-off awards would be made to create alignment between shareholders and the award recipients following Re-Admission and to drive retention. For those individuals participating in the VCP, it is anticipated that these one-off awards will vest conditional on continuity of employment and subject to the achievement of performance targets in two tranches (60% on the second anniversary of the date of grant and 40% on the third anniversary of the date of grant) with an additional holding period such that the Class A Ordinary Shares are released after five years. For those individuals not participating in the VCP, it is anticipated that these one-off

awards will vest conditional on continuity of employment and subject to the achievement of performance targets in three equal annual tranches (one third on each of the first, second and third anniversaries of the date of grant) Participants in the VCP who receive a one-off award under the EIP will not receive any further EIP awards (except for any part of their bonus deferred into Class A Ordinary Shares) until after the last date that hurdle growth is measured under the VCP with the principal long term incentive being the VCP.

The principal terms of the EIP are set out in section 18 of Part XV of this Document (*Additional Information*).

Malus and clawback

Malus and clawback provisions will be operated at the discretion of the Remuneration and Nomination Committee in respect of the annual bonus, EIP award, or VCP award in accordance with the relevant plans.

Malus and clawback provisions may in summary be applied in the following circumstances: material financial misstatement; where an annual bonus, EIP award, or VCP award was granted, or performance was assessed, based on an error or inaccurate or misleading information; action or conduct of a participant amounts to fraud or gross misconduct; events or the behaviour of a participant have led to censure of the Company or a group company by a regulatory authority or cause significant detrimental reputational damage; material failure of risk management or corporate failure.

Dilution

The VCP and EIP may operate over newly issued Class A Ordinary Shares. The rules of each of the VCP and EIP provide in summary that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employee share plan operated by the Company.

Share ownership guidelines

Formal shareholding guidelines may be implemented that require the Executive Directors to build and maintain a shareholding in the Company.

Executive Directors are required to build and maintain a minimum shareholding of Class A Ordinary Shares equivalent to 500% of salary, and will be expected to meet this shareholding requirement within a period of five years from Re-Admission.

Upon cessation of employment, Executive Directors will also be required to hold the lesser of the shareholding requirement, and the actual shareholding requirement upon cessation of employment for a period of two years post- cessation.

Recruitment remuneration policy

New executive Directors (including those promoted internally) will be offered remuneration packages in line with the Company's remuneration policy at the time. For the avoidance of doubt, any incoming Executive Director will not be eligible to receive the one-off EIP award to be granted to the current Executive Directors following Re-Admission.

In addition to the above elements of remuneration, the Remuneration and Nomination Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would ordinarily be limited to what the Remuneration and Nomination Committee considers to be a fair estimate of the value of awards

forfeited when leaving the former employer and will be structured, to the extent practicable, to take into account other key terms (such as vesting schedules and performance targets) of the awards which are being replaced.

Termination policy

The Remuneration and Nomination Committee will consider treatment on termination having regard to all of the relevant facts and circumstances available at that time. This termination policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Remuneration and Nomination Committee may choose to apply under the discretions available to it under the terms of the annual bonus plan, EIP, and VCP.

All-employee plans

The Executive Directors are eligible to participate in any all-employee share plan operated by the Company.

Overview of the Non-Executive Directors' Remuneration Policy

With effect from Re-Admission, the Chair and Non-Executive Directors will receive an annual fee, part of which may be paid in Class A Ordinary Shares, for their services, with additional fees for committee chairs and committee members. Fee levels have been set to ensure the attraction of appropriate levels of experience required and to reflect the sector in which the Enlarged Group operates. Additional fees may, from time to time, be made to Non-Executive Directors to reflect additional duties that are taken on by the Non-Executive Directors.

Other Key Personnel

Immediately on and following Re-Admission, the other key personnel in the Enlarged Group will comprise (i) Robert Friedland, Ondra LLP and Dominic Kwok, who are external advisors to the Company, and (ii) Paulo Castellari Porchia, Milson Mundim, Tony Lima, Diogo Oliveira and Murilo Nagato, who are employed by either Atlantic Nickel or MVV (the "**Target Personnel**"). The Target Personnel may provide services to both Atlantic Nickel and MVV, however all such services are provided based on shared costs in the proportion of 60% for Atlantic Nickel and 40% for MVV. The Company will keep its personnel needs under review, and will look to hire additional persons as required.

Paulo Castellari Porchia – Chief Executive Officer (CEO) of Atlantic Nickel

Mr. Castellari Porchia currently serves as the Chief Executive Officer of Atlantic Nickel, and has extensive experience as CEO of various resource-focused companies in Latin America. With more than 30 years' experience in the natural resources, industrial, infrastructure and energy sectors and exposure to South and North American, European and African projects and operations, Mr. Castellari Porchia has been holding CEO positions for the last 13 years with a successful track record in capital and project management, stakeholder and government relations as well as operational safety improvement. Mr. Castellari Porchia is a former member of Anglo American plc's Executive Committee, heading up the Iron Ore Brazil Business Unit, has served as CEO of Anglo American plc's Phosphates and Niobium business in Brazil, and more recently worked as Chief Executive Officer of Mubadala Investment Company's bauxite operation in Guinea. Mr. Castellari Porchia holds a Bachelor of Commerce degree from the Fundação Getulio Vargas and an MBA degree from the London Business School.

Mr. Castellari Porchia will also serve as the Chief Executive Officer of Appian Brazil Management Company LTDA and will devote up to 15 percent of his normal working time performing this role for a transitional period of 12 months following completion of the Acquisition.

Mr. Castellari Porchia entered into an employment contract with Atlantic Nickel dated 13 August 2019. He currently receives remuneration of US$756,250.00 per annum. Mr Castellari Porchia participates in an annual cash bonus plan ("**STIP**") with an on-target pay-out of 85% of annual compensation, which is calculated by reference to company and personal performance (with a potential uplift of 25% of the on-target amount for personal overperformance). He has co-investment interests governed by a separate agreement with the Sellers and is eligible to participate in various

company benefit plans.

Milson Mundim – Chief Financial Officer (CFO) of Atlantic Nickel

Mr. Mundim currently serves as the Chief Financial Officer of Atlantic Nickel, leveraging his extensive experience as CFO of various resource companies in Brazil. Mr. Mundim is a finance executive with over 25 years of experience in corporate finance, project finance, project development and debt structuring. He has extensive experience in both the resource and banking sectors in Europe, South America and North America having been part of Deutsche Bank's Corporate Finance team and a former Investment Officer at the International Finance Corporation (a member of the World Bank Group). Before joining Atlantic Nickel, he was the CFO at Georadar Servicos e Participacões S.A. (Brazil) and was responsible for project financing, treasury, risk management, investor relations and managerial accounting. Prior to this, he was the CFO at Verde Agritech PLC and the Brazilian CFO of Kinross Gold Corporation. Mr. Mundim was the CFO of Mirabela Nickel from 2014 to 2016, when he became the interim CEO of Mirabela Nickel, leading the company through its restructuring process. Mr. Mundim holds an MBA (with specialisation in Corporate Finance) from the Thunderbird School of Global Management and a Bachelor of Economics degree from the Universidade Federal de Minas Gerais.

Mr. Mundim will also serve as the Chief Financial Officer of Appian Brazil Management Company LTDA and will devote up to 15 percent of his normal working time performing this role for a transitional period of 12 months following completion of the Acquisition. Mr. Mundim entered into an employment contract with Mirabela Brazil dated 28 September 2014. He currently receives remuneration of R$1,655,513.95 per annum. Mr Mundim participates in a STIP with an on-target pay-out of 75% of annual compensation (with a potential uplift of 25% of the on-target amount for personal overperformance). He has co-investment interests governed by a separate agreement with the Sellers and is eligible to participate in various company benefit plans.

Tony Lima – Chief Operating Officer of Atlantic Nickel

Mr. Lima has over 22 years of experience in mining feasibility studies, project implementation, commissioning and operations. He has extensive experience in iron ore, copper and gold assets in Brazil owned by major and mid-tier companies. Mr Lima. started as process engineer at ECM (mining engineering house), moved to Vale during the implementation of Brucutu iron ore (2005-2006, Commissioning Leader) and Salobo (2007-2008, Contract Manager), joining Aura Minerals in 2008. From 2008 to 2018, he served as Project Manager in Brazil for MVV and Mineração Apoena (Aura Minerals' subsidiaries), participating in three mergers and acquisitions transactions: (i) purchase of Sao Francisco and Sao Vicente mines (2010), (ii) purchase of Ernesto and Pau a Pique (2016), and (iii) sale of MVV to Appian Capital (2018). From 2018 to 2023, he acted as the General Manager of MVV, and, in 2023, was appointed Chief Operating Officer of Atlantic Nickel. Mr. Lima completed his MBA degree in Project Management at Fundação Getulio Vargas in Belo Horizonte, Mineral Economy degree at Federal University of Rio de Janeiro and a Metallurgical Engineering degree at the Federal University of Minas Gerais in Belo Horizonte.

Mr. Lima entered into an employment contract with MVV dated 1 March 2018. He currently receives remuneration of R$959,760.00 per annum. Mr. Lima participates in a STIP with an on-target pay out of 75% of annual compensation (with a potential uplift of 25% of the on-target amount for personal overperformance). He has co-investment interests governed by a separate agreement with the Sellers and is eligible to participate in various company benefit plans.

Diogo Oliveira – Head of Corporate Affairs, People, Safety, Health and Environment of Atlantic Nickel

Mr. Oliveira is a safety and health engineer and chemical engineer with more than 10 years of experience in the mining and retail sector. He has extensive expertise in health, safety and environment-related issues, having previously worked in this area at Anglo American and L'Oréal, and experience in working in other countries such as France and South Africa. Mr. Oliveira holds a Bachelor's degree from Federal University of Uberlandia and a Bachelor's degree in Safety and Health Engineering from PUC-Minas.

Mr. Oliveira entered into an employment contract with Atlantic Nickel dated 10 August 2020. He currently receives

remuneration of R$933,100.00 per annum. Mr Oliveira participates in a STIP with an on-target pay-out of 50% of annual compensation (with a potential uplift of 25% of the on-target amount for personal overperformance). He has co-investment interests governed by a separate agreement with the Sellers and is eligible to participate in various company benefit plans.

Mr. Oliveira will also serve as the Director of ESG & People of Appian Brazil Management Company LTDA and will devote up to 15 percent of his normal working time performing this role for a transitional period of 12 months following completion of the Acquisition.

Murilo Nagato – Director, Business Planning & Delivery of MVV

Mr. Nagato holds the title of Director, Business Planning & Delivery at MVV. He has over 15 years of experience in the mining and finance industries in Brazil, Italy, the United Kingdom, United Arab Emirates, Guinea, South Africa and Chile. Prior to joining MVV, Mr. Nagato worked in the capacity of Integrated Business Planning director in the implementation of a US$1.4bn bauxite project, supporting the close of the first non-recourse project financing in Guinea with a wide group of lenders (10+ commercial and development banks). Mr. Nagato also worked at the $8.4bn Minas-Rio iron project in Brazil controlling the project implementation, and more recently was the Principal Business Planner for Anglo American, successfully coordinating a $1bn performance improvements in 2016 and 2017 across the entire group. Graduated as a mining engineer from the University of São Paulo, Mr. Nagato holds two master's degrees in Environmental Engineering and Geotechnical Engineering from the Politecnico di Torino and the Politecnico di Milano, in Italy. He also holds business certificates from the London School of Economics and the Alta Scuola Politecnica in Italy.

Mr. Nagato entered into an employment contract with MVV dated 1 August 2019. He currently receives remuneration of R$1,459,368.40 per annum. Mr Nagato participates in a STIP with an on-target pay-out of 50% of annual compensation (with a potential uplift of 25% of the on-target amount for personal overperformance). He has co-investment interests governed by a separate agreement with the Sellers and is eligible to participate in various company benefit plans.

Mr. Nagato will also serve as the Director of Business Planning & Delivery of Appian Brazil Management Company LTDA and will devote up to 15 percent of his normal working time performing this role for a transitional period of 12 months following completion of the Acquisition.

Robert Friedland – Advisor

Mr. Friedland is an external advisor to the Company, who may be asked to provide advice on matters within his expertise and experience, at the request of the CEO of the Company. Mr. Friedland has no formal status under BVI law, does not have the authority to vote on matters brought to the Board, does not have any powers in relation to the management of the Company, and may only attend a meeting of the Board if he is invited to so do. In addition, Mr. Friedland is not bound by any fiduciary duties to the Company or its shareholders. As a retainer, Mr. Friedland will receive 8,000 Class B Shares and 18,000 Sponsor Warrants at completion of the Acquisition. Following Re-Admission, Mr. Friedland will continue to provide his services to the Enlarged Group.

Mr. Friedland is the founder and Chairman of Ivanhoe Capital Corporation ("**Ivanhoe Capital**"). During the past 30 years, Ivanhoe Capital has invested in a diverse portfolio of businesses, raising over US$25 billion of capital. From 2015 to 2022, Mr. Friedland served as Chairman and Chief Executive Officer of High Power Exploration ("**HPX**") and currently serves as a director at HPX. In 2021, HPX created and spun-out technology and mineral exploration company Ivanhoe Electric Inc., of which Mr. Friedland is currently CEO and Chairman. Mr. Friedland is also Executive Co-Chairman of Ivanhoe Mines Ltd. ("**Ivanhoe Mines**", formerly Indochina Goldfields). Ivanhoe Mines operates the ultra-high-grade Kamoa-Kakula copper complex in the Democratic Republic of Congo, and is also developing two other large-scale, joint-venture mining projects: 1) the Platreef Project in South Africa, a major greenfield discovery of platinum-group elements, nickel, copper and gold, and 2) the historic Kipushi zinc-copper-germanium-silver mine, also located in the Democratic Republic of Congo.

Over the past 30 years, Mr. Friedland has been the Chairman, board member and shareholder of numerous natural

resources companies, many of which were publicly traded. Mr. Friedland launched his own US$240 million SPAC in late 2020, which completed its merger with SES AI Corporation ("**SES**"), a lithium-metal battery developer, in February 2022. Mr. Friedland continues to serve as a director of SES. Since 2016, Mr. Friedland has also served as the chairman of Energy Capital Group, and the Co-Chairman of Sunrise Energy Metals Limited, a publicly listed Australian company that provides innovative and sustainable solutions for metals recovery and water treatment.

Between 1994 and 2012, Mr. Friedland's roles with Ivanhoe Mines included Executive Chairman and Chairman (1994-2011) and Chief Executive Officer (1996-2006, 2010-2012). In 1996, he led the initial public offering of Ivanhoe Mines on the Toronto Stock Exchange. In 2000, Ivanhoe Mines acquired the exploration rights for the Oyu Tolgoi mineral prospect in southern Mongolia and Voisey's Bay in Canada and subsequently discovered its series of world-scale copper-gold deposits. Mr. Friedland led the raising of more than US$7 billion in equity and debt capital to fund Oyu Tolgoi's initial development. Mr. Friedland graduated with a degree in political science from Reed College. Mr. Friedland currently resides in Singapore.

Dominic Kwok – Advisor

The Company has from time to time since 15 September 2021 received from Mr. Kwok advice in relation to company formation, sponsor funding, the IPO and business development leading to the Acquisition. It has been agreed that, in consideration for the advice that Mr. Kwok has provided, he will receive 7,814 Class B Shares and 23,216 Sponsor Warrants at completion of the Acquisition.

Mr. Kwok is Director of Vix Capital LTD. Prior to Vix Capital, Mr. Kwok worked at The Blackstone Group in its real estate division. Prior to Blackstone, Mr. Kwok worked at Goldman Sachs in its TMT investment banking group. Mr. Kwok graduated cum laude with a concentration in Finance from The Wharton School of the University of Pennsylvania, where he was both a Joseph Wharton and Benjamin Franklin Scholar.

Ondra LLP – Advisor

The Company has from time to time since 1 January 2022 received financial advice from Ondra LLP, trading as Ondra Partners ("**Ondra**"). The parties intend for the provision of such advice to be governed by the terms of Ondra's standard terms of engagement, the terms of which are being discussed between the parties. It has been agreed that, in consideration for the advice that Ondra has provided, Ondra will receive 31,249 Class B Shares and 92,863 Sponsor Warrants at completion of the Acquisition. Michael Tory, a shareholder in the ACG Sponsor, is a partner/co-founder of Ondra.

The Co-Sponsors

ACG Sponsor

The ACG Sponsor is a BVI business company with limited liability governed by the laws of the BVI. Its shareholders are Artem Volynets and certain of his friends, Messrs. Tarek Fawaz (through Symonds Securities Limited, of which Mr. Fawaz is the sole director) and Michael Tory.

De Heerd Sponsor

The De Heerd Sponsor is a Hong Kong based asset manager with an extensive track-record of global investments across technology, commercial real estate and natural resources.

ACP Sponsor

The ACP Sponsor is a trading entity managed by Argentem Creek Partners LP, an emerging markets specialist firm investing in special situations, private credit, high yield and trade finance.

Strategic Decisions

Members and Responsibility

The Directors are responsible for carrying out the Company's objectives, implementing its business strategy and conducting its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board.

The Board will provide leadership within a framework of prudent and effective controls. The Board will establish the corporate governance values of the Company and will have overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company.

The Company has outsourced its company secretary functions to a specialised external service provider, and has engaged Rothchilds & Co to assist with the completion of the Acquisition and may elect to use other external service providers, where appropriate.

The Company has entered into two consultancy agreements, one with ACG Advisory Limited (the personal service company of Artem Volynets), and the other with Mining Strategies SARL (the personal service company of Carole Whittall).

Frequency of meetings

The Board will schedule quarterly meetings and will hold additional meetings as and when required. The expectation is that this will result in more than four meetings of the Board each year.

Corporate Governance

As at the date of this Document, the Company complies with the corporate governance regime applicable to the Company pursuant to BVI law. In addition, the Company voluntarily observes the requirements of the UK Corporate Governance Code, save as set out below. As at the date of this Document the Company is, and at the date of Re-Admission will be, in compliance with the UK Corporate Governance Code with the exception of the following:

1. Given the composition of the Board, certain provisions of the UK Corporate Governance Code (in particular the provisions relating to the division of responsibilities between the Chairman and chief executive and executive compensation), are considered by the Board to be inapplicable to the Company. In addition, the Company does not comply with the UK Corporate Governance Code in relation to the requirement to have a senior independent director.

2. The UK Corporate Governance Code recommends the submission of all directors for re-election at annual intervals. No Director is required to submit for re-election until the first annual general meeting of the Company following the Acquisition.

3. The Company does not have a risk committee.

4. The UK Corporate Governance Code recommends that the Chairman of the Board should not be a member of the Company's Audit Committee. This requirement is not met by the Company.

As at the date of this Document the Board has adopted a share dealing code which is consistent with the rules of the UK Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with such share dealing code by the Directors.

It is the intention of the Co-Sponsors not to exercise any appointment rights if the Company is not in compliance with the recommendation in the UK Corporate Governance Code regarding the independence of the Board, or if exercising such rights would result in the Company ceasing to be in compliance with such recommendation.

Board Committees

As at the date of this Document, the Company has an audit committee (the "**Audit Committee**"), a remuneration and nomination committee (the "**Remuneration and Nomination Committee**") and is in the process of establishing a sustainability and technical committee (the "**Sustainability and Technical Committee**"). Given the size and nature of the Company, the Board has not established any other committees and intends to make decisions as a whole. The Directors may designate one or more committees, each consisting of one or more Directors, pursuant to the Memorandum and Articles. If the need should arise in the future, for example following the Acquisition, the Board may set up committees as appropriate. The terms of reference for the Audit Committee and the Remuneration and Nomination Committee are available free of charge on the Company's website. The terms of reference for the Sustainability and Technical Committee are in the process of being developed, and will be available free of charge on the Company's website once they have been finalised.

Audit Committee
The Audit Committee is comprised of three Independent Directors and meets at least once every financial quarter, or more frequently as the circumstances dictate. The Audit Committee is responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, as well as keeping under review the categorisation, monitoring and overall effectiveness of the Company's risk assessment and internal control processes. The composition and responsibilities of the Audit Committee are required to comply with the rules and regulations of the FCA and the LSE.

Remuneration and Nomination Committee
The Remuneration and Nomination Committee is comprised of three Independent Directors and meets not less than once a year and otherwise as required. It is comprised of Independent Directors only. The Remuneration and Nomination Committee is responsible for the review of and making recommendations to the Board on the scale and structure of remuneration for the Board and key personnel, including any bonus arrangements, having due regard to the interests of shareholders and other stakeholders. The Remuneration and Nomination Committee is also responsible for assessing (i) the size and composition of the Board; (ii) the organisation and responsibilities of the appropriate committees of the Board; (iii) the evaluation process for the Board and committees of the Board and the chairpersons of the Board and such committees; and (iv) the balance of expertise and qualifications among members of the Board.

Sustainability and Technical Committee
The Sustainability and Technical Committee will be comprised of three Independent Directors and the Chairman of the Board.

Liability of Directors

The Memorandum and Articles provide that, subject to certain limitations, the Company is required to indemnify its directors and officers against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings. Such indemnity is only permitted under BVI law and the Memorandum and Articles if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful. The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful and is, in the absence of fraud, sufficient for the purposes of the Memorandum and Articles, unless a question of law is involved. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

The Independent Director Letters of Appointment, the Sponsor Director Consultancy Agreement and the CFO Consultancy Agreement each contain contractual indemnification in addition to the indemnification provided for in the Memorandum and Articles, to the full extent authorised by BVI law. The Memorandum and Articles also permit

the Company to purchase and maintain insurance on behalf of any officer or director who at the request of the Company is or was serving as a director or officer of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Memorandum and Articles.

Insurance

The Company has purchased a policy of directors' and officers' liability insurance that insures the Company's officers and directors against the cost of defence, settlement or payment of a judgment in some circumstances and insures the Company against its obligations to indemnify the Company's officers and directors.

These provisions may discourage shareholders from bringing a lawsuit against the Company's directors for breach of their statutory or fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against officers and directors, even though such an action, if successful, might otherwise benefit the Company and the shareholders. Furthermore, a shareholder's investment may be adversely affected to the extent the Company pays the costs of settlement and damage awards against officers and directors pursuant to these indemnification provisions.

The Company believes that the directors' and officers' liability insurance and the indemnity agreements are reasonable and necessary to attract and retain talented and experienced officers and directors.

Employees

As of 31 December 2022, Atlantic Nickel had 488 employees and MVV had 302 employees. Appian Capital has a global operating portfolio overseeing over 6,300 employees, and a global team of 65 experienced professionals.

Existing Incentive Arrangements

Under the terms of the Sponsor Director Consultancy Agreement and the CFO Consultancy Agreement (as proposed to be amended and restated), Artem Volynets and Carole Whittall (through their respective personal service companies) are each entitled to receive at completion of the Acquisition a success fee comprising 35,062 Class B Shares and 107,078 Sponsor Warrants, as a form of long-term incentive arrangement. The right of Mr. Volynets and Ms. Whittall (through their respective personal service companies) to receive and then to retain the agreed number of Class B Shares and Sponsor Warrants is affected by the termination of the consultancy agreements prior to the completion of an Acquisition: (i) the right survives the unilateral termination by the Company other than pursuant to the immediate termination provisions, or the mutual termination by agreement; but (ii) the right is extinguished by the unilateral termination by the Company pursuant to the immediate termination provisions, or by the unilateral termination by Mr. Volynets and Ms. Whittall (through their respective personal service companies).

Subject to and conditional upon the successful completion of the Acquisition:

(i) the Group Financial Controller, Nicholas Box, is entitled under the terms of his consultancy agreement with the Company (as proposed to be amended and restated) to receive on 21 February 2024 a success fee comprising 7,812 Class B Shares (as then converted into Class A Ordinary Shares) and 23,216 Sponsor Warrants. The right of Mr. Box to receive the agreed number of Class B Shares and Sponsor Warrants will be affected by the termination of his consultancy agreement prior to 21 February 2024: (a) the right will survive the unilateral termination by the Company other than pursuant to the immediate termination provisions, or the mutual termination by agreement; but (b) the right will be extinguished by the unilateral termination by the Company pursuant to the immediate termination provisions, or by the unilateral termination by Mr. Box;

(ii) Paulo Castellari Porchia (Chief Executive Officer of Atlantic Nickel) and Milson Mundim (Chief Financial Officer of Atlantic Nickel) will each receive an award of 15,625 Class B Shares and 46,431 Sponsor Warrants at

completion of the Acquisition.

(iii) as described under *"Robert Friedland – Advisor*", as a retainer, Mr. Friedland will receive 8,000 Class B Shares and 18,000 Sponsor Warrants at completion of the Acquisition; and

(iv) as described under *"Dominic Kwok – Advisor*", as a retainer, Mr. Kwok will receive 7,814 Class B Shares and 23,216 Sponsor Warrants at completion of the Acquisition; and

(v) as described under *"Ondra LLP – Advisor*", as a retainer, Ondra will receive 31,249 Class B Shares and 92,863 Sponsor Warrants at completion of the Acquisition.

The Class B Shares and Sponsor Warrants included in each of the above arrangements did not form part of the offering and will not be admitted to listing or trading on any trading platform. However, the Class B Shares will automatically convert into listed Class A Ordinary Shares at the time of the Acquisition (or earlier at the holder's option, if applicable) and the Sponsor Warrants will become exercisable 30 days after an Acquisition Date and remain exercisable thereafter for a period of five years, with Class A Ordinary Shares acquired at a price of US$11.50 per Class A Ordinary Share upon exercise of the Sponsor Warrants.

The Class B Shares and Sponsor Warrants to be received at completion of the Acquisition by Mr. Castellari Porchia and Mr. Mundim are subject to transfer restrictions, which apply for a period of two years following the Acquisition Date. Upon a termination for cause during this period, any outstanding Sponsor Warrants held by Mr. Castellari Porchia or Mr. Mundim will be cancelled without compensation, any Class A Ordinary Shares held by Mr. Castellari Porchia or Mr. Mundim following the exercise of their Sponsor Warrants will be subject to repurchase by the Company at the lower of the exercise price and fair market value on the date of termination, and any Class A Ordinary Shares held by Mr. Castellari Porchia or Mr. Mundim following the conversion of Class B Shares will be subject to repurchase at the lower of fair market value on the date of grant and fair market value on the date of termination. The Class B Shares and Sponsor Warrants to be received at completion of the Acquisition by Mr. Volynets and Ms. Whittall (through their respective personal service companies), Mr. Friedman, Mr. Kwok and Ondra LLP, are not subject to any transfer restrictions following the Acquisition Date, and as proposed to be amended and restated, Mr. Box's consultancy agreement does not subject the Class B Shares and Sponsor Warrants to any transfer restrictions following their receipt in February 2024.

Cash Success Fee

A former consultant of the Company, Forbes-Irvine Consulting and Advisory Limited, is entitled to a single lump-sum success fee of US$125,000 upon completion of an Acquisition.

Profit-Sharing Plan

Atlantic Nickel and MVV have a Profit-Sharing Plan (the "**PSP**"), approved by certain trade unions (namely, the *Sindicato dos Empregados no Comércio de Minérios e das Empresas Distribuidoras de Combustíveis e de Lubrificantes do Estado da Bahia*, *Sindicato dos Trabalhadores no Comércio de Minérios e Derivados de Petróleo de Minas Gerais*, and *Sindicato dos Trabalhadores no Comércio de Minérios e Derivados de Petróleo no Estado de Alagoas*). The terms of the collective bargaining agreements entered into between Atlantic Nickel and MVV and the abovementioned unions state that the employees hired before October 2022 are eligible to participate in the PSP, with pro-rata payments paid to anyone with less than one year's service (provided they achieve the metrics described below). Employees hired after October 2022 will be eligible to participate in the PSP to be approved in the following year. Collective bargaining agreements that provide for the payment of profit-sharing amounts must be negotiated annually.

Payment under the PSP is conditional on 100% achievement of various performance metrics, depending on the employee's role. These metrics have previously included delivery (60%) financial performance (15%), internal procedures (5%), learning/growth (5%) and a discretionary element (15%), for example. Additional criteria is determined by a multiplier of the aforementioned metrics, a business multiplier and an individual multiplier (depending on the employee's role) and is at all times subject to the provisions of the applicable collective

bargaining agreements (namely, the "*ACT Acordo Coletivo de Trabalho 2020.2022"*, *"ACT ATLANTIC NICKEL 2020-2022 ASSINADO SITRAMICO"*, *"2º Termo Aditivo ao Acordo Coletivo_BA_2020-2022_Jul2021"*, and *"MVV collective bargaining agreement–2021 - 2023"*). For management positions, payment under the PSP is achievable based on business performance (50%) and individual performance (50%). The 2023 performance metrics are under review and will be disclosed at the end of March 2023.

PART XI

THE PLACING, RETAIL OFFER, RE-ADMISSION AND DILUTION

The Placing

Background

Upon Re-Admission, there will be up to 64,225,000 Class A Ordinary in issue, excluding Employee Shares, comprising: (i) up to 12,500,000 Class A Ordinary Shares that exist as at the date of this Document (to the extent holders do not exercise rights to redeem their Existing Class A Shares as described in this Document), (ii) 0 PIPE Shares, (iii) up to 30,000,000 Anchor Subscription Shares, (iv) up to 1,000,000 Sponsor Loan Shares; (v) 3,125,000 Converted Shares and (vi) up to an aggregate of 30,100,000 Placing Shares and Retail Shares. Upon Re-Admission the Company will issue 13,000 Employee Shares. As such, upon Re-Admission the Enlarged Ordinary Share Capital of the Company will be 64,238,000. There will also be 6,250,000 Warrants in issue comprising 6,250,000 Warrants that exist as at the date of this Document.

The Company expects to raise gross proceeds of up to approximately US$301 million through the issue of the Placing Shares and Retail Shares. The net proceeds (after commissions and expenses) from the Global Placing, being 88.1% of the gross proceeds, will be applied towards the payment of consideration in relation to the Acquisition.

PIPE Investors

No PIPE subscription agreements have been entered into by the Company with any institutional investors prior to the date of this Document, and upon Re-Admission the Company shall issue 0 PIPE Shares.

Anchor Investors

Pursuant to the terms of three anchor investment agreements (the "**Anchor Investment Agreements**") entered into by the Company with each of Stellantis, La Mancha and Glencore (the "**Anchor Investors**") prior to the date of this Document, upon Re-Admission the Company shall issue up to 30,000,000, Anchor Subscription Shares. The Anchor Subscription Shares will rank *pari passu* in all respects with the Existing Class A Shares including all rights to dividends and other distributions declared, made or paid following Re-Admission and will be issued as fully paid. Details of the Anchor Investment Agreements are set out in paragraph 17 of Part XV of this Document.

Placing Investors

Pursuant to an offering to certain institutional investors following the date of this Document, upon Re-Admission the Company shall issue to certain institutional investors (the "**Placing Investors**" and, together with the Anchor Investors, the "**de-SPAC Investors**") up to 30,100,000 Placing Shares. The Placing Shares will rank *pari passu* in all respects with the Existing Class A Shares including all rights to dividends and other distributions declared, made or paid following Re-Admission and will be issued as fully paid.

Terms and Conditions of the Placing

Pursuant to an offering to certain institutional and retail investors following the date of this Document, upon Re-Admission the Company shall issue to the Placing Investors up to 30,100,000 Placing Shares at $10 per Placing Share (the "**Placing Price**"). The Placing Shares will rank pari passu in all respects with the Existing Class A Shares including all rights to dividends and other distributions declared, made or paid following Re-Admission and will be issued as fully paid. The issue of the Placing Shares is subject to approval at the Acquisition EGM and is conditional, among other things, upon completion of the Acquisition and the Placing Agreement not being terminated in accordance with its terms.

Following the publication of this Document, the Joint Bookrunners will commence a bookbuild process to determine demand for participation in the Placing by Placees (the "**Bookbuild**"). The Joint Bookrunners and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their absolute discretion, determine.

Each of the Joint Bookrunners is acting as a joint bookrunner and agent for the Company in connection with the

Placing. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Joint Bookrunners. The Book building period is expected to close on 18 July 2023 but may be closed earlier or later at the discretion of the Joint Bookrunners and the Company. The Bookrunners may, in agreement with the Company, accept bids that are received after the Bookbuild has closed.

To bid in the Bookbuild, prospective Placees should communicate their bid by telephone or in writing to their usual sales contact at any of the Joint Bookrunners. Each bid should state the number of Placing Shares which the prospective Placee wishes to acquire at the Placing Price. Bids may be scaled down by the Joint Bookrunners on the basis referred to below.

Each prospective Placee's allocation will be agreed between the Joint Bookrunners and the Company and will be confirmed orally or in writing (which can include email) by any of the Joint Bookrunners (as agent for and on behalf of the Company) following the close of the Bookbuild and a trade confirmation will be despatched thereafter. This oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon that person (who will at that point become a Placee) in favour of the Joint Bookrunners and the Company to acquire the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Document and in accordance with the Memorandum and Articles and each Placee will be deemed to have read and understood this Document in its entirety.

The Joint Bookrunners may choose to accept bids, either in whole or in part, on the basis of allocations determined in agreement with the Company and may scale down any bids for this purpose on such basis as they may determine. The Joint Bookrunners may also, subject to the prior consent of the Company, (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time; and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time. The Company reserves the right (upon consultation with the Joint Bookrunners) to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.

The obligations of the Joint Bookrunners under the Placing Agreement in respect of the Placing are subject to certain conditions precedent. The Joint Bookrunners may terminate the Placing Agreement in certain circumstances prior to Admission.

By participating in the Placing, each Placee agrees that neither the Joint Bookrunners nor any of their respective affiliates nor any of their respective directors, officers, partners, employees, advisers or agents (collectively, "**Representatives**") shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

By participating in the Placing, Placees agree that the exercise by any of the Joint Bookrunners of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of each of the Joint Bookrunners, that the Joint Bookrunners do not need to make any reference to, consult with, or seek consent from, Placees and that none of the Company or the Joint Bookrunners or any of their respective affiliates or any of their respective Representatives shall have any liability to Placees whatsoever in connection with any exercise or failure to exercise any right of termination or other discretion.

A bid in the Bookbuild will be made on the terms and subject to the conditions set out in this Prospectus and based on the representations and warranties below (see section "*Representations and warranties and further terms*") and will be legally binding on the Placee on behalf of which it is made and, except with the Joint Bookrunners' consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Joint Bookrunners, as agents for and on behalf of the Company, to pay it in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out in this Document, an amount equal to the product of the Placing Price and the

number of Placing Shares such Placee has agreed to subscribe for and the Company has agreed to allot.

Representations and warranties and further terms

By submitting a bid and/or participating in the Placing each prospective Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with each Joint Bookrunner and the Company, in each case as a fundamental term of its application for Placing Shares), to the terms set out in this Prospectus, including, without limitation, the "Terms and Conditions of the Placing", the "Notices to Investors" and the "Important Information".

Lock-up Arrangements

In connection with the consummation of the Company's IPO, the Co-Sponsors and the Sponsor Director entered into lock-up arrangements pursuant to (and as further described in) the terms of the underwriting agreement dated 7 October 2022 (the "**IPO Underwriting Agreement**") and the sponsor insider dated 5 October 2022 (the "**IPO Sponsor Insider Letter**") whereby they undertake not to transfer the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares) or the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Overfunding) which they hold directly or indirectly in the Company, without the prior written consent of Citigroup in its capacity as sole global coordinator and bookrunner of the IPO, during the period commencing on the IPO Closing Date and ending on the date which is, (i) in respect of the Class B Shares (or Class A Ordinary Shares issuable upon conversion of any Class B Shares), the earlier of: (a) 365 calendar days after completion of the Acquisition or (b) subsequent to the Acquisition, if the last reported sale price of the Class A Ordinary Shares on the LSE equals or exceeds US$12.00 per share (subject to certain adjustments as set out in this Document) for any 20 Trading Days within any 30 consecutive Trading Day period commencing at least 150 calendar days after completion of the Acquisition, and (ii) in respect of the Sponsor Warrants (or Class A Ordinary Shares issued or issuable upon the exercise or conversion of the Sponsor Warrants) (including those subscribed for by the Co-Sponsors pursuant to the Overfunding), 30 calendar days after the completion of the Acquisition (the "**IPO Sponsor Insider Letter**"). The Sponsor Loan Warrants are subject to customary restrictions on transfer or disposal (subject to certain exceptions) ending on the date which is 6 months after the Acquisition Date.

Further, any Class B Shares (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares) received by the IPO Institutional Investors pursuant to the IPO Investment Agreements (as defined below) and the Class B Shares and Sponsor Warrants (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares or exercise of the Sponsor Warrants, as applicable) allocated from the incentive pool, are subject to lock-up arrangements equivalent to those applicable to the Co-Sponsors with respect to the Class B Shares and Sponsor Warrants (and the Class A Ordinary Shares issuable upon conversion of the Class B Shares or exercise of the Sponsor Warrants, as applicable) held by them, save that the Class B Shares and Sponsor Warrants to be received at completion of the Acquisition by Mr. Castellari Porchia and Mr. Mundim are subject to transfer restrictions, which apply for a period of two years following the Acquisition Date, and the Class B Shares and Sponsor Warrants to be received at completion of the Acquisition by Mr. Volynets (through his personal service company), Ms. Whittall, Mr. Friedman, Mr. Kwok and Ondra LLP, are not subject to any transfer restrictions following the Acquisition Date, and as proposed to be amended and restated, Mr. Box's consultancy agreement does not subject the Class B Shares and Sponsor Warrants to any transfer restrictions following their receipt in February 2024.

In addition, the restrictions on the ability of the Co-Sponsors and the Sponsor Director to transfer their Class A Ordinary Shares, Class B Shares, Warrants or Sponsor Warrants, as the case may be, are subject to certain usual and customary exceptions (as further described in, and subject to the terms of, the IPO Sponsor Insider Letter). Subject to the expiration or waiver of any lock-up arrangement entered into between the Co-Sponsors and Citigroup, the Company has agreed to provide, at its own cost, such information and assistance as the Co-Sponsors may reasonably request to enable them to effect a disposal of all or part of their Class A Ordinary Shares or Warrants at any time upon or after the completion of the Acquisition, including, without limitation, the preparation, qualification and approval of a prospectus in respect of such Class A Ordinary Shares or Warrants.

Further, the Company has agreed with the Joint Bookrunners (as defined below) that, subject to customary

exceptions, it will not, between the date of the Placing Agreement and 180 days after the date of Admission, without the prior written consent of the Joint Bookrunners, (i) directly or indirectly, issue, allot, offer, pledge, sell, contract to sell, lend, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, deposit into any depositary receipt facility or otherwise transfer or dispose of any Class A Ordinary Shares or any securities convertible into or exercisable or exchangeable for Class A Ordinary Shares or file any registration statement under the Securities Act with respect to any of the foregoing (or publicly announce the same) or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Class A Ordinary Shares, whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of Class A Ordinary Shares or such other securities, in cash or otherwise.

Investor Lock-Ups

In connection with the Acquisition, the Anchor Investors, the Guarantor and the Co-Sponsors, respectively, have entered into certain lock-up arrangements pursuant to (and as further described in) the terms of the Anchor Investment Agreements, the Backstop Subscription Agreement and certain side deeds to the Sponsor Funding Agreement, whereby they undertake not to transfer any Sponsor Loan Shares or, with respect to Glencore and Stellantis, Private Placement Warrants which they hold, subject to certain exceptions, without the prior written consent of the Company, during the period ending on the date that is six (6) months after the Acquisition Date.

Re-Admission and Dealings in the Class A Ordinary Shares and Warrants

Re-Admission is expected to take place and dealings in the Enlarged Ordinary Share Capital and the Warrants are expected to commence or re-commence (as applicable) on the LSE at 8.00 a.m. on 4 August 2023. This date and time may change. If Re-Admission does not occur by such date, the Placing, and therefore the Acquisition, will not proceed and all monies relating to the Placing paid will be refunded to the applicants.

The Company is not making any arrangements for dealing prior to Re-Admission in respect of the Class A Ordinary Shares being issued in connection with the Placing. No application has been made, or is currently intended to be made, for the Class A Ordinary Shares and existing Warrants to be admitted to listing or dealt on any other stock exchange.

In accordance with Listing Rule 14.3, at Re-Admission at least 10% of the Class A Ordinary Shares of this listed class will be in public hands (as defined in the Listing Rules). Completion of the Placing will be announced via a Regulatory Information Service provider ("**RIS**") on Re-Admission, which is expected to take place at 8.00 a.m. on 4 August 2023.

It is intended that settlement of the New Shares allocated to investors will take place by means of crediting Depositary Interests to relevant CREST (as defined below) stock accounts on Re-Admission. For settlement purposes only, each re-admitted share may be attributed a value of $9.99 and each re-admitted Warrant may be attributed a value of $0.01. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

Where applicable, definitive share certificates in respect of the New Shares to be issued are expected to be dispatched, by post at the risk of the recipients, to the relevant holders, not later than ten days following Re-Admission. The Class A Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the dispatch of definitive share certificates in respect of any New Shares which are held in certificated form, transfers of those Placing Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

CREST

CREST is the system for paperless settlement of trades in listed securities operated by Euroclear UK & International Limited ("**Euroclear**") ("**CREST**"). CREST allows securities to be transferred from one person's CREST account

to another's without the need to use share certificates or written instruments of transfer.

Applications will be made for the Depositary Interests to be admitted or re-admitted (as applicable) to CREST with effect from Re-Admission. Accordingly, settlement of transactions in the Depositary Interests following Re-Admission may take place within the CREST System if any Class A Ordinary Shareholder or Warrantholder so wishes.

CREST is a voluntary system and holders of the Class A Ordinary Shares and the Warrants who wish to receive and retain share and warrant certificates will be able to do so. An investor may elect to receive Class A Ordinary Shares and/or Warrants in uncertificated form in the form of Depositary Interests if the investor is a system member (as defined in the Uncertified Securities Regulations 2001 (SI 2001 No.3755), as amended (the "**CREST Regulations**") in relation to CREST. Warrantholders will only receive whole Class A Ordinary Shares and any fractions of shares a Warrantholder is entitled to upon exercise will be rounded down to the nearest whole share.

Dilution

This section groups together, solely for purposes of illustration, all holders of Class B Shares, Sponsor Warrants, Sponsor Loan Warrants and Private Placement Warrants, with respect to their holdings of Class B Shares, Sponsor Warrants and Private Placement Warrants (such holders, for this purpose, the "**Promote Security Holders**").

Dilution as a result of Re-Admission

The Placing will result in dilution of the existing share capital of the Company so as to constitute 47% of the Enlarged Ordinary Share Capital. Following Re-Admission, the holders of Existing Class A Shares could experience a total dilution of 81% as a result of the issue and allotment of the Placing Shares.

Dilution from the Exercise of Warrants and Sponsor Warrants, Sponsor Loan Warrants, Private Placement Warrants and conversion of Class B Shares

The table below shows the maximum dilutive effect that would arise for 1% ownership of Existing Class A Shares as a result of (i) the issue and allotment of the New Shares, (ii) the conversion of all Class B Shares, and exercise of Sponsor Warrants (including those subscribed for pursuant to the Initial Co-Sponsor Overfunding) and 2 million Sponsor Loan Warrants to be issued in connection with the conversion of loans made by the Co-Sponsors to the Company (see "Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Share Capital—The Sponsor Warrants—Sponsor Funding Agreement*") and 4 million Private Placement Warrants into Class A Ordinary Shares, and (iii) the conversion of all Warrants into Class A Ordinary Shares:

	Number of outstanding Class A Ordinary Shares	**Percentage of outstanding Class A Ordinary Shares (%)**
Before exercise		
Existing Class A Shares	12,500,000	100.00
Class B Shares	-	-
Sponsor Warrants	-	-
Private Placement Warrants	-	-
Warrants	-	-
Total	**12,500,000**	**100.00**
After exercise		
Existing Class A Shares*	12,500,000	13.91
New Shares	48,613,000	54.11
Class A Ordinary Shares received upon exercise of Warrants and Sponsor Warrants*	19,598,750	21.82
Class A Ordinary Shares received upon exercise of Private Placement Warrants and Sponsor Loan Warrants	6,000,000	6.68

* Assumes no redemptions.

Fees and Expenses of Re-Admission

In addition to the funding of a debt service reserve account of $20 million and estimated transaction costs of $60 million to be funded from raised proceeds, the Company intends to fund estimated further transaction costs as follows: (i) $5 million from cash on the Target Entities' balance sheet at the Acquisition Date; and (ii) up to $15 million from the Credit Facility (as defined herein). In aggregate, these transaction costs relate primarily to fees payable to providers of debt and equity funding and transaction advisors.

Selling and Transfer Restrictions

See "Part XVI—*Notices to Investors*".

Details of the Retail Offer

Background

The Retail Offer is being made at the same time as the Placing and is subject to, and is conditional upon, the Placing proceeding. However, the Placing is not conditional upon completion of the Retail Offer.

If the customary conditions to completion which are set out in the placing agreement are, for any reason, not satisfied or waived by the Joint Bookrunners, or if the Acquisition does not occur, the Placing will not proceed to completion and the Retail Offer will be cancelled and withdrawn. In such circumstances, applicants in the Retail Offer will not be allotted any shares of Class A Ordinary Shares and they will be refunded in the same currency as the amount pre-paid by them at the time of application.

The Class A Ordinary Shares offered pursuant to the Retail Offer are not being underwritten.

None of the Joint Bookrunners and the Placement Agents is acting in any capacity, or makes any representation or warranty, express or implied, in connection with the Retail Offer and accordingly none of the Joint Bookrunners and the Placement Agents accepts any responsibility or liability whatsoever in respect of the Retail Offer or the contents of any statement made or purported to be made by it, or on its behalf, in connection with the Retail Offer. Nothing in this prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Save for the responsibilities, if any, which may be imposed under the regulatory regime of any jurisdiction where exclusion of liability would be illegal, void or unenforceable, each of the Joint Bookrunners and the Placement Agents accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of the Retail Offer.

General information

All Retail Shares will be issued at an offer price of US$10.00 per Class A Ordinary Share and no commissions or expenses will be charged by the Company or PrimaryBid to retail investors resident in the UK. Intermediaries may charge their customers a fee for submitting an application on their behalf.

Any arrangements for withdrawing offers to subscribe for Class A Ordinary Shares shall be made clear in an announcement via a Regulatory Information Service. Full details of statutory rights to withdraw an offer to subscribe for Class A Ordinary Shares are set out below in subsection "*Withdrawal rights*" below.

Retail investors resident and physically located in the UK who wish to subscribe for Class A Ordinary Shares pursuant to the Retail Offer through PrimaryBid must pre-pay the Sterling Application Amount for their Class A Ordinary Shares in pounds Sterling. Prospective investors who request an Intermediary to submit an Intermediary Application on their behalf may be required to pre-pay according to the terms and conditions of service of such Intermediary. Any Sterling Application Amount will be converted into U.S. dollars at the Effective Sterling Price. The resulting U.S. Dollar Conversion Amount will be used to determine the allocation of prospective investors that submitted a Sterling Application Amount. Irrespective of whether they submit a Sterling Application Amount or a U.S. Dollar Application, all prospective investors are expected to be allocated the maximum number of Class A Ordinary Shares which can be purchased at a price of US$10.00 per Class A Ordinary Share from their U.S.

Dollar Application Amount (rounded down to the nearest whole Class A Ordinary Share) and without prejudice to any scaling down as a result of excess demand.

Following the launch of the Retail Offer, retail investors resident and physically located in the UK will be able to apply for Class A Ordinary Shares under the Retail Offer through PrimaryBid at www.primarybid.com or the PrimaryBid app (available on the UK Apple App Store and Google Play Store) (the "**Online Application**").

Retail investors resident in the UK who are existing clients of Intermediaries and who wish to participate in the Retail Offer and hold any Class A Ordinary Shares allotted to them in an ISA, SIPP or GIA (to the extent permitted by such Intermediary and applicable laws and restrictions provided that such application is successful), may ask their relevant Intermediary to submit an application to PrimaryBid on such person's behalf (an "**Intermediary Application**"). Prospective investors who request an Intermediary to submit an Intermediary Application on their behalf may be required to pre-pay according to the terms and conditions of service of such Intermediary. See "*Intermediaries*" below.

All applications for Class A Ordinary Shares in the Retail Offer must be made either through the Online Application (albeit PrimaryBid reserves the right to accept (in their absolute discretion) hard copy applications, in certain circumstances) or through an Intermediary submitting an Intermediary Application. All applications under the Retail Offer will be made on the terms and conditions of the Retail Offer set out in "Part XI—*The Placing, Retail Offer, Re-Admission and Dilution—Terms and Conditions of the Retail Offering*" in this Document.

Prospective investors submitting an application will be required to specify a subscription amount amount expressed in pounds Sterling determined in their discretion at the time of their application (the "**Sterling Application Amount**") or, in the case of an Intermediary Application only, if the Intermediary allows or requires prospective investors to make applications in U.S. dollars, a subscription amount in U.S. dollars (a "**U.S. Dollar Application**"). Any Sterling Application Amount submitted by prospective investors must be £500 at a minimum and any U.S. Dollar Application submitted by prospective investors must be for US$650 at a minimum. Any Sterling Application Amount will be converted into U.S. dollars (the U.S. dollar amount resulting from such conversion, the "**U.S. Dollar Conversion Amount**"). Such conversion of the Sterling Application Amount will be effected by or on behalf of PrimaryBid at the applicable USD:GBP foreign exchange market rate (and shall take account of any third party charges or fees) (the "**Effective Sterling Price**") once allocations in the Retail Offer have been confirmed to PrimaryBid, which is expected to take place on the last day of the book building period relating to the Placing. The Effective Sterling Price will be notified by PrimaryBid to those investors who have made an Online Application and relevant Intermediaries when allocations of Class A Ordinary Shares are confirmed to investors and Intermediaries. The U.S. Dollar Conversion Amount or, in the case of a U.S. Dollar Application, the U.S. dollar amount specified at the time of the application, as applicable, will be attributed to the application of each prospective investor (the "**U.S. Dollar Application Amount**"). Subject to any scaling down resulting from excess demand as described in the paragraph below, prospective investors will be allocated the maximum number of Class A Ordinary Shares which can be purchased at a price of US$10.00 per Class A Ordinary Share from the U.S. Dollar Application Amount (rounded down to the nearest whole Class A Ordinary Share). No fractional entitlements in Class A Ordinary Shares will be allocated to prospective investors and therefore allocations will be satisfied by rounding down to the nearest whole number of Class A Ordinary Shares. Any remaining amount (which will in any event not exceed US$9.99) from the U.S. Dollar Application Amount will be returned to prospective investors by no later than three (3) business days after completion of the Acquisition (or, if completion does not occur for any reason, by no later than three (3) business days after 18 August 2023) in the currency it was originally pre-paid in.

In the event that demand for Class A Ordinary Shares in the Global Placing exceeds the number of Class A Ordinary Shares made available in the Global Placing, or demand in the Retail Offer exceeds the aggregate number of Class A Ordinary Shares reserved for the Retail Offer, allocations may be scaled down in any manner at the Company's absolute discretion, and applicants may be allocated less than the maximum amount of Class A Ordinary Shares they would otherwise have been able to acquire based on their U.S. Dollar Application Amount at a price of US$10.00 per Class A Ordinary Share (rounded down to the nearest whole Class A Ordinary Share). The Company reserves the right to scale back any order at its discretion. The Company and PrimaryBid reserve the right to reject any application for Retail Shares under the Retail Offer without giving any reason for such rejection.

The Company is not bound to proceed with the Retail Offer. Completion of the Retail Offer will be subject, *inter alia*, to the Company's decision to proceed with the Global Placing, which includes the Placing. The Placing (and therefore, indirectly, the Retail Offer) will also be subject to the satisfaction of certain conditions. The Placing is

not conditional upon completion of the Retail Offer. Further details of the terms of the placing agreement are set out in "Part XI—*The Placing, Re-Admission and Dilution—The Placing—Terms and Conditions of the Placing*".

Intermediaries

Under the Retail Offer, the Class A Ordinary Shares are being offered to retail investors resident in the UK, some of whom may be existing retail clients of Intermediaries. Prospective investors who wish to use an ISA, SIPP or GIA to hold any interest in any Class A Ordinary Shares (to the extent permitted by such Intermediary and applicable laws and restrictions provided that such application is successful) should communicate their interest to their relevant Intermediary and request that such Intermediary submit an Intermediary Application on such prospective investor's behalf.

Intermediaries may be able to facilitate participation in the Retail Offer by submitting Intermediary Applications in order to enable those prospective investors to receive and hold Class A Ordinary Shares in the form of Depositary Interests in such persons' ISA, SIPP or GIA accounts held with the relevant Intermediary. However, there is no guarantee that any such Intermediary will be able to accommodate such request and/or facilitate any such application. Accordingly, prospective investors should ensure that they contact their Intermediaries as early as possible to ensure that they are able to submit an application before the end of the Retail Offer.

The Company has consented to the use of this prospectus by Intermediaries in connection with the Retail Offer in the UK during the Retail Offer period and accepts responsibility for the information contained in this Document with respect to subsequent resale or final placement of securities by any Intermediary given consent to use this Document, and by doing so each such Intermediary will be deemed to have agreed to adhere to and be bound by the Terms and Conditions of the Retail Offer. In order to submit an Intermediary Application, each Intermediary is required to be authorised by the FCA or the Prudential Regulatory Authority in the UK with the appropriate authorisation to carry on the relevant regulated activities in the UK, and, in each case, to have appropriate permissions, licences, consents and approvals to act in the UK. Each Intermediary must also be a member of CREST or have arrangements with a clearing firm that is a member of CREST.

Any Intermediary that uses this prospectus must state on its website that it has the Company's consent to use this prospectus. If a prospective investor asks an Intermediary for a copy of this prospectus in printed form, that Intermediary must send (in hard copy or via an email attachment or web link) this prospectus to that prospective investor at the expense of that Intermediary.

Each Intermediary will be acting as agent for the prospective investors who are their respective retail clients. Neither the Company, PrimaryBid nor any other person will have any responsibility for any liability, costs or expenses incurred by any Intermediary.

Intermediaries may charge prospective investors who are their retail clients a fee for buying or holding the Class A Ordinary Shares (including any fees relating to the opening of an ISA, SIPP or GIA account for that purpose) provided that the Intermediary has disclosed the fees and terms and conditions of providing those services to the prospective investors in advance.

Each prospective investor who applies for Class A Ordinary Shares in the Retail Offer through an Intermediary shall, by requesting such Intermediary to submit an Intermediary Application on its behalf, be deemed to agree that it must not rely, and will not rely, on any information or representation other than as contained in this prospectus or any supplement to this prospectus published by the Company prior to the Retail Offer closing time. None of the Company, PrimaryBid, nor any other person will have any responsibility or liability to any Intermediary, or any prospective investor for whom such Intermediary acts, for any such other information or representation not contained in this prospectus or any supplement to this prospectus published by the Company prior to the Retail Offer closing time.

The publication of this prospectus and/or any supplementary prospectus and any actions or statements of the Company, PrimaryBid, the Intermediaries or other persons in connection with the Retail Offer should not be taken as any representation or assurance as to the basis on which the number of Class A Ordinary Shares to be offered under the Retail Offer or allocations within the Retail Offer will be determined and all liabilities for any such action or statements are hereby disclaimed by the Company, PrimaryBid, the Intermediaries and all other persons.

Participation, allocation and pricing

Retail investors resident in the UK wishing to participate in the Retail Offer may do so either by applying directly through PrimaryBid at www.primarybid.com or the PrimaryBid app and submitting an Online Application, or arranging for an Intermediary to submit an Intermediary Application on its behalf, in either case by no later than the Retail Offer closing time.

Applications to participate in the Retail Offer may only be made by persons who are retail investors resident in the UK or by Intermediaries acting on behalf of such persons. Only one application for Class A Ordinary Shares in the Retail Offer may be made by or on behalf of any person who is an retail investor resident in the UK. Prospective investors are responsible for ensuring that they do not make more than one application under the Retail Offer (whether on their own behalf or through other means, including, but without limitation, through an Intermediary, a trust or a pension plan).

Applications for settlement of Class A Ordinary Shares into an ISA, SIPP or GIA can only be accepted in the case of applications made through Intermediaries.

Prospective investors who wish to subscribe for Class A Ordinary Shares pursuant to the Retail Offer must apply for a minimum Sterling Application Amount of £500 and any U.S. Dollar Application submitted by prospective investors must be for US$650 at a minimum. Any Sterling Application Amount will be converted at the Effective Sterling Price. The U.S. Dollar Application Amount will be used to determine the allocation of prospective investors, which are expected to be allocated the maximum number of Class A Ordinary Shares which can be purchased at a price of US$10.00 per Class A Ordinary Share from their U.S. Dollar Application Amount (rounded down to the nearest whole Class A Ordinary Share). At the time of submitting an Online Application to subscribe for Class A Ordinary Shares pursuant to the Retail Offer, prospective investors will be required to pre-pay by debit card an amount equal to the full Sterling Application Amount. Prospective investors who request an Intermediary to submit an Intermediary Application on their behalf may be required to pre-pay according to the terms and conditions of service of such Intermediary. No Class A Ordinary Shares allocated under the Retail Offer will be registered in the name of any person whose registered address is outside the United Kingdom.

An application for Class A Ordinary Shares in the Retail Offer means that the relevant prospective investor or Intermediary on its behalf agrees to acquire such number of Class A Ordinary Shares as are allotted to it at an offer price of US$10.00 per Class A Ordinary Share. Each prospective investor submitting an Online Application via PrimaryBid must comply with the appropriate money laundering checks required by PrimaryBid. Prospective investors requesting an Intermediary to submit an Intermediary Application on their behalf must comply with the appropriate money laundering checks required by such Intermediary. Allocations under the Retail Offer will be determined at the Company's sole discretion after having received a recommendation from, and having consulted with, PrimaryBid. All Class A Ordinary Shares issued or sold pursuant to the Retail Offer will be issued or sold, payable in full, at an offer price of US$10.00 per Class A Ordinary Share. A number of factors will be considered in determining the basis of allocation, including the level and nature of demand for the Class A Ordinary Shares, prevailing market conditions and the objective of establishing an orderly after market in the Class A Ordinary Shares.

Once an application for Class A Ordinary Shares has been made and accepted by PrimaryBid on the Company's behalf, that application is irrevocable and cannot be withdrawn other than in the limited circumstances specified in "*Withdrawal rights*" below. Upon acceptance by PrimaryBid of any application, prospective investors will be contractually committed to acquire the number of Class A Ordinary Shares allocated to them at an offer price of US$10.00 per Class A Ordinary Share and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or withdraw from, such commitment.

The latest time for completion of the Online Application in the Retail Offer, or submission of Intermediary Applications via Intermediaries, is 1.00 p.m. (London time) on the last day of the book building period relating to the Placing, which shall be the Retail Offer closing time (the "**Retail Offer Closing Time**"), or any other previous time as determined and communicated by PrimaryBid. All prospective investors must complete the Online Application and submit it (together with an online payment by a UK debit card for the Sterling Application Amount) by this time or, if applicable, arrange for their relevant Intermediary to submit an Intermediary Application on their behalf to PrimaryBid and to undertake to transfer such amount to PrimaryBid at settlement.

If the Class A Ordinary Shares are not issued by the Company for any reason monies will, subject to the terms and conditions of the Retail Offer, be returned without interest at the risk of the applicant. If more is debited from an applicant than is required to pay for the Class A Ordinary Shares actually allocated to that applicant, the excess amount will be returned to the applicant in accordance with "*Return of applicable monies*" of "Part XI—*The*

Placing, Retail Offer, Re-Admission and Dilution—Terms and Conditions of the Retail Offering". No fractional entitlements to Class A Ordinary Shares will be allocated and therefore allocations will be satisfied by rounding down to the nearest whole of Class A Ordinary Shares.

No commission will be charged to prospective investors on applications to participate in the Retail Offer made through PrimaryBid. Prospective Investors should note the particular practices and policies of their respective Intermediaries which will determine the latest time at which Online Applications and payments via such Intermediary can be made (which may be earlier than the deadlines set by the Company in connection with Retail Offer) so that they are received by PrimaryBid before the Retail Offer Closing Time. Liability for UK stamp duty and stamp duty reserve tax is described in "Part XII—*Taxation—United Kingdom Taxation*".

Pre-payment of any Sterling Application Amount for Class A Ordinary Shares must be made (i) in respect of an Online Application made directly by a prospective investor, by a UK debit card issued by a bank or building society in the UK from a personal account of the individual applicant in respect of which they have sole or joint title to the funds in such account or (ii) in the case of an Intermediary Application made by an Intermediary on behalf of a prospective investor, by an undertaking from the relevant Intermediary to transfer the funds to PrimaryBid. Payments by credit card will not be accepted. There will be no additional charge levied by the Company or PrimaryBid for payments of any Sterling Application Amount for Class A Ordinary Shares made by a UK debit card. Investors who elect to submit an application via their Intermediary should ensure that they provide the relevant Intermediary with cleared funds in advance of relevant deadlines in order to enable the relevant Intermediary to make such payment on their behalf. Prospective investors who request an Intermediary to submit an Intermediary Application on their behalf may be required to pre-pay according to the terms and conditions of service of such Intermediary.

Applicants in the Retail Offer (or their Intermediaries) who are allocated and acquire Class A Ordinary Shares in the Retail Offer will be notified of their share allocation on the day of the Global Placing results announcement.

Each applicant who applies for Class A Ordinary Shares in the Retail Offer shall, by submitting an Online Application or arranging for an Intermediary to submit an Intermediary Application on their behalf, be required to agree that they must not rely, and will not rely, on any information or representation other than as contained in this prospectus or any supplementary prospectus published by the Company prior to the close of the Retail Offer period. The publication of this prospectus and/or any supplementary prospectus and any actions or statements of the Company, PrimaryBid, the Intermediaries or other persons in connection with the Retail Offer should not be taken as any representation or assurance as to the basis on which the number of Class A Ordinary Shares to be offered under the Retail Offer or allocations within the Retail Offer will be determined, and all responsibilities and liabilities for any such actions or statements are hereby disclaimed by the Company, by PrimaryBid, the Intermediaries and all other persons.

By submitting an application to PrimaryBid to subscribe for Class A Ordinary Shares pursuant to the Retail Offer, each applicant (or its Intermediary on its behalf) will enter into a contract to acquire Class A Ordinary Shares, and that contract, and the appointments and authorities and the representations, warranties and undertakings given and entered into in connection with it, will be exclusively governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, each prospective investor (or its Intermediary on its behalf) irrevocably submits to the exclusive jurisdiction of the English courts in respect of any matter, claim or dispute arising out of or in connection with the Retail Offer, whether contractual or non-contractual, albeit that nothing shall limit the Company's right or the right of PrimaryBid to bring any action, suit or proceedings arising out of or in connection with the Retail Offer in any manner permitted by law or in any court of competent jurisdiction. This does not prevent an action being taken against a prospective investor (or any Intermediary) in any other jurisdiction.

Applicants in the Retail Offer who have any questions about how to complete their Online Application through the PrimaryBid website using a UK debit card should contact PrimaryBid at https://primarybid.com/contact. For legal reasons the Company and PrimaryBid will only be able to provide information contained in this prospectus and will be unable to provide advice on the merits of the Retail Offer or to provide personal legal, financial, tax or investment advice.

Prospective investors who are existing retail clients of an Intermediary and who wish to request their Intermediary to submit an Intermediary Application on their behalf should contact such Intermediary.

Manner in which Class A Ordinary Shares will be held

Each prospective investor who applies for Class A Ordinary Shares in the Retail Offer shall receive and initially hold its Class A Ordinary Shares in the form of depositary interests through a participant in CREST.

Settlement via CREST

For information on settlement, please refer to "Part XI—*The Placing, Retail Offer, Re-Admission and Dilution—Re-Admission and Dealings in the Class A Ordinary Shares and Warrants*" and to "Part XI—*The Placing, Retail Offer, Re-Admission and Dilution—CREST*" in this document.

Withdrawal rights

In the event that the Company is required to publish any supplementary prospectus at any time before close of the Retail Offer period, prospective investors who have applied for Class A Ordinary Shares, either in person or via an Intermediary, will have at least two business days following publication of the relevant supplementary prospectus within which to withdraw their offer to subscribe for Class A Ordinary Shares in its entirety.

The right to withdraw an application to subscribe for Class A Ordinary Shares in these circumstances will be available to all prospective investors in the Retail Offer. If an application is not withdrawn within the time limits set out in the relevant supplementary prospectus, any offer to subscribe for Class A Ordinary Shares pursuant to the Retail Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplementary prospectus or relevant announcement is published. In such circumstances, prospective investors who have submitted an application to apply for Class A Ordinary Shares in the Retail Offer and Intermediaries who have done so on behalf of prospective investors will receive an email from PrimaryBid notifying them of the fact that the supplementary prospectus has been published and where such supplementary prospectus can be accessed and informing them of how they can withdraw their application. The email will also set out the period during which prospective investors may withdraw their application. Notice of withdrawal given by any other means or which is submitted to PrimaryBid after the expiry of such period will not constitute a valid withdrawal and any application to apply for Class A Ordinary Shares in the Retail Offer will remain valid and binding.

Terms and Conditions of the Retail Offer

This section contains the terms and conditions of the Retail Offer, pursuant to which prospective investors may apply, either directly or through an Intermediary, to buy Class A Ordinary Shares pursuant to the Retail Offer. By making an application under the Retail Offer, either directly or through an Intermediary, Prospective investors will agree with Company to be bound by the following terms and conditions of the Retail Offer, being the terms and conditions upon which the Class A Ordinary Shares will be sold by Company to prospective investors pursuant to the Retail Offer.

Introduction

For the purposes of these Retail Offer terms and conditions only, references to "you" are to prospective retail investors resident in the UK applying to buy Class A Ordinary Shares in the Retail Offer using either an Online Application or by requesting an Intermediary to submit an Intermediary Application on its behalf.

If you apply for Class A Ordinary Shares in the Retail Offer, you will be agreeing with the Company and PrimaryBid to be bound by the Retail Offer terms and conditions set out below. None of the Joint Bookrunners and the Placement Agents is acting in any capacity, or makes any representation or warranty, express or implied, in connection with the Retail Offer.

Offer to subscribe for Class A Ordinary Shares

Applications must be made either by (i) an Online Application (albeit that PrimaryBid reserve the right to accept (at their absolute discretion) hardcopy applications, in certain circumstances) or (ii) by an Intermediary Application. By completing and submitting an Online Application or by arranging for an Intermediary to submit an Intermediary Application on your behalf, you as the applicant:

(a) offer to acquire at a price of US$10.00 per Class A Ordinary Share the maximum number of Class A Ordinary Shares (rounded down to the nearest whole Class A Ordinary Share) that may be acquired using

your U.S. Dollar Application Amount, subject to the provisions of this prospectus, these terms and conditions of the Retail Offer, including any scaling down as a result of excess demand, the terms of the Online Application (if applicable), any supplementary prospectus, and the Company's Memorandum and Articles of Association;

(b) agree that no fractional interests in Class A Ordinary Shares will be allotted to prospective investors and that any remaining amount from your U.S. Dollar Application Amount (which will in any event not exceed US$9.99) will be returned to you by no later than three (3) business days after completion of the Acquisition (or, if completion does not occur for any reason, by no later than three (3) business days after 18 August 2023) in the currency it was originally pre-paid in;

(c) acknowledge and agree that the USD:GBP foreign exchange rate applicable at the time you make an application using a Sterling Application Amount may materially differ from the Effective Sterling Price which will be used to determine the amount of Class A Ordinary Shares allotted to you and that, as a result, you may be allotted fewer Class A Ordinary Shares in such case than you would have received if the USD:GBP foreign exchange rate used had been determined at the time your application was made or if you had made a U.S. Dollar Application instead, and further acknowledge and agree that the Company does not guarantee or provide any assurances as to the level of the Effective Sterling Price;

(d) agree that any Sterling Application Amount included in your application may not be less than £500 and that, in case you submit a U.S. Dollar Application instead, the minimum application amount may not be less than US$650;

(e) acknowledge and agree that your status as a prospective investor was determined by PrimaryBid and PrimaryBid's determination in this regard shall be conclusive and final in all respects;

(f) acknowledge and agree that, if Company publishes any supplement to this prospectus, you would have a statutory right to withdraw your offer to subscribe for Class A Ordinary Shares, but if any application for Class A Ordinary Shares is not withdrawn within the period stipulated in any supplementary prospectus or announcement (as described in "*Part XII—Details of the Retail Offer—Withdrawal rights*", such application for Class A Ordinary Shares in the Retail Offer will remain valid and binding;

(g) acknowledge and agree that: (i) applications for Class A Ordinary Shares in the Retail Offer may be subject to scale back as described in "*Allocation*" below; and (ii) in the event your application for Class A Ordinary Shares in the Retail Offer is scaled back at the discretion of Company, you will not receive the maximum amount of Class A Ordinary Shares representing the full value of the U.S. Dollar Application Amount at a price of US$10.00 per Class A Ordinary Share (rounded down to the nearest whole Class A Ordinary Share);

(h) authorise PrimaryBid: (i) if you are an prospective investor who has submitted an Online Application, to send refunds for any monies returnable to you back to the debit card account used for payment in accordance with "*Return of applicable monies*" below on the Company's behalf; and (ii) to do all things and, where applicable, to take all actions necessary to procure that either, at your election, (x) the Class A Ordinary Shares for which your application is accepted are delivered to you or to your order in the form of depositary interests held in CREST, or (y) your name is placed on the register of Company's stockholders in respect of the Class A Ordinary Shares for which your application is accepted;

(i) in consideration of the Company agreeing that it will not, prior to the date of completion of the Retail Offer (or such later date as Company may determine), sell to any person or assist in the sale to any person of any of the Class A Ordinary Shares comprised in the Retail Offer other than by means of the procedures referred to in this prospectus and as a collateral contract between you and the Company which will become binding on you on submission to PrimaryBid of your Online Application or, as applicable, the Intermediary Application submitted on your behalf, you:

    (i) agree that, subject to any statutory rights of withdrawal that may be announced by the Company, any application for Class A Ordinary Shares in the Retail Offer not so withdrawn will remain valid and binding;

    (ii) undertake to pre-pay the Sterling Application Amount or, in case you submit a U.S. Dollar Application instead, the U.S. dollar amount included in your U.S. Dollar Application, for the Class A Ordinary Shares (payable in full on application) in respect of which your application to purchase (as the case may be) Class A Ordinary Shares from the Company is made (in the manner indicated in "*Acceptance of your offer*" below);

    (iii) acknowledge that if the UK debit card payment accompanying your Online Application is

declined, you will not be allocated any Class A Ordinary Shares and you agree that you will have no claim, and no claim will be made, against the Company, PrimaryBid or any other person or any of Company's or any such other person's respective officers, agents, or employees in respect of the non-receipt of Class A Ordinary Shares by you, or loss arising from such non-receipt of Class A Ordinary Shares;

(iv) agree, on request by the Company or PrimaryBid, to disclose promptly in writing to Company and PrimaryBid such information as the Company may request in connection with your application, and authorise the Company and PrimaryBid to disclose any information relating to your application which they may consider appropriate;

(v) agree that any Class A Ordinary Shares to which you may become entitled and monies returnable to you may be retained pending investigation of any suspected breach of the terms and conditions of the Retail Offer and any verification of identity which is, or which either the Company or PrimaryBid in such person's absolute discretion consider may be, required for the purposes of the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 and that any interest accruing on such retained monies shall accrue to and for the Company's benefit;

(vi) agree that, if evidence of identity satisfactory to the Company and PrimaryBid is not provided prior to the end of the Retail Offer (or such later date as Company may agree), the Company may terminate your contract of allocation and may reallocate or sell such Class A Ordinary Shares and, in such case, your application monies, less any amount retained by the Company (or its agents), or an amount equal to the proceeds of reallocation or sale net of all expenses, will be returned to the debit card from which the payment was made in accordance with "*Return of applicable monies*" below, and you agree that, in such event, you will have no claim, and no claim will be made, against the Company, PrimaryBid or any other person or any such person's respective officers, agents, or employees in respect of the balance of your application monies, if any, retained by the Company (or its agents), or for any loss arising from the price, the timing, or the manner of reallocation or sale, or otherwise in connection therewith;

(vii) agree that any future communications sent by the Company to you in your capacity as a stockholder will be in the English language;

(viii) consent that the Company and/or PrimaryBid may contact you in connection with the Retail Offer;

(ix) acknowledge that: (i) by submitting an Online Application, or requesting an Intermediary to submit an Intermediary Application on your behalf, your personal data may be held and used by either the Company or PrimaryBid for purposes relating to the Retail Offer; and (ii) if you are allocated Class A Ordinary Shares under the Retail Offer, your personal information will be shared with the Company, and PrimaryBid and the Registrar and held and used by the Company, PrimaryBid and the Registrar and their respective affiliates, as described in this Part XI—*The Placing, Retail Offer, Re-Admission and Dilution—Terms and Conditions of the Retail Offering —Data Protection*;

(x) agree that Company reserves the right to alter any arrangements in connection with the Retail Offer (including the timetable and terms and conditions of application); and

(xi) agree that the contract arising from acceptance of all or part of your application under the Retail Offer will be, or will be deemed to be, entered into you by you and Company on the terms and conditions of the Retail Offer and that any changes, additions or alterations made to the Online Application (save for correction of the relevant pre-printed details, as expressly permitted on the Online Application) will have no effect.

If:

(a) you are not over 18 years of age;

(b) your Online Application is not completed correctly or your Intermediary does not correctly complete and submit an Intermediary Application on your behalf;

(c) your Online Application is completed with any information other than as specifically required on the relevant Online Application;

(d) your Online Application, or an Intermediary Application submitted on your behalf, is submitted so as to be received after the end of the Retail Offer;

(e) the payment accompanying your Online Application is for an amount different to that specified on your Online Application;

(f) your debit card payment is declined or the undertaking from your Intermediary is not received by PrimaryBid;

(g) the surname of the holder of the UK debit card used for payment is different to the surname provided in the Online Application;

(h) you submit, or are suspected to have submitted directly or indirectly or via an Intermediary, more than one application to invest in the Retail Offer;

(i) the address shown on your Online Application differs from the address at which your UK debit card is registered; or

(j) if you elect to receive your Class A Ordinary Shares in the form of depositary interests, the details of any CREST participant account which you provide in your Online Application proves to be incorrect or, upon verification of such details, PrimaryBid is not satisfied (in its sole and absolute discretion) that you are the sole beneficial owner entitled to any securities held in such CREST participant account, your application may be rejected by PrimaryBid on Company's behalf.

In these circumstances, the Company's decision as to whether to reject or treat your application as valid (which could occur before completion of the Retail Offer) shall be final and binding on you. None of the Company, PrimaryBid, the Registrar or any other person, or any such person's respective officers, agents, or employees will accept any liability for any such decision and you will have no claim, and no claim may be made, against any such persons in respect of the non-delivery of Class A Ordinary Shares, or for any loss resulting from such non-delivery.

Notwithstanding the above, any application may be rejected in whole or in part by the Company (or by PrimaryBid on the Company's behalf) in the Company's absolute discretion without being required to give any reasons for such rejection.

The Company and PrimaryBid reserve the right to treat as valid any application that does not comply fully with the terms and conditions of the Retail Offer, is not completed in all respects, or, in the case of Online Applications, is not submitted in accordance with the instructions on the Online Application. This decision could occur before completion of the Retail Offer. The Company and PrimaryBid reserve the right to waive in whole or in part any of the provisions of the terms and conditions of the Retail Offer, either generally or in respect of one or more applications. In these circumstances, the Company's decision as to whether to treat the application as valid and how to construe, amend, or complete it shall be final.

Acceptance of your offer

Your application may be accepted if your Online Application or the Intermediary Application submitted on your behalf is received, validated or treated as valid (including passing any anti-money laundering checks), processed, and not rejected. If the Company accepts your application you will be notified by the Company notifying acceptance to PrimaryBid.

No fractional entitlements to Class A Ordinary Shares will be allocated and therefore allocations will be satisfied by rounding down to the nearest whole number of Class A Ordinary Shares. Any remaining amount from the U.S. Dollar Application Amount (which will in any event not exceed US$9.99) will be returned to prospective investors by no later than three (3) business days after completion of the Acquisition (or, if completion does not occur for any reason, by no later than three (3) business days after 18 August 2023) in the currency it was originally pre-paid in.

Conditions

The contract arising from acceptance of an application in the Retail Offer will be entered into between you, the Company and PrimaryBid. Under this contract, and subject to the terms described herein, including any scaling down resulting from excess demand, you will be required to acquire the maximum amount of Class A Ordinary Shares allotted to you at a price of US$10.00 per Class A Ordinary Share that may be acquired with the U.S.

Dollar Application Amount (rounded down to the nearest whole Class A Ordinary Share). This contract will be conditional upon the Placing proceeding and: (i) the placing agreement being entered into and not having been terminated in accordance with its terms prior to completion of the Placing; and (ii) completion occurring on 4 August, 2023 (or such later time and/or date as the Company and the Joint Bookrunners may agree).

Subject to applicable law, you will not be entitled to exercise any remedy of rescission or for innocent misrepresentation (including pre-contractual misrepresentation) at any time after acceptance of your application. This does not affect any other rights you may have, including, for the avoidance of doubt, the statutory right to withdraw your application under Article 23(2) of the UK Prospectus Regulation if the Company publishes a supplement to this prospectus.

The Company expressly reserves the right to determine, at any time prior to completion of the Retail Offer, not to proceed with the Retail Offer or any part of it. In particular, completion of the Retail Offer is subject to, and is conditional upon, the Placing proceeding. If the Retail Offer or any part of it is terminated prior to completion, applications received up to the date of termination will automatically lapse, applications received after that date will be of no effect, and any application monies relating thereto will be returned to applicants in accordance with "*Return of applicable monies*" below.

Return of applicable monies

If any application is invalid or is not accepted or if any contract created by acceptance does not become unconditional, or if there is any remaining amount from the U.S. Dollar Application resulting from rounding down your allocation of Class A Ordinary Shares to the nearest whole number Amount (which in this case will in any event not exceed US$9.99) or from any scaling down as a result of excess demand, or if any application is validly withdrawn in circumstances where the Company has been required to publish a supplement to this prospectus as contemplated herein except as hereinafter provided, the application monies or the balance of the amount pre-paid on application (as the case may be) will, in the case of any Online Application, be refunded in pounds Sterling, without interest, back to the debit card used for payment. Any such refund instruction will be made by no later than three (3) business days after completion of the Acquisition (or, if completion does not occur for any reason, by no later than three (3) business days after 18 August 2023). Prior to that time, application monies will be retained by PrimaryBid in an account designated for these purposes and any interest accrued on the application monies will be retained by the Company. In the case of Intermediary Applications, the relevant amount due from Intermediaries will be reduced accordingly.

Allocation

It is expected that each prospective investor who completes a valid Online Application and pre-pays the applicable amount, or who arranges for an Intermediary Application to be submitted on its behalf, will, subject to the Retail Offer proceeding, be allocated the maximum number of Class A Ordinary Shares which can be purchased at a price of US$10.00 per Class A Ordinary Share from the U.S. Dollar Application Amount attributed to each prospective investor (rounded down to the nearest whole Class A Ordinary Share), subject to any scaling down in case of excess demand, as described below. However, the Company has absolute discretion to decide on any individual allocation for Class A Ordinary Shares in the Retail Offer.

Applications for Class A Ordinary Shares in the Retail Offer may also be subject to scale back as described in this subsection "*Allocation*". In the event applications for Class A Ordinary Shares in the Retail Offer are scaled back at the discretion of Company, applicants may not receive the maximum amount of Class A Ordinary Shares representing the full U.S. Dollar Application Amount at a price of US$10.00 per Class A Ordinary Share (rounded down to the nearest whole Class A Ordinary Share). In such case, any residual U.S. Dollar Application Amount not accepted by the Company for the subscription of Class A Ordinary Shares, including any amount unused as a result of rounding down your allocation of Class A Ordinary Shares to the nearest whole number, will be refunded in the currency it was originally pre-paid in (or deducted from the amount payable by the relevant Intermediary).

Representations and warranties

By completing and submitting an Online Application or arranging for an Intermediary to submit an Intermediary Application on your behalf, you:

(a) confirm that, in making an Online Application or arranging for your Intermediary to submit an Intermediary Application on your behalf, you are not relying on any information or representation in relation to the Company or the Enlarged Group other than as is contained in this prospectus and any

supplementary prospectus (if published) and agree that neither the Company, the Directors, PrimaryBid, nor any other person (including any person responsible solely or jointly for this prospectus and/or any supplementary prospectus (if published) or any part of any of them) shall have any responsibility or liability for any such information or representation (excluding for fraudulent misrepresentation);

(b) agree that neither PrimaryBid nor any other person (other than the Company and the Directors) accepts any responsibility whatsoever in respect of the Retail Offer or the contents of this prospectus (including as to the accuracy, completeness or verification of the prospectus) and nothing in this prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future;

(c) agree that, having had the opportunity to obtain and read this prospectus and any supplementary prospectus (if published), you shall be deemed to have read and understood (including, in particular, the risk and investment warnings contained in this prospectus) all such documents in their entirety and to have noted all information concerning the Company, the Enlarged Group and the Retail Offer contained in this prospectus and/or any supplementary prospectus (if published);

(d) agree that no person is authorised in connection with the Retail Offer to give any information or make any representation other than as contained in this prospectus and any supplementary prospectus (if published) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Directors, PrimaryBid or any other person;

(e) agree that this prospectus and any supplementary prospectus (if published) have been prepared by, and are the responsibility of, the Company and the Directors, and that neither PrimaryBid nor any other person has any control over the form and content of this prospectus and has not approved any information in this prospectus;

(f) agree that the contents of this prospectus are not to be construed as legal, business or tax advice and that neither PrimaryBid nor any other person has undertaken due diligence on behalf of a prospective investor or in support of any investment decision in respect of the Retail Offer. Each prospective investor should consult his or her own lawyer, independent adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each prospective investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Retail Offer, including the merits and risks involved;

(g) agree that you are liable for any UK stamp duty and/or SDRT arising under sections 67, 70, 93 or 96 Finance Act 1986 (including any interest, fines, or penalties relating thereto) and/or any capital duty, stamp duty, stamp duty reserve tax, and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes arising outside the UK (including any interest, fines, or penalties relating thereto), in each case payable by you or any other person on the acquisition by you of any Class A Ordinary Shares or the agreement by you to acquire any Class A Ordinary Shares;

(h) agree that all documents in connection with the Retail Offer (and in the case of applicants submitting Online Applications, any returned monies) may be sent by post to you at your address set out in your Online Application or relevant Intermediary Application, as applicable, and that any such documents and/or returned monies will be sent at your own risk;

(i) represent and warrant that you are the prospective investor submitting an Online Application or arranging for an Intermediary to submit an Intermediary Application on your behalf, you are not under the age of 18 as at the date of your application and that: (i) you are eligible to participate in the Retail Offer as a prospective investor to whom the offer of Class A Ordinary Shares was made in the UK; and (ii) the relevant Online Application or, as applicable, Intermediary Application is completed and submitted solely for and on your behalf and not directly or indirectly, in whole or in part, for or on behalf of any other person;

(j) represent and warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (concerning depositary receipts and clearance services);

(k) confirm that, if the laws of any jurisdiction outside the UK are relevant to your agreement to subscribe for Class A Ordinary Shares, you have complied with all such laws and neither the Company nor PrimaryBid nor any other person will infringe any laws of any jurisdiction outside the UK as a result of your rights and obligations under your agreement to subscribe for Class A Ordinary Shares;

(l) represent and warrant that the offer of Class A Ordinary Shares in the Retail Offer was made to you in the United Kingdom and you are a person physically located and resident in the United Kingdom and, in all cases, that you are not applying for Class A Ordinary Shares with a view to the reoffer, resale or

delivery of the Class A Ordinary Shares, directly or indirectly, in or into the United States of America, Australia, Canada, Japan, or any other jurisdiction or to a person located in the United States of America, Australia, Canada, Japan, or any other jurisdiction or to any person who you believe is purchasing the Class A Ordinary Shares for the purpose of such resale, reoffer or delivery;

(m) represent and warrant that you are the person or legal entity named in the Online Application or, if applicable, the Intermediary Application submitted on your behalf, pursuant to which you are applying to subscribe for Class A Ordinary Shares;

(n) represent and warrant that only one application is being made for your benefit in the Retail Offer (whether directly or through other means);

(o) represent and warrant that your application to subscribe for Class A Ordinary Shares is not and will not be funded using funds provided by another person under an arrangement whereby any Class A Ordinary Shares allocated to you or all or substantially all of the value of such Class A Ordinary Shares are to be transferred to that other person;

(p) represent, warrant and undertake that you are not, and you are not applying on behalf of a person engaged in, or whom you know or have reason to believe is, engaged in money laundering;

(q) agree that any material downloaded from the Company's website or PrimaryBid's website in relation to the Retail Offer: (i) is done at your own risk and that you will be solely responsible for any damage or loss of data that results from the download of any material; and (ii) will be used solely for personal use and will not be distributed in or into the United States of America, Australia, Canada, Japan, or to any other person wherever located or resident; and

(r) agree that none of the Company, PrimaryBid nor any other person is responsible or liable for any loss of data in the course of receiving and/or processing of your Online Application or any Intermediary Application submitted on your behalf, or responsible for the loss or accidental destruction of your Online Application or any such Intermediary Application, or personal data relating to you or any financial or other loss or damage which may result, directly or indirectly, therefrom, including any loss in relation to the non-allocation or non-delivery of any Class A Ordinary Shares as a result of such loss or destruction.

Money laundering

You agree that in order to ensure compliance with any applicable money laundering regulations (including, without limitation, the Money Laundering and Terrorist Financing (Amendment) Regulatios 2019), PrimaryBid may, at its absolute discretion, require verification of identity of the applicant from any person submitting an Online Application or from any Intermediary submitting an Intermediary Application on their behalf. Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents. You agree that in any of the circumstances set out in the paragraphs above, PrimaryBid may make a search using one or more credit reference agencies of electronic databases in order to verify your identity. Where deemed necessary by PrimaryBid in its sole and absolute discretion, a copy of the search will be retained. Applications may not be accepted until all anti-money laundering checks have been completed.

Data protection

The personal data relating to a prospective investor provided in an Online Application or Intermediary Application or subsequently provided to PrimaryBid by whatever means for purposes of and in connection with the Retail Offer including, for example, verification and reporting purposes ("**Personal Data**") will be held and processed by PrimaryBid in accordance with PrimaryBid's privacy notice, a copy of which is available for review at https://primarybid.com/uk/legal.

Certain of the Personal Data (i.e., application amount, allocation amount and email address) will be shared by PrimaryBid with the Company, for purposes and in connection with the Retail Offer including, for example, verification and reporting purposes.

To the extent that the Company (in their capacity as controller) processes Personal Data, such processing will be carried out in accordance with applicable data protection legislation and as necessary: (a) for the performance of the contract between the Company and the prospective investor; (b) for compliance by the Company with their respective legal and regulatory obligations; and/or (c) for the legitimate interests pursued by the Company. Where a prospective investor is required to provide the Company with Personal Data to comply with a contractual or regulatory requirement, failure to provide such Personal Data may result in the Company being unable to allot

Class A Ordinary Shares to such prospective investor. A prospective investor has a right to object to the processing of their Personal Data where processed in reliance on the legitimate interests of the Company.

Personal Data will be processed by the Company for the following purposes:

(i) issuing the Class A Ordinary Shares;

(ii) keeping a record of applicants under the Retail Offer for a reasonable period of time;

(iii) carrying out their business and the administering of interests in Company's Class A Ordinary Shares; and

(iv) meeting the Company's legal, regulatory, reporting, and/or financial obligations.

Personal Data may be disclosed to the Company's affiliates, agents, or advisers and other relevant third parties to operate and/or administer the Retail Offer.

Certain recipients of Personal Data, including the Company, may be located in territories which do not offer the same level of protection for the rights and freedoms of prospective investors' personal data as the United Kingdom. Such transfers will be made in accordance with applicable data protection legislation and, where required or appropriate, in reliance on data transfer agreements (known as Standard Contractual Clauses)—a copy of which are available on request.

Personal Data will be retained for as long as it is necessary and relevant for the Retail Offer. The criteria used to determine the retention period include: (i) how long the personal data is needed in connection with the Retail Offer and to operate Company's business; (ii) the type of personal data collected; and (iii) whether Company is subject to a legal, contractual or similar obligation to retain the personal data (e.g., mandatory data retention laws, government orders to preserve data relevant to an investigation, or data that must be retained for the purposes of litigation or disputes).

Subject to certain legal conditions and exceptions, prospective investors have certain rights in relation to the processing of their Personal Data. These rights include the right to: (i) request access to and rectification or erasure of Personal Data; (ii) have their Personal Data transferred to them or a third party; (iii) obtain restriction of processing or to object to the processing of Personal Data; and (iv) ask for a copy of Personal Data to be provided to them or a third party. Prospective investors also have the right to lodge a complaint about the processing of their Personal Data with the data protection supervisory authority.

Miscellaneous

Persons applying for Class A Ordinary Shares under the Retail Offer may rely only on the information contained in this prospectus, any supplementary prospectus (if any) and, to the fullest extent permitted by law, any responsibility or liability for representations, warranties and conditions, express or implied, and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent misrepresentations), are expressly excluded in relation to the Class A Ordinary Shares and the Retail Offer.

Save where otherwise stated or where the context otherwise requires, terms used in these terms and conditions of the Retail Offer are as defined in this prospectus (as supplemented by any supplementary prospectus (if any) issued by Company in relation to the Retail Offer).

The Company's rights and remedies, and those of PrimaryBid and of any other person, under these terms and conditions of the Retail Offer are in addition to any rights and remedies which would otherwise be available to them and the exercise or partial exercise of any one will not prevent the exercise of others or full exercise.

The Company reserves the right to delay the end of the Retail Offer period by giving notice to you; such notice may be given to you via PrimaryBid. In this event, the revised closing time will be published in such manner as the Company, in its absolute discretion determines, subject, and having regard, to the requirements of the FCA.

The Retail Offer may be terminated without any obligation to you whatsoever at any time prior to completion. If the Retail Offer is terminated, the Retail Offer will lapse and any monies received in respect of your application will be returned to you without interest.

You agree that all applications, acceptances of applications, and contracts resulting from them under the Retail Offer shall be exclusively governed by and construed in accordance with English law and that you irrevocably submit to the exclusive jurisdiction of the English courts in respect of any matter, claim, or dispute arising out of or in connection with the Retail Offer, whether contractual or non-contractual, and agree that nothing shall limit the Company's right, or that of PrimaryBid or any other person, to bring any action, suit, or proceedings arising out of or in connection with any such application, acceptances, or contracts in any other manner permitted by law or in any court of competent jurisdiction.

You authorise the Company and its agents, on your behalf, to make any appropriate returns to HMRC in relation to UK stamp duty chargeable on a transfer on sale of the Class A Ordinary Shares under paragraph 1, Schedule 13 Finance Act 1999 or SDRT chargeable on an agreement to transfer Class A Ordinary Shares under section 87 Finance Act 1986 (if any) (currently at a rate of 0.5%) on any contract arising on acceptance of your application or on any transfer of Class A Ordinary Shares as a result of such contract (as applicable).

You authorise the Company, PrimaryBid, and their respective agents to do all things necessary to either effect registration into your name of any Class A Ordinary Shares acquired by you, or to deliver depositary interests to you or to your order, at your election, and authorise any representative of us or PrimaryBid to execute and/or complete any document of title required therefor.

The dates and times referred to in these terms and conditions of the Retail Offer are based on the expectation that unconditional dealings of the Class A Ordinary Shares on the LSE will occur on 4 August 2023 and that completion will occur on 4 August 2023, and such dates and times may be altered by the Company in its absolute discretion (with the agreement of the Joint Bookrunners) where the Company considers it necessary to do so.

All correspondence, documents, and remittances sent by, to or on behalf of applicants under the Retail Offer will be sent or delivered entirely at the applicant's own risk.

Any enquiries in relation to the Retail Offer should be directed to PrimaryBid at https://primarybid.com/contact. For legal reasons, the Company and PrimaryBid will only be able to provide information contained in this prospectus and will be unable to provide advice on the merits of the Retail Offer or to provide personal legal, financial, tax, or investment advice.

Prospective investors who are existing retail clients of an Intermediary and who wish to request such Intermediary to submit an Intermediary Application on their behalf should contact the relevant Intermediary.

PART XII

TAXATION

General

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current tax law and published practice of the tax authorities in the British Virgin Islands, the United Kingdom and the U.S., which may not be binding and are subject to change at any time, possibly with retroactive effect. The following summary does not constitute legal or tax advice and applies only to persons subscribing for Class A Ordinary Shares as an investment (rather than as securities to be realised in the course of a trade), and to other persons (other than U.S. Holders, as defined below) holding the Class A Ordinary Shares and the Warrants as an investment (rather than as securities to be realised in the course of a trade), in either case, who are the absolute and direct beneficial owners of their Class A Ordinary Shares or Warrants (and any dividends paid in respect of their Class A Ordinary Shares), who do not hold their Class A Ordinary Shares or Warrants through an Individual Savings Account or a Self-Invested Personal Pension, and who have not acquired their Class A Ordinary Shares and Warrants by reason of their or another person's employment. These comments may not apply to certain classes of person, including dealers in securities, insurance companies, pension schemes and collective investment schemes.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company has assets or personnel or in the BVI (or in any other country in which a subsidiary of the Company has assets or personnel or is resident), or changes in tax treaties entered into by those countries, could adversely affect the returns from the Company to investors.

Prospective and current investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of the Placing Shares, or holding or disposing of the Class A Ordinary Shares and the Warrants, as appropriate, under the laws of their country and/or state of citizenship, domicile or residence, including the consequences of distributions by the Company, whether on a liquidation, redemption or otherwise.

BVI Taxation

The Government of the British Virgin Islands does not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or its security holders who are not tax resident in the British Virgin Islands.

The Company and all distributions, interest and other amounts paid by the Company to persons who are not tax resident in the British Virgin Islands will not be subject to any income, withholding or capital gains taxes in the British Virgin Islands, with respect to the shares in the Company owned by them and dividends received on such shares, nor will they be subject to any estate or inheritance taxes in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not tax resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Company.

Except to the extent that the Company has any direct or indirect interest in real property in the British Virgin Islands, all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company and all instruments relating to other transactions relating to the business of the Company are exempt from the payment of stamp duty in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Company or its security holders.

United Kingdom Taxation

The statements below refer to certain limited aspects of the UK tax treatment of Shareholders and Warrantholders that are resident (and, in the case of individuals, domiciled or deemed domiciled) in the United Kingdom for UK tax purposes who hold the Class A Ordinary Shares or the Warrants (as the case may be) as an investment rather than trading stock and who are the absolute beneficial owners of those Class A Ordinary Shares (and any dividends

paid in respect of their Class A Ordinary Shares) or Warrants. In particular, but without limitation, with the exception of the sections entitled "*Stamp duty"* and "*Stamp duty reserve tax ("**SDRT**")*", the statements below do not address the UK tax position of Shareholders or Warrantholders who are not resident in the United Kingdom but who carry on a trade in the United Kingdom through a branch, agency or permanent establishment with which their holding of Class A Ordinary Shares or the Warrants is connected. Nor do the statements below address the UK tax position of Shareholders or Warrantholders who are temporarily non-resident in the United Kingdom. The statements below are subject to any change in law or published practice of the tax authorities of the United Kingdom.

The Company

The Directors intend that the affairs of the Company will be managed and conducted so that it does not become resident in the United Kingdom for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment situated therein), the Company will not be subject to UK income tax or UK corporation tax, except on certain types of UK source income and on any capital gains tax realised on the disposal of any UK land or the disposal of certain interests in entities which derive, directly or indirectly, 75% or more of their gross asset value from UK land.

Investors

(i) Disposals of Class A Ordinary Shares

Subject to their individual circumstances, Shareholders who are resident in the United Kingdom for UK tax purposes will potentially be liable to UK taxation, as further explained below, on any chargeable gains which accrue to them on a sale or other disposition of their Class A Ordinary Shares (such as a redemption) which constitutes a "disposal" for UK taxation purposes.

For an individual Shareholder who is within the charge to UK capital gains tax (on the basis described above), a disposal (or deemed disposal) of the Class A Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax on such a disposal of shares is 10% in tax year 2023/24 for individuals who are subject to income tax at the basic rate and 20% in tax year 2023/24 for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is generally entitled to realise an annual exempt amount of gains (£6,000 in tax year 2023/24) in each tax year without being liable to UK capital gains tax.

For a corporate Shareholder within the charge to UK corporation tax (on the basis described above), a disposal (or deemed disposal) of the Class A Ordinary Shares may give rise to a chargeable gain which is within the charge to UK corporation tax or an allowable loss for the purposes of UK corporation tax. The main rate of UK corporation tax is currently 25%.

Where Class A Ordinary Shares are redeemed, any redemption amount paid by the Company in excess of the amount that represents repayment of capital on those Class A Ordinary Shares may be treated as a distribution for UK corporation tax purposes and taxed (or exempted) for corporate Shareholders in line with the treatment for dividends described in section (iii) (Dividends on Class A Ordinary Shares) below, under the heading "*Corporate shareholders subject to UK corporation tax*".

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for the Class A Ordinary Shares will generally constitute the base cost of that Shareholder's holdings in those Class A Ordinary Shares. For investors who subscribed for their Class A Ordinary Shares together with Warrants in the IPO, the subscription price originally paid may therefore need to be apportioned between the relevant Class A Ordinary Shares and the Warrants, for the purpose of calculating their respective base costs for chargeable gains purposes.

The Taxation (International and Other Provisions) Act 2010 and the Offshore Funds (Tax) Regulations 2009 contain provisions (the "offshore fund rules") which apply to persons who hold an interest in an entity which is an "offshore fund" for the purposes of those provisions. Under the offshore fund rules, any gain accruing to a person upon the sale or other disposal of an interest in an offshore fund can, in certain circumstances, be chargeable to UK tax as income, rather than as a capital gain. Certain conditions regarding the nature of a UK taxable investor's holding need to be met in order for the offshore fund rules to apply and, in addition, depending on the investment strategy of the entity, certain exemptions from the charge to tax under the offshore fund rules may apply. For offshore funds which are substantially invested in debt instruments, a UK taxable investor's holding

may be treated as a holding in debt rather than in shares. Broadly, this will mean that any income returns from the holding would be treated as interest rather than dividends (without the potential benefit of the dividend Nil Rate Amount (as defined below) for individual Shareholders resident and domiciled in the United Kingdom – see "*—Dividends on Class A Ordinary Shares*" below) and, for any corporate UK taxable investor, the holding would be treated as a deemed loan relationship and returns would be taxed on a fair value basis (without the potential benefit of the distributions exemption for corporate UK shareholders – see "*—Dividends on Class A Ordinary Shares*" below). The offshore fund rules are complex and prospective Shareholders should consult their own independent professional advisers.

(ii) *Disposal, redemption or exercise of Warrants*

Subject to their individual circumstances, Warrantholders who are resident in the United Kingdom for UK tax purposes will potentially be liable to UK taxation on any chargeable gains which accrue to them on any sale of their Warrants or any other transaction which is treated for UK tax purposes as a disposal of their Warrants (including a redemption).

The exercise of a Warrant will not be treated for the purposes of UK taxation of chargeable gains as a disposal of the Warrant. Instead, the acquisition and the exercise of the Warrant will be treated for the purposes of UK taxation of chargeable gains as a single transaction, and the cost of acquiring the Warrant (including, where relevant, any part of the original IPO subscription price apportioned to the Warrant, as described above) will therefore be treated as part of the cost of acquiring the Class A Ordinary Shares which are issued upon the exercise of the Warrant.

(iii) *Dividends on Class A Ordinary Shares*

UK resident and domiciled (or deemed domiciled) individuals

Individual Shareholders who are resident in the United Kingdom for UK tax purposes will generally, subject to their particular circumstances, be liable to UK income tax on dividends paid to them by the Company.

A nil rate of income tax applies to the first £1,000 of dividend income received by an individual Shareholder in the tax year 2023/24 (the "**Nil Rate Amount**"). Any dividend income received by an individual Shareholder in such tax year in excess of the Nil Rate Amount will be subject to UK income tax at the following rates – 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers. In calculating into which income tax rate band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual's income (and, where an individual has both savings and dividend income, the dividend income is treated as the top slice).

Dividend income that is within the dividend Nil Rate Amount counts towards an individual's basic or higher rate limits and may therefore affect the rate of tax that is due on the individual's taxable income.

Corporate shareholders subject to UK corporation tax

Shareholders who are within the charge to UK corporation tax and who are not "small companies" (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at the rate of 25%) on dividends paid to them by the Company unless the dividend falls within an exempt class and certain conditions are met. Examples of exempt classes (as set out in more detail in Chapter 3 of Part 9A of the Corporation Tax Act 2009) include dividends paid to a person holding less than 10% of the issued share capital of the paying company (or any class of that share capital in respect of which the dividend is paid). However, the exemptions are not comprehensive and are subject to anti-avoidance rules. Shareholders should consult their professional advisers about whether any dividends paid to them will satisfy the requirements of an exempt class and whether any anti-avoidance rules will apply to them.

Shareholders within the charge to UK corporation tax and who are "small companies" (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at the rate of 25%) on dividends paid to them by the Company.

(iv) *Certain other anti-avoidance provisions of UK tax legislation*

Certain other anti-avoidance provisions may apply. The following is not an exhaustive list and Shareholders should consult their own professional advisers on the potential application of these and any other applicable provisions.

(a) Sections 3 to 3G Taxation of Chargeable Gains Act 1992—Deemed Gains

The attention of Shareholders who are resident in the United Kingdom for UK tax purposes is drawn to the provisions of sections 3 to 3G of the Taxation of Chargeable Gains Act 1992. This provides that, if and for so long as the Company would be a "close company" if it were resident in the United Kingdom, UK taxable Shareholders could (depending on their individual circumstances) be liable to UK taxation of chargeable gains on their pro rata share of any capital gain accruing to the Company (or, in certain circumstances, to a subsidiary or investee company of the Company). Shareholders and prospective Shareholders should consult their own independent professional advisers as to their UK tax position.

(b) "Controlled Foreign Companies" Provisions—Deemed Income of Corporates

If the Company were at any time to be controlled, for UK tax purposes, by persons (of any type) resident in the United Kingdom for UK tax purposes, the "controlled foreign companies" provisions in Part 9A of the Taxation (International and Other Provisions) Act 2010 could apply to UK taxable corporate Shareholders. Under these provisions, part of any "chargeable profits" accruing to the Company (or, in certain circumstances, to a subsidiary or investee company of the Company) may be attributed to such a Shareholder and may in certain circumstances be chargeable to UK corporation tax in the hands of the Shareholder. The "controlled foreign companies" legislation is complex, and Shareholders and prospective Shareholders should consult their own independent professional advisers.

(c) Chapter 2 of Part 13 of the Income Tax Act 2007—Deemed Income of Individuals

The attention of Shareholders who are individuals resident in the United Kingdom for UK tax purposes is drawn to the provisions set out in Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are designed to prevent the avoidance of income tax by individuals transferring income or income-producing assets to persons (including companies) resident or domiciled outside the United Kingdom in circumstances which enable those individuals (or certain family members) to benefit from those assets either immediately or in the future. These provisions impose an annual income tax charge and the nature of the benefit is widely defined and can include undistributed income and profits of the Company.

(v) *Individual taxpayers who are subject to Scottish income tax*

The references in section (i) (Disposals of Class A Ordinary Shares), section (ii) (Disposal or exercise of Warrants) and section (iii) (Dividends on Class A Ordinary Shares) above to individuals who are subject to or pay income tax at the basic rate, higher rate or additional rate include individuals whose non-savings, non-dividend income is excluded from UK income tax because it is instead subject to Scottish income tax at rates set by the Scottish Parliament. Such taxpayers are effectively deemed to be subject to UK income tax rates for the purposes of determining the rate of UK income tax which applies to their dividend income and the rate of capital gains tax which applies to their capital gains.

(vi) *Stamp duty*

No UK stamp duty will be payable on the issue of the Placing Shares, the Retail Shares or the Depositary Interests. Subject to an exemption for transfers where the value of the consideration for the transfer does not exceed £1,000 (where the transaction does not form part of a larger transaction or series of transactions in respect of which the value, or aggregate value, of the consideration exceeds £1,000), UK stamp duty will, in principle, be payable on any instrument of transfer of the Class A Ordinary Shares or the Warrants that is executed in the United Kingdom or that relates to any property situated, or any matter or thing done or to be done, in the United Kingdom. The stamp duty will be chargeable at the rate of 0.5% on the value of the consideration paid for the transfer and rounded to the nearest £5 (except where the transfer is made between "connected companies" (as defined in section 1122 of Corporation Tax Act 2010), in which case the stamp duty would be chargeable on the market value of the shares at the time of the transfer, if higher than the consideration paid). However, investors and potential investors should be aware that, even where an instrument is in principle liable to stamp duty, stamp duty is not directly enforceable as a tax and, in practice, does not normally need to be paid unless it is necessary to rely on the instrument in the United Kingdom for legal purposes (for example, to register a change of ownership by updating a register of

ownership held in the United Kingdom or in the event of civil litigation in the United Kingdom). Neither the Class A Ordinary Shares nor the Warrants are currently registered in a register kept in the United Kingdom by or on behalf of the Company, and the Company does not intend that any such register will be kept in the United Kingdom by or on behalf of the Company.

(vii) *Stamp duty reserve tax ("**SDRT**")*

No SDRT will be payable on the issue of the Placing Shares, the Retail Shares or the Depositary Interests.

Provided that the Class A Ordinary Shares and the Warrants are not registered in any register kept in the United Kingdom by or on behalf of the Company and they are not "paired" with any shares issued by a body corporate incorporated in the United Kingdom, any agreement to transfer the Placing Shares or the Retail Shares will not be subject to SDRT. Neither the Class A Ordinary Shares nor the Warrants are currently registered in a register kept in the United Kingdom by or on behalf of the Company, and the Company does not intend that any such register will be kept in the United Kingdom by or on behalf of the Company.

Where the Class A Ordinary Shares and/or the Warrants are traded by way of Depositary Interests through CREST, dealings in those Depositary Interests will be exempt from SDRT provided that the Company is not centrally managed and controlled in the United Kingdom, the Class A Ordinary Shares and the Warrants (as applicable) are listed and admitted to trading on the LSE and neither the Class A Ordinary Shares nor the Warrants (as applicable) are registered in a register kept in the United Kingdom by or on behalf of the Company. As noted above, the Directors intend to conduct the affairs of the Company so that its central management and control is not exercised in the United Kingdom, applications will be made for the Enlarged Ordinary Share Capital and the Warrants to be admitted or re-admitted (as applicable) to the Official List and to trading on the LSE's main market for listed securities, neither the Class A Ordinary Shares nor the Warrants are currently registered in a register kept in the United Kingdom by or on behalf of the Company, and the Company does not intend that any such register will be kept in the United Kingdom by or on behalf of the Company. Therefore, the Company currently expects that dealings in the Class A Ordinary Shares and/or the Warrants by way of Depositary Interests will be exempt from SDRT.

United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of Placing Shares acquired in this offering by a U.S. Holder (as defined below).

This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities may be changed at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the U.S. federal income tax considerations that may be relevant to a particular investor's decision to purchase, hold, or dispose of Placing Shares. In particular, this summary is directed only to U.S. Holders that acquire Placing Shares for cash pursuant to this offering and that hold Placing Shares as capital assets and does not address any U.S. federal income tax considerations relevant to any holders of Class A Shares that are not Placing Shares or to holders of Warrants. In addition, this summary does not address particular tax consequences that may be applicable to U.S. Holders who may be subject to special tax rules, such as banks, brokers or dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, life insurance companies, tax-exempt entities, regulated investment companies, entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or partners therein), holders that own or are treated as owning 10% or more of our stock by vote or value, persons holding Placing Shares as part of a hedging or conversion transaction or a straddle, and persons whose functional currency is not the U.S. dollar. Moreover, this summary does not address state, local or foreign taxes, the U.S. federal estate and gift taxes, the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Holders, or any alternative minimum tax consequences of acquiring, holding or disposing of Placing Shares.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Placing Shares that were acquired in this offering, and that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such Placing Shares.

U.S. Holders should consult their own tax advisors about the consequences of the acquisition, ownership, and disposition of the Placing Shares, including the relevance to their particular situation of the considerations discussed below and any consequences arising under foreign, state, local or other tax laws.

Taxation of Dividends

Subject to the discussion below under "—Passive Foreign Investment Company Status," the gross amount of any distribution of cash or property with respect to our Placing Shares that is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be includible in a U.S. Holder's taxable income as ordinary dividend income on the day on which they receive the dividend. Dividends will not be "qualified dividend income" for individual and other non-corporate U.S. Holders and will not be eligible for the dividends-received deduction allowed to U.S. corporations with respect to dividends received from other U.S. corporations under the Code.

We do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that distributions generally will be treated as dividends for U.S. federal income tax purposes.

U.S. Holders that receive distributions of additional shares or rights to subscribe for shares as part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax in respect of the distributions, unless the U.S. Holder has the right to receive cash or property, in which case the U.S. Holder will be treated as if it received cash equal to the fair market value of the distribution.

Taxation of Dispositions of Placing Shares

Subject to the discussion below under "—Passive Foreign Investment Company Status," upon a sale, exchange or other taxable disposition of the Placing Shares, U.S. Holders will realize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the Placing Shares, as determined in U.S. dollars as discussed below. Such gain or loss will be capital gain or loss, and will generally be long-term capital gain or loss if the Placing Shares have been held for more than one year. Long-term capital gain realized by a U.S. Holder that is an individual generally is subject to taxation at a preferential rate. The deductibility of capital losses is subject to limitations.

If a U.S. Holder sells or otherwise disposes of Placing Shares in exchange for currency other than U.S. dollars, the amount realized generally will be the U.S. dollar value of the currency received at the spot rate in effect on the date of sale or other disposition (or, if the shares are traded on an established securities market at such time, in the case of cash basis and electing accrual basis U.S. holders, the settlement date). An accrual basis U.S. Holder that does not elect to determine the amount realized using the spot exchange rate on the settlement date will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of the sale or other disposition and the settlement date. A U.S. Holder generally will have a tax basis in the currency received equal to the U.S. dollar value of the currency received at the spot rate in effect on the settlement date. Any currency gain or loss realized on the settlement date or the subsequent sale, conversion, or other disposition of the non-U.S. currency received for a different U.S. dollar amount generally will be U.S.-source ordinary income or loss, and will not be eligible for the reduced tax rate applicable to long-term capital gains. If an accrual basis U.S. Holder makes the election described in the first sentence of this paragraph, it must be applied consistently from year to year and cannot be revoked without the consent of the IRS. A U.S. Holder should consult its own tax advisors regarding the treatment of any foreign currency gain or loss realized with respect to any currency received in a sale or other disposition of the shares.

Capital gain or loss recognized by a U.S. Holder on the sale or other disposition of the shares generally will be U.S. source gain or loss for U.S. foreign tax credit purposes. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit rules to a sale or other disposition of the shares.

Passive Foreign Investment Company Status

Special U.S. tax rules apply to companies that are considered to be passive foreign investment companies ("PFICs"). We will be classified as a PFIC in a particular taxable year if, taking into account our proportionate share of the income and assets of our subsidiaries under applicable "look-through" rules, either

- 75 percent or more of our gross income for the taxable year is passive income; or

- the average percentage of the value of our assets that is attributable to assets that produce or are held for the production of passive income (generally determined on the basis of a quarterly average) is at least 50 percent.

For this purpose, passive income generally includes dividends, interest, gains from certain commodities transactions, rents, royalties and the excess of gains over losses from the disposition of assets that produce passive income.

Because the Company is a special purpose acquisition company with no current active business, and based on the composition of our income and assets, we believe that it is likely that we were a PFIC for U.S. federal income tax purposes for the fiscal year ended December 31, 2022. Subject to the completion of the Acquisition on or prior to December 31, 2023, and taking into account income and assets of the Enlarged Group after the Acquisition, we do not expect that we will be a PFIC in the current taxable year or the foreseeable future. However, the PFIC tests must be applied each year, and it is possible that we may be a PFIC in a future year. If, however, the Acquisition is not completed within the current taxable year, we expect that we would be treated as a PFIC for the current taxable year, and for future taxable years as well, until the taxable year in which the Acquisition or a similar transaction is completed.

In the event that we are classified as a PFIC for any year in which a U.S. Holder holds our Placing Shares and the U.S. Holder does not make a mark-to-market election, as described below, the U.S. Holder will be subject to a special tax at ordinary income tax rates on "excess distributions" (generally, distributions received in a taxable year that are greater than 125 percent of the average annual distributions that the U.S. Holder received in the preceding three taxable years, or the U.S. Holder's holding period, if shorter), including gain that U.S. Holders recognize on the sale of their Placing Shares. Under these rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period, (b) the amount allocated to the taxable year in which the U.S. Holder recognized the gain or received the excess distribution and any taxable year prior to the first taxable year in such U.S. Holder's holding period in which we are a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. Classification as a PFIC may also have other adverse tax consequences, including, in the case of individuals, the denial of a step-up in the basis of Placing Shares at death.

U.S. Holders can avoid the unfavorable rules described in the previous paragraph by electing to mark their Placing Shares to market, provided the shares are considered "marketable." The Placing Shares will be marketable if they are regularly traded on certain qualifying U.S. stock exchanges or on a foreign stock exchange that meets certain requirements (including the London Stock Exchange). If a U.S. Holder makes this mark-to-market election, the U.S. Holder will be required in any year in which we are a PFIC to include as ordinary income the excess of the fair market value of their Placing Shares at the end of their taxable year over their basis in those shares. If at the end of their taxable year, their basis in the Placing Shares exceeds such Placing Shares' fair market value, such U.S. Holder will be entitled to deduct the excess as an ordinary loss, but only to the extent of net mark-to-market gains from previous years. A U.S. Holder's adjusted tax basis in the Placing Shares will be adjusted to reflect any income or loss recognized under these rules. In addition, any gain recognized upon the sale of the Placing Shares will be taxed as ordinary income in the year of sale and any loss will be treated as ordinary loss to the extent of net mark-to-market gains from previous years.

Placing Shares will be considered to be regularly traded if they are traded, other than in de minimis quantities, on at least 15 days during each quarter of the calendar year.

Once made, the election cannot be revoked without the consent of the IRS unless the Placing Shares cease to be marketable. Additionally, although a U.S. Holder may be eligible to make a mark-to-market election

with respect to the Placing Shares, no such election may be made with respect to the stock of any subsidiary PFIC that a U.S. Holder is treated as owning because such stock is not marketable.

Although the PFIC rules permit a holder of PFIC stock in certain circumstances to avoid some of the disadvantageous tax treatment described above by making a qualified electing fund ("QEF") election, a U.S.

Holder will not be able to elect to treat the Company as a QEF because the Company does not intend to prepare the information that the U.S. Holder would need to make a QEF election.

U.S. Holders that own an equity interest in a PFIC generally must annually file IRS Form 8621, and may be required to file other IRS forms. A failure to file one or more of these forms as required may toll the running of the statute of limitations in respect of each of such U.S. Holder's taxable years for which such form is required to be filed. As a result, the taxable years with respect to which such U.S. Holder fails to file the form may remain open to assessment by the IRS indefinitely, until the form is filed.

U.S. Holders should consult their own tax advisor regarding the U.S. federal income tax considerations discussed above and the desirability of making a mark-to-market election.

Foreign Financial Asset Reporting.

Individual U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 on the last day of the taxable year, or U.S.$75,000 at any time during the taxable year, are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by certain financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Distributions paid on, and proceeds from the sale or other disposition of, the Placing Shares to a U.S. Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the U.S. Internal Revenue Service in a timely manner.

A holder that is not a U.S. Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

PART XIII

SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES AND ACCOUNTING POLICIES

Share capital

Introduction

The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the laws of BVI and under the BVI Companies Act.

As of the date of this Document, the Company is authorised to issue an unlimited number of shares, divided into an unlimited number of Class A Ordinary Shares, each having no par value, and an unlimited number of Class B Shares, each having no par value. The authorised but unissued Class A Ordinary Shares and Class B Shares are available for future issuances without approval by the Class A Ordinary Shareholders and could be utilised for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorised but unissued Class A Ordinary Shares and Class B Shares could render more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger or otherwise.

All of the issued Class A Ordinary Shares and Warrants are in registered form, and are held in certificated or uncertificated form (in the form of Depositary Interests). The Registrar is responsible for maintaining the register of members. Temporary documents of title have not been issued.

Details of the current issued shares of the Company are set out in paragraph 3.1 of "Part XV—*Additional Information*".

Under the Restated Articles, the Company will be authorised to issue one class of shares, being an unlimited number of Class A Ordinary shares with no par value.

The redemption rights set out below will not be included in the Restated Articles.

The Class A Ordinary Shares

The Class A Ordinary Shares have been issued in registered form, and are capable of being held in certificated or uncertificated form (in the form of Depositary Interests). The Class A Ordinary Shares are registered with ISIN number VGG0056A1030 and SEDOL number BKZ72R6.

The Class A Ordinary Shareholders have no conversion or other subscription rights and there are no sinking fund or redemption provisions applicable to the Class A Ordinary Shares, except that Class A Ordinary Shareholders may exercise their rights to request redemption as described in this Document. Class A Ordinary Shareholders who exercise their rights to request redemption will retain the right to exercise any Warrants they own.

The Class B Shares

In connection with the Company's IPO, the Co-Sponsors and the IPO Institutional Investors subscribed for, in aggregate, 3,125,000 Class B Shares at a price of US$0.01 per Class B Share.

Each Class B Share will automatically convert into Class A Ordinary Shares at the time of the Acquisition, or earlier at the option of the holder thereof, at a ratio such that the number of Class A Ordinary Shares issuable upon conversion of all Class B Shares will equal, in the aggregate, 20% of the total number of Class A Ordinary Shares in issue upon the completion of the Company's IPO (assuming all Class B Shares had converted into Class A Ordinary Shares as of the completion of the Company's IPO). The Class B Shares will not be tradable unless and until converted into Class A Ordinary Shares.

The Class B Shares are not part of the Re-Admission and will not be admitted to listing or trading on any trading platform. The Class B Shares rank, pari passu, with each other. Each Class B Share carries the distribution and

liquidation rights as included in the Memorandum and Articles. The Directors acknowledge that they have no right, title, interest or claim of any kind in or to any monies held in the Escrow Account or any other asset of the Company as a result of any liquidation of the Company with respect to the Class B Shares they hold.

The Warrants

Each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of US$11.50 per Class A Ordinary Share at any time commencing 30 days after the Acquisition Date, subject to adjustments pursuant to the Warrant T&Cs. Pursuant to the Warrant T&Cs, a Warrantholder may exercise only whole Warrants. The Warrants will expire on the date that is five years after the date on which they first become exercisable (or earlier upon redemption of the Warrants or liquidation of the Company), at 5:00 p.m., London time. Any Warrants not exercised in that period of time will expire worthless and any holder thereof will no longer have any rights thereunder.

The Warrants have been issued in registered form, and are capable of being held in certificated or uncertificated form (in the form of Depositary Interests).

At the IPO Closing Date, the Warrants were admitted to the standard listing segment of the Official List of the FCA, and to trading on the LSE main market for listed securities. The Warrants are registered with ISIN number VGG0056A1113 and SEDOL number BKZ72S7. The Warrants do not have a fixed price or value. The price of the Warrants will be determined by virtue of trading on the LSE. No fractional Warrants were issued or delivered and only whole Warrants trade on the LSE.

No Warrants are exercisable (for cash or on a cashless basis) unless the issuance of the Class A Ordinary Shares upon such exercise is permitted in the jurisdiction of the exercising Warrantholder and the Company will not be obligated to issue any Class A Ordinary Shares to Warrantholders seeking to exercise their Warrants unless such exercise and delivery of Class A Ordinary Shares is permitted in the jurisdiction of the exercising Warrantholder. If such conditions are not satisfied with respect to a Warrant, the Warrantholder will not be entitled to exercise such Warrant and such Warrant may have no value and expire worthless.

The exercise of Warrants may result in dilution of the Company's share capital. Certain anti-dilution adjustments will be applicable. Warrantholders do not have shareholders' rights or any voting rights and are not entitled to any dividend or liquidation distributions. See also "Part XIV—*Terms & Conditions of the Warrants*".

The Sponsor Warrants

In connection with the Company's IPO, the Co-Sponsors subscribed for, in aggregate, 9,286,250 Sponsor Warrants at a price of US$1.00 per Sponsor Warrant. The Co-Sponsors have committed additional funds to the Company through subscription for an aggregate of 4,062,500 Sponsor Warrants at a price of US$1.00 per Sponsor Warrant. The proceeds are held in the Escrow Account for the purposes of providing additional cash funding into the Escrow Account, in addition to the proceeds of the Company's IPO, for the repurchase of the Class A Ordinary Shares from the Class A Ordinary Shareholders.

Sponsor Funding Agreement

The Co-Sponsors and the Company have entered into several side deeds to the sponsor funding agreement dated 5 October 2022 (the "**Sponsor Funding Agreement**") pursuant to which the Co-Sponsors have provided or committed to provide additional funding in the form of loans for an aggregate amount of US$16,200,000 (the "**Sponsor Loans**"). In connection with such loans and in accordance with the terms of the Sponsor Funding Agreement, the Company may in its sole discretion, (i) repay an aggregate amount of up to US$2,000,000 of the Sponsor Loans in the form of Sponsor Warrants at a price of US$1.00 per Sponsor Warrant (the "**Sponsor Loan Warrants**"); and (ii) an aggregate amount of up to US$10,00,000 of the Sponsor Loans in the form of Class A Ordinary Shares at a price of US$10.00 per Class A Ordinary Share (the "**Sponsor Loan Shares**"). With respect to the aggregate amount of up to US$12,000,000 of Sponsor Loans as set out in (i) and (ii) above, the Company will not be repaying such Sponsor Loans in cash. Sponsor Loan Warrants to be issued by the Company are on the same terms as the Sponsor Warrants, except that Sponsor Loan Warrants are subject to customary restrictions on transfer or disposal (subject to certain

exceptions) ending on the date which is 6 months after the Acquisition Date.

The Sponsor Warrants have not been admitted to listing or trading on any trading platform. The Sponsor Warrants are identical to the Warrants sold in the Company's IPO, except that the Class A Ordinary Shares issuable upon the exercise of the Sponsor Warrants will not be transferable, assignable or saleable until 30 days after the Acquisition Date, subject to certain limited exceptions as described in this Document. Additionally, the Sponsor Warrants will be exercisable on a cashless basis and be non-redeemable, except as described in this Document, so long as they are held by the Co-Sponsors or their permitted transferees (the "**Permitted Transferees**"). If the Sponsor Warrants are held by someone other than the Co-Sponsors or their Permitted Transferees, the Sponsor Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Warrants.

One Sponsor Warrant is exercisable to purchase one Class A Ordinary Share at a price of US$11.50 per Class A Ordinary Share at any time commencing 30 days after the Acquisition Date, subject to adjustment. The Sponsor Warrants may be exercised by the Co-Sponsors on either a cash or cashless basis. If the Sponsor Warrants are exercised on a cashless basis (except if the Sponsor Warrants are redeemed where the Reference Value equals or exceeds US$10.00 and is less than US$18.00), the Co-Sponsors or their Permitted Transferees would surrender their Sponsor Warrants for that number of Class A Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Class A Ordinary Shares underlying the Sponsor Warrants, multiplied by the excess of the Sponsor fair market value over the Exercise Price of the Sponsor Warrants by (y) the Sponsor fair market value.

The "**Sponsor fair market value**" means the average reported closing price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the notice of warrant exercise ("**Notice of Warrant Exercise**") is sent to the Receiving Agent (as defined below).

The Sponsor Warrants and Class A Ordinary Shares issued or delivered upon exercise thereof are subject to transfer restrictions and the Lock-up Arrangements (see "Part XI—*The Placing, Retail Offer—Re-Admission and Dilution—Lock-up Arrangements*").

The Private Placement Warrants

Each of Glencore and Stellantis have subscribed for certain private placement warrants (the "**Private Placement Warrants**") pursuant to the terms of their respective Anchor Investment Agreements.

The *Exercise and expiration*

Each Private Placement Warrant entitles the holder to purchase one Class A Ordinary Share at a price of US$12.00 per Class A Ordinary Share, subject to adjustments as set out in this Document, at any time commencing 30 days after the Acquisition Date. The Private Placement Warrants will expire three years after the date on which they first become exercisable, at 5:00 p.m., London time. The Private Placement Warrants will not be admitted to listing or trading on any trading platform. The Private Placement Warrants may be exercised by the holder thereof on either a cash or cashless basis. If the Private Placement Warrants are exercised on a cashless basis, the holders thereof would surrender their Private Placement Warrants for that number of Class A Ordinary Shares equal to the quotient obtained by dividing (x) the product of the number of Class A Ordinary Shares underlying the Private Placement Warrants, multiplied by the excess of the Private Placement fair market value over the exercise price of the Private Placement Warrants by (y) the Private Placement fair market value. The "**Private Placement fair market value**" has the same meaning as the Sponsor fair market value.

Redemption

The Company may not redeem the Private Placement Warrants under any circumstances.

Anti-dilution adjustments

Sub-Divisions

If after the Acquisition Date, the number of issued and outstanding Class A Ordinary Shares is increased by a capitalisation or share dividend payable on the Class A Ordinary Shares, or by a sub-division of the Class A Ordinary Shares or other similar event, then, on the effective date of such capitalisation or share dividend, sub-division or similar event, the number of the Class A Ordinary Shares issuable on exercise of each Private Placement Warrant will be increased in proportion to such increase in the issued and outstanding Class A Ordinary Shares. A rights offering to holders of the Class A Ordinary Shares entitling the holders to purchase Class A Ordinary Shares at a price less than the "historical fair market value" (as defined below) will be deemed a share dividend of a number of the Class A Ordinary Shares equal to the product of (1) the number of the Class A Ordinary Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for the Class A Ordinary Shares) and (2) one minus the quotient of (x) the price per the Class A Ordinary Share paid in such rights offering and (y) the historical fair market value. For these purposes, (1) if the rights offering is for securities convertible into or exercisable for the Class A Ordinary Shares, in determining the price payable for the Class A Ordinary Shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (2) "**historical fair market value**" means the volume weighted average price of the Class A Ordinary Shares as reported during the 10 Trading Day period ending on the Trading Day prior to the first date on which the Class A Ordinary Shares trade on the applicable exchange or in the applicable market without the right to receive such rights (the ex-rights trading date).

Extraordinary Dividend

If the Company at any time while the Private Placement Warrants are outstanding and unexpired, shall pay a dividend or other distribution in cash, securities or other assets to the holders of the Class A Ordinary Shares on account of such Class A Ordinary Shares, other than (a) as described above under the heading "*Sub-Divisions*", (b) Ordinary Cash Dividends (as defined below), (c) in connection with any subsequent distribution of assets upon liquidation (any such non-excluded event being referred to herein as an "**Extraordinary Dividend**"), then the Exercise Price will be decreased, effective immediately after the effective date of such Extraordinary Dividend, by the amount of cash and/or the fair market value (as determined by the Board, in good faith) of any securities or other assets paid on each Class A Ordinary Share in respect of such Extraordinary Dividend. For these purposes, "**Ordinary Cash Dividends**" means any cash dividend or cash distribution which, when combined on a per share basis, with the per share amounts of all other cash dividends and cash distributions paid on the Class A Ordinary Shares during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events described under the heading "*—Anti-dilution adjustments*" and excluding cash dividends or cash distributions that resulted in an adjustment to the Exercise Price or to the number of the Class A Ordinary Shares issuable on exercise of each Private Placement Warrant) to the extent it does not exceed US$0.50.

Aggregation of Shares

If after the Acquisition Date, the number of issued and outstanding Class A Ordinary Shares is decreased by a consolidation, combination, reverse share split or reclassification of Class A Ordinary Shares or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of Class A Ordinary Shares issuable on exercise of a Private Placement Warrant will be decreased in proportion to such decrease in issued and outstanding Class A Ordinary Shares.

Raising of Capital in connection with the Acquisition

If (x) the Company issues additional Class A Ordinary Shares or equity-linked securities for capital raising purposes in connection with the closing of the Acquisition at an issue price or effective issue price of less than US$9.20 per Class A Ordinary Share, as adjusted for stock splits, stock dividends, reorganisations, recapitalisations and similar corporate actions (with such issue price or effective issue price to be determined in good faith by the Board or such person or persons granted a power of attorney by the Board and, in the case of any such issuance to the Co-Sponsors, the Directors or their affiliates, without taking into account any Class A Ordinary Shares held by the Co-Sponsors, the Directors or their affiliates, as applicable, prior to such issuance) (the "**Newly Issued Price**"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the Acquisition on the Acquisition Date (net of redemptions), and (z) the volume-weighted average trading price of the Class A Ordinary Shares during the 20 Trading Day period starting on the

Trading Day prior to the day on which the Acquisition closes (such price, the "**Market Value**") is below US$9.20 per Class A Ordinary Share, the Exercise Price of the Private Placement Warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants and Class A Ordinary Shares issued or delivered upon exercise thereof are subject to transfer restrictions and the Lock-up Arrangements (see "Part XI—*The Placing, Re-Admission and Dilution—Lock-up Arrangements*").

The Receiving Agent

The Receiving Agent is both Link Market Services Limited and Link Market Services Trustees Limited (together, "**Link**") (the "**Receiving Agent**"). The Company has agreed to indemnify Link in its role as Receiving Agent, its agents and each of its shareholders, directors and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any losses resulting from the fraud, wilful default or negligence of the indemnified person or entity. The Receiving Agent has agreed that it has no right of set-off or any right, title, interest or claim of any kind to, or to any monies in, the Escrow Account, and has irrevocably waived any right, title, interest or claim of any kind to, or to any monies in, the Escrow Account that it may have now or in the future. Accordingly, any indemnification provided will only be able to be satisfied, or a claim will only be able to be pursued, solely against the Company and its assets outside the Escrow Account and not against the any monies in the Escrow Account or interest earned thereon.

Redemption

Redemption rights and redemption price

In accordance with Regulation 18 of its articles of association, the Company is providing its Public Shareholders with the opportunity to redeem all or a portion of their Class A Ordinary Shares prior to the completion of the Acquisition at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Escrow Account (subject to deduction as described in the IPO Prospectus) calculated as of two Trading Days prior to the consummation of the Acquisition (including initial overfunding), divided by the number of then issued and outstanding Class A Ordinary Shares (not held in treasury), subject to, amongst other things, the redemption limitations described in the IPO Prospectus.

The gross redemption price of a Class A Ordinary Share is expected to be $10.325 per Class A Ordinary Share, plus *pro rata* entitlement to any interest accrued on the Escrow Account as reduced by any taxes paid or payable. As noted in the IPO Prospectus, the amount held in the Escrow Account earns interest at a rate equal to the Secured Overnight Financing Rate less 5 basis points.

Following redemption, redeemed Class A Ordinary Shares are expected to be cancelled. Additional information regarding the redemption arrangements can be found in the IPO Prospectus under the heading "Part VIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies – Redemption*".

Submitting Class A Ordinary Shares for Redemption

Redemption elections can be made through CREST from 19 June 2023 for holders of Depositary Interests representing Class A Ordinary Shares. Class A Ordinary Shareholders wishing to participate in the redemption should contact their broker, bank or other institution through which they hold their Depositary Interests in Class A Ordinary Shares to access CREST. Redemptions cannot be submitted through means other than CREST. Full election instruction details are provided directly within the CREST GUI Corporate Action event details under ISIN VGG0056A1030.

If a Class A Ordinary Shareholder wishes to redeem all or a portion of their depositary interests in Class A Ordinary Shares (a "**Redeeming Shareholder**"), they are required to submit their redemption election electronically through CREST by 1:00 pm BST at the latest on 18 July 2023 (the "**Election Cut-off Time**").

Redeeming Shareholders should instruct their broker, bank or other institution through which they hold their Depositary Interests in Class A Ordinary Shares in time for these to be tendered through CREST before the Election Cut-off Time. Please note that brokers, banks or other institutions through which Depositary Interests in Class A Ordinary Shares are held will establish their own cut-off dates and times for the tender of such securities,

which may be earlier than the Election Cut-off Time. Redeeming Shareholders should check with their broker, bank or other institution to determine the appropriate procedures.

Class A Ordinary Shareholders who validly elect to redeem all or a portion of their Depositary Interests in the Class A Ordinary Shares on or before the Election Cut-off Time shall have such Depositary Interests in the Class A Ordinary Shares redeemed and payment in respect of such will be made by the Depositary as soon as practicable after the completion of the Acquisition and in any event no later than the second Trading Day thereafter.

The final redemption price per Class A Ordinary Shareholders will be confirmed prior to payment within CREST.

If a Class A Shareholder does not wish to redeem any of their Class A Ordinary Shares, they do not need to submit a redemption election through CREST or take any other action.

Withdrawal of elections to redeem

Any Redeeming Shareholder that has validly submitted their Depositary Interests in Class A Ordinary Shares for redemption through CREST may, prior to the Election Cut-off Time, notify the Depositary by email at the following address that it wishes to withdraw such submission: shareholderenquiries@linkgroup.co.uk.

No redemption if the Acquisition is not completed

If the Acquisition is not approved at the Acquisition EGM or completed for any reason, then the Redeeming Shareholders will not be entitled to redeem their Class A Ordinary Shares for the applicable *pro rata* share of the Escrow Account and the Class A Ordinary Shares will be returned as soon as practicable by the Depositary to the Redeeming Shareholders within CREST.

Escrow of Funds Pending the Acquisition

The amounts in the Escrow Account will be released only as detailed in the escrow agreement (the "**Escrow Agreement**") and as summarised in the IPO Prospectus. By holding the funds in the Escrow Account, and by having a business plan targeted at the Acquisition and growing that business for the long term (rather than on buying and selling businesses in the manner of a merchant bank or private equity fund), the Company intends to avoid being deemed an "investment company" within the meaning of the U.S. Investment Company Act. The amounts held in the Escrow Account shall only be held in cash.

The Company intends to use a substantial amount of the proceeds of the Company's IPO to pay the consideration due on the Acquisition. On completion of the Acquisition, the amounts held in the Escrow Account will be paid out in the following order of priority: (i) to redeem the Class A Ordinary Shares for which a redemption right was validly exercised (for consideration comprising $10.00 per Class A Ordinary Share representing the amount subscribed for by Class A Ordinary Shareholders in the Company's IPO together with Class A Ordinary Shareholders' pro rata entitlement to the Initial Co-Sponsor Overfunding and any Additional Co-Sponsor Overfunding and Class A Ordinary Shareholders' pro rata entitlement to any interest accrued on the Escrow Account); (ii) for payment of the consideration for the Acquisition; (iii) to pay the deferred commission to Citigroup; and (iv) to refund the Co-Sponsors for any excess costs incurred in connection with the Acquisition. If the Acquisition is paid for using equity or debt, or the Company receives more funds from the release of the Escrow Account than are required to be paid for the consideration for the Acquisition, the Company may apply the balance of the cash released to it from the Escrow Account (including any interest accrued thereon) for general corporate purposes, including for maintenance or expansion of operations of the post-acquisition company, the payment of principal or interest due on indebtedness incurred in completing the Acquisition, to fund the purchase of other companies or for working capital.

Citibank N.A. London (the "**Escrow Agent**") will hold the Escrow Account in a designated bank account. The Escrow Agent shall only release the funds within the Escrow Account in accordance with the terms of the Escrow Agreement. The Escrow Agreement provides that the Company will deliver an instruction to the Escrow Agent to release the funds in escrow only in the event that circumstances described in this Document for the release of the funds in escrow have occurred, and that the Company will deliver evidence of the circumstances for release having occurred to the Escrow Agent prior to delivering an instruction for release to the Escrow Agent. Such circumstances are, in accordance with Listing Rule 5.6.18A(2): (i) to provide consideration for the Acquisition that has been approved by the Directors of the Company and the Class A Ordinary Shareholders (excluding the Co-Sponsors, the Directors, any founding shareholder of the Company and such other persons as prevented from voting by the Listing

Rules from time to time), in accordance with the requirements of the Memorandum and Articles and the Listing Rules; (ii) to repurchase the Class A Ordinary Shares for which a redemption right was validly exercised; and (iii) commence liquidation.

Financial Position

The financial information in respect of the Company upon which RSM UK Corporate Finance LLP has provided the accountant's report is set out in "*Appendix I—Section C*".

The financial information for the three years ended December 31, 2022 in respect of the Mining Entities and the financial information for the year ended December 31, 2022 in respect of AMH and AMH 2 upon which Ernst & Young Auditores Independentes S.S. Ltda. and Ernst & Young LLP have provided, respectively, their audit reports is set out in "*Section B*" of "*Appendix II", "Appendix III" and "Appendix IV"*, respectively.

The pro forma financial information in respect of the Enlarged Group is set out in "Part IX—*Pro Forma Financial Information*".

Liquidity and Capital Resources

Sources of cash and liquidity

The Company's initial source of cash were the proceeds of its IPO and the subscription monies arising from the issue of the Class B Shares and the Sponsor Warrants, including the Initial Co-Sponsor Overfunding. The proceeds of the Company's IPO and the Initial Co-Sponsor Overfunding were deposited into the Escrow Account. Additionally, the Company has available to it $2,813,000 (the "**Remaining Costs Cover**"), which are held outside the Escrow Account.

For information on the sources and uses for funding the Acquisition, see "Part I—*The Acquisition*".

Interest Rate Risks

For information on interest rate risks, see "Part VIII—*Operating and Financial Review of the Mining Entities—Disclosures about Market Risk—Interest Rate Risk*".

Foreign Exchange Risks

For information on foreign exchange risks, see "Part VIII—*Operating and Financial Review of the Mining Entities—Disclosures about Market Risk—Foreign Exchange Risk*".

Hedging Arrangements and Risk Management

The Enlarged Group may use forward contracts, options, swaps, caps, collars and floors or other strategies or forms of derivative instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates, as previously described. It is expected that the extent of risk management activities by the Enlarged Group will vary based on the level of exposure and consideration of risk across the business.

The success of any hedging or other derivative transaction generally will depend on the Enlarged Group's ability to correctly predict market changes. As a result, while the Enlarged Group may enter into such a transaction to reduce exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, the Enlarged Group may not seek, or be successful in establishing, an exact correlation between the instruments used in a hedging or other derivative transactions and the position being hedged and could create new risks of loss. In addition, it may not be possible to fully or perfectly limit the Enlarged Group's exposure against all changes in the values of its assets, because the values of its assets are likely to fluctuate as a

result of a number of factors, some of which will be beyond the Company's control.

The Enlarged Group will hedge at least 50% of the expenses and capital expenditure incurred in Brazilian reais with respect to the operation and maintenance of the Mines for an initial period of 36 months, and, thereafter for a period until maturity of the senior debt facility. ACG to execute one or more fixed price swap and/or collar transactions (excluding put or call options) in an amount sufficient to hedge (i) at least 50% of the projected production of copper and (ii) at least 50% of the projected production of nickel , for an initial period of 36 months, and, thereafter, on a 12-months rolling basis until the final maturity date of the senior debt facility.

Accounting Policies and Financial Reporting

The Company produced audited financial statements for the period from incorporation to 30 June 2022 and unaudited financial statements as at and for the nine months ended 31 March 2023. See Appendix I. As of the date of this Document, the Company has changed its financial year end to 31 December. Accordingly, the Company expects to publish its next set of unaudited financial statements for the six months ended 30 June 2023 with its next audited financial statements for the 18 month period ended 31 December 2023. The Company will present its financial statements in accordance with IFRS including requirements of IAS 34 (for interim financial reporting).

PART XIV

TERMS & CONDITIONS OF THE WARRANTS

The Warrant T&Cs provide that (a) the terms of the Warrants may be amended by the Company without the consent of any Warrantholder for the purpose of (i) curing any ambiguity or correcting any mistake, including to conform the provisions of the Warrant T&Cs to the description of the terms of the Warrants set out in this Document, or defective provision, (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant T&Cs, the Company may deem necessary or desirable and that the Company deems to not adversely affect the rights of the Warrantholders under the Warrant T&Cs or (iii) making any amendments that are necessary in the good faith determination of the Board (taking into account then existing market precedents) to allow for the Warrants to be classified as equity in the Company's financial statements, such as, among others, the removal of the Alternative Issuance provisions contained in Clause 4.5 of the Warrant T&Cs, provided that this shall not allow any modification or amendment to the Warrant T&Cs that would increase the Exercise Price or shorten the period in which an investor can exercise its Warrants, and (b) all other modifications or amendments require the vote or written consent of the holders of at least 50% of the then outstanding Warrants; provided that any amendment that solely affects the Warrant T&Cs with respect to the Sponsor Warrants will also require the vote or written consent of the holders of at least 50% of the then outstanding Sponsor Warrants; and except that the removal of the terms of the Warrant T&Cs that allow for the exercise of the Sponsor Warrants on a cashless basis only requires the vote or written consent of the holders of at least 50% of the then outstanding Sponsor Warrants. Notwithstanding the foregoing, the Company may lower the Exercise Price or extend the duration of the exercise period pursuant to Clauses 3.1 and 3.2 of the Warrant T&Cs respectively, without the consent of the Warrantholder.

The Warrantholders do not have the rights or privileges of Class A Ordinary Shareholders and any voting rights until they exercise their Warrants and receive Class A Ordinary Shares. After the issuance of Class A Ordinary Shares upon exercise of the Warrants, each Warrantholder will be entitled to one vote for each share held of record on all matters to be voted on by Class A Ordinary Shareholders.

The Warrant T&Cs are governed by the laws of England and Wales. Any action, proceeding or claim against arising out of or relating in any way to the Warrant T&Cs will be brought before the applicable court in England and Wales. The Company and the Warrantholders irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

Exercise and expiration

Each whole Warrant entitles the Warrantholder to purchase one Class A Ordinary Share at a price of US$11.50 per Class A Ordinary Share, subject to adjustments as set out in this Document, at any time commencing 30 days after the Acquisition Date. The Warrants will expire upon the earliest of: five years after the date on which they first became exercisable, at 5:00 p.m., London time, their redemption by the Company and the liquidation of the Company. If the Company fails to complete an acquisition by the Acquisition Deadline, the Warrants will expire worthless and any holder thereof will no longer have any rights thereunder.

The Warrants trade on the LSE and are expected to be re-admitted to the standard listing segment of the Official List of the FCA at Re-Admission.

The Warrants do not have a fixed price or value. Settlement of the Class A Ordinary Shares pursuant to the exercise of a Warrant will take at least ten Trading Days. Pursuant to the Warrant T&Cs, a Warrantholder may exercise only whole Warrants at a given time. Only whole Warrants trade on the LSE.

No later than the tenth business day after the date on which the last of all the conditions for exercise of the Warrants (pursuant to the Warrant T&Cs) is met, and provided that the Warrants have been exercised in accordance with the terms of the Warrant T&Cs, the Company shall issue or deliver to the holder of such Warrants a book-entry position for the number of Class A Ordinary Shares to which they are entitled (excluding any fractional entitlements), registered in such name or names as may be directed by them in the relevant books or records for registration of

book-entry positions for Class A Ordinary Shares of the Company, and if such Warrants shall not have been exercised in full, a new book-entry position for Warrants (in the form of Depositary Interests) giving the right to the number of Class A Ordinary Shares (in the form of Depositary Interests) as to which such Warrants shall not have been exercised. Upon exercise, the Warrants will cease to exist. All Class A Ordinary Shares issued upon the proper exercise of a Warrant in conformity with the Warrant T&Cs shall be validly issued, fully paid and non-assessable.

The Warrant registrar (the "**Warrant Registrar**") shall maintain books (the "**Warrant Register**"), for the registration of original issuance and the registration of transfer of the Warrants. Transfers of ownership of the Warrants (in the form of depositary interests) shall be carried out in CREST, or by submitting an instrument of transfer in accordance with English law. Transfers of Warrants shall be deemed effective from the moment they are registered in the name of the acquirer in the Warrant Register.

The Company shall from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Receiving Agent in respect of the issuance or delivery of Class A Ordinary Shares upon the exercise of the Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of the Warrants or Class A Ordinary Shares upon the exercise of the Warrants.

Prior to due presentment for registration of transfer of any Warrant, the Company and the Warrant Registrar may deem and treat the person in whose name such Warrant is registered in the Warrant Register (the "**Registered Holder**") as the absolute owner of such Warrant, for the purpose of any exercise thereof, and for all other purposes, and neither the Company nor the Warrant Registrar shall be affected by any notice to the contrary. For the purposes of the Warrant T&Cs, references to a "Warrantholder" or to a "holder of Warrants" or similar references are meant to refer to the Registered Holder.

The Warrantholders do not have any voting rights and are not entitled to any dividend, liquidation or other distributions. Application has been made for the Warrants to be accepted for clearance through the book-entry facilities of Euroclear. The Warrants do not have a fixed price or value. The price of the Warrants will be determined by virtue of trading on the London Stock Exchange.

No Warrants will be exercisable (for cash or on a cashless basis) unless the issuance and delivery of the Class A Ordinary Shares upon such exercise is permitted in the jurisdiction of the exercising Warrantholder and the Company will not be obligated to issue or deliver any Class A Ordinary Shares to the Warrantholders seeking to exercise their Warrants unless such exercise and delivery of the Class A Ordinary Shares is permitted in the jurisdiction of the exercising Warrantholder and such Warrantholder provides the necessary representations and warranties. If such conditions are not satisfied with respect to a Warrant, the Warrantholder will not be entitled to exercise such Warrant and such Warrant may have no value and expire worthless and any holder thereof will no longer have any rights thereunder.

The Warrantholders will not be charged any costs or fees by the Company or by the Registrar upon exercise of the Warrants.

Redemption

Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US$18.00.

Once the Warrants become exercisable, the Company may redeem all issued and outstanding Warrants:

- in whole and not in part;
- at a price of US$0.01 per Warrant;
- upon not less than 30 days' prior written notice of redemption (a "**Redemption Notice**") to each Warrantholder; and
- if the Reference Value equals or exceeds US$18.00 per Class A Ordinary Share (as adjusted for adjustments

to the number of shares issuable upon exercise or the Exercise Price of a Warrant as described under the heading *"—Anti-dilution adjustments*" below).

The Company will publish any Redemption Notice by issuing a press release via an RIS. The Company has established the last redemption criterion to prevent a redemption call unless there is, at the time of the call, a significant premium to the Exercise Price. If the foregoing conditions are satisfied and the Company issues a Redemption Notice for the Warrants, each Warrantholder will be entitled to exercise their Warrant prior to the scheduled redemption record date to be indicated in the Redemption Notice. The Company, at its sole discretion, may choose to permit Warrantholders to exercise their Warrants on a cashless basis. On and after the redemption record date, the Warrantholders shall have no further rights except to receive, upon surrender of the Warrants, the Redemption Price (as defined in the Warrants T&Cs). The number of the Class A Ordinary Shares to be received by a Warrantholder exercising its cashless exercise option will be equal to the lesser of (i) the quotient obtained by dividing (x) the product of the number of the Class A Ordinary Shares underlying the Warrants, multiplied by the excess of the "fair market value" (defined below) over the Exercise Price by (y) the fair market value, and (ii) the product of 0.361 and the number of Warrants surrendered by the holder, subject to adjustment. The "**fair market value**" shall mean the volume-weighted average price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the Company publishes the Redemption Notice. The Company will provide the Warrantholders with the final fair market value no later than one business day after the 10-Trading Day period ends. In no event will the number of the Class A Ordinary Shares received by a Warrantholder exercising its cashless exercise option be greater than 0.361 Class A Ordinary Shares per Warrant (subject to adjustment). *However, the price of the Class A Ordinary Shares may fall below the US$18.00 redemption trigger price (as adjusted for adjustments to the number of Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant as described under the heading "*—Anti-dilution adjustments*" below) as well as the US$11.50 Warrant Exercise Price after the Redemption Notice is issued.*

Despite the Company providing the Redemption Notice, if a Warrantholder fails to receive the notice and related materials, such Warrantholder may not become aware of the opportunity to redeem its Warrants.

Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US$10.00 but is less than US$18.00

Once the Warrants become exercisable, the Company may redeem all issued and outstanding Warrants,

- in whole and not in part;

- at a price of US$0.10 per Warrant upon not less than 30 days' prior Redemption Notice, provided that Warrantholders will be able to exercise their Warrants in cash or on a cashless basis prior to the redemption record date as indicated in the Redemption Notice. In the case of a cashless exercise, the holder thereof will receive that number of Class A Ordinary Shares determined by reference to the table below, based on the redemption date and the "fair market value" of the Class A Ordinary Shares, except as otherwise described below;

- if the Reference Value per Class A Ordinary Share equals or exceeds US$10.00 (as adjusted for adjustments to the number of the Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant as described under the heading "*—Anti-dilution adjustments*"); and

- if the Reference Value per Class A Ordinary Share is less than US$18.00 (as adjusted for adjustments to the number of the Class A Ordinary Shares issuable upon exercise or the Exercise Price of a Warrant as described in this section).

If the foregoing conditions are satisfied and the Company issues a notice of redemption, the Sponsor Warrants must also be concurrently called for redemption on the same terms as the outstanding Warrants, as described in this Document.

The numbers in the table below represent the number of Class A Ordinary Shares that a Warrantholder will receive

in case of a cashless exercise in connection with a redemption by the Company pursuant to this redemption feature, based on the fair market value on the corresponding redemption date (assuming holders elect to exercise their Warrants and such Warrants are not redeemed for US$0.10 per Warrant), determined for these purposes based on the volume weighted average price of the Class A Ordinary Shares during the 10 Trading Days immediately following the date on which the Redemption Notice is sent to Warrantholders, and the number of months that the corresponding redemption date precedes the expiration date of the Warrants, each as set forth in the table below.

The share prices set out in the column headings of the table below will be adjusted as of any date on which the number of the Class A Ordinary Shares issuable upon exercise of a Warrant or the Exercise Price of a Warrant is adjusted as set out under the heading *"—Anti-dilution adjustments*" below. If the number of the Class A Ordinary Shares issuable upon exercise of a Warrant is adjusted, the adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the number of Class A Ordinary Shares deliverable upon exercise of the Warrant immediately prior to such adjustment and the denominator of which is the number of Class A Ordinary Shares deliverable upon exercise of the Warrant after such adjustment. The number of shares in the table below will be adjusted in the same manner and at the same time as the number of shares issuable upon exercise of a Warrant. If the Exercise Price of a Warrant is adjusted (i) as a result of raising capital in connection with the Acquisition, the adjusted share prices in the column headings will equal the unadjusted share price multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issued Price (both as defined below) as set forth under the heading "*—Anti-dilution adjustments*" and the denominator of which is US$10.00; (ii) as a result of an extraordinary dividend, the adjusted share prices in the column headings will equal the unadjusted share price less the decrease in the Exercise Price of a Warrant pursuant to such adjustment.

Redemption Date (period to expiration of Warrants)	**Fair Market Value of Class A Ordinary Shares**								
	≤10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	≥18.00
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	---	---	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of the Class A Ordinary Shares to be issued for each Warrant exercised will be determined by a straight-line interpolation between the number of the Class A Ordinary Shares set forth for the higher and lower fair market

values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable.

For example, if the volume weighted average price of the Class A Ordinary Shares during the 10 Trading Days immediately following the date on which the Redemption Notice is published by way of a press release is US$11.00 per Class A Ordinary Share, and at such time there are 57 months until the expiration of the Warrants, Warrantholders may choose to, in connection with this redemption feature, exercise their Warrants for 0.277 Class A Ordinary Shares for each whole Warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume weighted average price of the Class A Ordinary Shares during the 10 Trading Days immediately following the date on which the Redemption Notice is sent to Warrantholders is US$13.50 per Class A Ordinary Share, and at such time there are 38 months until the expiration of the Warrants, Warrantholders may choose to, in connection with this redemption feature, exercise their Warrants for 0.298 Class A Ordinary Shares for each whole Warrant. In no event will the Warrants be exercisable on a cashless basis in connection with this redemption feature for more than 0.361 Class A Ordinary Shares per Warrant (subject to adjustment). Warrantholders will only receive whole Class A Ordinary Shares and any fractions of shares a Warrantholder is entitled to upon exercise will be rounded down to the nearest whole share. Warrantholders may, therefore, need to exercise multiple Warrants in order to receive any Class A Ordinary Shares pursuant to this feature.

This redemption feature is structured to allow for all of the outstanding Warrants to be redeemed when the Class A Ordinary Shares are trading at or above US$10.00 per Class A Ordinary Share, which may be at a time when the trading price of the Class A Ordinary Shares is below the Exercise Price of the Warrants. This redemption feature is intended to provide the Company with flexibility to redeem the Warrants without the Warrants having to reach the US$18.00 threshold set forth above under "—Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US$18.00*". Warrantholders choosing to exercise their Warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of the Class A Ordinary Shares for their Warrants based on an option pricing model with a fixed volatility input as at the date of this Document. This redemption right provides the Company with an additional mechanism by which to redeem all of the outstanding Warrants, and therefore have certainty as to its capital structure, as the Warrants would no longer be outstanding and would have been exercised or redeemed. The Company will be required to pay the redemption price to Warrantholders if it chooses to exercise this redemption right, and it will allow the Company to quickly proceed with a redemption of the Warrants if it determines it is in its best interest to do so. As such, the Company would redeem the Warrants in this manner when it believes it is in its best interests to update its capital structure to remove the Warrants and pay the redemption price to the Warrantholders.*

As stated above, the Company can redeem the Warrants when the Class A Ordinary Shares are trading at a price starting at US$10.00 which is below the Exercise Price of US$11.50, because it will provide certainty with respect to the Company's capital structure and cash position while providing the Warrantholders with the opportunity to exercise their Warrants on a cashless basis for the applicable number of the Class A Ordinary Shares. If the Company chooses to redeem the Warrants when the Class A Ordinary Shares are trading at a price below the Exercise Price of the Warrants, this could result in the Warrantholders receiving fewer Class A Ordinary Shares than they would have received if they had chosen to wait to exercise their Warrants for Class A Ordinary Shares if and when such Class A Ordinary Shares were trading at a price higher than the Exercise Price of US$11.50.

No fractional Class A Ordinary Shares will be issued or delivered upon exercise. If, upon exercise, a Warrantholder would be entitled to receive a fractional interest in a Class A Ordinary Share, the Company will round down to the nearest whole number of Class A Ordinary Shares to be issued to that Warrantholder. If, at the time of redemption, the Warrants are exercisable for a security other than a Class A Ordinary Share pursuant to the Warrant T&Cs (for instance, if the Company is not the surviving entity after the Acquisition), the Warrants may be exercised for such security.

Pursuant to the Warrant T&Cs, the redemption rights outlined above shall not apply to the Sponsor Warrants if at the time of the redemption such Sponsor Warrants continue to be held by the Co-Sponsors or their Permitted Transferees, except as described above under "*—Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US$10.00 but is less than US$18.00*". However, once such Sponsor Warrants are transferred (other than to Permitted Transferees in accordance with the Warrant T&Cs), the Company may redeem the Sponsor

Warrants pursuant to the redemption rights outlined above, provided that the criteria for redemption are met, including the opportunity of the holder of such Sponsor Warrants to exercise the Sponsor Warrants prior to redemption pursuant to the redemption rights outlined above.

Anti-dilution adjustments

The Company will take appropriate remedial actions where any of the following dilutive events occurs:

Sub-Divisions

If after the date of Admission, the number of issued and outstanding Class A Ordinary Shares is increased by a capitalisation or share dividend payable on the Class A Ordinary Shares, or by a sub-division of the Class A Ordinary Shares or other similar event, then, on the effective date of such capitalisation or share dividend, sub-division or similar event, the number of the Class A Ordinary Shares issuable on exercise of each Warrant will be increased in proportion to such increase in the issued and outstanding Class A Ordinary Shares. A rights offering to holders of the Class A Ordinary Shares entitling Warrantholders to purchase the Class A Ordinary Shares at a price less than the "historical fair market value" (as defined below) will be deemed a share dividend of a number of the Class A Ordinary Shares equal to the product of (1) the number of the Class A Ordinary Shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for the Class A Ordinary Shares) and (2) one minus the quotient of (x) the price per the Class A Ordinary Share paid in such rights offering and (y) the historical fair market value. For these purposes, (1) if the rights offering is for securities convertible into or exercisable for the Class A Ordinary Shares, in determining the price payable for the Class A Ordinary Shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (2) "**historical fair market value**" means the volume weighted average price of the Class A Ordinary Shares as reported during the 10 Trading Day period ending on the Trading Day prior to the first date on which the Class A Ordinary Shares trade on the applicable exchange or in the applicable market without the right to receive such rights (the ex-rights trading date).

Extraordinary Dividend

In addition, if the Company at any time while the Warrants are outstanding and unexpired, shall pay a dividend or other distribution in cash, securities or other assets, or any other distribution from the Escrow Account, to the holders of the Class A Ordinary Shares on account of such Class A Ordinary Shares, other than (a) as described above under the heading "*Sub-Divisions*", (b) Ordinary Cash Dividends (as defined below), (c) to satisfy the redemption rights of the Class A Ordinary Shareholders in connection with the Acquisition, (d) to satisfy the redemption rights of the Class A Ordinary Shareholders in connection with a shareholder vote to amend the Memorandum and Articles (i) that would be contrary to the constitutional requirements for special purpose acquisition companies as such are provided for in Listing Rule 5.6.18AG, (ii) to modify the substance or timing of the Company's obligation to allow redemption in connection with the Acquisition or to redeem 100% of the Class A Ordinary Shares if the Company does not complete the Acquisition by the Acquisition Deadline, or (iii) with respect to any other provision relating to the Class A Ordinary Shareholders' rights, or (e) in connection with the redemption of any Class A Ordinary Shares upon the Company's failure to complete the Acquisition by the Acquisition Deadline and any subsequent distribution of assets upon liquidation (any such non-excluded event being referred to herein as an "**Extraordinary Dividend**"), then the Exercise Price will be decreased, effective immediately after the effective date of such Extraordinary Dividend, by the amount of cash and/or the fair market value (as determined by the Board, in good faith) of any securities or other assets paid on each Class A Ordinary Share in respect of such Extraordinary Dividend. For these purposes, "**Ordinary Cash Dividends**" means any cash dividend or cash distribution which, when combined on a per share basis, with the per share amounts of all other cash dividends and cash distributions paid on the Class A Ordinary Shares during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events described under the heading "*—Anti-dilution adjustments*" and excluding cash dividends or cash distributions that resulted in an adjustment to the Warrant Exercise Price or to the number of the Class A Ordinary Shares issuable on exercise of each Warrant) to the extent it does not exceed US$0.50.

Aggregation of Shares

If after the date of Admission, the number of issued and outstanding Class A Ordinary Shares is decreased by a consolidation, combination, reverse share split or reclassification of Class A Ordinary Shares or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of Class A Ordinary Shares issuable on exercise of a Warrant will be decreased in proportion to such decrease in issued and outstanding Class A Ordinary Shares.

Adjustments in Exercise Price

Whenever the number of Class A Ordinary Shares purchasable upon the exercise of the Warrants is adjusted, as described above, the Warrant Exercise Price will be adjusted (to the nearest cent) by multiplying the Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number Class A Ordinary Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment and (y) the denominator of which shall be the number of Class A Ordinary Shares so purchasable immediately thereafter. Upon every adjustment of the Exercise Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Receiving Agent, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

Raising of Capital in connection with the Acquisition

If (x) the Company issues additional Class A Ordinary Shares or equity-linked securities for capital raising purposes in connection with the closing of the Acquisition at an issue price or effective issue price of less than US$9.20 per Class A Ordinary Share, as adjusted for stock splits, stock dividends, reorganisations, recapitalisations and similar corporate actions (with such issue price or effective issue price to be determined in good faith by the Board or such person or persons granted a power of attorney by the Board and, in the case of any such issuance to the Co-Sponsors, the Directors or their affiliates, without taking into account any Class A Ordinary Shares held by the Co-Sponsors, the Directors or their affiliates, as applicable, prior to such issuance) (the "**Newly Issued Price**"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the Acquisition on the Acquisition Date (net of redemptions), and (z) the volume-weighted average trading price of the Class A Ordinary Shares during the 20 Trading Day period starting on the Trading Day prior to the day on which the Acquisition closes (such price, the "**Market Value**") is below US$9.20 per Class A Ordinary Share, (i) the Exercise Price of the Warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, (ii) the US$18.00 per share redemption trigger price described under "*—Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US$18.00*" above, will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and (iii) the US$10.00 per share redemption trigger price described above under "*—Redemption of Warrants when the price per Class A Ordinary Share equals or exceeds US$10.00 but is less than US$18.00*" will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

Replacement of Securities upon Reorganisation, etc.

In case of any reclassification or reorganisation of the issued and outstanding Class A Ordinary Shares (other than a change under the headings "*Sub-Division*" or "*Extraordinary Dividend*" above or that solely affects the par value of such Class A Ordinary Shares), or in the case of a merger or consolidation of the Company with or into another company (other than a merger or consolidation in which the Company is the surviving entity and that does not result in any reclassification or reorganisation of the Company's issued and outstanding Class A Ordinary Shares), or in the case of any sale or conveyance to another company or entity of substantially all the assets or property of the Company in connection with which the Company will be dissolved, the Warrantholders will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of Class A Ordinary Shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares, stock or other equity securities or property (including cash) receivable upon such reclassification, reorganisation, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Warrantholder would have received if they had exercised their Warrants immediately

prior to such event (the "**Alternative Issuance**") and any terms and conditions of the Warrant T&Cs shall apply mutatis mutandis to such Alternative Issuance; provided, however, that (i) if the holders of the Class A Ordinary Shares were entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such merger or consolidation, then the kind and amount of securities, cash or other assets constituting the Alternative Issuance for which each Warrant will become exercisable will be deemed to be the weighted average of the kind and amount received per share by the Class A Ordinary Shareholders in such merger or consolidation that affirmatively make such election, and (ii) if a tender, exchange or redemption offer shall have been made to and accepted by the Class A Ordinary Shareholders (other than a tender, exchange or redemption offer made by the Company in connection with redemption rights held by Shareholders as provided for in the Memorandum and Articles) under circumstances in which, upon completion of such tender or exchange offer, the party (and any persons acting in concert with such party or as a "group" as defined under section 13 of the Exchange Act) instigating such tender or exchange offer owns more than 50% of the issued and outstanding Class A Ordinary Shares, the holder of a Warrant shall be entitled to receive as the Alternative Issuance, the highest amount of cash, securities or other property to which such Warrantholder would actually have been entitled as a shareholder if such Warrantholder had exercised the Warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the Class A Ordinary Shares held by such Warrantholder had been purchased pursuant to such tender or exchange offer, subject to adjustment (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in this Section; provided further that if less than 70% of the consideration receivable by the Class A Ordinary Shareholders in such a transaction is payable in the form of ordinary shares in the successor entity that are listed and traded on a regulated market or multilateral trading facility in the EEA or the UK immediately following such event, and if such Warrantholder properly exercises the Warrant within 30 days following public disclosure of such transaction, the Exercise Price will be reduced (in US$) equal to the difference of (i) the Exercise Price in effect prior to such reduction minus (ii) (a) the per Share consideration (but in no event less than zero) minus (b) the Black-Scholes Warrant Value (as defined in the Warrants T&Cs). The purpose of such Exercise Price reduction is to provide additional value to Warrantholders when an extraordinary transaction occurs during the exercise period of the Warrants pursuant to which Warrantholders otherwise do not receive the full potential value of the Warrants.

Upon the occurrence of any event specified in in the above sections (under the heading "*Anti-dilution adjustments*"), the Company shall give written notice of the occurrence of such event to each holder of a Warrant by way of a press release published via an RIS of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

Pursuant to the terms of the Warrant T&Cs, in case any event shall occur affecting the Company as to which none of the provisions of Section 4 of the Warrant T&Cs is strictly applicable, but which would require an adjustment to the terms of the Warrants in order to (i) avoid an adverse impact on the Warrants and (ii) effectuate the intent and purpose of the anti-dilution adjustments, then, in each such case, the Company shall appoint a firm of independent registered public accountants, investment banking or other appraisal firm of recognised national standing, which shall give its opinion as to whether or not any adjustment to the rights represented by the Warrants is necessary to effectuate the intent and purpose of the anti-dilution adjustments and, if they determine that an adjustment is necessary, the terms of such adjustment; provided, however, that under no circumstances shall the Warrants be adjusted pursuant to Section 4.8 of the Warrant T&Cs (relating to such other events) as a result of any issuance of securities in connection with the Acquisition. The Company shall adjust the terms of the Warrants in a manner that is consistent with any adjustment recommended in such opinion.

Additionally, whenever any provision of the Warrant T&Cs requires the Company to calculate volume weighted average prices or average reported closing prices, or any function thereof, over a period of multiple days, the Company will make proportionate adjustments as appropriate, if any, to such calculations to account for any adjustment to the Exercise Price (as defined in the Warrants T&Cs) that becomes effective, or any event requiring such an adjustment to the Exercise Price where the first date on which the Class A Ordinary Shares trade on the applicable exchange or in the applicable market without the right to receive such rights or effective date, as applicable, of such event occurs, at any time prior to, during or after such period (as the context requires).

Sponsor Warrants

For a description of the Sponsor Warrants and Sponsor Loan Warrants, see "Part XVIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Sponsor Warrants*".

Notices

Every Warrantholder shall register with the Company and the Warrant Registrar an address to which copies of notices can be sent. Any notice or document may be given or served by the Company on any Warrantholder by any means as set out in the Warrants T&Cs. When a given number of days' notice or notice extending over any other period is required to be given, the day of service shall, but the day upon which such notice shall expire shall not, be included in calculating such number of days or other period. The signature to any notice to be given by the Company may be written or printed. Any notice or document delivered or sent by post to or left at the registered address of any Warrantholder, or in electronic form to the relevant electronic address for that Warrantholder in pursuance of these Warrant T&Cs shall, notwithstanding that such Warrantholder is then dead, bankrupt, of unsound mind or (being a corporation) in liquidation, and whether or not the Company has notice of the death, bankruptcy, insanity or liquidation of such Warrantholder, be deemed to have been duly served in respect of any Warrant registered in the name of such Warrantholder as sole or joint holder unless their name has at the time of the service of the notice or document been removed from the Warrant Register as the holder of the Warrant, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under them) in the Warrant. Any copy notices given pursuant to the provisions of the Warrant T&Cs with respect to Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the Warrant Register and such notice so given shall be sufficient notice to all the holders of such Warrants.

Every person who by operation of law, transfer or other means whatsoever becomes entitled to a Warrant shall be bound by any notice in respect of such Warrant which, before his or her name is entered in the Warrant Register, has been duly given to the person from whom he derives his or her title. If there is a suspension or curtailment of postal services within the United Kingdom or some part of the United Kingdom, the Company need only give notice of a meeting of the Warrantholders with whom the Company can communicate by electronic means and who have provided the Company with an electronic address for this purpose. The Company shall also advertise the notice in at least two national daily newspapers with appropriate circulations (and, where there is a suspension or curtailment of postal services within the United Kingdom, at least one of which shall be published in London) and such notice shall be deemed to have been duly served on all Warrantholders entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

Any Warrantholder present, either personally or by proxy, at any meeting of the Warrantholders shall for all purposes be deemed to have received due notice of such meeting, and, where requisite, of the purposes for which such meeting was called.

Private Placement Warrants

For a description of the Private Placement Warrants, see "Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Private Placement Warrants*".

PART XV

ADDITIONAL INFORMATION

1. Responsibility

1.1. The Directors, whose names appear on page 73, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company, the information contained in this Document is in accordance with the facts and the Document makes no omission likely to affect its import.

1.2. SLR Consulting (Canada) Ltd. accepts responsibility for the Competent Person's Report in respect of the Santa Rita mine which is contained in Part XVII of this Document and those sections of this Document which include references to the information in the Competent Person's Report. To the best of the knowledge of SLR Consulting (Canada) Ltd., the information contained in the Competent Person's Report or extracted from the Competent Person's Report and included in this Document, is in accordance with the facts and contains no omissions likely to affect the import of such information.

1.3. SLR Consulting (Canada) Ltd. SLR Consulting (Canada) Ltd. accepts responsibility for the Competent Person's Report in respect of the Serrote mine which is contained in Part XVII of this Document and those sections of this Document which include references to the information in the Competent Person's Report. To the best of the knowledge of SLR Consulting (Canada) Ltd., the information contained in the Competent Person's Report or extracted from the Competent Person's Report and included in this Document, is in accordance with the facts and contains no omissions likely to affect the import of such information.

2. The Company

2.1. The Company was incorporated on 22 June 2021 as a BVI business company limited by shares under the laws of the British Virgin Islands under the BVI Companies Act with number 2067083, under the name ACG Acquisition Company Limited and LEI number 549300NXL2KSHKJXTU29.

2.2. The Company is not regulated by the BVI Financial Services Commission or the FCA or any financial services or other regulator. The Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the FCA), to the extent such rules apply to companies with a Standard Listing. The Company is also subject to the UK Prospectus Regulation Rules, the Market Abuse Regulation and all other laws and regulations which apply to securities sold and traded in England and Wales.

2.3. The principal legislation under which the Company operates, and pursuant to which the Class A Ordinary Shares and the Warrants have been created, is the BVI Companies Act. The legal position of the Class A Ordinary Shares and the Warrants is in conformity with the laws and regulations of the British Virgin Islands.

2.4. The Company's registered office is Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

2.5. On or about 5 October 2022, the Company issued 3,125,000 Class B Shares and 13,348,750 Sponsor Warrants to the Co-Sponsors (including Initial Co-Sponsor Overfunding). For further detail regarding the history of the Company's share capital since incorporation, see "Part I—*The Acquisition—Share Capital Structure and Related Aspects*".

3. Issued Shares

3.1. The Class A Ordinary Shares are currently listed on the Standard Segment of the Official List and have been admitted to trading on the LSE's Main Market. The following table shows the issued and fully

paid shares of the Company at the date of this Document:

	Issued and credited as fully paid	
Class of Share	**Number**	**Amount paid up**
Class A Ordinary	12,500,000	$125,000,000
Class B	3,125,000	$31,250

3.2. The following table shows the anticipated issued and fully paid shares of the Company immediately following Re-Admission:

	Issued and credited as fully paid	
Class of Share	**Number**	**Amount paid up**
Class A Ordinary	64,225,000(1)	$642,250,000(1)

(1) Excludes Employee Shares, payment of which will be made no later than the four month anniversary of the Acquisition Date.

3.3. The New Shares will on Re-Admission rank *pari passu* in all respects with the Existing Class A Shares including the rights to dividends or other distributions hereafter declared, paid or made on the Class A Ordinary Shares.

3.4. Applications will be made for the Enlarged Ordinary Share Capital and the Warrants to be admitted or re-admitted (as applicable) to a Standard Listing on the Official List and to trading on the LSE's main market. The Class A Ordinary Shares and Warrants are not listed or traded on, and no application has been or is being made for the admission of the Class A Ordinary Shares and Warrants to listing or trading on, and other stock exchange or securities market.

3.5. Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long term indebtedness.

3.6. Save as disclosed in this Document:

a) no issued shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
b) no share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
c) no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company;
d) no persons have preferential subscription rights in respect of any share or loan capital of the Company or any subsidiary; and
e) no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

3.7. Subject to the provisions of the Memorandum and Articles below and the relevant lock-up arrangements, the Class A Ordinary Shares and Warrants are freely transferable.

4. Memorandum and Articles of the Company

4.1. As set forth in the Memorandum and Articles, the objects of the Company are established as unrestricted and the Directors shall have full power and authority to carry out any object not prohibited by the BVI Companies Act or as the same may be revised from time to time, or any other law of the British Virgin Islands.

4.2. The Memorandum and Articles contain provisions designed to provide certain rights and protections to the Class A Ordinary Shareholders. The rights attached to the Class A Ordinary Shares may only, whether or not the Company is being wound up, be varied with the consent in writing of or by a resolution passed at a meeting by the holders of more than 66.6% of the issued Class A Ordinary Shares. Additionally, the Restated Articles provide that, a Reserved Matter (as defined in the Restated Articles) must be approved by resolution of shareholders passed by an 85% majority.

4.3. The Memorandum and Articles provide that any issue, transfer or disposal of any interest in a share which would result in the Company becoming a sanctioned entity shall be effectively void (in that such shares shall have no voting rights or economic rights and shall be subject to forced transfer provisions).

4.4. The Memorandum and Articles provide (a) that a meeting of the shareholders of the Company will not be considered quorate if a majority of such shareholders present at such meeting are represented by a single Co-Sponsor; and (b) that Directors who are affiliated with any single Co-Sponsor may not constitute a majority of the Board.

4.5. The Memorandum and Articles contain indemnification provisions for the Directors of the Company. See "—Liability of Directors" for more information.

Appointment of Directors

4.6. Following the appointment of the Directors as named in this Document, directors of the Enlarged Group shall be elected by a resolution of shareholders or by a resolution of directors (both as defined in the Restated Articles), in each case requiring a majority vote of over 50% of the votes present at the meeting.

4.7. A Director may be removed from office:

a. with or without cause: by way of the same mechanism set out in paragraph 4.6 above, at a meeting called for such purpose, or by a written resolution of shareholders passed by at least 75% of the votes of the Company entitled to vote; provided that no director appointed from the closing of the Offering until completion of the Acquisition may be removed by a resolution of shareholders;

b. with cause: by a resolution of directors passed at a meeting called for such purpose.

5. Restated Articles

5.1. In accordance with Clause 10 of the Company's memorandum of association, the Company may only amend its Memorandum and Articles by a resolution approved at a duly convened and constituted meeting of the Shareholders by the affirmative vote of two-thirds of the votes of the Shares entitled to vote thereon which were present at the meeting and were voted.

5.2. Provided these are approved by the Shareholders at the Acquisition EGM, the Company will adopt the Restated Articles prior to Re-Admission, mainly to reflect the completion of the Acquisition and the transition of the Company from a SPAC to an operating business.

5.3. Without prejudice to differences described in other parts of this Document, the following summarizes material amendments to the Memorandum and Articles that will be proposed to Shareholders for approval at the Acquisition EGM and, if so approved, will be included in the Restated Articles.

a. Change of the name of the Company from "ACG Acquisition Company Limited" to "ACG Electric Metals Limited".
b. Removal of all references to Class B Shares following their conversion into Class A Ordinary Shares.
c. Removal of all provisions relating to an Acquisition, as defined in the Memorandum and Articles, that have become obsolete as a result of the completion of the Acquisition, as defined in this Document, including all provisions relating to the Redemption

Arrangements, as defined in the IPO Prospectus.

d. Addition of director nomination rights granted to Stellantis and La Mancha pursuant to the Stellantis AIA and the La Mancha IRA, respectively, as described in paragraph 17 below.
e. Addition of pre-emption rights as described in paragraph 7.5 below, which will constitute a reserved matter and, as a result, can be amended solely by a resolution approved at a duly convened and constituted meeting of the Shareholders by the affirmative vote of 90% of the votes of the Shares of the Shareholders entitled to vote thereon which were present at the meeting and voted or a resolution consented to in writing by 90% of the votes of the Shares entitled to vote on such resolution.
f. Addition of a requirement that Directors of the Company convene an annual general meeting of the Shareholders once per year.

5.4. For a complete version of the Restated Articles, please refer to the text of the Restated Articles that will be submitted for the approval of the Shareholders at the Acquisition EGM and will be part of the materials included in the convening notice relating to the Acquisition EGM.

6. The Enlarged Group

6.1. Following the Acquisition and upon Re-Admission, the Company will have (direct or indirect) interests in the following entities (which together with the Company form the Enlarged Group):

Entity Name	***Country of Incorporation and Company Number***	***Date of Incorporation***	***% Owned by the Company on Re-Admission***	***Principal Activity***
Atlantic Nickel Mineração Ltda.	Brazil; 74.127.010/0001-29	January 1994	100% (indirect)	Owns and operates the Santa Rita Mine and serves as MineCo under the Appian, La Mancha and Royal Gold royalty agreements
Mineração Vale Verde do Brasil Ltda.	Brazil; 08.650.571/0001-83	November 2006	100% (indirect)	Owns and operates the Serrote Mine and serves as MineCo under the Royal Gold Royalty Agreement
Mirabela Participacoes S.A.	Brazil; 29.665.024/0001-41	January 2018	100% (indirect)	Owns 100% of the issued share capital of AN
Serrote Participações S.A.	Brazil; 28.983.098/0001-63	September 2017	100% (indirect)	Owns 100% of the issued share capital of MVV
SF 645 Participações Societárias S.A. ("**Bidco 1**")	Brazil; 50.489.131/0001-52	28 April 2023	100% (indirect)	Owns 100% of the issued share capital of Mirabela
SF 630 Participações Societárias S.A. ("**Bidco 2**")	Brazil; 50.489.243/0001-03	28 April 2023	100% (indirect)	Owns 100% of the issued share capital of Serrote
FIP (Brazil) (*To be established*) ("**FIP**")	Brazil; (*To be established)*	July 2023 (*To be established*)	100% (indirect)	Owns 100% of the issued share capital in each of Bidco 1 and Bidco 2
Sub Holdco 1 Limited	England and Wales; 14939464	15 June 2023	100% (direct)	Owns circa 33.33% of the issued quotas of FIP
Sub Holdco 2 Limited	England and Wales; 14939661	16 June 2023	100% (direct)	Owns circa 33.33% of the issued quotas of FIP
Sub Holdco 3 Limited	England and Wales; 14939662	16 June 2023	100% (direct)	Owns circa 33.33% of the issued quotas of FIP
Finco Limited	England and Wales; 14939668	16 June 2023	100% (direct)	Counterparty to intercompany loans with certain entities in the Enlarged Group, the Credit Agreement with senior lenders and potentially the FX and commodity Hedging Agreements with senior lenders
AMH (Jersey) Limited	Jersey; 126865	16 July 2018	100% (direct)	Counterparty to intercompany loans and export pre-payments with certain entities in the Enlarged Group and royalty

				grantor under the Appian, La Mancha and Royal Gold royalty agreements
AMH 2 (Jersey) Limited	Jersey; 135737	24 May 2021	100% (direct)	Counterparty to intercompany loans and export pre-payments with certain entities in the Enlarged Group and royalty grantor under the Royal Gold Royalty Agreement

7. Changes in Authorised Shares

7.1. Under the Memorandum and Articles, the Company is authorised to issue an unlimited number of shares, with no par value, divided into two classes of shares being (i) Class A Ordinary Shares and (ii) Class B Shares, which have certain privileges, restrictions and conditions attaching to them as the shares in issue.

7.2. Under the Restated Articles, the Company will be authorised to issue an unlimited number of a single class of Class A Ordinary Shares.

7.3. The Company shall not issue fractional shares and fractional shares generated by any corporate action may, at the discretion of the Directors, be rounded down to the nearest whole share.

7.4. Shares may be issued in one or more series of shares as the directors of the Company may by resolution of Directors determine from time to time.

Pre-emption Rights

7.5. Under the Memorandum and Articles, BVI statutory pre-emption rights have been disapplied and there are no pre-emption rights attached to the Class A Ordinary Shares.

7.6. BVI statutory pre-emption rights will remain disapplied under the Restated Articles. Notwithstanding the foregoing, and as described in further detail therein, the Restated Articles will include provisions according to which the Company will be allowed to issue or allot new equity securities of the Company only if it offers such securities first to existing holders of Class A Ordinary Shares on at least the same terms on a *pari passu* and *pro rata* basis to the number of equity securities held by those holders, except for certain carved-out issuances, including *bona fide* employee share schemes, bonus issues to all Shareholders, offers part of court-approved restructurings or *bona fide* business combination transactions, or any rights to subscribe for equity securities of the Company (including, pursuant to any Warrants) existing as of the date that the Restated Articles come into effect.

For a complete description of the pre-emption rights available to holders of Class A Ordinary Shares under the Restated Articles, please refer to the text of the Restated Articles that will be submitted for the approval of the Shareholders at the Acquisition EGM and will be part of the materials included in the convening notice relating to the Acquisition EGM.

Variation of Rights of Shares

7.7. As permitted by the BVI Companies Act and the Memorandum and Articles, the rights attached to any class of shares may be varied only with the consent in writing of or by a resolution passed at a meeting by the holders of more than 66.6% of the issued Class A Ordinary Shares.

7.8. The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally with such existing shares.

8. Directorships and Partnerships

In addition to their directorships of the Company, the Directors and Director Nominees are, or have been, members of the administrative, management or supervisory bodies ("**directorships**") or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document.

Current Directors

Artem Volynets

Current directorships and partnerships	*Former directorships and partnerships*
1. ACG Mining Limited, being the ACG Sponsor	1. Sual International Limited
2. ACG Advisory Limited	2. Chaarat Gold Holdings Limited
	3. International Aluminum Institute
	4. EN+ Group Plc
	5. United Company Rusal Plc
	6. ACG Amur Capital Group Limited

Warren Gilman

Current directorships and partnerships	*Former directorships and partnerships*
1. Gold Royalty Corp.	1. CEF Holdings Ltd
2. NexGen Energy Ltd	2. Niobec Ltd
3. Queen's Road Capital investment Ltd	3. Chaarat Gold Holdings Limited
4. Los Andes Copper Ltd	4. Aurania Resources Ltd

Peter Whelan

Current directorships and partnerships	*Former directorships and partnerships*
1. Iris Audio Technologies	1. PricewaterhouseCoopers LLP
2. Phene Capital Limited	
3. Onslow Advisory Limited	

Hendrik Johannes Faul

Current directorships and partnerships	*Former directorships and partnerships*
1. Centamin plc	1. International Copper Association
2. Master Drilling Group Ltd	2. Anglo American

Mark Cutis

Current directorships and partnerships	*Former directorships and partnerships*
1. Apollo Singapore – APAC	1. Abu Dhabi Global Market
2. Gulfsands Middle East Ltd	2. Abu Dhabi National Oil Company
	3. Abu Dhabi Investment Council
	4. Attica Bank

Carole Whittall

Current directorships and partnerships	*Former directorships and partnerships*
1. Yellow Cake plc	
2. Mining Strategies SARL	
3. Mining Strategies Limited	

Fiona Paulus

Current directorships and partnerships	*Former directorships and partnerships*

1. JSW Steel Ltd	1. RHI Magnesita plc
2. Interpipe Holdings Ltd	2. ABN Amro Bank N.V.
3. Nostrum Oil & Gas plc	3. Petropavlovsk PLC
4. 155 Gloucester Avenue Ltd	4. Housing Pathways
5. Gleacher Shacklock LLP	

Vincent Benoit

Current directorships and partnerships	*Former directorships and partnerships*
1. La Mancha Resource Capital LLP	1. Euronews
2. Horizonte Minerals Pie	2. Endeavour Mining Corporation
3. SRG Mining Corp	3. Transatel
4. Pearl Infrastructure Capital	

9. Directors' Confirmations

9.1. At the date of this Document none of the Directors:

(a) has any convictions in relation to fraudulent offences for at least the previous five years;

(b) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or

(c) has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

9.2. None of the Directors are required to commit any specified amount of time to the Enlarged Group's affairs and, accordingly, they may have conflicts of interest in allocating management time among various business activities. Certain of the Directors have fiduciary and contractual duties to certain companies in which they have invested or of which they serve as board member. If these entities decide to pursue a given opportunity, the Company and the Enlarged Group may be precluded from pursuing such opportunity. The Directors, in their capacities as directors, officers or employees of the Enlarged Group or in their other endeavours, may present potential acquisition opportunities to the related entities described above, current or future entities affiliated with or managed by the Enlarged Group, or any other third parties, before they present such opportunities to the Enlarged Group, in observance of their contractual obligations, statutory duties and fiduciary duties under BVI law and any other applicable fiduciary duties. Further, the Enlarged Group is not prohibited from pursuing an acquisition with a target company or business that is affiliated with any of the Directors.

Save as described above and in paragraph 10 below, none of the Directors has any potential conflicts of interest between their duties to the Company, the Enlarged Group and their private interests or other duties they may also have.

10. Directors Interests

Save as disclosed in the table below, none of the Directors nor any member of their immediate families has or will have on or immediately following Re-Admission any interests (beneficial or non-beneficial) in the shares of the Company or any of its subsidiaries.

Interests immediately following Re-Admission

Director	No. of Class A Shares	Percentage of Enlarged Ordinary Share Capital	No. of Sponsor Warrants
Artem Volynets[(1)]	207,176	0.3%	1,359,734
Carole Whittall[(2)]	35,062	0.1%	107,078

(1) Artem Volynets holds 50.4% ownership of the ACG Sponsor. The figures above assume that Class B Shares and Sponsor Warrants have been allocated to the Existing Incentive Arrangement and exclude any Sponsor Loan Shares.

(2) The figures above assume that Class B Shares and Sponsor Warrants have been allocated to Ms. Whittall or her entitlement under the Existing Incentive Arrangement (see "Part X—*The Company, Its Board and Corporate Governance—Existing Incentive Arrangements*").

11. Major Shareholders and Other Interests

See "Part I—*The Acquisition—Major Shareholders and Other Interests*."

12. Agreements with Directors

12.1. The Independent Director Letters of Appointment contain, inter alia, a number of confidentiality and information sharing obligations in respect of information received by the Independent Non-Executive Directors by virtue of their position on the Board, as well as information relating to the term, termination and role description of each Independent Non-Executive Director.

12.2. The Sponsor Director Consultancy Agreement and the CFO Consultancy Agreement contain, inter alia, a number of confidentiality and information sharing obligations in respect of information received by the Executive Directors by virtue of their position on the Board, as well as information relating to the term, termination and role description of each Executive Director.

13. Working capital

13.1. Qualified working capital statement

As set out in the below discussion relating to the portion of Acquisition funding which is not yet committed as of the date hereof, the Company is of the opinion that, as at the date of this Document, the Company does not have sufficient working capital for its present requirements, that is for at least 12 months from the date of this Document.

13.2. Shortfall

The total amount required to finance the Acquisition is approximately US$1,176 million and will be funded by the Company from multiple sources, including the senior debt, the Royal Gold Royalty Agreements, the PowerCo Prepayment, the Anchor Investors, the Escrow Account and the Placing. As of the date hereof, the Company has entered into committed Funding Agreements for funding in an amount of $875 million, as described in more detail in "Part I—*The Acquisition—Sources and Uses for the Acquisition*" and "Part XV—*Additional Information—Material contracts*".

The Company intends to fund the balance of the consideration not provided under the Funding Agreements (the "**Shortfall Amount**") using the funds held in the Escrow Account which have not been used to effect redemptions of the Existing Class A Shares and the proceeds of the Placing. Assuming that 100% of the Class A Ordinary Shareholders will exercise their rights to redeem their Class A Ordinary Shares, the Shortfall Amount is approximately US$301 million, of which up to US$50 million is backstopped by the

Guarantor pursuant to the Backstop Subscription Agreement (see "*Part XV—Additional Information—Material contracts—Backstop Subscription Agreement*"). The Shortfall Amount will be lower than US$301 million in the event that less than 100% of the Class A Ordinary Shareholders exercise their rights to redeem their Class A Ordinary Shares.

13.3. Timing

The Company's requirements for working capital in the next 12 months include the payment of the Acquisition consideration. Accordingly, given the consideration for the Acquisition must be paid to the Sellers at the time of completion, the Shortfall is expected to arise at the time of the closing of the Acquisition.

13.4. Action plan

The Shortfall Amount will be funded by the proceeds of the Placing (of which up to US$50 million is backstopped by the Guarantor pursuant to the Backstop Subscription Agreement) (see "Part XI—*The Placing*" and "Part XV—*Additional Information—Material contracts—Backstop Subscription Agreement*").

Provided that the proceeds of the Placing reach or exceed the Shortfall Amount, the Directors are confident that such proceeds, taken together with the financing referred to above and existing cash and other sources of liquidity available to the Enlarged Group, will be sufficient to fund the Company's requirements for working capital in the next 12 months.

13.5. Implications

Pursuant to the Acquisition Agreement, the Company's obligation to consummate the Acquisition is not conditional on the Company's ability to finance the Acquisition. To the extent additional equity and/or debt financing is necessary to complete the Acquisition and such financing remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled to either restructure or abandon the Acquisition, or proceed with the Acquisition on less favourable terms, which may reduce the Company's return on investment. Neither the Co-Sponsors or any other party is required to provide any further financing to the Company in connection with, or following, the Acquisition.

In the event that the Company is not able to raise at least the Shortfall Amount from the Placing or otherwise obtain sufficient funds to complete the Acquisition and the other conditions to the completion of the Acquisition pursuant to the Acquisition Agreement are met, the Company will not have sufficient funds to complete the Acquisition and the Sellers may bring a claim against the Company for a failure to complete the Acquisition. If successful in a claim against the Company, potential remedies available to the Sellers include monetary damages (for losses incurred in connection with the Company's breach of the Acquisition Agreement) and/or the equitable remedy of specific performance (seeking that a court order the Company to acquire the Target Entities). Irrespective of whether the Company has sufficient assets to satisfy a damages award or comply with a court order for specific performance, if the Sellers' claim is successful and the Company is unable to pay such damages in full, the Company would become insolvent".

14. Significant change

14.1. There has been no significant change in the financial performance or the financial position of the Company since 31 March 2023, being the end of the last financial period for which financial information of the Company has been published.

14.2. There has been no significant change in the financial performance or the financial position of the Mining Entities since 31 March 2023, being the end of the last financial period for which financial information of the Mining Entities has been published.

14.3. There has been no significant change in the financial performance or the financial position of the Jersey Entities since 31 March 2023, being the end of the last financial period for which financial information of the

Jersey Entities has been published.

15. Litigation and arbitration proceedings

Save as disclosed herein under the heading "Part III—*Information on the Enlarged Group's Business—Litigation*", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 month period prior to the date of this Document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company, the Target Entities and/or the Enlarged Group.

16. City Code

The City Code does not apply to the Company and there are no rules or provisions relating to mandatory takeover bids in relation to the Class A Ordinary Shares. There are no rules or provisions relating to the Class A Ordinary Shares and squeeze-out and/or sell-out rules, save as provided by section 176 of the BVI Companies Act (ability of the shareholders holding 90% of the votes of the outstanding shares or class of outstanding shares to require the Company to redeem such shares or class of shares).

17. Material contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into since the Company's incorporation which: (i) are, or may be, material to the Company or the Enlarged Group; or (ii) contain obligations or entitlements which are, or may be, material to the Company or the Enlarged Group as at the date of this Document.

17.1. ***Acquisition Agreement***

On 12 June 2023, the Company entered into the Acquisition Agreement with the Sellers and the Guarantor, as described in "Part II—*Terms of the Acquisition Agreement*".

17.2. ***Senior Secured Debt Facility***

Senior Debt Commitment

The Company entered into a debt commitment letter with Citibank, N.A. ("**Citi**"), ING Capital LLC ("**ING**") and Société Générale ("**SG**"), dated 12 June 2023 pursuant to which the banks (each, a "**Commitment Party**") agreed to provide funding in connection with the Acquisition (the "**Debt Commitment**").

The commitments of each Commitment Party under the debt commitment letter are subject to the satisfaction of a number of conditions precedent (the "**Closing Conditions**"), including, among others:

- receipt of a litigation analysis memorandum concerning MSI and US$100 million indemnity insurance policy in respect of the MSI Litigation;
- there shall not have occurred or existed a market disruption event at any time from the date of the Debt Commitment and including the Acquisition Date; and
- the absence of any material adverse change in the business, condition (financial or otherwise), operations or prospects of the Company and its subsidiaries, taken as a whole, since the date of the Debt Commitment.

Pursuant to the Debt Commitment, in connection with the consummation of the Acquisition, UK Finco, an English company and a direct wholly owned subsidiary of the Company ("**UK Finco**"), expects to enter into a credit agreement (the "**Credit Agreement**") by and among UK Finco, the Company and each material subsidiary of the Company (including Atlantic Nickel and MVV) as guarantors, Citi, ING and SG, as coordinating lead arrangers and joint bookrunners, and Citi, as administrative agent and security agent, and certain other lenders.

The Credit Agreement will set out the terms of a $225.0 million senior secured credit term facility maturing 5 years following the closing of the Acquisition and up to $75 million revolving credit facility (maturing within 5 years from the closing of the Acquisition).

The term facility is expected to be drawn in full on the Acquisition Date and the Company expects to draw up to US$25 million under the revolving credit facility primarily to cover acquisition costs.

Loans under the term facility and amounts drawn under the revolving credit facility will accrue interest, payable quarterly in cash, at the rate of Term SOFR plus 5.25% p.a.. A commitment fee equal to 50% of applicable margin shall be payable on the amounts available under the facilities and shall be earned from the date on which the Credit Agreement is executed (provided, however, that the commitment fee shall be deemed to accrue from the date on which the term facility is executed).

The facilities are expected to be fully and unconditionally guaranteed by the Company and each of the Company's future wholly-owned material restricted subsidiaries (subject to certain exceptions), and is expected to be secured by the Shared Collateral described more fully under the section headed "— *Intercreditor Principles and Shared Collateral*" below.

The term facility will amortise over its tenor and be subject to a number of mandatory prepayment events, including upon the occurrence of a change of control or a sale of all or substantially all assets of the Company and its subsidiaries. In addition, UK Finco shall be required to apply excess cash flow on a quarterly basis to mandatorily prepay amounts outstanding under the loans, subject to an overall minimum liquidity threshold of $20.0 million. Any prepayments under the term facility within the first 18 months shall be subject to a make whole premium and any prepayments under the term facility shall be subject to a prepayment fee of 1% of the amount prepaid, subject to a number of exceptions.

UK Finco may draw on the revolving credit facility twice per month during the period beginning on and from the Acquisition Date through the date falling one month prior to the end of the maturity date for the revolving credit facility. The revolving credit facility shall be subject to a mandatory 5 consecutive business day cleandown on a date that is 24 months following the Acquisition Date and on an annual basis thereafter. The revolving credit facility must be paid down to $50 million on the fourth anniversary of the Acquisition Date and in full on the final maturity date for such facility.

Under the Credit Agreement, the Enlarged Group will be subject to a number of maintenance financial covenants, including a gross leverage ratio (< 3.50:1.00), a debt service coverage ratio (>1.25:1.00) and a reserve tail ratio taking into account only open pit reserves (>30).

The Credit Agreement will contain customary restrictive covenants limiting the ability of the Enlarged Group, among others, to incur debt, make investments, dispose of assets and make restricted payments. In particular, the Company will not be able to distribute dividends in respect of its shares (i) in the period from the signing date of the term facility until the date falling 18 months after the Acquisition Date at all or (ii) at any time after the date falling 18 months after the Acquisition Date (A) if the debt service coverage ratio is less than x1.60 and the gross leverage ratio is more than x1.00 and (B) at any time where there in an ongoing default.

Required Hedging

Pursuant to the Credit Agreement, the Company shall be required to effectively hedge or mitigate foreign exchange currency risk and commodity price risk related to its business and operations (any such related hedging agreements, the "**Hedging Agreements**").

In particular, the Company will be required to hedge at least 50% of the projected expenses and capital expenses of Atlantic Nickel and MVV incurred in Brazilian *reais* for a period of 48 months commencing from the Closing Date. In addition, for a period for 36 months commencing from the Closing Date, (i) Atlantic Nickel and MVV will each be required to hedge at least 50% or 60% of the projected production of copper and nickel for each Project depending in part on the then prevailing prices of copper and nickel hedges. The Company shall also be required to hedge at least 50% of the projected production of nickel of Atlantic Nickel and MVV for the 24-month period between the 36th and the 60th month after the Acquisition Date.

Any hedging used to satisfy the minimum hedging requirement shall be secured by the Shared Collateral on a *pari passu* basis with the lenders under the Credit Agreement.

17.3. ***Intercreditor Principles and Shared Collateral***

The Credit Agreement and Hedging Agreements will be secured by a valid and perfected first priority lien (subject to certain permitted liens), and the Royal Gold Royalty Agreements and the Appian and La Mancha Royalty Agreements (together, the "**New Royalty Agreements**") will be secured by a valid and perfected second priority lien (subject to certain permitted liens), on the following assets (collectively, the "**Shared Collateral**"):

- substantially all of the Company's property and assets related to the Santa Rita and the Serrote mines, including, without limitation, the shares of the Jersey Entities, and other subsidiaries;
- the shares of Mirabela;
- substantially all assets of Mirabela, including, without limitation, its bank accounts, real property, personal property and the shares of Atlantic Nickel;
- substantially all assets of Atalantic Nickel, including, without limitation, its mining rights, real property, bank accounts, equipment, commodities, ore, receivables and other personal property;
- the shares of Serrote;
- substantially all assets of Serrote, including, without limitation, its bank accounts, real property, personal property and the shares of MVV;
- substantially all assets of MVV, including, without limitation, its mining rights, real property, bank accounts, equipment, commodities, ore, receivables and other personal property; and
- the assignment of all existing and future rights arising out of any mining lease agreement with respect to the Serrote and Santa Rita mines, any offtake agreements and other material project agreements, and any intercompany agreements entered into by the Company and certain of its subsidiaries.

The Shared Collateral, however, shall not include any security in respect of the offtake agreement between the Company and Glencore for the delivery of refined nickel to the Company for the purposes of the OEM Prepayment Agreement or an account held by the Company and secured in favour of Glencore for use in connection with the OEM Prepayment Agreement.

The parties to the Credit Agreement and the New Royalty Agreements expect to enter into an intercreditor agreement (the "**Intercreditor Agreement**") governing the relative rights of the lenders and permitted hedge counterparties, as first ranking secured creditors (the "**FRSC**"), and each of (i) RG Royalties LLC, (ii) Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP or one or more of their affiliates; and (iii) La Mancha Resource Capital LLP or one or more of its affiliates (together, the "**Royalty Holders**"), as second ranking secured creditors (the "**SRSC**"), in respect of the Shared Collateral. Pursuant to the Intercreditor Agreement, the liens securing the New Royalty Agreements will be expressly made junior in priority of realization to all liens that secure the Credit Agreement, the Hedging Agreements and certain other first-priority lien debt. The Intercreditor Agreement will also provide that the royalties to be paid under the New Royalty Agreements are treated as operating expenses and shall be recognised as such in any payment waterfall under senior secured documents and the Royalty Holders will be entitled, pursuant to the terms of their respective New Royalty Agreements, to the royalty payments to be made under the New Royalty Agreements or for the benefit of the Royalty Holders or proceeds of which were used for another purpose in contravention of the New Royalty Agreements.

However, upon notice by the FRSC of the (i) commencement of a voluntary or involuntary bankruptcy or other insolvency event for any obligor, (ii) acceleration of the senior secured obligations or (iii) default of a payment obligation under the Credit Agreement except where the relevant FRSC party agrees to waive or forbear in respect of the payment default (each, a "**Suspension Event**"), and for so long as such Suspension Event remains outstanding, all payments of royalties under the New Royalty

Agreements will be suspended, with such payments to resume if and when the Suspension Event is cured or otherwise lifted. In addition, the Intercreditor Agreement will provide that upon the occurrence of an event of default under the senior secured facilities, the FRSC shall have an exclusive right of taking enforcement action during a minimum standstill period of 270 days from the commencement of such enforcement action; provided, however, that the standstill period may be extended in certain limited circumstances. The Intercreditor Agreement will also provide for a particular sharing of proceeds among the FRSC and the SRSC upon the sale of Shared Collateral in a bankruptcy and a private sale context.

It is expected that the FRSC, the SRSC, the Company and the counterparties to the OEM Prepayment Agreement will enter into a subordination agreement with respect to the subordination of shareholder loans, receivables and obligations under the OEM Prepayment Agreement on customary equity and subordination terms.

17.4. ***Appian and La Mancha Royalty Agreements***

AMH and Atlantic Nickel will enter (i) a royalty agreement (the "**Appian Royalty**") with Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP (the "**Appian Funds**") in consideration for the advance of funds to finance the operating costs, capital expenditures and working capital requirements of the Santa Rita mine; and (ii) a royalty agreement (the "**La Mancha Royalty**") with La Mancha (or a direct or indirect wholly owned subsidiary thereof), in consideration for the investment of US$ 100 million in the form of the subscription and purchase of 10,000,000 Class A Ordinary Shares of the Company.

Under the Appian and La Mancha Royalties, AMH and Atlantic Nickel will grant to Appian and La Mancha certain royalties with respect to ores, concentrates, precipitates, doré, cathodes, leach solutions, metals, minerals and mineral by-products that are extracted, recovered or processed from a designated area at the Santa Rita mine ("**Products**" or "**Products**").

The Appian Royalty will be calculated by multiplying 2.75%, and the La Mancha Royalty will be calculated by multiplying 2.5%, for a quarter, by the amount of (i) cash proceeds received, by or on behalf of Atlantic Nickle or any of its affiliates, in respect of the aggregate of the gross proceeds in any Product in the relevant quarter, and (ii) any adjustments thereof.

The Appian Royalty and the La Mancha Royalty will be calculated and paid on a quarterly basis, provided that (i) the start date for payments under the Appian Royalty will correspond to the date of termination of a certain existing royalty agreement between the Appian Funds, Atlantic Nickel and AN Finco B.V., and (ii) the start date for payments under the La Mancha Royalty will correspond to a date on which the Nickel Equivalent since 31 December 2023 is equal to or exceeds 212,228,700, subject to certain conditions.

The Appian Royalty and the La Mancha Royalty provide for certain operating covenants that the Enlarged Group must comply with including maintaining ESG policies, maintaining relevant insurance and certain information covenants (such as provision of periodic production and sales forecast reports for the project, as well as annual audited financial statements). Further, until discharge of all obligations owed under the Appian and La Mancha Royalties, the group must also comply with certain financial covenants (such as incurrence of only debt that is permitted).

The Santa Rita Royalty Agreements will also be subject to the Shared Collateral (please see further details in the section headed "*—Intercreditor Principles and Shared Collateral*" above.

For purposes of this section:

"**Nickel Equivalent**" means in relation to the Product, the gross proceeds received by such Product

divided by:

a) in relation to the Product sold or otherwise disposed of pursuant to a Product offtake agreement, the relevant nickel price (on a per pound basis) for the payable nickel contained in that shipment of Product as determined in accordance with the terms of that offtake agreement;

b) in relation to the Product sold or otherwise disposed of pursuant to a streaming arrangement, the relevant nickel price (on a per pound basis) for the payable metals in any nickel contained in that shipment of Product by reference to the London Metals Exchange price or other recognised market metals price (as selected by the Royalty Holder, acting reasonably) averaged over the previous quarter; or

c) otherwise, the nickel price (on a per pound basis and howsoever determined) of the most recent nickel payable metals in any Product for which gross proceeds have been received

17.5. ***Royal Gold Royalty Agreements***

The Jersey Entities will enter into one or more royalty agreements (the "**Royal Gold Royalty Agreements**") with RG Royalties, LLC ("**Royal Gold**"), a wholly-owned subsidiary of Royal Gold, Inc.

Under the Royal Gold Royalty Agreements, Royal Gold will provide US$ 250 million to the Jersey Entities at the Acquisition Date (consisting of US$ 215 million for the PM Royalty (defined below) and US$ 35 million for the BM Royalty (defined below)), which proceeds will be used to fund part of the Acquisition. In consideration for these funds, the Jersey Entities will grant Royal Gold royalties over certain products from the Serrote Mine and the Santa Rita Mine for the life of the relevant mines. The royalties will be calculated with a formula as described below.

The precious metal royalty ("**PM Royalty**") will be equal to the sum of (i) precious metal royalty (Serrote) ("**PM Royalty (Serrote)**") plus (ii) precious metal royalty (Santa Rita) ("**PM Royalty (SR)**"):

i. Until the threshold of the PM Royalty (Serrote) is met (being US$ 250 million), payable proceeds to Royal Gold will be calculated as the product of 85% multiplied by Serrote Reference Gold multiplied by the Reference Price for gold. After the threshold for the PM Royalty (Serrote) is met, the payable proceeds will be the product of 45% multiplied by Serrote Reference Gold multiplied by the Reference Price for gold.

ii. Until the threshold of the PM Royalty (SR) is met (being US$ 100 million), payable proceeds to Royal Gold will be calculated as the sum of: (a) the product of 64 multiplied by Santa Rita Reference Nickel (in millions of pounds) multiplied by the Reference Price for gold, (b) the product of 135 multiplied by Santa Rita Reference Nickel (in millions of pounds) multiplied by the Reference Price for platinum, and (c) the product of 100 multiplied by Santa Rita Reference Nickel (in millions of pounds) multiplied by the Reference Price for palladium. After the threshold for the PM Royalty (SR) is met, the payable proceeds will be the product of 64 multiplied by Santa Rita Reference Nickel (in millions of pounds) multiplied by the Reference Price for gold.

The base metal royalty ("**BM Royalty**") will be equal to the product of 0.50% during 2023 and 2024, 0.75% during 2025, and then (until the threshold of US$ 90 million in payable proceeds has been met) 1.10%, and after such threshold is reached 0.55%, multiplied by the sum of: (x) the product of Santa Rita Reference Nickel multiplied by the nickel Reference Price; (y) the product of Santa Rita Reference Copper multiplied by the copper Reference Price; and (z) the product of Serrote Reference Copper multiplied by the copper Reference Price.

However, if prior to the achievement of any royalty threshold payments to secured creditors are stopped or if some events set out in the intercreditor principles among the secured creditors occurs (such as the

occurrence of a Suspension Event), then the reduction in payable proceeds for the relevant royalty will no longer apply.

The Royal Gold Royalty Agreements provide for certain operating covenants that the group must comply with including not making changes to the group's corporate structure until the discharge of all obligations owed to Royal Gold, maintaining ESG policies, maintaining relevant insurance and certain information covenants (such as provision of monthly reports for the projects, annual reserve and resource reports for the projects and annual life of mine plan for the projects). Further, until the discharge of all obligations owed to Royal Gold, the group must also comply with certain financial covenants (such as incurrence of only debt that is permitted). Royal Gold will also have a right of first offer (prior to the achievement of the royalty thresholds described above) with respect to future mining projects of the Company, and a right of first refusal with respect to Serrote and Santa Rita, for any proposed sale of a future stream, royalty or similar interest by to a third party.

At the Acquisition Date, the Company will have (i) a minimum of US$ 125 million of liquidity on a consolidated basis, and (ii) established a debt service reserve account of US$ 20 million for the sole purpose of supporting the senior secured credit term facility, which will be maintained until the later of 31 December 2025 or the date upon which the outstanding principal under the Loan has been reduced to US$ 125 million or such other terms to be agreed by the parties.

The Royal Gold royalties will also be subject to the Shared Collateral (please see further details paragraph 16.3, "*Intercreditor Principles and Shared Collateral*", above.

For the purposes of this section:

"**Reference Metal**" means the number of units of metal contained in any lot of concentrate or any other metal-bearing material ("**Lot**") produced from the relevant project and sold by a member of the grantor group to any other party (including any grantor affiliate that is not a member of the grantor group), multiplied by:

i. "**Serrote Reference Gold**" (ounces): 93.0%

ii. "**Santa Rita Reference Nickel**" (pounds): 86.0%

iii. "**Serrote Reference Copper**" (pounds): 96.8%

iv. "**Santa Rita Reference Copper**" (pounds): 72.0%

"**Reference Price**" means:

i. **For precious metals:** A simple average per ounce price equal, as applicable, to the LBMA (PM) Gold Price as quoted by ICE Benchmark Administration or the LBMA (PM) Platinum or Palladium Price (as applicable) as quoted by the London Metal Exchange, calculated over the month for which such royalty payment is applicable or, in the absence of any such benchmark price, such other market benchmark agreed between Grantor and Grantee, acting reasonably.

ii. **For base metals:** A simple average per pound price equal, as applicable, to the "**LME Cash Official Price**" for copper or nickel as determined at the end of the second ring session, calculated over the month for which such royalty payment is applicable, or in the absence of any such benchmark, such other market benchmark agreed between grantor and grantee,

acting reasonably.

17.6. ***Placement Agent Engagement Letter***

The Company has engaged BMO, Citigroup and RBC to act as placement agents in relation to the Placing. The Company has made customary representations and warranties, undertakings and indemnities to the Placement Agents according to the terms of the placement agent engagement letter (the "**Placement Agent Engagement Letter**").

17.7. ***Glencore Anchor Investment Agreement***

The Company has entered into an Anchor Investment Agreement with Glencore International AG (the "**Glencore AIA**") for the subscription by Glencore of a number of Class A Ordinary Shares that is the lowest of (i) 10,000,000, (ii) such number of Class A Ordinary Shares that represents 19.95% of all Class A Ordinary Shares that will be outstanding immediately following the Acquisition Date and (3) such other number of Class A Ordinary Shares (which in no event shall be lower than 5,000,000) as determined by the Company in its sole discretion on or before the date of the Acquisition EGM, in each case, for a price per share of U.S.$10.00.

Pursuant to the Glencore AIA, Glencore will receive from the Company one Private Placement Warrant for every (i) five Class A Ordinary Shares subscribed, or (ii) US$50.00 of funding provided, by certain other additional investors, up to a total number of two million warrants. Each Private Placement Warrant entitles Glencore to subscribe for one Class A Ordinary Share at a price per share of US$12.00. For additional information on the Private Placement Warrants, see "Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Private Placement Warrants*".

17.8. ***Stellantis Anchor Investment Agreement***

The Company has entered into an Anchor Investment Agreement with Stellantis (the "**Stellantis AIA**") for the subscription by Stellantis of a number of Class A Ordinary Shares that is the lowest of (i) 10,000,000, (ii) such number of Class A Ordinary Shares that represents 19.9% of all Class A Ordinary Shares that will be outstanding immediately following the Acquisition Date and (iii) such number of Class A Ordinary Shares subscribed for by Glencore at closing pursuant to the Glencore AIA, provided that Stellantis may, in its sole discretion, elect to purchase up to the number of subscribed shares set forth in (i) or (ii) above, whichever is lower, rather than the number of subscribed shares set forth in (iii) above.

Pursuant to the Stellantis AIA, Stellantis will receive from the Company one Private Placement Warrant for every five Class A Ordinary Shares subscribed, up to a total number of two million warrants. Each Private Placement Warrant entitles Stellantis to subscribe for one Class A Ordinary Share at a price per share of US$12.00. For additional information on the Private Placement Warrants, see "Part XIII—*Share Capital, Liquidity and Capital Resources and Accounting Policies—Private Placement Warrants*".

Pursuant to the Stellantis AIA, Stellantis shall have the right to appoint one director to the board of directors of the Company for as long as Stellantis holds at least a ten per cent. (10%) equity interest in the Company.

Moreover, under the Stellantis AIA, if at any time in the seven (7) year period following the Acquisition Date, Glencore does not purchase at least 50% of the total copper concentrate produced at the Serrote Mine pursuant to and in accordance with the Copper Offtake Agreement (the "**Glencore Purchased Concentrate**"), Stellantis or one of its affiliates shall have a right of first refusal to purchase from the Company copper concentrate in respect of any amount by which the Glencore Purchased Concentrate falls below such 50% threshold with respect to any relevant periods, on pricing terms that are no less favourable than those offered to Glencore in the Copper Offtake Agreement, and on other terms that are otherwise ordinary market terms.

In addition to the conditions precedent referred to in "Part XI—*The Placing, Retail Offer—Re-Admission and Dilution—The Placing—Anchor Investors*", pursuant to the Stellantis AIA, Stellantis' subscription

for Class A Ordinary Shares is conditional on: (i) the Stellantis Offtake Agreements remaining in full force and effect and not having lapsed, terminated or been rescinded (other than as a result of any action taken by Stellantis), and no right arising for any party to terminate the Stellantis Offtake Agreement (other than as a result of any action taken by Stellantis); and (ii) any person (together with its affiliates) holding 5% (five per cent.) or more of all Class A Ordinary Shares that will be issued and outstanding immediately following the Acquisition Date being reasonably satisfactory to Stellantis (taking into account the commercial and legal interests of Stellantis), subject to exclusions including regarding the Company's existing shareholders and other anchor investors, and certain additional criteria applying in relation to investors in the Placing, including in relation to sanctioned persons and direct competitors of Stellantis as named and identified in the Stellantis AIA.

17.9. ***La Mancha Anchor Investment Agreement***

The Company has entered into an Anchor Investment Agreement with La Mancha (the "**La Mancha AIA**"), pursuant to which La Mancha shall: (i) subscribe for 10,000,000 Class A Ordinary Shares for a price per share of U.S.$10.00, and the Company shall issue such shares to La Mancha Investments S.à r.l. (or a direct or indirect wholly owned subsidiary at the election of La Mancha); and (ii) have the right to appoint one director to the board of directors of the Company in the form of an Investor Rights Agreement to be entered into between the Company and La Mancha upon closing.

Pursuant to the La Mancha AIA, between signing and closing, La Mancha shall have consultation rights upon any share or compensation incentive or scheme that are offered or contemplated by the Company, the Target Entities or their affiliates for their employees, non-executive directors or consultants, affiliates or dependents (an "**Incentive Scheme**").

Moreover, unless otherwise agreed with La Mancha, any Incentive Scheme to be tabled to shareholders of the Company (whether at the meeting convened to approve the Acquisition or thereafter) shall be materially consistent with Incentive Schemes implemented by industry peers with a similar market capitalisation, profitability and growth strategy to the Company at the time that such Incentive Scheme is proposed.

17.10. ***La Mancha Investor Rights Agreement***

Upon closing of the La Mancha AIA, the Company and La Mancha shall enter into an Investor Rights Agreement (the "**La Mancha IRA**"). Pursuant to the agreed form of the La Mancha IRA, for as long as La Mancha holds at least a ten per cent. (10%) equity interest in the issued and outstanding Class A Ordinary Shares of the Company following the Acquisition Date, La Mancha shall have, among certain customary governance rights (to be more generally provided for in the Company's amended Memorandum and Articles of Association), the right (a) to appoint one director to the board of directors of the Company, and (b) to be consulted on, and approve, the nomination of a new director in the event that three (3) or more board members are replaced during any given twenty-four (24) month period otherwise than in the context of a going private transaction. In addition, the Company has undertaken to La Mancha that the total amount of incentive securities (such as options or awards to directors, officers, employees, consultants and service providers of the Company and its affiliates) granted or issued by the Company over a rolling ten (10) year period shall not exceed 10% of the fully-diluted share capital of Company at the date of each relevant issue.

17.11. ***Backstop Subscription Agreement***

The Company has entered into a Backstop Subscription Agreement with the Guarantor (the "**Backstop Subscription Agreement**"), pursuant to which the Guarantor has undertaken to subscribe for up to 5,000,000 million of the Placing Shares for a price per share of U.S.$10.00, to the extent third party subscribers are not procured (the "**Backstop**"). The Backstop does not operate to cover any shortfall arising from a breach of the Funding Agreements by any of the funding providers and does not apply to the extent that less than the amount contemplated under "Part I—*The Acquisition—Sources and Uses of*

the Acquisition" is required to consummate the Acquisition.

17.12. ***Glencore Commodity Offtake Agreement***

Atlantic Nickel, the Company and Glencore entered into a commodity offtake agreement (the "**Commodity Offtake Agreement**") effective on or around the Acquisition Date, whereby Atlantic Nickel will supply Glencore with agreed volumes of nickel sulphide concentrate and all other deliverable materials which are to be sourced from the Santa Rita mine ("**Material**").

Pursuant to the Commodity Offtake Agreement, Atlantic Nickel agree to sell 100% of all deliverable material produced by the Santa Rita Mine to Glencore, excluding the nickel sulphide concentrate Atlantic Nickel has already committed to sell as a result of pre-existing contractual arrangements with third parties. The duration of this arrangement is from the Acquisition Date until 31 December 2031 and thereafter, the parties shall negotiate in good faith to extend the terms of the Commodity Offtake Agreement.

The prices for the nickel sulphide concentrate and other materials are below:

i. the nickel sulphide concentrate will be payable at the official London Metals Exchange ("**LME**") cash settlement quotation, averaged over a one month quotational period ("**QP**"), multiplied by specific payability percentage per metric tonne, depending on the percentage of nickel contained in the concentrate which shall range from 73% to 84%;

ii. copper will be payable at the official LME cash settlement quotation, averaged over the QP, multiplied by 50% of the final copper content;

iii. cobalt will be payable at the official low quotation of the FM MB Cobalt standard grade free market US$ per lb in the warehouse located in Rotterdam, averaged over the QP, multiplied by 40% of the final cobalt content;

iv. platinum will be payable at the London Bullion Market Association official precious metals fixing, averaged over the QP, multiplied by 50% of the final platinum content;

v. palladium will be payable at the London Bullion Market Association official precious metals fixing, averaged over the QP, multiplied by 50% of the final palladium content; and

vi. gold will be payable at the London Bullion Market Association official precious metals fixing, averaged over the QP, multiplied by 50% of the final gold content.

The Commodity Offtake Agreement also sets out various thresholds to relevant metal content to ensure quality of the Material.

For the life of the Santa Rita Mine or until Glencore holds less than 50% of the Subscribed Shares (as defined below) (whichever is earlier), Glencore has a right of first refusal in relation to the sale of Material by Atlantic Nickel. Glencore also has the right to hold a seat at the technical committee maintained by the Company's Board. In this paragraph, "**Subscribed Shares**" means the Company's Class A Ordinary Shares which are subscribed for by Glencore at the Acquisition Date.

17.13. ***Glencore Product Offtake Agreement***

Glencore and the Company have entered into a product offtake agreement (the "**Product Offtake Agreement**") effective on or around the Acquisition Date, whereby the Company will purchase refined nickel metal ("**Primary Nickel**") from Glencore in a volume of 2,500 metric tonnes per calendar quarter during the period between 1 January 2026 to 31 December 2033, for the purposes of selling this to PowerCo to comply with its obligations under the OEM Offtake Agreement. Delivery obligations under the Product Offtake Agreement to continue in line with any extension to the OEM Offtake Agreement provided that the Commodity Offtake Agreement exists for the length of such extension.

The Primary Nickel is payable at the official LME cash settlement quotation for nickel averaged over the QP plus a market premium (as mutually agreed), less the discount agreed between the Company and PowerCo in the Prepayment Addendum.

The Primary Nickel that is sold by Glencore to the Company pursuant to the Product Offtake Agreement may be produced by Glencore using the nickel sulphide concentrate sold by Atlantic Nickel pursuant to the Commodity Offtake Agreement or any other sources.

Glencore's obligations to deliver Primary Nickel to the Company under the Product Offtake Agreement are subject to delivery by the Company of a minimum amount of nickel sulphide concentrate pursuant to the Commodity Offtake Agreement (being an amount of sufficient quantity and quality in order to produce 2500 metric tonnes of Primary Nickel per calendar quarter). Any shortfall is to be delivered to PowerCo by Glencore under a separate agreement.

Either party may terminate the Product Offtake Agreement for certain events as set out therein including: (a) the other party being in material breach of any obligation (plus a grace period to remedy such breach); (b) the Commodity Offtake Agreement being terminated; and (c) the OEM Offtake Agreement being terminated.

17.14. ***Copper Offtake Agreement***

Mineração Vale Verde and Glencore has entered into a copper offtake agreement (the "**Copper Offtake Agreement**"). Under the Copper Offtake Agreement, Glencore has a right of first refusal in relation to the sale of all copper products produced by the Serrote Mine for the life of the Serrote Mine or until Glencore holds less than 25% of the Subscribed Shares (whichever is earlier).

17.15. ***OEM Offtake Agreement***

PowerCo and the Company have entered into an OEM offtake agreement ("**OEM Offtake Agreement**") pursuant to which the Company will deliver to PowerCo, Primary Nickel in a volume of 2,500 metric tonnes per calendar quarter during the period between 1 January 2026 to 31 December 2033 (subject to extension in accordance with the Prepayment Addendum). The Company will source the Primary Nickel from Glencore under the Product Offtake Agreement or a replacement refiner.

The Primary Nickel will be payable at the official LME cash settlement quotation for nickel averaged over the QP plus a market premium (as mutually agreed), less a reduction in delivery price as commercially negotiated and agreed between the Company and PowerCo in the Prepayment Addendum.

In light of the back-to-back relationship of the Glencore Product Offtake Agreement and the OEM Offtake Agreement, the quantities, quality specification and schedule of the deliveries of Primary Nickel under the OEM Offtake Agreement and the Product Offtake Agreement are identical. Under the OEM Offtake Agreement, if the Company fails to deliver the Primary Nickel to PowerCo due to a cessation, suspension or reduction of production of nickel concentrate produced from the Mine, then this shall not constitute a breach of its obligations to deliver the Primary Nickel.

17.16. ***Prepayment Addendum***

PowerCo and the Company have entered into a prepayment addendum ("**Prepayment Addendum**") to the OEM Offtake Agreement pursuant to which PowerCo will prepay, subject to certain conditions precedent customary for transactions of this nature (including where no event or circumstance has occurred, from the date of the Prepayment Addendum, which PowerCo reasonably believes has or is reasonably likely to have a Material Adverse Effect (as defined below)), US$100m ("**Prepayment Amount**") to ACG for the Primary Nickel to be delivered by the Company pursuant to the OEM Offtake Agreement (the "**PowerCo Prepayment**"). In this paragraph, "**Material Adverse Effect"** means a

material adverse effect on:

i. the ability of the Company to perform its obligations under the Prepayment Addendum;

ii. the ability of the Company or the Mine Owner to perform its delivery or payment obligations under any Commercial Contract;

iii. the business, operations, property or financial condition of the Company or the Mine Owner, including any significant decrease to expected nickel concentrate production from the Mine based on the Life of Mine Operating Plan;

iv. the validity or enforceability of, or the effectiveness or ranking of, the rights or remedies of the Buyer under any of the Commercial Contracts.

The prepayment is repaid based on a certain nickel price threshold. Depending on the prevailing nickel price at each repayment date, the prepayment is expected to be repaid in quarterly increments between 2026 and 2034, at which point any remaining balance outstanding is repaid based on the full value of metal delivered. On the basis of the average nickel price over the last twelve months and anticipated volume of deliveries under the agreement, the Company would expect the prepayment to be fully repaid during the Initial Term.

If the Prepayment Amount has not been fully discharged at the end of the Initial Term, then the OEM Offtake Agreement shall be automatically extended (with the continued application of the reduction in delivery price) until the Prepayment Amount is fully discharged, provided that PowerCo may notify the Company that it wishes the Prepayment Amount to be discharged by application of the full product invoiced under the OEM Offtake Agreement after the Initial Term.

If the Prepayment Amount is fully discharged prior to the end of the Initial Term, the Company will remain bound to perform its obligations under the OEM Offtake Agreement until the end of the Initial Term and must continue to apply the reduction in delivery price to the deliveries for the whole duration of the Initial Term. No interest is charged on the Prepayment Amount.

The Prepayment Addendum sets out certain termination events, including where:

i. ACG fails to deliver the product under the OEM Offtake Agreement to PowerCo, unless (a) failure to deliver has occurred due to Glencore not delivering under the Glencore Metal Offtake Agreement; and (b) ACG finding a replacement refiner to deliver such product to PowerCo; or

ii. ACG fails to comply with certain ESG criteria agreed among the parties.

On a termination event occurring, PowerCo may demand deliveries to be made by the Company under the OEM Offtake Agreement, institute proceedings against the Company or terminate the OEM Offtake Agreement and prepayment addendum and claim the reimbursement of the outstanding Prepayment Amount as well as certain losses. Any claim for reimbursement of the outstanding Prepayment Amount under the Prepayment Addendum following the termination, however, will, subject to certain conditions, be subordinated to the Senior Secured Obligations and Royalty Secured Obligations.

17.17. ***Agreement with Primary Bid Ltd***

On or about the date of this Document, the Company entered into an agreement with PrimaryBid whereby PrimaryBid was appointed to carry out various functions in relation to the Retail Offer, including preparing marketing materials, inviting prospective investors and Intermediaries to participate in the Retail Offer and overseeing the settlement and transmission of proceeds from the Retail Offer to the Company. The Company has agreed to remunerate PrimaryBid based on the gross proceeds (calculated at an offer price of US$10.00 per Class A Ordinary Share) raised in the Retail Offer. The

agreement is governed by, and construed in accordance with, English law. The Company has agreed to indemnify PrimaryBid against certain liabilities.

17.18. ***Placing Agreement***

The Company and each of the Joint Bookrunners have entered on the date of this Document into a placing agreement (the "**Placing Agreement**") under which, subject to the terms and conditions set out therein, each of the Bookrunners has agreed, severally and not jointly or jointly and severally, to use its reasonable endeavours to procure subscribers ("**Placees**") for the Placing Shares at the Placing Price, with the number of Placing Shares to be determined following completion of the Bookbuild process in respect of the Placing, and to the extent any Placee defaults in paying the Placing Price in respect of any Placing Shares allocated to it, each of the Bookrunners has agreed, severally and not jointly or jointly and severally, to subscribe for such Placing Shares at the Placing Price. The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

17.19. ***Offtake Agreements between Glencore and Stellantis***

The Company understands that Stellantis and Glencore have entered into two separate offtake agreements whereby, subject to the terms and conditions of such agreements: (i) for an initial four-year term (which shall commence on 1 January 2026 or 1 January 2027 at Stellantis' option), Glencore shall sell to Stellantis a certain annual volume of nickel cathodes; (ii) thereafter, Glencore may sell to Stellantis a certain quantity of nickel cathodes sourced from and dependent on production levels at the Santa Rita mine; and (iii) to the extent that Glencore exercises its right of first refusal under the Copper Offtake Agreement, Glencore shall offer to Stellantis a certain quantity (equivalent to 50% of the payable copper obtained by Glencore under the Copper Offtake Agreement) of copper cathodes sourced from the Serrote Mine.

18. Future share plan arrangements

The Board has established the ACG Value Creation Plan ("**VCP**") and the ACG Equity Incentive Plan ("**EIP**"), conditional on shareholder approval at the Acquisition EGM and on Re-Admission, under which awards may be made on or after Re-Admission.

Any reference in this section 18 (Future share plan arrangements) to the "Board" includes any designated committee of the Board. Information on the principal features of the VCP and the EIP is summarised below.

18.1. ***The VCP***

The VCP was approved by the Board on 29 June 2023 conditional on shareholder approval at the Acquisition EGM and on Re-Admission.. A summary of the principal terms of the VCP is set out below.

Introduction

The VCP has been designed to incentivise the Executive Directors and senior management to deliver exceptional returns for shareholders over a five-year period (the "**Performance Period**"). Under the VCP, participants will receive (in the form of Class A Ordinary Shares) a proportion of the returns delivered for the Company's shareholders above a threshold rate (the **"Threshold Total Shareholder Return"**). If the Threshold Total Shareholder Return is delivered, participants in the VCP as a whole are eligible for a maximum of 10% share of the value created for shareholders above the Threshold Total Shareholder Return (the "**VCP Allocation**") up to a limit of 10% of the issued share capital of the Company (including awards under other employee share plans).

Eligibility

All employees (including Executive Directors) of the Company or any of its subsidiaries (together, the "**Group**") are eligible for selection to participate at the discretion of the Board. In practice, participation

in the VCP will be focused on the Executive Directors and senior management who are most able to impact the Company's shareholder returns. Participation in the VCP by any member of the Company's senior management team is supervised by the Remuneration and Nomination Committee.

Participant Rate Percentage, making of VCP Conditional Awards and Measurement Dates

Under the VCP, the Board (or, following consultation with the Board, the trustees of an employee benefit trust established by the Company) may grant an eligible employee a conditional right (a "**VCP Conditional Award**") to receive a proportion of the Company's total shareholder return above the Threshold Total Shareholder Return. The Threshold Total Shareholder Return is 10% compound annual growth rate measured from the Global Placing price of US$10 (the "**Initial Price**") for all VCP participants. The proportion of the VCP Allocation to which the participant is entitled (the "**Participant Rate Percentage**") is set at the time the VCP Conditional Award is granted. It is proposed that the Participant Percentage for the CEO will be 20% of the VCP Allocation and for the CFO will be 10% of the VCP Allocation.

VCP Conditional Awards may be granted during the 42 days beginning on: (a) Re-Admission; (b) the day after the announcement of the Company's results for any period; (c) the day the Board determines that exceptional circumstances exist which justify the grant of a VCP Conditional Award; or (d) if the Company is subject to dealing restrictions preventing the grant of VCP Conditional Awards, the day those restrictions are lifted. No VCP Conditional Awards may be granted after the fifth anniversary of Re-Admission.

At the time the VCP Conditional Award is granted, the Board will set the dates (the "**Measurement Dates**") by reference to which the value of the VCP Conditional Award which will normally be measured following the third, fourth and fifth anniversaries of Re-Admission. The Measurement Dates will normally be at the end of 30 days following the relevant anniversary of Re-Admission. The Board will determine the market value of a Class A Ordinary Share (the "**Measurement Price**") in respect of each Measurement Date where market value will normally be calculated by reference to the average market value of the Class A Ordinary Shares for the 30 days following the relevant anniversary of Re-Admission.

On or as soon as practicable following each Measurement Date, the VCP Conditional Award will convert into a nil cost option over Class A Ordinary Shares ("**Nil Cost Option**") or conditional share award (i.e. conditional right to acquire Class A Ordinary Shares) ("**Conditional Share Award**" and together with Nil Cost Options "**VCP Share Awards**") over Class A Ordinary Shares with a value on conversion calculated in accordance with the following steps:

1. Calculate the Measurement Price for that Measurement Date plus the value of the dividends paid on that Share since the date of Re-Admission (the "**Measurement Total Shareholder Return**");
2. Deduct the higher of:
    a. the compounded Initial Price in respect of the Measurement Date ("**Compounded Initial Price**"); and
    b. the highest Measurement Total Shareholder Return from a previous Measurement Date which led to the VCP Conditional Award converting into a VCP Share Award over Class A Ordinary Shares;
3. If the result of step two is more than zero, multiply the result of step two by the number of Class A Ordinary Shares in issue on the relevant Measurement Date;
4. Multiply the result of step three by 10% representing the percentage of the value created attributable to participants as the VCP Allocation;
5. Multiply the result of step four by the Participant Rate Percentage to determine the value attributable to the participant's VCP Conditional Award (the "**Participant Benefit**"); and
6. Determine the number of Class A Ordinary Shares awarded by dividing the Participant Benefit by the Measurement Price.

The Board shall retain the discretion to reduce the number of Class A Ordinary Shares over which a VCP Share Award is granted if it considers that the circumstances make it appropriate to do so.

Form of delivery of VCP Conditional Awards

The Board will deliver VCP Conditional Awards as Nil Cost Options or Conditional Share Awards. No VCP Share Awards may be granted after 12 months from the fifth anniversary of Re-Admission (subject to extension where dealing restrictions prevented the grant of VCP Share Awards in respect of the final Measurement Date).

Vesting of VCP Share Awards

VCP Share Awards will normally vest in four tranches:

1. At or shortly after the first Measurement Date in the Performance Period, 33% of the VCP Share Awards granted in respect of that Measurement Date will normally vest immediately. The remaining unvested VCP Share Awards granted in respect of that Measurement Date will remain available for vesting on a later Measurement Date, as set out below.
2. At or shortly after the second Measurement Date in the Performance Period, 50% of the unvested VCP Share Awards accrued up to that point will normally vest. The remaining unvested VCP Share Awards accrued up to that point will remain available for vesting on a later Measurement Date, as set out below.
3. At or shortly after the third Measurement Date in the Performance Period, 50% of the unvested VCP Share Awards accrued up to that point will normally vest. The remaining unvested VCP Share Awards accrued up to that point will remain available for vesting one year after the third Measurement Date as set out below.
4. One year after the third Measurement Date in the Performance Period, the remaining accrued unvested VCP Share Awards will vest.

Any vesting of a VCP Share Award described above is subject to the discretion of the Board to vary the level of vesting, where it considers that the formulaic vesting would not be a fair and accurate reflection of business performance, the participant's personal performance or such other factors as the Board may consider appropriate. In addition, the Board retains the discretion to defer the vesting of some or all of a VCP Share Award to a date later than as outlined above, if it considers that it is appropriate in the circumstances to do so.

VCP Share Awards in the form of Nil Cost Options may normally be exercised during the period from vesting until the tenth anniversary of the grant date of the related VCP Conditional Award.

Malus and clawback

Under the rules of the VCP, the Board may, in its absolute discretion, invoke malus and/or clawback provisions in respect of a VCP Conditional Award or VCP Share Award in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited accounts of the Company or any Group company;
2. the assessment of any performance target or condition in respect of a VCP Conditional Award or VCP Share Award was based on error, or inaccurate or misleading information;
3. the discovery that any information used to determine the number of Class A Ordinary Shares over which a VCP Share Award was granted was based on error, or inaccurate or misleading information;
4. action or conduct of a participant which amounts to fraud or gross misconduct;
5. events or the behaviour of a participant have led to the censure of the Company or a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of the Company or a Group company provided that the Board is satisfied that the relevant

participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant;

6. material failure of risk management; or
7. corporate failure.

Malus will operate throughout the operation of the VCP. Clawback will apply for 2 years following the vesting of VCP Share Awards.

Under these provisions, the Board may reduce and/or impose additional conditions on the amount of any outstanding VCP Conditional Award or VCP Share Award or require the participant to return some or all of the value of the Class A Ordinary Shares received under the VCP Share Award .

Cessation of employment

Except in certain circumstances set out below, if a participant ceases to hold office or employment with a member of the Group, they will lose their entitlement to any VCP Conditional Award and any unvested VCP Share Award they hold.

However, if a participant ceases to hold office or employment because of their death, injury, ill health, disability, redundancy, retirement with the agreement of his or her employer, the sale of the participant's employing company or business out of the Group or in other circumstances at the discretion of the Board (a "**VCP Good Leaver Reason**"):

1. if the participant so ceases before the first Measurement Date, the Board may allow the VCP Conditional Award to continue until the first Measurement Date; and
2. any unvested VCP Share Award shall, unless the Board decides otherwise, continue to vest on the date when it would have vested as if they had not ceased office or employment.

Where a participant ceases to hold office or employment for a VCP Good Leaver Reason before the first Measurement Date, the number of Class A Ordinary Shares over which a VCP Share Award may be granted in respect of the first Measurement Date shall, unless the Board determines otherwise, be pro-rated to reflect the period between the start of the Performance Period and the date of cessation of office or employment as a proportion of the period between the start of the Performance Period and the first Measurement Date.

If a participant ceases to hold office or employment for a VCP Good Leaver Reason, the Board may determine that the value of any outstanding VCP Conditional Award will be determined and any unvested VCP Share Awards will vest at such date as it determines on or after the date of such cessation on the same basis as set out above for VCP Good Leaver Reasons.

VCP Share Awards in the form of Nil Cost Options may (to the extent vested) be exercised following the participant's cessation of office or employment during a period determined by the Board.

Corporate events

In the event of a takeover, compulsory acquisition of shares in the Company, scheme of arrangement or winding up of the Company:

1. the value of any outstanding VCP Conditional Award taking into account time and performance including the Measurement Price will be determined by the Board on such basis as it may determine; and
2. any unvested VCP Share Awards will vest.

Alternatively, the Board may decide that any outstanding VCP Conditional Awards and VCP Share Awards will be exchanged for equivalent awards agreed with the acquiring company.

If other corporate events occur such as a demerger, merger, special dividend or other event determined by the Board, the Board may determine that:

1. VCP Conditional Awards will convert on such basis as it may determine, using the date of such event as the end of a Measurement Date; and
2. VCP Share Awards will vest on the same basis as for a change of control.

Variation of share capital

If there is a variation of share capital of the Company or in the event of a demerger, special dividend or other event determined by the Board, the Board may make such adjustments as it may determine to:

1. the Threshold Total Shareholder Return, the VCP Allocation, the Participant Rate Percentage or the description of the shares that may be acquired in satisfaction of the VCP Conditional Award; and
2. the number or description of shares subject to VCP Share Awards.

Rights attaching to Class A Ordinary Shares

Any Class A Ordinary Shares allotted or transferred in connection with the VCP will normally rank equally with Class A Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue or transfer).

18.2. ***The EIP***

The EIP was approved by the Board on 29 June 2023 conditional on shareholder approval at the Acquisition EGM and on Re-Admission. A summary of the principal terms of the EIP is set out below.

Status

The EIP is a discretionary share plan permitting the grant of a variety of awards over Class A Ordinary Shares. Under the EIP, the Board, the trustee of an employee benefit trust established by a Group company or a duly authorised person (the "**Grantor**") may grant to eligible employees awards over Class A Ordinary Shares ("**EIP Awards**"). EIP Awards may take the form of (i) nil-cost (or nominal cost) options or market price options over Class A Ordinary Shares ("**EIP Options**"), (ii) conditional awards (i.e. conditional rights to acquire Class A Ordinary Shares) ("**EIP Conditional Awards**") and/or (iii) Class A Ordinary Shares which are subject to restrictions and the risk of forfeiture ("**EIP Restricted Shares**"). No payment is required for the grant of an EIP Award (unless the Board determines otherwise).

The EIP may be used for the grant of EIP Awards which are subject to performance conditions and continued employment ("**Performance Share Awards**") and EIP Awards which defer part of the relevant participants' annual bonus into awards over Class A Ordinary Shares ("**Deferred Bonus Awards**"). In addition, EIP Awards may be granted which are subject to continued employment only ("**Restricted Share Awards**"). The EIP may also be used to provide buy-out awards to compensate new employees for forfeited awards from the individual's previous employer.

Eligibility

All employees (including Executive Directors) of the Group are eligible for selection to participate in the EIP at the discretion of the Grantor, provided that (unless the Board determines otherwise) they have not given or received notice of termination. In addition, former employees (including former Executive Directors) of the Group who are awarded an annual bonus for a performance year may be granted Deferred Bonus Awards in relation to the relevant bonus.

Grant of EIP Awards

EIP Awards may be granted as follows:

(a) **One-off Performance Share Awards granted following Re-Admission:** It is anticipated that Artem Volynets (CEO), Carole Whittall (CFO), Paulo Castellari Porchia (CEO of Atlantic Nickel), Milson Mundim (CFO of Atlantic Nickel) and certain other

senior executives will be granted a Performance Share Award conditional on Re-Admission over Class A Ordinary Shares with a market value up to 400% of salary. For those individuals participating in the VCP, it is anticipated that these one-off awards will vest conditional on continuity of employment and subject to the achievement of performance targets in two tranches (60% on the second anniversary of the date of grant and 40% on the third anniversary of the date of grant) with an additional holding period such that the Class A Ordinary Shares are released after five years. For those individuals not participating in the VCP, it is anticipated that these one-off awards will vest conditional on continuity of employment and subject to the achievement of performance targets in three equal annual tranches (one third on each of the first, second and third anniversaries of the date of grant). Participants in the VCP who receive a one-off award under the EIP will not receive any further EIP awards (other than Deferred Bonus Awards) until after the last Measurement Date under the VCP with the principal long term incentive for them being the VCP.

(b) **Performance Share Awards**: The Grantor may grant Performance Share Awards over Class A Ordinary Shares to eligible employees with a maximum total market value in any financial year up to 200% of the relevant individual's base salary or in circumstances the Board considers exceptional, for example on recruitment, up to 400% of the relevant individual's base salary.

(c) **Deferred Bonus Awards**: The Grantor may defer such proportion of an individual's annual bonus as it determines into a Deferred Bonus Award over Class A Ordinary Shares.

(d) **Restricted Share Awards**: The Grantor may grant Restricted Share Awards over Class A Ordinary Shares to any eligible employee on such basis as it determines. It is currently anticipated that Restricted Share Awards will only be granted in exceptional circumstances, for example on recruitment or retention.

The limits above do not apply to buy-out awards in respect of a new Executive Director or employee.

EIP Awards may be granted to Executive Directors or members of the executive management group during the 42 days beginning on: (i) Re-Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify granting the EIP Awards at that time; or (iv) the day after the lifting of any dealing restrictions which prevent the grant of an EIP Award under (i), (ii) or (iii) above. For any EIP Awards granted during the 42 days beginning on Re-Admission, the Board reserves the right to calculate market value by reference to the Global Placing price of US$10.

No EIP Awards may be granted more than 10 years from Re-Admission.

The Board may impose performance conditions on the vesting of Performance Share Awards. Where performance conditions are specified for Performance Share Awards, the performance measurement period for such conditions will be such period as the Board determines at grant. Any performance conditions applying to Performance Share Awards may be varied, substituted or waived if the Grantor considers it appropriate, provided the Grantor considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

Vesting

Performance Share Awards will normally vest on such date or dates as the Grantor may determine on grant to the extent that any applicable performance conditions have been satisfied. Deferred Bonus Awards will normally vest on the third anniversary of the date of grant. Restricted Share Awards will normally vest on such date or dates as the Grantor may determine on grant.

EIP Options which have vested will normally remain exercisable following vesting for the period set by the Grantor not exceeding 10 years from grant.

The Grantor retains discretion to adjust the level of vesting of Performance Share Awards and Restricted Share Awards upwards or downwards if in its opinion the level of vesting resulting from the application of any applicable performance conditions is not a fair and accurate reflection of business performance, the participant's personal performance and such other factors as the Board may consider appropriate.

Holding period post vesting

At its discretion, the Grantor may grant Performance Share Awards and Restricted Share Awards subject to a holding period of such length as the Grantor may determine.

In the event of cessation of employment (except where cessation is by reason of death), the participant will normally remain subject to any post-vesting holding requirements.

In the event of a takeover and certain other corporate events during the relevant holding period, the holding period will come to an end.

Malus

The Board may decide, at the vesting of an EIP Award or at any time before, that the number of Class A Ordinary Shares subject to a participant's EIP Award shall be reduced (including to nil) and/or that additional conditions shall be imposed on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited accounts of the Company or any Group company;

2. the assessment of any performance target or condition in respect of an EIP Award or an annual bonus to which a Deferred Bonus Award relates was based on error, or inaccurate or misleading information;

3. the discovery that any information used to determine the number of Class A Ordinary Shares subject to an EIP Award was based on error, or inaccurate or misleading information;

4. action or conduct of a participant which amounts to fraud or gross misconduct;

5. events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them;

6. a material failure of risk management; or

7. corporate failure.

Clawback

The Board may apply clawback to all or part of a participant's EIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of a Restricted Share Award or Performance Share Award or in the case of a Deferred Bonus Award during the period of three years following the payment of the cash bonus to which the Deferred Bonus Award relates. Clawback may be effected, among other means, by requiring the transfer of Class A Ordinary Shares, payment of cash or reduction of awards.

Cessation of employment

Except in certain circumstances set out below, an EIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

Performance Share Awards and Restricted Share Awards: If a participant ceases to be employed by or hold office with the Group because of their ill-health, injury, disability, redundancy, retirement with the agreement of their employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances determined at the discretion of the Board ("**EIP Good Leaver Reason**") any Performance Share Award or Restricted Share Award they hold will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the EIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an EIP Good Leaver Reason, the Board can alternatively decide that their EIP Award will vest early when they leave. If a participant dies, a proportion of their EIP Award will normally vest on the date of their death, unless the Board determines otherwise. The extent to which a EIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the EIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the EIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

Deferred Bonus Awards: If a participant ceases to be a Group employee or director for any reason other than gross misconduct, any Deferred Bonus Award they hold will ordinarily vest on the date when it would have vested if they had not ceased to be a Group employee or director subject to the operation of malus and clawback, unless the Board decides that it will vest when they leave.

To the extent that EIP Options vest for a participant who has ceased to be a Group employee or director, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that EIP Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

Corporate events

In the event of a takeover, compulsory acquisition of shares in the Company, scheme of arrangement or winding up, EIP Awards will vest early. The proportion of the EIP Awards which vest shall be determined by the Board in its absolute discretion taking into account such factors as the Board may consider relevant including, but not limited to, the period of time the EIP Award has been held by the participant and having regard to any applicable performance conditions.

To the extent that EIP Options vest in the event of a takeover, compulsory acquisition, scheme of arrangement or winding up they may be exercised for a period of time measured from the relevant event and will otherwise lapse at the end of that period.

In the event of a demerger, merger, distribution or any other corporate event, the Board may determine that EIP Awards shall vest to the extent determined by the Board taking into account the same factors as set out above. EIP Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow EIP Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an EIP Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that EIP Awards will not vest but that the unvested portion of the EIP Awards will be replaced by equivalent new awards over shares in the new acquiring company.

Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under the EIP, including the number of Class A Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

Dividend equivalents

In respect of any award granted under the EIP, the Board may decide that participants will receive a payment (in cash and/or additional Class A Ordinary Shares) equal in value to any dividends that would have been paid on the Class A Ordinary Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the EIP with a payment in cash or Class A Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Class A Ordinary Shares.

Rights attaching to Class A Ordinary Shares

Except in relation to the award of Class A Ordinary Shares subject to restrictions, Class A Ordinary Shares issued and/or transferred under the EIP will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Class A Ordinary Shares. Any Class A Ordinary Shares allotted when an option is exercised or an award vests will rank equally with Class A Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Class A Ordinary Shares subject to restrictions shall have the same rights as a holder of Class A Ordinary Shares in issue at the time that the participant acquires the Class A Ordinary Shares, save to the extent set out in the agreement with the participant relating to those Class A Ordinary Shares.

18.3. ***Provisions applying to each of the VCP and the EIP***

Awards not transferable

VCP Conditional Awards, VCP Share Awards and EIP Awards are not transferable other than to a participant's personal representatives in the event of death, provided that the Board may at its discretion permit awards to be held by the trustees of an employee benefit trust as nominee for the participants.

Limits

The VCP and the EIP may operate over newly issued Class A Ordinary Shares, treasury Class A Ordinary Shares or Class A Ordinary Shares purchased in the market. The rules of each of the VCP and the EIP provide that, in any period of 10 calendar years, not more than 10% of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employee share plan operated by the Company. Shares issued out of treasury under the VCP and EIP will count towards these limits for so long as this is required under institutional shareholder guidelines. Class A Ordinary Shares issued or to be issued pursuant to awards granted before or within 42 days beginning on Re-Admission and Class A Ordinary Shares which have been purchased in the market by trustees of an employee benefit trust to satisfy awards will not count towards these limits.

Amendments

The Board may, at any time, amend the provisions of the VCP and the EIP in any respect. To the extent required under the Listing Rules, the prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants in the relevant plan which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the relevant plan, the basis for determining the entitlement to and the terms of shares provided under the relevant plan, the adjustments that may be made in the event of any variation to the share

capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

Overseas plans

The Board may, at any time, establish further plans based on the VCP and the EIP for overseas territories. Any such plan shall be similar to the relevant plan, but modified to take account of local tax, exchange control or securities laws. Any Class A Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

Benefits not pensionable

The benefits received under the EIP and the VCP are not pensionable.

19. Accounts and Annual General Meetings

Following the closing of the Acquisition, the Company will change its accounting reference date to 31 December. As such, the Company's annual report and accounts will be made up to 31 December in each year. The Company expects to publish its next set of unaudited financial statements for the six months ending 30 June 2023 with its next audited financial statements for the 18 month period ended 31 December 2023. It is expected that the Company will make public its annual report and accounts within four months of each financial year end (or earlier if possible) and that copies of the annual report and accounts will be made available within six months of each financial year end (or earlier if possible). The Company will produce and publish half-yearly financial statements as required by the Disclosure Guidance and Transparency Rules. It is expected that the Company will make public its unaudited interim reports within three months of the end of each interim period (or earlier if possible).

The Restated Articles provide that the Company shall hold at least one annual shareholder meeting in every calendar year and that there shall be no more than one year between each such annual general meeting.

20. Issues of Additional Shares

The Directors are authorised to issue an unlimited number of the Class A Ordinary Shares.

21. Competent Persons' Reports

There have been no material changes since the effective date of the Competent Persons' Reports being 12 June 2023, the omission of which would make such report misleading.

22. Consents

22.1. Where third party information has been referenced in this Document, the source of that third party information has been disclosed. Where information contained in this Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

22.2. By a resolution of the Directors passed on 30 September 2022, RSM UK Audit LLP, whose address is 25 Farringdon Street, London, EC4A 4AB, was appointed as independent auditor to the Company. RSM UK Audit LLP is registered to carry out audit work by the Institute of Chartered Accountants of Scotland.

22.3. RSM UK Corporate Finance LLP ("**RSM**"), whose business address is at 25 Farringdon Street, London, EC4A 4AB, has given and has not withdrawn its written consent to the inclusion in this Document of its

accountants' report on the historical financial information of the Company and has authorised the contents of these reports for the purposes of PR 5.3.2R(2)(f) of the Prospectus Regulation Rules.

22.4. Ernst & Young Auditores Independentes S.S. Ltda. ("**EY Brazil**"), whose business address is at Avenida do Contorno, 5.800 – 17th floor, 30.110-042, has given and has not withdrawn its written consent to the inclusion in this Document of its independent audit report set out in "*Appendix II—Section A*" and its report set out in "Part IX—*Pro forma Financial Information—Section A*" and has authorised the contents of these reports as part of the Document for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) and item 1.3 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

22.5. Ernst & Young LLP, Chartered Professional Accountants, ("**EY Canada**"), whose business address is at 100 Adelaide St W, Toronto, ON M5H 0B3, Canada, has given and has not withdrawn its written consent to the inclusion in this Document of its independent audit reports set out in "*Section A*" of "*Appendix III*" and "*Appendix IV*", respectively, and has authorised the contents of these reports as part of the Document for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) and item 1.3 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

22.6. SLR Consulting (Canada) Ltd. has given and has not withdrawn its written consent to the inclusion in this Document of the Competent Person's Report on the Santa Rita mine set out in "Part XVII" and has authorised the contents of the Competent Person's Report as part of this Document for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018, and has given and has not withdrawn its written consent to the publication of this Document with the inclusion herein of the references to its name.

22.7. SLR Consulting (Canada) Ltd. has given and has not withdrawn its written consent to the inclusion in this Document of the Competent Person's Report on the Serrote mine set out in Part XVII and has authorised the contents of the Competent Person's Report as part of this Document for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018, and has given and has not withdrawn its written consent to the publication of this Document with the inclusion herein of the references to its name.

22.8. A written consent under the Prospectus Regulation Rules is different to a consent filed with the SEC under Section 7 of the Securities Act. As the Class A Ordinary Shares and the Warrants have not been and will not be registered under the Securities Act, the Company has not filed and will not file a consent under Section 7 of the Securities Act, which is applicable only to transactions involving securities registered under the Securities Act.

23. General

23.1. The Company has three contractors: (i) a Chief Executive Officer (providing services through ACG Advisory Limited, a personal services company), (ii) a Chief Financial Officer (providing services through Mining Strategies SARL, a personal services company), and (iii) an M&A Execution Specialist. Following Re-Admission, the Company may appoint a consultant to act as a personal assistant to the Chief Executive Officer. The Company has outsourced its company secretary functions to a specialised external service provider, and has engaged Rothchilds & Co to assist with the completion of the Acquisition, and may elect to use other external service providers, where appropriate. The Company does not own any premises.

23.2. The Company expects to raise gross proceeds of up to approximately US$301 million through the issue of the Placing Shares and Retail Shares. The net proceeds (after commissions and expenses) from the Global Placing, being 88.1% of the gross proceeds, will be applied towards the payment of consideration in relation to the Acquisition.

24. BVI Law

The Company is registered in the BVI as a BVI business company and is subject to BVI law. English law and BVI law differ in a number of areas, and certain key aspects of BVI law as they relate to the Company are summarised below, although this is not intended to provide a comprehensive review of the applicable law.

Save where noted, the Company has incorporated equivalent provisions in its Memorandum and Articles to address the material elements of these differences (further details are provided in paragraph 4 above).

Shares

Subject to the BVI Companies Act and to a company's memorandum and articles of association, directors have the power to offer, allot, issue, grant options over or otherwise dispose of shares in a company. There are statutory pre-emption rights applicable in respect of an issuance of shares only if the memorandum and articles of association specifically apply them. A company may amend its memorandum of association to increase, divide, combine or decrease its authorised or issued shares.

Financial Assistance

Financial assistance to purchase shares of a company or its holding company is not prohibited or controlled under BVI law.

However, such assistance may constitute a distribution under the BVI Companies Act and therefore require that the directors determine that, immediately following the grant of the assistance, the company will be able to pay its debts as they fall due and that the value of the company's assets will exceed its liabilities ("**Solvency Test**").

Purchase of Own Shares

Subject to satisfaction of the Solvency Test, the BVI Companies Act and the provisions of the company's memorandum and articles, a company may purchase, redeem or otherwise acquire its own shares.

Dividends and Distribution

Subject to the provisions of the company's memorandum and articles, directors may declare dividends in money, shares or other property provided they determine that, immediately after the dividend, the company will satisfy the Solvency Test.

Protection of Minorities

BVI law permits derivative and class actions by shareholders. In addition, shareholders may bring actions for breach of a duty owed by the company to them as shareholder or bring an action requiring the company and/or the director to comply with the BVI Companies Act or the company's memorandum and articles. The BVI Companies Act also contains protections for shareholders against unfair prejudice, oppression and unfair discrimination.

However, BVI law does not treat holders of warrants as shareholders and, as such, these rights will not be exercisable by the holders of the Warrants.

Management

Subject to the provisions of its memorandum and articles, a company is managed by its board of directors, each of whom has authority to bind the company. A director is required under BVI law to act honestly and in good faith and in what the director believes to be in the best interests of the company, and to exercise the care, diligence and skill that a reasonable director would exercise, taking into account but without limitation, (i) the nature of the company, (ii) the nature of the decision and (iii) the position of the director and the nature of the responsibilities undertaken by them. Under BVI law, shareholder approval is only required

for a limited number of matters, including certain mergers, consolidations, schemes of arrangement, plans of arrangement and certain types of liquidation.

Accounting and Audit

A company is obliged to keep financial records that (i) are sufficient to show and explain the company's transactions and (ii) will, at any time, enable the financial position of the company to be determined with reasonable accuracy. There is no statutory requirement to prepare audited annual accounts unless the company is engaged in certain business requiring a licence under BVI law. The company does not have or require any such licence, and it is not anticipated that the company's activities would require such a licence in the future.

In addition to these obligations, following a change in law which took effect on 1 January 2023, a BVI company is required to file an unaudited financial statement with their registered agent, within nine months of the end of its financial year ("**Annual Return**"). The form of the Annual Return is specified in the Schedule to the BVI Business Companies (Financial Return) Order 2023 ("**Order**"). There is no provision within the Order to require companies to apply any particular accounting policies and principles in their Annual Return.

For so long as the Company remains admitted to trade on the Official List, the Company will be exempt from this requirement.

Exchange Control

Companies incorporated in the BVI are not subject to any exchange control regulations in the BVI.

Stamp Duty

No stamp duty is payable in the BVI in respect of instruments relating to transactions involving shares or other securities in companies that do not hold a direct or indirect interest in land situated in the BVI.

Loans to and Transactions with Directors

Under BVI law, a transaction entered into by a company in which a director is interested is voidable unless (i) such interest is disclosed to the board of directors prior to the company entering into the transaction or (ii) it is not required to be disclosed as it is a transaction between the company and the director entered into in the ordinary course of the company's business and on usual terms and conditions.

Furthermore, a transaction entered into by a company in respect of which a director is interested is not voidable by the company if (i) the material facts of the interest of the director in the transaction are known by the shareholders entitled to vote at a meeting of shareholders and the transaction is approved or ratified by a resolution of shareholders or (ii) the company received fair value for the transaction, which is determined on the basis of the information known to the company and the interested director at the time that the transaction was entered into.

Redemption of Minority Shares

The BVI Companies Act provides that, subject to the company's memorandum and articles, shareholders holding 90% or more of all the voting shares in a company may instruct the company to redeem the shares of the remaining shareholders. The company is then required to redeem the shares of the minority shareholders, whether or not the shares are by their terms redeemable. The company must notify the minority shareholders in writing of the redemption price to be paid for the shares and the manner in which the redemption is to be effected. In the event that a minority shareholder objects to the redemption price to be paid and the parties are unable to agree the redemption amount payable, the BVI Companies Act sets out a mechanism whereby the shareholder and the company may each appoint an appraiser, who will

together appoint a third appraiser, and all three appraisers will have the power to determine the fair value of the shares to be compulsorily redeemed. Pursuant to the BVI Companies Act, the determination of the three appraisers shall be binding on the company and the minority shareholder for all purposes.

Inspection of Corporate Records

Shareholders of a company are entitled to inspect the company's memorandum and articles, its register of members (shareholders), its register of directors and the shareholder resolutions of the company on giving written notice to the company. However, the directors may refuse inspection or limit inspection rights (except a request to inspect the company's memorandum and articles of association) on the grounds that inspection would be contrary to the interests of the company.

The only corporate records generally available for inspection by members of the public are those required to be maintained with the Registrar of Corporate Affairs, namely the certificate of incorporation and the memorandum and articles of association together with any amendments thereto, and a list of the names of the current directors. A company may elect to file with the Registrar of Corporate Affairs in the BVI a copy of its register of members and may also file particulars of charges and other security interests created over the company's assets, but this is not required under BVI law.

The original or a copy of a company's register of members, register of directors and register of charges must be kept at the office of the company's registered agent. These may be inspected with the company's consent or in limited circumstances pursuant to a court order.

Winding-up and Insolvency

BVI law makes provision for both voluntary and compulsory winding-up of a company, and for appointment of a liquidator.

The shareholders or, if permitted by the company's memorandum and articles of association, the directors may resolve to wind up a solvent company voluntarily. In either case, the directors must prepare a plan of liquidation which (except in limited circumstances) must be approved by the shareholders.

A company and any creditor may petition the court pursuant to the BVI Insolvency Act, for the winding-up of a company upon various grounds, including, inter alia, that the company is unable to pay its debts or that it is just and equitable that it be wound up.

Takeovers

BVI law does not include provisions governing takeover offers analogous to those set out in the City Code.

Mergers

The BVI has a statutory merger and consolidation regime as set out in the BVI Companies Act. Generally, the merger or consolidation of a company requires approval by both its shareholders and its board of directors. However, a company's parent company may merge with one or more BVI subsidiaries without shareholder approval.

Shareholders dissenting from a merger are entitled to payment of the fair value of their shares unless the company is the surviving company and the shareholders continue to hold the same or similar shares in the surviving company. BVI law permits companies to merge with companies incorporated outside the BVI, provided the merger is lawful under the laws of the jurisdiction in which the non-BVI company is incorporated. Under BVI law, a domestic statutory merger or consolidation may take the form of one or more existing companies merging into, and being subsumed by, another existing company (being the surviving company) or the consolidation of two or more existing companies into, and being subsumed by, a new company. In either case, with effect from the effective date of the merger, the surviving company or

the new consolidated company assumes all of the assets and liabilities of the other entity(ies) by operation of law and the other constituent entities cease to exist.

Under BVI law, a merger can result in the compulsory cancellation of a shareholder's shares, although in such circumstances a shareholder will have the right to demand fair value for its shares. In the event that a minority shareholder objects to the merger consideration and the parties are unable to agree a price, the BVI Companies Act sets out a mechanism whereby the shareholder and the company may each appoint an appraiser, who will together appoint a third appraiser and all three appraisers will have the power to determine the fair value of the shares to be cancelled. Pursuant to the BVI Companies Act, the determination of the three appraisers shall be binding on the company and the minority shareholder for all purposes.

25. Documents Available

25.1. This Document will be published in electronic form and be available on the Company's website at acgcorp.co. Aside from this Document, information on, or accessible through, the Company's website or PrimaryBid's website is not part of this Document, nor is such content incorporated by reference herein.

25.2. Copies of this Document will also be available for viewing free of charge at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

25.3. The Company's Unaudited Condensed Financial Statements for the six-month period ending 31 December 2022, which are incorporated by reference herein, are available on the Company's website and are filed in the National Storage Mechanism.

25.4. Copies of the following documents will be available on the Company's website at acgcorp.co and may be inspected at the registered office of the Company, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document until the Placing closes:

(i) the memorandum and articles of association of the Company;

(ii) the Warrant Instrument (including the Warrant T&Cs);

(iii) the Notice of Warrant Exercise;

(iv) the independent auditor's report by RSM on the historical financial information of the Company set out in "*Appendix I—Section B*";

(v) the written consent of RSM referred to in paragraph 22.2 of this Part XV;

(vi) the independent auditor's report by EY Brazil on the combined historical financial information of the Mining Entities set out in "*Appendix II—Section A*";

(vii) the independent auditor's report by EY Canada on the financial statements of the AMH (Jersey) Limited set out in "*Appendix III—Section A*";

(viii) the independent auditor's report by EY Canada on the financial statements of the AMH 2 (Jersey) Limited set out in "*Appendix IV—Section A*";

(ix) the independent auditor's report by EY Brazil in respect of the unaudited pro forma information of the Enlarged Group set out in "Part IX—*Pro forma Financial Information—Section A*";

(x) the written consent of EY Brazil referred to in paragraph 22.4 of this Part XV;

(xi) the written consent of EY Canada referred to in paragraph 22.5 of this Part XV; and

(XII) the Competent Persons Reports.

PART XVI

NOTICES TO INVESTORS

The distribution of this Document and the Placing may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken by the Company or the Placement Agents and Joint Bookrunners in any jurisdiction that would permit a public offering of the Placing Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Class A Ordinary Shares and Warrants may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Placing Shares, may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Placing Shares, offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Document has been approved by the FCA as a prospectus for the purposes of section 87A of FSMA, and of the UK Prospectus Regulation. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is subject of this Document or of the quality of the securities that are the subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities. No arrangement has been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in any EEA state (or in any other jurisdiction). Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below.

For the attention of US Investors

The Placing Shares have not been, and will not be, registered under the Securities Act or with any state regulatory authority of any state and are being: (a) sold within the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. and (b) offered and sold outside the United States in offshore transactions in compliance with Regulation S.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Placing, an offer, sale or transfer of Placing Shares within the United States by a dealer (whether or not it is participating in the Placing) may violate the registration requirements of the Securities Act.

The Placing Agreement provides that the Placement Agents and Joint Bookrunners may, through their respective United States broker-dealer affiliates, arrange for the offer and resale of Placing Shares with the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act.

Due to the following restrictions, purchasers and subscribers of Placing Shares in the United States are advised to consult legal counsel prior to making any offer for the resale, pledge or other transfer of the Placing Shares.

US Private Placement Placing Shares

Each person who purchases or subscribes for the Placing Shares in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act who is located in the United States will be deemed to have represented and agreed that it has received a copy of this Document and such other information as it deems necessary to make an informed investment decision and that (terms defined in Rule 144A shall have the same meanings when used in this Part):

(a) it is authorised to consummate the purchase of the Placing Shares in compliance with all applicable laws and regulations;

(b) it understands and agrees that the Placing Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the Securities Act, that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred except (1) (A) to a person whom the purchaser and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A or another available exemption to the registration requirements under the Securities Act; (B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S; (C) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available); or (D) pursuant to an effective registration statement under the Securities Act and (2) in each case, in accordance with all applicable securities laws of any state, territory or other jurisdiction of each of the United States;

(c) it is (i) a QIB within the meaning of Rule 144A; (ii) aware, and each beneficial owner of such Placing Shares has been advised, that the sale of Placing Shares to it may be made in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act; (iii) acquiring such Placing Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set out herein and (iv) acquiring the Placing Shares for investment purposes, and not with a view to further distribution of such Placing Shares;
1.

(d) it acknowledges that the Placing Shares (whether in physical, certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and subject to restrictions on transfer, that the Placing Shares are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Placing Shares;

(e) the Placing Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, TERRITORY OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR ANOTHER AVAILABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A "**QUALIFIED INSTITUTIONAL BUYER**" AS DEFINED IN RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (B) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE) OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE, TERRITORY OR JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION

PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITORY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITORY BANK UNLESS SUCH SHARES MAY BE RESOLD PURSUANT TO RULE 144. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH PURCHASER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS".

(f) notwithstanding anything to the contrary in the foregoing, it understands that Placing Shares may not be deposited into an unrestricted depository receipt facility in respect of Placing Shares established or maintained by a depository bank unless and until such time as such Placing Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(g) it agrees that it will give to each person to whom it transfers Placing Shares notice of any restrictions on transfer of such Placing Shares. Prospective investors are hereby notified that the sellers of the Placing Shares may be relying on the exemption from the provisions of section 5 of the Securities Act provided for by Rule 144A or another available exemption under the Securities Act;

(h) if it is acquiring any Placing Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(i) it understands that any offer, sale, pledge or other transfer of the Placing Shares made other than in compliance with the above-stated restrictions may not be recognised by the Company; and

(j) it acknowledges that the Company, the Placement Agents and Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Regulation S Placing Shares

Each person who purchases or subscribes for Placing Shares outside the United States pursuant to Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Document, and such other information, as it deems necessary to make an investment decision and that (terms defined in Regulation S shall have the same meanings when used in this Part):

(a) it is authorised to consummate the purchase of the Placing Shares in compliance with all applicable laws and regulations;

(b) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Placing Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and are subject to restrictions on transfer;

(c) it is purchasing the Placing Shares in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S;

(d) the Placing Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(e) it and the person, if any, for whose account or benefit the purchaser is acquiring the Placing Shares, was located outside the United States at the time the buy order for such Placing Shares was originated and continues to be located outside the United States and has not purchased such Placing Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Placing Shares or any economic interest therein to any person in the United States;

(f) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(g) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Placing Shares, or any economic interest therein, such Placing Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with the Securities Act and all applicable securities laws of the states of the United States or any other jurisdictions;

(h) it agrees that it will give to each person to whom it transfers Placing Shares notice of any restrictions on transfer of such Placing Shares;

(i) if it is acquiring any Placing Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(j) it understands that any offer, sale, pledge or other transfer of the Placing Shares made other than in compliance with the above-stated restrictions may not be recognised by the Company; and

(k) it acknowledges that the Company and the Placement Agents and Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

For the attention of European Economic Area Investors

In relation to each EEA State, none of the Placing Shares has been offered or will be offered pursuant to the Placing to the public in that EEA State, except that an offer to the public in that EEA State of any of the Placing Shares may be made at any time to any legal entity which is a Qualified Investor as defined in Article 2 of the Prospectus Regulation, provided that no such offer of the Placing Shares shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Accordingly any person making or intending to make any offer within the EEA of the Placing Shares which are the subject of the Placing contemplated in this Document may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such Placing. Neither the Company nor the Placement Agents and Joint Bookrunners have authorised, nor do they authorise, the making of any offer of the Placing Shares in circumstances in which an obligation arises for the Company or the Placement Agents and Joint Bookrunners to publish or supplement a prospectus for such offer.

For the purposes of this provision, the expression "offer to the public" in relation to any Placing Shares in any EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Placing Shares, as the same may be varied in that EEA State, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

The Placing Shares are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. Accordingly, the offering of the Placing Shares, is only being made to investors who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MIFID II;(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MIFID II; or (iii) not a Qualified Investor as defined in the Prospectus Regulation. Consequently no key information document required by regulation (EU) no 1286/2014 (as amended, the "**PRIIPS Regulation**") for offering or selling the Placing Shares or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Placing Shares or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

For the attention of UK Investors

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

In the United Kingdom, this Document is being distributed to and is directed only at, legal entities which are Qualified Investors as defined under the UK Prospectus Regulation and are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the **Order**; or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts, as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise be lawfully distributed under the Order, (all such persons together being "**Relevant Persons**"). In the United Kingdom, any investment or investment activity to which this Document relates is only available to and will only be engaged in with Relevant Persons. Persons who are not Relevant Persons should not act or rely on this Document or any of its contents.

UK Retail Investors Each UK retail investor who purchases or subscribes for the Placing Shares in the Retail Offering will be deemed to have represented and agreed that it has received a copy of this Document and such other information as it deems necessary to make an informed investment decision and to have made the representations under "Part XI—*The Placing, Retail Offer, Re-Admission and Dilution—Terms and Conditions of the Retail Offering*".

For the attention of French Investors

Neither this Document nor any other offering material relating to the offering of the Placing Shares has been prepared in the context of a public offer of securities (*offre au public de titres financiers*) in France within the meaning of article L. 411-1 of the French Monetary and Financial Code (*Code Monétaire et Financier*) and articles 211-1 et seq. of the General Regulation of the *Autorité des Marchés Financiers* and therefore has not been and will not be submitted to the clearance procedures of the *Autorité des Marchés Financiers* or notified to the *Autorité des Marchés Financiers* by the competent authority of another member state of the EEA.

Neither the Company nor the Placement Agents and Joint Bookrunners have offered, sold or otherwise transferred or will offer, sell or otherwise transfer, directly or indirectly, the Placing Shares to the public in France, or have distributed, released or issued or caused to be distributed, released or issued, or will distribute, release or issue or cause to be distributed, released or issued to the public in France, this Document or any other offering material relating to the Placing Shares. Such offers, sales and distributions have been made and will be made in France only (i) to a restricted circle of investors (*cercle restreint d'investisseurs*), investing for their own account or to Qualified Investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L. 411-2 and D. 411-4 of the French Monetary and Financial Code or (ii) in any other transaction that, in accordance with articles L.411- 2 , L.411-2-1, D.411-2 and D.411-2-1 of the French Monetary and Financial Code and article 211-2 of the General Regulation of the *Autorité des marchés financiers*, does not require to log or register a prospectus or other offering documents with the *Autorité des Marchés Financiers*.

French investors are informed that: (i) no prospectus or other offering documents in relation to the Placing Shares have been lodged or registered with the *Autorité des Marchés Financiers*; and (ii) the direct or indirect offer or sale, to the public in France, of the Placing Shares, can only be made in accordance with applicable laws and regulations, and in particular articles L. 411-1, L.411-2 and L.411-2-1 of the French Monetary and Financial Code.

This Document does not constitute and may not be used for or in connection with either an offer to any person to whom it is unlawful to make such an offer or a solicitation (*démarchage*) by anyone not authorised so to act in accordance with articles L. 341-1 to L. 341-17 of the French Monetary and Financial Code. Accordingly, no Placing Shares will be offered, under any circumstances, directly or indirectly, to the public in France.

The Placing Shares may not be resold directly or indirectly other than in compliance with applicable laws and regulations, and in particular articles L.411-1, L.411-2 and L.411-2-1 and L.341-1 to L.341-17 of the French Monetary and Financial Code.

For the attention of Italian Investors

No offering of the Placing Shares has been cleared by the relevant Italian supervisory authorities. Thus, no offering of the Placing Shares can be carried out in the Republic of Italy, and this Document or any other document relating to the Placing Shares shall not be circulated therein—not even solely to professional investors or under a private placement—unless the requirements of Italian law concerning the offering of securities have been complied with, including (i) the requirements of Article 43 and Article 94 and seq. of Legislative Decree no. 58 of 24 February 1998 and CONSOB Regulation no. 11971 of 14 May 1999, and (ii) all other Italian securities and tax laws and any other applicable laws and regulations, all as amended from time to time.

For the attention of Swiss Investors

This Document is not intended to constitute an offer or solicitation to purchase or invest in the Placing Shares. The Placing Shares may not be publicly offered, sold or advertised, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**"), except to any investor that qualifies as a professional or institutional client within the meaning of Article 4(3) and Article 4(4) of the FinSA, and provided that no such offer of the Placing Shares shall require the publication of a prospectus and/or the publication of a key information document ("**KID**") (or an equivalent document) pursuant to the FinSA.

The Placing Shares have not and will not be listed or admitted to trading on any trading venue in Switzerland.

Neither this Document nor any other offering or marketing material relating to the Placing, the Placing Shares, or the Company constitutes a prospectus or a KID (or an equivalent document) as such terms are understood pursuant to the FinSA, and neither this Document nor any other offering or marketing material relating to the Placing, the Placing Shares or the Company may be distributed or otherwise made available in Switzerland in an manner which would require the publication of a prospectus or a KID (or an equivalent document) in Switzerland pursuant to the FinSA.

Neither this Document nor any other offering or marketing material relating to the Placing, the Placing Shares or the Company have been or will be filed with or approved by any Swiss regulatory authority.

For the attention of British Virgin Islands Investors

This Document does not constitute, and there will not be, an offering of securities to the public in the British Virgin Islands. Any member of the public receiving this Document within the British Virgin Islands is expressly disqualified from eligibility for any offer or invitation contained herein, unless such persons are persons to whom the offering of securities in the British Virgin Islands is permitted pursuant to the Securities and Investment Business Act, 2010.

For the attention of Canadian Investors

The Placing Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Placing Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105") neither the Placement Agents and Joint Bookrunners nor its affiliates through whom sales of the Placing Shares will be made in Canada are required to comply with the disclosure requirements of NI 33-105 regarding Placement Agents and Joint Bookrunners conflicts of interest in connection with the Placing.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this Document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Placing Shares, and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Placing Shares, or with respect to the eligibility of the Placing Shares, for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Restrictions on receipt and exercise of the Warrants

The Warrants will only be capable of being exercised by persons who represent, amongst other things, that they (i) are QIBs or (ii) are outside the United States, and are acquiring Class A Ordinary Shares upon exercise of the Warrants in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

PART XVII

COMPETENT PERSONS REPORTS

SECTION A: SANTA RITA MINE

Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil

ACG Acquisition Company Limited

SLR Project No: 233.03777.R0000

Effective Date:
December 31, 2022

Signature Date:
June 12, 2023

Prepared by:
SLR Consulting (Canada) Ltd.

Competent Persons:
David J.F. Smith, CEng
Orlando Rojas, AIG
Andrew Bradfield, P.Eng.
Greg Robinson, P.Eng.
Anthony Maycock, P.Eng.
Dr. Haiming (Peter) Yuan, P.E.

GeoEstima

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

MM Consultores

SLR

WSP

Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil

SLR Project No: 233.03777.R0000

Prepared by
SLR Consulting (Canada) Ltd.
55 University Ave., Suite 501
Toronto, ON M5J 2H7

for

ACG Acquisition Company Limited
Rua Rio Grande do Norte
1436, 11° Andar
Belo Horizonte, Brazil

Effective Date – December 31, 2022
Signature Date - June 12, 2023

Prepared by:
David J.F. Smith, CEng
Orlando Rojas, AIG
Andrew Bradfield, P.Eng.
Greg Robinson, P.Eng.
Anthony Maycock, P.Eng.
Dr. Haiming (Peter) Yuan, P.E.

Peer Reviewed by:
Deborah A. McCombe, P.Geo.
David J.F. Smith, CEng

Approved by:

Project Director and Project Manager
Deborah A. McCombe, P.Geo.

FINAL

Distribution: 1 copy – ACG Acquisition Company Limited
1 copy – SLR Consulting (Canada) Ltd.

CONTENTS

1.0 SUMMARY 1-1

1.1 Executive Summary 1-1
1.2 Economic Analysis 1-9
1.3 Technical Summary 1-13
1.4 Risks and Opportunities 1-38

2.0 INTRODUCTION 2-1

2.1 Sources of Information 2-1
2.2 List of Abbreviations 2-3

3.0 RELIANCE ON OTHER EXPERTS 3-1

3.1 Introduction 3-1
3.2 Mineral Tenure, Surface Rights and Royalties 3-1
3.3 Permitting, Environmental and Community Impacts 3-1
3.4 Taxation 3-1

4.0 PROPERTY DESCRIPTION AND LOCATION 4-2

4.1 Location 4-2
4.2 Land Tenure 4-3
4.3 Project Ownership 4-5
4.4 Property Agreements 4-6
4.5 Mineral Tenure 4-6
4.6 Surface Rights 4-10
4.7 Water Rights 4-12
4.8 Royalties and Encumbrances 4-13
4.9 Permitting Considerations 4-14
4.10 Environmental Considerations 4-14
4.11 Social Licence Considerations 4-14
4.12 CP Comments on “Item 4: Property Description and Location” 4-14

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY 5-1

5.1 Accessibility 5-1
5.2 Climate 5-1
5.3 Local Resources and Infrastructure 5-1
5.4 Physiography 5-1

6.0 HISTORY 6-1

6.1 Exploration and Development History 6-1
6.2 Past Production 6-2

7.0 GEOLOGICAL SETTING AND MINERALISATION 7-1

7.1 Regional Geology 7-1
7.2 Property Geology 7-1

7.3 Deposit Descriptions 7-6

8.0 DEPOSIT TYPES 8-1

9.0 EXPLORATION 9-1

9.1 Grids and Surveys 9-1
9.2 Geological Mapping 9-1
9.3 Geochemical Sampling 9-1
9.4 Geophysics 9-4
9.5 Petrology, Mineralogy, and Research Studies 9-5
9.6 Exploration Potential 9-5
9.8 Target for Further Exploration - Palestina 9-10
9.9 CP Comments on “Item 9 Exploration” 9-11

10.0 DRILLING 10-1

10.1 Introduction 10-1
10.2 Drill Methods 10-4
10.3 Logging Procedures 10-5
10.4 Recovery 10-6
10.5 Collar Surveys 10-6
10.6 Downhole Surveys 10-6
10.7 Grade Control 10-7
10.8 Sample Length/True Thickness 10-8
10.9 Drilling Since Database Closeout Dates 10-9
10.10 CP Comments on “Item 10: Drilling” 10-9

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY 11-1

11.1 Sampling Methods 11-1
11.2 Density Determinations 11-2
11.3 Analytical and Test Laboratories 11-3
11.4 Sample Preparation and Analysis 11-4
11.5 Quality Assurance and Quality Control 11-7
11.6 Databases 11-22
11.7 Sample Security 11-23
11.8 CP Comments on “Item 11: Sample Preparation, Analyses, and Security” 11-23

12.0 DATA VERIFICATION 12-1

12.1 External Data Verification 12-1
12.2 CP Opinion on “Item 12 Data Verification” 12-5

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING 13-1

13.1 Introduction 13-1
13.2 Metallurgical Testwork 13-1
13.3 Review of Operations from 2012 to 2016 and January 2020 to December 2022 13-5
13.4 Geometallurgical Testwork for Open Pit Ore 13-11
13.5 Metallurgical Testing on Underground Mineralised Material 13-22

13.6 Palestina Prospect 13-41
13.7 CP Comments on "Item 13: Mineral Processing and Metallurgical Testwork" 13-42

14.0 MINERAL RESOURCE ESTIMATES 14-1

14.1 Introduction 14-1
14.2 Resources Database 14-5
14.3 Geological Modelling 14-7
14.4 Exploratory Data Analysis 14-10
14.5 Composites 14-10
14.6 Top Cut Analysis 14-12
14.7 Bulk Density 14-17
14.8 Grade Shells 14-18
14.9 Indicator Model 14-20
14.10 Block Model 14-29
14.11 Grade Estimation 14-29
14.12 Mineral Resource Classification 14-34
14.13 Block Model Validation 14-36
14.14 Net Smelter Return Calculation 14-42
14.15 Reasonable Prospects for Eventual Economic Extraction 14-42
14.16 Mineral Resource Reporting 14-45
14.17 CP Comments on Item 14 "Mineral Resource Estimate" 14-45

15.0 MINERAL RESERVE ESTIMATE 15-1

15.1 Mineral Reserve Summary 15-1
15.2 Other Stockpiles 15-4
15.3 Geotechnical Studies 15-4
15.4 2021 Pit Optimisation and Design 15-8
15.5 2023 Open Pit Design and NSR Cut-off Value Basis 15-13
15.6 CP Comments on "Item 15: Mineral Reserve Estimates" 15-15

16.0 MINING METHODS 16-1

16.1 Introduction 16-1
16.2 Geotechnical Considerations 16-1
16.3 Pit Design and Mining Phases 16-2
16.4 Production Schedules 16-2
16.5 Open Pit Mining 16-6
16.6 Support Facilities 16-12
16.7 Mining Manpower 16-12
16.8 Mine Plans 16-12
16.9 CP Comments on "Item 16: Mining Methods" 16-14

17.0 RECOVERY METHODS 17-1

17.1 Introduction 17-1
17.2 Process Description 17-1
17.3 Energy, Water, and Process Materials Requirements 17-4

17.4 Operations since the October 2019 Start-Up 17-5
17.5 CP Comments on "Item 17: Recovery Methods" 17-6

18.0 PROJECT INFRASTRUCTURE 18-1

18.1 Introduction 18-1
18.2 Road and Logistics 18-1
18.3 Tailings Storage Facility 18-5
18.4 Built Infrastructure 18-5
18.5 Camp and Accommodations 18-5
18.6 Power and Electrical 18-6
18.7 Fuel 18-6
18.8 Communications 18-6
18.9 Waste Rock Storage Facilities 18-6
18.10 Stockpiles 18-7
18.11 CP Comments on "Item 18: Project Infrastructure" 18-7

19.0 MARKET STUDIES AND CONTRACTS 19-1

19.1 Metal Prices 19-1
19.2 Market Outlook and Concentrate Sales Terms 19-1
19.3 Concentrate Sales 19-2
19.4 Contracts 19-2

20.0 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT 20-1

20.1 Baseline Studies 20-1
20.2 Environmental Considerations/Monitoring Programs 20-4
20.3 Tailings Storage Facility 20-5
20.4 Closure Plan 20-8
20.5 Permitting 20-11
20.6 Considerations of Social and Community Impacts 20-13

21.0 CAPITAL AND OPERATING COSTS 21-1

21.1 Capital Cost Estimates 21-1
21.2 Operating Cost Estimates 21-3
21.3 Manpower 21-6
21.4 CP Comments on "Item 21: Capital and Operating Costs" 21-7

22.0 ECONOMIC ANALYSIS 22-1

22.1 Cautionary Statement 22-1
22.2 Methodology Used 22-1
22.3 Financial Model Parameters 22-1
22.4 Economic Analysis 22-4
22.5 Sensitivity Analysis 22-8
22.6 CP Comments on "Item 22: Economic Analysis" 22-9

23.0 ADJACENT PROPERTIES 23-1

24.0 OTHER RELEVANT DATA AND INFORMATION 24-1

24.1 Preliminary Economic Assessment 24-1

25.0 INTERPRETATION AND CONCLUSIONS 25-1

25.1 Geology and Mineral Resources 25-1
25.2 Mineral Reserve Estimates 25-1
25.3 Mine Plan 25-2
25.4 Mineral Processing 25-2
25.5 Infrastructure 25-4
25.6 Markets and Contracts 25-4
25.7 Environment 25-5
25.8 Capital Cost Estimates 25-6
25.9 Operating Cost Estimates 25-6
25.10 Economic Analysis 25-6
25.11 2023 Preliminary Economic Assessment 25-6
25.12 Risks and Opportunities 25-7

26.0 RECOMMENDATIONS 26-1

26.1 Geology and Mineral Resources 26-1
26.2 Mining 26-1
26.3 Mineral Processing 26-1
26.4 Tailing Storage Facility 26-2
26.5 Environment 26-2
26.6 Preliminary Economic Assessment 26-2

27.0 REFERENCES 27-1

28.0 DATE AND SIGNATURE PAGE 28-1

29.0 CERTIFICATE OF COMPETENT PERSON 29-1

29.1 David J.F. Smith 29-1
29.2 Orlando Rojas 29-2
29.3 Andrew Bradfield 29-3
29.4 D. Gregory (Greg) Robinson 29-4
29.3 Anthony Maycock 29-5
29.4 Haiming (Peter) Yuan 29-6

30.0 APPENDIX 1 - FCA PRIMARY MARKET TECHNICAL NOTE 619.1 APPENDIX II MINING COMPETENT PERSON'S REPORT – RECOMMENDED CONTENT 30-1

31.0 APPENDIX 2 - VALUATION OF SANTA RITA PROPERTY 31-1

31.1 Valuation Approaches and Methods – Santa Rita 31-1
31.2 Valuation of the Santa Rita Property 31-4
31.3 Valuation Summary 31-17
31.4 Key Assumptions, Risks, and Limitations 31-18

TABLES

Table 1-1: Base Case LOM Cash Flow and Parameters 1-11
Table 1-2: Summary of Mineral Resources – December 31, 2022 1-17
Table 1-3: Santa Rita Mineral Reserve Estimate – December 31, 2022 1-21
Table 1-4: LOM Sustaining Capital Cost Estimate 1-28
Table 1-5: Base Case Operating Cost Summary 1-28
Table 1-6: Subset of Mineral Resource Estimate within the 2023 PEA Mine Plan 1-30
Table 1-7: 2023 PEA Capital Cost Estimates 1-32
Table 1-8: 2023 PEA Operating Cost Summary 1-33
Table 1-9: Underground LOM Cash Flow and Parameters 1-35
Table 1-10: Risks 1-38
Table 1-11: Opportunities 1-39
Table 2-1: Competent Persons and Responsibilities 2-2
Table 4-1: Mineral Rights Summary 4-7
Table 4-2: Surface Rights Summary 4-10
Table 4-3: Water Extraction Permits 4-12
Table 6-1: Exploration and Development History 6-1
Table 7-1: Mafic/Ultramafic Units 7-4
Table 7-2: Summary of Lithological Characteristics of Mineralisation 7-7
Table 9-1: Soil Sample Campaigns 9-2
Table 9-2: Geophysical Surveys, Mirabela Brazil 9-4
Table 10-1: Santa Rita Drill Hole Summary as of December 31, 2022 10-1
Table 10-2: Peri-Peri Drill Hole Summary as of December 31, 2022 10-2
Table 10-3: Palestina Drill Hole Summary as of December 31, 2022 10-2
Table 10-4: Drill Contractor Summary Table 10-4
Table 10-5: Current Blast Hole Parameters 10-8
Table 11-1: Analytical Procedures, SGS – Atlantic Nickel 11-6
Table 11-2: QA/QC Insertion Rate 11-9
Table 11-3: Santa Rita Certified Reference Material Results - ALS Laboratory, 2021 11-10
Table 11-4: Santa Rita Field-Duplicate Results – ALS Laboratory (2021) 11-18
Table 11-5: Santa Rita Field-Duplicate Results – SGS Geosol (2022) 11-19
Table 13-1: Summary of Metallurgical Testing 13-2
Table 13-2: Key Design Criteria 13-3
Table 13-3: Summary of Operating Results (July 2012 to March 2016) 13-6
Table 13-4: Summary of Operating Results (January 2020 to December 2022) 13-7

Table 13-5: Other Metal Recoveries and Grades (July 2012 to March 2016) 13-8
Table 13-6: Other Metal Recoveries and Grades (January 2020 to December 2022) 13-8
Table 13-7: Results of Bond CWi, Ai and BWi Tests on Pyroxenite and Harzburgite Ore 13-12
Table 13-8: Results of SMC Tests on Pyroxenite and Harzburgite Ore 13-13
Table 13-9: Best Factorial Test Results 13-14
Table 13-10: Best Test Results After Desliming 13-14
Table 13-11: Metal Content of Minerals 13-16
Table 13-12: Pentlandite Association 13-17
Table 13-13: Chalcopyrite Association 13-17
Table 13-14: Summary of Bond BWi Results 13-18
Table 13-15: Summary of Bond Ai and SMC Results 13-18
Table 13-16: Variability Rougher Recoveries and Grades 13-20
Table 13-17: Summary of LCT Results 13-21
Table 13-18: Rougher Recoveries and Grades for NiS, Ni Total and S (upper domain) 13-23
Table 13-19: Rougher Recoveries and Grades for NiS, Ni Total and S (lower domain) 13-24
Table 13-20: Head Assays for Upper and Lower Level Underground Composites 13-26
Table 13-21: Metal Content of Minerals by EPMA 13-27
Table 13-22: Comminution Testing Results Summary 13-27
Table 13-23: Standard Flotation Test Results Summary 13-28
Table 13-24: Summary of LCT Results on Underground Material 13-29
Table 13-25: Pentlandite Mineral Association 13-29
Table 13-26: Chalcopyrite Mineral Association 13-30
Table 13-27: Sample Provenance 13-32
Table 13-28: Grindability Results Summary 13-34
Table 13-29: Standard Flotation Conditions 13-38
Table 13-30: Summary of LCT Results 13-39
Table 13-31: Settling Test Results 13-41
Table 13-32: Gold and PGM Grades and Recoveries, Palestina 13-42
Table 14-1: Summary of Mineral Resources – December 31, 2022 14-3
Table 14-2: Mineral Resources Drill Holes as of February 25, 2021 14-5
Table 14-3: Summary Lithology Codes for Open Pit and Underground Models 14-7
Table 14-4: Raw Assay Statistics 14-10
Table 14-5: Composite Statistics for Santa Rita 14-11
Table 14-6: Top Cutting Strategy, Open Pit Model 14-15
Table 14-7: Top Cutting Strategy, Underground Model 14-16

Table 14-8: Metal at Risk Losses, Open Pit Model 14-17
Table 14-9: Metal at Risk Losses, Underground Model 14-17
Table 14-10: Density by Lithology Domain, Open Pit Model 14-18
Table 14-11: Density by Lithology Domain, Underground Model 14-18
Table 14-12: Santa Rita Indicator Threshold, Open Pit and Underground Model 14-20
Table 14-13: Indicator Variograms, Open Pit Model 14-23
Table 14-14: Indicator Variograms, S, NiT, NiS, Cu, MgO, Co, Underground Model 14-24
Table 14-15: Indicator Variograms, S, NiT, NiS, Cu, MgO, Co, Underground Model, Zone 1 14-24
Table 14-16: Indicator Kriging Search Parameters, Open Pit 14-25
Table 14-17: Indicator Kriging Search Parameters, Underground Model and Underground Model Zone 1 14-25
Table 14-18: Summary of Probability High-and Low-Grade Thresholds 14-28
Table 14-19: Block Model Setup 14-29
Table 14-20: Grade Variograms, S, NiT, NiS, Cu, MgO, Co, Pd, Pt, Au, and Fe, Open Pit Model 14-30
Table 14-21: Grade Variograms, S, NiT, NiS, Cu, MgO, Co, Pd, Pt, Au, and Fe, Underground Model 14-31
Table 14-22: Estimation Plan, Open Pit Model 14-33
Table 14-23: Grade Estimation Search Criteria, S, NiT, NiS, Cu, MgO, Co, Underground Model 14-33
Table 14-24: Mineral Resource Classification 14-35
Table 14-25: Comparison Between Estimates – OK/NN 14-37
Table 14-26: NSR Input Parameters 14-42
Table 14-27: Pit Optimisation Parameters 14-43
Table 14-28: MRO Inputs 14-44
Table 15-1: Santa Rita Mineral Reserve Estimate – December 31, 2022 15-3
Table 15-2: Design Pit Slopes by Sector 15-6
Table 15-3: Optimisation Pit Slopes 15-6
Table 15-4: Open Pit Optimisation Parameters 15-8
Table 15-5: Open Pit Plan Selection 15-10
Table 15-6: 2023 Pit Optimisation Parameters 15-15
Table 16-1: Open Pit Production Schedule 16-6
Table 16-2: Equipment Production Productivity 16-7
Table 16-3: Blast Pattern Parameters 16-7
Table 16-4: Explosives Supplies 16-7
Table 16-5: Open Pit Mining Equipment Fleet 16-8
Table 16-6: Auxiliary Services Equipment Fleet 16-10
Table 16-7: Mining Manpower Requirements 16-12

Table 17-1: Grinding Balls and Reagent Consumption 17-5
Table 19-1: Commodity Price and Exchange Rate Forecasts 19-1
Table 20-1: Completed Surveys 20-1
Table 20-2: Management Plans 20-4
Table 20-3: Permit List 20-11
Table 21-1: LOM Sustaining Capital Cost Estimate 21-1
Table 21-2: Base Case Operating Cost Summary 21-3
Table 21-3: Base Case Unit Mining Operating Cost 21-4
Table 21-4: Base Case Unit Processing Operating Cost 21-5
Table 21-5: Base Case G&A LOM Cost Estimate 21-6
Table 21-6: Base Case Manpower Summary 21-6
Table 22-1: Base Case LOM Cash Flow and Parameters 22-2
Table 22-2: Cash Flow Analysis 22-5
Table 22-3: Base Case Cash Flow at Various Nickel Prices 22-8
Table 24-1: Adjusted MRMR and HR for Each Drill Hole in the Hanging Wall Zone 24-6
Table 24-2: Mineral Resource Considered in the 2023 PEA Plan 24-7
Table 24-3: NSR Grade Input Parameters 24-8
Table 24-4: Underground Breakeven Cut-off Value 24-8
Table 24-5: SLC Production Level Layout 24-15
Table 24-6: SLC Layout Comparison 24-15
Table 24-7: Development Dimensions and Gradients 24-16
Table 24-8: Vertical Development Dimensions and Gradients 24-23
Table 24-9: SLC Stand-off Distance and Exclusion Zone Criteria for Lateral Development 24-26
Table 24-10: Drill and Blast Design Criteria For SLC Production Rings 24-29
Table 24-11: Materials Handling System Summary 24-31
Table 24-12: Major Mobile Equipment and Function 24-32
Table 24-13: Primary Vent Fan Requirements for 1,600 m^3/s, Tonnage Based Airflow 24-38
Table 24-14: Primary Vent Fan Requirements for 950 m^3/s, Diesel Based Airflow 24-39
Table 24-15: Maximum Rainfall Over 24-Hour Period 24-40
Table 24-16: Underground Dewatering System Details 24-44
Table 24-17: 24-Hour Storm Inflow Rates for Varying Inflow Durations 24-44
Table 24-18: Lateral Development Summary (designed items only) 24-45
Table 24-19: Vertical Development Summary (designed items only) 24-46
Table 24-20: Production Activities Summary 24-46
Table 24-21: Mining Activity Productivity Rates 24-46

Table 24-22: Mining Supervision Personnel Requirements 24-50
Table 24-23: 2023 PEA Underground Mine Production Schedule 24-51
Table 24-24: Grinding Media and Reagent Consumption 24-58
Table 24-25: Real Metal Prices and Exchange Rate Assumptions 24-59
Table 24-26: 2023 PEA Capital Cost Estimates 24-63
Table 24-27: 2023 PEA Operating Cost Summary 24-65
Table 24-28: Underground LOM Cash Flow and Parameters 24-68
Table 24-29: Cash Flow Analysis (Years -2 to 8) 24-71
Table 24-30: Cash Flow Analysis (Years 9 to 18) 24-73
Table 24-31: Cash Flow Analysis (Years 19 to 27 and total) 24-75
Table 24-32: Key Metrics by Five-Year Periods 24-77
Table 24-33: Underground Cash Flow Sensitivity at Various Nickel Prices 24-77
Table 25-1: Risks 25-7
Table 25-2: Opportunities 25-9

FIGURES

Figure 1-1: LOM Payable NiEq 1-10
Figure 1-2: LOM Net Unlevered Free Cash Flow Post Tax 1-11
Figure 1-3: Base Case NPV Sensitivity Analysis 1-13
Figure 1-4: LOM Payable NiEq 1-35
Figure 1-5: LOM Net Unlevered Free Cash Flow Post Tax 1-35
Figure 1-6: 2023 PEA Sensitivity Analysis 1-37
Figure 4-1: Location Map 4-2
Figure 4-2: Mineral Tenure Location Plan 4-9
Figure 4-3: Surface Rights 4-11
Figure 7-1: Regional Geology 7-1
Figure 7-2: Stratigraphic Column, Fazenda Mirabela Layered Intrusion 7-3
Figure 7-3: Project Geology Plan 7-4
Figure 7-4: Santa Rita Section 8430450N (Looking North) 7-9
Figure 7-5: Inset of Santa Rita Section 8430450N (Looking North) 7-10
Figure 7-6: Palestina Geology Map 7-11
Figure 7-7: Palestina Section 414400E 7-12
Figure 9-1: Soil Sample Location Map, Santa Rita 9-3
Figure 9-2: Near-Mine Prospects 9-7
Figure 9-3: Mineralisation Beneath Open Pit 9-8

Figure 9-4: Underground Upside Potential 9-9
Figure 9-5: Palestina Target for Further Exploration 9-11
Figure 10-1: Santa Rita Area and Peri-Peri Drill Hole Location Map 10-3
Figure 10-2: Palestina Drill Hole Location Map 10-4
Figure 10-3: Drill Section, Santa Rita 10-9
Figure 11-1: Santa Rita Control Chart – Ni (%) - STD-AMIS0319 11-11
Figure 11-2: Santa Rita Control Chart –Co (%) - STD-AMIS0319 11-11
Figure 11-3: Santa Rita Control Chart – Cu (%) - STD-AMIS0319 11-12
Figure 11-4: Santa Rita Control Chart – Ni (%) - STD-AMIS0320 11-12
Figure 11-5: Santa Rita Control Chart –Co (%) - STD-AMIS0320 11-13
Figure 11-6: Santa Rita Control Chart – Cu (%) - STD-AMIS0320 11-13
Figure 11-7: Santa Rita Control Chart – Ni (%) - STD-AMIS0385 11-14
Figure 11-8: Santa Rita Control Chart –Co (%) - STD-AMIS0385 11-14
Figure 11-9: Santa Rita Control Chart – Cu (%) - STD-AMIS0385 11-15
Figure 11-10: Santa Rita Control Chart – Ni (%) - STD-AMIS0520 11-15
Figure 11-11: Santa Rita Control Chart –Co (%) - STD-AMIS0520 11-16
Figure 11-12: Fine-Blank Charts – Ni (%) – Santa Rita – ALS Laboratory 11-17
Figure 11-13: Fine-Blank Charts – Co (%) – Santa Rita – ALS Laboratory 11-17
Figure 11-14: Fine-Blank Charts – Cu (%) – Santa Rita – ALS Laboratory 11-18
Figure 11-15: Field-Duplicate Analysis for Ni (%) – ALS Laboratory 11-19
Figure 11-16: Field-Duplicate Analysis for Co (%) – ALS Laboratory 11-20
Figure 11-17: Field-Duplicate Analysis for Cu (%) – ALS Laboratory 11-20
Figure 11-18: Nickel Analysis Results by Method 11-22
Figure 12-1: Proposed MgO Boundaries (15% and 33% MgO) 12-4
Figure 13-1: Recovery versus Head Grade 13-5
Figure 13-2: NiS Recovery vs % Old Stockpile Material in Feed 13-9
Figure 13-3: NiS Recovery vs NiS/MgO Ratio for Culled Data 13-10
Figure 13-4: %NiS in Concentrate/%NiS Head Grade versus %Concentrate Mass Pull 13-11
Figure 13-5: Grade Recovery of the Re-cleaner Concentrate in the Synergy Test 13-15
Figure 13-6: Flowsheet for LCT 15 13-21
Figure 13-7: Metal Recovery by Particle Size 13-22
Figure 13-8: Recovery of NiS, S and Ni Total by Grind Size 13-23
Figure 13-9: Lithological Distribution in the Upper Domain Flotation Composite 13-25
Figure 13-10: Lithological Distribution in the Lower Domain Flotation Composite 13-26
Figure 13-11: Grade/Recovery Curves for Locked Cycle Testwork 13-30

Figure 13-12: Assay Reconciliation Results 13-37
Figure 13-13: Standard Flotation Test Flowsheet 13-38
Figure 13-14: LCT Flowsheet 13-39
Figure 13-15: %NiS in Concentrate/%NiS Head Grade versus %Concentrate Mass Pull 13-40
Figure 14-1: 3D View of Santa Rita and Drill Holes 14-6
Figure 14-2: Section and Plan View of Open Pit Geology Model 14-8
Figure 14-3: Section and Plan View of the Underground Geology Model 14-9
Figure 14-4: Histogram of sample length for Santa Rita 14-11
Figure 14-5: Capping Analysis for NiS – High Sulphur Domain 14-12
Figure 14-6: Capping Analysis for NiT – High Sulphur Domain 14-13
Figure 14-7: Capping Analysis for Cu – High Sulphur Domain 14-14
Figure 14-8: Capping Analysis for Co – High Sulphur Domain 14-14
Figure 14-9: Grade Shell; Section 8,430,420N (A-A'), Open Pit Model 14-19
Figure 14-10: Grade Shell, Underground Model, Section 8,430,420N 14-19
Figure 14-11: Probability Plots for NiT Indicator Threshold 14-21
Figure 14-12: Probability Plots for NiS Indicator Threshold 14-21
Figure 14-13: Probability Plots for Cu Indicator Threshold 14-22
Figure 14-14: Probability Plots for Indicator Co Threshold – Santa Rita 14-22
Figure 14-15: Probability Plots for S Indicator Threshold 14-23
Figure 14-16: Section Looking North Showing the Sulphur Domains 14-26
Figure 14-17: NiT Grades Inside High Sulphur Domain 14-27
Figure 14-18: Local Varying Anisotropy Surface, Open Pit Model 14-29
Figure 14-19: Nominal Drill Spacing, Section 8,430,625N, Open Pit Model 14-35
Figure 14-20: Mineral Resource Classification, Open Pit and Underground Model 14-36
Figure 14-21: Section Looking North Showing NiS Blocks Versus Composite Grades 14-37
Figure 14-22: Section Looking North Showing Cu Blocks Versus Composite Grades 14-38
Figure 14-23: Swath Plot: NiS Grade Variation along X, Y, and Z 14-39
Figure 14-24: Swath Plot: Cu Grade Variation along X, Y, and Z 14-40
Figure 14-25: Swath Plot: Co Grade Variation along X, Y, and Z. 14-41
Figure 14-26: Current Surface, Mineral Reserve Pit Shell and Mineral Resource Pit Shell Comparison 14-44
Figure 14-27: MRO Oblique Section View 14-45
Figure 15-1: Plan View Comparison of Pit Limits 15-2
Figure 15-2: Aerial View of Ore Stockpiles Near the Primary Crushers 15-2
Figure 15-3: Geotechnical Design Sectors 15-5

Figure 15-4: Pit Optimisation Slope Sectors 15-7
Figure 15-5: Initial Open Pit Optimisation Results 15-9
Figure 15-6: Open Pit Optimisation Results Accounting for Underground Stopes 15-9
Figure 15-7: Open Pit Optimisation Results 15-10
Figure 15-8: Cross Section of Open Pit Selected Using Re-blocked Model 15-11
Figure 15-9: 2021 Final Open Pit Design 15-12
Figure 15-10: 2023 Final Open Pit Design 15-14
Figure 16-1: General Open Pit Mine Layout 16-3
Figure 16-2 Existing Open Pit Wall, Looking South 16-4
Figure 16-3: Remaining Open Pit Phases 16-5
Figure 16-4: Open Pit Mining Equipment 16-9
Figure 16-5: Surface Water Drainage Plan 16-11
Figure 16-6: Open Pit Mine Plans for Years 2023 and 2024 16-13
Figure 16-7: Open Pit Mine Plans for Years 2025 and 2026 16-13
Figure 16-8: Open Pit Mine Plan for Year 2027 16-14
Figure 17-1: Process Plant Flowsheet 17-2
Figure 18-1: Project Layout Plan 18-2
Figure 18-2: Port Locations (inset details of export corridor) 18-3
Figure 18-3: Process Plant Area 18-4
Figure 20-1: Existing TSF Layout 20-6
Figure 22-1: LOM Payable NiEq 22-4
Figure 22-2: LOM Net Unlevered Free Cash Flow Post Tax 22-4
Figure 22-3: Base Case NPV Sensitivity Analysis 22-8
Figure 24-1: Sub-level Caving Schematic 24-3
Figure 24-2: Location of Underground Geotechnical Drill Holes 24-4
Figure 24-3: Laubscher Caveability Chart 24-5
Figure 24-4: Section Through PGCA Model of the Lower Half of the Deposit 24-10
Figure 24-5: Example of Footprints on Levels -200m RL, -500m RL, and -800m RL 24-12
Figure 24-6: 3-D Schematic Showing the SLC Envelope and Some of the Infrastructure Proposed to be Located in the Footwall 24-13
Figure 24-7: SLC Mine Design Cross-Section, Looking North 24-13
Figure 24-8: SLC Mine Design Longitudinal Section Projection, Looking West 24-14
Figure 24-9: SLC Mine Design Plan View 24-14
Figure 24-10: Typical SLC Level Layout, Isometric View, Looking South-West 24-18
Figure 24-11: Typical SLC Level Layout, Plan View 24-19

Figure 24-12: Upper Crusher Layout, -450 m RL 24-20
Figure 24-13: Lower Crusher Layout, -950 m RL 24-21
Figure 24-14: Vertical Development Design, Looking South-West 24-24
Figure 24-15: Vertical Development Items with a Surface Expression in Vicinity of the Open Pit 24-25
Figure 24-16: SLC Drill Drives and Production Rings, Vertical Section Looking West 24-27
Figure 24-17: SLC Longhole Drill and Blast Ring Layout 24-28
Figure 24-18: Schedule Showing Monthly Production Rate and Tonnes per Drawpoint per Day 24-30
Figure 24-19: Production Schedule Showing Tonnes and Grade Profile 24-30
Figure 24-20: Permanent MLCs Required for Mine Infrastructure 24-34
Figure 24-21: Power Demand Schedule 24-34
Figure 24-22: Primary Ventilation Layout 24-37
Figure 24-23: Delineated Surface Water Catchments 24-42
Figure 24-24: Required Pumping Rates for Various Rainfall Schemes 24-43
Figure 24-25: Mineral Resource Production and Grade Profile 24-47
Figure 24-26: Lateral Development Profile 24-48
Figure 24-27: Material Mined Profile 24-48
Figure 24-28: Colour-Coded Mine Schedule, Looking North 24-49
Figure 24-29: Mining Fleet Profile 24-50
Figure 24-30: Mining Personnel Profile 24-50
Figure 24-31: Process Flowsheet 24-55
Figure 24-32: Conceptual Layout of New Conventional TSF 24-62
Figure 24-33: LOM Payable NiEq 24-69
Figure 24-34: LOM Net Unlevered Free Cash Flow Post Tax 24-70
Figure 24-35: 2023 PEA Sensitivity Analysis 24-78

APPENDIX TABLES AND FIGURES

Table 31-1: Valuation Approaches for Different Types of Mineral Properties 31-2
Table 31-2: Net Present Value of Santa Rita Mine 31-5
Table 31-3: Comparable Transactions Analysis-Non-Producing Nickel Dominant Properties with Resources in South America 31-7
Table 31-4: Comparable Transactions Analysis -Non-Producing Copper Dominant Properties with Resources in South America 31-9
Table 31-5: Comparable Transactions Analysis - Producing Copper Properties in South America 31-11
Table 31-6: In situ Dollar Content of the Santa Rita Mineral Resources 31-12

Table 31-7: Santa Rita Valuation by Comparable Transactions Analysis 31-13
Table 31-8: Comparable Transactions on Copper Properties in South America without Resources 31-16
Table 31-9: Valuation of Santa Rita Exploration Properties 31-17
Table 31-10: Valuation Summary of the Santa Rita Property 31-17

1.0 SUMMARY

1.1 Executive Summary

SLR Consulting (Canada) Ltd. (SLR) was retained by ACG Acquisition Company Limited (ACG) to prepare a Competent Person's Report (CPR) on the Santa Rita Mine (Santa Rita), located in Bahia State, Brazil. Mr. Orlando Rojas, GeoEstima SpA (GeoEstima), Mr. Anthony Maycock, MM Consultores SpA (MM Consultores); Mr. Andrew Bradfield and Mr. Greg Robinson, P&E Mining Consultants Inc. (P&E); Dr. Haiming (Peter) Yuan, WSP USA Environment & Infrastructure Inc. (WSP); and David J.F. Smith, SLR, are collectively the Competent Persons (CP) for this CPR.

The purpose of this CPR is to support a listing on the London Stock Exchange (LSE). The CPR conforms to Financial Conduct Authority (FCA) Primary Market Technical Note 619.1.

The Santa Rita nickel mine is located in the Itagibá municipality of Bahia state in northeast Brazil and is owned and operated by Atlantic Nickel Mineração Ltda. (Atlantic Nickel), a subsidiary owned by Appian Capital Advisory LLP (Appian Capital).

The operation consists of an open pit and beneficiation plant with existing permits and infrastructure, including energy, water, and paved roads to site. Santa Rita is approximately seven kilometres (km) from the city of Ipiaú and 140 km from the Port of Ilhéus. The planned mine life consists of approximately 28 years of underground mining based on the 2023 Preliminary Economic Assessment (PEA) after the remaining six year mine life of the open pit based on Mineral Reserves. The 2023 PEA mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the 2023 PEA based on these Mineral Resources will be realised.

1.1.1 Conclusions

1.1.1.1 Geology and Mineral Resources

- As of December 31, 2022, inclusive of Mineral Reserves, Measured Mineral Resources for open pit operations are estimated to total 7,914 thousand tonnes (kt) at 0.38% nickel sulphide (NiS), 0.13% copper (Cu), 0.02% cobalt (Co), 0.03 g/t palladium (Pd), 0.07 g/t platinum (Pt), and 0.04 g/t gold (Au) and Indicated Mineral Resources are estimated to total 142,202 kt at 0.48% NiS, 0.16% Cu, 0.01% Co, 0.04 g/t Pd, 0.09 g/t Pt, and 0.06 g/t Au. In addition, Inferred Mineral Resources are estimated to total 130,898 kt at 0.54% NiS, 0.17% Cu, 0.01% Co, 0.05 g/t Pd, 0.10 g/t Pt, and 0.06 g/t Au.
- The Mineral Resource estimates reported in this CPR follow Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves dated May 10, 2014 (CIM (2014) definitions).
- Santa Rita is a magmatic nickel-copper sulphide deposit and it is very well understood by Atlantic Nickel staff.
- The hanging wall mineralisation limits are well defined, and the limits considered for NiS (%) are reasonable for the deposit type and mineralisation style. The footwall mineralisation limits are more variable.
- The geological setting, surface samples, and geological mapping of the Santa Rita area present good exploration potential, as a number of targets have already been identified near the mining operation. Three prospects warrant drill testing, Peri-Peri, Santa Maria, and Aiquara,

and the Ibicuí prospect should be subject to an exploration review. Grassroots exploration activities should continue on the exploration permits.

- Protocols for drilling, sample preparation and analysis, verification, and security meet industry standard practices and are appropriate for the purposes of a Mineral Resource estimate.
- The quality assurance and quality control (QA/QC) program as designed and implemented by Atlantic Nickel is adequate, with no significant bias, to support the resource database. The resource database was verified by GeoEstima and is suitable for Mineral Resource estimation.
- The lithological models are reasonably constructed using available geological information and are appropriate for Mineral Resource estimation.
- The assumptions, parameters, and methodology used for the Santa Rita Mineral Resource estimate are appropriate for the style of mineralization and proposed mining methods.
- The database made available by Atlantic Nickel confirms the exploration potential identified for the Palestina target and additional drilling during 2021 and 2022 demonstrates the continuity of mineralization and shows an opportunity to convert this exploration target into Mineral Resources in the future.

1.1.1.2 Mining and Mineral Reserves

- As of December 31, 2022, the open pit Mineral Reserves were estimated as:
  - Proven Mineral Reserves: 7,980 kt at US$38.41/t net smelter return (NSR), 0.35% NiS, 0.12% Cu, 0.01% Co, 0.03 g/t Pd, 0.07 g/t Pt, and 0.05 g/t Au
  - Probable Mineral Reserves: 26,862 kt at US$31.31/t NSR, 0.30% NiS, 0.11% Cu, 0.01% Co, 0.03 g/t Pd, 0.06 g/t Pt, and 0.04 g/t Au
  - Total open pit Mineral Reserves: 34,842 kt at US$32.94/t NSR, 0.31% NiS, 0.11% Cu, 0.01% Co, 0.03 g/t Pd, 0.06 g/t Pt, and 0.04 g/t Au
- The Mineral Reserve estimation for the Project incorporates industry-accepted practices and is reported using the CIM (2014) definitions.
- No Inferred Mineral Resources were included in the Mineral Reserves.
- Mineral Reserves are based on detailed mine designs, defined within a mine plan and incorporate appropriate estimates for mining dilution and ore losses.
- The Mineral Reserve estimate is based on the 2021 optimised pit shell and mine design, depleted by the actual production to the end of December 2022.
- The open pit is a conventional open pit operation using conventional mining equipment.
- Mining is contracted to a consortium of mining contractors until Q2 2023 at which time the mine will transition to Owner operated. The transition will be completed by the end of 2024.
- Santa Rita open pit has a remaining mine life of six years, based on the estimated Mineral Reserves and the forecast ore production rate of 6.5 million tonnes per annum (Mt/a). Production is scheduled to end in 2028.
- Under the assumptions described in this CPR, the life-of-mine (LOM) plan for the open pit is achievable, and the economic analysis supports the declaration of open pit Mineral Reserves.

1.1.1.3 Mineral Processing

- The dominant sulphide minerals in the Santa Rita deposit are pentlandite, pyrrhotite, pyrite, chalcopyrite, and violarite. The major gangue materials were identified as olivine,

orthopyroxene, serpentine and chrome spinel. The recoverable nickel (sulphide) was found to be predominantly in pentlandite, violarite, and pyrite. Copper is primarily associated with chalcopyrite. Iron is most abundant in pyrite (approximately 47%), less abundant in pentlandite, chalcopyrite, and chrome spinel.

- Based on the deportment of nickel and magnesia, Mirabela Mineração do Brasil Ltda (Mirabela Brazil), a previous owner, subdivided the orebody into three domains, orthopyroxenite (P domain), olivine orthopyroxenite (O domain), and harzburgite (H domain). Between 0.24% Ni and 0.30% Ni is associated with olivine, between 0.05% and 0.1% Ni with orthopyroxene, and approximately 0.09% Ni with chrome spinels. The majority of the iron occurs in olivine (11% to 12%), serpentine (5% to 9%), and orthopyroxene (8%).
- In the P and O domains, most of the nickel is hosted in sulphides and, therefore, is recoverable. In the H domain, nickel is divided more evenly between sulphides and gangue minerals. Consequently, the P and O domains have a higher proportion of recoverable nickel and the H domain has a lower proportion of recoverable nickel.
- Atlantic Nickel staff collected plant data over the period January 2021 to December 2021 and from September 2022 to December 2022 with the objective of determining a robust formula to predict NiS recovery. A strong relationship was found between the enrichment ratio (%NiS in concentrate/%NiS in feed) versus the % mass pull to the concentrate. At a fixed concentrate grade, the recovery can be calculated. The new model is suitable for calculating the LOM open pit ore recovery.
- The process plant performance data from January 2020 to December 2022 indicate NiS recovery of 79.3%; the average concentrate grade was steady at approximately 13.5% total nickel (NiT) and NiS recoveries in 2022 averaged 80.1%.
- Comminution testwork was carried out on composites of the three main open pit lithologies and on variability samples. The pyroxenite material in the north of the pit is the hardest material and harzburgite is the softest. Tests following the semi-autogenous grinding (SAG) mill comminution test (SMC) protocols and the Bond suite gave the same conclusion. JKTech used a plant survey and these results to model plant performance. The base case calculated a throughput of 855 tonnes per hour (t/h) versus the LOM production requirement of up to 842 t/h at 89.5% availability. The average throughput from December 2021 to December 2022 was 839 t/h considering 89.5% plant availability.
- Rougher-scavenger flotation testing was carried out on the three main open pit lithology composites, 51 variability samples, and a blend of the variability samples. The lithology testing confirmed that pyroxenite and orthopyroxenite perform better than harzburgite. The variability samples showed large variations in recovery and concentrate grade. Locked cycle tests (LCT) carried out on the variability sample blend gave NiS recoveries between 76% and 82% at concentrate grades between 9.9% NiS and 14.8% NiS. The CP is of the opinion that sufficient comminution and flotation variability testing has been carried out to predict plant performance in line with the parameters used in the project financial model.
- Mineralogical examinations showed that for a sample ground to 125 µm, the mean size of the particles was 48 µm for pentlandite and 30 µm for chalcopyrite. Finer grinding would lead to slime losses. The majority of losses to tailings occurs in complex particles with fine metal sulphides occluded in gangue minerals.
- The upper and lower composite underground material and the underground variability samples showed similar particle size data to the open pit ore. The pentlandite content was approximately 60% higher.
- The comminution data for the underground upper and lower composites showed that they were softer for crushing and SAG milling than the open pit ore but harder for ball milling. The

tests carried out on the LOM period composites confirmed these results. JKTech calculated a throughput of 955 t/h for the upper and lower composites. The required throughput is 797 t/h for the first five years of underground operation at 89.5% availability to attain a production level of 6.25 Mt/a. The CP considers that the plant is capable of this throughput; however, it is recommended that the JKTech report be updated with the comminution data from the variability and LOM period composites testing.

- Rougher-scavenger flotation testing on the upper and lower underground composites showed similar results to the previous Atlantic Nickel tests on open pit ore but with higher recovery and lower rougher concentrate grade. The tests on the underground variability samples also showed generally higher recoveries but at similar rougher concentrate grades.
- LCTs on the underground upper and lower composites gave similar results to the open pit blend material. However, the LCTs on the underground LOM period composites gave better results with NiS recoveries in the range 85% to 91% at concentrate grades between 13.3% and 14.9% NiS. Atlantic Nickel staff plotted the enrichment ratio (%NiS in concentrate/%NiS in feed) versus the % mass pull to the concentrate for the open pit and underground LCTs. The R^2 correlation coefficient for the resulting curve is 0.9804. The CP considers this model to be suitable for calculating the LOM underground material recovery.
- The only deleterious element in the concentrate that could lead to downstream treatment penalties is magnesium oxide (MgO); this is controlled by efficient cleaner flotation and has not been an issue to date.
- The process plant re-started in October 2019 and from January 2020 to December 2022 treated 17.06 million tonnes (Mt) of ore, producing 290,821 t of nickel concentrate containing 39.488 t of nickel. The average overall nickel recovery was 58% and the average nickel sulphide recovery was 79%. The plant is currently operating at its design capacity of 6.5 Mt/a.
- The NiS recovery has improved since January 2020, especially during 2022. The average recovery increased from 80.2% in Q1 2022 to 81.3% from June to December 2022. The improvement is due to the following:
    - Improvements in control algorithms for the SAG and ball mills
    - Adjustment in the cyclone operating pressure
    - Reducing fines generated in grinding
    - Change in the classification solids percent parameters
    - Better knowledge of the flotation kinetics per stage
    - Improvements in flotation control
    - Use of a different collector resulting in better recovery
    - Training of process, operation and maintenance teams
    - Operational stability leading to increased equipment availability

  The expected performance for 2023 takes these improvements into account

1.1.1.4 Infrastructure

- The Santa Rita Mine has all the necessary infrastructure in place to support a large open pit mining and mineral processing operation.

1.1.1.5 Environment

1.1.1.5.1 Environmental Studies

- An Environmental Impact Assessment (EIA) was completed in 2006. To support the development and approval of the 2006 EIA and State licensing permitting requirements, the EIA evaluated impacts on water quality, flora and fauna, air quality, soil, and the socio-economic impact on immediate communities. The 2006 EIA is linked to numerous mitigation measures, consisting primarily of management plans that are required based on permits and licences. Mitigation measures have been undertaken with the re-start of operations including implementation of the water management system mitigation, which has significantly reduced sulphate and other constituents in the discharge water.

1.1.1.5.2 Tailings Storage Facility

- The existing Santa Rita tailings storage facility (TSF) consists of an unlined basin with a zoned earthen and rockfill perimeter embankment enclosing three sides of the impoundment. The TSF embankment is planned to be constructed in three major stages (initial, intermediate, and final stages), with a downstream raise methodology. The existing TSF is permitted to be constructed to a dam crest elevation 198.0 metres above sea level (MASL) higher than the currently planned st final dam crest elevation 180.0 MASL that is required to contain the tailings produced from the LOM of the open pit operations.
- Under Brazilian laws and regulations, the Santa Rita TSF is classified with “high” potential damage (among three categories of “high”, “medium”, and “low”), and “low” risk (among three categories of “high”, “medium”, and “low”), and with a recommended classification category of Class “A” to guide the operation management. Class A indicates a second highest rating “score” out of five tiers (AA, A, B, C, and D), indicating generally satisfactory operations practice. The new TSF phases have been designed to also satisfy the Canadian Dam Association (CDA) Dam Safety Guidelines (2019) for an “Extreme” Consequence Classification facility.
- The TSF has been well managed by the mine using an operation, maintenance, and surveillance manual and an emergency action plan has been prepared in line with recent Brazilian regulations. The dam has been inspected and assessed semi-annually by the mine tailings management team and an engineering consulting firm each year, with the recent two inspections completed by GeoHydroTech Enginharia (2021) and WSP (2022); no significant concerns have been raised and the safety factors were found to be in compliance with design criteria for both Brazilian regulations and CDA guidelines. In addition, the dam has been inspected annually by Agência Nacional de Mineração (ANM).

1.1.1.5.3 Closure

- Atlantic Nickel developed a mine closure plan, with the last plan updated in 2022. Since the current closure plan is conceptual in nature, the reclamation cost estimate only provides a preliminary assessment of the potential cost for reclamation.
- As the conceptual closure plan is revised to a detailed closure plan, the closure cost will also be more accurately developed.

1.1.1.5.4 Permitting

- Santa Rita has the required permits for open pit mining and processing operations.

1.1.1.5.5 Social

- Atlantic Nickel completed an updated Environmental and Social Impact Assessment (ESIA) in 2020.
- Atlantic Nickel continuously registers and monitors interactions with stakeholders to enhance the quality of the engagements.
- Atlantic Nickel has several social programs focusing on education and training, environmental stewardship, social entrepreneurship, and culture.

1.1.1.6 Preliminary Economic Assessment

The Mineral Resource considered amenable to underground mining methods includes both Indicated Mineral Resources and Inferred Mineral Resources.

The Santa Rita deposit is currently being mined by conventional open pit methods, and production is scheduled from 2023 to 2028. The open pit will be mined to a maximum depth of 320 m (164 m RL). Underground development would commence before the open pit is depleted so that there would not be a significant gap in feed to the process plant.

The Santa Rita mineralization extending below the open pit comprises a large tabular-to-massive deposit, striking north-south for over 800 m, dipping 50° to 55° to the east, extending to a known depth of approximately 1,100 m, and varying in thickness from 50 m to 150 m. The mineralization shows a trend for increasing grade and thickness with depth.

The 2023 PEA contemplates, at a conceptual level, an underground mine using sub-level caving (SLC) and producing at a rate of approximately 6.2 Mt/a. An SLC mining method was selected for the underground portion of the Santa Rita deposit based on the amenable geometry of the deposit and the productivity and cost advantages of SLC enabling greater exploitation of the Mineral Resource at a greater margin than more selective methods. The relatively wide deposit determined that a transverse drill drive orientation should be used.

Based on the estimated Mineral Resources, an underground mine life of approximately 28 years following two years of pre-production development is envisaged. The mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the 2023 PEA based on these Mineral Resources will be realised. Inferred Mineral Resources comprise 55% of the mine plan. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Initial capital costs for the 2023 PEA were estimated at US$417 million. Capital costs during the production period are considered sustaining capital costs. Total sustaining costs have been estimated at US$1,086 million before tax credits and at US$1,038 million after tax credits.

The average LOM all-in sustaining cost (AISC) for underground mining is estimated at US$31.50/t processed.

Under the 2023 PEA assumptions presented in this CPR, the portion of the Mineral Resource subset within the 2023 PEA mine plan returns positive economics. The 2023 PEA is estimated to generate US$180 million in average unlevered free cash flow annually over the LOM and has a post-tax net present value (NPV), using an 8% discount rate, of US$942 million. The post-tax internal rate of return (IRR) is estimated at 25% and payback is estimated at 3.4 years.

The current mine plan calls for raising the existing TSF to contain the 33 Mt of tailings to be produced from mining the open pit, without encroaching on the existing gas pipeline right-of-way located to the east of the TSF. A new TSF would be required to store the additional 140 Mt of tailings to be produced

from the underground mine over a period of 28 years. A new conventional TSF located to the southwest of the mine site was selected as the preferred alternative. The new TSF would be outside of the existing mine property boundaries and located approximately six to nine kilometres southwest of the existing open pit and plant areas. It is assumed that Atlantic Nickel will acquire lands associated with the future TSF footprint and access roads prior to construction. The new TSF construction will begin with an initial starter dam and will be expanded every three years using a downstream raise method. The Pre-Feasibility Study (PFS) design is currently ongoing. As a backup plan, several alternative tailings management strategies and facilities have been assessed at a scoping level including options located within the mine boundary.

1.1.2 Recommendations

1.1.2.1 Geology and Mineral Resources

GeoEstima has the following recommendations for Geology and Mineral Resources:

1. Prepare a Mineral Resource estimate for the Palestina target considering all the information available and conduct an economic study for possible extraction either through open pit or underground mining.
2. Update the Mineral Resource estimate at Santa Rita with the ongoing drilling information added since 2021, as well as the updated metal prices and costs. The new drilling may better define the mineralization extents, mainly in the deeper portion of the deposit, and it will upgrade the Mineral Resource classification in some areas.
3. Review the NSR parameters to include the platinum group metals (PGM) (Pd and Pt), as well as the cut-off value for open pit and underground shapes, aiming to update the reasonable prospects for eventual economic extraction (RPEEE) criteria.
4. Integrate the post-mineralization faults into the geological model, improving the shape modelling of mineralised zones. This activity will mainly impact the modelling of the deeper zone of the deposit.
5. Carry out a comparison between the blast hole and drilling data.
6. Improve the reconciliation with analysis and comments about the blast hole model versus the long-term resource model inside the depleted volume.

1.1.2.2 Mining

A number of initiatives are recommended in support of the 2023 PEA findings.

1. A review of the proposed NSR cut-off value used in the 2023 PEA should be undertaken, to assess whether it can be lowered, and to assess the potential to optimize the cut-off over time.
2. An investigation as to optimisation of the mine layout for automated equipment should be conducted.
3. A mass mining method such as an incline cave should be evaluated to determine if operating cost savings can be achieved by reducing operating development, and production drill and blast costs.
4. These work programs are estimated at US$230,000.

1.1.2.3 Mineral Processing

JKTech carried out a comminution survey in February 2021 and made several recommendations for potential improvements based on the results of this work. The key recommendations were to:

1. Decrease the SAG mill total volumetric load to 25% and increase the ball load to decrease fines generation and decrease the load on the SAG mill.
2. Review the SAG mill grate design to increase the pebble port size to further decrease fines generation. This change could be made during a scheduled liner change with minimal additional expenditure.
3. Upgrade the cyclone feed pumping capacity to allow a target of 55% solids; then, increase water addition to achieve this density (and improve cyclone efficiency).

The CP agrees with recommendations 1 and 2 as they will avoid the SAG mill becoming a throughput restriction. The CP also agrees with recommendation 3 because higher cyclone efficiency will assist in minimising slimes production and nickel losses. The site stated that the amount of water added in the grinding circuit has been increased without the need to re-power the cyclone feed pumps and that an ongoing study has shown that good classification efficiency is being achieved.

The plant technical staff have stated that a new load and impact meter has been purchased and they are now in a position to carry out the load test in 2023 in a safe manner (avoiding breakage of mill liners).

The grate slot width has not yet been increased as the current focus is to increase the grate life. The current opening is 70 mm and the pebble port size is 90 mm (the maximum size feed for the pebble crushers). There is a concern that increasing the slot width would reduce the grate life.

The JKTech February 2021 report should be updated with the comminution results from testwork carried out in 2022 on underground variability samples and LOM period composites.

The CP recommended in 2021 that consideration be given to operating the cleaner-scavenger circuit in open circuit instead of returning the cleaner-scavenger tailings to the rougher feed. The LCTs carried out at SGS in 2021 showed that reducing the recycle prevented the build-up of gangue minerals in the concentrate. This phenomenon has not been reported in the plant; however, it may be possible to improve the concentrate grade with minimal loss of recovery. Additional cleaner-scavenger capacity may be required to maintain the recovery. This could be tested directly on the scavenger circuit feed and tailings in the on-site pilot plant. This test has not yet been performed nor has a test to increase the scavenger cleaning capacity. The plant staff report that efforts are being made first to reduce the fines generation in the grinding circuit.

1.1.2.4 Tailing Storage Facility

A new TSF to support the underground expansion project is currently being designed to the PFS level. Besides the new TSF, the design should include appurtenance facilities consisting of a tailings delivery system, decant pumping and reclaim water return system, access roads, and power supply. The required budget to complete the remaining PFS design related to the TSF appurtenances is estimated to be US$200,000.

1.1.2.5 Preliminary Economic Assessment

A two-phase work program is proposed. The first work phase includes grassroots geochemical exploration, greenfields exploration, step-out and infill drilling, metallurgical testwork on material from exploration prospects, mining initiatives on aspects of the 2023 PEA, and improvements to the process design. This work phase is estimated at about US$7.6 million. The second work phase is dependent on the results of the first work phase. Work recommended includes follow-up of any geochemical anomalies generated in Phase 1, incorporation of infill and step-out drilling results into an updated Mineral Resource estimate and revised 2023 PEA, and incorporation of the metallurgical testwork results for Palestina into a Mineral Resource estimate that can be used as the basis for a PEA on the underground potential of the Palestina area. This work phase is estimated at US$0.8 million.

1.2 Economic Analysis

1.2.1 Cautionary Language

The results of the economic analyses discussed in this section represent forward-looking information. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those presented here. Information that is forward-looking includes:

- Mineral Reserve estimates;
- Commodity prices and exchange rates;
- Mine production plan;
- Mining and process plant recovery rates;
- Mining dilution and mining recovery;
- Sustaining costs and operating costs;
- Closure costs and closure requirements;
- Environmental, permitting, and social risks.

Additional risks to the forward-looking information include:

- Changes to costs of production from what is assumed;
- Unrecognised environmental risks;
- Unanticipated reclamation expenses;
- Unexpected variations in quantity of mineralised material, grade, or recovery rates;
- Geotechnical or hydrogeological considerations during mining being different from what was assumed;
- Failure of mining methods to continue to operate as anticipated;
- Failure of process plant, equipment, or processes to operate as anticipated;
- Changes to assumptions as to the availability of electrical power and its rates used in the operating cost estimates and financial analysis;
- Ability to maintain the social licence to operate;
- Accidents, labour disputes, and other risks of the mining industry;
- Changes to interest rates;
- Changes to tax rates.

1.2.2 Basis of Estimate

A financial model was developed to estimate the Santa Rita Mine base case open pit LOM plan consisting of mining the Proven and Probable Mineral Reserve within the open pit. The LOM plan covers a period of six years beginning Q1 2023. The financial analysis was prepared on a real currency basis with all cash flows expressed in Q1 2023 US dollar terms.

LOM production and payable nickel equivalent (NiEq) metal are summarised in Figure 1-1. NiEq is determined by dividing the revenue from payable copper, cobalt, gold, platinum, and palladium by the price of nickel to calculate equivalent pounds of nickel, then adding the payable Ni pounds to sum to the total NiEq pounds.

Other economic factors include the following:

- Discount rate of 8%;

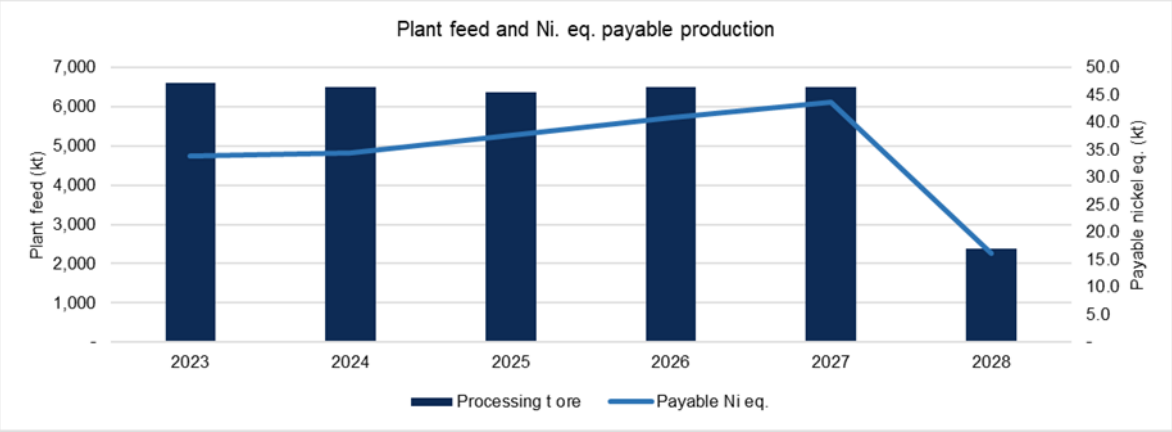
- All cash flows include 90% to 95% payments for concentrate during the period in which they are incurred, depending on the concentrate sales agreement. The remaining 5% to 10% of the metal is paid within 90 days of reaching the Brazilian port.
- All applicable Brazilian taxes are estimated in the financial model.

Net revenue is calculated based on the following:

- Revenues are calculated on the sale of nickel concentrates based on metal prices from the consensus mean of leading banks and financial institutions as of Q1 2023, and forecast Brazilian to US dollar exchange rates.
- Treatment and refining charges for concentrates are based on contracted terms with several smelters/refineries and metal offtakers.
- There are four NSR royalties payable over the LOM:
  - The CFEM (*Compensação Financeira pela Exploração de Recursos Minerais (*Compensation for the Exploitation of Mineral Resources)) royalty at 2.00% on an NSR that does not allow the deductibility of freight costs;
  - The Companhia Bahiana de Pesquisa Mineral (CBPM) royalty at 2.51% on 60% of the value of nickel contained in concentrate and a royalty rate of 2.51% on 100% of the value of copper, cobalt, palladium, platinum, and gold contained in concentrate;
  - Land owner royalties at 1.00%;
  - The Appian Natural Resources Fund II royalty at 2.75%.

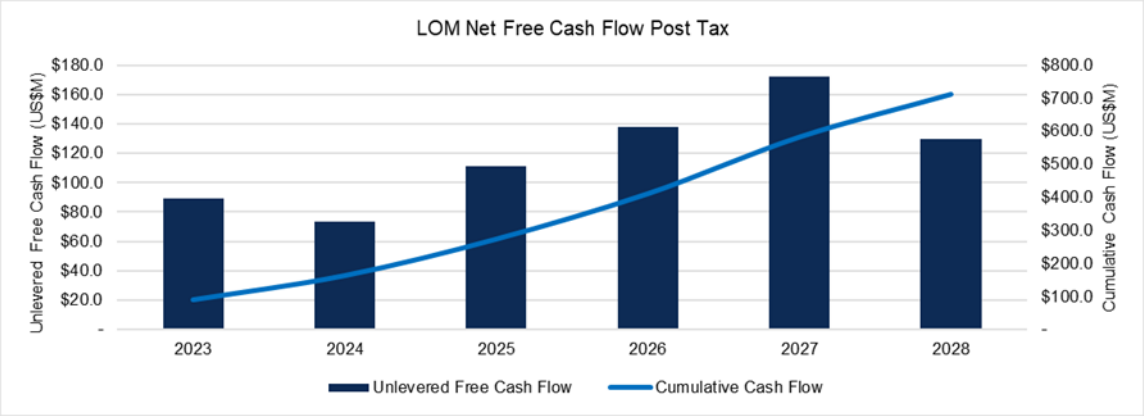
1.2.3 Economic Outcomes

The operations are estimated to generate US$122 million in average unlevered free cash flow annually over the open pit LOM at a post-tax NPV, using an 8% discount rate, of US$546 million. IRR and the number of payback years are not applicable in this case since the initial capital costs have been expended. The financial results are presented in Figure 1-2 and a summary of the financial model is provided in Table 1-1.



Source: Atlantic Nickel, 2023.

Figure 1-1: LOM Payable NiEq



Source: Atlantic Nickel, 2023.

Figure 1-2: LOM Net Unlevered Free Cash Flow Post Tax

Table 1-1: Base Case LOM Cash Flow and Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit	Value
Commodity Prices and Exchange Rate 1		
2023–2028 nickel price	US$/lb	9.87–8.46
2023–2028 copper price	US$/lb	3.55–3.59
2023–2028 cobalt price	US$/lb	25.58–23.53
2023–2028 gold price	US$/oz	1,753–1,615
2023–2028 platinum price	US$/oz	1,027–1,140
2023–2028 palladium price	US$/oz	1,977–1,363
2023–2028 BRL:USD	R$:US$	5.39–5.55
LOM Mine Plan Summary		
Mine life (including stockpile processing)	Years	6
Mineral Reserve	kt	34,842
Grade NiS	%	0.31
Grade Cu	%	0.11
Grade Co	%	0.01
Grade Pd	g/t	0.03
Grade Pt	g/t	0.06
Grade Au	g/t	0.04
Processing rate	Mt/a	6.5
LOM Concentrate Production		
Concentrate (dry)	kt	656
Ni	%	13.50
Cu	%	4.39
Co	%	0.24

Item	Unit	Value
Pd	g/t	1.67
Pt	g/t	2.26
Au	g/t	1.03
LOM Revenue		
Net smelter return revenue	US$M	1,569
LOM Operating Cost		
Mining	US$/t processed	7.55
Processing	US$/t processed	5.46
Site General and Administrative (G&A)	US$/t processed	1.94
Treatment, refining, penalties	US$/t processed	7.17
Freight	US$/t processed	2.50
By-product credits	US$/t processed	(8.94)
C1 operating cost 2	US$/lb Ni 3	3.16
AISC cost 4	US$/lb Ni	5.26
Operating costs net of adjustments	US$M	(858)
Royalties	US$M	(131)
LOM Cash Flow		
EBITDA cash	US$M	967
Cash Flow		
Taxes	US$M	(54)
Change in working capital	US$M	25
Sustaining capital	US$M	(245)
Unlevered Free Cash Flow	**US$M**	**694**
Post-Tax $NPV_{8\%}$	**US$M**	**546**

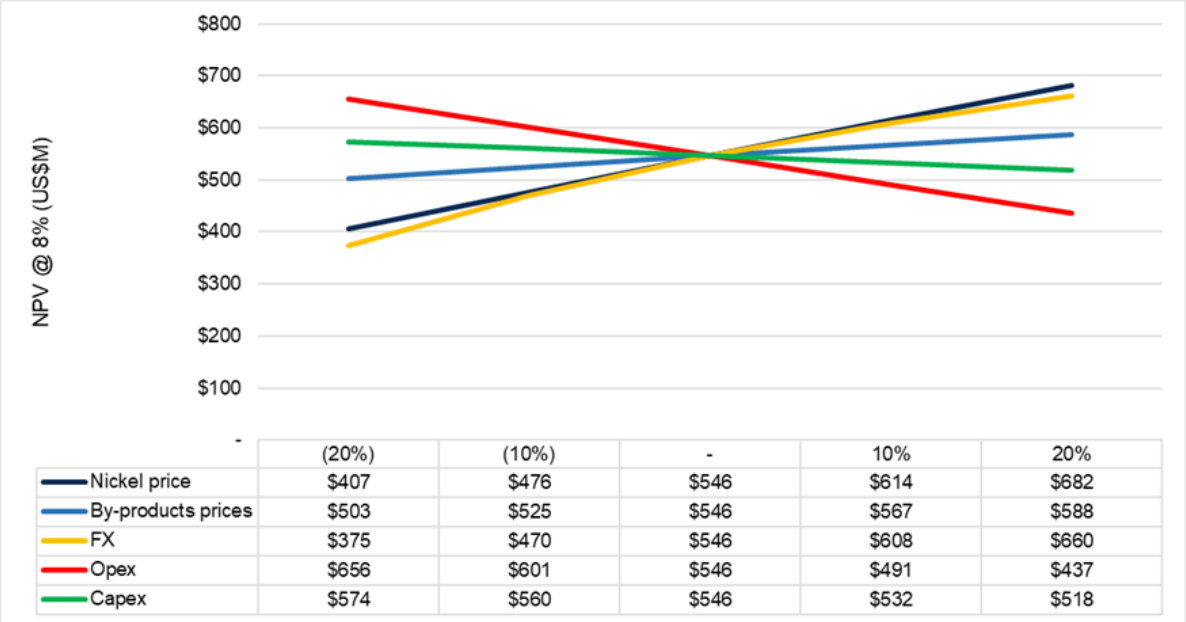
Notes: EBITDA = earnings before interest, taxes, depreciation, and amortisation.

1. Metal prices and exchange rates after 2027 are long-term forecast numbers. Refer to Table 19-1 for values used from 2023 to 2028.
2. C1 cost = cash operating costs less net by-product credits.
3. Ni cost = (mining cost + processing cost + site G&A cost + treatment/refining cost + freight cost – by-product credits for Cu, Co, Pd, Pt, Au) / payable Ni.
4. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures.

1.2.4 Sensitivity Analysis

Figure 1-3 presents an NPV sensitivity analysis on nickel price, by-product prices, exchange rate, operating costs, and sustaining capital costs.

The operations are most sensitive to changes in the nickel price, less sensitive to changes in foreign exchange rate fluctuations and operating costs, and least sensitive to commodity price changes for the by-product elements and variations to the sustaining capital costs.



	(20%)	(10%)	-	10%	20%
Nickel price	$407	$476	$546	$614	$682
By-products prices	$503	$525	$546	$567	$588
FX	$375	$470	$546	$608	$660
Opex	$656	$601	$546	$491	$437
Capex	$574	$560	$546	$532	$518

Source: Atlantic Nickel, 2023.

Figure 1-3: Base Case NPV Sensitivity Analysis

1.3 Technical Summary

1.3.1 Property Description and Location

The Santa Rita Mine located in the Itagibá municipality of Bahia state in northeast Brazil, seven kilometres from the city of Ipiaú, 140 km northwest of the Port of Ilhéus, and 360 km southwest of Salvador. The operations are accessed via paved roads from Ilhéus to Ipiaú, and then via unsealed road to the mine site. Access within the property is by unsealed municipal roads and farm tracks. A small airstrip is located at Ipiaú and Ilhéus is serviced by a regional airport. Ipiaú (population 47,000) is the major source of commercial and industrial support services, and skilled and unskilled labour for the Santa Rita Mine.

The climate in the Itagibá region is humid tropical. Annual rainfall varies between 800 mm and 1,800 mm and averages approximately 1,200 mm. Mining operations are conducted year-round. Exploration activities can be curtailed by rainfall events, but are generally also conducted year-round.

The topography is characteristically flat to gently undulating terrain at approximately 150 MASL and is in the drainage basin of the Contas River. The property area is characterised as being sub-tropical rainforest; however, a minimal amount of that forest remains due to deforestation for agricultural purposes.

1.3.2 Land Tenure and Ownership

The Santa Rita Mine is owned by Atlantic Nickel, a wholly-owned subsidiary of Appian Capital. Mining concessions and exploration licences covering the Santa Rita and Palestina deposits are owned by the state company Companhia Bahiana de Pesquisa Mineral (CBPM) and are leased to Atlantic Nickel under a lease contract signed in 2008 and valid for 20 years. Exploration licences outside the Santa Rita and Palestina areas are held by Atlantic Nickel.

Atlantic Nickel holds a number of mining concessions and exploration licences throughout the Santa Rita property area, collectively covering 28,997.21 ha:

- Two mining concessions for nickel in the municipality of Itagibá, Bahia state
- Three applications for mining concessions for nickel in the municipality of Itagibá, Bahia state
- 32 exploration licences for nickel in different municipalities in the Bahia state

Mining concessions and exploration licences are registered in the name of CBPM and are leased to Atlantic Nickel as per a mineral rights lease agreement with CBPM (the CBPM Lease Agreement) and an exploration agreement with CBPM (the CBPM Exploration Agreement). The CBPM Lease Agreement is valid until June 16, 2028. In the capacity of lessee, the Atlantic Nickel can mine and become the owner of the production from the mining concessions.

Applications for mining concessions and three exploration permits held by CBPM will be leased to Atlantic Nickel if and when the respective mining concessions are granted, as per the CBPM Exploration Agreement.

The remaining exploration permits and the application for exploration permit are registered with the ANM in Atlantic Nickel's name.

1.3.3 History

In 1976, mafic–ultramafic intrusive complexes were identified by CBPM using aeromagnetic survey data. From 1976 to 2003, various companies conducted geological reconnaissance, geochemical surveys, and various types of geophysical surveys. That work identified the layered nature of the Fazenda Mirabela intrusion as well as some of the mineralisation. CBPM performed a limited drill program in 1988 and 1989 that confirmed the presence of primary sulphide mineralisation.

In 2003, the Fazenda Mirabela project was acquired by Mirabela Brazil. From 2004 to 2012, a number of drill campaigns were conducted, and a feasibility study was completed in 2008. Mining operations commenced in 2009 and continued until 2016, when the mine was placed on care-and-maintenance.

In 2018, Appian Capital acquired the project, with Atlantic Nickel as the in-country operating subsidiary. Atlantic Nickel conducted extensive drilling campaigns from 2018 to 2021, with the objectives of improving confidence in the mineral resources potentially amenable to open pit mining methods, and investigating underground potential. In October 2019, Atlantic Nickel re-started the concentrate plant and the first concentrate sales were in January 2020.

1.3.4 Geology and Mineralisation

Mineralisation within the Fazenda Mirabela intrusion is considered to be an example of a magmatic nickel–copper sulphide deposit.

The Fazenda Mirabela intrusion, which hosts mineralisation at Santa Rita, is located within the Archean–Paleoproterozoic Itabuna–Salvador–Curaça orogenic (ISC) belt. It consists of a low-potassium calc-alkaline plutonic suite of rocks that includes intercalated metasedimentary rocks, gabbro, and basalt. The Fazenda Mirabela mafic–ultramafic body intruded granulite of the ISC. The lower zone of the intrusion consists of olivine-rich cumulates, primarily dunite to harzburgite, and is capped by pyroxenite; the upper zone consists primarily of gabbroic cumulates, consisting of gabbronorites to norites.

The intrusion is oval-shaped in plan view, with outcrop dimensions of approximately 4.0 km by 2.5 km and original stratigraphic thickness of at least three kilometres. In cross-section, the intrusion extends to a vertical depth of approximately 1,400 m.

Three generations of deformation phases are recognised, including thrust duplexes, quartz–feldspar pegmatite dikes intruded into basement lithologies, and folding. The major alteration type is fracture or structurally controlled serpentinisation.

A significant laterite profile, typically 25 m thick, developed over the dunite–harzburgite lithologies, but is absent or poorly developed over other lithologies.

The Santa Rita deposit is characterised by the lateral continuity of the mineralisation (approximately 2 km along strike and 1.3 km down dip). Nickel and copper sulphides form stratiform bodies that are generally parallel to the lithostratigraphic contacts. The primary lithological host rocks are orthopyroxenite, olivine orthopyroxenite, harzburgite, and dunite.

The mineralisation that supports the Mineral Resource estimate is primarily hosted in disseminated sulphides, 2% to 5% sulphide by volume. Some evidence of vein-like semi-massive sulphides is also noted, but this mineralisation type is not economic. On average, sulphide mineralisation comprises 52% pentlandite, 7% violarite ($(Ni,Fe)3S_4$), 18% chalcopyrite, 14% pyrite, and 9% pyrrhotite as granular intercumulus aggregates. Traces of PGMs also occur, however, these elements appear to be included within the structure of the principal sulphides.

The Fazenda Palestina mafic–ultramafic intrusion is located 25 km to the south-southwest of the Santa Rita Mine. The intrusion cluster measures approximately 5 km east-west by 3 km north-south and, similar to the Fazenda Mirabela intrusion, has intruded granulite facies country rocks. The two dominant lithologies within the intrusion are orthopyroxenites and, to a lesser extent, gabbronorites. The deposit is approximately 1,350 m long, 50 m wide, and extends to a depth of at least 350 m. Pentlandite and chalcopyrite are the dominant nickel and copper minerals, respectively.

1.3.5 Exploration Status

As of December 31, 2022, a total of 1,403 drill holes for 382,029.32 m have been completed at Santa Rita and surrounding targets. Drilling included core (DDH) and reverse circulation (RC) types. Atlantic Nickel has carried out exploration systematically since 2018. The 2022 exploration program including an additional 87 drill holes totalling 33,866.18 m, as of December 31, 2022, confirmed the continuity of the mineralisation at the Santa Rita open pit mine and at depth below the pit. A total of 47 drill holes for 7,862 m completed at the Palestina target in 2022 have confirmed the existing mineralisation and increased the exploration potential.

Three prospects within the Santa Rita area are considered to warrant drill testing, Peri-Peri, Santa Maria, and Aiquara.

1.3.6 Mineral Resources

The Mineral Resource estimate for the Santa Rita deposit, as of December 31, 2022, using all data available as of June 23, 2019 for the open pit model and February 25, 2021 for the underground project, was completed by Mine Technical Services Ltd. (MTS) and reviewed and adopted by GeoEstima.

The Mineral Resource estimate was completed using Leapfrog Geo/Edge software and Vulcan software. Wireframes for mineralisation were constructed in Leapfrog Geo based on geology sections, assay results, and lithological information. Assays were capped to various levels based on exploratory data analysis and then composited to 3.0 m and 6.0 m lengths. Wireframes were filled with blocks at wireframe boundaries. Block models were estimated using a combination of indicator and ordinary kriging models using 6 m length composites, and includes indicator estimates for sulphur, NiT, NiS, copper, cobalt, and MgO. Block estimates were validated using industry standard validation techniques. Classification of blocks used nominal drill spacing, visual inspection, and other criteria. The Mineral Resource estimate was reported using all the material within resource shapes generated in Whittle software and Datamine Mineable Reserves Optimizer (MRO), satisfying the minimum mining unit, continuity criteria, and using a net smelter return (NSR) cut-off value of US$8.91/t for open pit and US$30.00/t for underground resource shapes. NSR cut-off values for the Mineral

Resources are based on a NiS price of US$6.50/lb, a Cu price of US$3.00/lb and, a Co price of US$20.00/lb.

The CP reviewed the Mineral Resource assumptions, input parameters, geological interpretation, and block modelling and reporting procedures, and is of the opinion that the Mineral Resource estimate is appropriate for the style of mineralisation and that the block model is reasonable and acceptable to support the December 31, 2022 Mineral Resource estimate.

The Mineral Resource estimate for the Santa Rita Mine, as of December 31, 2022, is summarised in Table 1-2. The Mineral Resource estimate is prepared in accordance with CIM (2014) definitions.

The CP is not aware of any factors that could materially impact the estimate of the Mineral Resources for Santa Rita that are not presented in this CPR.

Table 1-2: Summary of Mineral Resources – December 31, 2022
ACG Acquisition Company Limited – Santa Rita Mine

Category	Method	Tonnage (kt)	Grade							Contained Metal					
			N (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	NSR (US$/t)	NiS (kt)	Cu (kt)	Co (kt)	Pd (koz)	Pt (koz)	Au (koz)
Measured	OP	7,044	0.40	0.13	0.01	0.03	0.07	0.04	34.26	28.3	9.4	0.8	7.7	16.6	10.1
	UG	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0
	Stockpile	870	0.22	0.10	0.09	0.03	0.06	0.04	23.19	1.9	0.9	0.8	0.8	1.7	1.1
	Sub-total	7,914	0.38	0.13	0.02	0.03	0.07	0.04	33.04	30.2	10.3	1.6	8.5	18.2	11.3
Indicated	OP	36,343	0.31	0.12	0.01	0.03	0.06	0.04	26.90	112.9	41.8	3.4	36.1	73.8	49.5
	UG	105,859	0.54	0.18	0.01	0.04	0.10	0.06	45.68	568.2	187.5	13.6	135.8	331.0	216.8
	Stockpile	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0
	Sub-total	142,202	0.48	0.16	0.01	0.04	0.09	0.06	40.88	681.1	229.3	17.0	171.8	404.8	266.3
Measured + Indicated	**OP**	**43,388**	**0.33**	**0.12**	**0.01**	**0.03**	**0.06**	**0.04**	**28.10**	**141.2**	**51.3**	**4.2**	**43.8**	**90.4**	**59.7**
	UG	**105,859**	**0.54**	**0.18**	**0.01**	**0.04**	**0.10**	**0.06**	**45.68**	**568.2**	**187.5**	**13.6**	**135.8**	**331.0**	**216.8**
	Stockpile	**870**	**0.22**	**0.10**	**0.09**	**0.03**	**0.06**	**0.04**	**23.19**	**1.9**	**0.9**	**0.8**	**0.8**	**1.7**	**1.1**
	Sub-total	**150,117**	**0.47**	**0.16**	**0.01**	**0.04**	**0.09**	**0.06**	**40.47**	**711.3**	**239.6**	**18.6**	**180.4**	**423.0**	**277.5**
Inferred	OP	45	0.25	0.10	0.01	0.02	0.05	0.03	21.82	0.1	0.0	0.0	0.0	0.1	0.0
	UG	130,852	0.54	0.17	0.01	0.05	0.10	0.06	45.52	702.3	224.5	17.3	210.6	426.8	259.2
	Stockpile	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0
	Sub-total	130,898	0.54	0.17	0.01	0.05	0.10	0.06	45.51	702.5	224.5	17.3	210.7	426.8	259.2

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. The Competent Person for the Mineral Resources estimate is Orlando Rojas, B.Geo., AIG (N° 5543), a GeoEstima SpA employee.
3. The Mineral Resource estimates have an effective date of December 31, 2022.
4. Mineral Resources are estimated at a net smelter return (NSR) cut-off value of US$8.91/t for open pit, and US$30.00/t for underground.
5. Mineral Resources are estimated using metal prices of US$6.50/lb Ni, US$3.00/lb Cu and US$20.00/lb Co.
6. Open pit and underground Mineral Resources are reporting within a conceptual open pit and underground constraining shapes for material below the pit.
7. All blocks within underground constraining shapes have been included within the Mineral Resource estimate.
8. Minimum widths are 5 m for the open pit and 45 m for the underground.
9. The metallurgical recoveries used are 83% for NiS; 70% for Cu; 29% for Co.
10. Bulk density varies depending on mineralisation domain from 2.5 g/cm³ to 3.5 g/cm³.
11. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves.
12. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
13. Numbers may not add due to rounding.

1.3.7 Mineral Reserves

1.3.7.1 Mineral Reserve Estimation

Internal dilution was incorporated in the block model used to estimated Mineral Reserves. The block edge dilution applied represents 1.05 m transferred with the neighbouring block for each side of a 6 m x 6 m by 6 m block. The transfer was 0.25 m vertically to upper and lower blocks. This dilution methodology resulted in a reduction of 1.4% of the Measured and Indicated in-pit Mineral Resource tonnage and a 6% reduction in the nickel sulphide contained metal with no reduction in copper and cobalt contained metal.

Inferred Mineral Resources within the pit designs were set to waste material.

The Mineral Reserves were audited by the CP using two methodologies.

The first utilised a 2021 Technical Report Mineral Reserve based on starting open pit bench faces as of October 1, 2021, that was depleted by actual mining for the period October 2021 to the end of 2022. The Mineral Reserve in the 2021 study was based on an NSR cut-off value of $8.91/t with cost assumptions of US$5.17/t processing, US$1.17/t royalties, US$1.41/t site G&A, and US$0.62/t corporate general and administrative. Metal prices were US$6.50/lb nickel, US$3.00/lb copper, US$20.00/lb cobalt, US$1,000/oz palladium, US$800/oz platinum, and US$1,250/oz gold, with process recoveries of 83% nickel, 70% copper, and 29% cobalt with no credit for palladium, platinum, or gold. The resulting depleted tonnage of ore was 36.36 Mt. This compared within 0.8% of the 36.07 Mt that was indicated by querying the diluted block model using an NSR cut-off value of $8.91/t inside of the pit design with starting bench faces as of the end of 2022.

A second methodology was conducted using a revised open pit design that accounts for an underground portal location on the upper northwest benches and two wall segments that were redesigned in the central portion of the east side of the open pit. Using an NSR cut-off value of $8.91/t and starting bench faces as of January 1, 2023, the ore tonnage within the new pit design was determined to be 33.97 Mt. This tonnage was used for the Santa Rita Mine 2023 budget.

The diluted block model was updated with 2023 parameters and the resulting pit optimisation shell limits were compared to the re-designed open pit limits. Starting bench faces were as of January 1, 2023. The pit optimisation parameters included metal prices of US$8.15/lb nickel, US$3.50/lb copper, US$25.00/lb cobalt, US$1,375/oz palladium, US$1,100/oz platinum, and US$1,550/oz gold, with process recoveries of 83.2% nickel, 75% copper, and 38% cobalt with no credit for palladium, platinum, or gold. The NSR cut-off value was determined to be US$11.04/t. The pit optimisation limits closely matched the new pit design. The revenue factor used for the optimisation limits was 0.96. The Mineral Reserve tonnage of 33.97 Mt was therefore accepted as valid using 2023 parameters.

Mineralised material stockpiles exist at the mine site. Two large stockpiles in particular have been surveyed and estimated to contain approximately 5.7 Mt of material. Atlantic Nickel plans to drill and sample the material to allow a Mineral Resource estimate to be completed.

1.3.7.2 Mineral Reserve Statement

Mineral Reserves are reported using the CIM (2014) definitions, with an effective date of December 31, 2022. The CP for the estimate is Mr. Andrew Bradfield, P.Eng., of P&E. The Proven and Probable Mineral Reserve estimate for the Santa Rita Mine is summarised in Table 1-3 and includes 869,000 t of stockpiled ore. Approximately 23% of the Mineral Reserve is in the Proven classification as of December 31, 2022.

The estimate of Mineral Reserves may be materially affected by metal prices, US$/R$ exchange rate, environmental, permitting, legal, title, taxation, socio-political, marketing, infrastructure development, or other relevant issues.

Table 1-3: Santa Rita Mineral Reserve Estimate – December 31, 2022
ACG Acquisition Company Limited – Santa Rita Mine

Classification	Tonnage (kt)	NSR Value (US$/t)	Grade						Contained Metal					
			NiS (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	NiS (kt)	Cu (kt)	Co (kt)	Pd (koz)	Pt (koz)	Au (koz)
Proven	7,980	38.41	0.35	0.12	0.01	0.03	0.07	0.04	28.2	9.4	0.8	7.7	17.7	10.3
Probable	26,862	31.31	0.30	0.11	0.01	0.03	0.06	0.04	80.6	29.5	2.7	25.9	51.8	34.5
Total Proven and Probable	**34,842**	**32.94**	**0.31**	**0.11**	**0.01**	**0.03**	**0.06**	**0.04**	**108.8**	**39.0**	**3.5**	**33.6**	**69.5**	**44.8**

Notes to accompany Mineral Reserve table:

1. The Competent Person for the Mineral Reserve estimate is Andrew Bradfield, P.Eng., of P&E Mining Consultants Inc. The estimate has an effective date of December 31, 2022.
2. Mineral Reserves are defined within a mine plan and incorporate mining dilution and ore losses that result in a reduction of 1.4% of the tonnage and a 6% reduction in the nickel sulphide (NiS) contained metal with no reduction in other contained metals.
3. Mineral Reserves are based on Measured and Indicated Mineral Resource classifications only.
4. Mineral Reserves are based on metal prices of US$8.15/lb nickel, US$3.50/lb copper, US$25.00/lb cobalt, US$1,375/oz palladium, US$1,100/oz platinum, and US$1,550/oz gold and are constrained within an optimised pit shell that uses 39° to 46° overall wall slopes, and process recoveries of 83% nickel, 75% copper, and 38% cobalt with no credit for palladium, platinum, or gold.
5. An NSR cut-off value of $11.04/t is estimated to differentiate ore from waste and is based on cost assumptions of US$5.67/t processing, US$1.96/t site general and administrative, and US$3.41/t sustaining capital costs.
6. Proven Mineral Reserves include stockpiled ore of 0.87 Mt at 0.22% Ni, 0.10% Cu, 0.09% Co, 0.03 g/t Pd, 0.06 g/t Pt, and 0.04 g/t Au.
7. The estimate of Mineral Reserves may be materially affected by metal prices, US$/R$ exchange rate, environmental, permitting, legal, title, taxation, socio-political, marketing, infrastructure development, or other relevant issues.
8. Totals may not sum due to rounding.

1.3.8 Mining Method

The Santa Rita open pit mining operation mainly encompasses a single large open pit that is mined with conventional mining equipment. The open pit was planned to be completed in 10 phases, of which six phases remain as of January 1, 2023. A small satellite open pit located to the southeast of the main pit has also been mined. The primary crusher area is located to the north of the open pit and the main waste rock storage facility (WRSF) is on the east side.

The open pit design was modified in 2021 and 2022 for three reasons:

- Underground mining studies indicated that the best location for a portal location is on an upper bench in the northwest corner of the open pit, close to surface, in Phase 8 north. The revision was made in late 2021.
- Failure of a wedge-shaped segment of the open pit wall in the central portion of the east side in November 2021 resulted in a modification to Phase 10 centre in late 2021. Material between the 70 m and 130 m levels, with a width of approximately 200 m, was vertically displaced by about 1.5 m. The modified open pit design resulted in 2.6 Mt mined outside the previously defined pit limit. There were no accidents associated with the displacement and the displaced material was mined-out over a period of approximately eight months.
- Failure of a 200 kt segment of the open pit wall in the central portion of the east side in August 2022 resulted in a modification to Phase 10N centre in late 2022. The deformation was detected 30 days before significant displacement, the area was isolated, and the event occurred without injury or equipment damage.

Risks are being mitigated through 24/7 monitoring of three ground radar systems covering the open pit area, more than 40 prisms deployed in the pit monitored by high precision total robotic stations, automated piezometric monitoring, automated in-situ monitoring (inclinometers and time domain reflectometry), continuous mapping of the faults and structures, a geotechnical drilling campaign, additional slope stability studies, and updates of the geotechnical model and dewatering/depressurization program.

The production plan targets ore to the process plant at 6.5 Mt/a and a total production rate of 30 Mt/a (combined ore and waste). Mining operations use standard open pit methods with drilling and blasting, loading and hauling. Bench heights are 6 m in ore and 12 m in waste. Mining is contracted to two mining contractors until Q2 2023 at which time the mine will transition to Owner-operated. The transition will be completed by the end of 2024.

Four ore types and stockpiles of material are used. They are defined based on NSR cut-off values, lithology type (based on MgO grade) and head grade ranges (high-grade and low-grade based on NiS%). Ore types include lithologies based on MgO% (peridotite >29% MgO and pyroxenite <29% MgO). The high-grade versus low-grade boundary for NiS% is approximately 0.35% NiS. The open pit remaining mine life is approximately six years, ending in 2028.

Hydraulic excavators (70 t) are used for waste rock loading, and hydraulic excavators (50 t) are used for ore loading. Wheel loaders are used for miscellaneous clean-up jobs and as backups to the excavators. A peak fleet of 80 haul trucks with capacities of 36 t and 48 t are used to transport material to either the WRSFs or the primary crusher stockpiles. Drills are equipped with 114 mm (4.5 inch) diameter bits. The primary mining operations are supported by a fleet of equipment consisting of bulldozers, graders, water trucks, fuel trucks, maintenance vehicles, and service vehicles.

Mining operations manpower is estimated to reduce from 1,700 people with contractors to 1,465 people when Owner operated.

1.3.9 Metallurgical Testwork

1.3.9.1 Open Pit

Metallurgical testwork was conducted from 2005 to 2021. Primary laboratories involved in the testwork that supports the mine plan and original plant design include SGS Lakefield, SGS Geosol, JKTech, AMMTEC Ltd., Independent Metallurgical Laboratories Pty. Ltd., and Outokumpu Technologies.

Testwork that supported plant design included mineralogy, comminution, heap leach, flotation, and thickening tests.

Once operating, review of the plant performance indicated that there was a variation in annual total nickel recovery from 48.6% to 59.9% over the period 2012 to 2016. The NiS recovery varied from 78.2% to 84.9% over the period July 2012 to March 2016.

The plant was re-started in January 2020. The average NiS recovery over the period January 2020 to December 2022 was 79.3%; however, improvements in plant operating practices and a change in the main flotation collector have led to an increase in the NiS recovery to an average of 80.1% over the period June to December 2022. Analysis of the plant performance data has enabled a robust NiS recovery equation to be developed based on the relationship between the concentrate enrichment ratio (%NiS in concentrate/%NiS in feed) versus the % mass pull to the concentrate.

The only deleterious element in the concentrate that could lead to downstream treatment penalties is MgO; this is controlled by efficient cleaner flotation and has not been an issue to date.

Atlantic Nickel commenced new testwork in support of re-starting operations which continued up to mid-2021 on ores from the open pit. The work included mineralogy (chemical assays and quantitative evaluation of materials by scanning electron microscopy, or QEMSCAN), comminution (Bond ball mill work index, crusher work index, abrasion index, breakage parameters), flotation tests (effects of feed grind size P_{80}, desliming, pH, collector, activator, and dispersant dosages; re-cleaner, kinetic tests; LCTs), geometallurgical variability testing, tailings thickening, and rheology tests. Results for open pit ore included:

- Comminution testwork: this was carried out on composites of the three main lithologies and on variability samples. The pyroxenite material in the north of the pit is the hardest material and harzburgite is the softest. Tests following the SMC protocols and the Bond suite gave the same conclusion. JKTech used results from a plant survey to model plant performance. The base case calculated a throughput of 855 t/h versus the production requirement of 842 t/h at 89.5% availability.
- Rougher–scavenger flotation testing: this was carried out on the three main open pit lithology composites, 51 variability samples and a blend of the variability samples. The lithology testing confirmed that pyroxenite and orthopyroxenite perform better than harzburgite. The variability samples showed large variations in recovery and concentrate grade. An LCT carried out on the variability sample blend gave a result that fell on the calculated regression line determined from recent plant results.
- Mineralogical examinations: these showed that for a sample ground to 125 µm, the mean size of the pentlandite particles was 48 µm and for the chalcocite was 30 µm. Finer grinding would lead to slime losses. The majority of losses to tailings occur in complex particles with fine metal sulphides occluded in gangue minerals.

1.3.9.2 Underground

An initial testwork program was conducted on site on material from the area where potential underground operations were being evaluated. The lithologies were the same as those found in the open pit, but divided into upper and lower domains, based on depth. Flotation tests were carried out to determine the optimum flotation feed size, the optimum reagent additions and flotation kinetics. Subsequently a more comprehensive program was carried out at SGS Geosol on samples from the upper and lower domains and included assaying, mineralogical examinations, comminution testing, flotation testing (including variability testing and LCTs) and tailings testing.

Results and interpretations included:

- The upper and lower composite underground material showed similar mineral particle size data to the open pit ore. The pentlandite content was approximately 60% higher.
- The comminution data for the underground composites showed they were softer for crushing and SAG milling than the open pit ore but harder for ball milling. JKTech calculated a throughput of 955 t/h. To achieve the production forecast of 6.25 Mt/a (plan for the first 5 years after underground mining ramp-up), an hourly throughput of 797 t/h is required at a plant availability of 89.5%.
- Rougher–scavenger flotation testing conducted by SGS Geosol on the upper and lower underground composites showed similar results to the previous Atlantic Nickel tests but with higher recovery and slightly lower rougher concentrate grades.
- LCTs on the underground composites gave higher NiS recoveries at slightly higher concentrate grades than the open pit ore. The concentration ratio versus percent concentrate mass pull data were plotted for all open pit and underground LCTs. The regression equation for the resulting curve had an R^2 of 0.98, a very high correlation, thus enabling the recovery to be calculated with a high degree of confidence.
- As with the open pit, no deleterious elements are expected to affect plant performance or lead to downstream treatment penalties.

1.3.10 Recovery Methods

The plant design was based on metallurgical testwork results. The Santa Rita process plant consists of crushing, grinding, flotation, thickening, and filtration unit operations to produce a saleable nickel concentrate. Flotation tailings are pumped to a TSF.

The process plant re-started in October 2019 and from January 2020 to December 2022 treated 17.06 Mt of ore, producing 290.821 t of nickel concentrate containing 39,488 t of nickel. The average overall nickel recovery was 58.4% and the average nickel sulphide recovery was 79.3%. The NiS recovery has improved since January 2020, especially during 2022. The recovery increased from 80.2% in Q1 2022 to an average of 81.3% over the period June to December 2022.

The plant is currently operating at its design capacity of 6.5 Mt/a.

Payable metals such as platinum, palladium, and gold are also contained in the concentrate with the nickel, copper, and cobalt. The majority of revenue is generated by nickel.

The initial nameplate capacity was 4.6 Mt/a; this was expanded to 6.5 Mt/a in 2012 with the addition of a desliming circuit, pebble crushing, a second ball mill and a pressure filter. Since the re-start in 2019 the desliming circuit has not been used as it has been proved to provide no performance benefits.

The process plant requires approximately 1,600 m^3/h of water, which is derived from three sources; the Contas River, recycled water from the TSF, and tailings thickener overflow. The plant power

requirement is 21.1 MW. Power is provided from the national grid. Key consumables include grinding media, slimes depressant, copper sulphate, sodium ethyl xanthate, sodium di-alkyl dithiophosphate, sodium silicate, citric acid, and flocculant.

1.3.11 Project Infrastructure

The Santa Rita Mine currently has all necessary infrastructure in place to support a large open pit mining and mineral processing operation.

Infrastructure includes a gatehouse, administration offices, kitchen/canteens, maintenance buildings, warehouse, washroom and change rooms, health and fire-fighting facilities, process plant, conveyors, and concentrator, laboratories, pipelines, and powerlines.

There is no accommodations camp on site. Personnel reside in nearby communities and commute to the site.

Electricity supply is generated by a hydroelectric power plant that is located approximately 20 km from the mine. The power plant is connected to the mine via a 230 kV transmission line that can provide up to 40 MW. The average power demand in 2022 was 25 MW:

- Mine: 1.04 MW
- Process plant: 23.22 MW
- General administration: 0.84 MW

Three emergency 500 kVA diesel generators provide backup power in the event of grid power failures.

There are two existing WRSFs, located to the east and south of the open pit. The East WRSF is the primary waste rock storage area and the South WRSF is a secondary storage area. The East and South WRSFs are estimated to have a capacity of 143 Mt to a maximum height of 150 m which is sufficient to store the LOM waste rock production.

Ore stockpiles and ore bins are mainly used for short-term operational ore control and emergency ore handling purposes and are not intended to provide longer-term storage capacity. Consequently, no oxidation or recovery issues are reported or expected. The stockpiles are located close to the crusher area.

1.3.12 Market and Contracts

There are several smelter/refinery agreements in place between Atlantic Nickel and smelters/traders for export from Brazil. Offtake contracts and terms are proprietary. The CP has reviewed the contracts and has confirmed that the terms are appropriately included in the financial model.

The commodity prices used in the financial analysis of the open pit base case are derived from the consensus median of leading banks and financial institutions as January 2023. The forecasts used vary for the period 2023–2026, reverting to long-term pricing in 2027. The long-term prices include US$8.46/b Ni, US$3.59/lb Cu, US$23.53/lb Co, US$1,615/oz Au, US$1,140/oz Pt, and US$1,363 Pd. The Brazilian reais to US$ exchange rate is forecast at 5.55.

A portion of nickel and copper production is subject to hedging agreements. A total of 6,892 t of nickel and 1,200 t of copper have been hedged up to the end of 2023. Otherwise metal prices are subject to spot market conditions. Currency exchange rates are subject to spot market conditions. There are no metal streaming agreements in place.

Atlantic Nickel has entered into agreements with various contractors for open pit mining at Santa Rita. The contracts include all open pit mining activities, such as drilling, blasting, loading, and hauling of ore and waste rock. The CP has reviewed the mining contracts and confirmed that the terms are appropriately included in the financial model. Atlantic Nickel is planning to transition from open pit

contractor mining to Owner-operated mining starting in Q2 2023. Downpayments for acquisition of mining equipment will take place during three periods, Q1 2023, Q2 2024, and Q4 2025.

Atlantic Nickel has also entered into electrical power agreements as follows:

- Power Purchase Agreement, take-or-pay with Tradener Ltda for approximately 50% of the yearly required power;
- Power Purchase Agreement, take-or-pay with Focus Energia for approximately 50% of the yearly required power.

1.3.13 Environmental, Permitting and Social Considerations

1.3.13.1 Environmental

An Environmental Impact Assessment (EIA) was completed in 2006. To support the development and approval of the 2006 EIA and State licensing and permitting requirements, the EIA evaluated impacts on water quality, flora and fauna, air quality, soil, and the socio-economic impact on immediate communities. The 2006 EIA is linked to numerous mitigation measures, consisting primarily of management plans that are required based on permits and licences. The 2006 EIA was representative of conditions at the time. Mitigation measures identified in the 2006 EIA have been implemented including the water management system changes to reduce sulphate and other constituents in the mine discharge. Environmental and social conditions had changed by the time operations resumed in 2019. These changes were addressed in an Environmental and Social Impact Assessment (ESIA) in early 2020. The 2020 ESIA was the first requirement from the Environmental and Social Action Plan prepared in 2019.

1.3.13.2 Tailings Storage Facility (TSF)

The Santa Rita TSF consists of an unlined basin with a zoned earthen and rockfill perimeter embankment enclosing three sides of the impoundment. The TSF embankment is planned to be constructed in three major stages (initial, intermediate and final), using a downstream raise methodology. Construction of Phase 3 of the intermediate stage ceased in early 2016 when the mine was placed on care and maintenance. The TSF embankment is constructed of zoned, locally sourced earth materials, which form the inner inclined low-permeability core layers, filter/transition layers, and rockfill sections of run-of-mine (ROM) waste rock.

The TSF operations were resumed in October 2019. Prior to resumption of operations, a total of approximately 35.3 Mt of tailings had been stored in the existing TSF, with dam crest ranging in elevation from 154 MASL to 158 MASL. A conceptual TSF design of the final stage was completed with the final dam crest at elevation 180 MASL to achieve an additional storage capacity exceeding the planned remaining life-of-mine (LOM) tailings production from the open pit of approximately 33 Mt. The TSF final stage design will be revised and optimised as needed to accommodate mining operations. Since the resumption of TSF operations in 2019, the subsequent TSF expansion intermediate stages were renamed to Phase I, Phase II, and Phase III. Phase I has been constructed; Phase II is divided into two interim stages, II-A and II-B, with the construction of Phase II-A recently completed to the lowest dam crest elevation 162.2 MASL. Phase II-B (to crest elevation 168.0 MASL) and Phase III (to crest elevation 174.0 MASL) are currently being designed and constructed.

Under the new Brazilian laws and regulations, the Santa Rita TSF is classified with “high” potential damage (among the three potential damage classification categories of “high”, “medium”, and “low”), and “low” risk (among the three risk classification categories of “high”, “medium”, and “low”), and with a recommended classification category of Class A to guide the operations and management. Class A indicates the second highest rating “score” out of five tiers (AA, A, B, C, and D), indicating generally

satisfactory operations practice. The new TSF phases have been designed to also satisfy the Canadian Dam Association (CDA) Dam Safety Guidelines (2019) for an "Extreme" Consequence Classification facility.

The TSF has been well managed by the mine using an operation, maintenance, and surveillance manual and an emergency action plan has been prepared in line with recent Brazilian regulations. The dam has been inspected and assessed semi-annually by the mine tailings management team and an engineering consulting firm each year, with the latest inspection completed by WSP, formerly Wood Environment and Infrastructure Solutions Inc (Wood E&I). No significant concerns have been raised and the safety factors were found to be in compliance with design criteria for both Brazilian regulations and CDA guidelines.

1.3.13.3 Closure and Reclamation Planning

Atlantic Nickel developed a mine closure plan with the last update in 2022. Since the current closure plan is conceptual in nature, the reclamation cost estimate only provides a preliminary assessment of the potential cost for reclamation. The 2022 closure plan estimates a closure cost of US$29.3 million. As the conceptual closure plan is revised to a detailed closure plan, the closure cost will also be more accurately developed.

1.3.13.4 Permitting Considerations

The environmental licensing process in Brazil has four stages:

- Presentation of the Project
- Issuance of the preliminary licence
- Issuance of the installation licence
- Issuance of the operating licence

With the approval of these licences, additional management plans or permits are required. Administrative penalties for irregular installations or operations can include shutdowns, and/or fines ranging from R$500 to R$10 million. In addition, non-compliance with requirements and conditions identified in environmental licences can be subject to similar penalties.

Santa Rita has the required permits for open pit mining and processing operations.

1.3.13.5 Social Considerations

Atlantic Nickel updated the 2006 EIA with Santa Rita's ESIA in 2020. The updated ESIA did not encounter any major additional impact, above and beyond what had already been identified in the initial studies developed during the previous licensing processes. The gaps have been identified, however, as compared to the International Finance Corporation (IFC) Performance Standards. The findings have been thoroughly described within the Environmental and Social Action Plan (ESAP), and recommendations were fully implemented by the end of 2021.

To understand the needs of the stakeholders including the local communities, Atlantic Nickel created a stakeholder mapping and engagement plan. A survey was conducted as part of the plan to obtain information from interested parties that frequently interact with the mine. Based on the results of the survey, an action plan was developed that establishes frequent engagement with the stakeholders to ensure a bidirectional flow of communication and transparency. Atlantic Nickel registers and monitors interactions with the stakeholders to enhance the quality of the engagements.

Atlantic Nickel has several social programs focusing on education and training, environmental stewardship, social entrepreneurship, and culture.

1.3.14 Capital and Operating Cost Estimates

1.3.14.1 Capital Cost Estimates

Initial capital costs were incurred to rehabilitate and re-open the Santa Rita Mine with a process plant throughput of 6.5 Mt/a (17,800 t/d) in 2019. Atlantic Nickel declared commercial production on January 1, 2020 and the mine has been operating continuously since then. This CPR considers a mine plan with a start date of January 1, 2023. All capital costs incurred in the LOM plan are considered sustaining capital.

The cost estimates are expressed in Q1 2023 US dollars. Unless otherwise indicated, all costs in this section of the CPR are expressed without allowance for escalation or interest rates. The currency exchange rates used in the estimate are based on forecast rates of R$5.39 per US$1.00 for 2023, and a long term rate of R$5.55 per US$1.00.

Sustaining capital costs over the open pit LOM are estimated at US$245 million (Table 1-4). The sustaining capital cost estimate covers direct and indirect costs, Owner's costs and 15% contingency on process plant, site refurbishment and open pit mining equipment. Water treatment is based on actual quotes. The contingency on the tailings dam construction varies with each phase depending on the type of work. There is no contingency on drilling programs since the costs are well established.

Table 1-4: LOM Sustaining Capital Cost Estimate
ACG Acquisition Company Limited – Santa Rita Mine

Item	Sustaining Capital (US$M)
Mining equipment	65.8
Equipment salvage value	(20.3)
Process Plant and Site Refurbishment	15.1
Water treatment pond	1.8
Tailings dam	76.7
Mineral Resource drilling	3.3
Closure cost	27.6
Capitalised deferred waste stripping	75.3
Total	**245.2**

1.3.14.2 Operating Cost Estimates

The AISC for the Santa Rita Mine is estimated to average $26.07/t processed over the open pit LOM. Table 1-5 summarizes the breakdown by activity.

Table 1-5: Base Case Operating Cost Summary
ACG Acquisition Company Limited – Santa Rita Mine

Item	Units	Unit Cost ($/t)	LOM Total ($M)
Open pit mining costs	US$/t mined	2.04	
Open Pit mining costs	US$/t processed	7.55	262.9
Processing costs	US$/t processed	5.46	190.1

Item	Units	Unit Cost ($/t)	LOM Total ($M)
Site G&A	US$/t processed	1.94	67.7
Treatment, refining, penalties	US$/t processed	7.17	249.9
Freight costs	US$/t processed	2.50	87.2
By-product credits*	US$/t processed	(8.94)	(311.6)
C1 cost 1	**US$/t processed**	**15.68**	**546.2**
Royalties	US$/t processed	3.77	131.4
Sustaining capital costs	US$/t processed	6.62	230.6
All-In Sustaining Cost 2	**US$/t processed**	**26.07**	**908.2**

Notes: *Includes revenue from Cu, Co, Pd, Pt and Au.

1. C1 cost = cash operating costs less net by-product credits.
2. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures.

1.3.15 Preliminary Economic Assessment - Underground

1.3.15.1 Introduction

The 2023 PEA is an alternative development option completed at the conceptual level based on Mineral Resources which assesses the potential for underground operations beneath the Santa Rita open pit. Underground development would commence before the open pit is depleted so that there would not be a significant gap in feed to the process plant.

The mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA based on these Mineral Resources will be realised. Inferred Mineral Resources comprise 55% of the 2023 PEA mine plan.

Sections 1.1.1.10 and 1.3.10.2 of Section 1 also apply to the 2023 PEA. Years presented in the 2023 PEA are for illustrative purposes only.

1.3.15.2 Mine Plan

The 2023 PEA mine plan envisages SLC using a transverse drill drive orientation. Two caveability assessments were undertaken by different consultants, and each study indicated the SLC method was feasible for the deposit.

A cut-off value of $35/t for production was selected because it was shown to generate near-maximum NPVs across varying nickel prices. Dilution and recovery will be dependent on geometry, rock types, geotechnical conditions, drill and blast performance, and draw control management (which can be tonnage or grade based).

The SLC modelling resulted in an overall SLC draw factor of 75% of the blasted tonnes and 6% grade dilution. Development in mineralisation is estimated to total 18 Mt over the underground mine life.

The production rate was assumed at 6.2 Mt/a. The LOM plan covers a period of 30 years, including pre-production.

The underground mine design was based on decline access from surface with a separate conveyor decline developed in parallel to accommodate a conveyor handling system for mill feed. Truck haulage

was selected for handling all waste material to simplify the materials handling infrastructure and given the relatively small waste movement required.

Table 1-6 summarizes the subset of the Mineral Resource estimate included within the 2023 PEA mine plan.

Table 1-6: Subset of Mineral Resource Estimate within the 2023 PEA Mine Plan ACG Acquisition Company Limited – Santa Rita Mine

Classification	Tonnes (kt)	Grade						Contained Metal					
		NiS (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	Ni (kt)	Cu (kt)	Co (kt)	Pd (koz)	Pt (koz)	Au (koz)
Indicated	64,346	0.57	0.19	0.02	0.04	0.09	0.06	364	121	10	73	187	126
Inferred	77,396	0.55	0.18	0.02	0.05	0.10	0.06	428	135	12	117	249	152

Note: Numbers have been rounded and totals may be affected by small rounding errors. See footnotes in Table 1-2.

Additional design considerations included:

- Access decline for level access;
- 40 production levels, spaced at 25 m vertically;
- Footwall drives parallel to the SLC for entire strike length on each level with a nominal stand-off distance of 30 m from the SLC;
- Ore-passes consisting of an ore-pass access drive and a finger raise;
- Crushers, consisting of tip and loading levels, and transfer drives;
- Primary intake, exhaust and escape-way raises.

The ventilation system was based on a pull (or exhaust) system.

A generic pumping system comprising pump stations in stages (in series) was assumed in the absence of sufficient data for specific station design. Water surge storage stopes will be used to store excess rainfall underground in preference to pumping.

A modern diesel mining fleet was selected and sized appropriately for the mine, consisting primarily of 63 t trucks, 17 t and 21 t automated load-haul-dump (LHD) units, automated longhole drills, programmable development jumbos, ground support bolters, and shotcreting units. A high level of automation was assumed to improve productivity, reduce costs, and increase quality.

The underground mine will operate continuously seven days per week, 24 hours a day, using an 8-hour shift roster and a total of four crews.

1.3.15.3 Infrastructure

The Santa Rita Mine has all necessary infrastructure in place to support a large open pit mining and mineral processing operation. Infrastructure includes a gatehouse, administration offices, kitchen/canteens, maintenance buildings, warehouse, washroom and change rooms, health and fire-fighting facilities, process plant, conveyors, and concentrator, laboratories, pipelines, and powerlines.

There is no accommodations camp on site. Personnel reside in nearby communities and commute to the site.

Electricity supply is generated by a hydroelectric power plant that is located approximately 20 km from the operations.

Future underground mining operations will largely use the existing surface facilities. The current workshop, canteen, explosives magazine, warehousing, fuel storage and office facilities will generally be more than sufficient for supporting the underground operation. The underground is expected to function with fewer people than the open pit.

New surface infrastructure associated with the underground will include the following:

- A box cut and portal located to the west of the north end of the open pit;
- A conveyor portal connecting to the bottom of the existing crusher installation;
- A temporary construction portal in the west wall at the north end of the open pit on the 82 m RL bench;
- Multiple ventilation raise surface collars on the western side of the open pit;
- Ventilation adits on the west wall at the south end of the open pit on the 10 m RL bench;
- Dewatering pond for storing, settling, and recycling water from underground.
- Electrical reticulation to the portals, adits and services;
- Shotcrete batch plant.

1.3.15.4 Environmental, Permitting and Social Considerations

A new TSF or facilities would be required in order to store the additional 140 Mt of tailings to be produced from the underground mine over a period of 28 years.

The proposed site is outside of the existing mine property boundaries and located approximately six to nine kilometres southwest of the existing open pit and plant areas. It is assumed that Atlantic Nickel will acquire lands associated with the future TSF footprint and required infrastructure, including access roads and pipelines prior to construction of the new TSF. The new TSF construction will begin with an initial starter dam and will be expanded every three years using a downstream raise method until reaching the ultimate maximum dam height of approximately 70 m. Initial discussions have begun with landowners. Several alternative tailings management strategies and facilities are being assessed at a scoping level including options within the mining property boundaries.

Since underground operations would use existing surface infrastructure, with the exception of a new TSF, the Bahia State Environmental Agency (INEMA) defined a permitting process in a single phase, called "Alteration Licence (LA)". This process would likely include presenting compliance data from the ongoing monitoring programs for the existing operations and collecting additional baseline data for the area proposed for the new TSF. In addition to regranting of the operating licence from INEMA, other permits required for operations would need to be renewed or extended for the life of the underground operations. This would include waste management, water use (industrial and drinking water), and other current permits and plans. Compliance with existing permits, development of a TSF design to meet current and proposed new dam safety laws and regulations, and a strong public outreach program will reduce and mitigate the risks associated with development of a new TSF.

The baseline data collected in the area of the new TSF and TSF corridor would be used to develop a new or supplemental ESIA associated with the new underground operation and new TSF. The ESIA would address proposed changes to the operations, existing environmental and social conditions, expected impacts to the environment and socioeconomic conditions, and proposed mitigation measures to address the expected impacts.

With the addition of the underground operations, Atlantic Nickel would continue existing social programs and would extend these programs to areas that would be impacted by the new TSF and new TSF transportation corridor. These programs would be extended to the projected life of the mine based on the underground operations.

The reclamation and closure of the facilities associated with the underground would be the same procedure as currently planned for the open pit facilities. The new TSF would be closed in a similar fashion as the current TSF.

1.3.15.5 Markets and Contracts

The commodity prices used in the financial analysis of the underground mining case are based on the consensus median of leading banks and financial institutions as of January 2023. Long-term prices are US$8.46/lb Ni, US$3.59/lb Cu, US$23.53/lb Co, US$1,615/oz Au, US$1,140/oz Pt, and US$1,363/oz Pd. The long-term Brazilian reais to US$ exchange rate is forecast at 5.55. Both the metal prices and currency exchange rate are subject to spot market conditions. There are no metal streaming agreements in place, and current hedge contracts are scheduled to be completed in Q1 2024 so will not affect financial analysis of the underground.

There are several smelter/refining agreements in place between Atlantic Nickel and smelters/traders for export from Brazil. Offtake contracts and terms are proprietary. The CP has reviewed the contracts and has confirmed that the terms are appropriately included in the financial model.

There are no contracts in place related to underground mining.

1.3.15.6 Capital and Operating Cost Estimates

1.3.15.6.1 Capital Cost Estimates

Initial capital costs for the 2023 PEA are estimated at US$417 million. Total sustaining costs during the production period have been estimated at US$1,086 million before tax credits and at US$1,038 million after tax credits. The capital cost estimate is presented in Table 1-7.

Table 1-7: 2023 PEA Capital Cost Estimates
ACG Acquisition Company Limited – Santa Rita Mine

Item	Initial Capital (US$M)	Sustaining Capital (US$M)
Process plant and site refurbishment	7.3	42.6
Tailings dam	3.2	399.1
Drilling and technical studies	13.1	48.5
Underground development	209.3	325.0
Underground infrastructure	127.6	181.5
Underground equipment	58.6	78.4
Closure cost	0.0	11.3
Sub-total	**419.2**	**1,086.3**
Tax rebate	(2.6)	(47.9)
Total	**416.6**	**1,038.4**

1.3.15.6.2 Operating Cost Estimates

LOM operating cost estimates are presented in Table 1-8. The average LOM AISC for underground mining is estimated at US$31.50/t processed.

Table 1-8: 2023 PEA Operating Cost Summary
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit Cost (US$/t processed)	UG Total (US$M)
Mining costs	12.91	1,830.3
Processing costs	5.43	769.4
Site G&A	1.59	225.3
Treatment, refining, penalties	7.40	1,049.3
Freight costs	4.40	623.4
By-product credits *	(13.87)	(1,966.6)
C1 cost 1	**17.86**	**2,531.1**
Royalties	6.40	906.9
Sustaining capex after tax credits	7.24	1,026.9
All-In Sustaining Cost 2	**31.50**	**4,464.9**

Notes: * Includes revenue from Cu, Co, Pd, Pt and Au.

1. C1 cost is cash operating costs less net by-product credits.
2. All-in sustaining cost (AISC) is C1 cost plus royalties and sustaining capital expenditures.

1.3.15.7 Economic Analysis

1.3.15.7.1 Cautionary Language

The results of the economic analyses discussed in this section represent forward-looking information. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here. Information that is forward-looking includes:

- Mineral Resource estimates and the subset of the Mineral Resource estimate included in the 2023 PEA mine plan;
- Assumed commodity prices and exchange rates;
- The proposed mine production plan and mining method;
- Projected mining and process recovery rates;
- Assumptions as to mining dilution and mining recovery;
- Sustaining costs and proposed operating costs;
- Assumptions as to closure costs and closure requirements;
- Assumptions as to environmental, permitting and social risks.

Additional risks to the forward-looking information include:

- Changes to costs of production from what is assumed;
- Unrecognised environmental risks;
- Unanticipated reclamation expenses;
- Unexpected variations in quantity of mineralised material, grade or recovery rates;
- Geotechnical or hydrogeological considerations during mining being different from what was assumed;

- Failure of mining methods to operate as anticipated;
- Failure of process plant, equipment or processes to operate as anticipated;
- Changes to assumptions as to the availability of electrical power, and its rates used in the operating cost estimates and financial analysis;
- Ability to maintain the social licence to operate;
- Accidents, labour disputes, and other risks of the mining industry;
- Changes to interest rates;
- Changes to tax rates.

The mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the 2023 PEA based on these Mineral Resources will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

1.3.15.7.2 Basis of Estimate

A financial model was developed to estimate the Santa Rita Mine underground mine development case LOM plan. The LOM plan including pre-production covers a period of 30 years. All costs are in Q1 2023 US dollars, and inflation has not been considered in the cash flow analysis.

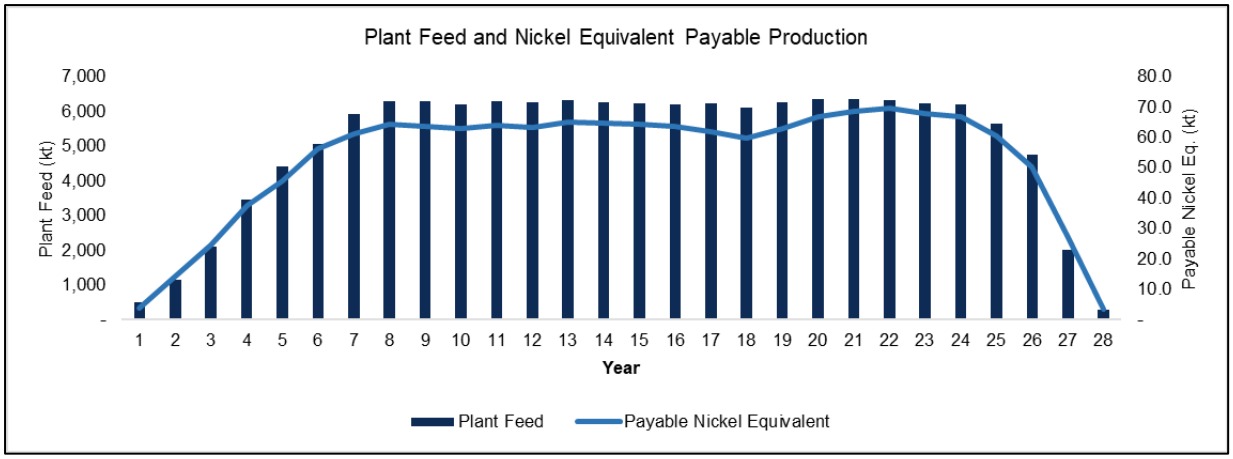
A total of 1,484 million pounds (Mlb) of NiEq are estimated to be payable over the LOM (Figure 1-4). NiEq is determined by dividing the revenue from payable Cu, Co, Au, Pt and Pd by the price of Ni to calculate equivalent pounds of nickel, then adding the payable nickel pounds to sum to the total NiEq pounds.

Other economic factors include the following:

- Discount rate of 8%;
- All cash flows include 90% to 95% payments for concentrate during the period in which they are incurred, depending on the concentrate sales agreement. The remaining 5% to 10% of the metal is paid within 90 days of reaching the Brazilian port.
- All applicable Brazilian taxes are estimated in the financial model.

Net revenue is calculated on the following:

- Revenues are calculated on the sale of nickel concentrates based on long term metal prices from the consensus mean of leading banks and financial institutions as of January 2023, and a long term forecast Brazilian to US dollar exchange rate.
- Treatment and refining charges for concentrates are based on contracted terms with several smelters/refineries and metal offtakers.
- There are four NSR royalties payable over the LOM:
    - The CFEM royalty at 2.00% on an NSR that does not allow the deductibility of freight costs;
    - The CBPM royalty at 2.51% on 60% of the value of nickel contained in concentrate and a royalty rate of 2.51% on 100% of the value of copper, cobalt, palladium, platinum, and gold contained in concentrate;
    - Land owner royalties at 1.00%;
    - The Appian Natural Resources Fund II royalty at 2.75%.



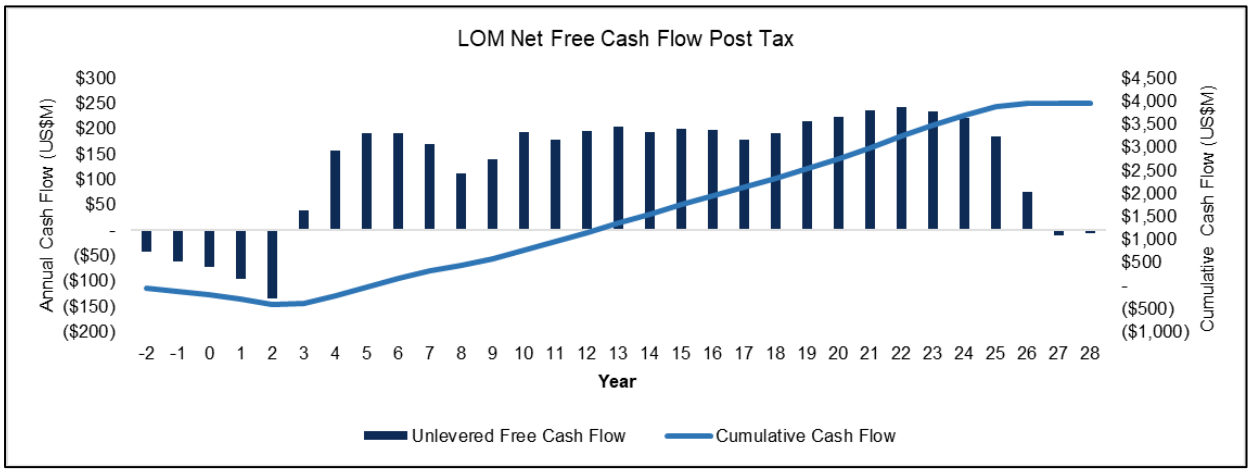
Source: Atlantic Nickel, 2023.

Figure 1-4: LOM Payable NiEq

1.3.15.8 2023 PEA Outcomes

The 2023 PEA is estimated to generate US$180 million in average unlevered free cash flow annually over the LOM and has a post-tax NPV, using an 8% discount rate, of US$942 million. The post-tax IRR is estimated at 25% and the payback is estimated at 3.4 years.

The financial results are presented in Figure 1-5 and a summary of the financial model is presented in Table 1-9.



Source: Atlantic Nickel, 2023.

Figure 1-5: LOM Net Unlevered Free Cash Flow Post Tax

Table 1-9: Underground LOM Cash Flow and Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit	Value
Commodity Prices and Exchange Rate		
Nickel price	US$/lb	8.46
Copper price	US$/lb	3.59
Cobalt price	US$/lb	23.53

Item	Unit	Value
Palladium price	US$/oz	1,363
Platinum price	US$/oz	1,140
Gold price	US$/oz	1,615
BRL:USD	R$:US$	5.55
LOM Mine Plan Summary		
Mine production life	Years	28
Measured and Indicated Mineral Resource mined	kt	64,346
Inferred Mineral Resource mined	kt	77,396
Grade NiS: MI, I	%	0.57, 0.55
Grade Cu: MI, I	%	0.19, 0.18
Grade Co: MI, I	%	0.02, 0.02
Grade Pd: MI, I	g/t	0.04, 0.05
Grade Pt: MI, I	g/t	0.09, 0.10
Grade Au: MI, I	g/t	0.06, 0.06
Processing Rate	Mt/a	6.2
LOM Concentrate Production		
Concentrate (dry)	kt	4,888
Ni	%	13.85
Cu	%	3.94
Co	%	0.25
Pd	g/t	1.67
Pt	g/t	2.26
Au	g/t	1.03
LOM Revenue		
Net Smelter Return Revenue	US$M	10,871
LOM Operating Cost		
Mining	$/t processed	12.91
Processing	$/t processed	5.43
Site G&A	$/t processed	1.59
Treatment, refining, penalties	$/t processed	7.40
Freight	$/t processed	4.40
By-product credits	$/t processed	(13.87)
C1 operating cost [1]	US$/lb Ni [2]	2.02
AISC cost [3]	US$/lb Ni	3.57
Operating costs	US$M	(4,498)
Royalties	US$M	(907)

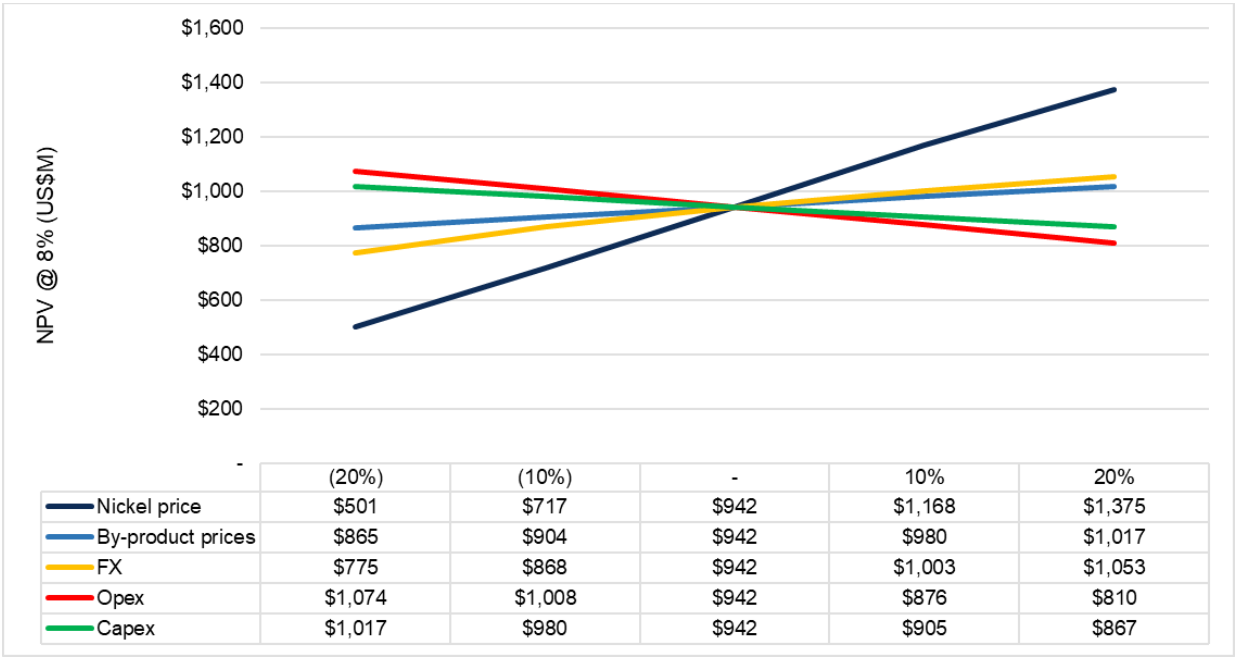
Item	Unit	Value
LOM Cash Flow		
EBITDA cash	US$M	7,139
Cash Flow		
Taxes	US$M	(1,685)
Capital expenditures	US$M	(1,505)
Unlevered Free Cash Flow	US$M	**3,938**
Post-Tax $NPV_{8\%}$	US$M	**942**
Post-Tax IRR	%	**25**
Payback period	years	**3.4**

Notes: EBITDA = earnings before interest, taxes, depreciation and amortisation. MI = Measured and Indicated, I = Inferred.

1. C1 cost = cash operating costs less net by-product credits.
2. Ni cost = (mining cost + processing cost + site G&A cost + treatment/refining cost + freight cost – by-product credits for Cu,Co,Pd,Pt,Au) / payable Ni.
3. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures.

1.3.15.9 2023 PEA Sensitivity Analysis

Figure 1-6 presents an NPV sensitivity analysis on nickel price, by-product prices, exchange rate, operating costs, and capital expenditures. The Project as envisaged in the 2023 PEA is most sensitive to changes in the nickel price, less sensitive to changes in operating costs and capital expenditures and foreign exchange rate fluctuations, and least sensitive to commodity price changes for the by-product elements.



	(20%)	(10%)	-	10%	20%
Nickel price	$501	$717	$942	$1,168	$1,375
By-product prices	$865	$904	$942	$980	$1,017
FX	$775	$868	$942	$1,003	$1,053
Opex	$1,074	$1,008	$942	$876	$810
Capex	$1,017	$980	$942	$905	$867

Source: Atlantic Nickel, 2023.

Figure 1-6: 2023 PEA Sensitivity Analysis

1.4 Risks and Opportunities

1.4.1 Risks

Project risks are summarised in Table 1-10.

Table 1-10: Risks
ACG Acquisition Company Limited – Santa Rita Mine

Area	Risk	Comment/Mitigation Plan
Geology and Mineral Resources	Tonnage and grade variation – new diamond drill data	Update the mineralised wireframes with the new drill hole information, to obtain a more precise tonnage and grade according to the new drill hole campaign
	Geological faults – underground	Incorporate the post-mineralised faults in the geological model, aiming to increase the confidence level of the underground Resource shapes
Mining Operations	Mine performance below expectations (grade, tonnage)	Short-term production planning at eight week intervals; production plan; consideration of alternate accesses; pumping requirements
	Poor blast performance	Detailed firing plan
	Pit slope instability due to dip of mineralization and low rock mass attributes	Maintain thorough ongoing monitoring program of geotechnical inspections; water level, vibration, and mass movement monitoring
	Meet plant throughput	Short-term production planning at eight week intervals; alternate faces available for mining operations
Mineral Processing	Inability to meet nickel recovery and concentrate grade targets	Maintain program of continuous improvements in process control and operational practices
TSF	Difficulty acquiring land for the new TSF site and right of way.	Early discussions with landowners have been initiated and will be advanced as a priority. Moreover, as backup plans, several alternative tailings management strategies and facilities have been assessed at a scoping level including options located within the mining boundary.
	Compliance with new regulations and industry standards, including Global Industry Standard on Tailings Management (GISTM)	Early planning in future designs; currently working toward compliance with GISTM.
Environmental	Not meeting water quality discharge requirements	Monitoring; ensuring that no sulphide waste is used for any construction activity; lithological characterisation studies.
Permitting	Inability to renew licences	Monitoring; ensuring compliance with licence terms.

1.4.2 Opportunities

Opportunities identified are outlined in Table 1-11.

Table 1-11: Opportunities
ACG Acquisition Company Limited – Santa Rita Mine

Area	Opportunity	Note
Geology and exploration	Potential to increase resource base	Current advanced exploration at the Palestina Project has the potential to define a resource. There is excellent potential to increase the underground resource at Santa Rita, by drill testing extensions of the mineralisation at depth.
Mining	Mineralised stockpiles (open pit)	Historical mineralised material stockpiles exist at the mine site. Two large stockpiles have been surveyed and are estimated to contain approximately 5.7 Mt of material. The stockpiles require drilling and sampling to allow a Mineral Resource Estimate to be completed.
	Cut-off grade (underground)	The 2023 PEA assumes a higher cut-off grade than the break-even grade. There is potential to both lower the cut-off to allow more material to be mined, and to optimize the cut-off over time.
	Ventilation (underground)	There may be an opportunity to reduce ventilation costs if checks with the applicable regulatory agency allow ventilation criteria to be modified from that assumed in the 2023 PEA mine plan.
	Automation (underground)	An investigation should be conducted into the feasibility of automating much of the underground equipment to provide potential capital and operation cost savings, and reduce safety risks associated with human-operated equipment.
	Mining method (underground)	A mass mining method such as an incline cave should be evaluated to determine if operating cost savings can be achieved by reducing operating development, and production drill and blast costs.
Mineral Processing	Improve nickel sulphide concentrate grade	Investigate open circuit scavenger cleaning to reduce the circulating load in flotation; this may require more cleaner scavenger flotation residence time.
	Improve SAG mill performance to increase throughput and produce less ultra fine particles	Implement JKTech recommendations once the current in-house optimisations have been completed.
	Upgrade the existing low grade stockpiles using ore sorting	Carry out ore sorting testwork on low grade material at a laboratory with the requisite experience and testing equipment.
TSF	Capacity (open pit)	The existing TSF capacity is limited to that for the open pit due to the presence of a gas pipeline located downstream of the toe. If the gas pipeline route can be moved, the facility can be expanded to hold approximately 50 Mt. Depending on the costs to move the pipeline, this could represent a significant savings in capital and

Area	Opportunity	Note
		operating costs and a delay in the shift to the new TSF required for the 2023 PEA scenario.

2.0 INTRODUCTION

SLR Consulting (Canada) Ltd. (SLR) was retained by ACG Acquisition Company Limited (ACG) to prepare a Competent Person's Report (CPR) on the Santa Rita Mine (Santa Rita), located in Bahia State, Brazil. Mr. Orlando Rojas, GeoEstima SpA (GeoEstima), Mr. Anthony Maycock, MM Consultores SpA (MM Consultores); Mr. Andrew Bradfield and Mr. Greg Robinson, P&E Mining Consultants Inc. (P&E); Dr. Haiming (Peter) Yuan, WSP USA Environment & Infrastructure Inc. (WSP), and Mr. David J.F. Smith, SLR, are collectively the Competent Persons (CP) for this CPR.

The purpose of this CPR is to support a listing on the London Stock Exchange (LSE). The CPR conforms to Financial Conduct Authority (FCA) Primary Market Technical Note 619.1.

The Santa Rita nickel mine is located in the Itagibá municipality of Bahia state in northeast Brazil and is owned and operated by Atlantic Nickel Mineração Ltda. (Atlantic Nickel), a subsidiary owned by Appian Capital Advisory LLP (Appian Capital). The operation consists of an open pit and beneficiation plant with existing permits and infrastructure, including energy, water, and paved roads to site. Santa Rita is approximately seven kilometres (km) from the city of Ipiaú and 140 km from the Port of Ilhéus. The planned mine life consists of over 28 years of underground mining after a remaining open pit life of six years.

2.1 Sources of Information

The following serve as the CPs for this CPR:

- Mr. Orlando Rojas, AIG, GeoEstima
- Mr. Andrew Bradfield, P.Eng., P&E
- Greg Robinson, P.Eng., P&E
- Mr. Anthony Maycock, P.Eng., MM Consultores
- Dr. Haiming (Peter) Yuan, P.E., WSP
- David J.F. Smith, CEng., FIMMM, SLR

Mr. Rojas visited the Santa Rita Mine and Palestina Project from November 17 to 18, 2022. During the site visit, Mr. Rojas reviewed plans and sections, visited the core shack, examined drill core and mineralised exposures at the open pit mine, reviewed core logging and quality assurance and quality control (QA/QC) procedures and database management system, and held discussions with Atlantic Nickel personnel.

Mr. Bradfield visited the Santa Rita site on February 14, 2023. The purpose of the visit was to inspect open pit mining activities, the process plant, tailings storage facility (TSF), and other site infrastructure, then hold discussions with mine management on items such as the Mineral Reserve, mine production plan, costs, and financial model inputs.

Mr. Robinson visited the Santa Rita site on January 18, 2019. The purpose was to review engineering aspects of the operations, including the open pit, process plant and surface infrastructure.

Mr. Maycock visited the Santa Rita site over the period July 22 to 24, 2019. The visit included inspection of the port facilities in Ilhéus to witness the concentrate storage shed and ship loader, a presentation of the complete project by Atlantic Nickel staff, a tour of the site, and a detailed visit to the process facilities and infrastructure. The rehabilitation and improvement works at the concentrator were witnessed and discussions were held with the plant management on plant operations and plans for future metallurgical testwork.

Dr. Yuan visited the Santa Rita site from October 25 to 28, 2021, to inspect the existing TSF and perform a site reconnaissance for candidate sites of the new TSF.

Mr. Smith has not visited the site, however, Mr. Renan Lopes, SLR Geological Consultant, visited the property between January 5 and 6, 2023. During the site visit, an introduction of the mine and TSF operation was made by the site personnel, including the general manager of the site. In addition, field inspections in the TSF and core shed were also carried out, followed by a session of questions and answers for many of the subjects involving a mine operation, such as mine scheduling and the transition from open pit to underground, legal permissions, exploration plan and current results, TSF capacity and management, and geotechnical aspects. Discussions were held with personnel from Atlantic Nickel and Appian Capital Brazil.

Table 2-1: Competent Persons and Responsibilities
ACG Acquisition Company Limited – Santa Rita Mine

CP, Designation, Title	Company	Responsible for Sections
David J.F. Smith, CEng., FIMMM, Global Technical Director – Mining and Mining Advisory Group	SLR Consulting (Canada) Ltd.	Overall responsibility, including Sections 2, 3, and 23
Orlando Rojas, AIG, Principal Consultant	GeoEstima SpA	1.1.1.1, 1.1.2.1, 1.3.1 to 1.3.6, 4.1 to 4.8, 4.12, 5 to 12, 14, 25.1, and 26.1
Andrew Bradfield, P.Eng., Chief Operating Officer	P&E Mining Consultants Inc.	1.1.1.2, 1.1.1.4, 1.1.1.6 (except TSF), 1.1.2.2, 1.1.2.5, 1.2, 1.3.7, 1.3.8, 1.3.11, 1.3.12, 1.3.14, 1.3.15 (except 13.15.4), 15, 16, 18, 19, 21, 22, 24.1.1, 24.1.2, 24.1.4, 24.1.6, 24.1.9, 25.2, 25.3, 25.5, 25.6, 25.8 to 25.10, 25.11.3, 26.2, 26.6
Greg Robinson, P.Eng., Lead Mining Engineer	P&E Mining Consultants Inc.	1.3.15.2, 24.1.3, 24.1.8 and 25.11.1
Anthony Maycock, P.Eng., Principal	MM Consultores SpA	1.1.3, 1.1.2.3, 1.3.9, 1.3.10, 13, 17, 24.1.5, 25.4, 26.3
Dr. Haiming (Peter) Yuan, P.E.	WSP USA Environment & Infrastructure Inc.	1.1.1.5, 1.1.1.6 (TSF), 1.1.2.4, 1.3.13, 1.3.15.4, 4.9, 4.10, 4.11, 20, 24.1.7, 25.7, 25.11.2, 26.4, 26.5
All		1.4, 25.12, 27

The documentation reviewed, and other sources of information, are listed at the end of this CPR in Section 27 References.

2.2 List of Abbreviations

Units of measurement used in this CPR conform to the metric system. All currency in this CPR is US dollars (US$) unless otherwise noted.

µ	micron
µg	microgram
µm	micrometre
a	annum
A	ampere
bbl	barrels
Btu	British thermal units
°C	degree Celsius
C$	Canadian dollars
cal	calorie
cfm	cubic feet per minute
cm	centimetre
cm^2	square centimetre
d	day
dia	diameter
dmt	dry metric tonne
dwt	dead-weight ton
°F	degree Fahrenheit
ft	foot
ft^2	square foot
ft^3	cubic foot
ft/s	foot per second
g	gram
G	giga (billion)
Gal	Imperial gallon
g/L	gram per litre
Gpm	Imperial gallons per minute
g/t	gram per tonne
gr/ft^3	grain per cubic foot
gr/m^3	grain per cubic metre
ha	hectare
hp	horsepower
hr	hour
Hz	hertz
in.	inch
in^2	square inch
J	joule
k	kilo (thousand)
kcal	kilocalorie
kg	kilogram
km	kilometre
km^2	square kilometre
km/h	kilometre per hour
kPa	kilopascal
kt/a	kilotonnes per annum
kVA	kilovolt-amperes
kW	kilowatt
kWh	kilowatt-hour
L	litre
lb	pound
L/s	litres per second
m	metre
M	mega (million); molar
m^2	square metre
m^3	cubic metre
MASL	metres above sea level
m^3/h	cubic metres per hour
mbs	metres below surface
mg/L	milligrams per litre
mi	mile
min	minute
mm	millimetre
mph	miles per hour
Mt/a	million tonnes per annum
MVA	megavolt-amperes
MW	megawatt
MWh	megawatt-hour
oz	Troy ounce (31.1035g)
P_{80}	80% passing
ppb	part per billion
ppm	part per million
psia	pound per square inch absolute
psig	pound per square inch gauge
R$	Brazilian Real
RL	relative elevation
s	second
t	metric tonne
t/a	metric tonne per year
t/d	metric tonne per day
t/h	tonnes per hour
US$	United States dollar
USg	United States gallon
USgpm	US gallon per minute
V	volt
W	watt
wmt	wet metric tonne
wt%	weight percent
yd^3	cubic yard
yr	year

3.0 RELIANCE ON OTHER EXPERTS

3.1 Introduction

This CPR has been prepared by SLR for ACG. The information, conclusions, opinions, and estimates contained herein are based on:

- Information available to the CPs at the time of preparation of this CPR.
- Assumptions, conditions, and qualifications as set forth in this CPR.

3.2 Mineral Tenure, Surface Rights and Royalties

For the purpose of this CPR, the CPs have relied on ownership information provided from Atlantic Nickel by Bichara Advogados: Legal Opinion – NI 43-101 Report dated March 7, 2023 (Atlantic Nickel, 2023a) and this opinion is relied on in Section 4 and the Summary of the CPR.

The CPs have not independently reviewed property title, mineral rights, or ownership of the project area and express no opinion as to the ownership status of the property.

3.3 Permitting, Environmental and Community Impacts

The CPs have fully relied upon, and disclaim responsibility for, information supplied by experts retained by Atlantic Nickel for information related to environmental and permitting as follows:

- Arcoverde Consultoria e Projetos S/C, 2006: Environmental Impact Report, Nickel Ore Mining and Processing, CRA PROCESS No. 2006-000986/TEC/LL-0013, and DNPM PROCESS No. 871.369/1989: report prepared for Companhia Baiana de Pesquisa Mineral and Mineração Mirabela do Brasil Ltda., August, 2006, 243 p., in English.
- Ramboll, 2020: Environmental and Social Impact Assessment, Atlantic Nickel Mineração Ltda - Santa Rita Farm, Itagibá, Bahia, Brazil: report prepared for Atlantic Nickel Mineração Ltda, April 2020, 266 p., draft, in English.

This information is used in Section 20 and Section 24.1.7 of the CPR. It is also used in support of the Mineral Resource estimate in Section 14, the Mineral Reserve estimate in Section 15, the financial analysis in Section 22, and the 2023 PEA financial analysis in Section 24.1.9 and the Summary of the CPR.

3.4 Taxation

The CPs have relied on ACG for guidance on applicable taxes, royalties, and other government levies or interests, applicable to revenue or income from the Santa Rita Mine.

The CPs have fully relied upon, and disclaim responsibility for, information supplied by experts retained by Atlantic Nickel for information related to taxation as applied to the financial models as follows:

- KPMG Assessores Ltda., 2020. Santa Rita Financial Model Tax Review. 20 May 2020.

This information is relied on in the financial analyses in Section 22 and Section 24.1.9 and the Summary of the CPR.

Except for the purposes legislated under securities laws, any use of this CPR by any third party is at that party's sole risk.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Location

The Santa Rita Mine is located in the Itagibá municipality of Bahia state in northeast Brazil, seven kilometres south-southeast of the city of Ipiaú, 140 km northwest of the Port of Ilhéus, and 360 km southwest of Salvador (Figure 4-1).

The open pit mine is centred at latitude 14°11'38.68" S and longitude 39°43'23.61" W within Zone 24S of UTM coordinate system (Córrego Alegre Datum).

Source: Atlantic Nickel, 2020.

Figure 4-1: Location Map

4.2 Land Tenure

4.2.1 Introduction

Mining activities in Brazil are governed by the Brazilian Federal Constitution of 1988 (the Brazilian Federal Constitution), the Brazilian Mining Code (Federal Decree-Law 227/1967), and various other decrees, laws, ordinances, and regulations such as the Decree number 9.406/2018 which renews the regulation of the Mining Code. Brazil also has legislation and legal guarantees related to the exploitation and use of water rights.

Under the Brazilian Federal Constitution, all mineral deposits belong to the Federal Government, whether or not the mineral deposits are in active production. Mineral rights are distinct from surface rights.

The Ministry of Mines and Energy (MME) and the Agência Nacional de Mineração (ANM) regulate mining activities in Brazil. The ANM is responsible for monitoring, analysing, and promoting the performance of the Brazilian mineral industry by administering and granting rights related to the exploration and exploitation of mineral resources and other related activities in Brazil.

4.2.2 Mineral Title

In Brazil, there are four main levels of mineral tenure: exploration licences (Autorizações de Pesquisa), mining concessions (Concessões de Lavra), mining concession applications (Requerimento de Lavra), and exploration licence applications (Requerimentos de Pesquisa), which are together broadly referred to as mineral rights.

Exploration licences can be granted for a period of one to three years, and can be extended by request of the holder. Exploration licences provide the licence holders with the right to access the licence and undertake exploration activities. Such licences are typically issued with specific commodities to be explored for listed in the licence. The licence holder must have an agreement in place with any surface owners before exploration work commences. The exploration licence is a preliminary stage granted to discover a mineral deposit that can support mineral reserves, and the grant of a mining concession by the ANM.

The following obligations must be complied with:

- Start exploration within 60 days, counted from the date of publication of the licence or from the date access to the relevant properties is obtained;
- Inform and notify the ANM of any discoveries of mineralisation that was not included in the titleholder's list of authorised commodities;
- Not interrupt the exploration activities without reason for more than three consecutive months or for more than 120 non-consecutive days during the licence term;
- Pay all relevant fees;
- Request approval from the ANM (i.e., an extraction permit) before removing any substances from the licence area for analysis or testwork;
- Pay any required compensation to the surface owner or possessor;
- Prepare and present a final exploration report to the ANM, within the time frame determined by the ANM.

Once a positive exploration report is approved by the ANM, the licence holder has a year to apply for a mining concession.

Applications for mining concessions require documentary support, including the commodities that are to be explored for, a description and location of the area applied for, a map showing the area, any

easements, an “Economic Development Plan”, and evidence of sufficient funds to complete the mine plan. Mining concessions are considered granted when an ordinance is published in the Official Gazette.

Within 90 days of the publication of the ordinance, the holder must apply for possession (imissão de posse) of the surface area that is required to enact the Economic Development Plan. The ANM will then draft an “Access Term” that must be signed by all stakeholders. The owner of the surface area is entitled to royalties that are equivalent to 50% of the amount paid as the Compensation for the Exploitation of Mineral Resources (Compensação Financeira pela Exploração de Recursos Minerais, or CFEM).

Work must commence within six months of the mining concession grant. Annual production reports must be filed. Assuming all other conditions are met, mining concessions remain valid until the deposit is depleted.

The holder can conduct mining activities only in the area covered under the lease agreement after the agreement has been registered with the ANM, and the appropriate operation licence (Licença de Operação - LO) is issued. If additional minerals are discovered, the mining concession must be amended to include the new list of minerals.

4.2.3 Surface Rights

Surface rights in Brazil are separate from mineral rights. Under the mining law, mining rights holders have the right to use and access areas that are planned for exploration or exploitation. Rights of way and easements can be granted to mining rights holders over public and private lands.

Typically, the mining rights holder enters into an agreement with the affected surface rights holder in return for a compensation fee for the land use. Where disputes arise, a mining rights holder may apply for a local court order to allow a judge to establish the appropriate compensation fee to be paid to the surface rights holder.

4.2.4 Water Rights

All waters are considered to be in the public domain, and are separated into:

- Federal waters: lakes, rivers, and any water courses on lands under Federal authority; those that flow through more than one State; those that serve as a frontier with another country, or flow into or originate in another country; as well as marginal lands and riparian beaches;
- State waters: Groundwater and rivers located entirely within the territory of a single State, unless otherwise classified as a Federal water.

Law 9,433/1997 established the National Water Resources Policy (NWRP), created the National Water Resources Management System (NWRMS), and defined a catchment (river) basin as the unit for water resource planning. The law includes the principle of multiple water uses, thereby putting all user categories on an equal footing for access to water resources.

The organisational framework administering water includes the National Water Resources Council (NWRC), State Water Resources Councils (SWRCs), River Basin Committees (RBCs), State Water Resources Management Institutions (SWRIs) and Water Agencies (WAs).

In 2003, to facilitate the management of Brazilian water resources, the country was divided into 12 hydrographic regions, which do not coincide with the 27 state political divisions. The NWRC is responsible for resolving disputes over use of water for basins at the Federal level, and for establishing guidelines necessary to implement the institutional framework and instruments contained in the NWRP. The SWRCs are responsible for basins at the State level. The SWRIs are responsible for

implementing the guidelines set by the SWRCs. The RBCs and WAs cover the actual water regions, which may be part of more than one State.

4.2.5 Royalties and other Encumbrances

Revenues from mining activities at Santa Rita are subject to the CFEM royalty that is paid to the ANM and varies depending on the mineral product:

- 1% for rocks, sand, gravel, clay, and other mining substances for immediate use in civil works, as well as for mineral and thermal water
- 1.5% for gold
- 2% for diamond and other unspecified mining substances (includes nickel, copper, and cobalt)
- 3% for bauxite, manganese, niobium, and rock salt
- 3.5% for iron ore

4.3 Project Ownership

The Santa Rita Mine is owned by Atlantic Nickel Mineração Ltda (Atlantic Nickel), a wholly-owned subsidiary of Appian Capital. Mining concessions and exploration licences covering the Santa Rita and Palestina deposits are owned by the state company Companhia Bahiana de Pesquisa Mineral (CBPM) and are under a lease contract signed in 2008 and valid for 20 years. Exploration licences outside the Santa Rita and Palestina areas are held by Atlantic Nickel.

4.3.1 Ownership History

CBPM assumed ownership of what is now the Santa Rita property in 1989 (see Section 6.1). In 2003, CBPM offered private enterprise the opportunity to develop the nickel-bearing sulphide and laterite prospects that had been identified within the Fazenda Mirabela via public tender. Mirabela Mineração do Brasil Ltda (Mirabela Brazil) won the tender.

On October 17, 2003, Mirabela Brazil entered into an Exploration and Mining Lease Agreement, as amended on June 29, 2004, October 17, 2005, November 24, 2005, April 12, 2007, and February 27, 2008 for the Mirabela Project in Brazil with CBPM.

Mirabela Brazil completed an approved exploration program for exploration licence 871.369/1989 in 2006. The Brazilian National Department of Mineral Production (DNPM) approved the final report on December 5, 2006. Subsequently, DNPM gazetted Mining Licence 871.369/1989 in CPBM's name on January 2, 2008. Mirabela Brazil and CBPM signed a Mining Lease agreement on March 3, 2008, which was gazetted on June 9, 2008.

Mirabela Brazil commenced mining operations in 2009. However, due to a combination of low nickel prices in 2014–2015, and a loan restructure, Mirabela Nickel Ltd. (Mirabela), the parent company of Mirabela Brazil, was placed into bankruptcy proceedings in 2015 and the operations were placed on care and maintenance. The bond-holders for Mirabela acted as receivers and managers for the operation until 2018, and focused on keeping the mine and infrastructure in a ready for start-up mode. In 2017, the bond-holders determined that a sale of the operations was the best method available to creditors to recover value.

In 2018, Appian Capital acquired the Project via the Mirabela bankruptcy proceedings.

4.4 Property Agreements

4.4.1 CBPM Agreements

4.4.1.1 Agreement for Supplementary Exploration and Promise to Lease Mineral Rights

Atlantic Nickel entered into the Agreement for Supplementary Exploration and Promise to Lease Mineral Rights with CBPM on October 17, 2003 (the CBPM Exploration Agreement). The agreement has subsequently been amended dated June 29, 2004, October 17, 2005, November 24, 2005, April 17, 2007, February 27, 2008, February 27, 2010, August 27, 2010, August 27, 2012, February 27, 2013, November 4, 2013, February 23, 2015, January 25, 2017, January 18, 2019, January 17, 2021, March 3, 2021, and August 30, 2022.

4.4.1.2 Mineral Rights Lease Agreement

Atlantic Nickel concluded a mineral rights lease agreement with CBPM on March 3, 2008 (CBPM Lease Agreement). The CBPM Lease Agreement was amended on August 7, 2010, November 30, 2010, and May 12, 2014, and is valid until June 16, 2028.

Pursuant to the CBPM Lease Agreement, the lease of the mining concessions can be renewed at Atlantic Nickel's request in case the Mineral Reserve is not fully mined out. Conditions for renewal will be set if and when Atlantic Nickel formalizes the renewal request, and will include considerations of the mine's technical and economical performance and market conditions for concentrate sales.

4.4.1.3 Exploration Agreement

As per the CBPM Exploration Agreement, the Atlantic Nickel performs exploration on behalf of CBPM in the areas covered by mineral rights held by CBPM. In case the titles develop into mining concessions, then such titles become part of the existing CBPM Lease Agreement.

4.5 Mineral Tenure

The Atlantic Nickel holds a number of mining concessions throughout the Santa Rita property area, collectively covering 28,997.21 ha:

- Two mining concessions for nickel in the municipality of Itagibá, Bahia state
- Three applications for mining concessions for nickel in the municipality of Itagibá, Bahia state
- 32 exploration licences for nickel in different municipalities in the State of Bahia

Mining concessions and exploration licences granted in ANM Processes Nos. 871.486/2017, 870.736/2021, 870.737/2021, 870.738/2021, 870.739/2021, 870.740/2021, and 870.741/2021 are registered with the ANM in the name of CBPM. Mining concessions are leased to Atlantic Nickel as per the CBPM Lease Agreement. The CBPM Lease Agreement is valid until June 16, 2028. In the capacity of lessee, Atlantic Nickel can mine and become the owner of the production from the mining concessions.

Applications for mining concessions and three exploration permits held by CBPM will be leased to Atlantic Nickel if and when the respective mining concessions are granted, as per the CBPM Exploration Agreement.

The remaining exploration permits and the application for exploration permit are registered with the ANM in Atlantic Nickel's name.

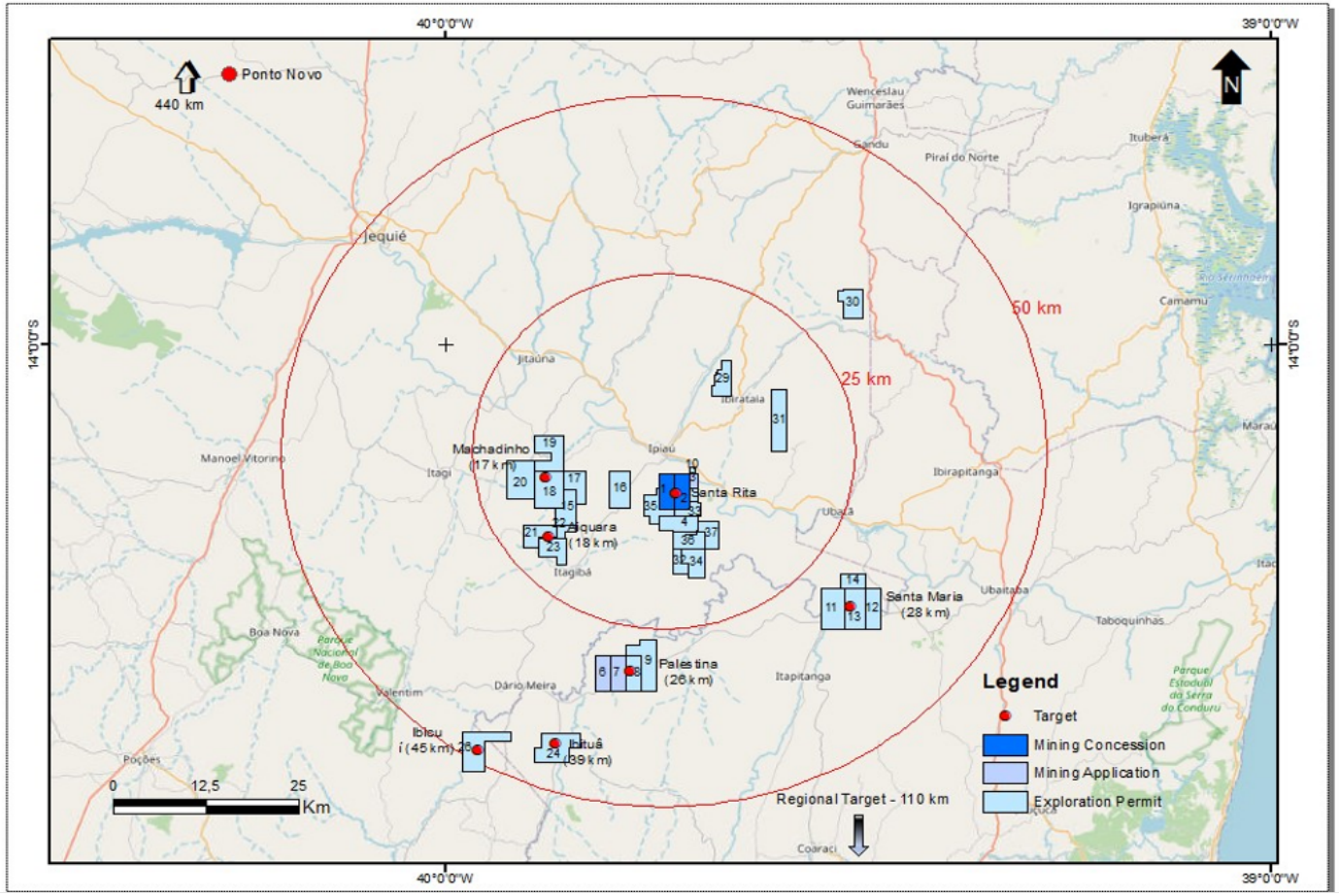
The mineral rights are summarised in Table 4-1. The mining concession map is shown in Figure 4-2.

As at the effective date of this CPR, all required payments and reporting had been completed to have the mineral tenures in good standing.

Table 4-1: Mineral Rights Summary
ACG Acquisition Company Limited – Santa Rita Mine

Name	ANM No.	Registered Holder	Stage	Area (ha)	Commodity
Santa Rita	871.368/1989	CBPM	Mining Concession	1,000.00	Nickel
	871.369/1989	CBPM	Mining Concession	1,000.00	Nickel
	871.291/2003	CBPM	Application for Mining Concession	208.27	Nickel
	872.741/2016	CBPM	Exploration Permit	1,050.87	Nickel
	871.486/2017	CBPM	Exploration Permit	207.65	Nickel
Palestina	871.843/2003	CBPM	Application for Mining Concession	1,000.00	Nickel
	870.255/2007	CBPM	Application for Mining Concession	1,000.00	Nickel
	871.572/2016	CBPM	Exploration Permit	999.73	Nickel
	870.736/2021	CBPM	Exploration Permit	499.97	Nickel
	870.737/2021	CBPM	Exploration Permit	478.93	Nickel
	870.738/2021	CBPM	Exploration Permit	999.44	Nickel
	870.739/2021	CBPM	Exploration Permit	999.84	Nickel
	870.740/2021	CBPM	Exploration Permit	984.61	Nickel
	870.741/2021	CBPM	Exploration Permit	859.28	Nickel
	871.195/2017	Atlantic Nickel	Exploration Permit	1,789.00	Nickel
Formiga	870.251/2018	Atlantic Nickel	Exploration Permit	57.18	Nickel
Santa Maria	870.009/2018	Atlantic Nickel	Exploration Permit	1,677.86	Nickel
	870.010/2018	Atlantic Nickel	Exploration Permit	1,089.50	Nickel
	870.011/2018	Atlantic Nickel	Exploration Permit	1,549.63	Nickel
	870.012/2018	Atlantic Nickel	Exploration Permit	692.01	Nickel
Machadinho	871.187/2017	Atlantic Nickel	Exploration Permit	1,125.85	Nickel
	871.188/2017	Atlantic Nickel	Exploration Permit	1,373.45	Nickel
	871.190/2017	Atlantic Nickel	Exploration Permit	1,011.29	Nickel

Name	ANM No.	Registered Holder	Stage	Area (ha)	Commodity
	871.203/2017	Atlantic Nickel	Exploration Permit	1,993.00	Nickel
	870.249/2018	Atlantic Nickel	Exploration Permit	1,702.86	Nickel
	870.250/2018	Atlantic Nickel	Exploration Permit	1,957.78	Nickel
	872.368/2016	Atlantic Nickel	Exploration Permit	971.28	Nickel
Aiquara	871.220/2017	Atlantic Nickel	Exploration Permit	335.82	Nickel
	872.158/2017	Atlantic Nickel	Exploration Permit	1,113.47	Nickel
Ibitupã	870.318/2018	Atlantic Nickel	Exploration Permit	1,903.47	Nickel
Ponto Novo	872.157/2017	Atlantic Nickel	Exploration Permit	1,999.98	Nickel
Ibicuí	870.319/2018	Atlantic Nickel	Exploration Permit	1,966.73	Nickel
	873.416/2011	Atlantic Nickel	Exploration Permit	86.86	Nickel
	873.431/2011	Atlantic Nickel	Exploration Permit	684.35	Nickel
Regional	870.248/2018	Atlantic Nickel	Exploration Permit	968.1	Nickel
	870.252/2018	Atlantic Nickel	Exploration Permit	1,178.28	Nickel
	870.253/2018	Atlantic Nickel	Exploration Permit	1,769.46	Nickel
Total				**40,285.80**	



Code	ANM Process
1	870319/2018
2	870318/2018
3	870253/2018
4	870252/2018
5	870251/2018
6	870250/2018
7	870249/2018
8	870248/2018
9	870012/2018
10	870011/2018
11	870010/2018
12	870009/2018
13	872158/2017
14	872157/2017
15	871220/2017
16	871203/2017
17	871195/2017
18	871190/2017
19	871188/2017
20	871187/2017
21	872368/2016
22	873431/2011
23	873416/2011
24	870255/2007
25	870736/2021
26	870737/2021
27	870738/2021
28	870739/2021
29	870740/2021
30	870741/2021
31	871291/2003
32	871368/1989
33	871369/1989
34	871486/2017
35	871572/2016
36	871843/2003
37	872741/2016

Source: Atlantic Nickel, 2023

Figure 4-2: Mineral Tenure Location Plan

4.6 Surface Rights

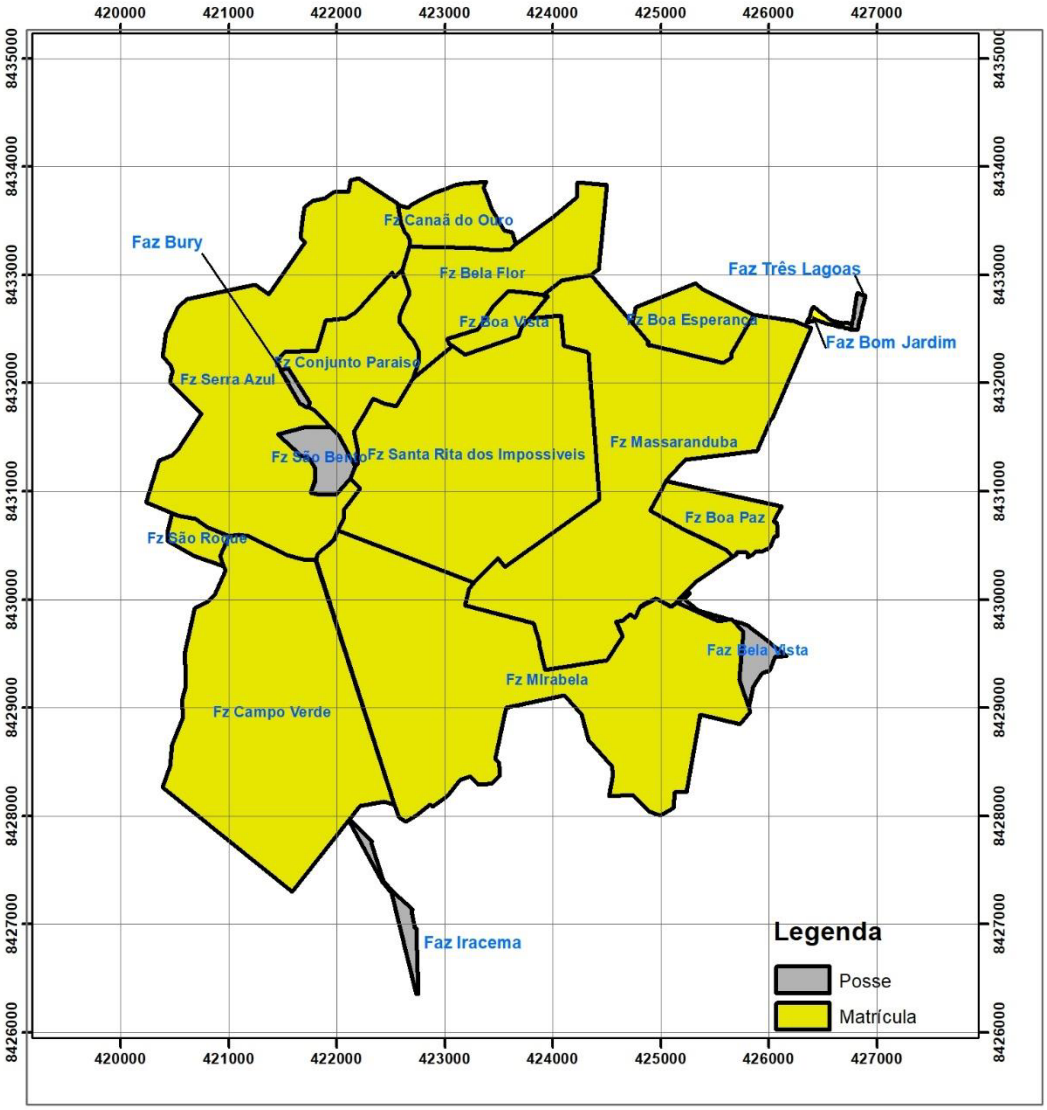
Atlantic Nickel owns the surface rights over the area of the operations, totalling 5,238.31 ha, being that 2,731.70 ha surface rights cover the areas of the mining operations, waste rock storage facilities (WRSFs), and the tailings storage facilities (TSF). The surface rights parcel boundaries are fixed by a combination of surveyed points, and the locations of cultural features.

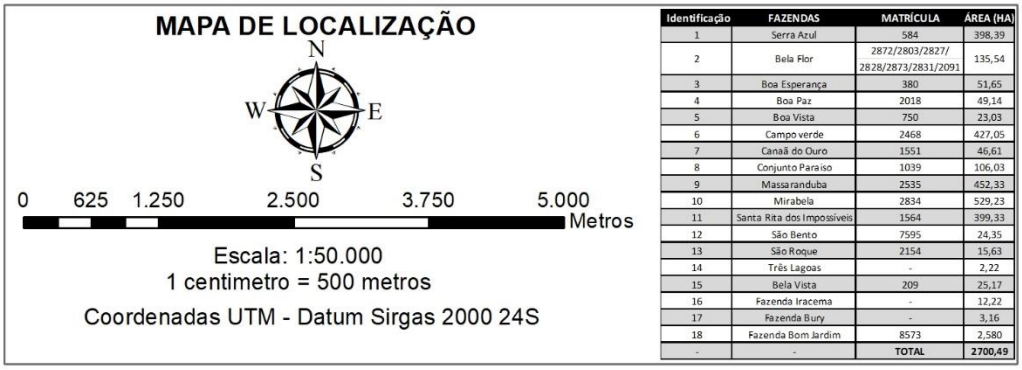
The surface rights acquisition process has included agreements to pay royalties to certain of the surface rights holders.

The various surface rights agreements are shown in Figure 14-3 and summarised in Table 4-2.

Table 4-2: Surface Rights Summary
ACG Acquisition Company Limited – Santa Rita Mine

Surface Right	Registry Number	Area (ha)	Landowner Royalty
Bela Flor	2,872/2,803/2,827/ 2,828/2,873/2,831/2,091	135.54	
Boa Esperança	380	51.65	
Boa Paz	2,018	49.14	
Boa Vista	750	23.03	
Fazenda Bom Jardim	8,573	2,580.00	
Campo Verde	2,468	427.05	1% of the concentrate net sales revenue
Canaã do Ouro	1,551	46.61	
Conjunto Paraiso	1,039	106.03	
Massaranduba	2,535	452.33	
Mirabela	2,834	529.23	1% of the concentrate net sales revenue
Santa Rita Dos Impossíveis	1,564	399.33	
Serra Azul	584	398.39	1% of the concentrate net sales revenue
São Bento	7,595	24.35	
São Roque	2,154	15.63	
	Total	**5,238.31**	





Identificação	FAZENDAS	MATRÍCULA	ÁREA (HA)
1	Serra Azul	584	398,39
2	Bela Flor	2872/2803/2827/ 2828/2873/2831/2091	135,54
3	Boa Esperança	380	51,65
4	Boa Paz	2018	49,14
5	Boa Vista	750	23,03
6	Campo verde	2468	427,05
7	Canaã do Ouro	1551	46,61
8	Conjunto Paraiso	1039	106,03
9	Massaranduba	2535	452,33
10	Mirabela	2834	529,23
11	Santa Rita dos Impossíveis	1564	399,33
12	São Bento	7595	24,35
13	São Roque	2154	15,63
14	Três Lagoas	-	2,22
15	Bela Vista	209	25,17
16	Fazenda Iracema	-	12,22
17	Fazenda Bury	-	3,16
18	Fazenda Bom Jardim	8573	2,580
-	-	TOTAL	2700,49

Source: Atlantic Nickel, 2022.

Note. Yellow outline shows the locations of the surface rights held by Atlantic Nickel in the immediate vicinity of Santa Rita.

Figure 4-3: Surface Rights

4.7 Water Rights

Atlantic Nickel holds permits from the Bahia State Environmental Agency (INEMA) to extract ground water for use in the processing plant and for human consumption. The rights are sufficient for the life-of-mine (LOM) processing plant and ancillary needs.

The extraction allowances are summarised in Table 4-3.

Table 4-3: Water Extraction Permits
ACG Acquisition Company Limited – Santa Rita Mine

Permit No.	Object	Key Conditions	Issuance Date	Expiry Date
24,957/2022	Authorizes water impound from Contas River for industrial purposes – 16,800 m³/day	Regularly monitor water quality	06-Jan-22	06-Jan-26
20,312/2020	Authorizes water impound from Contas River for human consumption purposes – 720 m³/day	Regularly monitor water quality	28-Mar-20	28-Mar-24
20,313/2020	Authorizes collection of underground water for industrial purposes – 1,540 m³/day	Regularly monitor water quality	28-Mar-20	28-Mar-24
26,534/2022	Authorizes effluent discharge at Contas River – 48 m³/day	Regularly monitor water quality	22-Jul-22	22-Jul-24
24,352/2021	Authorizes collection of underground water for mining purposes – 4,665 m³/day	Regularly monitor water quality	15-Oct-21	15-Oct-25

4.8 Royalties and Encumbrances

4.8.1 CFEM

All of the concessions are subject to the CFEM (see Section 4.2.5).

4.8.2 CBPM

Atlantic Nickel is required to pay a royalty to CBPM as provided for in the CBPM Lease Agreement. The royalty is calculated as follows:

- For sulphide nickel: 2.51% levy on:
  - 60% of the value attributed to contained nickel in the concentrate, based on the London Metals Exchange (LME) average monthly sales price for nickel;
  - 100% of the value attributed to the contained copper in the concentrate, based on the LME average monthly sales price for copper;
  - 100% of the value attributed to the contained cobalt, gold, platinum, and palladium in the concentrate, based on the Metal Bulletin average monthly price for such minerals.
- For lateritic nickel (secondary ore): progressive values set per tonne of extracted, transferred, or sold ore, being:
  - US$2.01/t when the nickel value at the LME is higher than US$9,000.00/t;
  - US$1.51/t when the nickel value at the LME is within the range of US$8,000.00/t to US$9,000.00/t;
  - US$1.01/t when the nickel value at the LME is lower than US$8,000.00/t.

For other economic recoverable substances contained in the lateritic ore, including cobalt, gold, and platinum group metals (PGM), US$0.31/t of extracted, transferred, or sold ore.

4.8.3 Surface Rights Holders

Some surface rights holders are owed royalties (refer to Table 4-2). Atlantic Nickel has to pay a royalty to the former owners of Fazenda Mirabela (record No. 2,834), Fazenda Santa Rita dos Impossiveis (record No. 1,564), Fazenda Serra Azul (record No. 584), and Fazenda Campo Verde (record No. 2468). The royalty is levied at a rate of 1% on the proceeds from the sales of any ores exploited within the geographical limits of the respective properties. The following deductions are permitted:

- Tax on distribution of goods and services (ICMS);
- Contribution for the Social Integration Program (PIS), Social Contribution on Revenues (COFINS);
- External transportation costs indicated in the bill of sale;
- Insurance costs indicated in the bill of sale.

Contractual royalties are currently being paid only to the former owners of Fazenda Mirabela and Fazenda Santa Rita dos Impossiveis, as there is no exploitation activities taking place in the lands encompassed by Fazenda Serra Azul and Fazenda Campo Verde.

4.8.4 Appian Natural Resources Fund II

A 2.75% net smelter return (NSR) royalty on quarterly nickel production is payable to Appian Natural Resources Fund II. The NSR royalty covers all payable metals produced from the mining licences and

exploration licences held by Atlantic Nickel, including those leased from CBPM, as of July 2020, and is calculated based on the net revenue received after deductions for downstream smelting, refining, treatment, and transportation charges.

4.9 Permitting Considerations

Permitting considerations for operations are discussed in Section 20.

4.10 Environmental Considerations

Environmental and closure considerations for operations are discussed in Section 20.

There are no environmental liabilities associated with the exploration licences other than those associated with exploration drilling activities. Permits for clearing of vegetation are required where gridlines are opened in forested areas. Drilling operations require appropriate approvals for clearing of vegetation, and licences for pumping and utilisation of surface water. Atlantic Nickel retained the services of environmental consulting group Projetos de Geologia e Topografia (PROGET) for concession/permit environmental management.

4.11 Social Licence Considerations

Social licence considerations for operations are discussed in Section 20.

4.12 CP Comments on "Item 4: Property Description and Location"

The CP notes the following:

- Information provided by Atlantic Nickel and experts retained by Atlantic Nickel supports the interpretation that the mining concessions and exploration permits are valid. More detail is provided in "Legal Opinion - NI 43-101 Report, Belo Horizonte, March 7, 2023. Bichara Advogados".
- Atlantic Nickel holds sufficient surface and water rights to support the LOM plan.
- Royalties are payable to the Brazilian state, to CBPM, to former surface rights holders, and to the Appian Natural Resources Fund II.

The CP is not aware of any environmental or social liabilities on the property. To the extent known to the CP, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property that have not been discussed in this CPR.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

5.1 Accessibility

Santa Rita is located approximately seven kilometres south-southeast of Ipiaú, Brazil, which is approximately two kilometres from Brazilian highway BR330. A small airstrip is located at Ipiaú.

Ilhéus, a regional centre, is approximately 140 km southeast of Santa Rita. A regional airport with scheduled commercial service and a port are located at Ilhéus.

The Palestina deposit lies approximately 25 km to the south of Santa Rita, close to highway BR-030.

Access within the Santa Rita property area is by unsealed municipal roads and farm tracks.

5.2 Climate

The climate in the Itagibá region is humid tropical.

Annual rainfall varies between 800 mm and 1,800 mm and averages approximately 1,200 mm. There is no well-defined dry season; however, it is generally drier in May–September and wetter in October–April. The average monthly temperatures typically exceed 22°C.

Mining operations are conducted year-round. Exploration activities can be curtailed by rainfall events, but are generally also conducted year-round.

5.3 Local Resources and Infrastructure

The city of Ipiaú, which has a population of about 47,000, is the major source of commercial and industrial support services, and skilled and unskilled labour for Santa Rita.

Infrastructure that has been constructed to support mining activities is discussed in Section 18.

5.4 Physiography

The topography is characteristically flat to gently undulating terrain at approximately 150 MASL and is in the drainage basin of the Contas River. There are gently rounded hills that may reach 350 MASL to 400 MASL.

The Santa Rita area is characterised as being sub-tropical rainforest; however, a minimal amount of that forest remains due to deforestation for agricultural purposes.

6.0 HISTORY

6.1 Exploration and Development History

A summary of the exploration and development history is provided in Table 6-1.

In 1976, mafic–ultramafic intrusive complexes were identified by CBPM using aeromagnetic survey data. From 1976 to 2003, various companies conducted geological reconnaissance, geochemical surveys, and various types of geophysical surveys. That work identified the layered nature of the Fazenda Mirabela intrusion as well as some of the mineralisation. CBPM performed a limited drill program in 1988 and 1989 that confirmed the presence of primary sulphide mineralisation.

In 2003, the Fazenda Mirabela project was put up for sale by public tender (No. 005/2003), and Mirabela Brazil provided the winning bid. From 2004 to 2012, a number of drill campaigns were conducted, and a feasibility study was completed in 2008. Mining operations commenced in 2009 and continued until 2016, when the mine was placed on care-and-maintenance.

In 2018, Appian Capital acquired the project, with Atlantic Nickel as the in-country operating subsidiary. Atlantic Nickel conducted extensive drilling campaigns from 2018 to 2021, with the objectives of improving confidence in the mineral resource potentially amenable to open pit mining methods, and investigating underground potential. In October 2019, Atlantic Nickel re-started the concentrate plant and the first concentrate sales were in January 2020.

In 2021 and 2022, Atlantic North completed exploration drill holes both in areas within the Santa Rita area to convert to Mineral Resources and in nearby targets such as Palestina.

Table 6-1: Exploration and Development History
ACG Acquisition Company Limited – Santa Rita Mine

Year	Operator	Comment
1976	CBPM	Identified mafic–ultramafic intrusive complexes in the Itaberaba–Belmonte area using regional aeromagnetic surveys.
1979–1981	Mineração Nhambú Limitada (MBL)	Joint venture between BP Minerals and RTZ. Stream sediment sampling, soil sampling and regional geological mapping; program details unknown. Identified a nickel-copper-cobalt anomaly at Fazenda Mirabela. Concluded the anomaly was not related to significant primary mineralisation and relinquished mineral tenure in 1981.
1985–1989	Caraíba Metais SA (Caraíba Metais)	Acquired tenements in the Fazenda Mirabela area. Completed geological reconnaissance, geochemical surveys, geophysical surveys and drilling. Focused on ultramafic components of intrusive complexes, identified a 40 m thick layer of disseminated sulphides hosted by the ultramafic zone. Also identified a 30 m to 40 m laterite zone overlying the primary sulphide mineralisation. Relinquished mineral tenure in 1989.

Year	Operator	Comment
1989–2003	CBPM	Conducted geological mapping, geochemical analysis and petrographic investigations, geophysical ground surveys including magnetics, induced polarisation (IP), and very low frequency electromagnetic(VLF-EM) surveys, magnetic susceptibility measurements, airborne magnetic and time-domain electromagnetic surveys. Identified the Fazenda Mirabela intrusion as a differentiated mafic–ultramafic body comprising a western ultramafic sequence that was succeeded by an eastern mafic sequence. The eastern mafic sequence included a nickel sulphide zone. Completed a drill program, which confirmed the presence of primary sulphide mineralisation as well as secondary lateritic mineralisation. CBPM offered the area to private enterprise via public tender.
2006	INCO	As part of an exploration agreement between INCO and MNL, INCO assessed the area for massive nickel sulphides during 2006. The samples were nominally collected on a 200 m x 25 m east–west grid. The dataset contains a total of 1,329 samples assayed by ALS Chemex in Vancouver, Canada, for Ag, Al, As, B, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Th, Ti, Tl, U, V, W, and Zn by inductively coupled plasma atomic emission spectroscopy (ICP-AES) following a four-acid digest.
2004–2008	Mirabela Brazil	Won tender. Drilled 650 core holes (178,681 m) at Santa Rita.
2009		Beneficiation plant commences operations.
2011–2012		Drilled 15 core holes (10,145 m) to intersect mineralisation at depth that could represent an underground mining option.
2016		Mining operations placed on care and maintenance due to market conditions.
2018–2021	Atlantic Nickel	Completed 469 core and reverse circulation (RC) drill holes (125,913 m) testing both the open pit and underground targets. Completed a feasibility study into operations re-start.
2019–2020		Restarted the concentrate plant in October 2019, and reached steady state operation in January 2020.

6.2 Past Production

There is no known commercial production from the Santa Rita area prior to 2009.

The first phase of open pit mining was from 2009 to 2016, with actual mill production from 2012 to 2016. Production during that period is discussed in Section 13.3 in relation to plant performance.

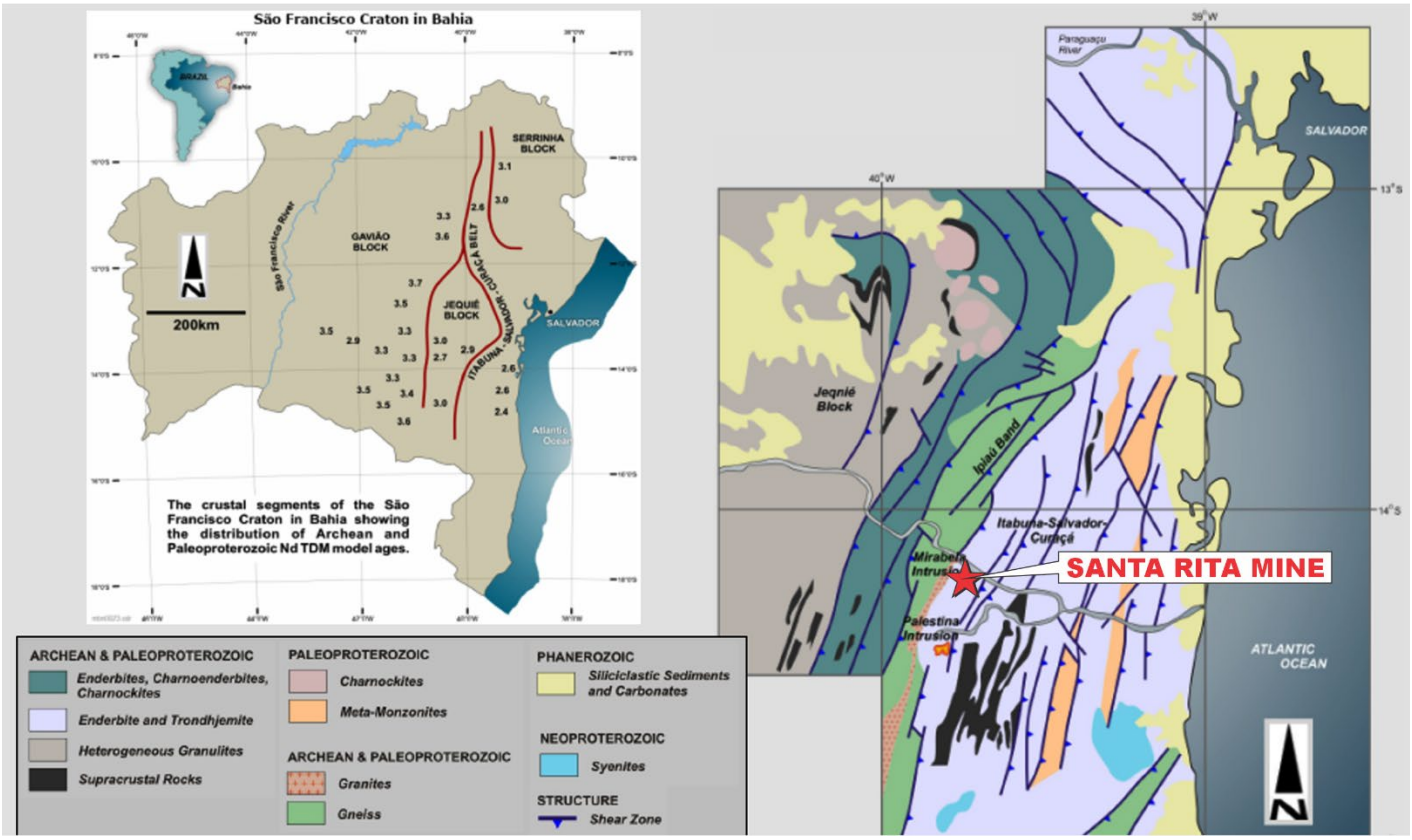
Processing plant production history is provided in Section 13.3, accompanying a review of the plant performance since the plant was re-started.

7.0 GEOLOGICAL SETTING AND MINERALISATION

7.1 Regional Geology

The Fazenda Mirabela intrusion, which hosts the mineralisation at Santa Rita, is located within the Archean-Paleoproterozoic Itabuna–Salvador–Curaça orogenic (ISC) belt that extends from southeast Bahia state to Salvador, and north into northeast Bahia. The ISC belt separates the Archean Gavião and Jequié cratonic blocks from the Serrinha block, all of which are part of the São Francisco Craton (SFC) (Barbosa and Sabaté, 2004; Figure 7-1).

The ISC belt is the youngest segment exposed in this part of the SFC and was formed during Transamazonian orogeny (2.15 to 2.05 Ga). It consists of a low-potassium calc-alkaline plutonic suite of rocks that includes intercalated metasedimentary rocks, gabbro, and basalt. Regional metamorphism was the result of collisional tectonics and crustal thickening during the Transamazonian orogeny. Metamorphism reaches granulite facies in the southern part of the belt (Barbosa and Sabaté, 2004).



Source: RPA, 2015.

Figure 7-1: Regional Geology

7.2 Property Geology

The Fazenda Mirabela layered mafic–ultramafic intrusion intruded granulite of the ISC. The lower zone of the intrusion consists of olivine-rich cumulates, primarily dunite to harzburgite, and is capped by pyroxenite (Figure 7-2). The upper intrusive lithologies are primarily gabbroic cumulates, consisting of gabbronorites to norites. Nickel sulphide mineralisation is associated with the upper ultramafic rocks (dominantly harzburgite and orthopyroxenite). More rarely, dunite can host mineralisation.

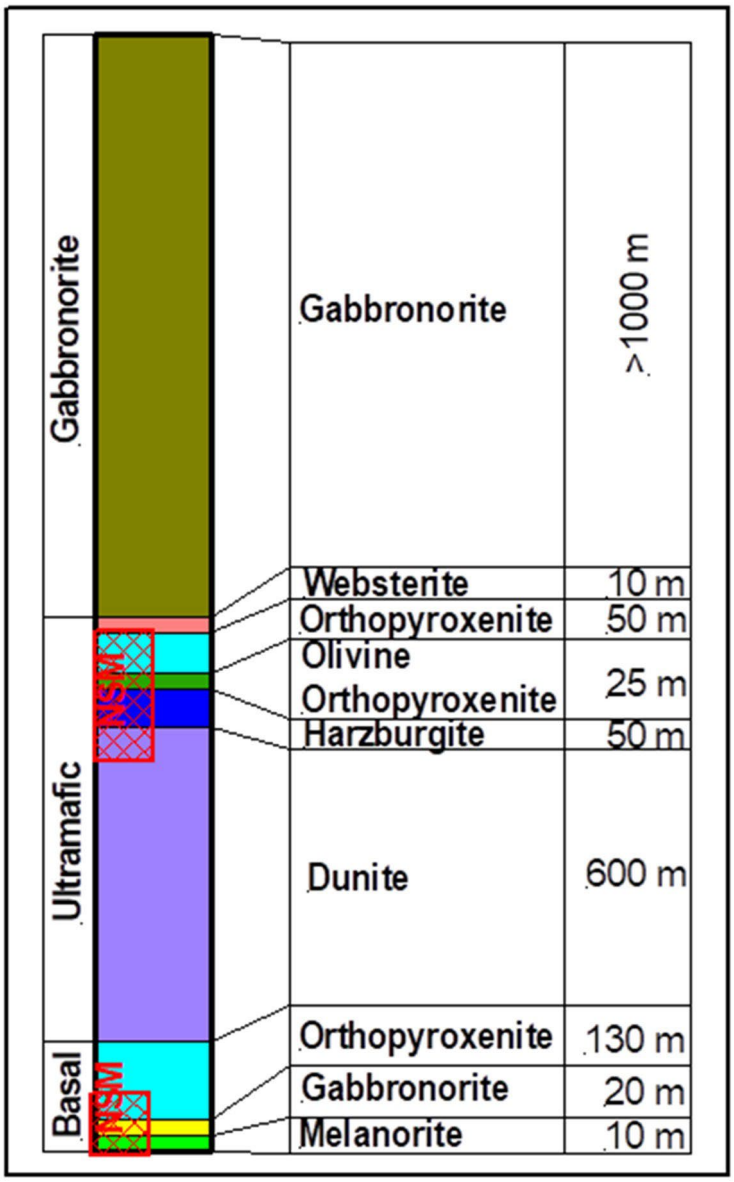
The Fazenda Mirabela layered mafic–ultramafic intrusion intruded granulite of the ISC. The lower zone of the intrusion consists of olivine-rich cumulates, primarily dunite to harzburgite, and is capped by pyroxenite (Figure 7-2). The upper intrusive lithologies are primarily gabbroic cumulates, consisting of gabbronorites to norites. Nickel sulphide mineralisation is associated with the upper ultramafic rocks (dominantly harzburgite and orthopyroxenite). More rarely, dunite can host mineralisation.

The Fazenda Mirabela layered mafic–ultramafic intrusion intruded granulite of the ISC. The lower zone of the intrusion consists of olivine-rich cumulates, primarily dunite to harzburgite, and is capped by pyroxenite (Figure 7-2). The upper intrusive lithologies are primarily gabbroic cumulates, consisting of gabbronorites to norites. Nickel sulphide mineralisation is associated with the upper ultramafic rocks (dominantly harzburgite and orthopyroxenite). More rarely, dunite can host mineralisation.

The intrusion is oval-shaped in plan view, with outcrop dimensions of approximately 4.0 km x 2.5 km and original stratigraphic thickness of least three kilometres. In cross section, the intrusion extends to a vertical depth of at least 1,400 m. A geology plan and geological cross-section are shown in Figure 7-3. The Fazenda Mirabela intrusion appears to have differentiated into a lower ultramafic zone and an upper mafic zone, with distinct internal stratigraphy in each zone.

The stratigraphy is described from the uppermost unit to the lowermost in Table 7-1, and shown in Figure 7-2. Two types of dikes intrude these units.

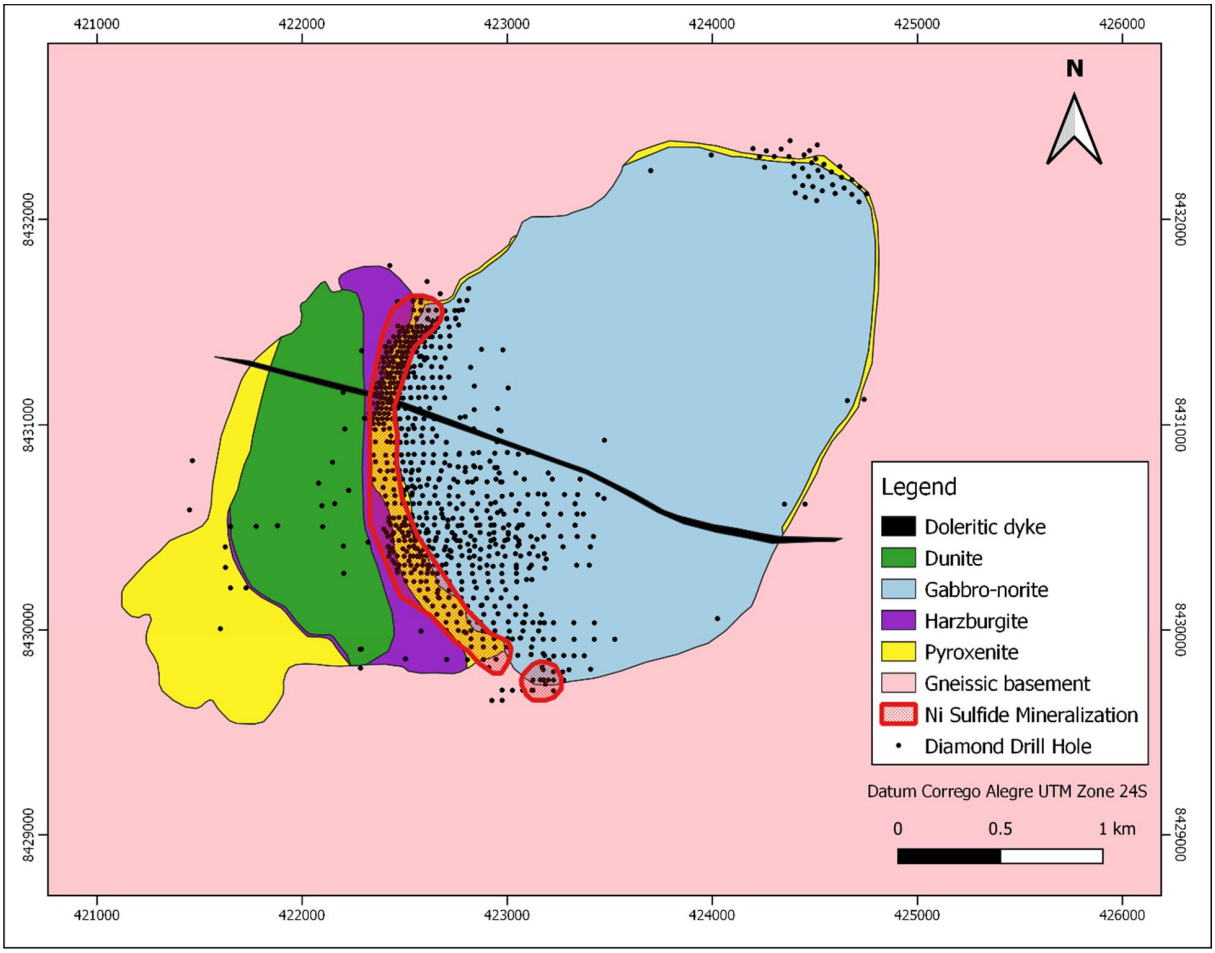
A significant laterite profile developed over the dunite–harzburgite core of the ultramafic unit but is absent or poorly developed over other lithologies. The laterite profile is typically 25 m thick but reaches 60 m in places and comprises saprolite at the base of oxidation to limonite near the surface.



Source: modified by MTS from Barnes et al., 2011.

Note. NSM = nickel sulphide mineralisation. Top NSM occurrence is the Santa Rita deposit, lower NSM is the location of the Peri-Peri prospect within the Fazenda Mirabela intrusion.

Figure 7-2: Stratigraphic Column, Fazenda Mirabela Layered Intrusion



Source: Atlantic Nickel, 2021

Figure 7-3: Project Geology Plan

Table 7-1: Mafic/Ultramafic Units
ACG Acquisition Company Limited – Santa Rita Mine

Lithology	Description
Dolerite dikes	At least two sets of dolerite dikes cross-cut the Fazenda Mirabela intrusion in an east–west orientation. A series of undeformed and un-metamorphosed dolerite dikes occur at approximately 8,431,100 mN, where they separate the nickel mineralisation into the northern and central sectors. They are approximately 10 m to 15 m thick, and dip steeply to the south. Nickel mineralisation generally shows an increase in grade adjacent to these dikes. Farther south, at approximately 8,430,300 mN, a second series of suspected dolerite dikes occur. These dikes are strongly metamorphosed.
Pegmatite dikes	Common, especially within the peridotite unit of the ultramafic zone, where they appear to have intruded sub-parallel to the unit itself. These are sometimes composed of large euhedral crystals of plagioclase up to 3 cm long in a matrix of fine-grained polygonal plagioclase (oligoclase, total for both types is 66%), oriented phlogopite (30%) and chlorite (Fróes, 1993). Relatively large crystals (up to 0.5 mm) of euhedral zircon (1%) and apatite (trace) and masses of monazite (0.5%) also occur in the mica matrix. Veinlets and impregnations of chalcopyrite and pyrite are dispersed throughout the mica.

Lithology	Description
Gabbronorite	Consists of mixed orthopyroxene, clinopyroxene, and plagioclase cumulate. Mineralogically, they vary between augite norite, hypersthene gabbro and their leucocratic variants (Purvis 2006d). They possess a coarse, locally pegmatitic, intergranular gabbroic or mosaic texture, sometimes modified by brittle fracturing, and are composed of 40% to 73% plagioclase with a grain size of 1.5 mm to 4.0 mm, 19% to 23% orthopyroxene (bronzite to hypersthene, grain size 2.0 mm to 3.0 mm), and 3% to 24% clinopyroxene (diopside/augite, average grainsize of 0.5 mm). Accessory minerals include hornblende (0% to 10%), traces of biotite and titanomagnetite, rare pyrite, and apatite. Local concentrations of plagioclase (as much as 90%) and minor quartz confer an anorthositic composition to the rock, but these concentrations have no defined stratigraphic horizon.
Websterite	Mixed orthopyroxene and clinopyroxene cumulate with variable concentrations of intercumulate plagioclase. This may not comprise a continuous mappable unit.
Orthopyroxenite	Nearly pure orthopyroxenite cumulate with minor chromite and some clinopyroxene. The composition of the orthopyroxenite is 88% orthopyroxene (bronzite), 2% to 13% clinopyroxene, 0.5% to 2% plagioclase, 2% sulphide, 1% olivine, and 1% hornblende. Orthopyroxene may vary between enstatite, bronzite and hypersthene, displaying both granular and tabular forms ranging from 1.5 mm to 3.0 mm, and up to 10 mm in heterogeneous rocks. Clinopyroxene (diopside/augite) is the principal post-cumulate mineral, with a grain size varying from 2.0 mm to 3.0 mm. It occurs in the interstices and also as large optically continuous oikocrysts enclosing orthopyroxene. Plagioclase is also a post-cumulus phase, occurring in larger concentrations in plagioclase-bearing pyroxenites.
Olivine orthopyroxenite	Olivine with minor chromite cumulate with intercumulate orthopyroxene. Olivine orthopyroxenite is 66% orthopyroxene (bronzite/enstatite), 24% olivine/serpentine, 3% clinopyroxene (diopside/augite), 2% hornblende, 2% sulphide, and 1% chrome spinel. Orthopyroxene is euhedral, commonly showing exsolution lamellae of clinopyroxene, and varies from 0.4 mm to 4.5 mm in grain size. Olivine occurs as subhedral crystals measuring 0.3 mm to 0.6 mm long, and cumulate crystals of olivine are often found within large plates of post- cumulus clinopyroxene. Clinopyroxene is a post-cumulus phase with grainsize varying from 2.0 mm to 3.0 mm. It occupies grain interstices and also occurs as large plates poikilitically enclosing olivine, orthopyroxene, and chrome spinel.
Harzburgite	Dominantly cumulate olivine and chromite with intercumulate orthopyroxene. Massive and granular, with olivine (68%) and orthopyroxene (23%) crystals mostly <5.0 mm in size, and olivine to orthopyroxene ratios of about 2. Two types of harzburgite are present; olivine mesocumulates with orthopyroxene entirely, or largely, as oikocrysts, and partly layered harzburgites with bands and lamellae rich in olivine, and alternate bands rich in granular or prismatic cumulus orthopyroxene. Some olivine bands have orthopyroxene as oikocrysts, but clinopyroxene (3%), hornblende (1%) and plagioclase (trace) occur as oikocrysts in other layers, with olivine or orthopyroxene as cumulus grains. Harzburgite includes minor, mostly granular chromite (1%), and accessory disseminated fine granular sulphide (1.5%).
Dunite	Dunite is cumulate material with >90% olivine and minor chromite and orthopyroxene. Massive/granular olivine with inequigranular olivine varying from 0.8 mm to 7.0 mm in crystal size, averaging 3.0 mm, as the principal cumulus mineral (94%). Localised areas of finer recrystallised olivine (<0.4 mm in grain size) also occur. Minor orthopyroxene (bronzite; 3%) is mostly interstitial as large optically continuous oikocrysts, some of which are >10 mm in diameter. Trace hornblende or biotite is fine grained and granular, and may be metamorphic. Granular chromite (1%) occurs as

Lithology	Description
	rounded grains up to 2.0 mm in diameter, generally rimming the olivine, but lacks Fe^{3+}-rich chromite or chrome-magnetite rims.
Basal units	These are melanorite at the base, gabbronorite in the middle, and orthopyroxenite at the top, immediately beneath the thick dunite unit. Total thickness of the basal unit is 150 m to 160 m. These rocks are not well known because they appear to be barren of nickel or copper sulphide minerals and were rarely drilled.

7.3 Deposit Descriptions

7.3.1 Santa Rita

7.3.1.1 Lithologies

The Santa Rita deposit is characterised by the lateral continuity of the mineralisation (approximately 2.0 km along strike and 1.3 km down dip), the significant thickness of up to 200 m of 2–5 vol% disseminated sulphides, the high nickel tenor in the bulk sulphide (16–18 wt%), and variable Ni/Cu ratios (average 3–4).

The lithological descriptions of the host intrusion are summarised in Table 7-1.

7.3.1.2 Structures

Three deformation phases are currently recognised in the Santa Rita open pit area:

- The oldest phase forms thrust duplexes on the scale of tens to hundreds of metres in the open pit. The deformation strain is oriented northeast–southwest and forms west–northwest to east–southeast trending structures that converge to the southwest.
- The second deformation comprises a suite of quartz–feldspar pegmatite dikes developed in basement lithologies.
- Folds with a north–south axis form the third phase of deformation.

A dolerite (diabase) dike was observed in the Santa Rita open pit cross-cutting the Santa Rita intrusion at a 120° azimuth. The dike is approximately 20 m thick and follows previously existing fracture planes that were reactivated during dike intrusion.

Detailed geological mapping of the available faces and individual blast hole cuttings was performed since the beginning of mining activities. This mapping revealed the presence of a number of post-mineralisation faults with offsets ranging from metre-scale to over 100 m. Fault offsets are consistent with down-to-the-east displacement. Many of these post-mineralisation faults strike north to northeast and dip steeply west at 45° to 60°, and locally can be steeper. Other fault orientations are recognised but those are less frequent. These faults strike northeasterly with shallow westerly dips and westerly with sub-vertical dips. All faults observed to date appear to pre-date the dolerite (diabase) dikes.

7.3.1.3 Alteration

Serpentinisation is pervasive but generally weak to approximately 400 m below surface and all olivine-bearing rocks are affected. There are local areas where serpentinisation is intense, and those areas are flagged during exploration and mining so that they can receive special handling during mining and processing. Below 400 m, olivine is mostly fresh.

Geological mapping in the open pit revealed the presence of a number of larger areas of intense serpentinisation. This alteration appears to be fracture or structurally controlled as the individual zones are observed to cross-cut the general stratigraphic sequence. Alteration zones comprise a central core of either quartz veining/silicification or narrow pegmatite dikes that can be as much as 10 m wide. Wall rocks to these zones are intensely serpentinised host rocks, which results in a pronounced reduction in the alteration mineral grain size. These serpentinised zones are restricted mostly to the dunite or harzburgite layers and do not appear to occur as frequently in the olivine pyroxenite or pyroxenite units.

Serpentinised zones are commonly devoid of sulphide minerals.

7.3.1.4 Mineralisation

Nickel and copper sulphides form stratiform bodies that are generally parallel to the lithostratigraphic contacts. The mineralised layers gently transgress upwards in places from the harzburgite unit through the olivine orthopyroxenite unit and into the websterite unit. Sulphide mineralisation was identified in dunite horizons during the 2018–2019 drill programs.

There are two styles of sulphide mineralisation:

- Disseminated sulphides, 2% to 5% sulphide by volume, hosting the mineralisation that supports the Mineral Resource estimate;
- Vein-like semi-massive sulphides that have no economic interest.

On average, sulphide mineralisation comprises 52% pentlandite, 7% violarite ($(Ni,Fe)_3S_4$), 18% chalcopyrite, 14% pyrite, and 9% pyrrhotite as granular intercumulus aggregates. Minor sulphide phases identified in thin sections include mackinawite ((Fe,Ni)9S8), millerite (NiS), poorly defined low-temperature iron sulphides, cubanite, bornite and chalcocite, along with traces of native copper. Individual sulphide aggregates are commonly not more than 0.5 mm to 1.0 mm in size; however, larger cumulates up to 30 mm are observed locally. Finer and more widely disseminated sulphide grains include abundant chalcopyrite.

Four lithologies host mineralisation (Table 7-2). The sulphide composition is much the same for each lithology, but the lithologies have very different recovery and metallurgical characteristics. Traces of PGMs also occur, but these elements appear to be included within the structure of the principal sulphides.

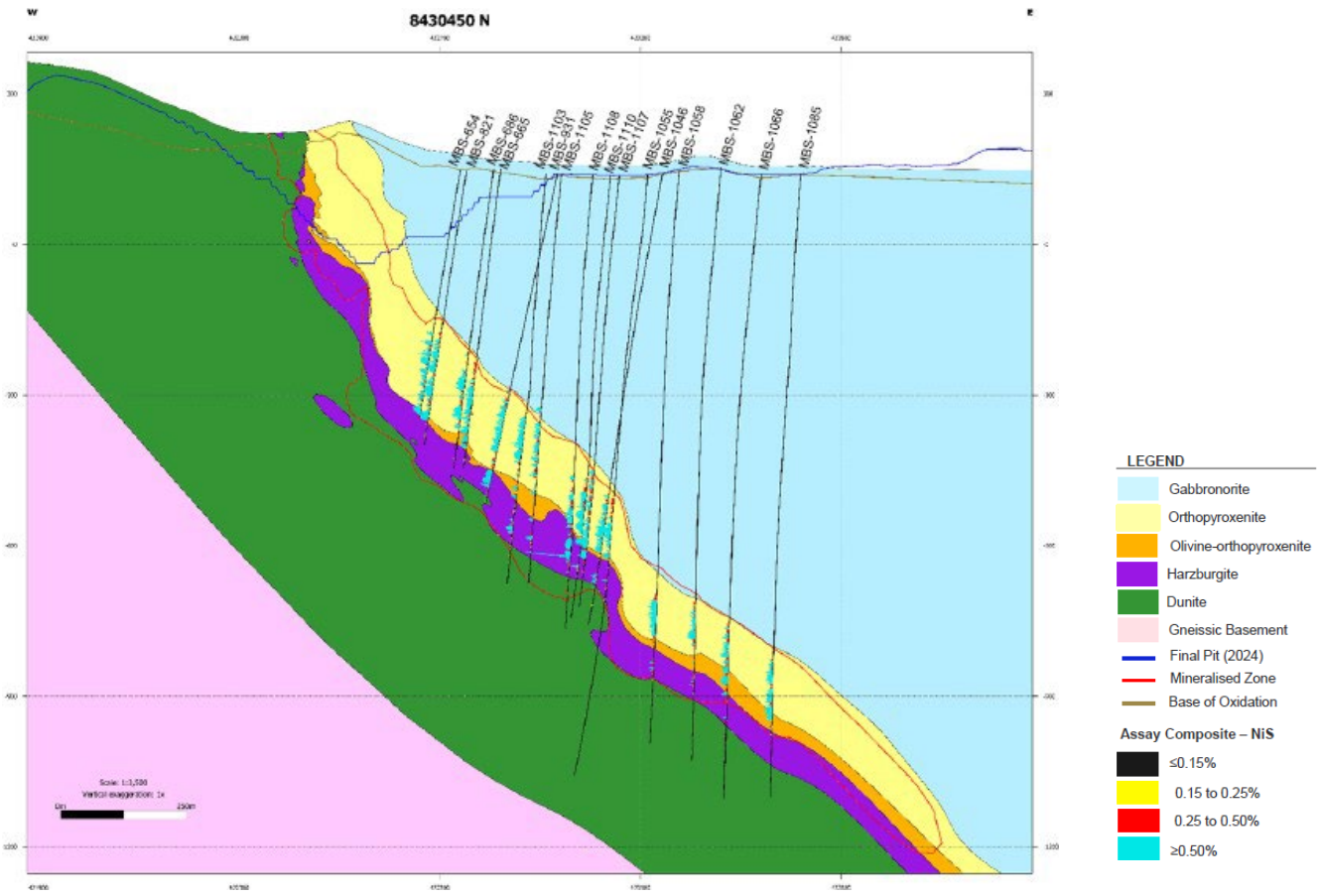
Figure 7-4 is an example cross-section through the Santa Rita deposit showing the mineralisation; Figure 7-5 is an inset showing the drilling in Figure 7-4 in more detail.

Table 7-2: Summary of Lithological Characteristics of Mineralisation
ACG Acquisition Company Limited – Santa Rita Mine

Lithology	Olivine Content (%; Fo_{85})	Ni in Silicate (approximate %)	Anticipated Maximum Nickel Recovery (%)	Comments and Characteristics
Orthopyroxenite	<10	0.08	75-80	• Majority of Mineral Resource • Very hard. Forms sharp rocks • Little effect from serpentinisation • Least susceptible to weathering • Low MgO

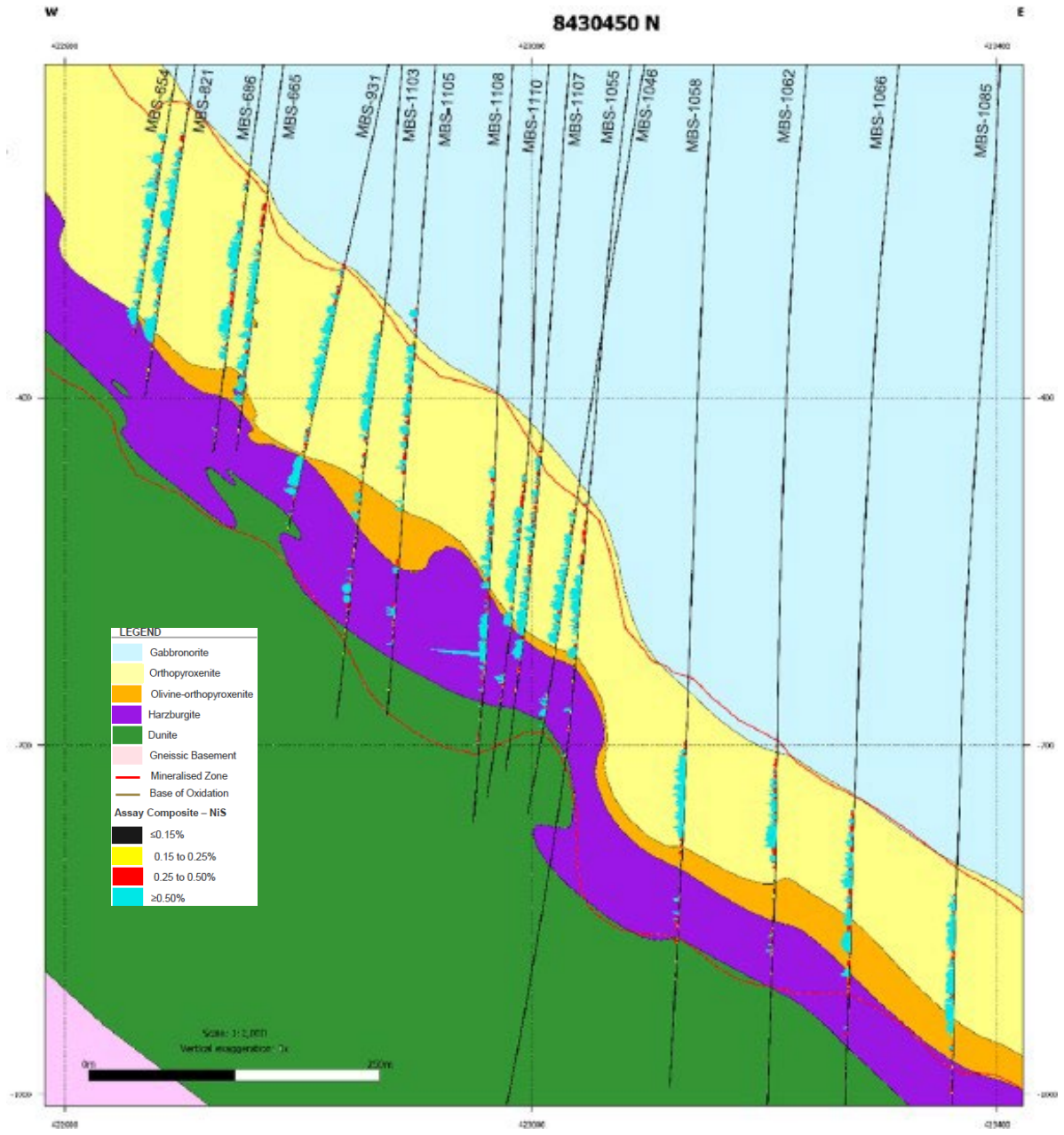
Lithology	Olivine Content (%; Fo_{85})	Ni in Silicate (approximate %)	Anticipated Maximum Nickel Recovery (%)	Comments and Characteristics
Olivine orthopyroxenite	10-40	0.13	70-75	• High specific gravity • Excellent recovery • As much as 40% olivine so serpentine may be significant • Hard and difficult to fracture • Generally has good recovery
Harzburgite	40-90	0.18	50-60	• Generally strongly serpentinised in upper 400 m • More deeply weathered and softer than orthopyroxenite • Moderate recovery • Very susceptible to chlorite alteration
Dunite	>90	0.25	40-50	• Small portion of overall Mineral Resources • Almost entirely olivine/serpentine • Very susceptible to weathering • Very susceptible to chlorite alteration • Potentially talc-bearing • Very high MgO • Poor recovery

Note: Fo_{85} is the olivine composition, i.e., 85% forsterite and 15% fayalite



Source: Atlantic Nickel, 2021.

Figure 7-4: Santa Rita Section 8430450N (Looking North)



Source: Atlantic Nickel, 2021.

Figure 7-5: Inset of Santa Rita Section 8430450N (Looking North)

7.3.2 Palestina

The Fazenda Palestina mafic–ultramafic intrusion is located 25 km to the south-southwest of Santa Rita and 12 km east of the town of Dário Meira, adjacent to highway BR-030 (Figure 7-6).

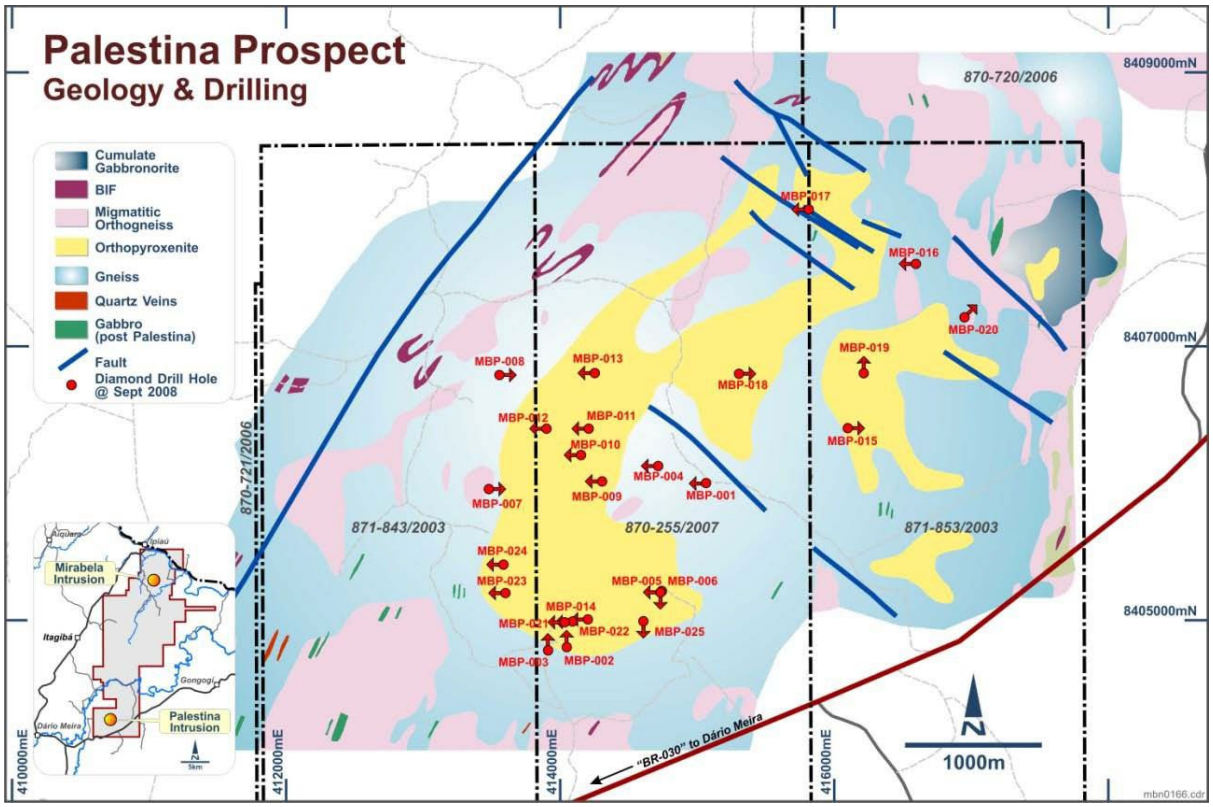
The intrusion cluster measures approximately 5 km east-west by 3 km north-south and, similar to the Fazenda Mirabela intrusion, has intruded granulite facies country rocks comprising migmatitic enderbitic gneisses, metanorites, metamorphosed oxide-silicate facies banded iron formation, marbles, and calc-silicates.

The two dominant lithologies within the intrusion are orthopyroxenites with lesser gabbronorites, the latter forming a border zone around the former in the east. The gabbronorites are composed of cumulate plagioclase, augite and bronzite, and are locally leucocratic, while the pyroxenites include adcumulate bronzitite, plagioclase bronzitite, and lesser websterite.

The orthopyroxenites show medium to fine grained, rhythmic banding, but may also be pegmatitic, with bronzite crystals noted up to 10 cm long (Soares, 2000). The pyroxenites occupy 92% of area of the intrusion, while the gabbronorites occupy the remaining 8%. Olivine-bearing lithologies have been identified only locally in drilling.

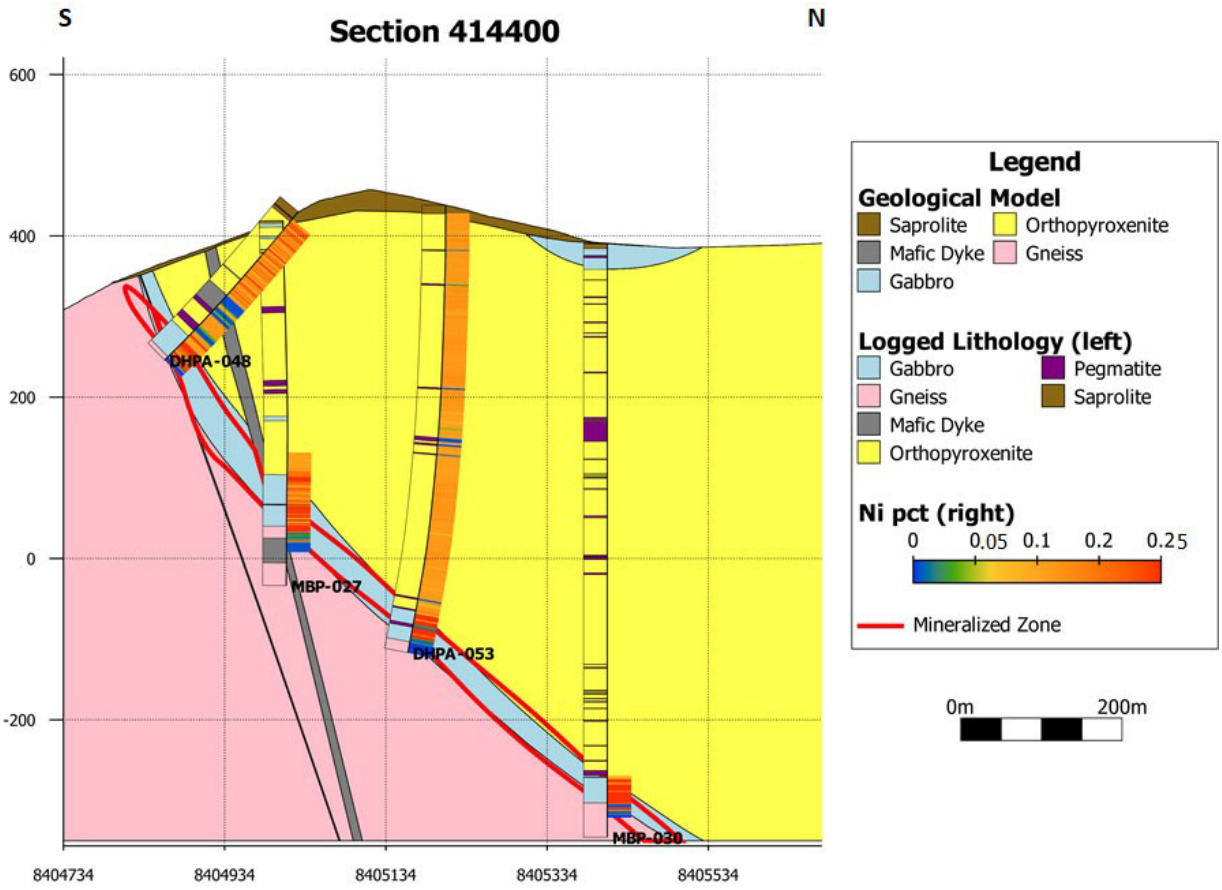
The deposit itself is approximately 1,350 m long, 50 m wide, and extends to a depth of at least 350 m. Intervals containing up to 5% sulphide occur at Palestina. Pyrrhotite, pyrite, pentlandite, chalcopyrite, and arsenopyrite are the dominant sulphide minerals. PGM tenors are elevated relative to Santa Rita, but the mineralogy of the PGMs is not currently known.

A section through the deposit is included as Figure 7-7.



Source: Gossage et al. (2009).

Figure 7-6: Palestina Geology Map



Source: Atlantic Nickel, 2021.

Figure 7-7: Palestina Section 414400E

8.0 DEPOSIT TYPES

Mineralisation within the Fazenda Mirabela is interpreted as magmatic, stratiform, structurally modified mineralisation that contains a series of disseminated to net-textured accumulations of sulphide minerals.

The magmatic model described below is summarised from Eckstrand and Hulbert (2007).

Nickel-copper sulphide deposits, where nickel is the main economic contributor, are associated with concentrations of sulphide minerals. Host bodies are classified based on the nature of the confining magmatic environment:

- Meteorite-impact
- Rift and continental flood basalts
- Komatiites
- Other related mafic/ultramafic bodies

PGM deposits are also confined to mafic-ultramafic bodies but are associated with low quantities of sulphide minerals. Reef-type or stratiform PGM deposits form in large, well-layered mafic/ultramafic intrusions, whereas magmatic breccia-type deposits occur in stock-like or layered bodies.

Magmatic nickel-copper sulphide mineralisation forms in magmas originating in the upper mantle. As the magmas rise through the crust and begin to cool, immiscible sulphide droplets form. The sulphur originates from the magma itself and/or from the wall rocks. The sulphide droplets attract metals such as nickel, copper, iron, and PGMs. These metal-rich sulphur droplets have a high density and, therefore, settle by means of gravity towards the bottom of the magma chamber. As the melt cools, the sulphide liquid crystallizes to form a concentration of pyrrhotite, pentlandite, and chalcopyrite near the bottom of the chamber.

Mineralisation is commonly concentrated in structurally low areas at the base of the intrusion or in other zones where xenoliths interrupt the settling process. The mineralisation is commonly layered in cumulate sequences ranging from massive mineralisation at the bottom to net-textured, to disseminated, and to unmineralised mafic or ultramafic rocks in the upper layer.

The ages of these deposits are commonly Archean and lower Proterozoic. Nickel and copper are the main economic commodities and generally grade between 0.7% Ni and 3.0% Ni and 0.2% Cu and 2.0% Cu. Tonnages range from hundreds of thousands to tens of millions of tonnes.

9.0 EXPLORATION

9.1 Grids and Surveys

All surveying at Santa Rita is in UTM 24S, Córrego Alegre Datum coordinates. The surface topography of the immediate region of the Santa Rita deposit was surveyed in two stages. In August 2004, an area containing the Santa Rita ridge and the adjacent Mirabela hill (i.e., from 8,429,950 mN to 8,431,900 mN and 421,500 mE to 422,900 mN; UTM 24S, Córrego Alegre Datum) was surveyed by Topografia e Mineração Ltda. (TopMin) on a 100 m (north–south) by 50 m (east–west) grid. In June 2005, TopMin increased the grid spacing to 20 m (north–south) by 10 m (east–west) in the northern part of the Santa Rita ridge (i.e., from 8,430,600 mN to 8,431,700 mN and 422,200 mE to 422,500 mN; UTM 24S, Córrego Alegre Datum).

In December 2007 and January 2008, Construtora Barbosa Mello (CBM) completed a detailed survey over the entire Santa Rita area, and produced topographic contours at one metre intervals. The survey was completed using a planar grid coordinate system and was intended specifically for the Santa Rita design and construction phases. Mirabela Brazil converted these data into UTM 24S, Córrego Alegre Datum (Gossage et al., 2009).

The Mineral Resource estimate amenable to open pit mining used the December 2022 month-end topographic surface to deplete the block model.

For the Palestina target, all topographic and serial imagery was obtained in April 2020 by GlobalGeo Geotecnologias. The topographic map was surveyed with a total area of 100 km² and 2.0 m accuracy by Advanced Elevation Series and processed to the Digital Terrain Model (DTM). All the database files and data are in South America Datum 1969 (SAD-1969).

9.2 Geological Mapping

Between 1979 and 1981, MNL reportedly produced a regional geological map (1:100,000 scale) with follow-up detailed mapping (Gossage et al., 2007). The mapping scale was not included in the Gossage et al. (2007) text.

Caraíba Metais acquired tenements in the Fazenda Mirabela region to explore for copper, nickel, and PGMs in 1985. Caraíba Metais produced a geological map (1:5,000 scale) covering the ultramafic portion of Fazenda Mirabela intrusion because landowners denied permission to work on the entire intrusion. This work identified the mafic and ultramafic rocks that comprise the intrusion.

CBPM pegged the Mirabela and Palestina tenements in July 1989 to follow up on the Caraíba Metais work. CBPM continued 1:5,000 scale geological mapping and defined the Fazenda Mirabela intrusion as a differentiated (layered) mafic-ultramafic intrusion.

9.3 Geochemical Sampling

9.3.1 Stream Sediment Sampling

A stream sediment sampling campaign was completed by MNL between 1979 and 1981 at a sample density of one sample per 4 km^2. The survey covered all of Mirabela Brazil's tenements extending from the Fazenda Mirabela intrusion in the north to the Fazenda Palestina intrusion in the south.

Samples were tested using ethylenediaminetetraacetic acid (EDTA; a selective leach method). The results showed that the only coherent nickel-copper-gold anomaly was over the Santa Rita mineralisation within the Fazenda Mirabela intrusion. The stream sediment sampling results over the

Fazenda Palestina intrusion yielded an erratic, incoherent nickel-cobalt-gold-magnesium-arsenic anomaly covering a large area, but without accompanying elevated copper values.

Later in 2011, a total of 135 stream sediment samples were collected in the Palestina target by Cesar and Mirabela Brazil geology team. The data covers a total area of 24 km² in the eastern region of the Fazenda Palestina intrusion. Sampling was carried out by Mirabela Brazil and CBPM and covered all the Palestina areas.

9.3.2 Soil Sampling

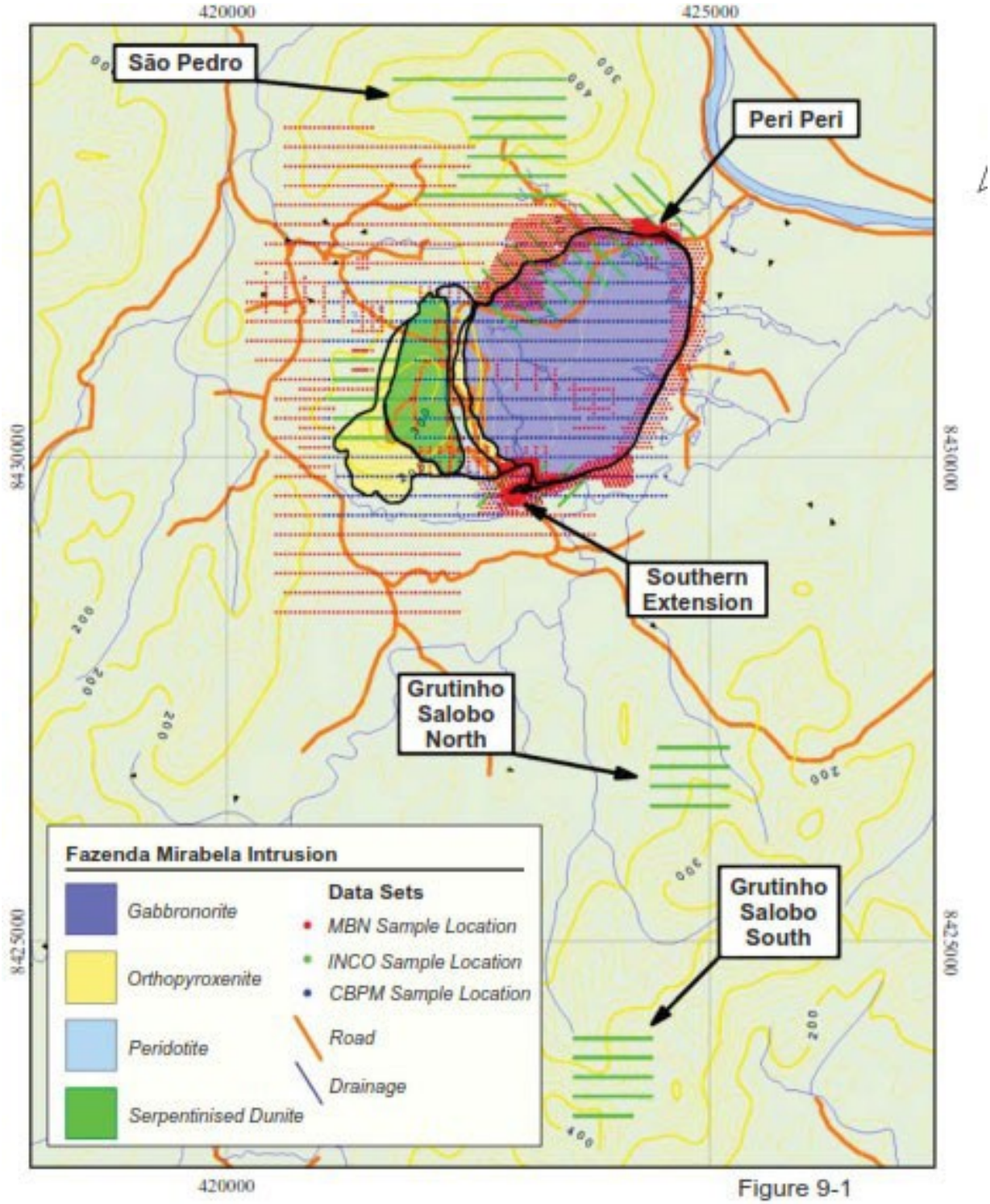
Multiple phases of surface geochemistry were completed by various operators (Table 9-1). Figure 9-1 shows the locations of soil sampling programs since 1989 (Inwood et al., 2011).

Soil sampling in the Peri-Peri area detected an anomalous nickel-copper-chromium-iron soil geochemical response that was subsequently drill tested.

A regional-scale soil survey that covered the Palestina deposit indicated that the pyroxenite units are anomalous in nickel, copper, and PGMs. A detailed geochemical soil sampling program was completed in the vicinity of the sulphide mineralisation in an attempt to delineate its surface expression and later extended to cover virtually the entire intrusion. More than 1,500 samples were collected over an area of approximately 6.4 km². The program clearly defined the extents of the Fazenda Palestina intrusion and refined the dimensions and location of anomalous areas previously delineated by CBPM's survey.

Table 9-1: Soil Sample Campaigns
ACG Acquisition Company Limited – Santa Rita Mine

Operator	Years	Description
Caraíba Metais	1985–1989	480 shallow soil samples from the B horizon on a 100 m x 40 m grid
CBPM	1989–2003	1,087 soil samples from the B and C horizons on a 200 m x 50 m grid
Mirabela Brazil	2004	2,512 samples as an extension to the CBPM program on a 40 m x 40 m grid and on a 20 m x 20 m grid at Peri-Peri and the Southern Extension
INCO	2006	1,329 soil samples on a 200 m by 25 m grid



Source: Inwood et al. (2011).

Figure 9-1: Soil Sample Location Map, Santa Rita

9.4 Geophysics

Caraíba Metais completed gravity, ground magnetic, and IP (dipole-dipole array with 40 m dipole separation), over the ultramafic rocks in the central part of the prospective area during 1985 to 1989.

The magnetic survey delineated the contact between the ultramafic and mafic succession. The gravity survey did not define any significant anomalies and the IP survey, although hindered by the laterite cap, identified a trend of anomalies in the vicinity of the ultramafic-mafic succession contact.

CBPM (1989–2002) conducted ground geophysics (magnetics and VFL-EM) along five lines, and density and magnetic susceptibility measurements were compiled for the five diamond drill holes completed by Caraíba Metais. These data permitted CBPM to subdivide the area into five magnetic domains. The electromagnetic (EM) data did not reveal any significant conductors on the three surveyed lines.

Mirabela Brazil conducted a number of surveys from 2004 to 2011 (Table 9-2), and concluded that:

- The logged density (SG) and magnetic susceptibility values account for most of the respective potential field anomalies with only very small data misfits.
- The extremely magnetic nature of the country rock hinders the use of magnetics to delineate further mineralisation or structures within the intrusion. Inversion of the magnetic susceptibility data was considered to be useful for mapping the depth of the serpentinisation of the dunite.

Constrained gravity inversions clearly indicated that the previous unconstrained model suggesting the Peri-Peri and the Santa Rita deposits were joined at depth is highly unlikely. The gravity inversions did not exclude the possibility of extending the lithological model either down dip to at least 2 km depth, or flattening under the current maximum drilled depth. The data suggested that the intrusion may thicken at depth.

Table 9-2: Geophysical Surveys, Mirabela Brazil
ACG Acquisition Company Limited – Santa Rita Mine

Contractor	Survey Type	Survey Date	Equipment Description	Survey Parameters	Survey Coverage
Fugro S.A.	Fixed loop EM IP Borehole EM	2004	Protem receiver and TEM37 transmitter operating at a base frequency of 20 Hz	100 m dipole-dipole IP and resistivity data. 10 lines collected at 200 m spacing	18.5 km
Geotech Ltd	Helicopter-borne EM and magnetic survey	2006	Eurocopter AS350 B2 Écureuil equipped with G823A magnetic sensor, readings taken at 0.1 sec	Line spacing of 250 m, flight altitude 95 m	-
CBPM	IP	2006	-	50 m dipole-dipole IP and resistivity. 17 lines collected at a spacing of 200 m	73.5 km
DS3-Desenvolvimento Sustetável Ltda.	Electrical resistivity survey	2006	Scintrex, 1500 W	40 m dipole-dipole on 8 E–W sections	24.2 km
Geodatos do Brasil	Ground magnetics	2008	GSM model GMS-19 magnetometer (2)	10 m stations	53.35 km

Contractor	Survey Type	Survey Date	Equipment Description	Survey Parameters	Survey Coverage
Laboratorio de Pesquisas em Geofisica Aplicada	Gravity survey	2008	Scintrex automated digital gravity meter (CG-3)	602 stations on a 100 m x 100 m grid	-
Laboratorio de Pesquisas em Geofisica Aplicada	Gravity survey	2008	Scintrex automated digital gravity meter (CG-3)	591 stations on a 100 x 100 m grid	-
CPRM (Brazilian government survey)	Aerial gamma spectrometry	2011	-	East-west flight line spacing of 500 m at nominal altitude of 100 m	86,629 km

9.5 Petrology, Mineralogy, and Research Studies

The various specialist studies completed at Santa Rita are summarised in Abram (1994), Barnes et al. (2011), Fróes (1993), Fróes and Soares (1998), and Silva et al. (1996).

Mirabela Brazil collected samples in zones of anomalous nickel mineralisation during 2006 and 2007 for petrological studies using thin sections. These samples were collected at approximately 10 m downhole intervals for all drill holes up to and including MBS-107. The samples, generally representing 5 cm to 10 cm quarter core billets, were then put in a protective bag and sent to Amdel Laboratories Ltd. in Adelaide, South Australia. Pontifex & Associates Pty Ltd. completed polished thin-section petrographic descriptions (Purvis, 2006a, 2006b, 2006c, 2007a, 2007b).

9.6 Exploration Potential

Mirabela Brazil and Atlantic Nickel identified several prospects during its regional exploration programs as well as the Palestina project, as described earlier in this section. The CP reviewed the exploration results and is of the opinion that the following prospects require drill testing.

1. The Peri-Peri prospect is located on the northeastern rim of the Fazenda Mirabela intrusion, about five kilometres from Santa Rita. The bounding lithology of the Fazenda Mirabela intrusion changes from the usual metres-thick zone of melanogabbronorite at Santa Rita, to a thick ultramafic sequence in the Peri-Peri area. Drilling to date has identified disseminated nickel-copper sulphide mineralisation (pentlandite-chalcopyrite associated primarily with pyrrhotite) hosted within a steeply dipping shoot that is primarily hosted by the ultramafic units, but locally transgresses the intrusive contact into a basement mafic granulite. The prospect area is underneath the current TSF. Additional drilling and deposit modelling for underground potential is recommended.
2. The Santa Maria prospect is within the 870.012/2018, 087.009/2015, 870.011/2018, and 870.010/2018 concessions, about 30 km southeast of Santa Rita. A combination of stream sediment, rock chip, and soil sampling returned anomalous nickel geochemical results. Some rock chip samples contained visible sulphide minerals, indicated by petrographic examination to be pyrrhotite, pyrite, pentlandite, and chalcopyrite. Geological mapping identified outcrops of pyroxenite within basement rocks comprising felsic and mafic granulites and amphibolites. Ground IP/resistivity geophysical surveys identified four areas of anomalous geophysical responses. The combination of nickel-bearing sulphides at surface, associated with mafic-ultramafic intrusive bodies, is considered by Atlantic Nickel to be a priority target for drill testing.

3. The Aiquara prospect, within the 872.368/2016, 871.220/2017, and 872.158/2017 concessions, is located near the city of Itagibá, approximately 17 km from Santa Rita. A combination of stream sediment, rock chip, and soil sampling returned anomalous nickel geochemical results. Ground IP/resistivity geophysical surveys identified 32 anomalous geophysical responses, of which seven were considered a high priority for follow-up and six were medium priority. Geological mapping showed an ultramafic intrusion 2,000 m long (northwest–southeast) and up to 1,500 m wide. The combination of the size of the intrusive body, and the geophysical and geochemical responses led to the prospect being considered by Atlantic Nickel to be a priority target for drill testing.
4. The Ibicuí prospect, within the 870.319/2018 concession, is approximately 45 km from Santa Rita. Limited geochemical testwork, comprising stream sediment and soil sampling, contained anomalous nickel grades. Anomalies identified from ground IP and resistivity geophysical surveys did not correlate with the geochemical data. Geological mapping identified a small intrusive ultramafic body. The Mirabela Brazil results warrant additional exploration review, but the prospect is not considered to be drill-ready.

Atlantic Nickel plans to investigate the potential for extensions to the mineralisation currently exploited within the open pit, as part of normal operational drill programs during the LOM. The CP concurs with this approach.

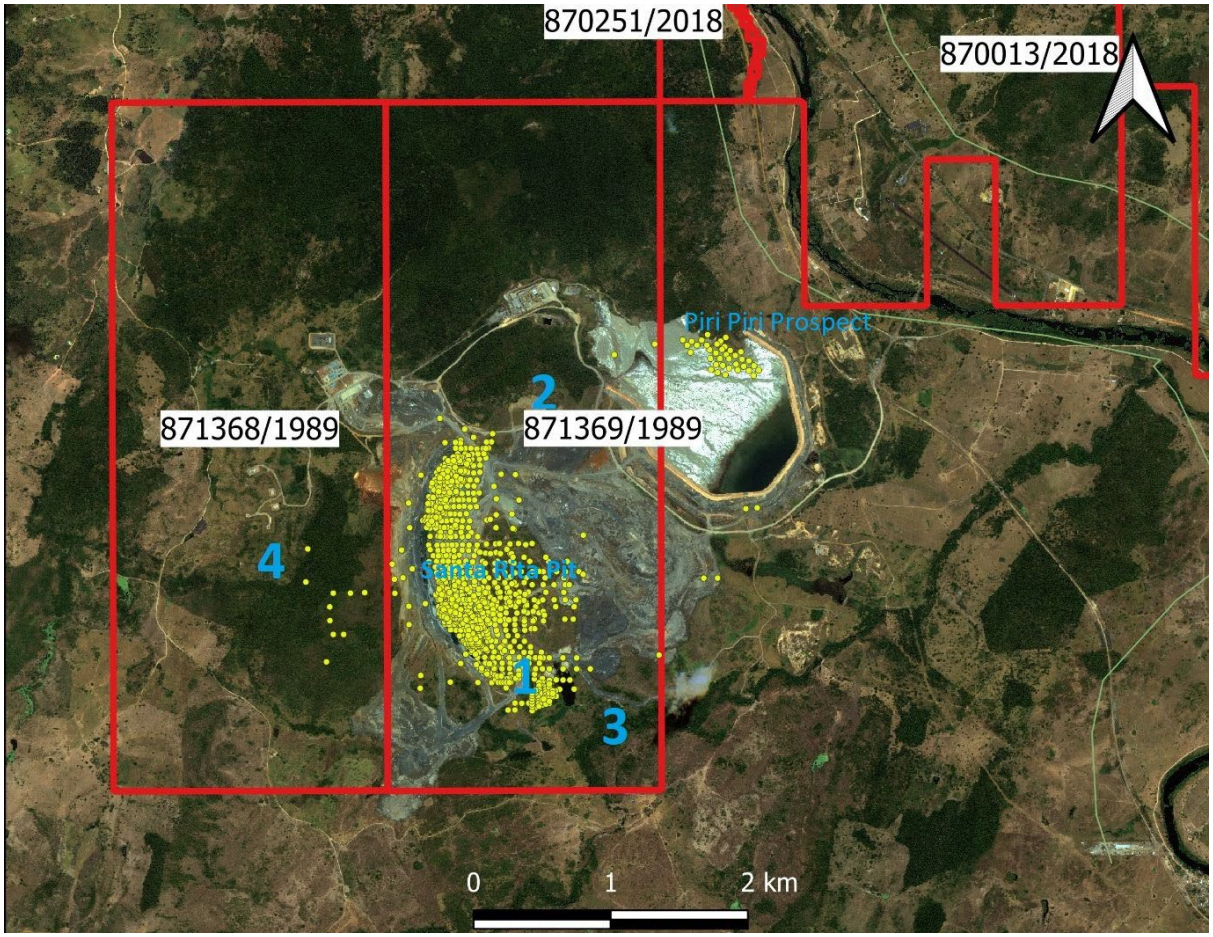
The four areas are shown in Figure 9-2, and consist of:

- Area 1: a zone that is currently under-drilled in the open pit. Drill testing may result in additional mineralisation that could be included in the mine plan.
- Area 2: although condemnation drilling did not encounter anomalous values, there is potential for mineralisation to continue from the open pit underneath the hill that separates the plant site and access road. Any such mineralisation identified during drilling could allow the pit to be expanded to the north.
- Area 3: drill testing immediately to the south of the open pit will look for any extensions to the mineralisation to the south of the open pit that could allow the pit to be expanded in this direction.
- Area 4: a zone of elevated nickel-in-soil anomalies, associated with anomalous nickel in laterite that could, if drill testing is positive, provide additional mill feed from a satellite pit.

Mineralisation potentially amenable to underground mining operations has been identified under the open pit, which was subject of the 2021 PEA. Mineral Resource estimation at Santa Rita was supported by the database ended June 2019 for open pit and February 2021 for underground. From these dates until December 2022, approximately 73 exploration drill holes for a total of 39,536 m of diamond drilling were completed. This mineralisation remains open at depth (Figure 9-3); however, given the depth to the mineralisation, this mineralisation would only be drilled when underground access is available as drilling from surface would likely be cost-prohibitive. The CP concurs with this approach.

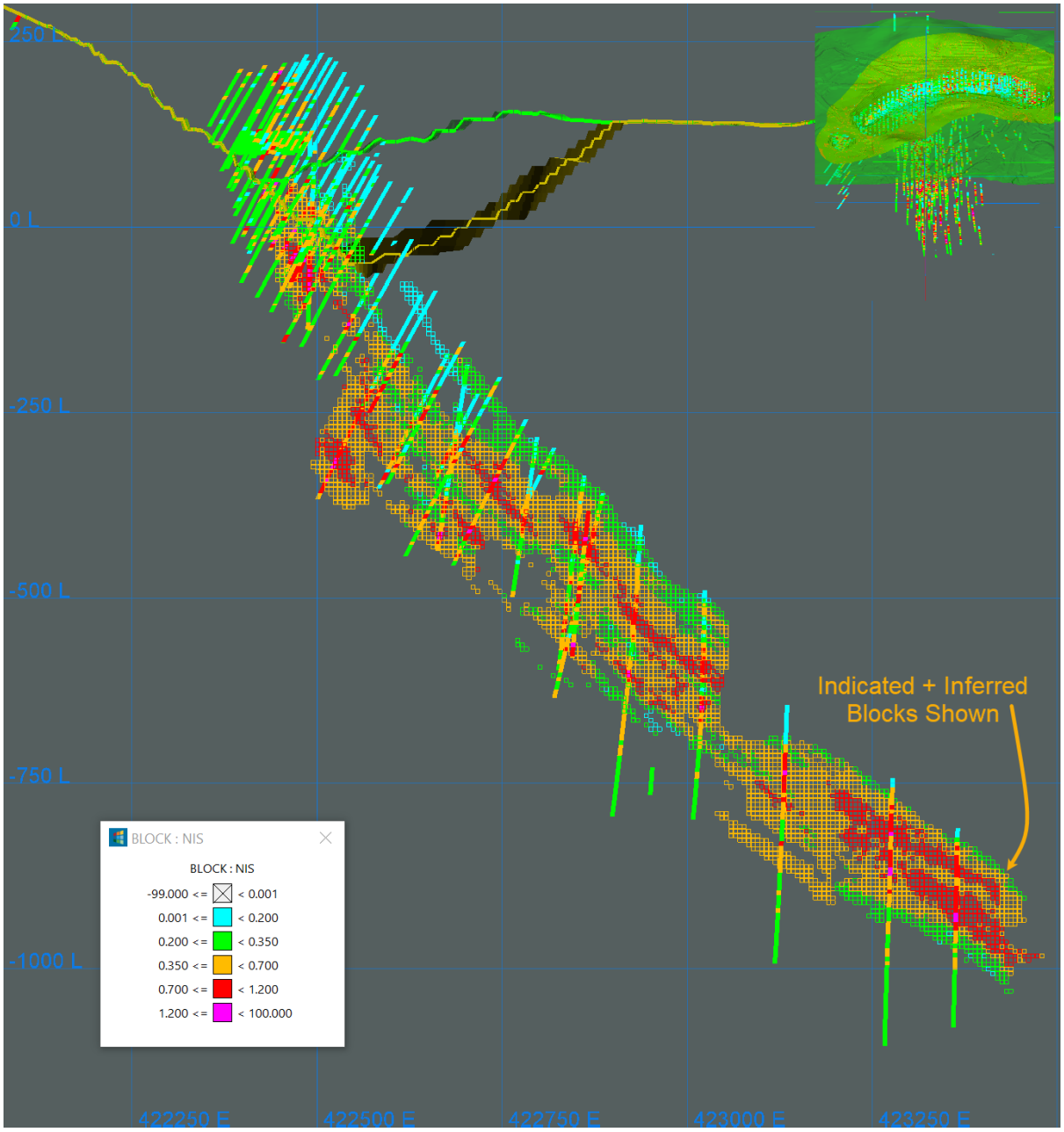
Two areas are recommended for surface drill testing in support of underground design considerations, as mineralisation discovered in these locations would be likely to change mine planning/infrastructure assumptions such as decline access locations and may allow expansion of the underground design. The areas are shown in Figure 9-4, and consist of:

- Area A: there is potential to define additional mineralisation to the north of the 2021 PEA mine design. Drilling in this vicinity currently includes some of the better mineralisation widths and grades, and step-out holes are recommended.
- Area B: this is an area that is currently under-drilled, and infill drill holes are recommended.



Source: Atlantic Nickel, 2021.

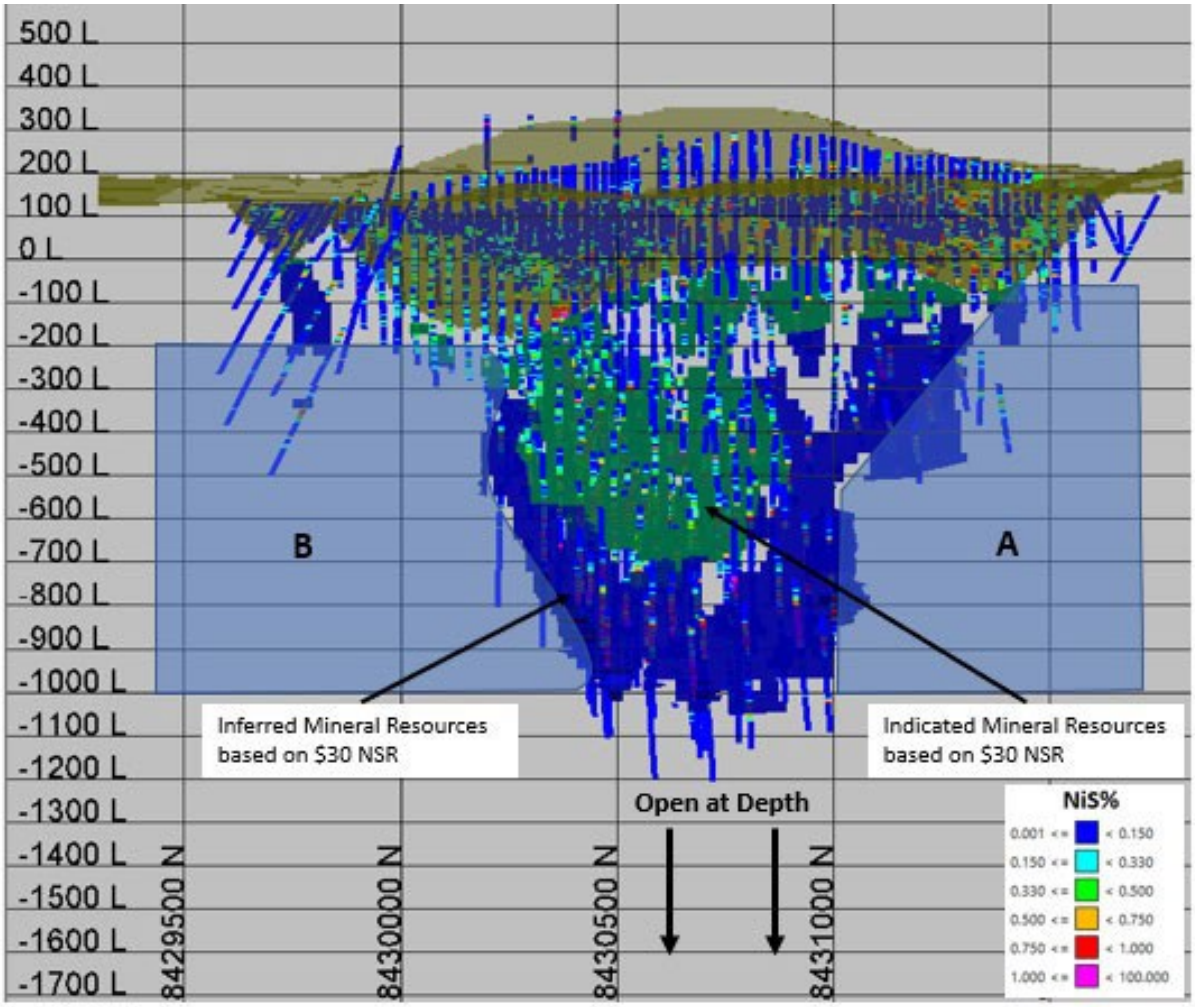
Figure 9-2: Near-Mine Prospects



Source: Atlantic Nickel, 2021.

Note. Figure shows that mineralisation is constrained by the base of the current block model limits.

Figure 9-3: Mineralisation Beneath Open Pit



Source: MTS, 2021.

Note. Longitudinal view, looking west.

Figure 9-4: Underground Upside Potential

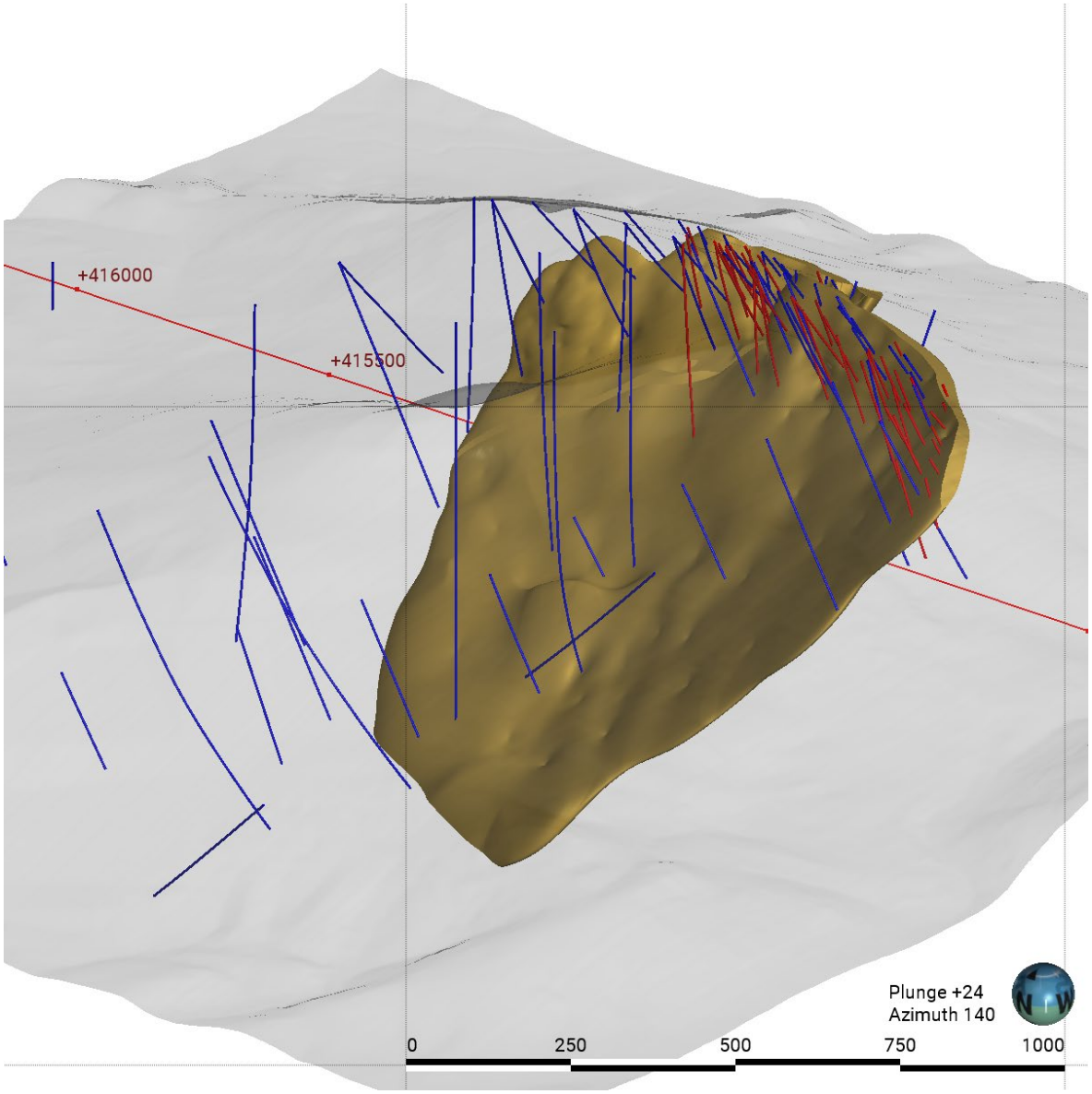
9.8 Target for Further Exploration - Palestina

The CP cautions that the quantity and grade estimated for the target for further exploration is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, as well as it is uncertain if further exploration will result in the target for further exploration being delineated as a Mineral Resource. However, a conceptual range of tonnage and grade has been estimated, and is found below.

A target for further exploration was interpreted for Palestina, using the following criteria:

- Mineralisation is associated with a gabbronorite (Figure 9-5). This zone extends down dip to the extent of the current drilling.
- Review likelihood of geological and grade continuity. Completed on plan and section.
- Review available drill hole results (see discussion in Section 10). There are more than 50 drill holes that have intercepted the mineralised zone, with a nominal drill spacing of 50 m to 450 m.
- The target for further exploration is confined within a 0.15% NiS grade shell.
- Select target volume in terms of area and thickness (x, y, z dimensions). The area of the target for further exploration dips northerly at approximately 50°, has a strike length of 800 m, a vertical extent of 600 m, and a thickness of approximately 15 m. The mineralisation remains open down dip and along strike outside this volume (Figure 9-5).
- Recoverability assumptions are based on Santa Rita as an analogue. Very preliminary testwork on coarse reject material from Palestina conducted by the Santa Rita mine laboratory supports that this assumption is reasonable.
- Assign a reasonable average specific gravity value to that target volume based on lithology domains. The Palestina drill hole database includes 600 specific gravity (SG) determinations and has an average SG of 3.10.
- Based on a grade shell interpretation for this area, a tonnage variation over the ±50% range, and a grade variation over the ±30% range were assumed to define the potential target.

In 2021 and 2022, Atlantic Nickel drilled more than 64 drill holes in an ongoing program to confirm the continuity of mineralisation. Based on this new database and on the assumptions described above, the Palestina potential is estimated to be a tonnage range of 5 Mt to 20 Mt, and a NiS grade of 0.1% to 0.3%, Cu grade of 0.05% to 0.07%, and a Co grade of 65 ppm to 125 ppm. GeoEstima also notes that higher PGM grades have been reported at Palestina compared to Santa Rita.



Source: GeoEstima, 2023.

Figure 9-5: Palestina Target for Further Exploration

9.9 CP Comments on "Item 9 Exploration"

Exploration completed to date is appropriate to the deposit style and identified the Santa Rita deposit and the Palestina target for further exploration. Three prospects warrant drill testing, Peri-Peri, Santa Maria, and Aiquara, and the Ibicuí prospect should be subject to an exploration review. Grassroots exploration activities should continue on the exploration permits.

10.0 DRILLING

10.1 Introduction

As of December 31, 2022, the Santa Rita drill hole database consists of 1,240 drill holes totalling 350,106.62 m (Table 10-1). Drilling included core (DDH) and reverse circulation (RC) types. Drill hole locations are shown in Figure 10-1 (Santa Rita and Peri-Peri). Drill data collected prior to Mirabela Brazil's ownership is referred to as legacy data.

A total of 108,460 and 71,536 sample analyses were performed during legacy and the Atlantic Nickel 2018 drilling campaigns, respectively.

Both open hole percussion drilling (blast holes) and RC drilling were used for grade control in 2014–2018 and 2019–2021.

Mineral Resource estimation at Santa Rita was supported by the database with a cut-off date of February 25, 2021. Between February 25, 2021 and December 31, 2022, an additional 61 exploration drill holes for a total of 39,713.66 m of diamond drilling were completed but are not included in the current Mineral Resource estimate. Geostima has reviewed the location of the more recent drilling and is of the opinion that they would not have a material impact on the current open pit and underground resource estimate.

For Palestina, a total of 124 drill holes (26,377 m) have been drilled to December 31, 2022. The legacy information consists of 31 drill holes (8,590 m) completed in 2007, 2008, and 2012 by Mirabela Brazil, as indicated in Table 10-3 and Figure 10-2.

Table 10-1: Santa Rita Drill Hole Summary as of December 31, 2022
ACG Acquisition Company Limited – Santa Rita Mine

Year	Company	Drill Hole Type	Number of Holes	Metreage (m)
1980	Mineração Nhambú Limitada	DDH	2	388.90
1988	Caraíba Metais	DDH	5	579.70
1989	CBPM	DDH	5	1,340.31
2004	Mirabela Brazil	DDH	16	3,262.60
2005	Mirabela Brazil	DDH	85	18,287.52
2006	Mirabela Brazil	DDH	180	44,734.05
2007	Mirabela Brazil	DDH	248	54,447.40
2008	Mirabela Brazil	DDH	121	52,317.55
2011	Mirabela Brazil	DDH	5	3,598.04
2012	Mirabela Brazil	DDH	10	6,547.73
2018	Atlantic Nickel	DDH	31	14,278.14
		RC	267	22,141.00
2019	Atlantic Nickel	DDH	81	61,134.30
		RC	68	8,611.00
2020	Atlantic Nickel	DDH	19	17,643.65
2021	Atlantic Nickel	DDH	10	6,928.55

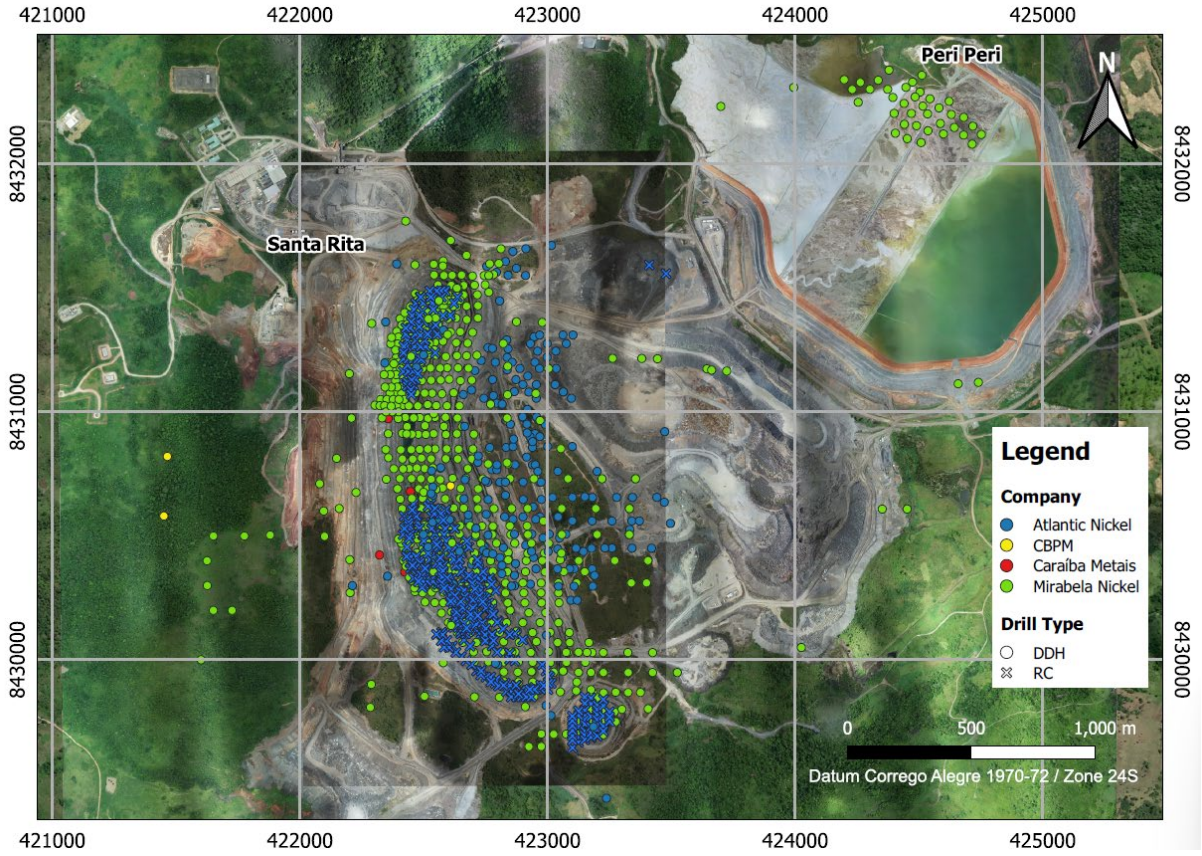
Year	Company	Drill Hole Type	Number of Holes	Metreage (m)
2022	Atlantic Nickel	DDH	63	32,608.18
		RC	24	1,258.00
	Total Santa Rita		**1,240**	**350,106.62**

Table 10-2: Peri-Peri Drill Hole Summary as of December 31, 2022
ACG Acquisition Company Limited – Santa Rita Mine

Year	Company	Drill Hole Type	Number of Holes	Metreage (m)
2007	Mirabela Brazil	DDH	39	5,545.40
	Total Peri-Peri		39	5,545.40

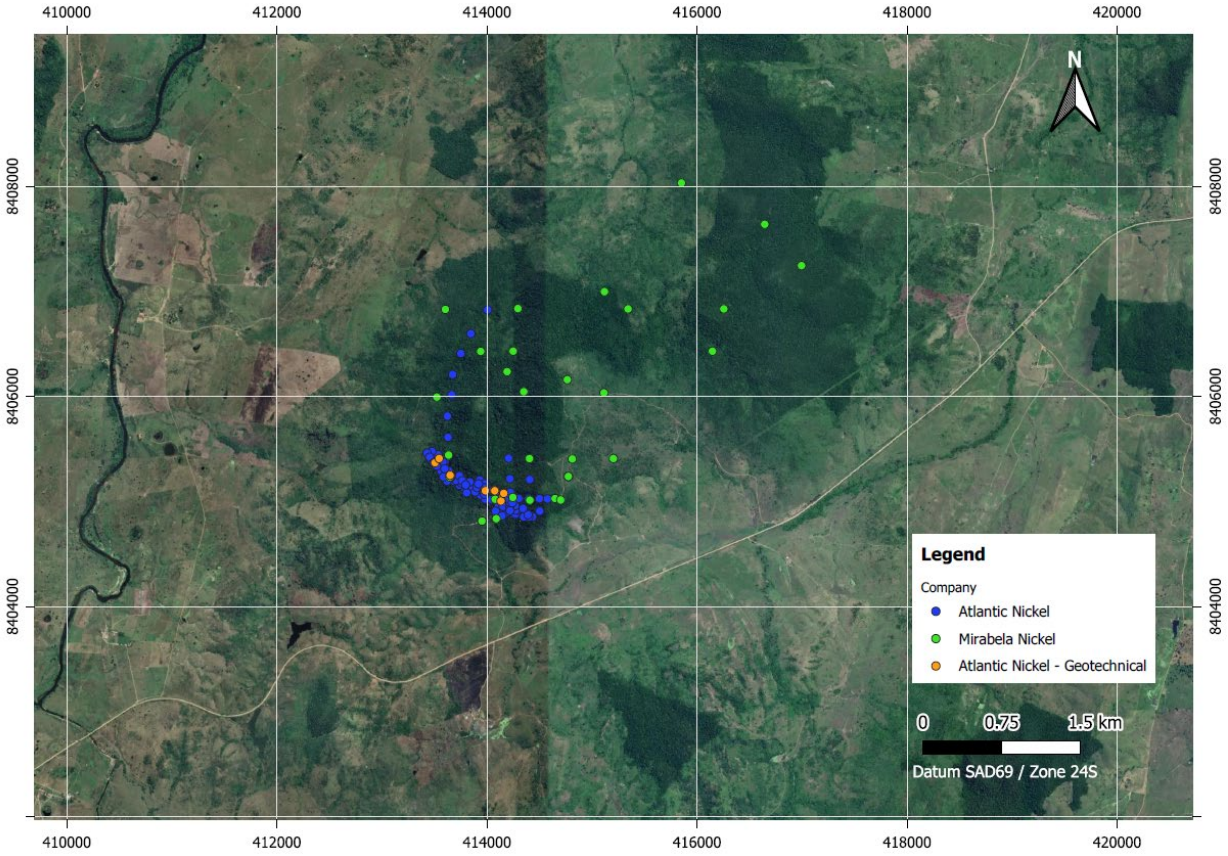
Table 10-3: Palestina Drill Hole Summary as of December 31, 2022
ACG Acquisition Company Limited – Santa Rita Mine

Year	Company	Drill Hole Type	Number of Holes	Metreage (m)
2007	Mirabela Brazil	DDH	8	2,174.00
2008	Mirabela Brazil	DDH	17	4,745.00
2012	Mirabela Brazil	DDH	6	2,340.00
2020	Atlantic Nickel	DDH	29	7,140.00
2021	Atlantic Nickel	DDH	17	2,116.00
2022	Atlantic Nickel	DDH	47	7,862.00
	Total Palestina		**124**	**26,377.00**



Source: Atlantic Nickel, 2022.

Figure 10-1: Santa Rita Area and Peri-Peri Drill Hole Location Map



Source: Atlantic Nickel, 2022.

Figure 10-2: Palestina Drill Hole Location Map

10.2 Drill Methods

The drill contractors and drill rig types used for exploration are summarised in Table 10-4.

Table 10-4: Drill Contractor Summary Table
ACG Acquisition Company Limited – Santa Rita Mine

Operator	Year	Contractor	Rig Type	Purpose
MNL	1979–1981	Unknown	Unknown	
Caraíba Metais	1985–1989	Unknown	Unknown	
CBPM	2002	Unknown	Unknown	Auger
Mirabela Brazil	2004–2008	Boart Longyear Geoserv.	Skid-mounted LM-38 and LM-44	Core
	2004–2008	Geosedna Perfurações Especiais S.A	W750 truck mounted rig	RC
	2006	Geologia e Sondagens Ltda.	Skid-mounted core drill-rig	Core
	2008	Kluane Sondagem e Perfuração de Solo do Brasil Ltda	Unknown	Core

Operator	Year	Contractor	Rig Type	Purpose
Atlantic Nickel	2018–2019	Geosedna Perfurações Especiais S.A.	Atlas Copco Explorac R50 drills	RC
	2020-2022	Geosol - Geologia e Sondagens Ltda.	Boart Longyear LF-230 (truck mounted), Atlas Copco CS-14 and CT-20, GEOSOL SHPP 1500 (Smart rig)	Core
	2018-2019	Servitec - Foraco	Maquesonda Mach 1200 (mechanical rig), Atlas Copco CS-14 and CS-3001	Core
	2022	Servitec - Foraco	Boart Longyear LF-230, Atlas Copco CS-14	Core
	2021	JC SIGMA	ENERGOL EGD SII Turbo (Manportable)	Core
	2022	Energold	ENERGOL EGD SII Turbo (Manportable)	Core

10.3 Logging Procedures

10.3.1 Legacy Data

MNL appears to have logged lithology, mineralisation, and structures. No information as to logging procedures is available.

Caraíba Metais appears to have logged lithologies, however, no description of the logging procedures or any other information collected during logging is available.

Data for the CBPM drill programs only consists of lithological descriptions for five core holes. No description of the logging procedures or any other information collected during logging is available.

Mirabela Brazil routinely recorded core structural orientations. The core was transferred from the core barrel and pieced together on a V-rail (angle iron) rack and the orientation line, determined from the spear orientation mark recorded during drilling, was drawn along the entire length of the assembled core. After the structural measurements were completed, the record indicates that lithology, colour, texture, mineralogy, alteration, estimated magnetite content, sulphide mineralogy and estimated percentages, and mineralisation were logged for all holes.

Magnetism, magnetic susceptibility, core recovery, rock quality designation (RQD), and fracture spacing are recorded in the database, but not for each sample interval. A staff geologist completed the geology log of the drill core. Geology logs were recorded both on paper and digitally.

10.3.2 Atlantic Nickel

Geological logging of RC chips and core was completed by Atlantic Nickel geology staff. RC logs captured information on lithology, alteration, mineralisation type, mineralisation abundance, and structure data. A portion of the drill cutting for each one metre interval was collected in a chip tray, and the chip trays are archived at the core facility.

Core was logged for geological information including lithology, alteration, mineralisation type, mineralisation abundance, and structure. Geology data were captured on paper logging forms and

entered into the drill hole database. A core library at the core shed is used for reference which aids consistency of logging. Magnetic susceptibility was logged for some holes.

Recovery, discontinuity type, fracture shape, infill, and width, structure orientation, fracture density, RQD, weathering, rock strength, and rock type were recorded in the geotechnical logs.

Digital images of wet core were captured and are stored with the project database.

10.4 Recovery

10.4.1 Legacy

RSG Global (Gossage et al., 2007) reviewed core recovery for the project in 2006 and commented that excellent recovery was noted. Broken core was generally restricted to areas of interpreted faulting/shear structures. No obvious relationship existed between recovery and grade. The CP has not seen those data.

10.4.2 Atlantic Nickel

The 2021 database contains recovery data for the period of 2018–2020 and includes approximately 29,000 samples. Average recovery is 98.9%. The overburden and saprolite data are not used for Mineral Resource estimation. For the additional drill holes executed in 2022, the average recovery is 99.4%, which is excellent. This average includes some data from overburden and saprolite which had average recoveries lower then fresh rocks (75% to 92%).

10.5 Collar Surveys

10.5.1 Legacy

There is no record of how pre-2004 collar surveys were performed.

Early in the 2004–2009 period, drill rigs were aligned to a cord strung between three pickets put in place on the drill pads using a compass and global positioning system (GPS) instrument. Once the rig was ready to drill, alignment of the rig (i.e., the azimuth and dip) was re-confirmed using a compass. After the beginning of 2008, the drill-rigs were aligned by a surveyor using a total station instrument.

Prior to 2009, core holes were cased with polyvinyl chloride (PVC) tubing that was cemented in the drill hole collar and marked with a cement block and aluminium plaque with the drill hole identification. Collar coordinates were initially obtained using a GPS instrument. Later surveys used a differential GPS (DGPS) instrument. Surveying was completed by a contractor (TopMin) and/or Mirabela Brazil surveyors.

10.5.2 Atlantic Nickel

Atlantic Nickel used DGPS to survey collars in UTM coordinates. The horizontal datum is the SAD-69 (South American Datum, 1969) and the Marégrafo de IMBITUBA-SC vertical datum for Palestina and Corrego Alégre zone 24S for Santa Rita.

10.6 Downhole Surveys

10.6.1 Legacy

There is no record of downhole surveys for holes drilled in 1988–1989.

From 2004 to 2008, azimuth and dip changes were monitored by either single-shot surveys or by post-drilling north-seeking gyroscope surveys, or, in some instances, by both of these methods.

Single-shot surveys were completed by Boart Longyear Geoserv using a Reflex EZ-Shot tool. The surveys were initially taken at a depth of 10 m (downhole), again at 50 m deep, and then every 50 m down the hole until the end. There is no record of the declination used. The declination is approximately 23° W so the correction is significant. This was later modified to one survey at 10 m, and then a survey every 30 m down the hole to the end of the drill hole. In November 2005, drilling contract terms changed so that if a drill hole deviated by >4° in dip and/or 4° in azimuth from the initial survey, Mirabela Brazil reserved the right to request that the hole be re-drilled, at no extra cost.

From October to December 2005, Downhole Surveys DHS Pty Ltd. used a north-seeking gyroscope for downhole surveys of all drill-holes to date (i.e., MBS-001 to MBS-101). The drill holes were generally surveyed inside the PVC casing after they had been drilled, although some of the later drill holes were surveyed inside the drill rods immediately after completion of the hole. Survey points were every three metres (downhole) from the collar to just above the end of the hole (or in cases where the PVC casing did not reach the end of the hole, until the end of the PVC casing). Downhole surveys were processed by a technician from Downhole Surveys, and passed on to Mirabela Brazil in digital format.

In 2011 and 2012, single-shot and Maxibor tools were used extensively. A PeeWee magnetic multishot instrument was also used. There is no indication that data from the magnetometer-based instruments (EZ-Shot single-shot and PeeWee multishot instruments) were corrected for declination.

10.6.2 Atlantic Nickel

For the 2018-2019 campaign, the downhole survey was carried out by the company Servitec Foraco S.A. using the REFLEX GYRO SPRINT-IQ ™ equipment and carried out at the ending of the holes. Readings were collected every three metres and the final data acquired in digital format and imported into the database.

In the 2020-2021 campaign, the downhole surveying data were collected by Geosol S.A. (Geosol) using the REFLEX GYRO SPRINT-IQ™ equipment. As a way of controlling deviations, constant monitoring was carried out through partial downhole survey carried out according to the purpose of each hole. For boreholes with an exploratory purpose, the downhole survey was performed every 100 m advanced and data collected every 15 m.

For boreholes for the purpose of resource conversion, partial downhole survey was carried out every 40 m advanced with readings every 15 m in the waste zone and three metres in the mineralised zone. Drilling with the DEVICO DEVIDRILL™ tool was also used in these holes with the intent of correcting the trajectory developed during drilling.

In the 2022 campaign, downhole survey data were collected using the DEVICO DEVIGYRO™ by the drilling companies (Geosol and Servitec Foraco S.A.) and the same methodology as in the 2020/2021 campaign was used.

10.7 Grade Control

Production (grade control) drilling is not included in Table 10-1. During the initial stages of operation, detailed geological and grade control information was collected from blast holes that were completed on a nominal pattern of 5 m x 5 m. Vertical blast holes were drilled by Atlantic Nickel personnel using either an 8.5 in. diameter bit or a 6.75 in. diameter bit. Hole lengths vary from 7.5 m to 15 m in length. Information collected from these blast holes is stored in a dedicated digital database for use in short-range production planning and grade control purposes.

Mirabela Brazil evaluated the effectiveness of using RC drill holes for grade control purposes only in 2013 and 2014. During the period, no blast hole samples were collected. For this program, the drill holes were completed by Geosol using standard RC drilling equipment that produced a 5.5 in. (140 mm) diameter hole. Information collected from these RC holes is stored in a separate, dedicated digital database for use in short-range production planning and for grade control purposes. All RC holes were oriented at -60° dip to azimuth 270°, approximately perpendicular to the stratigraphy and were completed on a nominal pattern of 10 m x 20 m. The holes varied in length to as deep as 40 m with an average hole length of 30 m. The location of the RC hole collars is determined by surveys completed by Mirabela Brazil staff. RC grade control drilling was discontinued in 2015.

Atlantic Nickel uses blast holes for grade control. Drilling is performed by contractors. Since the beginning of activities in 2019, more than 65,800 holes have been sampled. Hole diameters and patterns are different for mineralisation and waste (Table 10-5).

Table 10-5: Current Blast Hole Parameters
ACG Acquisition Company Limited – Santa Rita Mine

	Depth (m)	Spacing (m)	Drill Hole Diameter (in.)
Mineralisation	6	2.80 to 3.20	4.5
Mesh for Sampling	6	5.6 to 6.4	4.5
Waste	6	3.09 x 3.56	4.5

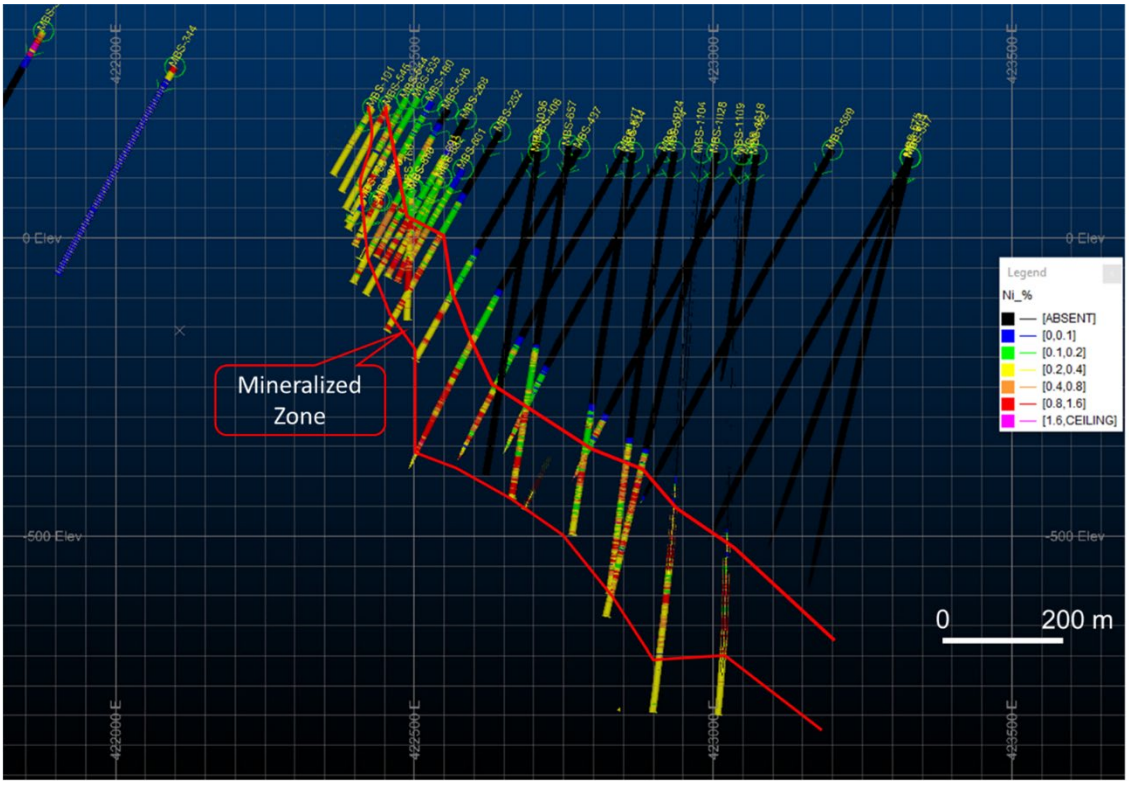
Chemical assays are performed at the Atlantic Nickel laboratory.

10.8 Sample Length/True Thickness

Drilling was generally performed normal to the plane of the principal mineralised orientation, however, some geotechnical holes have been drilled down dip targeting specific structures critical for geotechnical analysis and understanding. The dominant drill direction at Santa Rita is -60° dip at 270° azimuth (UTM Grid Zone 24 south, using Córrego Alegre Datum). In the southeast extension zone, the drill direction was changed to -60° dip at 180° azimuth to account for strike change of the mineralised zone from north–south to east–west. Most of the core holes are oriented to intersect the mineralised zones at a high angle, however, a small number of drill holes were completed which were oriented at low angles to the stratigraphy to collect geotechnical information.

Figure 10-3 illustrates a typical cross section at Santa Rita showing the relationship of the drill holes to the mineralisation. The drill holes intersect the mineralisation at 65° to 90°. At an angle of 65°, the true depth is 90% of the drilled depth.

Drill holes at Peri-Peri intersect the mineralisation at approximately 45°. True thickness will be approximately 71% of the drilled length. Figure 7-6 shows the relationship of drilling to mineralisation at Palestina. The angle of drilling mineralisation ranges from 90° to 50° so true thickness is 100% to 77% of the drill intercept depending on hole angle.



Source: MTS, 2021

Figure 10-3: Drill Section, Santa Rita

10.9 Drilling Since Database Closeout Dates

Since the last Mineral Resources update from February 25, 2021, a total of 85 drill holes have been completed at Santa Rita, including 61 diamond drill holes and 24 RC drill holes. The additional drill data received since the close of database show reasonable results and could support a future Mineral Resource update.

10.10 CP Comments on "Item 10: Drilling"

In the opinion of the CP, the quantity and quality of the logged geological data, collar, and downhole survey data collected in the exploration and infill drill programs are sufficient to support Mineral Resource and Mineral Reserve estimation and mine planning activities at the Santa Rita deposit

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

11.1 Sampling Methods

11.1.1 Legacy

11.1.1.1 Geochemical Sampling

There is no record of how stream sediment samples were collected. The Caraíba Metais soil samples were collected from the B horizon.

CBPM collected 977 samples from the B horizon at a depth of approximately 50 cm, and 110 samples originated from the deeper C horizon. The C horizon samples were collected by hand auger.

The Mirabela Brazil soil samples were generally collected using augers from an average depth of 2.15 m (maximum depth of 14 m).

11.1.1.2 Reverse Circulation Drilling

RC drill chips were collected at one metre intervals downhole using a cyclone into PVC bags. The collected samples were riffle split using multiple passes through a single stage riffle splitter. A final sample of approximately 2 kg was collected for submission to the laboratory for analysis. RC chips were systematically logged by collecting the sieved chips and storing them in a tray, with each labelled compartment of the tray containing the chips from a one metre interval.

11.1.1.3 Diamond Drilling

During the Mirabela Brazil 2004–2008 drilling campaigns, the logging geologist identified the intervals to be sampled. The sampling typically started from the lower contact of the gabbro unit and continued to the end of each drill hole. Sampling was commonly at one metre intervals, as marked on the core and entered into a sampling form.

The core was cut into halves using a diamond saw and the core halves were placed back in the core tray in their original position. The sampling process included taking the left half of the core and placing into a sample bag. The right half remained in the core tray. A ticket with a sample number was placed into the sample bag. A sample technician identified the hole number and sample interval on a duplicate sample ticket. For QA/QC purposes, a second technician compared the drill hole number and sample interval on the sample ticket with the intervals entered on the sample form.

Sampling procedures during the Mirabela Brazil 2011–2012 drill campaign were the same as for the 2004–2008 drill campaign described above. The zones of each hole sampled were selected at the discretion of the geologist completing the geological logging. Sampling commonly started in gabbro just above the pyroxenite contact and continued to the end of the hole (commonly into the dunite).

11.1.1.4 Production Sampling

11.1.1.4.1 Mirabela Brazil Blast Holes

Samples generated from blast holes were collected by trained Mirabela Brazil staff by cutting a complete section through the cuttings pile using a track shovel after the hole was complete and the drill had moved to another location. The major lithology of the sample was logged, and the sample was then placed into a plastic bag and taken to the on-site laboratory for analysis. Analyses were

performed on a routine basis for total nickel, copper, cobalt, sulphur, magnesium, iron, aluminium, and chromium.

Samples from the blast holes were delivered to the laboratory by Mirabela Brazil staff. The samples were then passed through a jaw crusher to ensure that a particle size of <3 mm was achieved. A sub-sample of approximately 950 g was then taken from each sample by means of cone-and-quartering of the original sample. This 950 g sub-sample was pulverised in a ring-and-puck pulverizer to a nominal particle size of 85% passing 200 mesh (approximately -75 µm).

11.1.1.4.2 Mirabela Brazil RC Holes

Sample collection from the RC program was supervised by the junior geologist in the field. Recovery was very good, with greater than 25 kg per metre often recovered. Samples were logged on a metre-by-metre basis by the geologist at the drill, with the first metre discarded to avoid possible bench contamination. Cuttings over a three metre interval were composited into one, 9 kg sample by taking a 1/8th cut of the main sample stream using a riffle splitter. The samples were suitably numbered and then transported to Mirabela Brazil's on-site laboratory for analysis.

11.1.2 Atlantic Nickel

11.1.2.1 Reverse Circulation Drilling

Atlantic Nickel began sampling RC cuttings at the lower contact of the gabbro and continued on one metre intervals to the end of each drill hole. The one metre interval was collected in a bin from the cyclone and split using a three-tiered riffle splitter. The final sample shipped to the laboratory was approximately 5 kg. A number of RC drill holes reportedly encountered significant water during the drilling process which can adversely affect sample quality. These drill holes are not identified in the database.

11.1.2.2 Diamond Drilling

Sample intervals were typically one metre, as marked by the logging geologist and noted on a sample form. The sampling commonly started from the lower contact of the gabbro unit and continued to the end of each drill hole. Trained technicians, supervised by Atlantic Nickel geology staff, used a core saw to cut the drill core into halves. The sawn core was returned to the core tray. Samplers collected one-half of the core into sample bags according to the sample form. The remaining half remained in the core box and was archived at the core storage facility.

11.1.2.3 Production Sampling

One in four blast holes were sampled. Samples were collected on a tarpaulin below the cyclone used to minimize dust escape from the blast hole drills. The pile was homogenised by rolling the sample in the tarpaulin. A 5 kg sample was then obtained by splitting with a riffle splitter. The final split was bagged and sent to the mine site laboratory.

11.2 Density Determinations

11.2.1 Legacy

Gossage et al. (2009) reported that a total of 10,329 density determinations were obtained during the 2004–2008 drill campaigns. Density determinations were completed using 10 cm samples selected from available core. The methodology included sun drying, weighing the core in air, and weighing while suspended in water. The density was then determined as a ratio of weight in air divided by

weight in water. Weights were obtained using a high-quality electronic scale that was checked and calibrated regularly using a standard 500 g mass.

The density was determined with the formula:

Density = weight in air/(weight in air – weight in water)

11.2.2 Atlantic Nickel

As of December 31, 2022, Atlantic Nickel completed approximately 4,185 density determinations since 2018 drilling campaigns. Density data were determined using 10 cm core samples collected at 20 m intervals from 98 core holes. Not all holes were sampled. Density was determined by:

- Weighing the sample as received;
- Drying the sample;
- Weighing the sample after drying;
- Coating the sample with paraffin;
- Weighing the sample;
- Weighing the sample suspended in water. Density is calculated using the formula (ASTM, 2015):

$$DD = \frac{M_{Drock}}{(M_{Wrock} - M_{Srock}) - (\frac{M_{Wrock} - M_{Drock})}{D_{Wax}}}$$

Where:

- DD = dry density
- Dwax = Density of wax
- MArock = Mass of sample as-received
- MDrock = Mass of dried sample
- MWrock = Mass of waxed sample
- MSrock = Submerged (buoyant) mass of waxed sample.

Atlantic Nickel also determined the moisture content of some of the samples using the as-received mass and the dry mass. Some samples were duplicated as a QC measure. These duplicates were as close to immediately adjacent to the original sample as possible. Review of those data indicate that precision (about ±1%) is adequate for these samples.

For Palestina, the density determinations were completed using 10 cm to 30 cm samples from available core. The methodology included sun drying, weighing the core in air, and weighing while suspended in water. The density was then determined as a ratio of weight in air divided by weight in water considering the formula:

Density = weight in air/(weight in air – weight in water)

11.3 Analytical and Test Laboratories

There is no information regarding the laboratory used by Caraíba Metais, as well as any possible accreditations held and independence status.

CBPM used Lakefield Geosol Limitada (Geosol) in Belo Horizonte, Brazil, for sample preparation and analysis. Geosol was independent of CBPM. Geosol is now ISO 9001, 14001, and 17025 accredited, but the CP is not aware of any accreditations at the time the analyses were performed.

Mirabela Brazil used ALS Chemex (now ALS Brazil) for analyses. Sample preparation was completed in Brazil. The ALS-operated analytical laboratories in Perth, Australia (ALS Perth), and Vancouver, Canada (ALS Vancouver), assayed the pulps. ALS Chemex was independent of Mirabela Brazil. ALS Brazil is currently 9001 accredited, but the CP is not aware of any accreditations at the time of the analyses. The ALS Perth and ALS Vancouver laboratories were ISO 9001:2000 accredited. ALS Vancouver is accredited to ISO 17025 by Standards Council of Canada for a number of specific test procedures including fire assay gold by atomic absorption (AA), inductively coupled plasma (ICP) and gravimetric finish, and multi-element ICP and AA assays for silver, copper, lead, and zinc.

Umpire assay checks were completed by ACME Analytical Laboratory Ltd (ISO 9001:2000 accredited) in Vancouver, Canada (ACME), and Ultra Trace Analytical Laboratories (ISO 17025 accredited), in Perth, Australia (Ultra Trace, now Bureau Veritas). Both laboratories were independent of Mirabela Brazil.

Analysis for non-sulphide nickel was conducted in May 2005 to determine the sulphide nickel portion of the total nickel assay result. Pulps were submitted to ALS Chemex and Genalysis Laboratory Services Pty Ltd. (Genalysis, now Intertek), in Perth. Genalysis was ISO/IEC 17025 accredited, which includes the management requirements of ISO 9001:2000. Genalysis was independent of Mirabela Brazil.

From 2018 to 2021, Atlantic Nickel used ALS Global for sample preparation and analysis. ALS Global is independent of Atlantic Nickel. Sample preparation was completed in Brazil. Sample pulps were submitted to the ALS laboratory in Lima, Peru (ALS Lima) or ALS Vancouver for analysis. The ALS laboratories are ISO 9001:2015 and ISO/IEC 17025:2017 accredited for specific test procedures including fire assay gold by AA, ICP and gravimetric finish, and multi-element ICP and AA assays.

For 2022 drilling campaign, Atlantic Nickel used SGS Geosol Laboratórios Ltda. (SGS Geosol). The SGS Geosol is an independent laboratory that is ISO 9001:2015, ISO 14001:2015, and ISO/IEC 17025:2017 accredited.

The mine laboratory is used by Atlantic Nickel to prepare and analyse production samples.

11.4 Sample Preparation and Analysis

11.4.1 Legacy

11.4.1.1 Geochemical Analysis

The sample preparation procedures used by Caraíba Metais for soil and stream sediment analysis are not recorded. Samples were analysed for nickel, chromium, cobalt, copper, lead and zinc, with selected samples also analysed for silver, platinum and palladium.

The sample preparation procedures used by CBPM are not recorded. The samples were analysed for the following sample suites:

- Au (detection limit = 1 ppb) by atomic absorption, and Pt (detection limit = 10 ppb) and Pd (detection limit = 1 ppb) by optical emission spectrometry following an aqua regia digest;
- Ag, Al, As, Ba, Bi, Ca, Cd, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, Sb, Sr, Ti, V, Sn, W, Y, Zn, and Zr by ICP-AES following an aqua regia digest.

All Mirabela Brazil samples were analysed by ALS Chemex using the ICP41, PGM-ICP23, and OG62 analytical techniques. Sample preparation (PREP-41) included the weighing and drying of samples prior to dry-sieving the sample to -180 µm (80 mesh). Analytical methods included:

- Al, As, B, Ba, Be, Bi, Ca%, Cd, Co, Cr, Cu, Fe%, Ga, Hg, K%, La, Li, Mg%, Mn, Mo, Na%, Ni, Ni%, P, Pb, S%, Sb, Sc, Sr, Ti%, Tl, U, V, W and Zn were analysed by ICP-AES following aqua regia digestion;
- Au (detection limit = 5 ppb), Pt (detection limit = 1 ppb), Pd (detection limit = 1 ppb), Ag (detection limit = 0.2 ppm) were assayed by fire assay using a lead collector and ICP-AES finish.

11.4.1.2 RC and Core Sample Analysis

Routine sample preparation and analysis for the Mirabela Brazil programs was completed by ALS Chemex. Sample preparation was completed at the ALS sample preparation facility in Luziânia, Brazil until February 2006 and in Belo Horizonte, Brazil after 2006.

Samples were received at the laboratory, logged into the system, weighed, and dried. Drying time and temperatures are not known. Sample preparation included crushing the half core with a jaw crusher (70% passing 2 mm). A riffle splitter was used to obtain a representative sub-sample. This crushed sub-sample was ground to a pulp with 85% passing 75 µm. A 200 g portion of this was sub-sampled and packaged into a sealed bag and shipped to ALS Perth or ALS Vancouver.

Most of the assaying was completed using ICP-AES. PGMs were assayed by 30 g lead-collector fire assay and either ICP-AES or ICP-mass spectroscopy (MS). Some samples were fire assayed using nickel sulphide collection for PGMs and an induced neutron activation analysis (INAA) finish.

The analytical methods used by ALS during this drilling phase include:

- PGM-MS23: Pt, Pd, Au package using 30 g lead collector fire assay with ICP-MS finish;
- ME-ICP41: 34 elements by aqua-regia acid digestion and ICP-AES;
- ME-ICP61: 27 elements by four-acid digestion and ICP-AES;
- ME-OG62: anomalous grade elements, four-acid digestion with ICP-AES for use as over-limit method, though atomic absorption spectroscopy (AAS) can be substituted;
- Cu-OG62: anomalous grade Cu, four-acid digestion with ICP-AES for use as over-limit method, though AAS can be substituted;
- Ni-OG62: anomalous grade Ni, four-acid digestion with ICP-AES for use as over-limit method, though AAS can be substituted;
- PGM-ICP27: anomalous grade Pt, Pd and Au, lead-collector fire assay and ICP-AES, 30 g nominal sample weight, duplicate analysis;
- PGM-MS27: anomalous grade Pt, Pd and Au, lead-collector fire assay and ICP-MS, 30 g nominal sample weight.

The pulp samples submitted in 2005 to determine the sulphide nickel portion of the total nickel assay result were analysed by the following techniques:

- ALS Chemex: total Ni–OG62-L; ascorbic acid method; ascorbic acid digestion with AAS finish;
- Genalysis: PA2/OES hydrogen peroxide, ascorbic acid digestion with ICP-optical emission spectroscopy (OES) finish specific for sulphide Ni.

11.4.1.3 Production Samples

Samples from the blast holes were delivered to the laboratory by Mirabela Brazil staff. Samples were then passed through a jaw crusher to ensure that a minimum particle size of 3 mm was achieved. A sub-sample of approximately 950 g was then taken from each sample by means of cone-and-quartering of the original sample. This 950 g sub-sample was then pulverised in a ring-and-puck pulverizer to a nominal particle size of 85% passing 200 mesh (approximately -75 µm).

For both blast hole samples and RC samples, a 15 g aliquot of the pulverised sample was collected and pressed into a pressed pellet disc for analysis. The analysis of the nickel, copper, cobalt, iron, sulphur, magnesium, and silicon quantities is carried out using an X-ray fluorescence (XRF) unit. The analytical results were then forwarded to the geology department by e-mail.

11.4.2 Atlantic Nickel

11.4.2.1 RC and Core Sample Analysis

ALS Global was the primary laboratory for analyses of drill samples for the 2018–2021 drill campaign. Sample preparation was accomplished at the ALS facility in Belo Horizonte, Brazil. The procedure consists of crushing to >70% of the sample passing 2 mm and pulverising to >85% of the sample passing 75 µm. Assays were completed at ALS Lima and ALS Vancouver.

The majority of the assaying was completed using ICP-AES. PGMs were assayed by 30 g lead-collector fire assay and either ICP-AES or ICP-MS. Some samples were fire assayed using nickel sulphide collection for PGMs and an INAA finish.

The analytical procedures used by ALS Global included:

- ME-ICP61: 33 elements by four acid digestion and ICP-AES finish;
- ME-ICP62: 15 elements by four acid digestion and ICP-AES finish;
- Ni-ICP05: NiS analysis using ammonium citrate/hydrogen peroxide digestion and ICP-AES;
- PGM-MS23: Pt, Pd, Au package using 30 g lead-collector fire assay with ICP-MS finish;
- C-IR08: For S; LECO furnace and infrared spectroscopy.

The 2022 drill samples were prepared at SGS. Sample preparation was accomplished by SGS in Minas Gerais, Brazil. The procedure consists of crushing to >70% of the sample passing 2 mm and pulverising to >85% of the sample passing 75 µm. Assays were completed at SGS Geosol in Minas Gerais, Brazil.

The majority of the assaying was completed using ICP-OES. PGMs were assayed by 30 g lead- collector fire assay and either ICP-OES or ICP-MS. Some samples were fire assayed using nickel sulphide collection for PGMs and an AAS finish.

The analytical procedures used by SGS Geosol are summarised in Table 11-1.

Table 11-1: Analytical Procedures, SGS – Atlantic Nickel
ACG Acquisition Company Limited – Santa Rita Mine

Laboratory Code	Description	Elements	Lower Detection Limit
GE_ICP40Q	Determination of 33 elements by four-acid digestion, Finish by ICP-OES and ICP-MS	Ag, Be, Cd, La, Sc, Sr, Zr, Y	0.5 ppm
		Ba, Co, Cr, Cu, Mo, Ni, V, Zn	1 ppm
		Bi, W	5 ppm
		Li, Mn, Pb	2 ppm
		As	3 ppm
		Sb, Sn	10 ppm
		Ca	0.005%
		Al, Fe, K, Mg, Na, P, S, Ti	0.01%

Laboratory Code	Description	Elements	Lower Detection Limit
ICP40B_S	Determination of 9 elements by four-acid digestion, Finish by ICP-OES and ICP-MS	Ag	100 ppm
		Co, Cu, Ni, Pb	1%
		Fe, Mg	15%
		S	10%
		Te	500 ppm
FAA323	Determination of Au, Pt and Pd by FAA (30 g charge)	Au	0.02 ppm
FAI313	Determination of Au, Pt and Pd by FAI ICP (30 g charge)	Au, Pt, Pd	0.01 ppm
AAS04B	Determination of Ni, Co and Cu by two-acid digestion AAS finish	Cu, Co, Ni	0.01%
XRF72_NL	Determination of NiO by XRF (lithium tetraborate fusion)	Al_2O_3	0.10%
		CaO, Cr_2O_3, Fe_2O_3, K_2O, MnO, NiO, P_2O_5, TiO_2	0.01%
		Co	0.005%
		MgO, Na_2O, SiO_2	0.10%

11.4.2.2 Grade Control Samples

Grade control samples were collected from under the cyclone on blast hole drills. The cones were shoveled and quartered manually. The quarter was rolled to homogenize and then split in a riffle splitter. Samples were sent to the Atlantic Nickel laboratory on site. Samples were then sent to the laboratory where they were dried and crushed to nominal 2 mm, homogenised, and split in a riffle splitter. Samples were pulverised to 95% passing 270 mesh. Samples were analysed by XRF using samples fused with lithium borate flux. Sulphur was analysed by LECO. Sulphide nickel was determined using ammonium citrate/hydrogen peroxide decomposition and an ICP-AES finish.

11.5 Quality Assurance and Quality Control

11.5.1 Legacy

Quality control measures for the Caraíba Metais (1985–1989) and CBPM (1989–2002) analytical programs are not documented. The legacy drill data are limited and have largely been verified by later drilling.

11.5.1.1 2004–2008

The QA/QC procedures for the 2004–2008 programs completed by Mirabela Brazil included five certified reference material (CRM, or standards), coarse reject duplicates, and umpire laboratory checks for pulps. The insertion rate was approximately 2% for blanks and standards. The insertion rate for sample duplicates was 5%.

Submission blanks of either flux or pure quartz were inserted at the beginning of each drill hole and for every sample number ending in 50 or 00 (every 50 samples, or 2%). Gossage et al. (2009) reported that blank material submitted returned satisfactory results. A limited number of nickel and copper

blanks returned elevated grades suggesting low level contamination (generally <0.01% Ni, <0.006% Cu, and <5 ppm Co) at the sample preparation process. These were not considered material.

Standards were purchased from Geostats Pty Ltd (Geostats). A standard was inserted at sample numbers ending with 20 and 70 (every 50 samples, or 2%). Standards covered the entire nickel grade range and were rotated into the sample sequence. Standards were certified for nickel, copper, and cobalt. There was no standard for platinum, palladium, or gold. Gossage et al. (2009) concluded that the standard assaying generally fell within acceptable ranges. The majority of standard results were within the tolerance limits. A small number of standard results were outside the accepted standard range. The batches including failed standard results were flagged and investigated by Mirabela Brazil personnel. The standards indicate the assaying is accurate for nickel and cobalt, and is suitable for the purposes of grade estimation and mine planning studies. The standard assaying for other elements is occasionally problematic, but the umpire assaying supports the overall accuracy of the assaying by the various ALS laboratories.

Sample duplicates from coarse rejects were prepared by the preparation laboratory after the primary crushing phase of sample preparation. The crushed sample was split using a riffle or rotary splitter and a second sample or coarse reject duplicate was collected. The sample and duplicate sample was pulverised and inserted into the sample batch. The duplicated insertion rate was every 20 samples (5%). Gossage et al. (2009) concluded the duplicate results indicated that the sample preparation was adequate and was not impacting the precision of the majority of assaying. It was noted that gold duplicate assaying was more problematic, and pulverisation was potentially insufficient to ensure precise assaying for gold.

Routine particle size fraction analysis was completed by the laboratory to check particle size distribution and homogeneity of the sample at different stages during the sample preparation process. These analyses were completed at a rate of one per batch.

Independent umpire assaying of pulps was performed at the discretion of the geologist. Gossage et al. (2009) reported that 348 umpire samples were investigated at ACME and Ultra Trace.

ACME versus ALS:

- Ni data were not significantly biased.
- Co data showed a significant bias.
- Pd and Pd were not significantly biased.
- Au results exhibited a possibly significant bias.

Ultra Trace versus ALS:

- Excellent correlation noted for Ni. Slight positive bias in favour of ALS is noted for assays >0.8% Ni.
- Excellent relative accuracy is noted for the Cu.
- Excellent relative accuracy is noted for Co.
- Pt and Pd umpire assays showed no significant bias.
- Au umpire assays exhibited significant bias and data scatter.

11.5.1.2 2011–2012

Barnes and Corley (2012) reported that blank sample submissions from the Mirabela Brazil program at ALS returned satisfactory results. Some nickel and copper blanks returned elevated values (generally <0.02% Ni, <0.006% Cu, and <5 ppm Co), however, this was not considered to be a material issue.

Barnes and Corley (2012) reported that the standards were generally within acceptable ranges, with the majority of samples falling within the tolerance limits. Barnes and Corley (2012) concluded that the assaying completed for the 2011–2012 drill campaigns was acceptably accurate for nickel, copper and cobalt, and suitable to be used in grade estimation and mine planning studies.

Crushed sample duplicates were inserted at the sample preparation laboratory for every 20 samples for an insertion rate of 5%. Good correlation was observed for nickel, copper, and cobalt. The duplicates were not analysed for platinum, palladium, and gold.

No umpire assaying of pulps was completed.

Barnes and Corley (2012) concluded that the sampling methods, chain of custody procedures, sample preparation procedures, and analytical procedures were appropriate and compatible with accepted industry standards.

11.5.2 Atlantic Nickel

11.5.2.1 RC and Drill Core QC

The QA/QC protocol for the Atlantic Nickel drill campaign included blanks, coarse duplicates, pulp duplicates, and CRMs. A total of nine QA/QC samples were inserted into each batch of 200 samples for an insertion rate of 4.5% (Table 11-2).

During the 2021-2022 drilling campaign, Atlantic Nickel continued to follow a reasonable standard of data control and the QA/QC data is suitable to support Mineral Resource estimation. Further details for the Santa Rita and Palestina QA/QC procedures are presented below.

The discussion below is based on data used for Mineral Resources estimation (2020-2021). The 2022 drilling campaign is still ongoing and was partially reviewed for the control protocols. The Palestina database was not considered in this analysis, however, all samples from this target were submitted for QA/QC analysis.

Table 11-2: QA/QC Insertion Rate
ACG Acquisition Company Limited – Santa Rita Mine

Type	Santa Rita	Palestina
	Insertion Rate (%)	
Standard	2.0	1
Blank	0.5	7
Coarse duplicate	1.0	2.3
Pulp duplicate	1.0	2.4
Total	**4.5**	**8**

11.5.2.1.1 Standards

The CRMs used by Atlantic Nickel were produced by African Minerals Standards (AMIS). GeoEstima's review for this CPR is based on the Mineral Resource database (with a cut-off date of February 25, 2021), while additional QA/QC results from 2022 drill holes were reviewed only partially and are not included in the evaluation of Mineral Resources.

Control charts for each standard and analyte were prepared (Table 11-3, Figure 11-1 through Figure 11-11). In each control chart, outliers were identified and removed prior to assessing the laboratory bias. Most of the identified biases were within acceptable limits (-7% to +7%), with the exception of

the AMIS0520 for Ni(%) which presents a very low reference value and high bias (approximately 80%). Most of the coefficients of variation (CV) for nickel, copper, and cobalt are within the ±10% limit generally accepted in the industry and CVs for palladium and platinum are acceptable. For gold, CVs are in the order of ±15% which is considered to be acceptable given the grade of the standards.

Table 11-3: Santa Rita Certified Reference Material Results - ALS Laboratory, 2021
ACG Acquisition Company Limited – Santa Rita Mine

Standard	Element	Unit	Mean	Best Value	Samples	Outliers	Outliers (%)	Bias (%)	CV
AMIS0319	Au_ppm	ppm	0.035	0.038	436	6	1.38	-7.74	15.25
AMIS0319	Co_ppm	ppm	121.6	115	459	6	1.31	5.74	4.74
AMIS0319	Cu_pct	pct	0.124	0.1223	459	6	1.31	1.79	11.49
AMIS0319	Ni_pct	pct	0.155	0.1675	474	8	1.69	-7.25	10.24
AMIS0319	Pd_ppm	ppm	0.356	0.353	436	6	1.38	0.98	12.22
AMIS0319	Pt_ppm	ppm	0.189	0.185	436	6	1.38	2.16	11.33
AMIS0319	S_pct	pct	1.309	1.29	459	6	1.31	1.45	11.59
AMIS0320	Au_ppm	ppm	0.037	0.039	428	8	1.87	-5.39	14.99
AMIS0320	Co_ppm	ppm	227.461	219	454	5	1.10	3.86	8.37
AMIS0320	Cu_pct	pct	0.163	0.1624	454	3	0.66	0.12	8.27
AMIS0320	Ni_pct	pct	0.458	0.4731	468	4	0.86	-3.27	8.79
AMIS0320	Pd_ppm	ppm	0.748	0.746	428	6	1.40	0.30	10.25
AMIS0320	Pt_ppm	ppm	0.325	0.316	428	6	1.40	3.00	9.97
AMIS0320	S_pct	pct	2.844	2.81	454	4	0.88	1.21	9.13
AMIS0385	Au_ppm	ppm	0.03	0.031	422	7	1.66	-1.96	11.69
AMIS0385	Co_ppm	ppm	915.691	934	442	2	0.45	-1.96	6.97
AMIS0385	Cu_pct	pct	0.943	0.9629	442	2	0.45	-2.02	7.30
AMIS0385	Ni_pct	pct	1.658	1.73	469	22	4.69	-4.15	11.22
AMIS0385	Pd_ppm	ppm	0.123	0.12	422	4	0.95	2.86	8.12
AMIS0385	Pt_ppm	ppm	0.032	0.029	422	8	1.90	9.99	15.94
AMIS0385	S_pct	pct	10.279	13.05	452	4	0.89	-21.23	8.33
AMIS0520	Co_ppm	ppm	82.626	82	425	5	1.18	0.76	8.40
AMIS0520	Ni_pct	pct	0.04	0.1945	440	19	4.32	-79.42	70.39

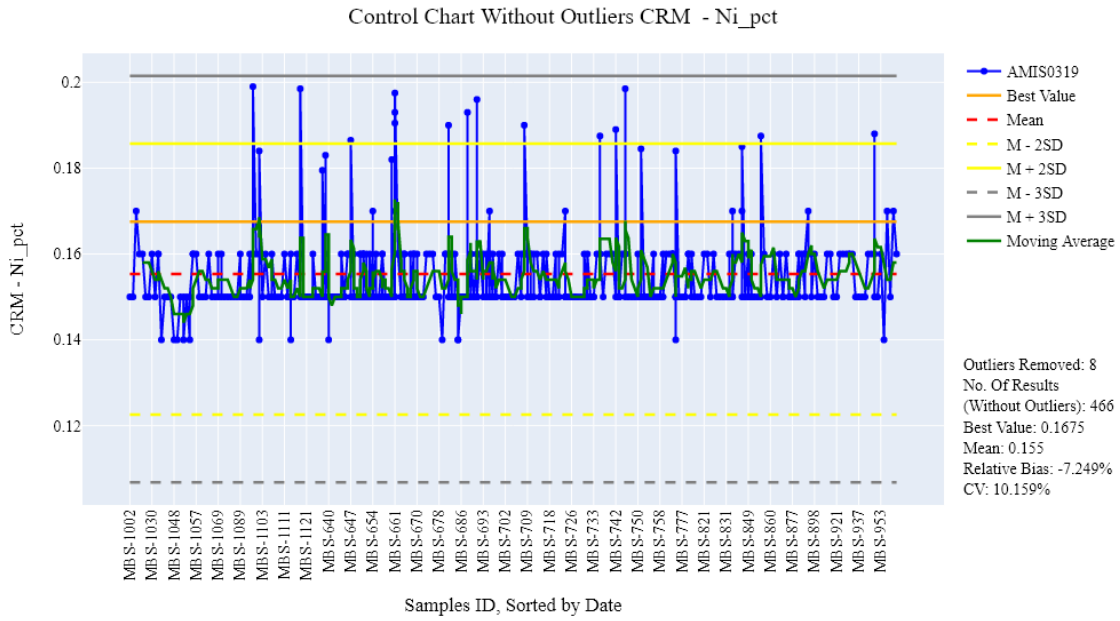


Figure 11-1: Santa Rita Control Chart – Ni (%) - STD-AMIS0319

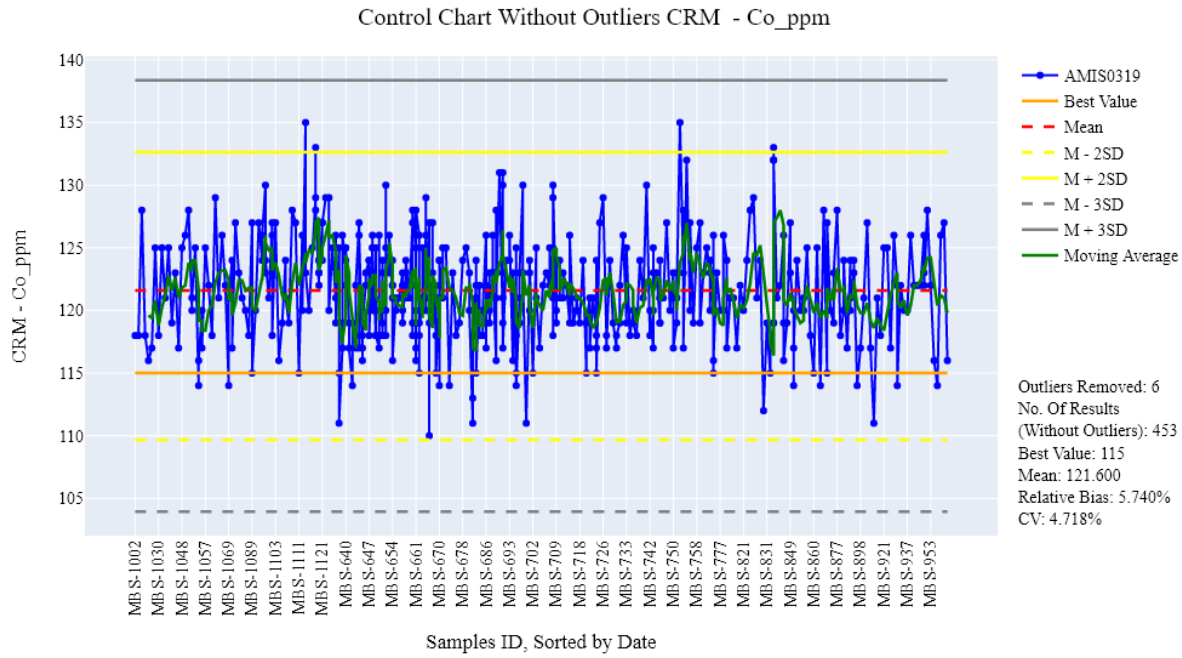


Figure 11-2: Santa Rita Control Chart –Co (%) - STD-AMIS0319

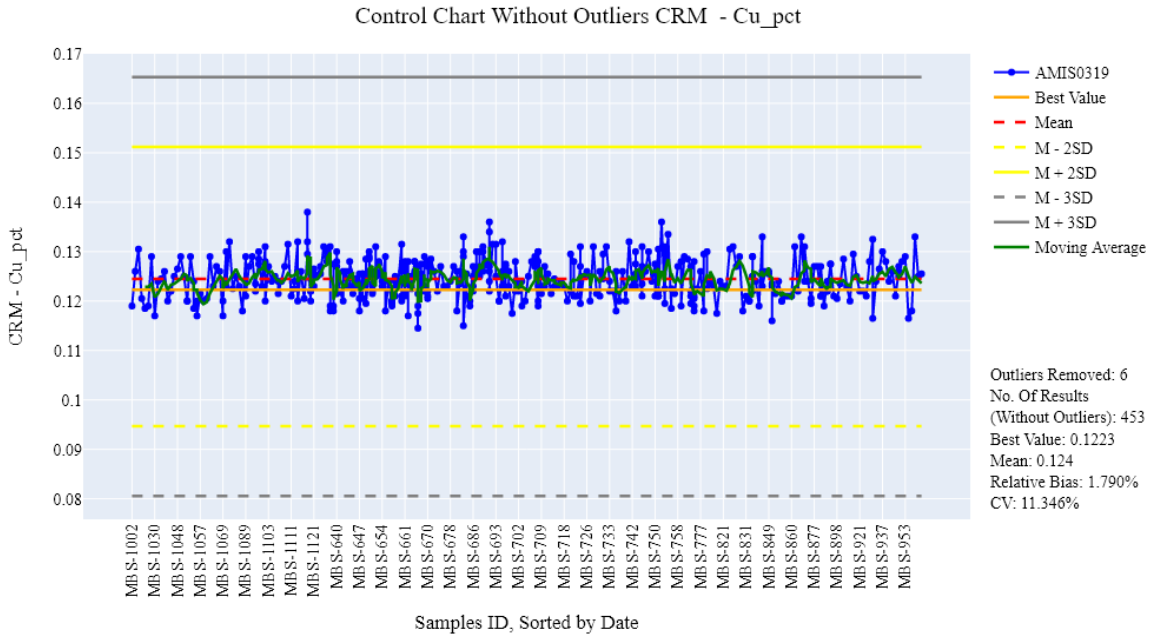


Figure 11-3: Santa Rita Control Chart – Cu (%) - STD-AMIS0319

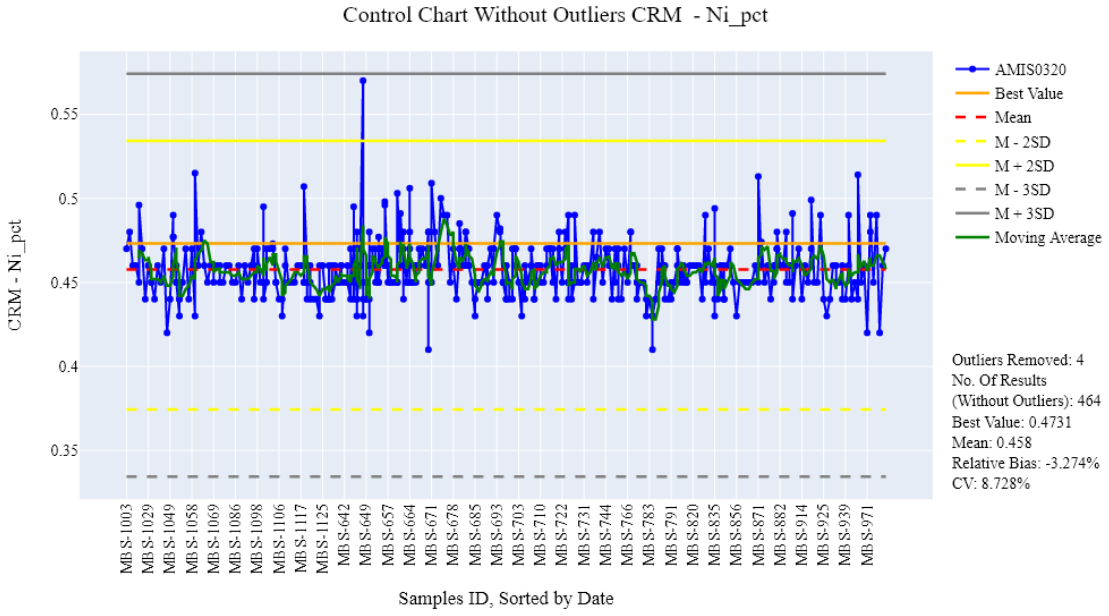


Figure 11-4: Santa Rita Control Chart – Ni (%) - STD-AMIS0320

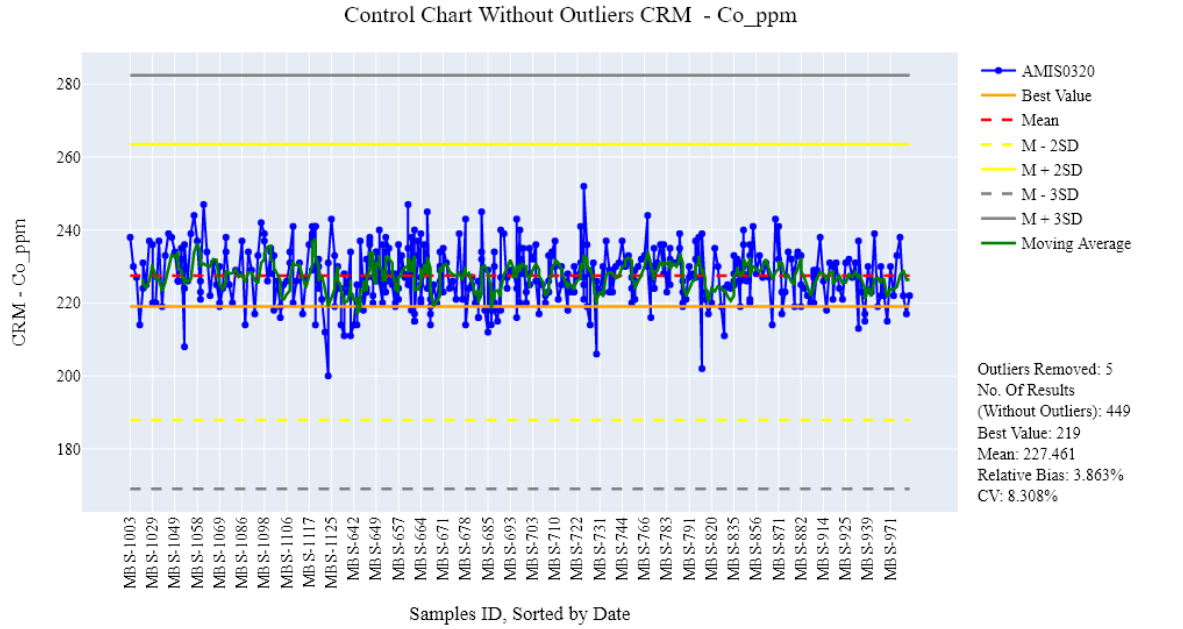


Figure 11-5: Santa Rita Control Chart –Co (%) - STD-AMIS0320

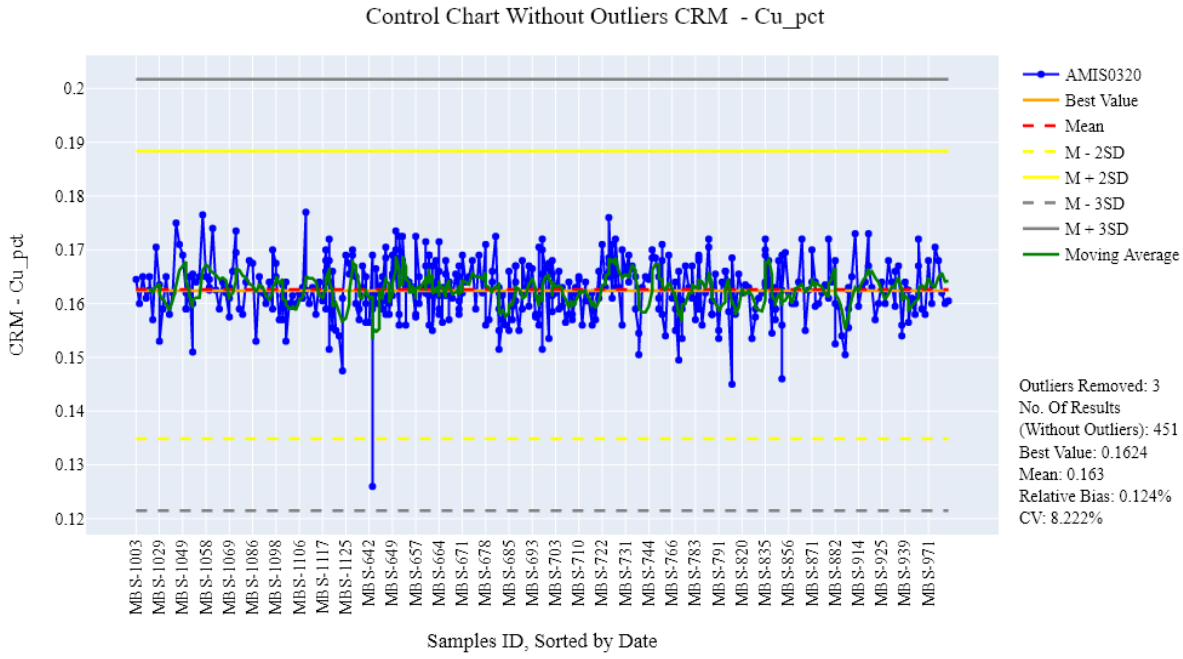


Figure 11-6: Santa Rita Control Chart – Cu (%) - STD-AMIS0320

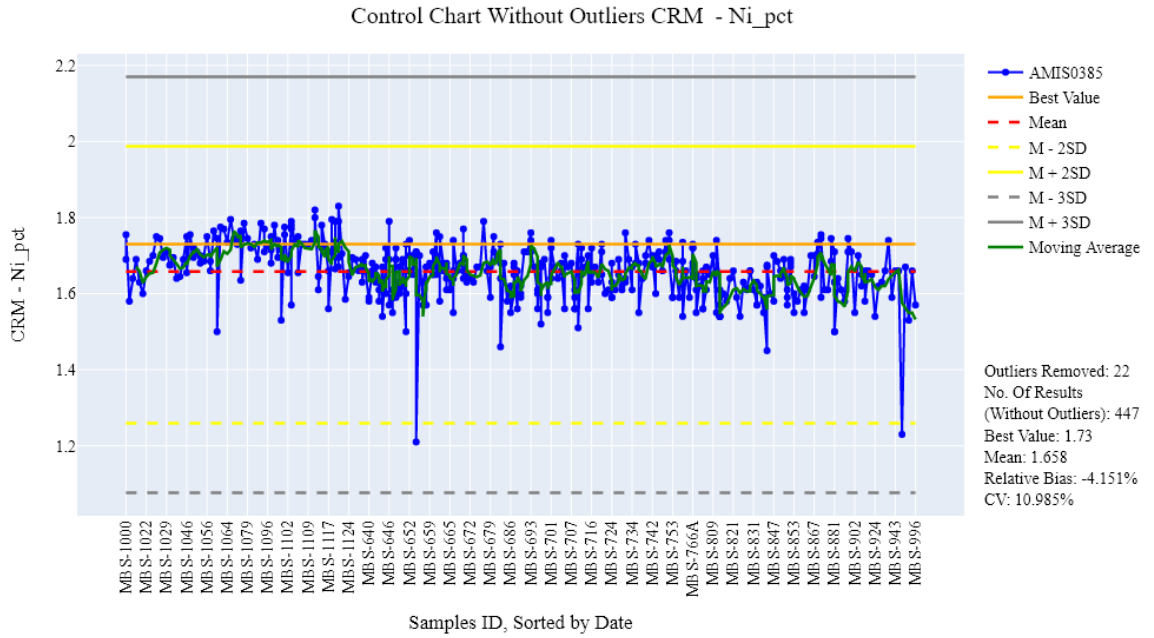


Figure 11-7: Santa Rita Control Chart – Ni (%) - STD-AMIS0385

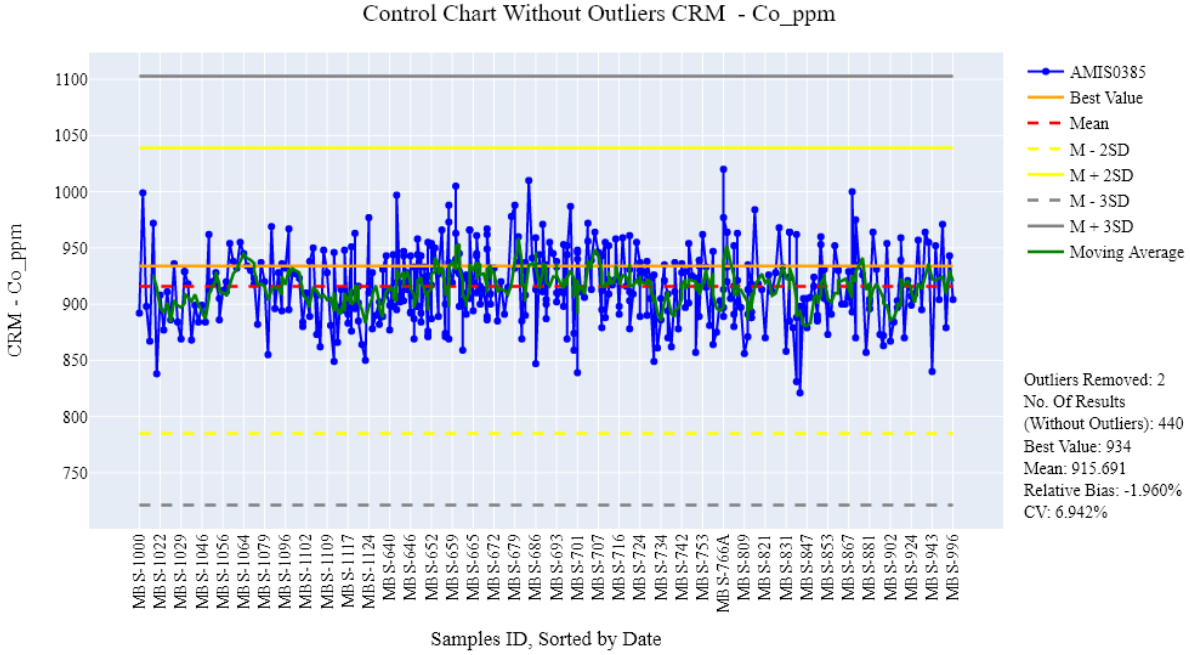


Figure 11-8: Santa Rita Control Chart –Co (%) - STD-AMIS0385

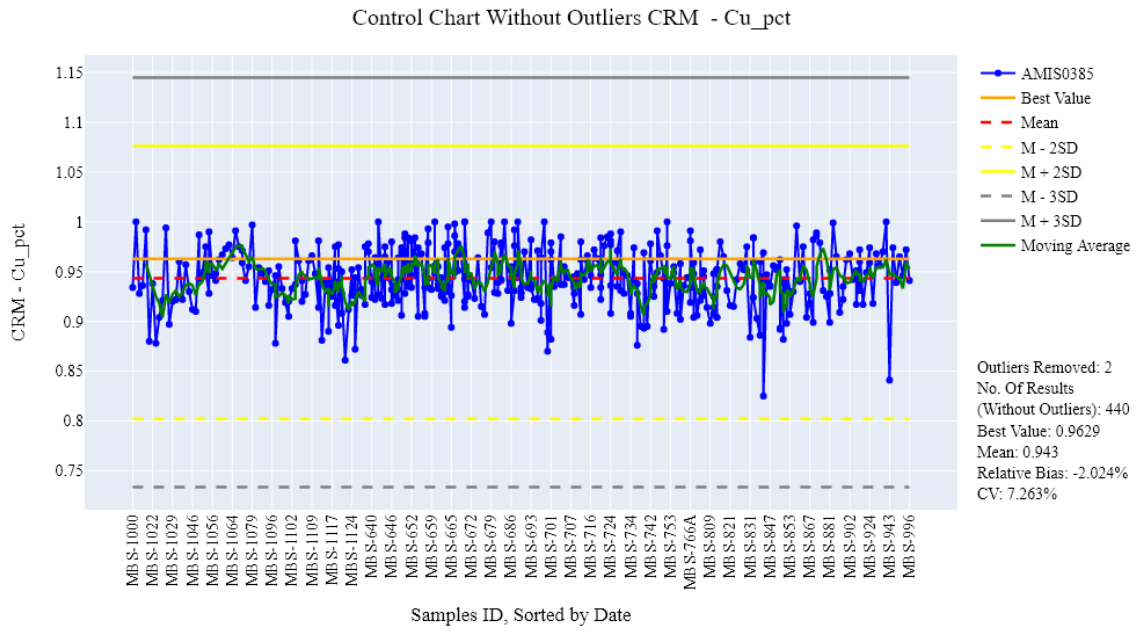


Figure 11-9: Santa Rita Control Chart – Cu (%) - STD-AMIS0385

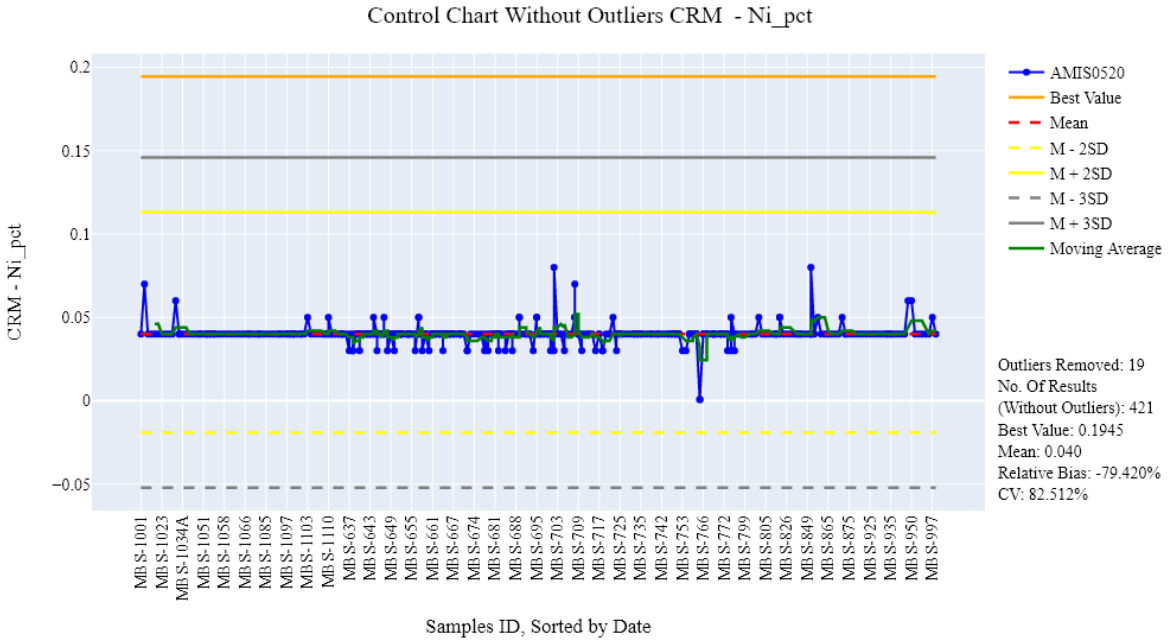


Figure 11-10: Santa Rita Control Chart – Ni (%) - STD-AMIS0520

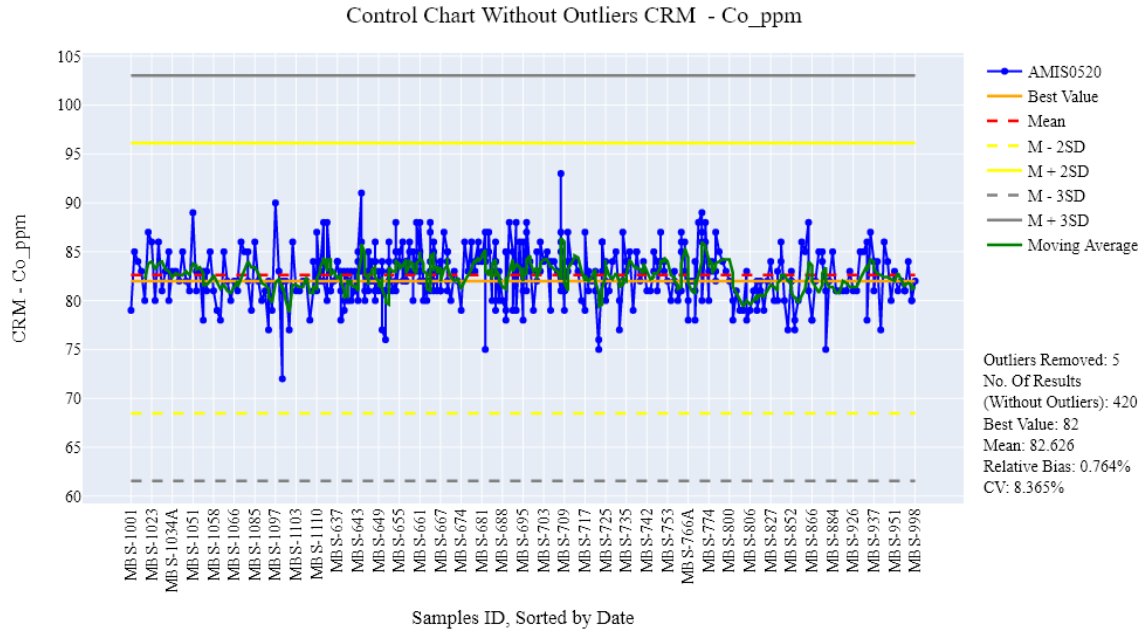


Figure 11-11: Santa Rita Control Chart –Co (%) - STD-AMIS0520

11.5.2.1.2 Blanks

Contamination was assessed using blank charts (Figure 11-12 through Figure 11-14), where the blank values were plotted against the sample values. No significant cross-contamination during preparation and assaying for gold, copper, nickel, platinum, and palladium was identified. GeoEstima identified a few blank samples with cobalt values greater than 50 ppm, which suggests that the blank material may contain anomalous cobalt or these may be sample swaps. The other elements show results that are outside the limits, however, no evidence of systematic contamination was noted.

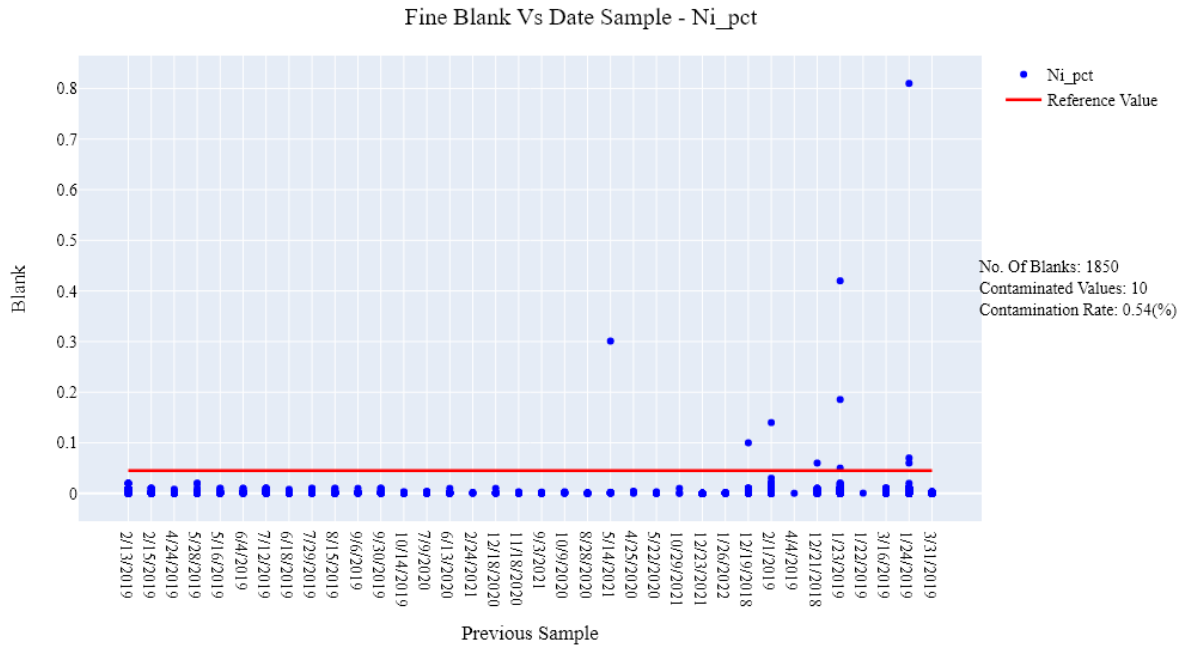


Figure 11-12: Fine-Blank Charts – Ni (%) – Santa Rita – ALS Laboratory

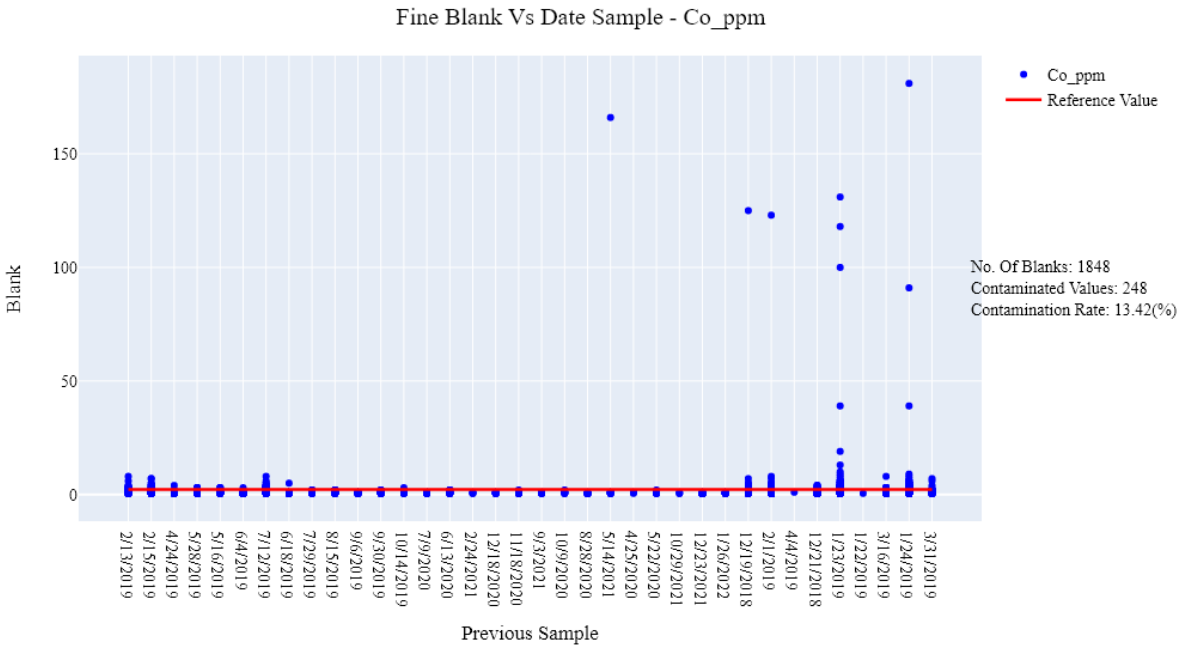


Figure 11-13: Fine-Blank Charts – Co (%) – Santa Rita – ALS Laboratory

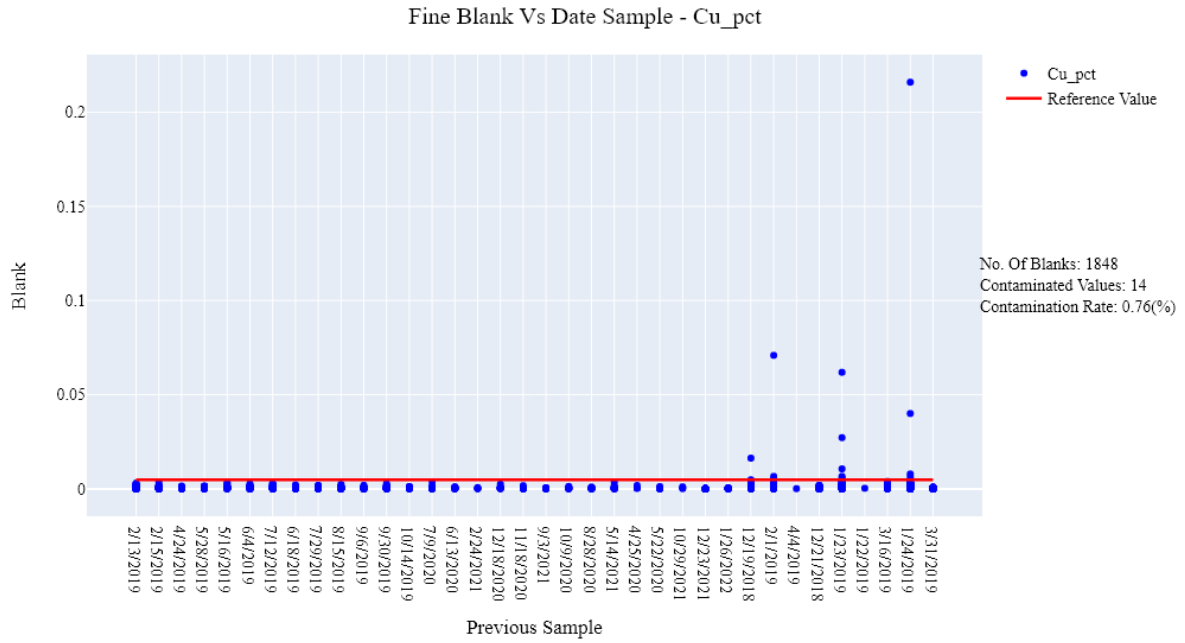


Figure 11-14: Fine-Blank Charts – Cu (%) – Santa Rita – ALS Laboratory

11.5.2.1.3 Duplicates

The precision was assessed using Max-Min plots and the hyperbolic method (Simon, 2004) for pulp and field duplicates (Figure 11-15 through Figure 11-17).

Table 11-4 shows the results for the Mineral Resource database and Table 11-5, the preliminary results for the 2022 drilling campaign.

Most of the resulting failure rates were within the conventionally acceptable range for all laboratories (less than 10%). The highest failure rate was observed in Ni (13.54%) but appears to have been due to possible sample mix-ups.

Table 11-4: Santa Rita Field-Duplicate Results – ALS Laboratory (2021)
ACG Acquisition Company Limited – Santa Rita Mine

Element	No. of Results	No. of Errors	Error Rate
Cu pct	182	1	0.55%
Ni pct	229	31	13.54%
Au ppm	114	2	1.75%
Pd ppm	114	2	1.75%
Pt ppm	114	4	3.51%
Co ppm	182	9	4.95%
S pct	185	0	0.00%

Table 11-5: Santa Rita Field-Duplicate Results – SGS Geosol (2022)
ACG Acquisition Company Limited – Santa Rita Mine

Element	No. Of Results	No. Of errors	Error Rate
Cu pct	84	0	0.00%
Ni pct	84	5	5.95%
Au ppm	84	5	5.95%
Pd ppm	84	0	0.00%
Pt ppm	84	5	5.95%
Co ppm	84	1	1.19%
S pct	84	1	1.19%

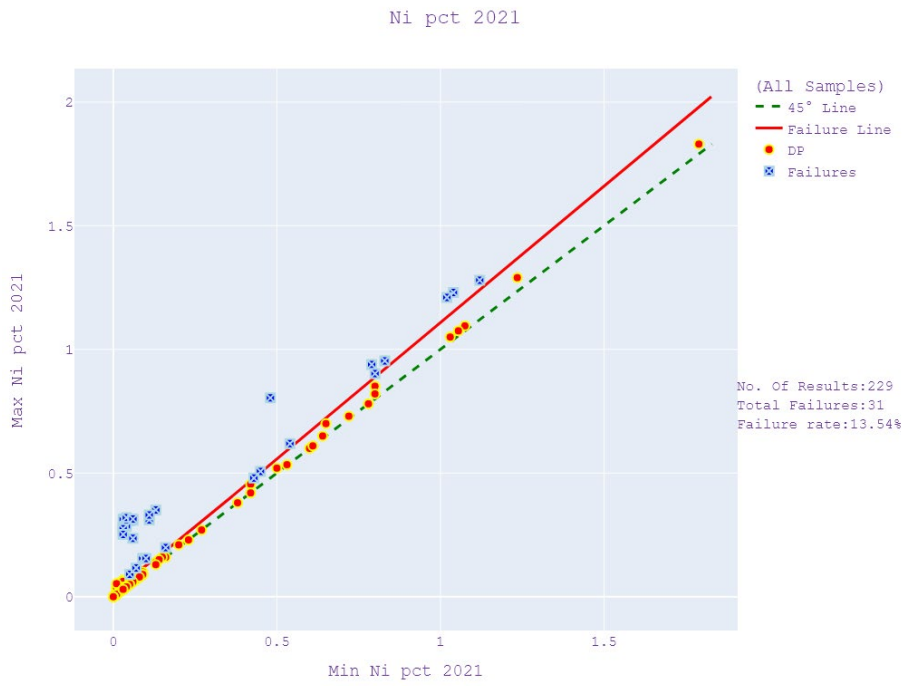


Figure 11-15: Field-Duplicate Analysis for Ni (%) – ALS Laboratory

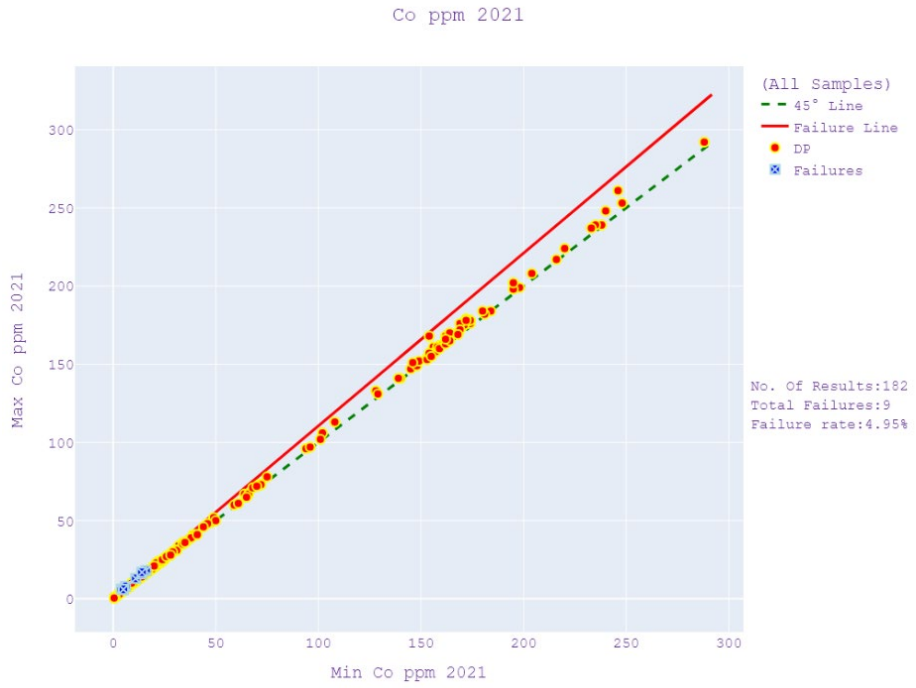


Figure 11-16: Field-Duplicate Analysis for Co (%) – ALS Laboratory

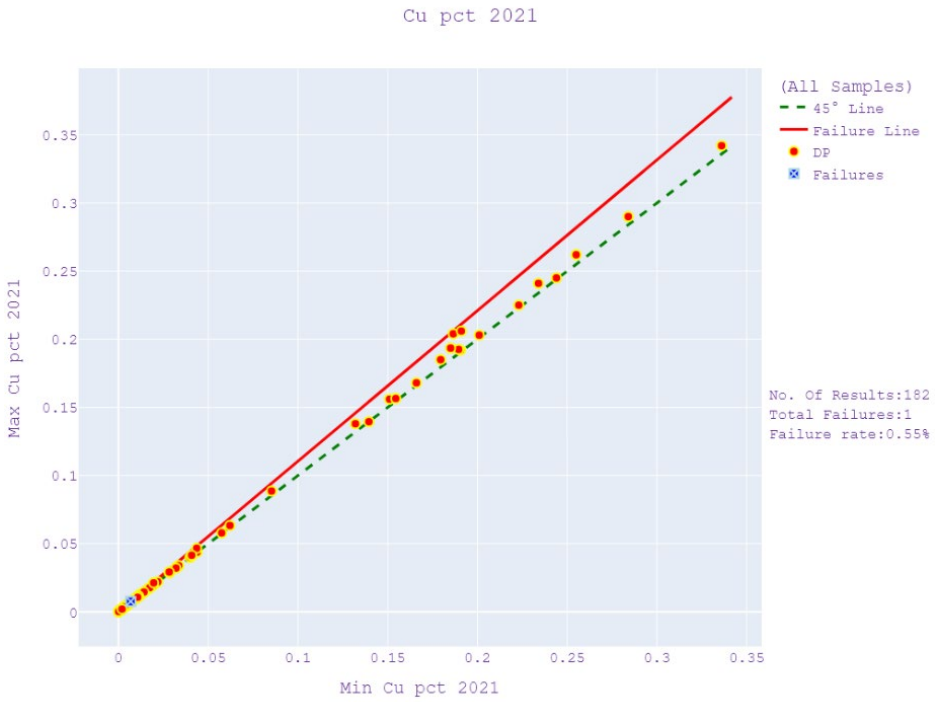


Figure 11-17: Field-Duplicate Analysis for Cu (%) – ALS Laboratory

11.5.2.2 Grade Control QC

Currently, the Santa Rita mine laboratory uses three types of QA/QC samples:

- Camp (field) duplicates are inserted randomly according to the instructions of the technician or supervisor; this sample is duplicated in the field, without the knowledge of the laboratory, each sample receives an identification generated at the time of registering with acQuire.
- Laboratory duplicates are inserted systematically; a duplicate sample is included every 20 samples, with numbers ending in “5”. For example: 5, 25, 45.
- Standards are systematically inserted by the laboratory; a standard is inserted every 20 samples, with numbers ending in “0”. For example: 0, 20, 40, 60.
- In the future, an additional blank (Gabbro NAG) will be included to monitor low-grade sulphur.

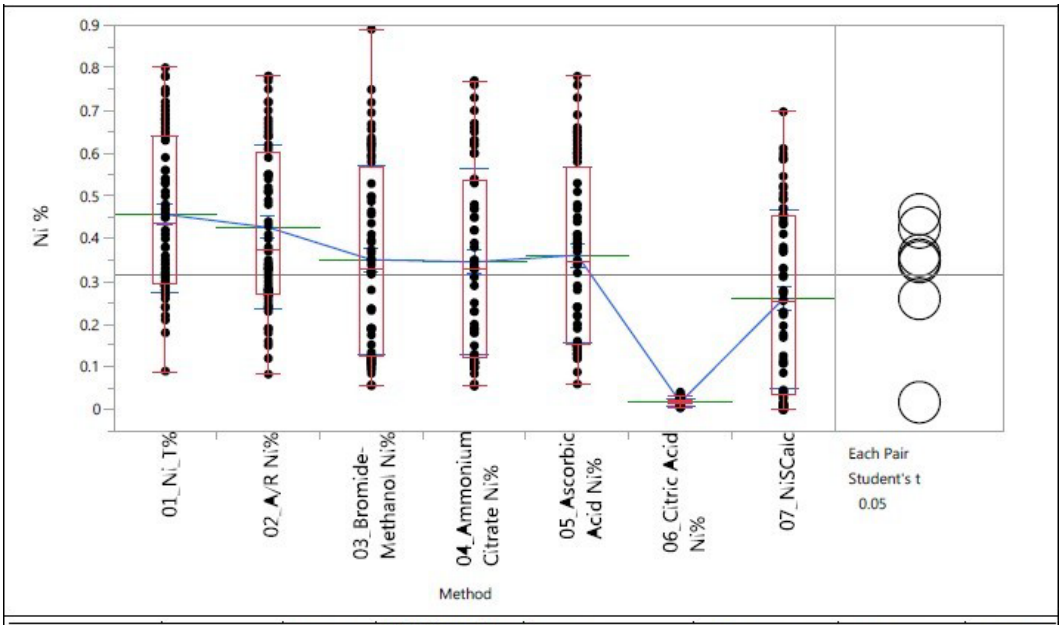
11.5.2.3 NiS Analysis

Prior to selecting the most appropriate method of NiS analysis for the 2018 Atlantic Nickel drill program, 30 harzburgite and 30 pyroxenite samples were submitted to the SGS laboratory in Lakefield, Ontario (SGS Lakefield) to compare the five NiS analytical procedures:

- Bromide-methanol digestion and AAS finish;
- Ammonium hydrogen peroxide digestion and ICP finish;
- Ascorbic acid digestion methods and ICP finish;
- Aqua regia digestion with ICP finish;
- Citric acid digestion and ICP finish.

The CP (Eggleston, 2019) reviewed the assay results for the five methods (Figure 11-18). The CP concluded that there was no quantifiable difference between the bromide-methanol, ammonium citrate, or ascorbic acid digestion methods. Any of these three methods should produce reliable NiS results. The CP concluded that aqua regia produced slightly higher NiS grades suggesting some Ni silicate was digested. The CP observed that the citric acid digestion was not useful, because nickel did not go into solution adequately.

The ammonium citrate–hydrogen peroxide digestion was selected for NiS analysis for the 2018– 2021 analytical programs.



Level	01_Ni_T%	02_A/R Ni%	03_Bromide-Methanol Ni%	04_Ammonium Citrate Ni%	05_Ascorbic Acid Ni%	06_Citric Acid Ni%	07_NiS Calc
Number	60	60	60	60	60	60	60
Mean	0.457	0.426	0.351	0.346	0.361	0.017	0.259
Std Dev	0.1838	0.1930	0.2219	0.2180	0.2068	0.0075	0.2088
Std Err Mean	0.0237	0.0249	0.0287	0.0281	0.0267	0.0010	0.0270
Lower 95%	0.4092	0.3764	0.2935	0.2893	0.3079	0.0152	0.2053
Upper 95%	0.5041	0.4761	0.4081	0.4019	0.4147	0.0191	0.3132
Minimum	0.09	0.08	0.06	0.06	0.06	0.00	0.00
10%	0.24	0.19	0.10	0.10	0.13	0.01	0.01
25%	0.29	0.27	0.12	0.12	0.15	0.01	0.04
Median	0.44	0.38	0.33	0.33	0.35	0.02	0.26
75%	0.64	0.61	0.57	0.54	0.57	0.02	0.45
90%	0.72	0.72	0.65	0.66	0.65	0.03	0.54
Maximum	0.80	0.78	0.89	0.77	0.78	0.04	0.70

Figure 11-18: Nickel Analysis Results by Method

11.6 Databases

Until 2018, the drill hole database was maintained in Microsoft (MS) Access. Prior to that time, there is no record of the database management practices or software. The drill hole data were migrated to an acQuire database in January 2019, and the entire database used in this Mineral Resource estimation was exported from that database. Since 2022, Atlantic Nickel has used Datamine's Fusion software for database management.

The database manager validated the drill hole data as it was received and imported it into the database. Verification was performed when data was imported to the main database. Validation included checks on surveys, collar coordinates, lithology data, and assay data. The checks were appropriate and consistent with generally accepted industry practices. QA/QC data were monitored as assay data were received.

From 2004 onward, assay data were received as digital files and imported directly into MS Access or later, acQuire with automated validation checks. Density data were input in MS Excel and directly imported. Geological logging data were recorded on paper and manually entered into the database with data entry masks that prevented entry of extraneous or obviously incorrect data.

The database manager validated the drill hole data as it was received and imported into the database. Verification was performed when data was imported to the main database. Validation included checks

on surveys, collar coordinates, lithology data, and assay data. The checks were appropriate, and consistent with industry standards. QA/QC data were monitored as assay data were received.

11.7 Sample Security

11.7.1 Legacy

There is no record of sample handling or security measures used for drilling programs prior to 2004.

Sample security for the Mirabela Brazil drill campaigns is summarised, as follows, from Gossage et al. (2009).

Samples for each RC drill hole were placed into large plastic bags, with approximately 12 samples per bag. The bags were numbered and labelled with the enclosed sample numbers and then taped closed. In batches of approximately 1,000 samples, the large plastic bags of samples were loaded onto a truck and sent to the laboratory for preparation and subsequent analyses, together with a dispatch sheet.

Samples were inventoried and placed into shipping bags or crates and sealed. The shipping bags were numbered and labelled with the enclosed sample numbers and secured with tape. The shipping bags or crates were stored in a locked and secure facility until transported to the assay laboratory by a transport company. Samples were shipped to the laboratory for sample preparation in lots of approximately 1,000 samples. At each change of possession, a responsible person checked and verified the sample numbers and noted the condition of the samples, creating an auditable chain of custody paper trail.

11.7.2 Atlantic Nickel

Core was moved from the drill to the core shed by the drilling contractor. Core is stored in a locked logging facility when not attended. Split core (samples) are stored in a locked room until they are sent to the laboratory by truck. Samples are sealed with tamper evident seals and all shipments are accompanied by detailed sample submittal forms.

For transport to the analytical laboratory, each sample was noted on a shipping form, placed into a shipping bag and sealed. Shipping bags were inventoried and stored in a locked and secure facility until transported to the preparation laboratory in Belo Horizonte. Samples were checked and verified at each change of possession.

During 2018-2021, drill samples were submitted to ALS Brazil for sample preparation. Samples were logged into the laboratory system and weighed. Sample pulps were then shipped to ALS Lima or ALS Vancouver for analysis.

More recently, samples have been submitted for sample preparation to SGS in Belo Horizonte. Strict chain-of-custody procedures and signoffs were observed during any sample transfer.

11.8 CP Comments on “Item 11: Sample Preparation, Analyses, and Security”

In the opinion of the CP:

- Sample collection, preparation, analysis, and security for RC and core drill programs are in line with industry standard methods for nickel-copper deposits.
- Drill programs included insertion of blank, duplicate, and standard reference material samples.
- QA/QC program results do not indicate any issues with the analytical programs.
- Database construction and management and security are adequate.

- Data are subject to validation, and numerous checks that are appropriate and consistent with industry standards.
- Quality control could be improved at Palestina by including duplicate samples and applying same insertion rate applied in Santa Rita operations.

The CP is of the opinion that the quality of the nickel and copper analytical data is sufficiently reliable to support Mineral Resource estimation.

12.0 DATA VERIFICATION

12.1 External Data Verification

12.1.1 Coffey Mining

Gossage et al. (2009) completed an audit of the 2004 to 2008 drill hole database. The drill data was reviewed for 35 drill holes and 4,317 assay intervals. No material errors were identified.

12.1.2 Roscoe Postle Associates Inc.

RPA (2015) completed inspections of the field operating procedures in the open pit and an inspection of the on-site assay laboratory. Detailed discussions were conducted with relevant mine personnel. RPA (2015) completed data checks for 34 (5%) of the 676 drill holes contained in the exploration drill hole database at that time. This included an examination of collar locations against the original location data collected by the surveyor. No material discrepancies were noted. However, the elevations for four exploration drill hole collars (MBS-625, MBS-627, MBS-628, and MBS-630) were observed to be located above the digital topographic surface that was supplied by Mirabela Brazil. Collar elevations of these four holes were manually edited to conform to the digital topographic surface. RPA (2015) compared downhole deviation data contained in the drill hole database against the information in the digital drill logs. No material discrepancies were noted with the exception of MBS-078 where the digital drill hole database contained fewer downhole deviation readings than were contained in the digital drill log. It was concluded the impact of the discrepancy was minimal because the drill hole did not intersect the mineralised wireframe domains.

RPA (2015) compared the lithologic codes contained in the exploration drill hole database against information contained in the digital drill logs. A small number of differences were noted which were considered not material. Assay values for nickel contained in the database for the selected drill holes were compared against the original laboratory certificates directly on the ALS website and no discrepancies were observed.

RPA (2015) also performed data integrity checks on the drill hole database including:

- Intervals exceeding the total hole length;
- Negative length intervals;
- Inconsistent downhole survey records;
- Out-of-sequence and overlapping intervals;
- No interval defined within analysed sequences (not sampled or missing samples or results);
- Inconsistent drill hole labelling between tables; and
- Invalid data formats and out-of-range values.

RPA (2015) concluded that the 2004–2014 drill hole database was adequate for the purposes of Mineral Resource estimation.

12.1.3 Wood Canada Ltd.

Dr. Ted Eggleston, RM SME and Mr. Douglas Reid, P.Eng., a Wood Canada Ltd. (Wood) employee, completed a review of drill core, field checks of collar locations, and database checks in 2019.

12.1.3.1 Database Migration Review

Wood did not audit the pre-2018 drill data; however, Wood carried out a number of checks to confirm that data migration from MS Access to acQuire was accomplished successfully.

The Santa Rita drill hole data were migrated from MS Access to acQuire in January 2019. Wood compared drill collars, surveys, and assay data to confirm the database migration was successful. Wood compared collar and survey data between the MS Access and acQuire databases. In June 2019, Wood completed a comparison for pre-2018 drill holes (MBS-001 to MBS-635) in the acQuire assay table against assay certificates obtained from ALS Brazil. Approximately 95% of the pre-2018 data were reviewed. Minor differences were observed that were determined to be the results of re-assays.

Wood concluded that the database was successfully migrated to acQuire.

12.1.3.2 2018–2019 Review

Wood reviewed information from the 2018–2019 campaign. Drilling was in progress at the time of the database cut-off date of June 12, 2019. Wood was provided with a database export in .csv format for data tables corresponding to collar, survey, assay, geology, and density.

Supporting documents for collar surveys were reviewed for 94 core and 320 RC drill holes. Wood compared the coordinate data of 414 drill holes recorded in the database against the data recorded in their corresponding supporting document. A total of 31 drill holes were not consistent with survey certificates. Errors were commonly <1 m and are considered to be data entry errors.

Wood compared the downhole survey records from the database against the corresponding supporting survey documents for 16 core drill holes. Two drill holes were not consistent with certificates. Wood checked the downhole survey records for anomalous changes in dip and azimuth (deviations of three degrees or more in 10 m of depth) and possible transcription errors. Two anomalous records were detected and removed from the survey data. The database included data for IN surveys, OUT surveys, and an average of the IN/OUT surveys. Wood recommended that the average of the two surveys be used as the final survey.

Wood compared database entries to all assay certificates and no significant discrepancies were identified.

The review of geology database of 147 drill holes equivalent to 4,683 intervals produced 187 (3.9%) inconsistent intervals when compared to geology logging. These inconsistencies were attributed to manual data entry errors and corrected in the database.

Wood compared available density certificates with the database for 2,232 density determinations (92% of the database). Wood observed that 67 samples (3%) were not consistent with certificates, 79 samples (3.5%) were not stored in the database, and 46 samples (2%) were not found in certificates. Wood checked calculations for apparent density and moisture and no errors were found.

Wood reviewed QA/QC data for the period January to July 2019, representing the 2018-2019 drill campaigns. Atlantic Nickel data tables indicate the use of only one blank material, and no certificate was available for this blank. Wood reviewed the coarse blank results for copper, nickel, platinum, and palladium and concluded that there was no evidence of material contamination. The current blank may not be truly blank for copper. Wood recommended that two types of blank samples be used, and that those samples be truly blank for the elements of interest. Coarse blanks are intended to detect contamination at the crusher or pulverizer. Pulp blanks are used to detect contamination in the analytical instruments.

The error rate for gold pulp duplicates was considered to be outside the 10% limit (12.8). These results should be monitored by Atlantic Nickel. Some of these errors may be due to sample swaps and should

be investigated. Variability in low grade samples could be due to deposit type and may be due to proximity to the detection limit.

The results of the four standards used by Atlantic Nickel from January to July 2019 showed that the coefficients of variation for all standards were above the 5% limit considered to be the upper limit of acceptability. The results showed significant problems with precision. Wood recommended that these standards be monitored closely, and if possible, standards with lower coefficients of variation should be researched and used in future programs. Wood noted that some outliers were identified, and these outliers should be verified in real time and, if required, sample batches be submitted for re-assay.

12.1.3.3 Principal Component Analysis

Wood performed a principal component analysis in 2019 to investigate the geochemical profiles of sample results from the 2018–2019 drill campaign and related NiS. Figure 12-1 summarizes the principal component analysis (PCA). The following conclusions were made from the PCA analysis:

- It is not prudent to use the logged lithology to separate the data into lithological units when MgO data are available. The logged lithology does not correlate well with MgO, which is a critical element in the rocks at Santa Rita; however, logged lithology may be used in the absence of MgO data.
- MgO is a much better discriminator than logged lithology and should be used as follows:
  - 0–15% MgO: mixed lithologies, but primarily gabbronorite and contains little available Ni;
  - 15–33% MgO: pyroxenite (including websterite) with variable Ni content;
  - >33% MgO: peridotite with variable Ni content.
- The limits above will not mix low and high MgO lithologies and will produce a cleaner estimate.
- There is little correlation of total nickel (NiT) or NiS with MgO.
- There is significant correlation of NiS with NiT that can be used to estimate NiS values for drill intervals without NiS analyses.

The CP from Wood derived a series of NiS equations to estimate the NiS values in sample intervals without NiS analyses and recommended the following equations to estimate NiS for sample intervals not analysed for NiS:

- For peridotite: $NiS_{peridotite} = 1.04581 * NiT - 0.20922$. Based on the 2018–2019 and 2014 data, the NiS distribution in peridotites was biased low in previous Mineral Resource estimates. This estimator eliminates the underestimate and is consistent with both of the available data sets. This estimator is recommended for proper geostatistical evaluation and Mineral Resource estimation.
- For pyroxenite: $NiS_{pyroxenite} = 1.00775 * NiT - 0.08368$. It is noted that this equation is essentially identical to the Santa Rita legacy equation.
- For mixed lithologies: no reliable estimation methodology. All overburden and saprolite samples should be considered to have no NiS as all of the Ni in those materials is oxidised and occurs as nickeliferous limonite [(Fe,Ni)O(OH)] and garnierite (a hydrous nickel silicate). NiS in gabbronorite should be considered to be 100% of the NiT. It is very unlikely that any significant Ni is found in the lattice of any of the minerals in these rocks.
- For those samples that do not have analysed MgO, the CP recommended that the logged lithology be used to place the samples into peridotite, pyroxenite, or mixed units and that the NiS be estimated as indicated above. It is likely to result in about 5% to 10% misclassifications of lithology, which is considered acceptable.

The Wood CP concluded the 2019 NiS formulae are based on a much larger (65%) NiS dataset and increases the statistical significance of the derivations. In addition, the additional data are located in the first four years of the open pit mine plan for Santa Rita.

This work was periodically updated to verify that the equations do not change with additional drilling. The latest update was in 2021, in which the earlier equations were verified. Updated equations were generated but those were insignificantly different than earlier equations and the CP recommended no change in the equations.

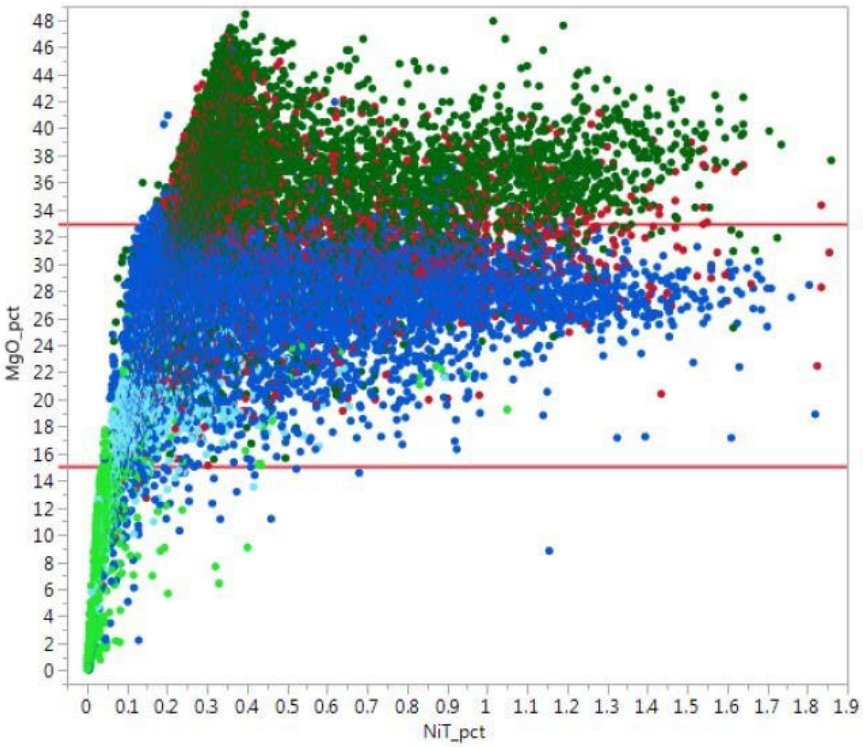


Figure 12-1: Proposed MgO Boundaries (15% and 33% MgO)

12.1.4 GeoEstima Review

12.1.4.1 Database Checks

Mr. Rojas completed the following checks on the entire database with more emphasis on the more recent drilling from 2018 to 2022:

- Collars for obvious location errors;
- Downhole surveys for excess deviations;
- Assays for out-of-range values, duplicate sample numbers, etc.;
- Lithology tables for missing data, lithologies with <10 occurrences in the database (lithology that required combination with other codes to be modelled);
- Recalculated density values from raw data and checked for out-of-range data.

Mr. Rojas validated the Santa Rita database used for Mineral Resource estimation prior to January 2021. He also checked the data for the additional drill holes that were drilled after the cut-off date for Mineral Resources evaluation. No issues were encountered that precluded the use of the drill data in future Mineral Resource update.

Mr. Rojas checked the data used in support of evaluation of the Palestina exploration potential, and identified no issues, however, the drill holes carried out after January 2021 should be used for new grade modelling and the preparation of an initial resource estimate.

12.2 CP Opinion on "Item 12 Data Verification"

- Checks performed by Atlantic Nickel staff, including QA/QC checks on the assay data and geological data are in line with industry standards for data verification. These checks have identified no material issues with the data or the Project database.
- The CP personally verified data supporting the estimates. As a result of the data verification, the CP concludes that the data and database are acceptable for use in Mineral Resource and Mineral Reserve estimation.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Introduction

Commissioning of the process plant was completed in October 2009, production of nickel concentrate commenced in November 2009, and commercial production was declared in January 2010.

In 2020, two new testwork programs were initiated. One was designed to generate information to produce a geometallurgical model for the open pit ore. This comprised comminution and flotation work. The second program was to test the underground material and also comprised comminution and flotation testing. Part of this testwork on underground material was reported in the internal 2021 NI 43-101 Technical Report (MTS et al., 2021) but the report on variability testing was only issued in November 2021. These later results are now summarised in this report.

The Santa Rita process plant consists of crushing, grinding, flotation, thickening, and filtration unit operations to produce a saleable nickel concentrate. Additional metals such as copper, cobalt, platinum, palladium, and gold are also contained in the concentrate at payable levels.

Information in Sections 13.2.1, 13.2.2, and 13.2.3 is reproduced from RPA (2015).

13.2 Metallurgical Testwork

13.2.1 Historical Testwork

A comprehensive testwork program was undertaken prior to the start of production on the nickel sulphides to determine the mineralogical, comminution, and metallurgical properties of the various mineralised zones within the deposit.

Preliminary metallurgical testwork began in July 2005 with a number of samples submitted to SGS Lakefield for flotation testwork. Subsequent testwork was completed at a number of testing facilities across Australia. These facilities included:

- Pontifex and Associates, Australia (Pontifex): ore dressing and mineralogy testwork and analysis;
- JKTech, University of Queensland, Australia (JKTech): mineralogical testwork and analysis;
- AMMTEC Ltd, Australia (AMMTEC): flotation and comminution testwork;
- Independent Metallurgical Laboratories Pty. Ltd., Australia (IMM): flotation testwork;
- SGS Lakefield, Canada (SGS Lakefield) and SGS Lakefield Oretest, Australia (SGS Lakefield Oretest): flotation and heap leach testwork and analysis;
- TUNRA, Australia (TUNRA): bulk solids characterisation.

A summary of the results of the metallurgical testwork is provided in Table 13-1. The key design criteria for the Santa Rita process are presented in Table 13-2.

Table 13-1: Summary of Metallurgical Testing
ACG Acquisition Company Limited – Santa Rita Mine

Test	Laboratory	Result
Comminution	Orway Mineral Consultants (Phases 1 & 2) GRD Minproc (Phase 3)	Samples were of medium competency in terms of crushing and were in the medium to high range in terms of milling. Samples displayed amenability to SAG milling. Abrasive properties and wear rates were between 0.346 and 0.40.
Batch flotation testing (five phases)	IMM and AMMTEC	Phases 1-3 focused on optimising concentrate grade and recovery for the different ore domains. Phase 4 utilised composite samples. Phase 5 focused on optimisation of grind size to produce the highest concentrate grade, recovery and Fe/Mg ratio. Optimum flotation feed grind size was approximately 125 µm.
Locked cycle testing	AMMTEC	6-cycle locked cycle flotation tests completed on composite samples. Concentrate grades varied from 12.2%–15.2% Ni, recoveries ranged from 67.1%–73.8% and the mass pulls were from 2.84%–3.44%.
Bulk flotation testing	AMMTEC	Conducted to produce product for marketing purposes. A total of 4.6 kg of concentrate assaying 13.9% Ni, 4.5% Cu, 10.1% MgO and 25.4% Fe was produced.
Flash flotation	AMMTEC	To evaluate the benefit of inclusion of a flash flotation unit. Negative results.
Bulk solids	TUNRA	Bulk solids results indicated an easy handling material with angle of repose of 43° at the worst case moisture content.
Tailings and concentrate thickener design	Outokumpu Technologies	Tailings sample produced from bulk flotation test. Concentrate sample sourced from a 500 kg locked cycle test. Four flocculants were tested, Magnafloc 342 was found to be most suitable for tailings and concentrate at a dosage of 10 g/t. Dynamic thickening tests attained a solids loading of 0.97 t/m2h at an underflow density of 67.0% w/w solids for the tailings and a solids loading of 0.25t/m2h at an underflow density of 75.5% w/w for the concentrate.
Tailings storage design	Golder Associates	The testwork described the tailings material as a sandy silt and silty sand with 100% passing 300 µm and a P_{80} of approximately 110 µm. The calculated tailings solid density was 3.20 g/cm3. Permeability testwork showed approximate permeability rates of 6.5 x 10-7 m/s and 6.6 x 10-7 m/s.
Flotation and heap leaching	SGS Lakefield and SGS Lakefield Oretest	Initial flotation testing and testing to evaluate the option of using heap leach methods to recover laterite nickel. Testing showed that approximately 70% of the nickel was likely recovered at a relatively low acid addition rate.

Table 13-2: Key Design Criteria
ACG Acquisition Company Limited – Santa Rita Mine

Item	Test	Unit	Value
Physical properties	UCS	MPa	86.6
	Crushing work index	kWh/t	23.2
	Bond work index-rod mill	kWh/t	18.4
	Bond work index-ball mill	kWh/t	20.4
	JK drop weight A x b	—	41.3
	SAG mill comminution SMC DWi	kWh/m3	7.48
	Abrasion index	—	0.346
Flotation	Optimum mill product size, P_{80}	µm	125
	Nickel feed grade	%	0.61
	Nickel concentrate grade	%	13.0
	Nickel recovery	%	~70
Thickening	Settling rate	t/m2h	0.95
	Underflow density	%w/w solids	65.0

Note: UCS = unconfined compressive strength, A x b = breakage parameters, SAG = semi-autogenous grinding, SMC = SAG mill comminution test, DWi = drop weight index

13.2.2 Mineralogy

Pontifex conducted mineralogical analyses of the flotation feed material and a number of the metallurgical testwork products with the following results:

- The dominant sulphide minerals in the Santa Rita deposit are pentlandite, pyrrhotite, pyrite, chalcopyrite and violarite. The major gangue materials were identified as olivine, orthopyroxene, serpentine and chrome spinel.
- The recoverable nickel (sulphide) was found to be predominantly in pentlandite, violarite and pyrite.
- Copper was primarily associated with chalcopyrite. Iron is most abundant in pyrite (~47%), less abundant in pentlandite, chalcopyrite and chrome spinel.
- The PGEs were identified as most likely to be in pentlandite, though due to the low concentrations in the samples, this was difficult to confirm.
- The investigation also indicated a number of key points about the gangue minerals including:
    - Between 0.24% Ni and 0.3% Ni is associated with olivine, between 0.05% and 0.1% Ni with orthopyroxene and approximately 0.09% Ni with chrome spinels;
    - Silicates contain approximately 110 ppm Co;
    - The majority of the iron occurs in olivine (11%–12%), serpentine (5%–9%) and orthopyroxene (8%).

Based on the mineralogical findings, in particular the deportment of nickel and magnesia, Mirabela Brazil subdivided the orebody into three domains, orthopyroxenite (P domain), olivine orthopyroxenite (O domain), and harzburgite (H domain).

In the P and O domains, most of the nickel is hosted in sulphides and, therefore, is recoverable. In the H domain, nickel is divided more evenly between sulphides and gangue minerals. Consequently, the P and O domains have a high proportion of recoverable nickel and the H domain has a lower proportion of recoverable nickel.

13.2.3 Review of Process Plant Performance

Monthly average nickel recovery for the Santa Rita process plant averaged 55% from 2011 to late 2014. The performance varied more than is typical for sulphide flotation, ranging from 44% to 63%. The site used the following formula to estimate the overall process plant recovery:

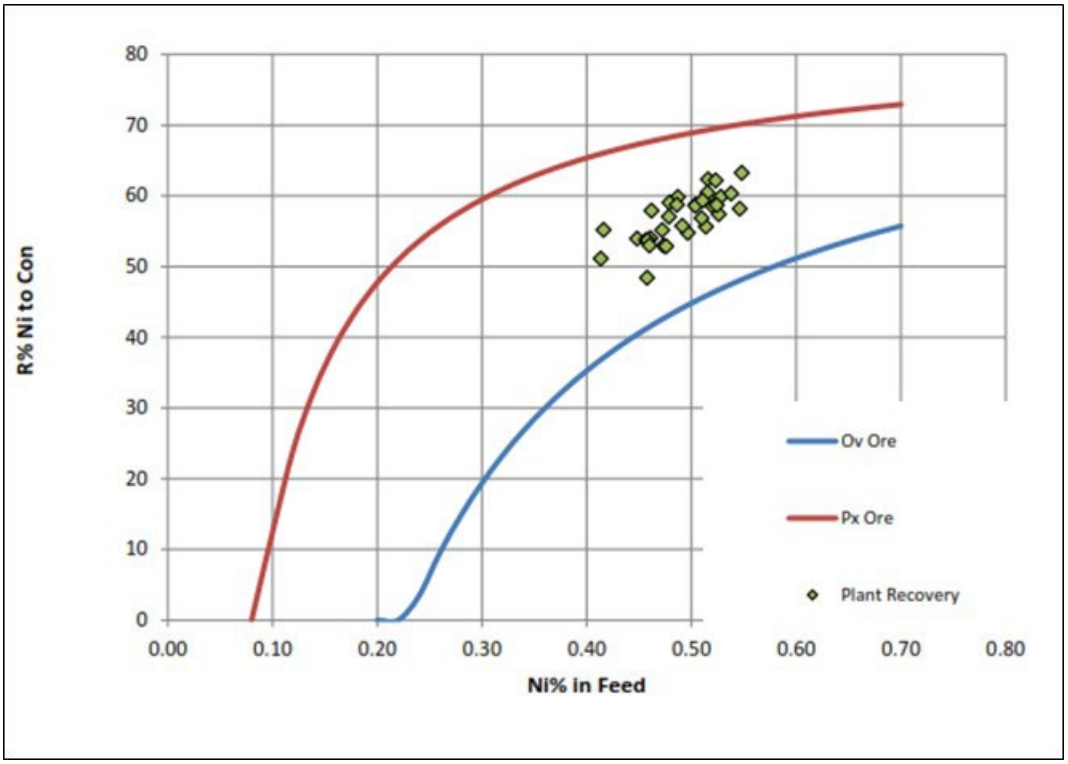
$$\text{Recovery} = [14.347 * \left| \ln \left[\frac{Ni_T * S}{MgO^2} \right] \right. + 169.2] * 0.96$$

This formula was developed empirically by the plant team to estimate the process plant recovery of the total nickel grade (NiRec) using the sulphur and MgO contents in addition to the total nickel assay. The formula was developed from plant performance data on a blend of rock types.

On the basis of work carried out during the course of updating the 2014 Mineral Resources and Mineral Reserve estimates, two domains were modelled, as for all practical purposes the unrecoverable silicate nickel component is of the order of 0.20% to 0.25% Ni for the olivine-dominant lithologies, and is of the order of 0.10% Ni for the pyroxene-dominant lithologies. The dunite, harzburgite, and olivine pyroxenite units were therefore grouped into one unit (olivine-dominant or Ov). The pyroxenite, websterite, and gabbro units were also grouped into one unit (pyroxenite-dominant or Px).

Using these two metallurgical domains, the recovery vs. head grade curves were constructed and compared with the historical metallurgical performance using a constant tailings approach, i.e., assuming the silicate nickel component is constant within each rock type. The actual grade-recovery curves fell between the two model lines (Figure 13-1). As the process plant feed has been a blend of the two principal metallurgical rock types over time, this was the expected outcome and confirmed the concept.

Using these assumptions, the only data that is required to estimate recovery is the total nickel assay and lithological category (Ov or Px). The fact that the recovery model (which is independent of the plant data) describes the process plant data indicates that it is both descriptive and predictive.



Source: RPA (2015).

Figure 13-1: Recovery versus Head Grade

An area of significant concern to the site personnel was the high number of ore types that were used in grade control maps and marked out for separate mucking. The procedure was expensive to follow and ineffective in providing a consistent feed to the process plant. It was proposed by site personnel that the material categories be reduced to the following four types:

- Pyroxenite-hosted ores
- Harzburgite-hosted ores
- Marginal-grade ore
- Waste

Site personnel discussed the concept of feeding a single ore type to the process plant on a campaign basis, accumulating the second ore type for later treatment. This strategy was not feasible at the time because the amount of recoverable nickel in the ore was not known with certainty.

13.3 Review of Operations from 2012 to 2016 and January 2020 to December 2022

A summary of the operating results from July 2012 to March 2016 (after implementation of desliming cyclones in the ball mill classification circuit) is provided in Table 13-3. In 2015, the process plant operated for 11 months. In 2016, the process plant operated for three months.

Table 13-3 shows a variation in annual total nickel recovery from 48.6% to 59.9% over the period 2012–2016. These results were calculated from the process plant mass balances and total nickel assays on the plant feed and concentrate. The nickel sulphide recovery was calculated from the geologist's estimate of the percentages of pyroxenite and harzburgite in the feed and the global

assumption that the pyroxenite and harzburgite contained 0.1% and 0.23% respectively of nickel as silicate. The reason for using this assumption was the difficulty of assaying for nickel sulphides in the presence of nickel silicates. Also, over the indicated period the process plant operation was focused on total nickel recovery.

Table 13-3 also shows that the nickel sulphide recovery varied from 78.2% to 84.9% over the period July 2012 to March 2016. However, in the last year of operation the monthly nickel sulphide recoveries calculated from the method described in the paragraph above ranged from 86% to >100%. This coincided with a period when the estimated percentage of harzburgite in the process plant feed increased to 85% from January 2012 to June 2015. The reported nickel sulphide recoveries were corrected by the operations staff to between 84% and 85%. The cause of the recovery over-estimation was very likely an over-estimation of the percentage harzburgite in the plant feed; hence, the calculated percent nickel silicate content in the plant feed was too high, or inversely, the calculated percent NiS content was too low. (Note: in this report NiS is used as the % Ni associated with nickel sulphides and NiT is used as the % Ni in all associations). Subsequently, Mirabela Brazil developed nickel sulphide analytical techniques to avoid this issue. The average percent NiS recovery over the period July 2012 to June 2015 was 81% (prior to the increase in harzburgite content) with a monthly range of 71.2% to 87.8%. The maximum theoretical percent NiS recovery was approximately 90% due to losses of 8% to 10% in the desliming circuit.

The plant was re-commissioned in October 2019; the operating results from January 2020 to December 2022 are shown in Table 13-4. The average NiS recovery over this period was 79.1%. From October 2020 onwards operations stabilised. The average NiS head grade (January 2021 to December 2022) increased to an average of around 0.300% compared to 0.250% for 2019 and 2020. This coincided with an improvement in the NiS recovery over the same period to an average of 80.1% compared to 76.5%.

The only significant deleterious elements in the concentrate are magnesium oxide–silicate complexes. These can cause slag viscosity problems in smelting; hence, it is important to minimize the content of this material in the concentrate and maintain the Fe/MgO ratio within the ranges shown in Table 13-5 and Table 13-6 to avoid penalties.

The nickel concentrate also contained payable quantities of copper, cobalt, gold, platinum, and palladium as shown in Table 13-5 and Table 13-6.

Table 13-3: Summary of Operating Results (July 2012 to March 2016)
ACG Acquisition Company Limited – Santa Rita Mine

Year	Feed (t)	Total Ni in Feed (t)	NiT in Feed (%)	NiS in Feed (%)	Conc. Produced (t)	Ni in Conc. (t)	NiT in Conc. (%)	NiT Recovery (%)	NiS Recovery (%)
2012 (5 months)	2,971,182	15,673.66	0.527	0.383	63,412	9,340	14.73	59.6	82.0
2013	6,528,071	29,645.58	0.454	0.297	107,681	15,627	14.51	52.7	80.7
2014	5,944,071	24,783.47	0.417	0.259	86,684	12,048	13.90	48.6	78.2
2015 (11 months)	5,424,973	25,667.81	0.473	0.289	105,408	14,831	14.07	57.8	84.9
2016 (3 months)	1,106,210	5,708.38	0.516	0.298	23,762	3,417	14.38	59.9	84.3
Total	**21,974,507**	**101,478.91**	—	—	**386,947**	**55,263**	—	**54.5**	**81.4**

Note: NiT = total nickel, NiS = sulphide nickel, conc. = concentrate.

Table 13-4: Summary of Operating Results (January 2020 to December 2022)
ACG Acquisition Company Limited – Santa Rita Mine

Month/ Year	Feed (t)	Total Ni in Feed (t)	NiT in Feed (%)	NiS in Feed (%)	Conc. Produced (t)	Ni in Conc. (t)	NiT in Conc. (%)	NiT Recovery (%)	NiS Recovery (%)
Jan-20	319,500	1,165.65	0.365	0.263	4,644	639.53	13.77	54.86	76.14
Feb-20	301,157	1,063.28	0.353	0.255	4,210	595.42	14.14	56.00	77.57
Mar-20	357,419	1,266.53	0.354	0.254	4,803	643.68	13.40	50.82	70.99
Apr-20	304,462	1,036.51	0.340	0.241	4,349	575.20	13.23	55.49	78.42
May-20	267,101	974.61	0.365	0.241	3,902	530.40	13.59	54.42	82.30
Jun-20	467,481	1,755.43	0.376	0.268	7,207	983.64	13.65	56.03	78.52
Jul-20	411,529	1,454.96	0.354	0.254	5,887	784.59	13.33	53.93	75.06
Aug-20	366,465	1,214.44	0.331	0.223	4,459	605.26	13.57	49.84	73.93
Sep-20	367,605	1,335.11	0.363	0.252	5,274	697.70	13.23	52.26	75.33
Oct-20	444,402	1,745.61	0.393	0.269	6,848	921.96	13.46	52.82	77.16
Nov-20	392,184	1,580.48	0.403	0.278	6,273	842.75	13.43	53.32	77.34
Dec-20	457,227	1,890.61	0.413	0.295	7,703	1,052.45	13.66	55.67	78.04
Jan-21	506,144	2,118.37	0.419	0.300	8,990	1,213.46	13.50	57.28	79.96
Feb-21	479,739	1,881.88	0.392	0.297	8,202	1,125.14	13.72	59.79	79.04
Mar-21	538,314	2,048.93	0.381	0.286	9,139	1,214.89	13.29	59.29	78.95
Apr-21	528,042	2,265.12	0.429	0.322	10,046	1,357.50	13.52	59.93	79.87
May-21	425,888	1,831.17	0.430	0.316	8,002	1,108.39	13.85	60.53	82.26
Jun-21	512,482	2,071.09	0.404	0.309	9,204	1,256.46	13.65	60.67	79.31
Jul-21	474,133	1,905.41	0.402	0.314	8,707	1,175.25	13.50	61.68	79.00
Aug-21	533,416	2,053.65	0.385	0.306	9,597	1,303.45	13.58	63.47	79.84
Sep-21	532,700	1,899.23	0.357	0.296	9,232	1,230.05	13.32	64.77	78.03
Oct-21	553,888	2,140.14	0.386	0.298	9,758	1,313.72	13.46	61.38	79.53
Nov-21	453,300	1,838.74	0.406	0.303	7,945	1,081.16	13.61	58.80	78.06
Dec-21	511,190	2,258.66	0.442	0.326	9,598	1,321.95	13.77	58.53	79.23
Jan-22	513,680	2,273.55	0.443	0.324	10,144	1,361.64	13.42	59.89	81.74
Feb-22	489,051	2,310.76	0.472	0.338	9,575	1,329.37	13.88	57.53	80.42
Mar-22	483,971	2,034.86	0.420	0.306	8,307	1,161.11	13.98	57.06	78.38
Apr-22	527,687	2,317.01	0.439	0.310	9,349	1,309.80	14.01	56.53	80.09
May-22	588,663	2,409.48	0.409	0.300	10,025	1,394.76	13.91	57.89	78.92
Jun-22	556,287	2,427.76	0.436	0.322	10,196	1,437.68	14.10	59.22	80.30
Jul-22	586,324	2,492.21	0.425	0.311	11,021	1,483.54	13.46	59.53	81.41
Aug-22	528,135	2,112.61	0.400	0.298	9,645	1,267.98	13.15	60.02	80.61

Month/ Year	Feed (t)	Total Ni in Feed (t)	NiT in Feed (%)	NiS in Feed (%)	Conc. Produced (t)	Ni in Conc. (t)	NiT in Conc. (%)	NiT Recovery (%)	NiS Recovery (%)
Sep-22	583,925	2,219.80	0.380	0.279	9,565	1,279.71	13.38	57.65	78.64
Oct-22	546,340	1,972.45	0.361	0.265	8,755	1,175.94	13.43	59.62	81.12
Nov-22	574,242	2,136.18	0.372	0.268	9,488	1,272.05	13.41	59.55	82.66
Dec-22	572,337	2,152.0	0.376	0.297	10,771	1,440.08	13.37	66.92	84.67
Total	**17,056,407**	**67,654.29**	**0.397**	**0.292**	**290,821**	**39,487.65**	**13.58**	**58.37**	**79.31**

Note: NiT = total nickel, NiS = sulphide nickel, conc. = concentrate.

Table 13-5: Other Metal Recoveries and Grades (July 2012 to March 2016)
ACG Acquisition Company Limited – Santa Rita Mine

Element	Average Recovery (%)	Recovery Range (%)	Average Conc. Grade	Average Conc. Grade Range
Copper	68.4	55.6–80.8	3.9%	3.0–4.6%
Cobalt	28.7	21.8–42.7	0.26%	0.22–0.27%
Gold	n/c	n/c	1.2 g/t	0.9–1.6 g/t
Platinum	n/c	n/c	2.2 g/t	1.6–2.6 g/t
Palladium	n/c	n/c	1.2 g/t	0.9–1.7 g/t
Fe/MgO ratio	n/a	n/a	3.27	3.00–3.72

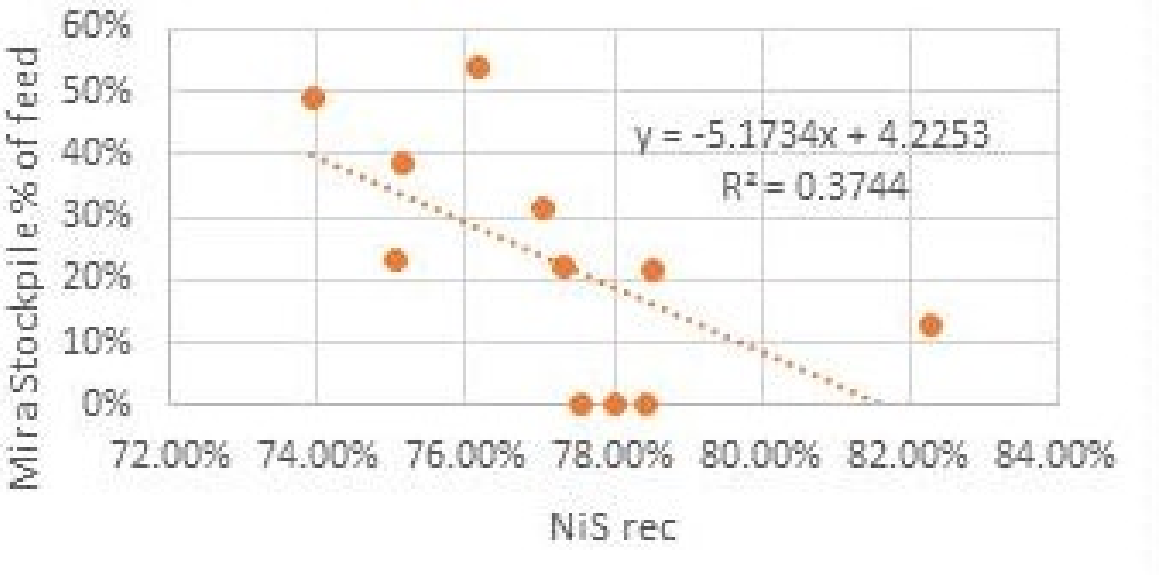
Note: n/c = not calculated; n/a = not applicable.

Table 13-6: Other Metal Recoveries and Grades (January 2020 to December 2022)
ACG Acquisition Company Limited – Santa Rita Mine

Element	Average Recovery (%)	Recovery Range (%)	Average Conc. Grade	Average Conc. Grade Range
Copper	77.5	68.6–84.2	4.4%	3.9–5.5%
Cobalt	33.7	26.1–39.8	0.25%	0.22–0.27%
Gold	n/c	n/c	1.0 g/t	0.8–1.1 g/t
Platinum	n/c	n/c	2.2 g/t	1.7–2.7 g/t
Palladium	n/c	n/c	1.5 g/t	0.9–1.8 g/t
Fe/MgO ratio	n/a	n/a	3.30	3.00–4.31

The first half of 2020 was a difficult period for the operation. Firstly, heavy seasonal rains flooded the open pit before adequate dewatering capacity could be installed. This restricted the rate at which ore which could be accessed was mined from the open pit and consequently increased the operation's processing of historically stockpiled material. This historically-stockpiled material has less certain lithological composition and may have experienced some degree of sulphide oxidation, both generally unhelpful to plant performance. Figure 13-2 demonstrates the impact of the percentage of stockpile material in the feed on NiS recovery.

Secondly, primary crushing throughput suffered when, in January 2020, the bottom shell of the gyratory crusher was found during a visual inspection to be cracked and requiring replacement. Recommissioning of the existing jaw crusher and securing additional mobile crushing capacity helped to restore sufficient reliability and throughput capacity to crushing activities on site. The bottom shell of the gyratory crusher was replaced in May 2020, and from June 2020 onwards the throughput began to stabilize. Over the period January 2022 to December 2022, the plant processed 6.59 Mt of ore compared to the schedule of 6.50 Mt.

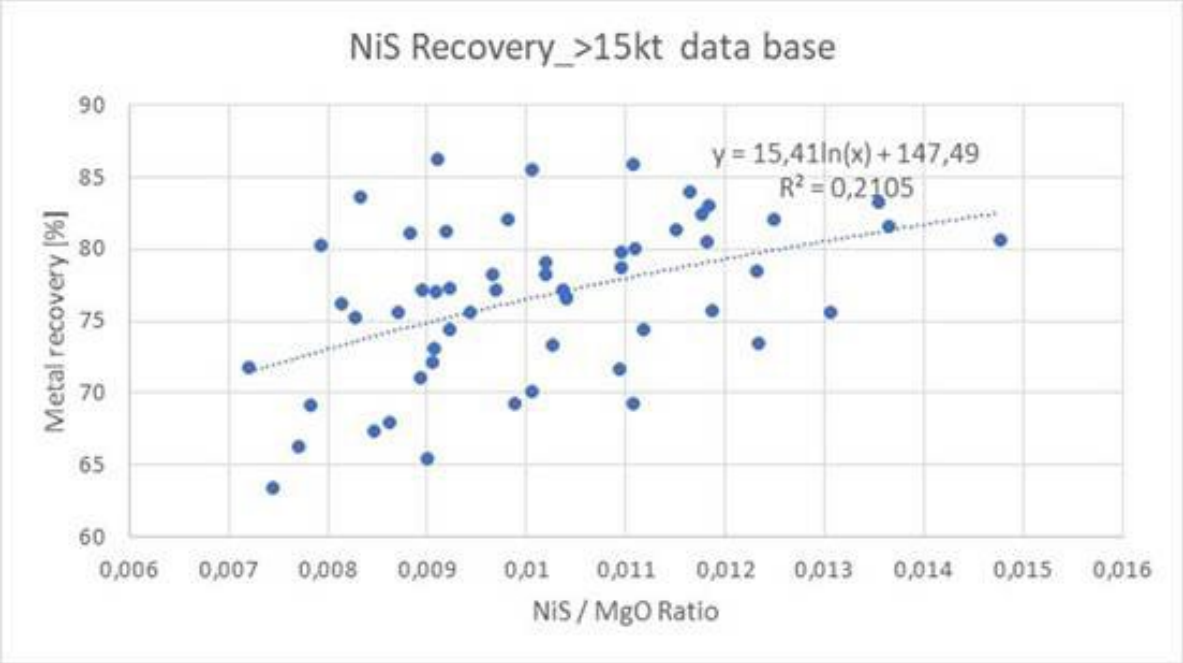


Source: Atlantic Nickel, 2021.

Figure 13-2: NiS Recovery vs % Old Stockpile Material in Feed

The use of historically stockpiled materials and large variations in plant throughput during this period affected flotation performance. From October 2020 through March 2021, as mining rates improved and the use of historically stockpiled material declined, improved NiS feed grades of 0.287% were observed compared to the 0.250% obtained during the nine months prior. This improvement and a more consistent period of plant throughput coincided with an improvement in the NiS recovery to an average of 78.4% compared to 76.5%. The recoveries of other metals are shown in Table 13-6.

Atlantic Nickel staff collected raw data from plant operations from June 1, 2020 to October 18, 2020 (131 data points). Data were culled when the plant treated less than 15,000 t/d (leaving 55 data points). The logic for this was to consider only the days when the operation was stable. Previous work has shown that the percentage of MgO in feed affects recovery. Figure 13-3 shows the relationship between the NiS recovery and the NiS/MgO ratio. While the R^2 value of 0.2105 is not strong, there is a trend between these variables. Atlantic Nickel used this regression equation for NiS recovery forecasting up to June 2022 when a more robust model was developed from the plant results over the period January 1, 2021 to December 30, 2021.



Source: Atlantic Nickel, 2021

Figure 13-3: NiS Recovery vs NiS/MgO Ratio for Culled Data

This model was based on a strong relationship between the enrichment ratio (%NiS in concentrate/%NiS in feed) and the % mass pull to the concentrate. The regression equation derived from the data was:

$$\text{Enrichment ratio} = 69.268*(\%\text{ concentrate mass pull})^{0.762} \text{ with an } R^2 \text{ of } 0.7931$$

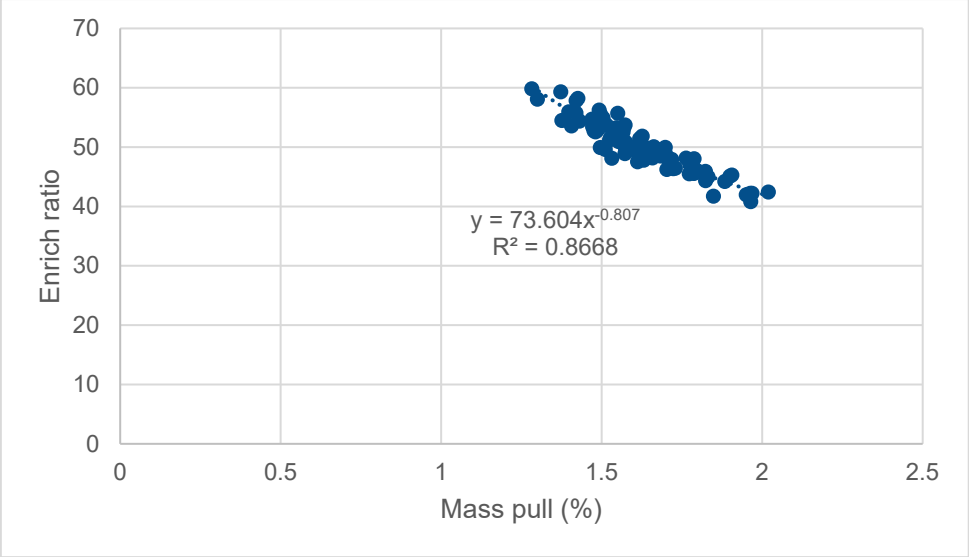
Table 13-4 shows that the %NiS in concentrate is relatively constant at around 13.5%; hence, using this equation at a 13.5% NiS concentrate grade the NiS recovery is:

$$\text{Recovery} = (13.5/\text{Head Grade})*EXP(((LN((13.5/\text{Head Grade}) - LN(69.268)))/(-0.762))$$

Over the period September to December 2022, 90 plant daily data points were used to derive a new enrichment ratio versus concentrate mass pull equation. The results are shown in Figure 13-4 where the R^2 improved to 0.8668. At a 13.5% NiS concentrate grade the NiS recovery is:

$$\text{NiS Rec} = (13.5/\text{NiS head grade})*EXP(((LN(13.5/\text{NiS head grade})-LN(73.604)))/(-0.807))$$

This equation was used to determine the NiS recoveries in the LOM production schedule.



Source: Atlantic Nickel, 2022.

Figure 13-4: %NiS in Concentrate/%NiS Head Grade versus %Concentrate Mass Pull

13.4 Geometallurgical Testwork for Open Pit Ore

13.4.1 Introduction

Atlantic Nickel carried out a drilling campaign to provide samples of pyroxenite, olivine-pyroxenite, and harzburgite lithologies for a metallurgical testing program to characterize the main lithological types and confirm the experimental procedures in preparation for a geometallurgical variability program. The lithological testing program comprised six pyroxenite and six harzburgite samples taken at the surface and at depth from the north, central, and south zones in the pit. These samples were used for the comminution tests. The flotation tests were carried out on composites of pyroxenite, harzburgite, and olivine-pyroxenite.

The geometallurgical samples were taken from 14 drill holes and comprised 32 pyroxenite, 12 harzburgite, and seven olivine-pyroxenite samples.

All samples were sent to SGS Geosol. This laboratory carried out the sample preparation, chemical analysis, Bond protocol comminution testing, and the flotation testwork. Quantitative evaluation of materials by scanning electron microscopy (QEMSCAN) mineralogical analysis was conducted at SGS Lakefield in Canada, and the SMC protocol comminution testing was done at SGS Chile. JKTech of the University of Queensland, Australia analysed the SMC data. The results were reported by SGS Geosol in April 2021.

13.4.2 Lithology Testing

13.4.2.1 Mineralogy

Composites of pyroxenite, olivine pyroxenite, and harzburgite were subjected to QEMSCAN analysis to determine the mineral compositions and mineral associations.

In summary:

- There was good agreement between the chemical and QEMSCAN assays.
- The gangue minerals are mainly magnesium silicates (orthopyroxene, clinopyroxene, olivine and serpentine).

- Pentlandite and chalcopyrite are the main nickel and copper sulphide minerals.
- Pyrite and pyrrhotite are the main iron sulphides.
- The pentlandite grain sizes vary between 26 µm and 33 µm; chalcopyrite grain sizes vary between 24 µm and 26 µm.
- The gangue mineral grain sizes vary between 39 µm and 56 µm.
- Mineral liberation: Pentlandite liberation at a grind size P_{80} of 125 µm is 85% free and liberated in pyroxenite, 84% in olivine-pyroxenite and 76% in harzburgite; the respective liberations for chalcopyrite are 75%, 70%, and 46%.

The mineralogy shows that a grind size of 30 µm would be required to achieve full nickel and copper sulphide mineral liberation. This would not be economic and would lead to nickel and copper sulphide losses in slimes. The liberation data for harzburgite shows clearly why nickel/copper sulphide recoveries are lower in this lithology compared to pyroxenite and olivine-pyroxenite.

13.4.2.2 Comminution

Comminution tests were carried out on six blends of pyroxenite ore and six blends of harzburgite ore. The blends represented the following zones in the pit: north surface, north depth, central surface, central depth, south surface, and south depth. The results of the Bond tests on this material are shown in Table 13-7.

The overall trend is that the pyroxenite ore is harder and more abrasive than harzburgite ore. The pyroxenite north ore is the hardest and most abrasive with a hardening trend with depth. This trend is reversed with pyroxenite south ore where all indices are lower at depth. The pyroxenite central ore is harder for ball milling and more abrasive at depth but softer for crushing. The harzburgite north ore is the hardest and most abrasive of this lithology set. The surface ores do not show a large variation in the indices; however, at depth there is a definite softening trend from north to south in the ball mill work index.

SMC protocol testing was carried out using three pyroxenite and three harzburgite samples as shown in Table 13-8.

The DWi and the Axb multiplier (the latter is inversely related to ore hardness) show that the pyroxenite ore is harder than harzburgite and that the northern zone is harder for both lithologies. Modelling results for the comminution circuit using the SMC data are shown in Section 13.4.3.2.

Table 13-7: Results of Bond CWi, Ai and BWi Tests on Pyroxenite and Harzburgite Ore ACG Acquisition Company Limited – Santa Rita Mine

Sample	CWi (kWh/t)	Ai	BWi (kWh/t)
Pyroxenite, north, surface	15.3	0.52	19.0
Pyroxenite, north, depth	16.6	0.62	19.5
Pyroxenite, central, surface	12.2	0.45	17.8
Pyroxenite, central, depth	9.0	0.54	18.8
Pyroxenite, south, surface	16.6	0.48	18.6
Pyroxenite, south, depth	13.4	0.46	17.7
Harzburgite, north, surface	11.0	0.14	15.0
Harzburgite, north, depth	10.0	0.21	17.2

Sample	CWi (kWh/t)	Ai	BWi (kWh/t)
Harzburgite, central, surface	9.9	0.07	15.2
Harzburgite, central, depth	8.2	0.20	16.4
Harzburgite, south, surface	9.4	0.11	14.6
Harzburgite, south, depth	10.8	0.12	14.1

Note. CWi = crushing work index, Ai = abrasion index, BWi - Bond ball mill index.

Table 13-8: Results of SMC Tests on Pyroxenite and Harzburgite Ore
ACG Acquisition Company Limited – Santa Rita Mine

Sample	DWi (kWh/m^3)	Axb	Ta
Pyroxenite- North	7.93	41.29	0.33
Pyroxenite- Central	6.63	49.30	0.39
Pyroxenite- South	7.29	43.98	0.35
Harzburgite - North	6.95	45.23	0.38
Harzburgite - Central	6.10	51.22	0.42
Harzburgite - South	6.57	46.65	0.39

Note: DWi signifies drop weight index, A, b and Ta parameters have no physical meaning but are ore hardness parameters used in SAG mill power calculations.

13.4.2.3 Flotation

Flotation tests were carried out with and without desliming.

13.4.2.3.1 Without Desliming

Flotation tests were carried under Atlantic Nickel's standard conditions using a 50:50 mix of sodium ethyl xanthate and C2430 as the collector, methyl isobutyl carbinol (MIBC) as the frother, a 50:50 mix of copper sulphate and citric acid as the activator, and sodium silicate as the dispersant. The circuit comprised one rougher stage and one scavenger stage with the concentrates combined.

The following work was carried out:

- A factorial experiment to test the effects of feed grind size P_{80}, desliming, pH and collector, activator and dispersant dosages;
- Re-cleaner tests to determine the impact of carboxy methyl cellulose (CMC) as an olivine depressant;
- Synergy tests using the best conditions to maximize recovery;
- Locked cycle tests (LCT).

Sixty factorial rougher-scavenger tests were carried out to determine the effect of the five variables listed above. The tests were carried out on four master composites (pyroxenite, olivine pyroxenite, harzburgite, and a blend). In summary, the results were:

- Decreasing the rougher feed P_{80} from 125 µm to 106 µm gave a 1% recovery increase for all composites.

- Increasing the dispersant dosage from 500 g/t to 800 g/t gave a 4% recovery increase with harzburgite and a minor concentrate grade improvement on the other composites.
- Varying the activator dosage from 50 g/t to 100 g/t had no impact.
- Increasing the collector dosage in the rougher cell from 80 g/t to 100 g/t gave a 7% recovery increase for the pyroxenite and olivine-pyroxenite composites with minimal change in the concentrate grade; the recovery increase on the blend was less than 2% and there was no effect on the harzburgite recovery.
- Lowering the pH from 9.5 to 8.5 improved the harzburgite recovery by 10% and by 2% in the blend; the effect on the other composites was not clear.

The best results from the above program in terms of NiS recovery and NiS grade in the rougher concentrate are shown in Table 13-9.

Table 13-9: Best Factorial Test Results
ACG Acquisition Company Limited – Santa Rita Mine

Lithology	NiS Recovery (%)	NiS Grade in Rougher Concentrate (%)	Main Variable Change
Pyroxenite	84.4	5.04	Rougher collector from 80 to 100 g/t
Olivine-pyroxenite	85.2	7.74	As above
Harzburgite	60.8	3.65	pH reduced from 9.5 to 8.5
Blend	76.9	6.12	pH 8.5

13.4.2.3.2 With Desliming

Desliming was carried out by cycloning the laboratory mill product with a 40 mm diameter cyclone. A series of 48 rougher-scavenger flotation tests were carried out after desliming the mill products with P_{80} of 150 µm, 125 µm, and 106 µm. In summary, the results were:

- The NiS and NiT assays in the slimes were higher than the respective head assays for pyroxenite, olivine-pyroxenite, and the blend. The assays were similar for harzburgite.
- Nickel losses to the slimes were: pyroxenite and olivine-pyroxenite - 9% to 13% of the NiS; harzburgite losses - 7%.
- Based on un-deslimed fresh feed, the recoveries and grades were inferior to those shown in Table 13-9 as can be seen in Table 13-10.
- Increasing the collector dosage in the roughers provided no recovery improvement.

The best results from this work are shown in Table 13-10.

Table 13-10: Best Test Results After Desliming
ACG Acquisition Company Limited – Santa Rita Mine

Lithology	NiS Recovery (%)	NiS Grade in Rougher Concentrate (%)	Main Variable Change
Pyroxenite	82.3	4.34	Standard conditions
Olivine-pyroxenite	80.6	6.64	As above

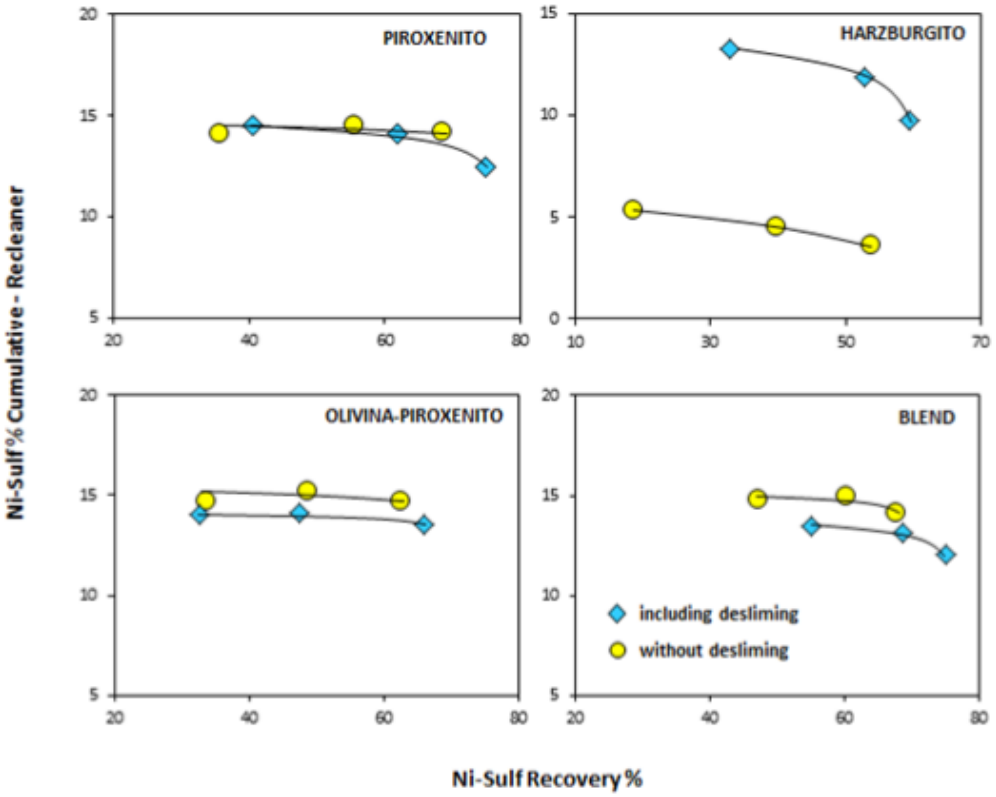
Lithology	NiS Recovery (%)	NiS Grade in Rougher Concentrate (%)	Main Variable Change
Harzburgite	55.7	4.12	106 µm primary grind size
Blend	75.8	4.86	Standard conditions

13.4.2.3.3 Cleaner Flotation

Cleaner flotation tests were carried out on the four master composites to determine the efficacy of CMC as an olivine depressant. An addition of 2.5 g/t showed significant improvements in concentrate grade and NiS cleaner recovery compared to zero addition. For pyroxenite the recovery increase was 12.4% with a 1.7% improvement in concentrate grade. The respective data for the other composites were: olivine-pyroxenite 6.8% and 1.7%; harzburgite 15.0% and -0.2%; blend 1.9% and 1.4%.

13.4.2.3.4 Synergy Tests

A series of tests were carried out to maximize the recovery in the four master composites using some of the best conditions determined from the previous tests. The circuit comprised rougher-scavengers, cleaner and re-cleaner with kinetic tests carried out on the re-cleaner. Cleaner tailings and re-cleaner tailings were not recycled. Tests were carried out with and without desliming. The grade–recovery curves are shown in Figure 13-5. They show that desliming gives inferior results except for the harzburgite composite.



Source: SGS Geosol, 2020.

Note. Piroxenito = pyroxenite, harzburgito – harzburgite, olivine-piroxenito = olivine-pyroxenite.

Figure 13-5: Grade Recovery of the Re-cleaner Concentrate in the Synergy Test

13.4.2.3.5 LCTs

Each master composite was tested with and without desliming. The circuit comprised roughing and scavenging, cleaning, and re-cleaning. The rougher and scavenger concentrates were combined and sent to the cleaner. The cleaner tailings were returned to the rougher, the cleaner concentrate passed to the re-cleaner, and the re-cleaner tailings were returned to the cleaner. Eight cycles were completed for each test.

The tests did not reach steady state. The NiS grade of the re-cleaner (final) concentrate declined in each of the eight cycles due to a build-up of silica and magnesia. For example, the silica and magnesia grades in the first cycle re-cleaner concentrate for pyroxene and olivine-pyroxene were 5%–6% and 2.5%–3.5%, respectively. After eight cycles these grades increased to 22%–24% and around 12%, respectively.

13.4.3 Geometallurgical Variability Testing

13.4.3.1 Mineralogy

Electron probe micro-analysis (EPMA) was carried on the blend, two pyroxenite, one olivine-pyroxenite, and one harzburgite variability samples. The metal contents of the minerals are shown in Table 13-11.

Table 13-11: Metal Content of Minerals
ACG Acquisition Company Limited – Santa Rita Mine

Sample	NiS %	Ni.Refrc %	S %	Fe %	Cu %	Co %	Si %	Mg %	Al %	Ca %
Pentlandite	34.0	-	33.5	31.7	0.06	0.45	-	-	-	-
Chalcopyrite	0.06	-	34.6	30.1	34.7	0.05	-	-	-	-
Pyrite	0.16	-	52.8	45.6	0.65	0.99	-	-	-	-
Pyrrhotite	0.20	-	37.8	62.4	0.05	0.07	-	-	-	-
Olivine	-	0.35	-	10.9	-	-	18.8	27.6	0.00	0.00
Orthopyroxene	-	0.09	-	7.72	-	-	25.9	18.8	0.96	0.61
Clinopyroxene	-	0.05	-	2.48	-	-	24.9	9.95	1.50	15.6
Serpentine	-	0.23	-	5.95	-	-	17.8	22.3	0.24	0.05

The pentlandite contains 0.45% cobalt and minor copper in addition to 34% NiS. The chalcopyrite contains 34.7% copper and only minor nickel and cobalt, the pyrite contains minor nickel and 0.65% copper and 0.99% cobalt. Pyrrhotite contains minor nickel, copper, and cobalt.

The gangue minerals all contain nickel, which is not amenable to flotation in this form.

The grain size distributions for the mineral were consistent with those described above in the mineralogy of the lithology samples. However, the liberation characteristics for the variability samples were worse than the lithology samples. For pentlandite, the average percentage of liberated and free particles was only 68% (Table 13-12). Chalcopyrite was lower at 44% (Table 13-13). Most of the pentlandite lost to tailings is in complex particles that are locked with other minerals and with a low exposed surface area for bubble capture (74% in olivine-pyroxenite, 81% in harzburgite, and 92% in pyroxenite). The loss of free pentlandite is also significant (20% in olivine-pyroxenite, 6% for harzburgite, and 5% for pyroxenite).

Table 13-12: Pentlandite Association
ACG Acquisition Company Limited – Santa Rita Mine

Sample	Free Pent. %	Lib. Pent. %	Pent.:Chalco. %	Pent.:FeSulf. %	Pent.:Olv./ Pyrox. %	Pent.:Serp./ Talc %	Complex %	SUM %
OPGM-01	74.1	5.35	2.49	7.25	0.50	0.25	8.83	98.8
OPGM-02	62.3	11.1	1.10	12.8	0.51	0.25	10.8	98.8
OPGM-19	60.5	10.7	0.75	4.36	0.03	4.34	18.9	99.5
OPGM-27	51.2	13.3	0.78	6.36	0.29	7.99	19.6	99.6
OPGM-29	37.3	8.97	0.90	22.0	0.57	0.16	27.7	97.7
OPGM-30	57.5	12.7	1.14	14.1	0.42	0.20	13.1	99.2
OPGM-32	24.8	17.8	1.90	17.8	0.39	0.18	35.7	98.7
OPGM-42	49.8	14.8	0.42	18.6	0.30	0.00	14.8	98.6
OPGM-43	79.5	5.13	0.65	4.13	0.43	0.10	9.33	99.3
OPGM-44	57.3	12.1	0.69	2.02	0.61	1.54	25.4	99.6
OPGM-49	68.2	4.70	1.63	7.51	0.58	0.12	16.8	99.6
OPGM-50	64.7	19.4	0.41	3.30	1.26	0.17	10.3	99.6
OPGM-51	57.1	4.96	0.86	21.8	0.07	0.45	13.4	98.7
BLEND	55.2	19.9	3.99	9.00	0.19	0.11	11.4	99.7
AVG. OPGM	57.3	10.8	1.06	10.9	0.46	1.21	17.3	99.0

Note: P_{80} 125 µm, open pit

Table 13-13: Chalcopyrite Association
ACG Acquisition Company Limited – Santa Rita Mine

Sample	Free Chalco. %	Lib. Chalco. %	Chalco.:Pent. %	Chalco.:FeSulf. %	Chalco.:Olv./ Pyrox. %	Chalco:Serp./ Talc %	Complex %	SUM %
OPGM-01	81.2	3.90	4.96	1.71	0.99	0.02	6.80	99.6
OPGM-02	29.8	3.51	1.46	0.53	0.08	0.13	63.9	99.4
OPGM-19	27.0	4.07	1.63	1.36	2.80	0.74	61.9	99.5
OPGM-27	39.2	5.34	1.83	2.43	1.90	1.13	47.2	99.1
OPGM-29	19.7	21.4	1.03	0.13	0.62	0.25	56.3	99.4
OPGM-30	46.2	2.12	6.30	0.89	0.73	0.41	42.7	99.3
OPGM-32	14.5	18.5	4.86	1.69	1.20	0.34	58.7	99.8
OPGM-42	36.7	3.72	5.59	0.70	0.37	0.00	50.7	97.8
OPGM-43	61.2	1.29	1.17	4.24	0.54	0.09	31.2	99.7
OPGM-44	12.8	10.9	4.29	4.15	1.17	0.73	66.0	100.0
OPGM-49	51.1	1.63	4.06	10.9	2.81	0.00	28.8	99.3

Sample	Free Chalco. %	Lib. Chalco. %	Chalco.:Pent. %	Chalco.:FeSulf. %	Chalco.:Olv./ Pyrox. %	Chalco:Serp./ Talc %	Complex %	SUM %
OPGM-50	35.1	9.95	1.95	12.3	1.19	0.32	38.1	98.8
OPGM-51	30.2	3.47	4.03	0.00	0.54	11.1	50.3	99.7
BLEND	47.7	0.37	12.2	3.66	1.73	1.02	32.2	98.9
AVG. OPGM	37.3	6.91	3.32	3.16	1.15	1.17	46.4	99.3

Note: P_{80} 125 µm, open pit

13.4.3.2 Comminution

Bond ball mill indices (BWi) were determined on each of the 51 variability samples. Bond Ai and SMC tests were carried out on 10 samples.

13.4.3.2.1 Bond BWi Results

A summary of the results is shown in Table 13-14.

Table 13-14: Summary of Bond BWi Results
ACG Acquisition Company Limited – Santa Rita Mine

Lithology	BWi Avg. (kWh/t	BWi Variance (kWh/t)
Pyroxenite	19.2	15.5–22.1
Harzburgite	16.2	14.2–17.6
Olivine-pyroxenite	18.7	16.7–20.0

13.4.3.2.2 SMC and Bond Ai Results

A summary of the results is shown in Table 13-15.

Table 13-15: Summary of Bond Ai and SMC Results
ACG Acquisition Company Limited – Santa Rita Mine

Lithology	Ai Avg.	Ai Variance	DWi Avg. (kWh/m^3)	DWi Variance (kWh/m^3)	A*b Avg.	A*b Variance	Ta Avg.	Ta Variance
Pyroxenite	0.20	0.14–0.34	8.5	4.9–10.7	41.1	30.1–66.5	0.33	0.29–0.53
Harzburgite	0.08	0.04–0.14	6.8	6.3–7.2	45.9	42.7–48.1	0.38	0.32–0.38
Olivine-pyroxenite	0.23	Only one sample	8.0	n/a	40.9	n/a	0.32	0.32

Note: DWi signifies drop weight index, A, b and Ta parameters have no physical meaning but are ore hardness parameters used in SAG mill power calculations

In general, the variability samples are slightly harder in all indices than the lithology samples. The trend, however, is the same in that pyroxenite is significantly harder than harzburgite. Olivine-pyroxenite is similar to pyroxenite but only seven samples were tested for BWi and one for the Ai and SMC tests.

13.4.3.2.3 JKSimMet Simulations

JKSimMet carried out a comminution circuit survey in February 2021. Pyroxenite north ore (the hardest ore) was being treated at the time of the survey. Circuit performance simulations were performed based on the survey results and the SMC tests reported in Section 13.4.3.2.2. The base case simulation treating pyroxenite north ore predicted a throughput of 855 t/h with a flotation feed P_{80} of 150 µm. However, the SAG power draw was close to the maximum motor power and the ball mill power draws were at 72% of maximum. It was commented that the SAG mill was being operated similar to an autogenous mill with a high total load of 33% and a low ball load of 8%.

Two other simulations were carried out for an ore with an Axb of 30, i.e., significantly harder than the values shown in Table 13-15. The first simulation used a SAG load of 33% (as above). The throughput fell to 755 t/h with the SAG motor operating a maximum rated power. No change was seen in the ball mill power draw. The second simulation used a 25% volume SAG mill load but with a higher ball charge. The throughput increased to 955 t/h with the SAG mill operating at 94% of full motor load. Again, there was no change in the ball mill power draw.

The required throughput to meet the LOM production plan maximum throughput of 6.6 Mt/a is 842 t/h with a plant availability of 89.5%.

13.4.3.3 Flotation

The variability testwork comprised:

- Confirmation of the flotation test conditions established in the lithology testing program but with extended rougher flotation time; tests were carried out in triplicate on the blend, pyroxenite and harzburgite composites.
- Conducting the standard test on 51 variability samples
- LCTs on the blend.

13.4.3.3.1 Confirmation Tests

The work confirmed that the standard test was reproducible with approximately a 2% NiS recovery variance within the triplicated tests at a fixed concentrate grade. The standard test was, therefore, used for the variability tests.

13.4.3.3.2 Variability Tests

The variability tests were carried out according to the standard test procedure indicated in the confirmation tests. The NiS and copper rougher average recoveries, grades, and ranges are shown in Table 13-16.

Table 13-16: Variability Rougher Recoveries and Grades
ACG Acquisition Company Limited – Santa Rita Mine

Lithology	NiS Avg. Rec. (%)	NiS Rec. Range (%)	Cu Avg. Rec. (%)	Cu Rec. Range (%)	NiS Avg. Grade (%)	NiS Grade Range (%)	Cu Avg. Grade (%)	Cu Grade Range (%)
Pyroxenite	87.8	73.2–94.9	85.0	54.3–97.5	3.96	0.98–9.20	1.45	0.3–3.21
Harzburgite	60.9	31.4–78.9	74.3	55.9–98.3	2.29	0.42–4.73	0.61	0.08–1.52
Olivine-pyroxenite	83.8	62.2–92.2	83.5	74.1–96.3	4.21	1.0–6.69	1.18	0.15–2.49
Blend	84.9	—	95.0	—	4.14	—	1.36	—

The NiS recoveries showed a wide variation in the three lithologies: 22% for pyroxenite, 48% for harzburgite, and 30% for olivine-pyroxenite. Similarly, there were also wide variations in the rougher concentrate grades. The confirmation tests showed a high level of reproducibility with the standard test; hence, the variability is more likely to be attributable to significant differences in mineralogy and grades in the feed samples rather than experimental variation.

The weighted average of the NiS recoveries considering 32 pyroxenite, 12 harzburgite, and seven olivine-pyroxenite samples was 80.9% at a weighted average rougher concentrate grade of 3.60%. The blend significantly outperformed the weighted average results, particularly with the copper recovery (95%). The lithological composition of the blend is similar to the calculated weighted composition of the variability samples and the head assays of the metals and gangue minerals are also similar. This indicates that there is a benefit to treating a blend of lithologies rather than campaigning individual lithologies.

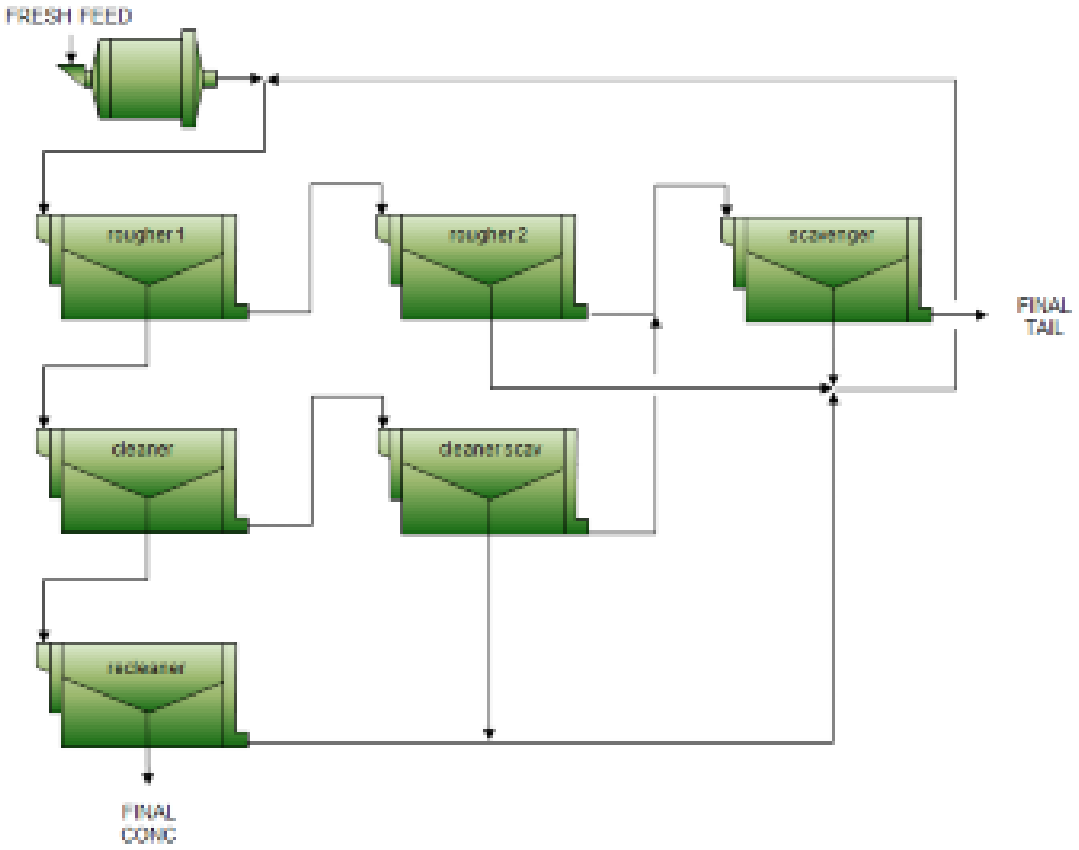
13.4.3.3.3 LCTs

As noted in paragraph 13.4.2.3.5, initial LCT work was not successful due to a build-up of gangue minerals, cycle by cycle, in the final concentrate. Three new tests were carried out with different flowsheets. The best result was obtained with the flowsheet shown in Figure 13-6.

A summary of the results is shown in Table 13-17. The results of the final unsuccessful test in the previous series are shown for comparison. A brief description of the flowsheet for each test follows:

- Test 8 (previous series):
  - No rougher 2 or cleaner-scavenger, scavenger concentrate to cleaner feed, re-cleaner tailings recycled to cleaner feed
- Test 9 (start of new series):
  - Rougher 2 added, rougher 2 concentrate, scavenger concentrate and cleaner tailings recycled to rougher 1 feed, re-cleaner tailings recycled to cleaner feed, cleaner–scavenger tailings recycled to scavenger flotation
- Test 10:
  - Rougher 2 and scavenger concentrate plus cleaner tailings and re-cleaner tailings recycled to rougher 1 feed
- Test 15 (Figure 13-6):

- Cleaner-scavenger stage added, rougher 2 concentrate, scavenger concentrate, cleaner-scavenger concentrate, and re-cleaner tailings recycled to rougher 1 feed, cleaner-scavenger tailings recycled to scavenger flotation



Source: SGS Geosol, 2021

Figure 13-6: Flowsheet for LCT 15

Table 13-17: Summary of LCT Results
ACG Acquisition Company Limited – Santa Rita Mine

Test No.	NiS Rec. (%)	Cu Rec. (%)	NiS Grade (%)	Cu Grade (%)	SiO_2 Grade (%)	MgO Grade (%)
8	80.6	89.1	10.7	3.0	25.7	13.8
9	81.8	82.2	9.9	2.8	22.5	12.1
10	76.0	67.4	11.8	3.1	15.3	8.0
15	77.0	72.7	14.8	4.2	11.7	6.0

Test 9 appears to be anomalous compared to Test 8 with lower SiO_2 and MgO grades but with lower NiS and Cu grades and similar NiS recoveries.

Test 10 has significantly lower recovery compared to Tests 8 and 9, a small improvement in NiS concentrate grade but with significantly lower SiO_2 and MgO grades.

Test 15 produced the best NiS and Cu concentrate grades at a recovery that is in line with the current plant performance. The lower SiO_2 and MgO grades were commensurate with the higher metal grades. With an NiS recovery of 77.0% and an NiS/MgO ratio of 0.0106, the result falls on the regression line shown in Figure 13-3.

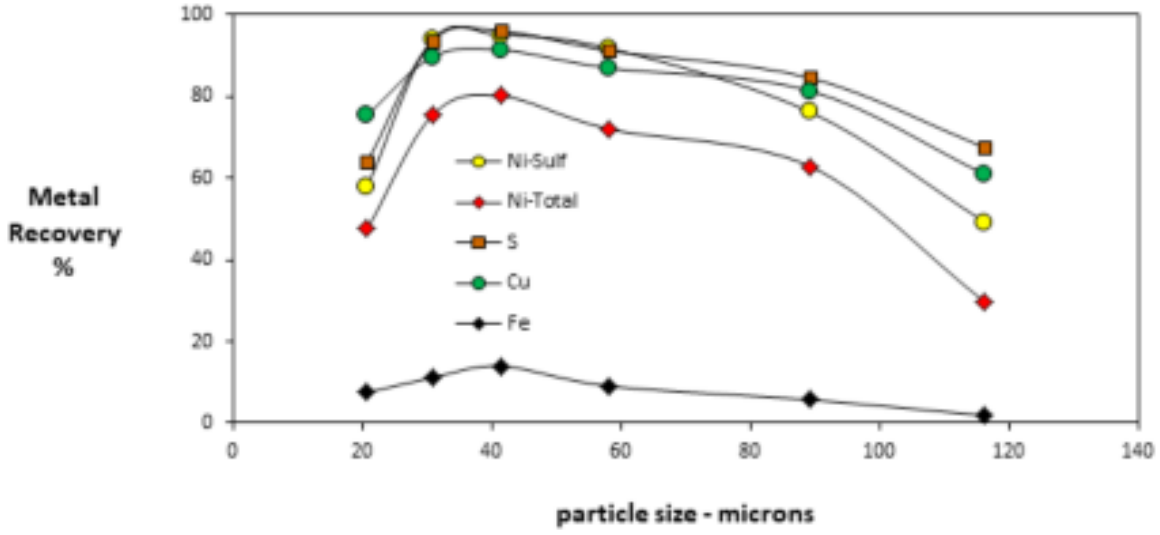
The major differences between Test 15 and the previous tests were:

- The introduction of a cleaner-scavenger stage
- The recycle of the cleaner-scavenger tailings to the scavenger feed

In the previous tests most of the recycle streams returned to rougher 1 feed. The Test 15 flowsheet provided a shorter route for the rejection of gangue minerals to final tailings and prevented the build-up of gangue through the cycles, as seen previously.

13.4.3.3.4 Particle Size Recovery

The final concentrate and tailings from LCT-15 were submitted to wet screening and chemical analysis. The results summarised in Figure 13-7 indicate a range from 40 µm to 90 µm where sulphide flotation is more effective.



Source: SGS Geosol, 2021.

Figure 13-7: Metal Recovery by Particle Size

13.4.4 Tailings Thickening and Rheology Testing

Thickening tests were carried out on 10 tailings samples without using flocculant and 10 more samples with flocculant. Without flocculant, the settling rates were very slow, in the range of 0.4 m/h to 2.8 m/h. With flocculant, the settling rate improved to 25 m/h with solids densities of 70%.

The yield stress versus tailings % solids curve shows that 55% solids would be a safe operating point for tailings pumping.

13.5 Metallurgical Testing on Underground Mineralised Material

13.5.1 Introduction

Mirabela Brazil carried out a drilling program in 2019 on the underground material to provide information for a mineral resource estimate and samples for analysis and flotation testing in the on-site laboratory.

Further testwork was carried out at SGS Geosol in two stages (see Sections 13.5.3 to 13.5.5). The first stage tested samples denominated upper and lower, and the second stage tested grindability and flotation variability samples. SGS Geosol reported results for the first stage in April 2021 and the second stage in November 2021.

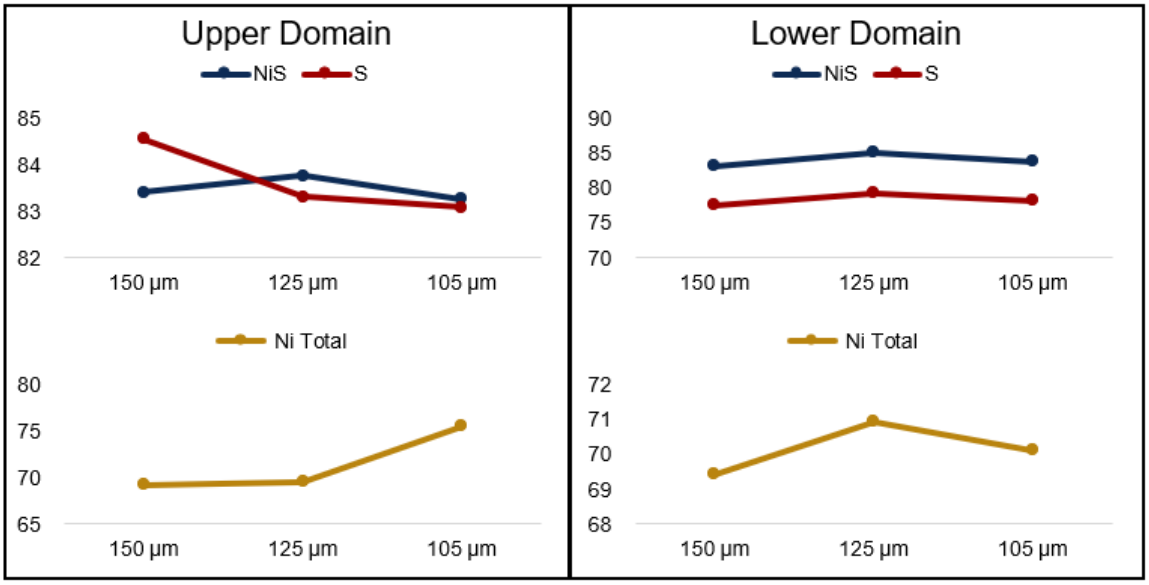
13.5.2 Flotation Results from Testing in the Mirabela Brazil Laboratory

Tests were carried out to determine:

- The optimum flotation feed size
- The optimum reagent additions
- Flotation kinetics

13.5.2.1 Flotation Feed Size

The rougher recoveries are shown in Figure 13-8. The NiS recoveries peaked at between 84% and 85% at a grind size of 125 µm. This size was selected for the remaining work. It was noted that the grinding time in the laboratory rod mill to reach 125 µm was 26% longer than for open pit ore.



Source: Atlantic Nickel, 2020.

Figure 13-8: Recovery of NiS, S and Ni Total by Grind Size

13.5.2.2 Optimum Reagent Addition

Sequential tests were carried out to test three dispersant levels, three activator levels, and three collector levels. The results are shown in Table 13-18 and Table 13-19.

Table 13-18: Rougher Recoveries and Grades for NiS, Ni Total and S (upper domain)
ACG Acquisition Company Limited – Santa Rita Mine

Reagent	Dosage (g/t)	Rec. NiS (%)	Grade NiS (%)	Rec. Ni (%)	Grade Ni (%)	Rec S (%)	Grade S (%)
Dispersant	300	84.5	10.5	71.9	10.8	81.5	22.1
	500	83.8	10.1	69.6	10.1	83.3	21.7

Reagent	Dosage (g/t)	Rec. NiS (%)	Grade NiS (%)	Rec. Ni (%)	Grade Ni (%)	Rec S (%)	Grade S (%)
	800	84.6	10.0	71.4	10.2	82.8	21.3
	60	83.7	10.2	70.2	10.3	79.7	21.0
Activator	80	83.8	10.1	69.6	10.1	83.3	21.7
	100	83.6	10.4	69.5	10.4	80.1	21.6
	80+20	83.8	10.1	69.6	10.1	83.3	21.7
Collector	100+20	85.7	9.4	73.2	9.6	82.4	19.6
	120+20	85.8	8.8	71.4	8.8	82.5	18.4

Table 13-19: Rougher Recoveries and Grades for NiS, Ni Total and S (lower domain) ACG Acquisition Company Limited – Santa Rita Mine

Reagent	Dosage (g/t)	Rec. NiS (%)	Grade NiS (%)	Rec. Ni (%)	Grade Ni (%)	Rec S (%)	Grade S (%)
	300	85.1	11.2	72.8	11.4	81.7	22.6
Dispersant	500	85.1	9.8	70.9	9.8	79.3	19.2
	800	85.2	10.6	72.1	10.7	83.0	21.8
	60	84.3	10.8	71.0	10.9	79.9	21.5
Activator	80	85.1	9.8	70.9	9.8	79.3	19.2
	100	84.2	11.0	70.3	11.0	80.3	22.1
	80+20	85.1	9.8	70.9	9.8	79.3	19.2
Collector	100+20	82.7	9.9	83.4	11.9	75.9	19.1
	120+20	86.4	9.3	72.1	9.3	82.6	18.7

The results for the variations in dispersant and activator additions are within experimental error; however, the highest collector additions gave the highest recoveries but at a lower concentrate grade. Overall, the recoveries are similar to the recovery shown for the open pit blend in Table 13-16, although the underground material provided more than double the rougher concentrate grade.

13.5.2.3 Flotation Kinetics

The NiS recovery began to plateau at 7.5 minutes and increased by only 1% to 2% after 15 minutes. Conversely, the MgO recovery continued to rise linearly over the same period. The conclusion from this work is that the industrial plant has sufficient flotation capacity to treat this material.

13.5.3 SGS Geosol Testwork

13.5.3.1 Introduction

13.5.3.1.1 Upper and Lower Samples

Sample shipments were made to SGS Geosol in July 2020 and September 2020. The first shipment was NQ (47.6 mm) core and the second shipment was half core from 15 holes in the upper level of the resource and another 15 holes from the lower level. The testing program comprised assaying, mineralogical examinations, comminution testing, flotation testing, and tailings testing. The results were issued in early 2021.

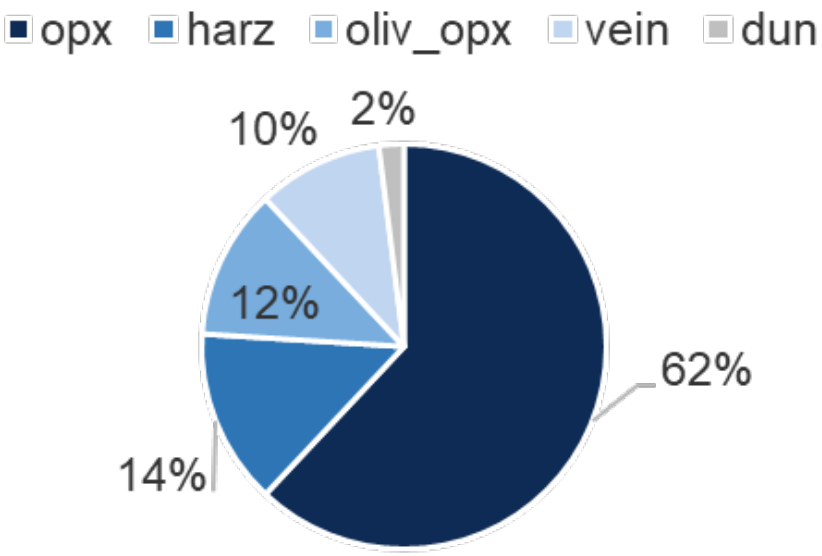
13.5.3.1.2 Grindability and Flotation Variability UGGM Samples

Grindability and flotation variability testwork was conducted on a total of 45 samples from the Santa Rita deposit, including 40 variability samples and five composites representing different periods of the life of the mine. Sample preparation, chemical analysis, Bond BWi, Bond Abrasion, and flotation testwork was conducted at SGS Geosol in Brazil. Mineralogical analysis via EPMA and QEMSCAN was conducted at SGS Canada, and SMC and rheology testwork was conducted at SGS Chile. The results were issued in late 2021.

13.5.4 Upper and Lower Samples

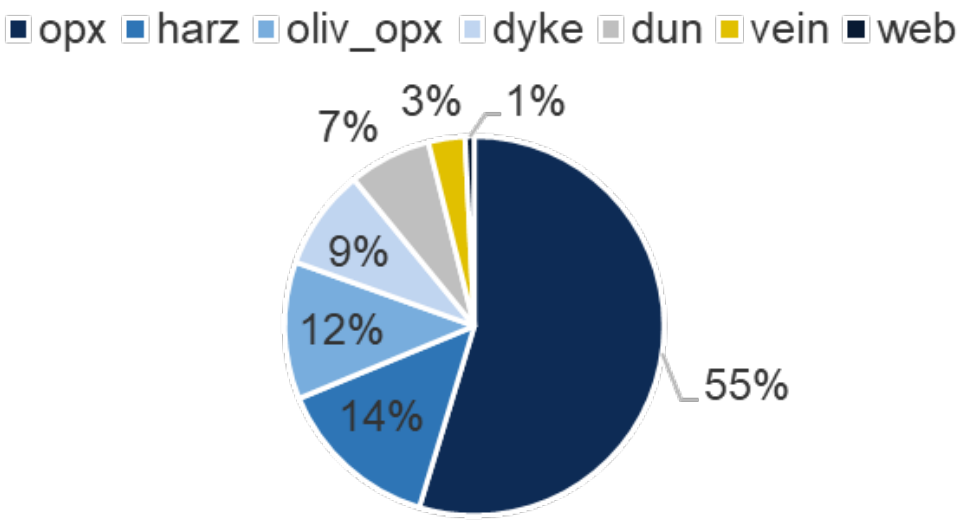
13.5.4.1 Sample Identification

Based on the orientation of the deposit and the proposed sub-level caving mining method, the deposit was divided into upper and lower domains. The lithologies were the same as those found in the open pit and the distributions of these in composites made from samples from the upper and lower domains are shown in Figure 13-9 and Figure 13-10.



Source: Atlantic Nickel, 2020.

Figure 13-9: Lithological Distribution in the Upper Domain Flotation Composite



Source: Atlantic Nickel, 2020.

Figure 13-10: Lithological Distribution in the Lower Domain Flotation Composite

13.5.4.2 Head Assays

The head assays for the upper- and lower-level composites are shown in Table 13-20. The most notable points are that there is little variation between the upper and lower composites and the NiS assays are approximately 60% higher than for the open pit ore.

Table 13-20: Head Assays for Upper and Lower Level Underground Composites ACG Acquisition Company Limited – Santa Rita Mine

Head Assay: Atomic Absorption, X-ray Fluorescence, LECO and Fire Assay

Sample	NiS %	NiT %	S %	Fe %	Cu %	Co %	SiO_2 %	MgO %	Al_2O_3 %	CaO %	Au ppm	Pd ppm	Pt ppm
Upper	0.55	0.67	1.19	8.44	0.19	0.02	51.1	29.0	3.35	2.20	0.08	0.04	0.10
Lower	0.54	0.67	1.19	9.05	0.16	0.02	48.0	28.4	3.26	2.68	0.06	0.05	0.10

Head Assay ICP

	Ag ppm	As ppm	Ba ppm	Cd ppm	Cr ppm	Sr ppm	Th ppm	Ti ppm	U ppm	V ppm	Y ppm	Zn ppm	Zr ppm
Upper	<3	<10	28	<3	1,903	7.67	<20	0.10	<20	61.7	<3	57.0	6.33
Lower	<3	<10	23	<3	1,665	19.0	<20	0.19	<20	84.7	4.67	62.3	15.7

13.5.4.3 Mineralogy

An electron probe micro-analyser was used to determine the metal contents of the main minerals. These results are shown in Table 13-21. The results are very similar to those for the open pit ore and show that pentlandite and chalcopyrite are the main nickel-bearing and copper-bearing minerals. The gangue minerals olivine, orthopyroxene, clinopyroxene, and serpentine all contain refractory nickel.

The mineral associations of the LCT feed, concentrate and tailings streams are shown in Section 13.5.4.6.4. The analysis shows that the upper and lower composites are practically the same. Compared to the open pit blend, the underground composites are richer in pentlandite, chalcopyrite, pyrite and pyrrhotite, similar in olivine, orthopyroxene, clinopyroxene, plagioclase and chrome-spinel, amphibole and mica but lower in serpentine and talc.

The grain size distributions were similar to the open pit ore with the mean size 48 µm for pentlandite and 30 µm for chalcopyrite.

Table 13-21: Metal Content of Minerals by EPMA
ACG Acquisition Company Limited – Santa Rita Mine

Sample	NiS %	Ni.Refrc. %	S %	Fe %	Cu %	Co %	Si %	Mg %	Al %	Ca %
Pentlandite	34.7	-	33.0	31.4	0.04	0.32	-	-	-	-
Chalcopyrite	0.03	-	34.5	31.3	33.6	0.06	-	-	-	-
Pyrite	0.17	-	52.9	46.2	0.29	0.97	-	-	-	-
Pyrrhotite	0.40	-	37.2	62.0	0.01	0.07	-	-	-	-
Olivine	-	0.31	-	10.2	-	-	19.0	27.5	0.00	0.00
Orthopyroxene	-	0.08	-	8.30	-	-	25.6	17.9	0.98	0.91
Clinopyroxene	-	0.04	-	4.43	-	-	24.4	9.40	1.69	14.5
Serpentine	-	0.10	-	7.19	-	-	23.2	16.4	1.22	0.67

13.5.4.4 Comminution

Comminution testing was carried out on the upper and lower composites using the SMC protocols and the Bond suite of tests including the crushing work index (CWi), abrasion index (Ai), and BWi. The results are shown in Table 13-22.

The SMC tests show the underground material is softer at depth for SAG milling and, overall, slightly softer than the open pit lithology composites shown in Table 13-8. The CWi values show moderate hardness similar to the open pit pyroxene south deep material. The Ai values show relatively high abrasiveness similar to the pyroxene north lithology, which is the most abrasive and hardest of the open pit ore. The BWi values are slightly higher than for pyroxene north and indicate a hard ore for ball milling.

Table 13-22: Comminution Testing Results Summary
ACG Acquisition Company Limited – Santa Rita Mine

Composite	DWi (kWh/m³)	Axb	Ta	CWi (kWh/t)	Ai	BWi (kWh/t)
Upper	6.7	49.6	0.39	12.9	0.22	20.7
Lower	5.8	57.8	0.45	13.1	0.50	20.4

Note: DWi signifies drop weight index, A, b and Ta parameters have no physical meaning but are ore hardness parameters used in SAG mill power calculations, CWi signifies crushing work index, BWi signifies Bond ball mil work index

13.5.4.5 JKSimMet Simulations

JKSimMet carried out a simulation on each of the upper and lower composites. The throughput for the upper composite was calculated at 955 t/h with a SAG mill motor power draw of 7,938 kW, close to the maximum of 8,000 kW. For the lower composite, the throughput was also 955 t/h with a SAG motor power draw of 7,859 kW. The base case with open pit ore gave 855 t/h.

The simulations assumed the current operating conditions for the SAG mill, i.e., 8% ball load and 33% volumetric load. If the volumetric load was reduced to 25% with a higher ball load per JKSimMet's recommendations for open pit ore, then a similar throughput should be achievable with the underground material at a lower SAG power draw.

To achieve the preliminary production forecast of 6.25 Mt/a (plan for the first five years after underground mining ramp-up), an hourly throughput of 797 t/h is required at a plant availability of 89.5%.

13.5.4.6 Flotation

13.5.4.6.1 Standard Flotation Tests

Atlantic Nickel's standard flotation test, described above for open pit ore, was applied in triplicate to the upper and lower underground composites. The tests comprised two rougher stages and a scavenger stage. Excellent reproducibility was achieved. The averaged results from the tests are shown in Table 13-23. The recoveries shown in Table 13-23 are higher than those shown in Table 13-18 and Table 13-19 but at lower concentrate grades; however, in both sets of results the recoveries obtained from the lower composite are higher than for the upper composite.

Table 13-23: Standard Flotation Test Results Summary
ACG Acquisition Company Limited – Santa Rita Mine

Composite	Ni Rec. (%)	Cu Rec. (%)	NiS Grade (%)	Cu Grade (%)
Upper	86.5	87.9	5.64	2.02
Lower	88.5	92.9	6.43	2.02

13.5.4.6.2 Factorial Tests

Twenty-four tests were carried out with four values for each of the grind size P_{80}, collector and dispersant. The activator dosage remained constant. No effect was seen on the NiS recovery.

13.5.4.6.3 Synergy Tests

The purpose of the tests was to optimize the NiS grade-recovery curve for the cleaner, cleaner-scavenger, and re-cleaner stages by varying the collector dosages and testing CMC as a gangue depressant. The tests comprised:

- Rougher 1, rougher 2, and scavenger
- Rougher 1 and 2 concentrates feeding the cleaner
- Cleaner, cleaner-scavenger
- Cleaner concentrate feeding the re-cleaner
- Re-cleaning in three stages to determine the recovery kinetics
- Roughing, cleaning, and re-cleaning tested in open circuit

For both composites, the results showed:

- Adding collector to the re-cleaner leads to slightly lower concentrate grade compared to adding collector in the cleaner.
- Adding CMC reduced the magnesium and silica assays in the final concentrate without affecting the NiS recovery.

13.5.4.6.4 LCTs

Four tests were carried out on underground material using the flowsheet shown in Figure 13-6. The first test, LCT 11, was carried out on the lower composite; collector was added to the cleaner-scavenger but not to the cleaner or re-cleaner. The test did not reach steady state.

A second test (LCT 12) was carried out on the lower composite with collector added to the cleaner and re-cleaner and with CMC added to the cleaner. LCT 13 was carried out on the upper composite using the same conditions as LCT 12. LCT 14 was also carried out on the upper composite but with the cleaner-scavenger in open circuit. This test produced significantly lower NiS recovery and concentrate grade than LCT 13 showing that recirculation is required.

The results for LCT 12 and LCT 13 are shown in Table 13-24.

The mineral associations for pentlandite and chalcopyrite are shown in Table 13-25 and Table 13-26, respectively. The percentage of free and liberated pentlandite in the feed for both composites at 79% is sufficient for good rougher flotation recovery. The major loss to tailings (62% to 64%) occurs in complex particles where fine pentlandite grains are occluded in gangue minerals. For copper, free and liberated grains represent 57%–60% with 3%–4% associated with pentlandite. The majority of losses to tailings occurs in complex particles.

Table 13-24: Summary of LCT Results on Underground Material
ACG Acquisition Company Limited – Santa Rita Mine

Test No. & Composite	NiS Rec. (%)	Cu Rec. (%)	NiS Grade (%)	Cu Grade (%)	SiO_2 Grade (%)	MgO Grade (%)
12 (lower)	77.5	66.4	14.9	3.8	6.7	3.4
13 (upper)	82.6	76.2	14.3	4.6	9.3	4.6

Table 13-25: Pentlandite Mineral Association
ACG Acquisition Company Limited – Santa Rita Mine

Sample	Free Pent. (%)	Lib. Pent. (%)	Pent.:Chalco. (%)	Pent.:FeSulf. (%)	Pent.:Olv./Pyrox. (%)	Pent.:Serp./Talc (%)	Complex (%)
Upper	69.3	9.09	1.05	6.59	6.24	0.12	6.95
Upper-conc.	61.5	14.8	3.31	9.25	0.66	0.02	10.4
Upper-Tailing	4.07	0.44	0.00	0.47	31.9	0.29	62.1
Lower	73.2	6.30	0.97	5.81	6.60	0.14	6.43
Lower-conc.	73.1	8.65	2.03	9.37	0.67	0.02	5.97
Lower-Tailing	2.78	0.00	0.00	0.49	32.8	0.02	63.8

Notes: P_{80} 125 µm, underground

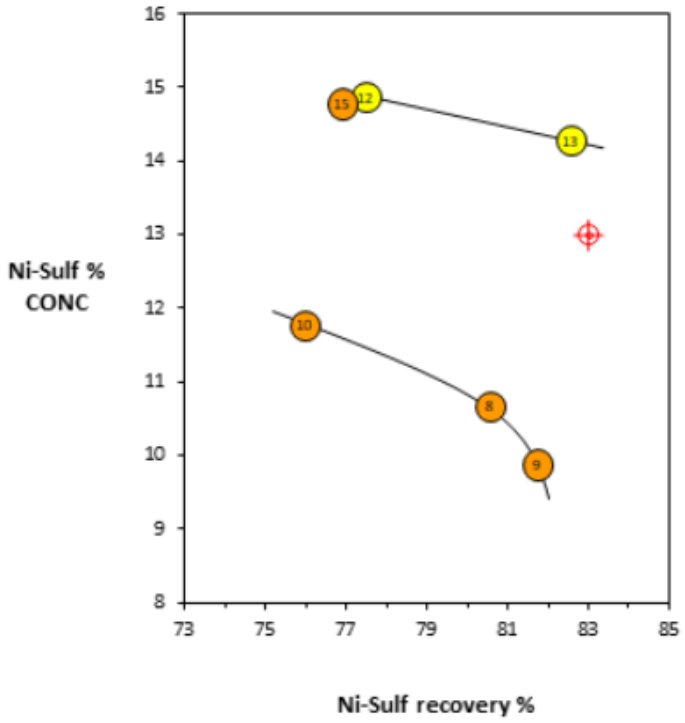
Pent. – pentlandite, chalco. – chalcopyrite, olv./pyrox. – olivine/pyroxenite, serp. - serpentinite

Table 13-26: Chalcopyrite Mineral Association
ACG Acquisition Company Limited – Santa Rita Mine

Sample	Free Chalco. (%)	Lib. Chalco. (%)	Chalco.:Pent. (%)	Chalco.:FeSulf. (%)	Chalco.:Olv./Pyrox. (%)	Chalco:Serp./Talc (%)	Complex (%)
Upper	55.5	5.14	4.51	5.04	10.9	0.22	17.2
Upper-conc.	56.5	7.41	6.81	8.48	4.07	0.06	15.8
Upper-Tailing	1.25	1.22	0.00	0.00	44.4	0.07	52.3
Lower	55.4	2.04	3.01	7.37	16.2	0.07	15.0
Lower-conc.	55.2	7.06	6.29	12.8	3.36	0.02	14.9
Lower-Tailing	1.58	0.14	0.00	0.00	43.6	0.00	53.7

Notes: P_{80} 125 µm, underground
Pent. – pentlandite, chalco. – chalcopyrite, olv./pyrox. – olivine/pyroxenite, serp. - serpentinite

Figure 13-11 shows the grade–recovery curve for LCTs 12 and 13 and for LCT 15 (the best test on open pit ore). In these tests, collector was added to the cleaner and re-cleaner stages in contrast to tests 8, 9, and 10 where no collector was added and the grade–recovery curve is much lower.



Source: SGS Geosol, 2021.

Figure 13-11: Grade/Recovery Curves for Locked Cycle Testwork

13.5.4.7 Tailings Thickening and Rheology Testing – Underground Material

Thickening tests were carried out on tailings from the upper and lower composites. The results were very similar. Without flocculant, the settling rates were slow at 1.2 m/h to 1.3 m/h with a settled solids density of 72%. With flocculant the settling rates improved to 26 m/h at final settled densities between 70% and 73%.

The rheology testing showed that the yield stress increases dramatically between 60% and 65% solids density. This shows that a safe operating range for pumping the tailings is between 55% and 60% solids.

The data are similar to that generated for the open pit ore and indicates that the existing 35 m diameter tailings thickener will be suitable for the underground material.

13.5.5 UGGM Samples Grindability and Flotation Variability Testwork

13.5.5.1 Sample Preparation and Identification

Sample preparation and testwork for the underground variability samples from the Santa Rita deposit included the following:

- Receipt of 40 variability samples, half core NQ.
- Preparation of the 40 variability samples and five composites representing periods in the LOM plan.
- Conduct the SMC grindability test on 25 samples.
- Conduct the Bond Abrasion test on 15 samples.
- Conduct the Bond Ball Mill test on all 45 samples.
- Preparation for grinding and flotation testwork: homogenize the remaining material and split into 1 kg sub-samples.
- Determine the head assay and grinding time for all 45 samples.
- Conduct mineralogical analysis via QEMSCAN on 10 variability samples.
- Grind 2 kg of all 45 samples to P_{80} of 125 µm and conduct the standard flotation test (rougher 1 + rougher 2 + scavenger), including chemical analysis of the products.
- Conduct rheology testwork on the five composites.
- Conduct the MABA (acid base accounting) environmental test on the flotation tailings generated by the composites.

Experimental results were mass balanced via the BILMAT software to improve the reliability of the recovery calculation. The bulk of the project (sample preparation, chemical analysis, Bond Abrasion, Bond BWi, grinding, flotation and MABA, was conducted at SGS Geosol in Brazil, mineralogical analysis via EPMA and QEMSCAN was conducted at SGS Canada, and SMC and rheology testwork were conducted at SGS Chile.

The samples were grouped in five consecutive periods of the life of the mine (2028 to 2034, 2035 to 2038, 2039 to 2042, 2043 to 2046, and 2047 to 2052) with eight samples in each group. All samples were received in the form of half core NQ, with individual sample weight ranging from 50 kg to 70 kg.

The sample provenance is shown in Table 13-27.

Table 13-27: Sample Provenance
ACG Acquisition Company Limited – Santa Rita Mine

Sample	Hole	Lithology	From (m)	To (m)	Weight (kg)	LOM Comp.
UGGM-31	MBS-876	opx	195	213	51	
UGGM-32	MBS-871	opx	480	495	65	
UGGM-33	MBS-640	opx	400	415	67	
UGGM-34	MBS-647	harz	485	500	61	2028-2034
UGGM-35	MBS-657	opx	456	471	62	
UGGM-36	MBS-821	opx	375	390	65	
UGGM-37	MBS-695	opx	462	477	60	
UGGM-38	MBS-931	opx	475	490	66	
UGGM-39	MBS-940	harz	554	575	51	
UGGM-40	MBS-936	harz	608	628	55	
UGGM-41	MBS-937	opx	570	590	55	
UGGM-42	MBS-865	opx	564	585	57	2035-2038
UGGM-43	MBS-1025	opx	560	580	59	
UGGM-44	MBS-1029	opx	605	625	58	
UGGM-45	MBS-1103	opx	545	565	54	
UGGM-46	MBS-1107	opx	580	610	57	
UGGM-47	MBS-1105	harz	677	697	57	
UGGM-48	MBS-1055	opx	705	725	53	
UGGM-49	MBS-1104	opx	680	700	61	
UGGM-50	MBS-1054	opx	706	726	51	2039-2042
UGGM-51	MBS-1024	oliv-opx	680	700	57	
UGGM-52	MBS-1039	opx	717	737	53	
UGGM-53	MBS-1026	harz	651	671	62	
UGGM-54	MBS-1021	opx	620	642	54	
UGGM-55	MBS-1080	oliv-opx	887	907	52	
UGGM-56	MBS-1048	oliv-opx	780	802	60	
UGGM-57	MBS-1052	opx	767	789	57	
UGGM-58	MBS-1051	harz	761	781	58	2043-2046
UGGM-59	MBS-1058	opx	866	887	52	
UGGM-60	MBS-1109	opx	739	760	62	
UGGM-61	MBS-1086	opx	775	795	51	
UGGM-62	MBS-1062	opx	880	900	52	
UGGM-63	MBS-1081	harz	1,005	1,025	53	2047-2053

Sample	Hole	Lithology	From (m)	To (m)	Weight (kg)	LOM Comp.
UGGM-64	MBS-1056	opx	940	960	49	
UGGM-65	MBS-1076	opx	1,015	1,035	55	
UGGM-66	MBS-1063	opx	1,025	1,045	56	
UGGM-67	MBS-1064	opx	980	1,002	52	
UGGM-68	MBS-1062	opx	932	952	51	
UGGM-69	MBS-1061	oliv-opx	997	1,020	59	
UGGM-70	MBS-1085	harz	1,070	1,093	65	

Note. oliv-opx – olivine-pyroxenite, harz - harzburgite

13.5.5.2 Assay Methods

The following methods were used for chemical analysis of the geometallurgical samples, flotation concentrates and tailings:

- XRF83B: X-ray fluorescence for NiT, copper, cobalt, iron, silicon, chromium, magnesium, titanium, aluminum, calcium, potassium, and manganese;
- AAS04B: NiS via atomic absorption;
- CSA17V: Total sulphur via LECO;
- FAI515: Palladium, platinum, and gold via fire assay and atomic absorption;
- ICP40B: Silver, arsenic, barium, beryllium, bismuth, cadmium, calcium, lithium, molybdenum, sodium, lead, antimony, strontium, thorium, thallium, uranium, tungsten, yttrium, zinc, and zircon by ICP scan.

Official certificates of chemical analysis were provided to Atlantic Nickel by SGS.

13.5.5.3 Grindability Testwork

13.5.5.3.1 SAG Mill Comminution Test (SMC)

Hard ores exhibit higher DWi and lower Axb values. The results summarised in Table 13-28 indicate DWi values ranging from 1.6 kWh/m^3 for UGGM-58 to 9.6 kWh/m^3 for UGGM-60 and A x b values from 137 for UGM-69 to 34 for UGM-60.

13.5.5.3.2 Bond Abrasion Index (Ai)

The results summarised in Table 13-28 indicate Ai values ranging from 0.19 for sample UGGM-63 to 0.45 for UGGM-42 (most abrasive in the group of samples).

13.5.5.3.3 Bond Ball Mill Work Index (BWi)

The results summarised in Table 13-28 indicate BWi values ranging from 15.3 kWh/t for sample UGGM-34 to 24.5 kWh/t for UGGM-66 (hardest in the set).

The average result for A x b of 81 shows the material is soft for SAG milling; however, the average BWi of 20.6 kWh/t shows it is hard for ball milling.

Table 13-28 shows that, on average, the material tested was softer for SAG milling, harder for ball milling and slightly more abrasive than open pit material.

Table 13-28: Grindability Results Summary
ACG Acquisition Company Limited – Santa Rita Mine

Sample	DWi (kWh/m³)	Axb	Ta	Ai	BWi (kWh/t)
2028-2034	4.0	87.0	0.65	0.26	19.9
2035-2038	4.2	85.6	0.63	0.33	19.9
2039-2042	5.9	60.4	0.44	0.28	20.2
2043-2046	6.0	59.3	0.43	0.29	20.9
2047-2052	3.6	95.1	0.72	0.27	21.0
UGGM-31	-	-	-	0.19	19.8
UGGM-32	-	-	-	-	21.7
UGGM-33	5.6	60.2	0.46	-	17.9
UGGM-34	-	-	-	-	15.3
UGGM-35	4.7	70.9	0.56	-	20.7
UGGM-36	4.0	85.6	0.65	0.29	19.8
UGGM-37	7.2	46.1	0.36	-	20.1
UGGM-38	-	-	-	-	21.0
UGGM-39	-	-	-	-	18.1
UGGM-40	-	-	-	-	18.5
UGGM-41	-	-	-	-	19.9
UGGM-42	7.0	50.0	0.37	0.45	21.8
UGGM-43	-	-	-	-	20.4
UGGM-44	6.6	50.3	0.39	-	21.6
UGGM-45	5.4	62.6	0.48	0.37	21.6
UGGM-46	6.4	52.9	0.41	-	20.3
UGGM-47	3.0	118	0.86	-	19.0
UGGM-48	-	-	-	-	21.7
UGGM-49	9.0	37.0	0.28	-	21.4
UGGM-50	-	-	-	-	20.4
UGGM-51	-	-	-	0.28	20.1
UGGM-52	5.7	58.1	0.45	-	21.9
UGGM-53	-	-	-	0.30	20.1
UGGM-54	6.7	51.7	0.39		20.7
UGGM-55	-	-	-	-	22.3
UGGM-56	2.0	174	1.27	-	19.1
UGGM-57	6.4	52.2	0.40	-	21.9
UGGM-58	1.6	211	1.59	0.24	19.4

Sample	DWi (kWh/m³)	Axb	Ta	Ai	BWi (kWh/t)
UGGM-59	-	-	-	0.34	22.4
UGGM-60	9.6	34.0	0.27	-	20.3
UGGM-61	-	-	-	-	20.5
UGGM-62	-	-	-	-	22.4
UGGM-63	3.0	114	0.85	0.19	18.9
UGGM-64	4.1	81.3	0.63	-	23.9
UGGM-65	-	-	-	-	22.2
UGGM-66	4.1	83.2	0.62	-	24.5
UGGM-67	-	-	-	-	22.5
UGGM-68	-	-	-	-	22.8
UGGM-69	2.5	137	1.02	0.22	20.4
UGGM-70	-	-	-	-	19.9
Avg.	5.1	81	0.61	0.29	20.6

Note. DWi signifies drop weight index, A, b and Ta parameters have no physical meaning but are ore hardness parameters used in SAG mill power calculations, BWi signifies Bond ball mill work index.

13.5.5.4 Flotation

13.5.5.4.1 Sample Preparation and Characterisation

Sample Preparation

Samples were ground to P_{80} of 125 µm for flotation testing; the time required to reach this size varied from 11.15 minutes to 29.45 minutes.

Head Assay

The head assay determination indicate that:

- The NiS assays, which refers to the nickel exclusively in pentlandite, ranged from 0.06% for UGGM-32 to 1.10% for UGGM-63.
- The total nickel assays, NiT, which refers to all the elemental nickel in a sample regardless of mineralogical source, ranged from 0.50% for UGGM-42 to 1.14% for UGGM-63.
- The copper head assays ranged from 0.11% for UGGM-47 to 0.40% for UGGM-37.
- The cobalt assays were between 0.01% and 0.03% for all samples.
- Sulphur ranged from 0.58% for UGGM-47 to 2.13% for UGGM-63.
- Sample UGGM-50 exhibited the lowest MgO assay, at 23.4%. All samples of the harzburgite lithology (UGGM-34, UGGM-39, UGGM-40, UGGM-47, UGGM-53, UGGM-58, UGGM-63, UGGM-70) and the majority of the olivine-pyroxenite (oliv-opx) samples (UGGM-51, UGGM-56 and UGGM-69) exhibited MgO above 30%.
- Sample UGGM-63 was the richest in gold, palladium and platinum, at 1.15 ppm, 0.67 ppm and 0.18 ppm, respectively. The gold assay was 0.27 ppm for sample UGGM-38 and 0.15 ppm for UGGM-70. All other samples exhibited gold assay below 0.15 ppm.
- Apart from UGGM-63, all other samples exhibited palladium assays below 0.15 ppm.

- The platinum assays were between 0.20 ppm and 0.30 ppm for samples UGGM-34, UGGM-39, UGGM-53, UGGM-58, and UGGM-70. All these samples were harzburgite lithology. All other samples exhibited platinum assay below 0.20 ppm.
- Silver and undesirable elements such as arsenic, cadmium and uranium, were below detection limits for all samples.

Mineralogy

Mineralogical analysis via EMPA (electron microprobe) and QEMSCAN (scanning electron microscopy) was conducted to determine the modal composition, mineral grain size and liberation for ten variability samples.

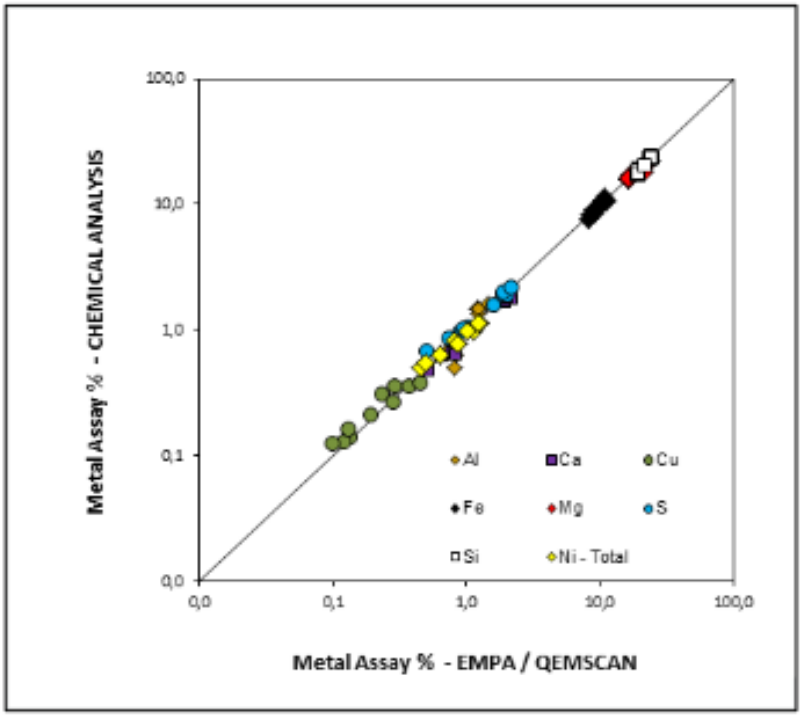
The EMPA results demonstrate that:

- Pentlandite and chalcopyrite are the main nickel-bearing and copper-bearing minerals.
- Pyrite and pentlandite are the main cobalt-bearing minerals.
- The metal content of pentlandite, chalcopyrite, pyrite, and pyrrhotite is practically in stoichiometric proportion (Ni_5Fe4S_8, $CuFeS_2$, FeS_2, and FeS).
- The gangue consists mostly of olivine and orthopyroxene, which carry significant amounts of nickel as part of the crystal structure. This form of nickel is refractory. It cannot be floated and is considered non-recoverable.

The QEMSCAN results demonstrate that:

- The pentlandite content is in general three times higher than the chalcopyrite content.
- The pyrite and pyrrhotite assays are similar in the majority of the samples.
- The orthopyroxene content is an order of magnitude higher than the other minerals.
- The serpentine content is very low in all samples.
- In terms of modal composition, the olivine content is the main factor differentiating the lithologies, with values below 5% for pyroxenite and above 60% for harzburgite. Sample UGGM-69 was the only olivine-pyroxenite sample examined, with an olivine content of 47.8%. The orthopyroxene content decreases as the olivine increases, so that the sum of the assays of these two minerals is fairly constant and close to 86% for the samples examined.

Combining the metal content measured by EPMA with the modal composition measured by QEMSCAN allows the metal assays to be back-calculated for the samples submitted to mineralogical analysis. As can be seen in Figure 13-12, the back-calculated values compare very well with the assays given by chemical analysis.



Source: SGS Canada, 2021

Figure 13-12: Assay Reconciliation Results

Grain Size Distribution

The grain size distribution of a given mineral encompasses free and liberated particles and inclusions of that mineral in locked particles. Grain size distributions for pentlandite, chalcopyrite, and olivine-pyroxene were determined in the ten variability samples. The results indicate that:

- The mean grain size of pentlandite ranged from 32 µm for UGGM-52 to 60 µm for UGGM-58.
- The mean grain size of chalcopyrite ranged from 26 µm for UGGM-45 to 44 µm for UGGM-63.
- The mean grain size of the olivine-pyroxene gangue ranged from 85 µm for UGGM-59 to 95 µm for UGGM-63.

Therefore, full liberation of the valuable minerals in the Santa Rita ore is not easy to attain, since it would require grinding to 30 µm; should the ore be floated at this fine grind, additional nickel sulphide losses would occur due to slower flotation kinetics.

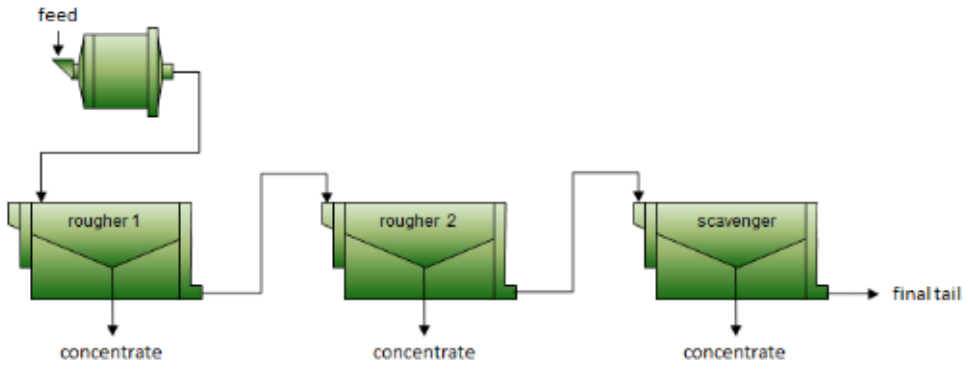
Mineral Association

The association of a mineral represents the mass distribution of that mineral to different particle locking classes. The results for the ten samples tested indicate that:

- Pentlandite liberation (free + liberated pentlandite) is close to 80% in the majority of the samples, except for UGGM-52 and UGGM-53 with 67% and 95% liberation, respectively.
- Chalcopyrite liberation is low, ranging from less than 40% for UGGM-34 to 73% for UGGM-58.
- The main association for both pentlandite and chalcopyrite is the binary with olivine/pyroxenes and complex particles.

13.5.5.4.2 Flotation Testing

The standard flotation test was conducted on all variability samples and composite samples using a Denver D12 laboratory flotation cell with sodium ethyl xanthate plus C2430 (50%:50%) as the collector, MIBC as the frother, copper sulphate and citric acid (50%:50%) as the activator, and sodium silicate as the dispersant. As per Figure 13-13, the test encompassed rougher 1, rougher 2 and scavenger stages. The standard conditions, optimised in previous work (SGS Geosol, 2020), are given in Table 13-29. The head sample, the flotation concentrates and the final tailings were analysed by XRF, LECO, and AAS. The experimental masses and assays were reconciled via the BILMAT software to improve the reliability of the recovery estimation.



Source: SGS Geosol, 2021

Figure 13-13: Standard Flotation Test Flowsheet

Table 13-29: Standard Flotation Conditions
ACG Acquisition Company Limited – Santa Rita Mine

Stage	Cell (L)	Air (L/m)	RPM	Time (min.)	Collector SEX+C2430 (g/t)	Frother MIBC* (g/t)	Activator $CuSO_4$+CA (g/t)	Dispersant Na_2SO_3 (g/t)	Depressor CMC (g/t)	pH
Rougher 1	4.0	4.0	1,300	5.00	100	10	80	800	-	natural
Rougher 2	4.0	4.0	1,300	5.00	20	-	-	-	-	natural
Scavenger	4.0	4.0	1,300	5.00	20	-	-	-	-	natural

Note: Feed P_{80} = 125 µm at 35% solids

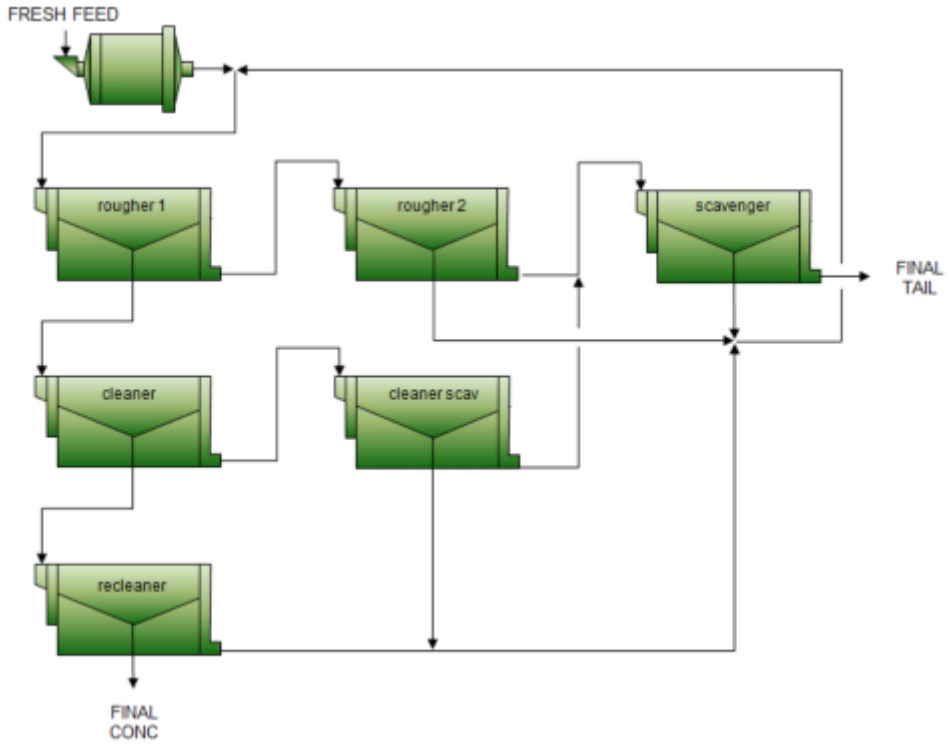
* No frother addition for harzburgite samples

All 45 samples were submitted to the standard flotation test. The mass balanced results indicate that:

- The highest and lowest NiS combined concentrate grades (rougher 1 + rougher 2 + scavenger) occurred for UGGM-45 and UGGM-34 at 12.2% and 5.06%, respectively. The NiS grade was above 7% for all LOM composites.
- The highest and lowest NiS recoveries occurred for UGGM-70 and UGGM-34 at 95.3% and 70.3%, respectively. The NiS recovery was above 90% for all LOM composites.
- The highest and lowest copper concentrate grades occurred for UGGM-37 and UGGM-34 at 4.75% and 1.19%, respectively. The copper assay was above 2% for all LOM composites.

- The highest and lowest copper recoveries occurred for UGGM-63 and UGGM-58 at 86.2% and 61.9%, respectively. Copper recoveries were above 85% for all LOM composites.
- There was a strong correlation between the NiS and NiT assays in the final concentrate, also between sulphur and iron assays. There is also a strong correlation between the SiO_2 and MgO recoveries, as well as between Al_2O_3 and CaO recoveries.

A series of LCTs were conducted on the LOM composites using the circuit shown in Figure 13-14, including rougher, cleaner and re-cleaner stages, with all recycle streams returning to the rougher feed, except for the cleaner-scavenger tailings which were directed to the scavenger feed. This circuit configuration was optimised by preliminary LCT work. The LCT results are summarised in Table 13-30). The NiS recoveries and grades are significantly better than those achieved with the open pit ore LCTs (Figure 13-14)



Source: SGS Geosol, 2021

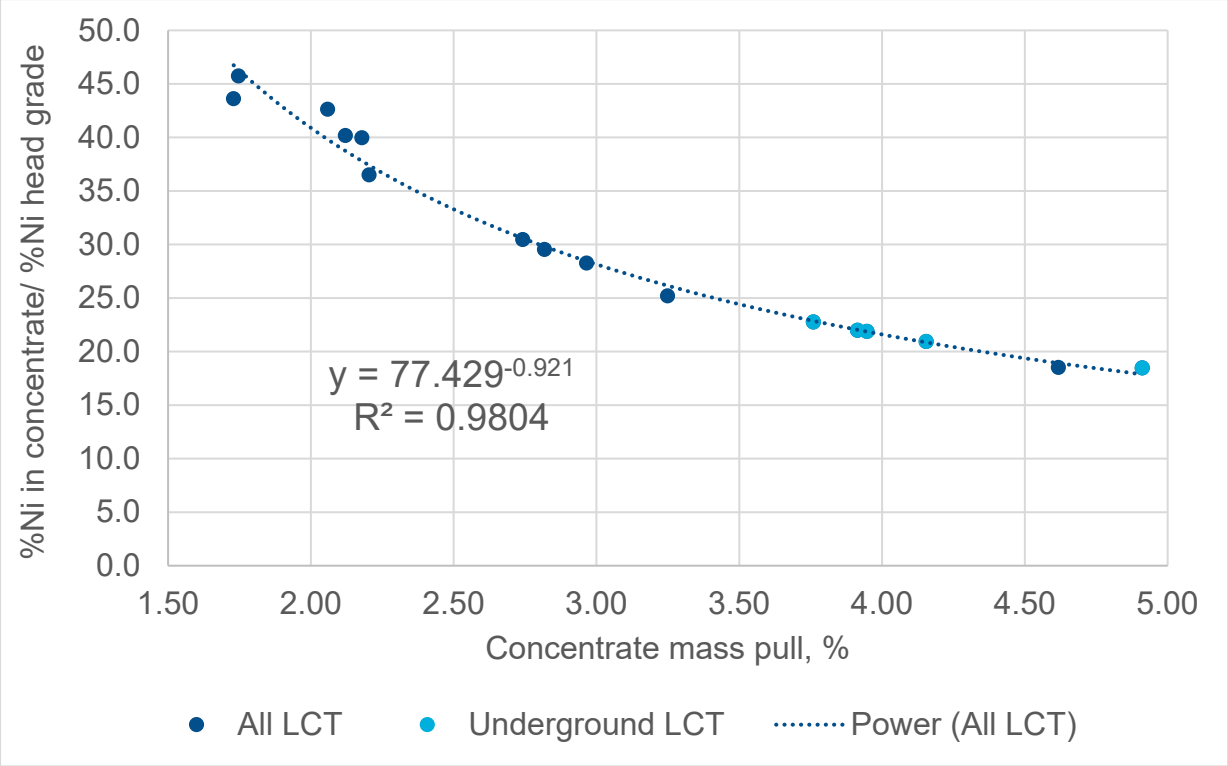
Figure 13-14: LCT Flowsheet

Table 13-30: Summary of LCT Results
ACG Acquisition Company Limited – Santa Rita Mine

LCT	NiS		NiT		Copper		Cobalt		Sulphur		MgO	
	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)
LCT 20 COMP 2047-2052	14.6	88.0	14.7	73.2	3.77	77.6	0.31	91.9	30.7	89.6	4.27	0.57
LCT 21 COMP 2043-2046	13.3	90.6	13.3	77.5	3.33	82.8	0.29	93.6	28.1	92.0	5.18	0.83
LCT 22 COMP 2039-2042	14.5	87.0	14.5	72.6	3.87	78.1	0.32	91.3	30.0	88.9	4.61	0.57
LCT 23 COMP 2035-2038	13.8	88.3	13.9	74.9	3.89	72.7	0.35	92.7	30.4	88.9	3.88	0.50

LCT	NiS		NiT		Copper		Cobalt		Sulphur		MgO	
	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)	Conc. (%)	Rec. (%)
LCT 24 COMP 2028-2034	14.9	84.8	14.9	73.2	5.85	94.3	0.38	84.9	31.6	86.4	3.31	0.45

The concentration ratio was plotted against the concentrate mass pull from the LCT results for the underground material and the open pit ore to determine a recovery equation. The results are shown in Figure 13-15.



Source: SGS Geosol, 2021

Figure 13-15: %NiS in Concentrate/%NiS Head Grade versus %Concentrate Mass Pull

The underground and open pit data fit very well on the above curve with a high R^2 value of 0.9804. The resulting NiS recovery equation at an NiS concentrate grade of 13.85% is:

Recovery = (13.85/%NiS Head Grade)*EXP((LN((13.85/%NiS Head Grade)) – LN(77.429)/(-0.921)

This equation was used to determine the NiS recoveries in the LOM underground production schedule.

13.5.5.5 Settling and Rheology Testwork

Settling and rheology testwork was conducted at SGS Chile on the LOM period composites. The settling tests were conducted at an initial solids content of 15%. The results are summarised in Table 13-31.

The rheology of the samples was determined by two different methods: Vane and Cup. The rheology testing showed that the yield stress increases at 60% solids density. This indicates that a safe operating range for pumping the tailings is around 55% solids. These results are similar to those achieved with open pit ore samples.

Table 13-31: Settling Test Results
ACG Acquisition Company Limited – Santa Rita Mine

Sample	Flocculant	Settling Speed (m/h)	Final Solids (%)	Unit Area (m^2/t/d)
2028-2034	None	0.85	69.6	6.14
2035-2038	None	0.95	71.5	5.63
2039-2042	None	1.07	70.6	4.90
2043-2046	None	0.83	74.3	6.45
2047-2052	None	1.20	76.4	4.45
Average	None	0.98	72.5	5.51
2028-2034	RF505 5 g/t	24.7	65.9	0.21
2035-2038	RF505 5 g/t	25.4	72.7	0.21
2039-2042	RF505 5 g/t	25.0	71.2	0.21
2043-2046	RF505 5 g/t	25.4	72.4	0.21
2047-2052	RF505 5 g/t	25.7	73.8	0.21
Average	RF505 5 g/t	25.3	71.2	0.21

13.6 Palestina Prospect

13.6.1 Introduction

Staff from Santa Rita carried out a scoping level metallurgical testwork program on RC drilling rejects from a drilling campaign carried out in 2020 on the Palestina prospect. The purpose of the testwork was to determine if the flotation behaviour of the Palestina material was similar to Santa Rita ore and if the existing Santa Rita plant would be adequate for the treatment of this material. The work was completed in March 2021.

13.6.2 Samples

The samples were selected by the Santa Rita exploration team. Five bags containing 132 kg of samples were delivered to the Santa Rita laboratory comprising material from the following drill holes:

- Bag 1: holes 642025 to 642029, 642031 to 642033
- Bag 2: holes 642034 & 642035, 606036, 588037, 570038, 552039, 516041
- Bag 3: 638700 to 638709
- Bag 4: 638711 to 638718
- Bag 5: 638719, 638721 to 638727

No lithological information was provided.

The samples were crushed to 2 mm, blended and split into two 64 kg lots, one for testing in the Santa Rita laboratory and the other for external testing.

13.6.3 Testing Program

Santa Rita's standard grinding and flotation procedures were used for the tests. The following results were obtained:

- Grinding: grinding of the samples was carried in a laboratory rod mill. The grinding time required to reduce the material from 2 mm to a P_{80} of 125 µm was similar to the Santa Rita ore, which indicates the Bond ball mill work index is likely to be in the same range.
- Flotation feed size: the optimum size was a P_{80} of 125 µm, the same as for the Santa Rita ore.
- Chemical analysis by size fraction: the analyses were carried out on material ground to a P_{80} of 125 µm. The NiS, copper, gold, and PGMs all show significantly higher grades in the 38 µm fraction than the overall head grade. The Santa Rita ore behaves similarly.
- Reagent additions: three addition levels of dispersant, activator and collector were tested. The Santa Rita standard additions gave the best results. The NiS recovery to the rougher concentrate was 78.4% compared to 82%–83% for Santa Rita ore. The lower recovery is probably due to the lower head grade. The rougher concentrate gold and PGM grades and recoveries are shown in Table 13-32. The sum of the gold and PGM grades is about five times higher than for the Santa Rita ore using the same test.
- Flotation kinetics: these were similar to the Santa Rita ore.

Table 13-32: Gold and PGM Grades and Recoveries, Palestina
ACG Acquisition Company Limited – Santa Rita Mine

Item	Au	Pd	Pd
Rougher conc. grade, ppm	1.73	5.71	2.09
Rougher recovery, %	57.1	47.5	69.0

13.6.4 Santa Rita Plant Capacity to Treat Palestina Material

The above results indicate that the Santa Rita plant should have the capacity to treat Palestina material at a similar throughput. A metallurgical testing program similar in scope to the one carried out at SGS Geosol on the Santa Rita underground material should be carried out to confirm this.

13.7 CP Comments on "Item 13: Mineral Processing and Metallurgical Testwork"

The CP notes the following:

- The process plant performance data from January 2020 to December 2022 are shown in Table 13-4. The NiS recovery over the period was 79.1%. The average concentrate grade was steady at around 13.5% NiT. The NiS recoveries in 2022 have been consistently around 80.8%.
- Atlantic Nickel staff collected plant data over the period January 2021 to December 2021 and from September 2022 to December 2022 with the objective of determining a robust formula to predict NiS recovery. A strong relationship was found between the enrichment ratio (%NiS in concentrate/%NiS in feed) versus the % mass pull to the concentrate. At a fixed concentrate grade, the recovery can be calculated. The R2 correlation coefficient for the Q4 2022 model is 0.87 compared to 0.79 for the 2021 model and around 0.21 for the previous model. The new model is suitable for calculating the LOM open pit ore recovery.

- Comminution testwork was carried out on composites of the three main open pit lithologies and on variability samples. The pyroxenite material in the north of the pit is the hardest material and harzburgite is the softest. Tests following the SMC protocols and the Bond suite gave the same conclusion. JKTech used a plant survey and these results to model plant performance. The base case calculated a throughput of 855 t/h versus the LOM production requirement of up to 842 t/h at 89.5% availability. The average throughput from December 2021 to December 2022 was 839 t/h considering 89.5% plant availability.
- Rougher–scavenger flotation testing was carried out on the three main open pit lithology composites, 51 variability samples and a blend of the variability samples. The lithology testing confirmed that pyroxenite and orthopyroxenite perform better than harzburgite. The variability samples showed large variations in recovery and concentrate grade. LCTs carried out on the variable sample blend gave NiS recoveries between 76% and 82% at concentrate grades between 9.9% NiS and 14.8% NiS. The CP is of the opinion that sufficient comminution and flotation variability testing has been carried out to predict plant performance.
- Mineralogical examinations showed that for a sample ground to 125 µm, the mean size of the particles was 48 µm for pentlandite and 30 µm for chalcopyrite. Finer grinding would lead to slime losses. The majority of losses to tailings occurs in complex particles with fine metal sulphides occluded in gangue minerals.
- The upper and lower composite underground material and the underground variability samples showed similar particle size data to the open pit ore. The pentlandite content was approximately 60% higher.
- The comminution data for the underground upper and lower composites showed they were softer for crushing and SAG milling than the open pit ore but harder for ball milling. The tests carried out on the LOM period composites confirmed these results. JKTech calculated a throughput of 955 t/h for the upper and lower composites. The required throughput is 797 t/h for the first 5 years of underground operation at 89.5% availability to attain a production level of 6.25 Mt/a. The CP considers that the plant is capable of this throughput; however, it is recommended that the JKTech report be updated with the comminution data from the variability and LOM period composites testing.
- Rougher-scavenger flotation testing on the upper and lower underground composites showed similar results to the previous Atlantic Nickel tests on open pit ore but with higher recovery and lower rougher concentrate grade. The tests on the underground variability samples also showed generally higher recoveries but at similar rougher concentrate grades.
- LCTs on the underground upper and lower composites gave similar results to the open pit blend material. However, the LCTs on the underground LOM period composites gave better results with NiS recoveries in the range 85% to 91% at concentrate grades between 13.3% and 14.9% NiS. Atlantic Nickel staff plotted the enrichment ratio (%NiS in concentrate/%NiS in feed) versus the % mass pull to the concentrate for the open pit and underground LCTs. The R^2 correlation coefficient for the resulting curve is 0.9804. The CP considers this model to be suitable for calculating the LOM underground material recovery.
- The only deleterious element in the concentrate that could lead to downstream treatment penalties is MgO; this is controlled by efficient cleaner flotation and has not been an issue to date.

14.0 MINERAL RESOURCE ESTIMATES

14.1 Introduction

The Mineral Resource estimate for Santa Rita, as of December 31, 2022, was completed by MTS. GeoEstima reviewed and adopted the procedures and parameters used by MTS to estimate the resources of the open pit and underground models.

Open pit and underground Mineral Resource models were completed for the Santa Rita nickel–copper deposit:

- **Open pit model:** the open pit Mineral Resource model was completed in July 2019 to support Mineral Resource estimation assuming open pit mining methods. The open pit model included drill data completed by Atlantic Nickel up to June 23, 2019.
- **Underground model:** a second Mineral Resource model was completed in March 2021 to determine Mineral Resources potentially amenable to underground mining methods. The underground model included drill hole data completed by Atlantic Nickel between June 2019 and February 2021. The database close-out date for the underground model was February 25, 2021.

After the completion of the block models, both models were combined into the same file.

The methodology used for the two models was similar and included:

- Construction of a lithology domain model.
- Construction of a grade shell to constrain the grade estimation.
- Calculation of nominal drill spacing used to control estimations and determine resource classification.
- Construction of a surface for local varying anisotropy to control the search ellipse during interpolations.
- Estimate a sulphur indicator model to define the low and high-sulphur domains.
- Estimate indicator and ordinary kriging (OK) models for total nickel (NiT%), sulphide nickel (NiS%), copper (Cu%), cobalt (Co%), and magnesium oxide (MgO%) to define the low and high-grade domains of each one.
- Estimate sulphur, NiT, NiS, copper, MgO, cobalt, palladium (Pd ppm), platinum (Pt ppm), gold (Au ppm), and iron (Fe %) grades for both domains, and calculate the final grade based on the grades and indicator value of each domain.
- Assign density by lithology domain.
- Validate the estimation using trend analysis, statistical, and visual checks.

The geology models for the open pit and underground were constructed in Leapfrog Geo. Both geology models were reviewed and accepted by GeoEstima.

The grade shells for the open pit and underground models were defined based on the NiT, S, and MgO content, and were constructed using Leapfrog Geo software. In addition, the indicator models for the open pit and underground models were completed using Vulcan software.

The Mineral Resource estimates for the open pit and underground models were estimated using Vulcan software and were checked by GeoEstima using Leapfrog Geo/Edge. The models include grade estimates for 10 variables (NiT, NiS, Cu, Co, Pd, Pt, Au, MgO, Fe, and S), and a mean density value was assigned by lithology domain due to limited data.

The open pit model was depleted using the December 31, 2022 topography. The current underground Mineral Resource was reported considering all the blocks inside of the Mineral Resource shape, instead of applying an NSR cut-off value to the blocks. Consequently, the underground resource includes all of the mineralised blocks, classified as Measured, Indicated, and Inferred, and also waste blocks that are inside of the underground Mineral Resource shapes.

The Mineral Resource estimates reported in this CPR follow Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves dated May 10, 2014 (the CIM (2014) definitions).

The CP reviewed the Mineral Resource assumptions, input parameters, geological interpretation, block modelling, and reporting procedures, and is of the opinion that the Mineral Resource estimate is appropriate for the style of mineralisation and that the block model is reasonable and acceptable to support the December 31, 2022, Mineral Resource estimate.

The CP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.

A summary of the open pit and underground Mineral Resources for the Santa Rita deposit is provided in Table 14-1.

Table 14-1: Summary of Mineral Resources – December 31, 2022
ACG Acquisition Company Limited – Santa Rita Mine

Category	Method	Tonnage (kt)	Grade							Contained Metal					
			N (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	NSR (US$/t)	NiS (kt)	Cu (kt)	Co (kt)	Pd (koz)	Pt (koz)	Au (koz)
Measured	OP	7,044	0.40	0.13	0.01	0.03	0.07	0.04	34.26	28.3	9.4	0.8	7.7	16.6	10.1
	UG	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0
	Stockpile	870	0.22	0.10	0.09	0.03	0.06	0.04	23.19	1.9	0.9	0.8	0.8	1.7	1.1
	Sub-total	7,914	0.38	0.13	0.02	0.03	0.07	0.04	33.04	30.2	10.3	1.6	8.5	18.2	11.3
Indicated	OP	36,343	0.31	0.12	0.01	0.03	0.06	0.04	26.90	112.9	41.8	3.4	36.1	73.8	49.5
	UG	105,859	0.54	0.18	0.01	0.04	0.10	0.06	45.68	568.2	187.5	13.6	135.8	331.0	216.8
	Stockpile	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0
	Sub-total	142,202	0.48	0.16	0.01	0.04	0.09	0.06	40.88	681.1	229.3	17.0	171.8	404.8	266.3
Measured + Indicated	**OP**	**43,388**	**0.33**	**0.12**	**0.01**	**0.03**	**0.06**	**0.04**	**28.10**	**141.2**	**51.3**	**4.2**	**43.8**	**90.4**	**59.7**
	UG	**105,859**	**0.54**	**0.18**	**0.01**	**0.04**	**0.10**	**0.06**	**45.68**	**568.2**	**187.5**	**13.6**	**135.8**	**331.0**	**216.8**
	Stockpile	**870**	**0.22**	**0.10**	**0.09**	**0.03**	**0.06**	**0.04**	**23.19**	**1.9**	**0.9**	**0.8**	**0.8**	**1.7**	**1.1**
	Sub-total	**150,117**	**0.47**	**0.16**	**0.01**	**0.04**	**0.09**	**0.06**	**40.47**	**711.3**	**239.6**	**18.6**	**180.4**	**423.0**	**277.5**
Inferred	OP	45	0.25	0.10	0.01	0.02	0.05	0.03	21.82	0.1	0.0	0.0	0.0	0.1	0.0
	UG	130,852	0.54	0.17	0.01	0.05	0.10	0.06	45.52	702.3	224.5	17.3	210.6	426.8	259.2
	Stockpile	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0
	Sub-total	130,898	0.54	0.17	0.01	0.05	0.10	0.06	45.51	702.5	224.5	17.3	210.7	426.8	259.2

Notes:

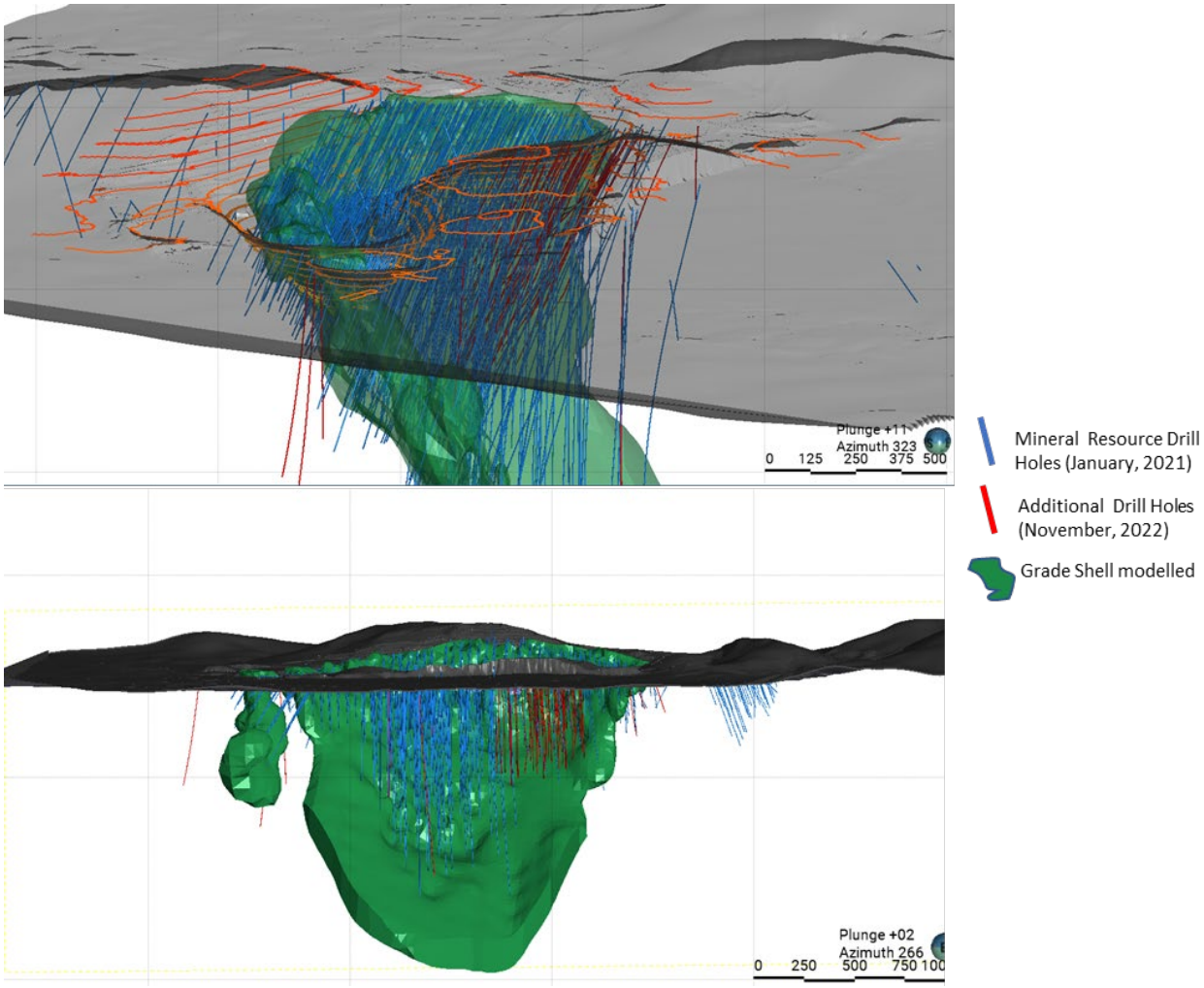
1. CIM (2014) definitions were followed for Mineral Resources.
2. The Competent Person for the Mineral Resources estimate is Orlando Rojas, B.Geo., AIG (N° 5543), a GeoEstima SpA employee.
3. The Mineral Resource estimates have an effective date of December 31, 2022.
4. Mineral Resources are estimated at a net smelter return (NSR) cut-off value of US$8.91/t for open pit, and US$30.00/t for underground.
5. Mineral Resources are estimated using metal prices of US$6.50/lb Ni, US$3.00/lb Cu and US$20.00/lb Co.
6. Open pit and underground Mineral Resources are reporting within a conceptual open pit and underground constraining shapes for material below the pit.
7. All blocks within underground constraining shapes have been included within the Mineral Resource estimate.
8. Minimum widths are 5 m for the open pit and 45 m for the underground.
9. The metallurgical recoveries used are 83% for NiS; 70% for Cu; 29% for Co.
10. Bulk density varies depending on mineralisation domain from 2.5 g/cm³ to 3.5 g/cm³.
11. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves.
12. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
13. Numbers may not add due to rounding.

14.2 Resources Database

Atlantic Nickel is migrating the database from acQuire system to Fusion, however, when the block model was updated, the database was in acQuire system. The resource database contains drilling information and analytical results up to June 23, 2019 for open pit model and up to February 25, 2021 for the underground model. Information received after these dates was not included in the Mineral Resource estimate. Table 14-2 summarizes the drill holes considered in Mineral Resource estimation, and Figure 14-1 shows the drill hole location.

Table 14-2: Mineral Resources Drill Holes as of February 25, 2021
ACG Acquisition Company Limited – Santa Rita Mine

Year	Company	Drill Hole Type	Number of Holes	Metreage (m)
1988	Caraíba Metais	DDH	4	465
1989	CBPM	DDH	3	787
2004	Mirabela Brazil	DDH	14	2,666
2005		DDH	83	18,164
2006		DDH	165	41,505
2007		DDH	183	50,587
2008		DDH	116	51,052
2011		DDH	5	3,598
2012		DDH	10	6,548
2018	Atlantic Nickel	DDH	31	14,248
		RC	267	22,141
2019		DDH	81	61,134
		RC	68	8,611
2020		DDH	19	17,644
2021		DDH	3	2,898
	Total Drill Holes		**1,052**	**302,047**



Source: GeoEstima, 2023.

Figure 14-1: 3D View of Santa Rita and Drill Holes

GeoEstima received the data from Atlantic Nickel in Microsoft Excel and in CSV format. Data was amalgamated, parsed as required, and imported into Leapfrog Geo software for review.

The drill hole database comprises coordinate, length, azimuth, dip, lithology, density, and assay data. For the grade estimation, unsampled intervals within mineralisation wireframes were replaced with zero grades. Detection limit text values (e.g., "<0.05") were replaced with numerical values that were half of the analytical detection limit.

For the purpose of the Mineral Resource estimate, the drill hole data were limited to those assays located inside the mineralisation wireframes. This includes 17,194 samples of RC and approximately 169,310 samples from DDH, totalling 200,701 m.

The CP conducted a number of checks on the resource database as discussed in Section 12, Data Verification. The CP is of the opinion that the database is of high quality and in accordance with industry standards and is appropriate to support Mineral Resource estimation.

14.3 Geological Modelling

The geology model for the open pit and underground model was developed in Leapfrog Geo and consisted of seven lithology domains defined by logging. Table 14-3 summarizes the domains and domain coding for the model and composites.

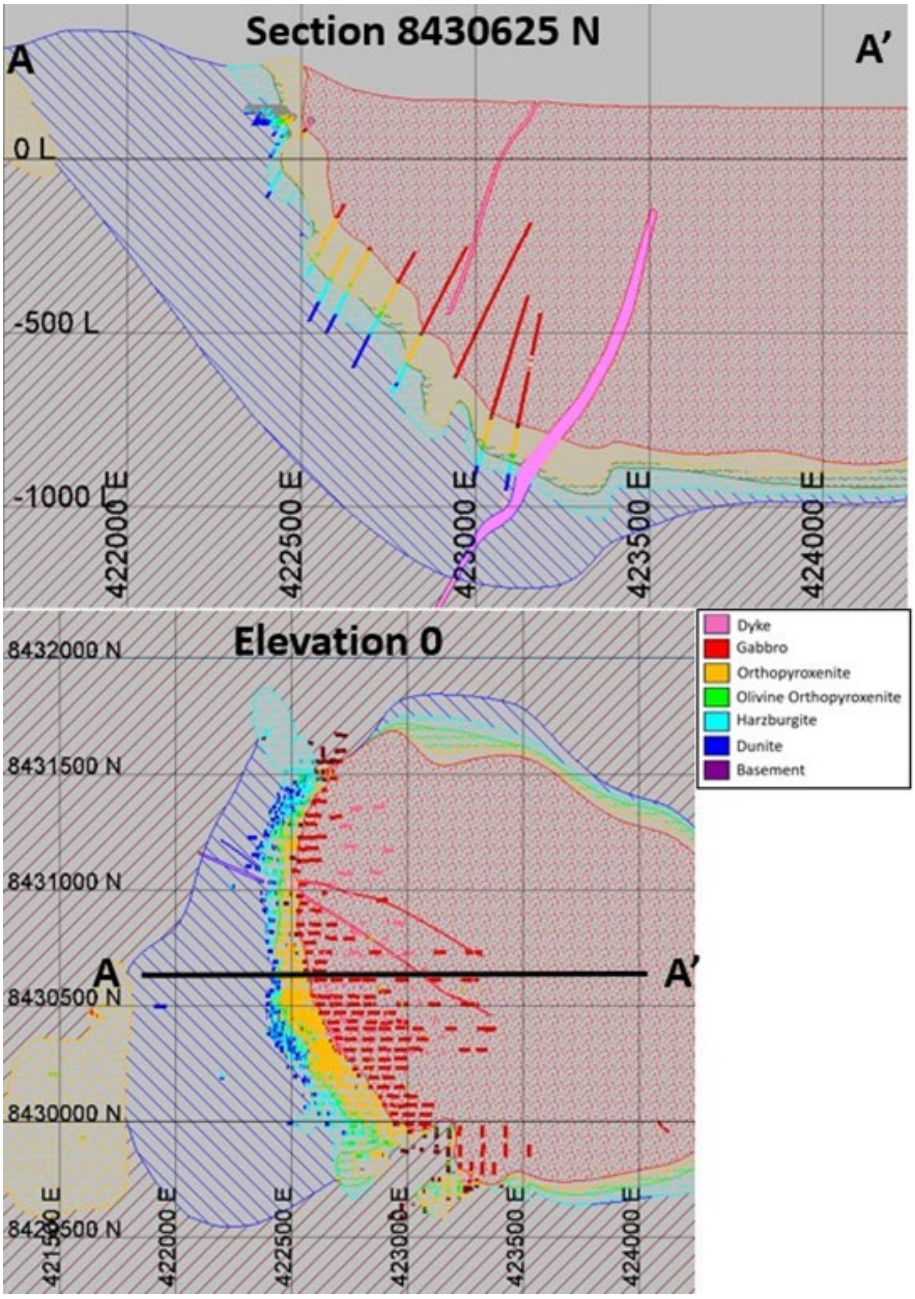
For the open pit model, the structural data was not available at the time of open pit model construction. A cross-section and plan view of the open pit geology model are shown in Figure 14-2.

Table 14-3: Summary Lithology Codes for Open Pit and Underground Models
ACG Acquisition Company Limited – Santa Rita Mine

Lithology Domains	Litho Code	Comment
Dike	50	
Gabbro	40	
Orthopyroxene	30	Includes websterite & pyroxenite
Olivine–orthopyroxene	22	
Harzburgite	21	
Dunite	10	
Basement	5	

The underground geology model includes data from additional drill holes completed between June 2019 and February 2021. The geology model included dykes that have been identified in the open pit. Figure 14-3 shows a section and plan of the underground geology model.

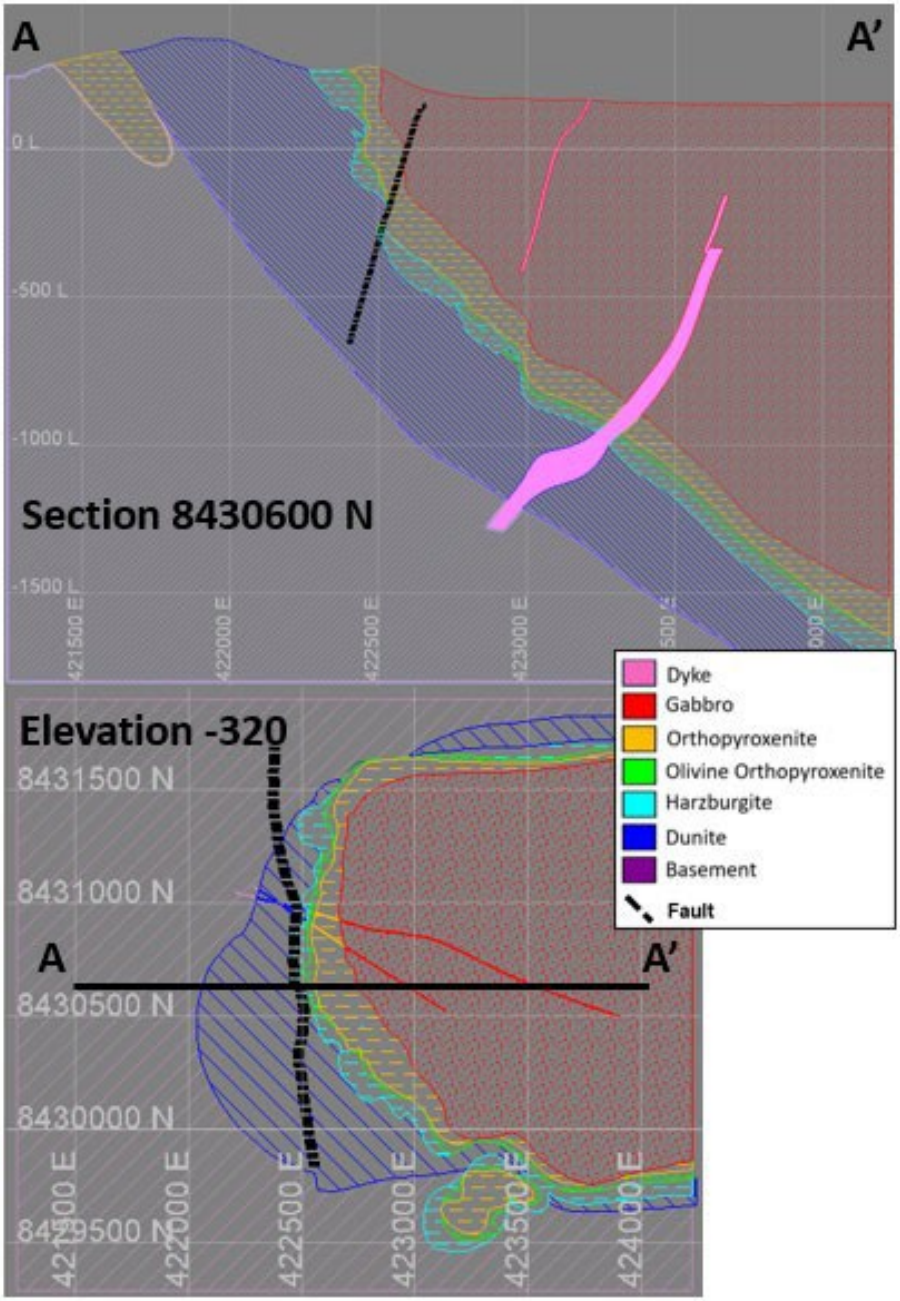
The wireframe solids representing the seven lithology domains were imported into Vulcan and used to code the lithology domains in the block model and composite files (*lith2019* for the open pit model and *lith2021* for the underground model).



Source: MTS, 2021.

Note. Section looks north. Plan looks down.

Figure 14-2: Section and Plan View of Open Pit Geology Model



Source: MTS, 2021.

Figure 14-3: Section and Plan View of the Underground Geology Model

14.4 Exploratory Data Analysis

MTS performed an exploratory data analysis using plugins for SGeMS software, that included box plots, histograms, probability plots, decile analysis (for top cutting), and summary statistics:

- Box plots were constructed for 3.0 m and 6.0 m composites within the grade shell by lithology domain. Box plots were constructed for each of the 10 elements to be estimated. The lithology domains with the highest mean sulphur, NiS, copper, and cobalt grades are harzburgite (21), olivine-orthopyroxene (22), and orthopyroxene (30). Box plots comparing the high-sulphur and low- sulphur domains were also constructed.
- Histograms and probability plots were constructed for the 3.0 m and 6.0 m composites within the grade shell. The plots for sulphur, NiS, NiT, copper, MgO, and iron show multiple populations.

GeoEstima reviewed the statistics parameters for raw data and considered to validate the different grade shell domains and later, the block model estimate. Table 14-4 presents a summary of raw assay statistics.

Table 14-4: Raw Assay Statistics
ACG Acquisition Company Limited – Santa Rita Mine

Element	Total Samples	Mean	STD	CV	Variance	Minimum	Maximum
Co (ppm)	136,920	136.35	49.81	0.37	2,481.16	0.00	1,860.00
Cu (%)	136,920	0.09	0.11	1.23	0.01	0.00	4.44
NiS (%)	136,920	0.28	0.30	1.08	0.09	0.00	9.38
NiT (%)	136,920	0.39	0.30	0.76	0.09	0.00	10.15
Pd (ppm)	136,920	0.03	0.06	2.03	0.00	0.00	3.24
Pt (ppm)	136,920	0.06	0.09	1.66	0.01	0.00	3.77

14.5 Composites

MTS composited the assays to 3.0 m and 6.0 m using the grade shells for control. The compositing process included a selection file that identified only drill holes with assay data. The composite length corresponds to half of the parent block size height for the deposit. Figure 14-4 presents the length distribution. The 3.0 m composites were used for grade estimation and nearest-neighbour (NN) validation. The 6.0 m composites were used for indicator kriging and NN validation.

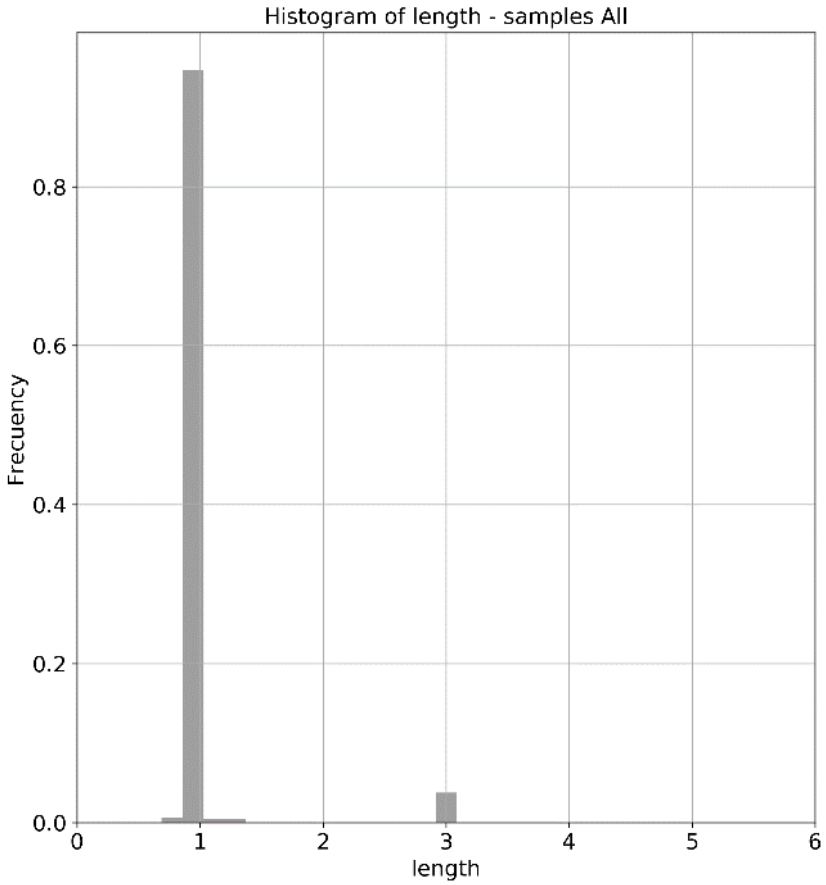


Figure 14-4: Histogram of sample length for Santa Rita

The composite files included grades for NiT%, NiS%, Cu%, Co ppm, Pt ppm, Pd ppm, Au ppm, MgO%, Fe%, and S%. The grade shells and lithology domains were back tagged into the composite files for validation and used for exploratory data analysis.

The statistics for 3.0 m composites are presented in Table 14-5.

Table 14-5: Composite Statistics for Santa Rita
ACG Acquisition Company Limited – Santa Rita Mine

Element	Total sample	Mean	STD	CV	Variance	Minimum	Maximum
Co (ppm)	49,624	136.11	45.87	0.34	2104.57	0	690.891
Cu (%)	49,624	0.09	0.09	1.11	0.01	0	2.704
NiS (%)	49,624	0.28	0.28	1.00	0.08	0	4.71
NiT (%)	49,624	0.39	0.28	0.70	0.08	0	4.779
Pd (ppm)	49,624	0.03	0.05	1.83	0.003	0	2.653
Pt (ppm)	49,624	0.06	0.08	1.49	0.01	0	1.983

14.6 Top Cut Analysis

A top cutting analysis for 3.0 m composites was completed to investigate the impact of high grades. The analysis included histograms, probability plots, and a decile analysis. The decile analysis indicated that no capping was required; however, probability plots indicated the presence of outliers at the 99th percentile. GeoEstima reproduced the capping analysis and observed the same data distribution, with few outlier samples above the 99th percentile. Figure 14-5 to Figure 14-8 present the p-plots for open pit model.

Different top-cutting strategies were implemented to address outliers during open pit and underground estimation. For open pit resources, a capping of high grades was applied to 3.0 m composites at the 99th percentile in estimation pass 2 and at the 95th percentile in estimation passes 3 and 4 to reduce the effect of high-grade composites smearing into areas with less dense drilling. No capping was implemented for sulphur and iron. A lower cap of 1% was implemented for MgO (Table 14-6).

For the underground model, GeoEstima implemented an outlier strategy and included the strategy in estimation pass 5 (Table 14-7). A top cut was applied to 3.0 m composites at the 99th percentile in estimation pass 2 and at the 95th percentile in estimation passes 3, 4, and 5.

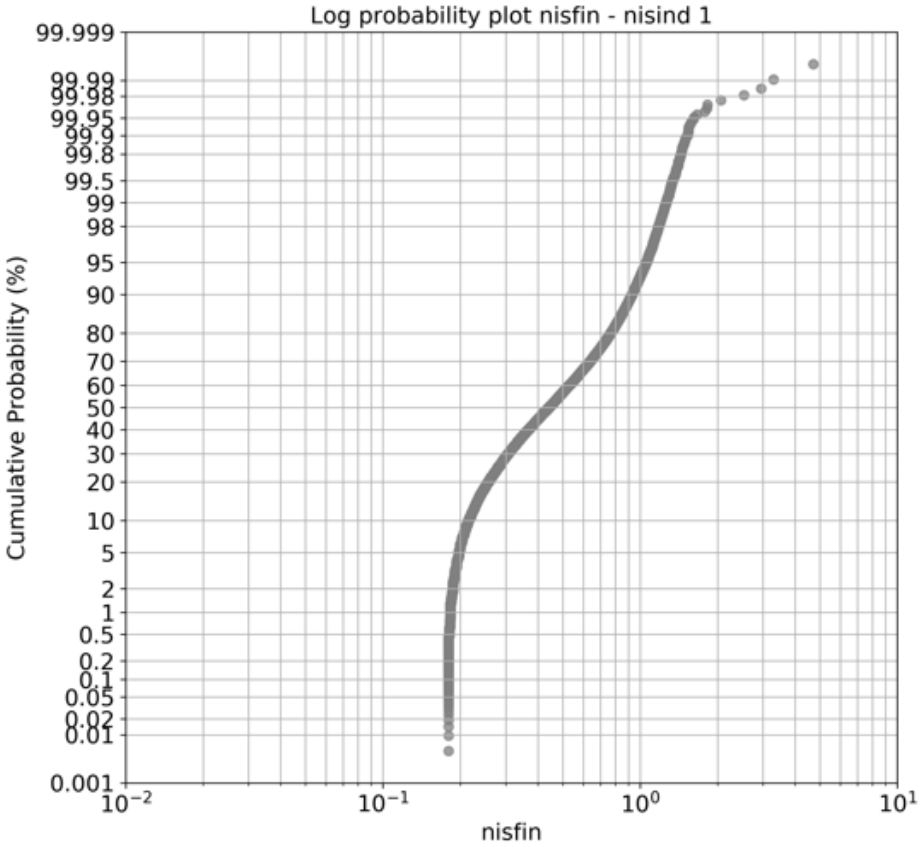


Figure 14-5: Capping Analysis for NiS – High Sulphur Domain

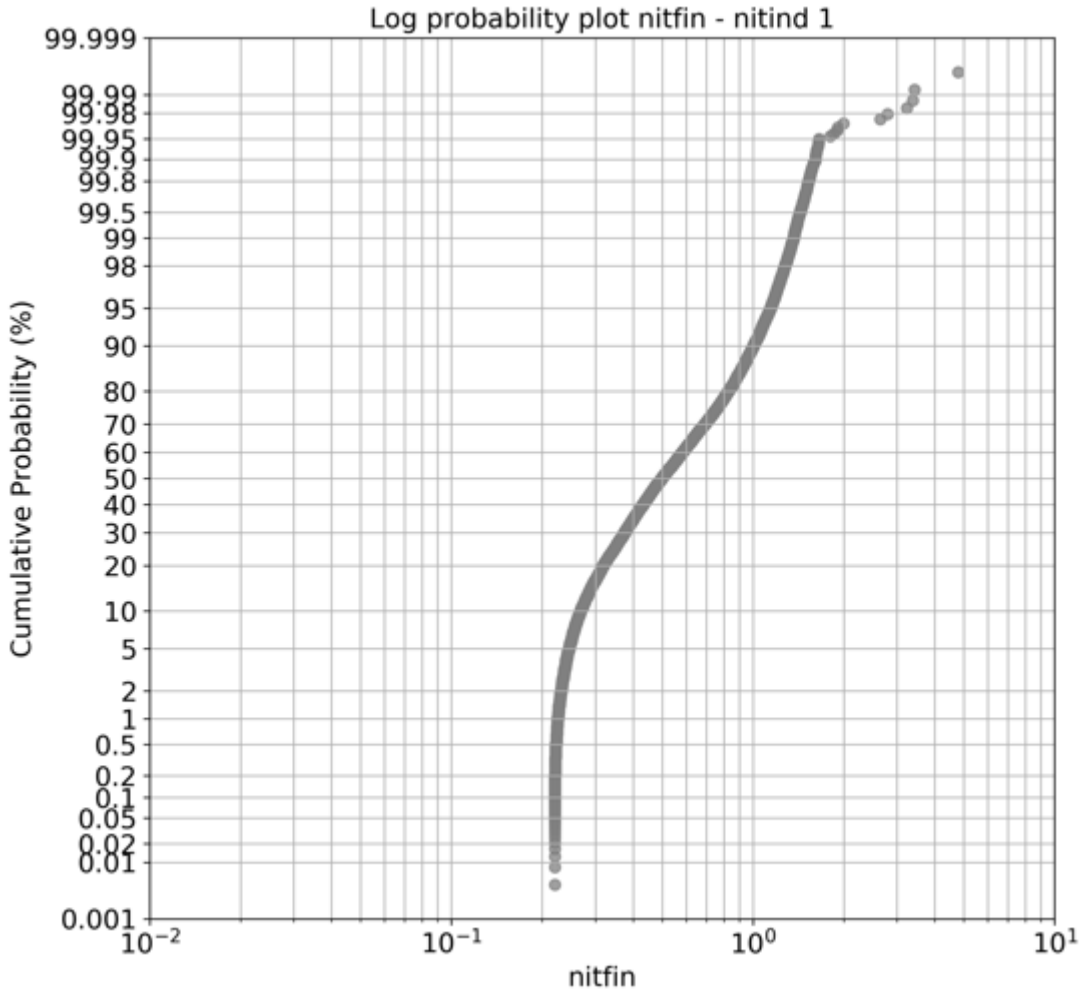


Figure 14-6: Capping Analysis for NiT – High Sulphur Domain

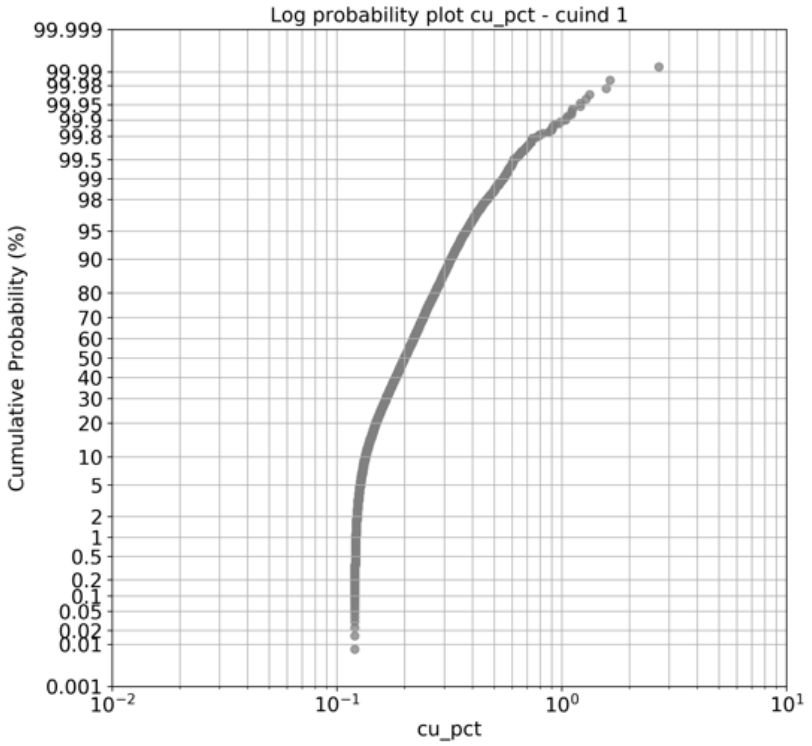


Figure 14-7: Capping Analysis for Cu – High Sulphur Domain

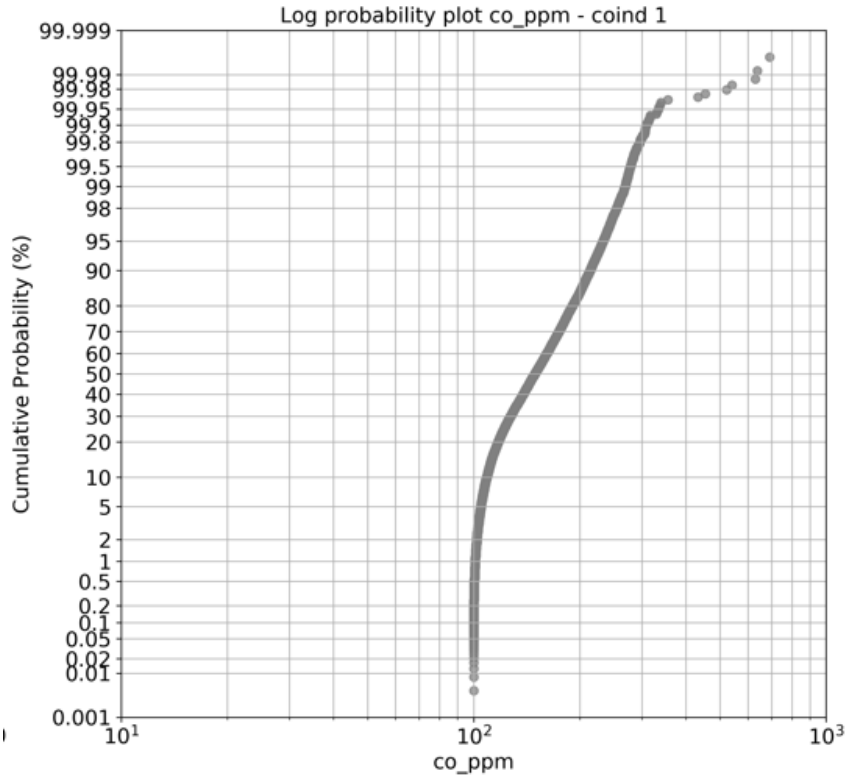


Figure 14-8: Capping Analysis for Co – High Sulphur Domain

Table 14-6: Top Cutting Strategy, Open Pit Model
ACG Acquisition Company Limited – Santa Rita Mine

Variable	Pass	Top Cut Grade OK	Top Cut Grade High-Sulphur Domain	Top Cut Low Sulphur Domain
NiT (%)	1	-	-	-
	2	1.60	1.60	0.80
	3	1.20	1.20	0.55
	4	1.00	1.00	0.40
NiS (%)	1	-	-	-
	2	1.60	1.60	0.70
	3	1.00	1.00	0.40
	4	0.90	0.90	0.20
Cu (%)	1	-	-	-
	2	1.00	1.00	N/A
	3	0.30	0.30	0.20
	4	0.28	0.28	0.15
S	All	-	-	-
MgO (Low Cap) (%)	1	1.00	1.00	1.00
	2	1.00	1.00	1.00
	3	1.00	1.00	1.00
	4	1.00	1.00	1.00
Co (ppm)	1	-	-	-
	2	-	-	-
	3	225	225	-
	4	125	125	-
Pd (ppm)	1	-	-	-
	2	-	-	-
	3	0.125	N/A	N/A
	4	0.100	-	-
Pt (ppm)	1	-	-	-
	2	-	-	-
	3	0.200	N/A	N/A
	4	0.150	-	-
Au (ppm)	1	-	-	-
	2	-	-	-
	3	0.150	N/A	N/A
	4	0.100	-	-

Variable	Pass	Top Cut Grade OK	Top Cut Grade High-Sulphur Domain	Top Cut Low Sulphur Domain
Fe	All	-	N/A	N/A

Table 14-7: Top Cutting Strategy, Underground Model
ACG Acquisition Company Limited – Santa Rita Mine

Variable	Pass	Top Cut OK	Top Cut High-grade	Top Cut Low-Grade
NiT (%)	1	-	-	-
	2	1.60	1.60	0.80
	3	1.20	1.20	0.55
	4	1.00	1.00	0.40
	5	1.00	1.00	0.40
NiS (%)	1	-	-	-
	2	1.60	1.60	0.70
	3	1.00	1.00	0.40
	4	0.90	0.90	0.20
	5	0.90	0.90	0.20
Cu (%)	1	-	-	-
	2	1.00	1.00	-
	3	0.30	0.30	0.20
	4	0.28	0.28	0.15
	5	0.28	0.28	0.15
S (%)	All	-	-	-
MgO (Low Cap) (%)	1	1.00	1.00	1.00
	2	1.00	1.00	1.00
	3	1.00	1.00	1.00
	4	1.00	1.00	1.00
	5	1.00	1.00	1.00

The metal at risk was determined by comparing mean grades for capped and uncapped estimates. Table 14-8 summarizes the metal at risk for the open pit model. The metal at risk for NiT and NiS was less than 1%. For copper, the metal at risk was 3.3%. Table 14-9 summarizes the metal at risk for the underground model. The metal at risk for the underground model is 3% for NiS, 9% for copper, and 7% for platinum and gold.

Table 14-8: Metal at Risk Losses, Open Pit Model
ACG Acquisition Company Limited – Santa Rita Mine

Element	Mean Capped	Mean No Cap	Metal at Risk (%)
NiT (%)	0.52	0.52	0.3
NiS (%)	0.41	0.41	0.5
Cu (%)	0.144	0.149	3.3
S (%)	N/A		
MgO (%)	N/A		
Co (ppm)	100 ppm		

Table 14-9: Metal at Risk Losses, Underground Model
ACG Acquisition Company Limited – Santa Rita Mine

Element	Mean Capped	Mean No Cap	Metal at Risk (%)
NiT (%)	0.54	0.55	-2.17
NiS (%)	0.44	0.45	-3.12
Cu (%)	0.14	0.16	-8.86
Co (%)	148.3	151.3	-1.98
Pt (ppm)	0.087	0.094	-7.45
Pd (ppm)	0.042	0.043	-2.33
Au (ppm)	0.056	0.06	-6.67

14.7 Bulk Density

The density database includes 18,170 density determinations. Data were filtered according to the model considered the open pit model included only data below topography dated January 2021 and above the -350 elevation and the underground model included only data below the open pit Mineral Resource shell (15,029 density determinations).

Histograms and probability plots were constructed by lithology domain. After inspection of the plots, the data were trimmed for low and high outliers. The final density was assigned by lithology domains and was determined based on the trimmed data. After the cut-off date of the database, no further samples were added to the block model evaluation.

The density data are summarised by lithology domain in Table 14-10 and Table 14-11, open pit and underground model respectively. The CP considers that density can be assigned when the coefficient of variation (CV) is less than 0.05. The CVs for dunite and basement lithologies are slightly elevated but were considered acceptable for Mineral Resource estimation purposes.

Table 14-10: Density by Lithology Domain, Open Pit Model
ACG Acquisition Company Limited – Santa Rita Mine

Lithology Domains	Total Samples	Mean	CV	Low Trim	High Trim	Samples Excluded	Trimmed Mean	Trimmed CV
Dike	136	3.00	0.1	2.7	3.2	5	2.99	0.03
Gabbro	5,612	2.96	0	2.5	3.4	32	2.96	0.02
Orthopyroxene	2,798	3.26	0.1	2.8	3.5	135	3.29	0.02
Olivine-Orthopyroxene	387	3.24	0.1	2.8	3.5	17	3.27	0.03
Harzburgite	1,588	3.12	0.1	2.75	3.5	94	3.15	0.04
Dunite	761	3.01	0.7	2.5	3.5	10	3.01	0.06
Basement	449	2.82	0.1	2.55	3.3	13	2.81	0.06

Table 14-11: Density by Lithology Domain, Underground Model
ACG Acquisition Company Limited – Santa Rita Mine

Lithology Domains	Total Samples	Mean	CV	Low Trim	High Trim	Samples Excluded	Trimmed Mean	Trimmed CV
Dike	271	3	0.06	2.7	3.2	5	2.99	0.03
Gabbro	6,397	2.97	0.03	2.5	3.4	23	2.97	0.03
Orthopyroxene	3,740	3.27	0.05	2.8	3.5	156	3.3	0.03
Olivine-Orthopyroxene	552	3.24	0.06	2.8	3.5	26	3.27	0.04
Harzburgite	2,080	3.17	0.06	2.7	3.5	89	3.19	0.05
Dunite	1,510	3.15	0.09	2.5	3.5	47	3.15	0.08
Basement	479	2.84	0.07	2.55	3.5	5	2.84	0.07

14.8 Grade Shells

Two grade shell wireframe solids were constructed in Leapfrog to control the grade estimation. The majority of the drilling completed before 2018 does not include NiS analyses, and the grade shells were constructed with assay data for NiT, sulphur, and MgO assay data. NiS data were considered when available.

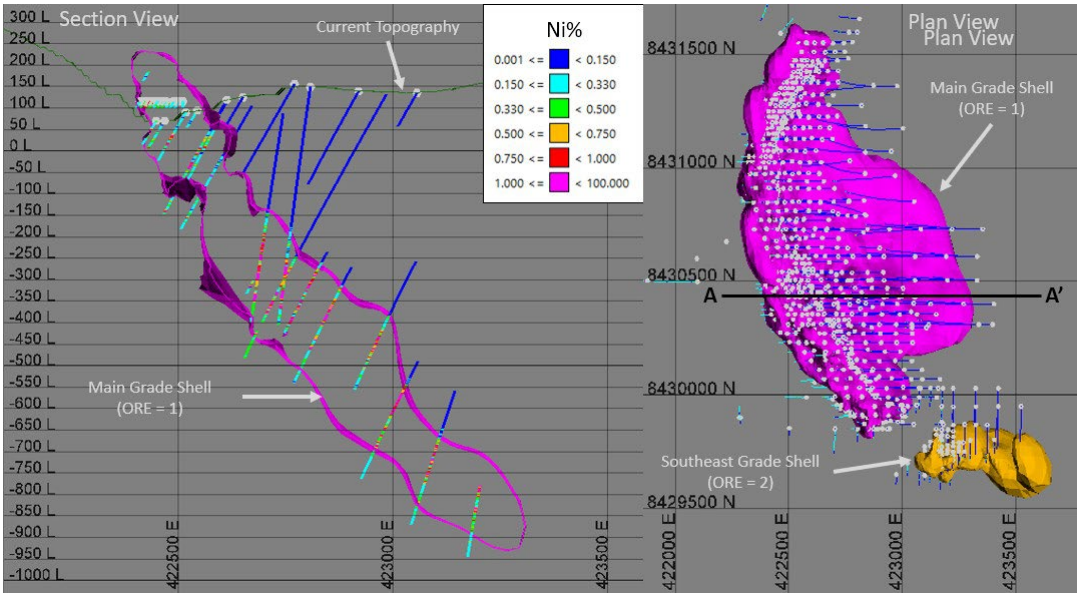
The general methodology for constructing the grade shells included:

- NiT >0.10%: NiT provided a definition for the hanging wall of the grade shell and generally defines the base of the gabbro. NiT is less useful defining the footwall of the grade shell because of significant nickel present in silicates in the harzburgite and dunite lithology domains.
- Sulphur >0.05%: the sulphur values, in association with NiT, better define the lower contact (footwall) of the grade shell. High NiT values in association with low sulphur values indicates

nickel is present as nickel silicates. Low sulphur areas within the grade shell were isolated using indicator kriging (IK).

- MgO <35.0%: the MgO values were used primarily to assist definition of the lower contact.

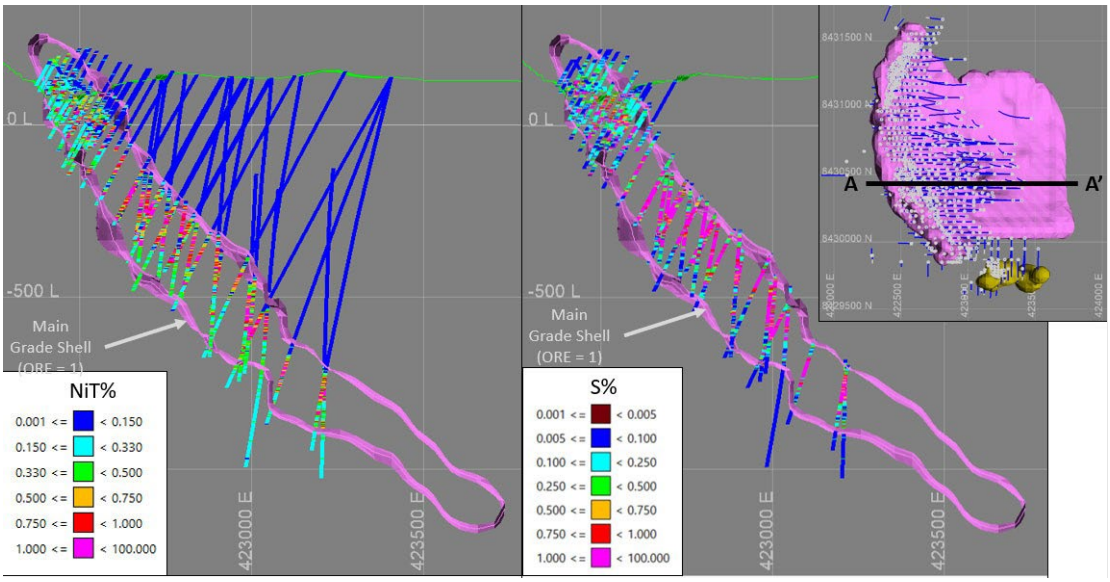
The grade shell intersections were modelled in Leapfrog Geo and the final grade shells were imported into Vulcan software. The grade shell was extended down dip +650 m to provide guidance for future step-out drilling. Figure 14-9 shows the grade shells for the open pit model and Figure 14-10 a section for underground grade shell model that include the additional drilling obtained after June 2019.



Source: MTS, 2021.

Note. Section looks north. Plan looks down.

Figure 14-9: Grade Shell; Section 8,430,420N (A-A'), Open Pit Model



Source: MTS, 2021.

Note. Section looks north. Plan view looks down.

Figure 14-10: Grade Shell, Underground Model, Section 8,430,420N

14.9 Indicator Model

Multiple populations in sulphur, NiT, NiS, copper, cobalt, and MgO indicate an indicator model is appropriate. The indicator models were constructed using 6.0 m length composites, boundary by the grade shell model, and includes indicator estimates for sulphur, NiT, NiS, copper, cobalt, and MgO.

14.9.1 Indicator Thresholds

Indicator thresholds were determined using histograms and probability plots and visual inspection of composite grades in cross section. GeoEstima reproduced the p-plots and agree with limits defined by MTS (Figure 14-11 to Figure 14-15).

The 3.0 m and 6.0 m composites were coded with indicator threshold to identify high-grade and low-grade composites. Table 14-12 summarizes the indicator thresholds coded to the composite data for the open pit and underground model.

Table 14-12: Santa Rita Indicator Threshold, Open Pit and Underground Model
ACG Acquisition Company Limited – Santa Rita Mine

Composite Indicator Fields	Indicator = 0	Indicator = 1
Nitind	< 0.22%	≥ 0.22%
Nisind	< 0.18%	≥ 0.18%
Cuind	< 0.15%	≥ 0.15%
Sind	< 0.25%	≥ 0.25%
Mgoind	< 29.0%	≥ 29.0%
Coind	< 100 ppm	≥ 100 ppm

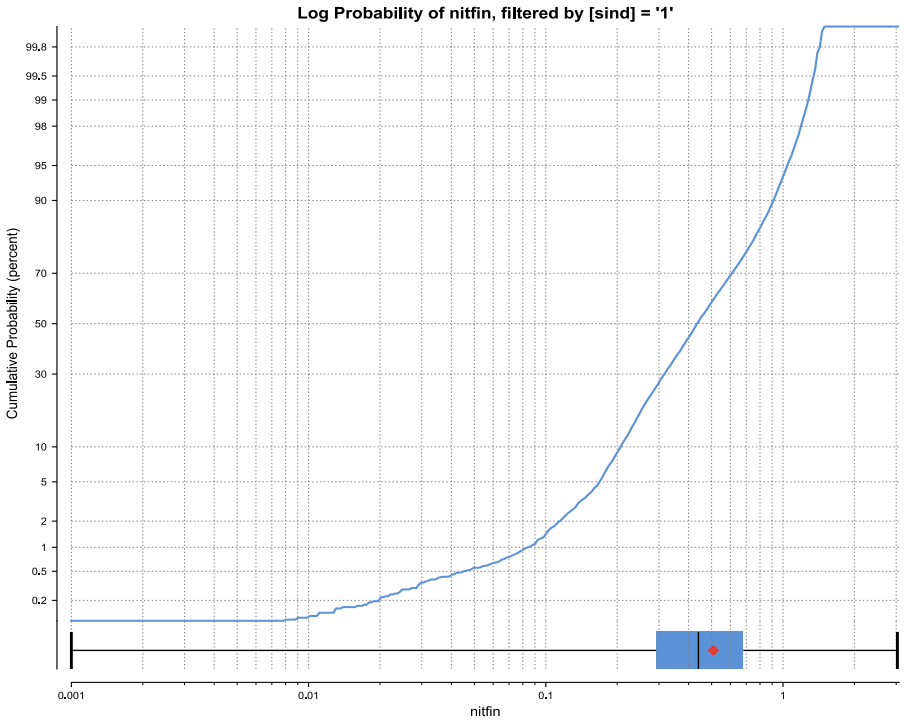


Figure 14-11: Probability Plots for NiT Indicator Threshold

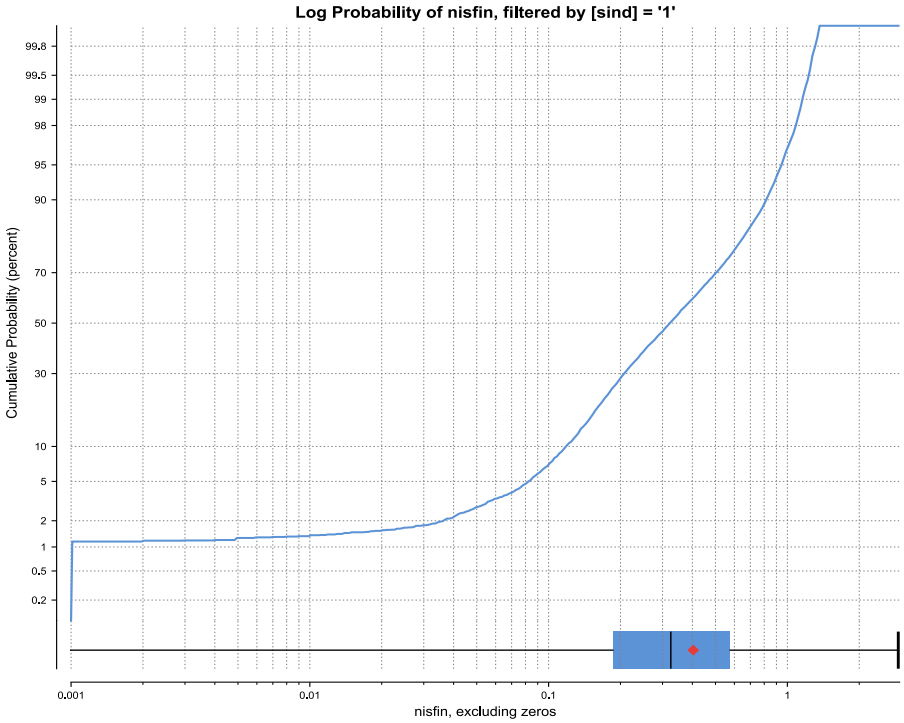


Figure 14-12: Probability Plots for NiS Indicator Threshold

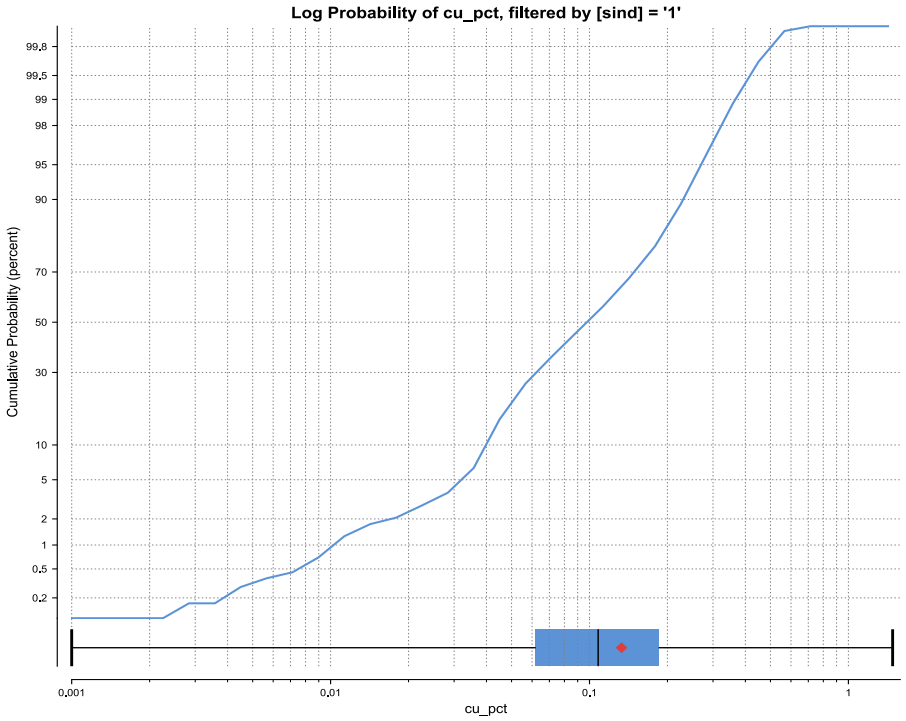


Figure 14-13: Probability Plots for Cu Indicator Threshold

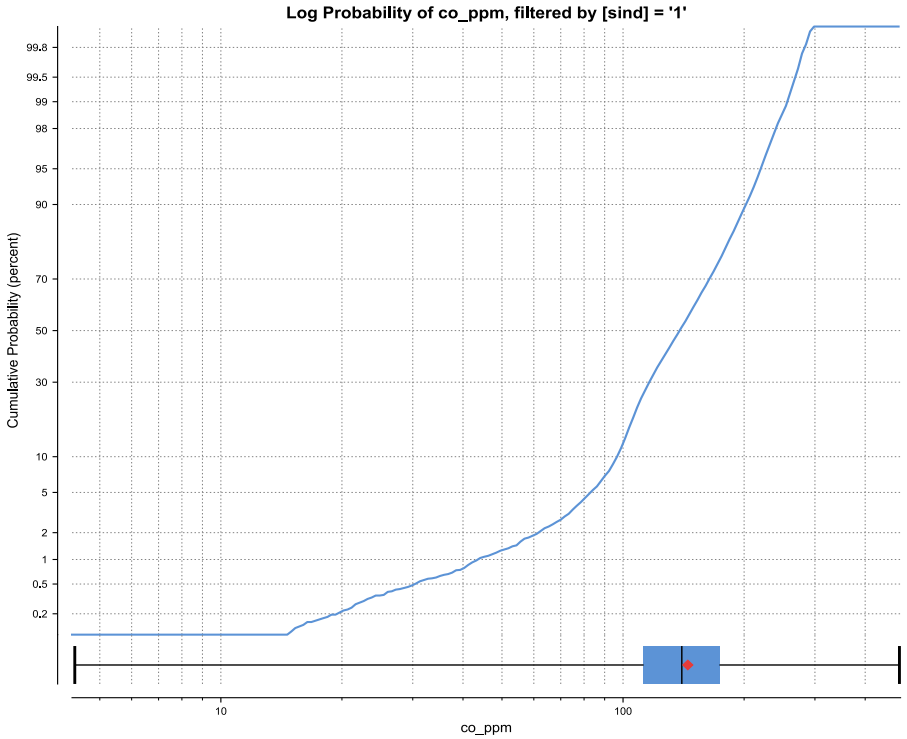


Figure 14-14: Probability Plots for Indicator Co Threshold – Santa Rita

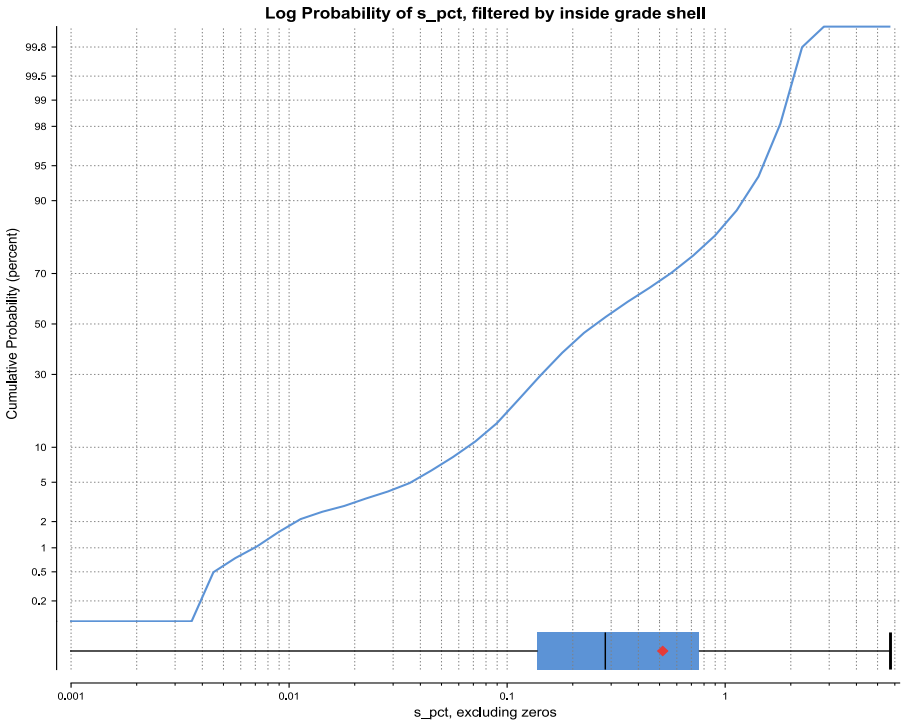


Figure 14-15: Probability Plots for S Indicator Threshold

14.9.2 Indicator Variograms

Indicator variograms (correlograms) were modelled for sulphur, NiT, NiS, copper, cobalt, and MgO using SAGE2001 software and Vulcan Data Analyser software. The variogram models included a maximum of three spherical structures. A downhole indicator variogram was used to determine the C0 (nugget). The indicator variograms are summarised in Table 14-13 to Table 14-15.

Table 14-13: Indicator Variograms, Open Pit Model
ACG Acquisition Company Limited – Santa Rita Mine

Variable	C0	C1	Range (m)			Rotation (°)			C2	Range (m)			Rotation (°)		
			Major	Semi Major	Minor	Z	Y	X		Major	Semi Major	Minor	Z	Y	X
S	0.33	0.41	29.7	54.8	55.9	0	-55	13	0.26	223.9	383.1	86.1	0	-55	13
NiT	0.23	0.46	62.3	70.9	24.9	0	-60	41	0.31	395.4	270.8	73.9	0	-60	10
NiS	0.32	0.5	57	51	29.3	0	-52	7	0.18	301.6	249.4	91.8	0	-52	46
Cu	0.27	0.56	28.8	26	28.3	0	-55	7	0.17	337.8	213	112.8	0	-55	7
MgO	0.16	0.34	47	92.3	49.1	0	-55	-43	0.5	858.2	598.8	72	0	-55	11
Co	0.35	0.56	20	15	20	0	-50	58	0	425	315	83	0	-50	-6

Table 14-14: Indicator Variograms, S, NiT, NiS, Cu, MgO, Co, Underground Model
ACG Acquisition Company Limited – Santa Rita Mine

Variable	C0	C1	Range (m)			Rotation (°)			C2	Range (m)			Rotation (°)			C3	Range (m)			Rotation (°)		
			Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)
S	0.3	0.2	18	18	15	90	-55	0	0.3	80	60	60	90	-55	0	0.1	300	300	120	90	-55	0
NiT	0.2	0.2	17	15	15	90	-55	0	0.4	75	50	60	90	-55	0	0.3	200	300	75	90	-55	0
NiS	0.3	0.2	20	20	18	90	-55	0	0.2	60	70	75	90	-55	0	0.2	150	125	75	90	-55	0
Cu	0.4	0.2	20	15	15	90	-55	0	0.4	60	50	50	90	-55	0	0.2	350	200	150	90	-55	0
MgO	0.1	0.4	20	18	20	90	-55	0	0.3	100	150	100	90	-55	0	0.3	250	350	220	90	-55	0
Co	0.3	0.3	15	20	15	90	-55	0	0.2	55	60	60	90	-55	0	0.2	350	250	150	90	-55	0

Notes:

1. LHR = left-hand rule
2. The rotations are based on the Vulcan system

Table 14-15: Indicator Variograms, S, NiT, NiS, Cu, MgO, Co, Underground Model, Zone 1
ACG Acquisition Company Limited – Santa Rita Mine

Variable	C0	C1	Range (m)			Rotation (°)			C2	Range (m)			Rotation (°)			C3	Range (m)			Rotation (°)		
			Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)
NiT	0.4	0.4	15	15	10	90	-55	0	0.2	150	150	75	90	-55	0	0.1	400	350	250	90	-55	0
NiS	0.5	0.3	15	10	10	90	-55	0	0.2	30	25	50	90	-55	0	0.1	300	200	150	90	-55	0
Cu	0.3	0.4	21	10	18	90	-55	0	0.2	75	40	50	90	-55	0	0.1	350	250	200	90	-55	0
Co	0.4	0.4	10	10	10	90	-55	0	0.2	40	40	60	90	-55	0	0.1	400	300	200	90	-55	0

Notes:

1. LHR = left-hand rule
2. The rotations are based on the Vulcan system

14.9.3 Indicator Kriging Parameters

IK was used for sulphur, NiT, NiS, copper, cobalt, and MgO. An NN and distance to the closest sample was captured during the IK procedure and was used for validation. Search criteria for the IK interpolation are summarised in Table 14-16 and Table 14-17.

Table 14-16: Indicator Kriging Search Parameters, Open Pit
ACG Acquisition Company Limited – Santa Rita Mine

Variable	Pass	Orientation			Search Range (m)			Samples		
		Bearing	Plunge	Dip	Major	Semi Major	Minor	About X	C2	Major
S, NiT, NiS, Cu, MgO, Co	1	LVB	LVP	LVD	50	25	15	4	7	3
	2				75	35	20	4	7	3
	3				200	100	50	4	6	3
	4				500	240	120	4	5	3

Notes:

1. LVB: local varying anisotropy bearing
2. LVP: local varying anisotropy plunge
3. LVD: local varying anisotropy dip

Table 14-17: Indicator Kriging Search Parameters, Underground Model and Underground Model Zone 1
ACG Acquisition Company Limited – Santa Rita Mine

Variable	Pass	Orientation			Range (m)			Samples		
		Bearing	Plunge	Dip	Major	Semi-Major	Minor	Min	Max	Max DH
S, NiT, NiS, Cu, MgO, Co	1	LVB	LVP	LVD	50	25	15	4	7	3
	2				75	35	20	4	7	3
	3				200	100	50	4	6	3
	4				500	240	120	3	5	3

Notes:

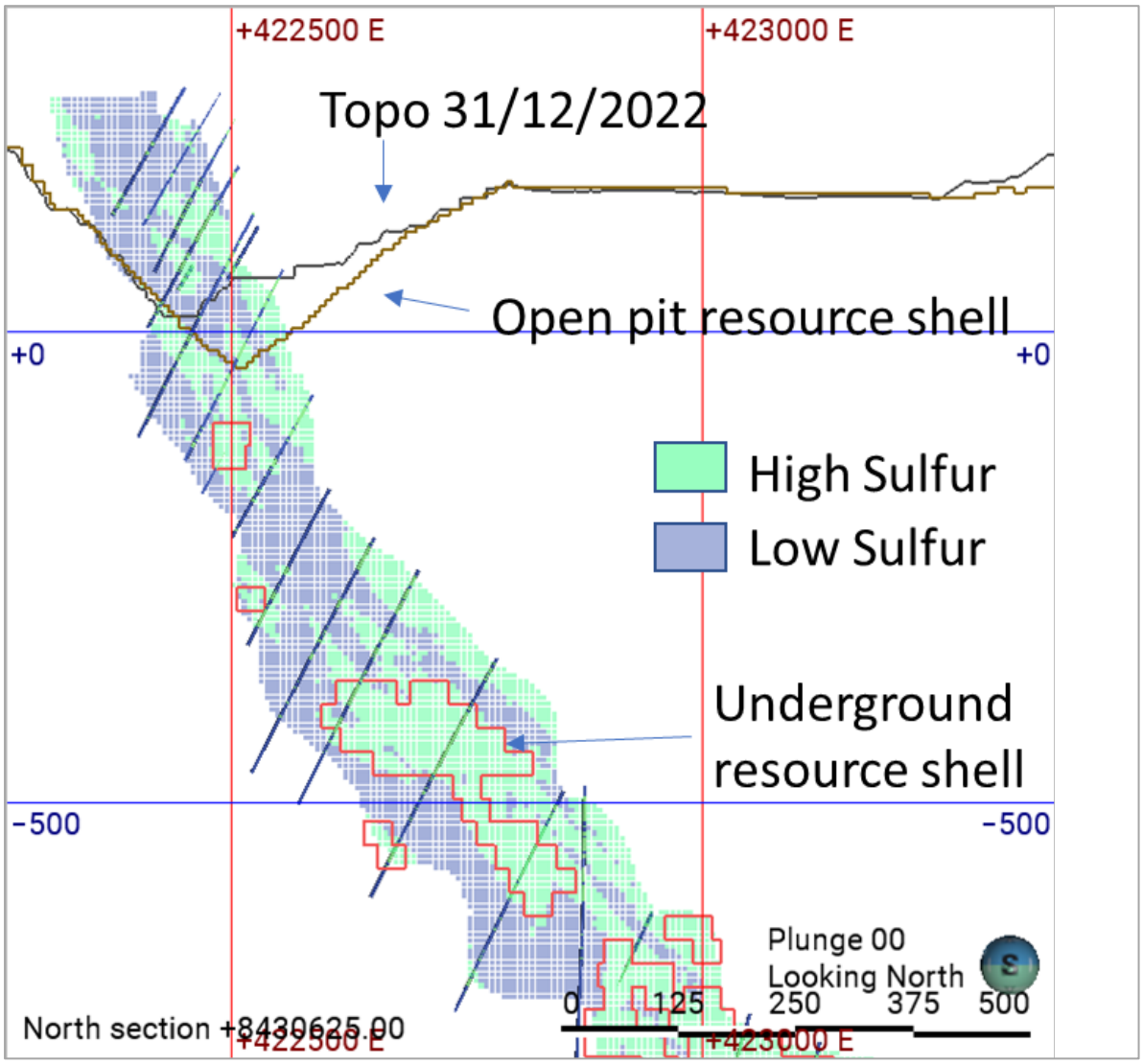
1. LVB: local varying anisotropy bearing
2. LVP: local varying anisotropy plunge
3. LVD: local varying anisotropy dip

14.9.4 Indicator Kriged Model for Sulphur

The sulphur indicator model was constructed to define high-sulphur and low-sulphur domains. The IK methodology permits the grade shells to be divided into high-sulphur and low-sulphur domains and provides for better estimation of sulphide mineralisation for nickel, copper, and cobalt.

The probability threshold to define the high-sulphur domain was determined using distance– volume plots that compared the indicator model and a NN indicator model. For open pit model a value of 0.55 was selected as an appropriate threshold to define the high-sulphur domain and for underground model a value of 0.53 was selected as an appropriate probability. Blocks with a probability indicator

above or equal the selected value were assigned to the high-sulphur domain (zone = 1). Blocks with a probability below were assigned to the low-sulphur domain (zone = 3). Blocks coded zone = 2 are dike and considered to be barren. Figure 14-16 shows the zone coding for the grade shell blocks. The composite data were identified for high-sulphur and low-sulphur domains by backtagging the block probability estimates and block zone codes into the composite files.



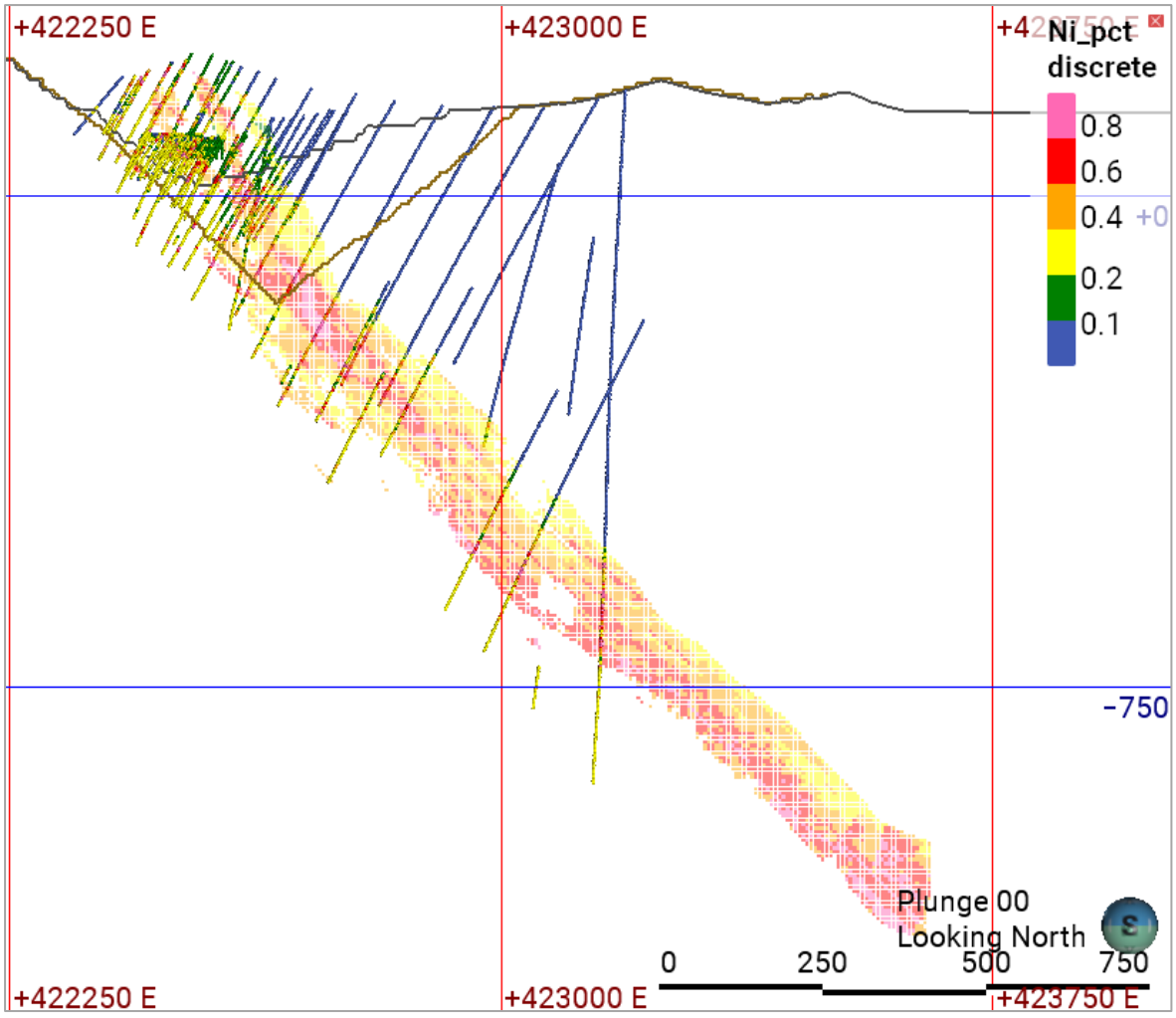
Source: GeoEstima, 2023.

Figure 14-16: Section Looking North Showing the Sulphur Domains

14.9.5 Indicator Kriging Models for NiT, NiS, Cu, and Co (Zone 1)

IK for NiT, NiS, copper, and cobalt was completed for blocks within the high-sulphur domain. The IK models were used to define high-grade and low-grade composite samples within the zone = 1 composites.

Indicator variograms were modelled for NiT, NiS, copper and cobalt using the zone = 1 composites and probability indicators were estimated into zone = 1 blocks. The probability thresholds defining high-grade and low-grade sub-sets were determined using distance–volume plots for each of the four variables. The composite data were identified for high-grade and low-grade sub-sets by backtagging the block probability estimates from the high-sulphur domain (zone = 1) into the composite files.



Source: GeoEstima, 2023.

Figure 14-17: NiT Grades Inside High Sulphur Domain

14.9.6 MgO Indicator Model

MgO is a deleterious element and important because high MgO values in economic grade mineralisation can have adverse effects in ore processing. It was observed that MgO is not correlated to sulphur values and an independent MgO IK model was constructed.

A MgO IK model was completed for the total grade shell volume (Zone = 1 and Zone =3). MgO indicators were estimated into the grade shell blocks. The probability threshold defining MgO high-grade and MgO low-grade was determined using a distance–volume plot comparing the IK and NN models.

A probability threshold of 0.49 was chosen to define the MgO high-grade and MgO low-grade domains in open pit models and probability threshold of 0.50 was chosen for high-grade domain in underground model. Blocks with MgO probabilities ≥ 0.49 or ≥ 0.50 were coded mgzone = 1 (high-grade) and blocks with MgO probabilities < 0.49 and < 0.50 were coded mgzone = 3 (low-grade), for open pit and underground model respectively. The composite data were identified for high-grade and low-grade MgO sub-sets by backtagging the block probability estimates into the composite files.

14.9.7 Summary of Indicators

The probability thresholds for the open pit model that defined the high- and low-grade for the six variables are summarised in Table 14-18. The probability estimates were backtagged into the composite files to permit high-grade and low-grade filtering during grade estimation.

Table 14-18: Summary of Probability High-and Low-Grade Thresholds
ACG Acquisition Company Limited – Santa Rita Mine

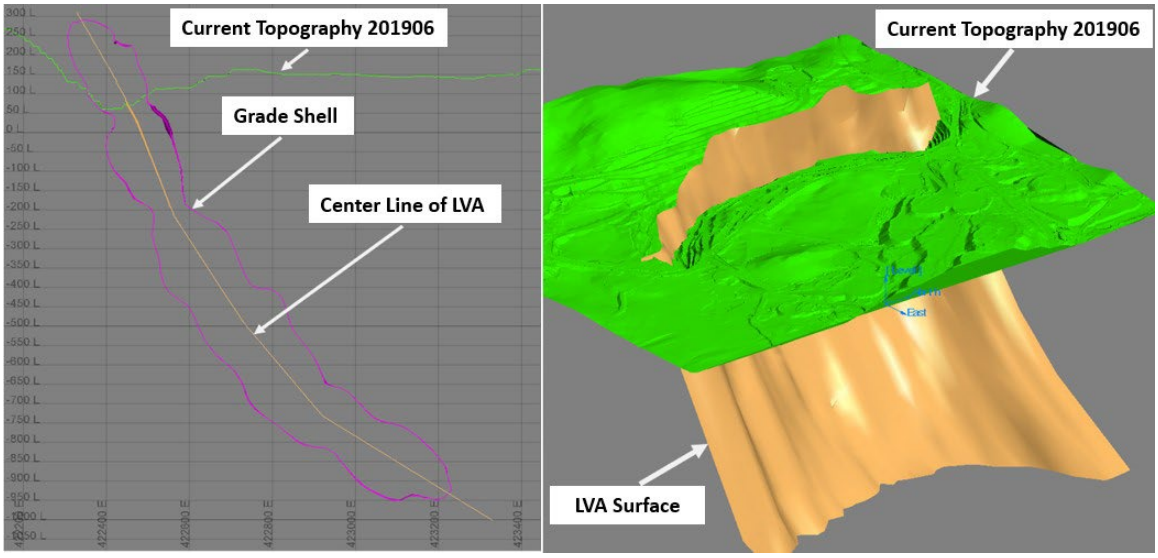
Element	Model	Block Model Variable	High-Grade Domain	Low-Grade Domain	Threshold
Co	Open Pit	COINDZ1	≥ 0.65	< 0.65	Zone 1
	Underground		< 0.66	≥ 0.66	Zone 1
Cu	Open Pit	CUINDZ1	≥ 0.65	< 0.65	Zone 1
	Underground		< 0.51	≥ 0.51	Zone 1
MgO	Open Pit	MGOIND	≥ 0.49	< 0.49	Zone 1 + Zone 3
	Underground		< 0.50	≥ 0.50	Zone 1 + Zone 3
NiS	Open Pit	NISINDZ1	≥ 0.50	< 0.50	Zone 1
	Underground		< 0.50	≥ 0.50	Zone 1
NiT	Open Pit	NITINDZ1	≥ 0.65	< 0.65	Zone 1
	Underground		< 0.66	≥ 0.66	Zone 1
S	Open Pit	SIND	≥ 0.55	< 0.55	Zone 1 + Zone 3
	Underground		< 0.53	≥ 0.53	Zone 1 + Zone 3

14.9.8 Local Varying Anisotropy Surface

MTS implemented local varying anisotropy (LVA) constructed from a single surface to improve searching and the estimation results. A centreline was interpreted through the grade shell on east–west cross sections at 20 m intervals and a wireframe surface was constructed from the polylines (Figure 14-18). The LVA surface was used to code each block of the block model with bearing (LVB),

plunge (LVP), and dip (LVD). The local varying anisotropy data were used to orient the search ellipse for sample selection during grade estimation.

GeoEstima reviewed and accepted the surfaces and ellipsoids used for grade estimation.



Source: MTS, 2021.

Figure 14-18: Local Varying Anisotropy Surface, Open Pit Model

14.10 Block Model

The wireframes were filled with blocks in Vulcan. The block model parent cells measure 6 m by 6 m by 6 m and has no sub-cells. Block model parameters are presented in Table 14-19.

Table 14-19: Block Model Setup
ACG Acquisition Company Limited – Santa Rita Mine

Parameter	X	Y	Z
Origin (m)	421,700	8,429,300	-1,496
Block Size (m)	6	6	6
Number of Blocks	380	417	316

14.11 Grade Estimation

Grade estimates were completed for NiT, NiS, copper, cobalt, platinum, palladium, gold, MgO, iron, and sulphur in Vulcan software. Grade estimates for NiT, NiS, copper, cobalt, platinum, palladium, gold, and iron were limited to the high-sulphur domain (zone = 1). An NN grade estimate and an OK estimate for zone = 1 were completed for model validation.

Grade estimation for sulphur was completed for both zones 1 and 3. Estimation was completed for the high- and low-grade domains using OK. Additional estimates by OK and NN were completed for validation.

Grade estimation for MgO was completed for both mgzones 1 and 3. Estimation was completed for MgO high-grade and MgO low-grade domains using OK. Additional estimates by OK and NN were completed for validation.

Grade estimates for platinum, palladium, gold, and iron were completed for only Zone = 1 using OK. A NN estimate was completed for validation.

The determination of sulphide cobalt (CoS) was based on the NiS/NiT ratio. The final CoS value was determined with the formula:

$$CoS\ (\%) = \frac{Co_{fin}(\text{ppm}) * (\text{NiS/NiT}))}{10{,}000}$$

Each variable was estimated independently in four passes for the open pit model and in five passes for underground model with expanding searches for each pass. Variograms for the estimation are summarised in Table 14-20 and Table 14-21. The search and sample counts for each pass are summarised in Table 14-22 and Table 14-23.

All variables were estimated using OK and the final grades were calculated based on the proportions of each indicator domain (high-grade and low-grade sulphur). For all domains and variables, an NN estimate was performed to support the model validation.

Table 14-20: Grade Variograms, S, NiT, NiS, Cu, MgO, Co, Pd, Pt, Au, and Fe, Open Pit Model ACG Acquisition Company Limited – Santa Rita Mine

			Range (m)			Rotation (°)				Range (m)			Rotation (°)		
Variable	C0	C1	Major	Semi Major	Minor	Z	Y	X	C2	Major	Semi Major	Minor	Z	Y	X
S HG	0.1	0.73	21.9	22.5	19.4	0	-55	14	0.17	533	341	119	0	-55	50
S LG	0.28	0.45	48.5	115.5	71.9	0	-55	3	0.27	167	1423	270	0	-55	-24
NiT HG	0.15	0.65	63.1	20.3	45.0	0	-55	106	0.21	637	350	231	0	-55	-44
NiT LG	0.25	0.55	46.0	23.2	46.6	0	-55	20	0.2	255	750	67.9	0	-55	26
NiS HG	0.15	0.75	18.4	20.0	17.1	0	-55	59	0.1	465	658	145	0	-55	47
NiS LG	0.15	0.8	9.4	9.8	8.8	0	-55	-3	0.05	173	183	80.7	0	-55	215
Cu HG	0.2	0.7	14.1	14.5	12.4	0	-55	84	0.1	290	337	66.9	0	-55	49
Cu LG	0.25	0.67	29.4	1.8	16.3	0	-55	109	0.08	71.2	40.9	115	0	-55	-31
MgO HG	0.13	0.57	47.4	60.8	75.2	0	-48	27	0.3	1,000	1,000	174	0	-48	27
MgO LG	0.15	0.65	19.4	56.6	31.8	0	-50	9	0.2	234	236	257	0	-50	107
Co HG	0.15	0.57	40.0	20.0	15.0	0	-50	15	0.28	600	300	200	0	-50	15
Co LG	0.2	0.65	30.0	30.0	5.0	0	-50	-11	0.25	200	150	50	0	-50	-11
Pd	0.1	0.5	40.0	25.0	15.0	0	-50	75	0.4	500	300	200	0	-50	60
Pt	0.1	0.6	35.0	35.0	20.0	0	-50	25	0.3	500	500	150	0	-50	25
Au	0.25	0.5	40.0	40.0	15.0	0	-50	20	0.25	500	500	125	0	-50	35
Fe	0.15	0.55	30.0	25.0	20.0	0	-50	15	0.3	300	200	200	0	-50	15

Note: HG = high grade, LG = low grade

Table 14-21: Grade Variograms, S, NiT, NiS, Cu, MgO, Co, Pd, Pt, Au, and Fe, Underground Model
ACG Acquisition Company Limited – Santa Rita Mine

Variable	C0	C1	Range (m)			Rotation (°)			C2	Range (m)			Rotation (°)			C3	Range (m)			Rotation (°)		
			Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)
S HG	0.1	0.6	15	15	10	90	-55	0	0.3	65	60	60	90	-55	0	0.1	450	300	265	90	-55	0
S LG	0.2	0.6	20	16	12	90	-55	0	0.2	50	45	35	90	-55	0	0.1	200	250	200	90	-55	0
S	0.1	0.5	20	15	12	90	-55	0	0.3	75	60	80	90	-55	0	0.2	450	350	200	90	-55	0
NiT HG	0.1	0.6	15	22	15	90	-55	0	0.2	80	40	80	90	-55	0	0.2	450	300	180	90	-55	0
NiT LG	0.2	0.3	15	15	12	90	-55	0	0.4	60	150	150	90	-55	0	0.1	300	250	200	90	-55	0
NiT	0.1	0.3	15	10	12	90	-55	0	0.4	75	90	55	90	-55	0	0.3	450	350	250	90	-55	0
NiS HG	0.2	0.3	15	15	12	90	-55	0	0.4	60	50	60	90	-55	0	0.1	400	350	150	90	-55	0
NiS LG	0.3	0.3	10	8	10	90	-55	0	0.2	25	25	25	90	-55	0	0.3	150	100	120	90	-55	0
NiS	0.1	0.3	17	10	10	90	-55	0	0.4	90	30	55	90	-55	0	0.2	400	400	250	90	-55	0
Cu HG	0.3	0.6	8	12	8	90	-55	0	0.1	25	50	60	90	-55	0	0.1	350	300	200	90	-55	0
Cu LG	0.3	0.2	15	12	10	90	-55	0	0.4	60	75	20	90	-55	0	0.2	300	200	250	90	-55	0
Cu	0.2	0.3	15	10	10	90	-55	0	0.3	60	25	60	90	-55	0	0.2	150	300	250	90	-55	0
Co HG	0.1	0.4	10	10	10	90	-55	0	0.3	50	50	50	90	-55	0	0.2	450	350	200	90	-55	0
Co LG	0.1	0.2	20	20	10	90	-55	0	0.2	75	50	40	90	-55	0	0.6	400	350	250	90	-55	0
Co	0.1	0.1	20	10	10	90	-55	0	0.4	70	60	30	90	-55	0	0.5	450	400	300	90	-55	0
MgO HG	0.1	0.4	10	10	8	90	-55	0	0.3	50	50	80	90	-55	0	0.3	450	400	300	90	-55	0

Variable	C0	C1	Range (m)			Rotation (°)			C2	Range (m)			Rotation (°)			C3	Range (m)			Rotation (°)		
			Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)		Major	Semi-Major	Minor	Bearing (az of x)	Plunge (about y, LHR)	Dip (about x, LHR)
MgO LG	0.1	0.2	15	12	10	90	-55	0	0.5	75	40	80	90	-55	0	0.2	300	250	250	90	-55	0
MgO	0.1	0.8	20	10	10	90	-55	0	0.4	70	30	50	90	-55	0	0.5	450	300	300	90	-55	0
Pd	0.2	0.4	15	15	10	90	-55	0	0.3	105	120	75	90	-55	0	0.2	400	250	300	90	-55	0
Pt	0.2	0.3	15	14	15	90	-55	0	0.3	55	75	60	90	-55	0	0.3	300	350	200	90	-55	0
Au	0.3	0.2	15	15	12	90	-55	0	0.3	80	120	100	90	-55	0	0.2	300	350	200	90	-55	0
Fe	0.1	0.4	15	20	20	90	-55	0	0.3	60	60	90	90	-55	0	0.2	300	350	190	90	-55	0

Table 14-22: Estimation Plan, Open Pit Model
ACG Acquisition Company Limited – Santa Rita Mine

Variable	Pass	Range (m)			Range (m)			Rotation (°)		
		Plunge	Dip	Minor	Major	Semi Major	Minor	Z	Y	X
NiT, NiS, Cu	1	LVB	LVP	LVD	50	25	15	7	10	3
	2				75	35	20	6	10	3
	3				200	100	50	5	10	3
	4				500	240	120	3	8	3
MgO, S	1	LVB	LVP	LVD	50	25	15	8	14	5
	2				75	35	20	8	14	5
	3				200	100	50	8	12	5
	4				500	240	120	8	10	4
Co, Au, Pt, Pd, Fe	1	LVB	LVP	LVD	50	25	15	8	14	6
	2				75	35	20	8	14	6
	3				200	100	50	8	12	6
	4				500	240	120	8	10	6

Notes:

1. LVB: local varying anisotropy bearing
2. LVP: local varying anisotropy plunge
3. LVD: local varying anisotropy dip

Table 14-23: Grade Estimation Search Criteria, S, NiT, NiS, Cu, MgO, Co, Underground Model
ACG Acquisition Company Limited – Santa Rita Mine

Variable	Pass	Orientation			Range (m)			Samples		
		Bearing	Plunge	Dip	Major	Semi-Major	Minor	Min	Max	Max DH
NiT, NiTHG, NiTLG NiS, NiSHG, NiSLG Cu, CuHG, CuLG Co, CoHG, CoLG	1	LVB	LVP	LVD	50	25	15	7	10	3
	2				75	35	20	6	10	3
	3				200	100	50	5	10	3
	4				500	240	120	3	8	2
	5				650	325	120	3	8	2
S, SHG, SLG, MgO, MgOHG, MgOLG	1	LVB	LVP	LVD	50	25	15	8	14	5
	2				75	35	20	8	14	5
	3				200	100	50	8	12	5
	4				500	240	120	6	10	4
	5				650	325	120	6	10	4

Variable	Pass	Orientation			Range (m)			Samples		
		Bearing	Plunge	Dip	Major	Semi-Major	Minor	Min	Max	Max DH
Pt, Pd, Au	1	LVB	LVP	LVD	50	25	15	7	14	3
	2				75	35	20	6	14	3
	3				200	100	50	5	14	3
	4				500	240	120	3	8	2
	5				650	325	120	3	8	2
Fe	1	LVB	LVP	LVD	50	25	15	7	10	3
	2				75	35	20	6	10	3
	3				200	100	50	5	10	3
	4				500	240	120	3	8	2
	5				650	325	120	3	8	2

Notes:

1. LVB: local varying anisotropy bearing
2. LVP: local varying anisotropy plunge
3. LVD: local varying anisotropy dip

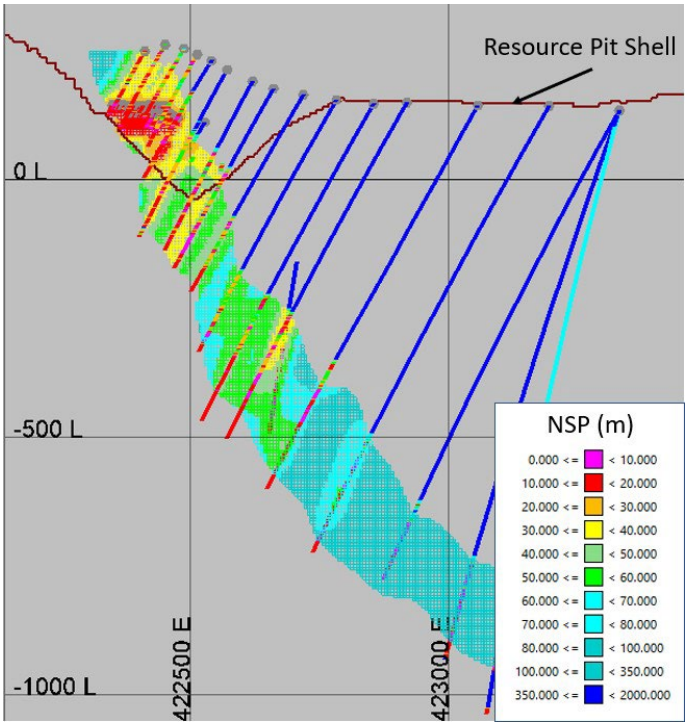
The final grades for the block model were calculated by combining the high-grade and low-grade portions of NiT, NiS, Cu, Co, S, and MgO based on the block probability. Formulas were adjusted for each variable to tune the grade estimation for global bias, local bias and change-of-support (Hermitian correction or HERCO).

14.12 Mineral Resource Classification

Definitions for resource categories used in this report are consistent with those defined by CIM (2014) and adopted by NI 43-101. In the CIM classification, a Mineral Resource is defined as "a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction". Mineral Resources are classified into Measured, Indicated, and Inferred categories. A Mineral Reserve is defined as the "economically mineable part of a Measured and/or Indicated Mineral Resource" demonstrated by studies at Pre-Feasibility or Feasibility level as appropriate. Mineral Reserves are classified into Proven and Probable categories.

The Mineral Resource classification was determined using the nominal drill spacing and visual inspection and for open pit model a confidence limit investigation.

The nominal drill spacing was calculated for each block within the grade shell using plugins for SGeMS software. The nominal drill spacing calculation determines the nominal drill spacing for the closest three drill holes for each block (Figure 14-19). The nominal drill spacing calculation for the open pit model only used drill holes with assay data.



Source: MTS, 2021.

Note. Section looks north. NSP = nominal drill spacing.

Figure 14-19: Nominal Drill Spacing, Section 8,430,625N, Open Pit Model

The confidence limit study was completed based on NiS grades and used an annual production rate of 6.5 Mt. Measured Mineral Resources are determined using a 90% confidence level of ±15% on a quarterly production increment. Indicated Mineral Resources are determined using a 90% confidence level of ±15% on an annual production increment.

The confidence limit investigation suggested a nominal drill spacing for Measured Mineral Resources is determined to be < 30 m. The confidence limit investigation for Indicated Mineral Resources was undefined due to the low CV of NIS (CV = 0.70). Using the confidence limit study and inspection of cross sections, a nominal drill spacing for Measured Mineral Resources was chosen to be less than 30 m. The nominal drill spacing for Indicated Mineral Resources was chosen to be 30 m to 55 m. A nominal drill spacing of 55 m to 200 m was chosen for Inferred Mineral Resources.

A preliminary classification was carried out based on the nominal drill spacings summarised in Table 14-24.

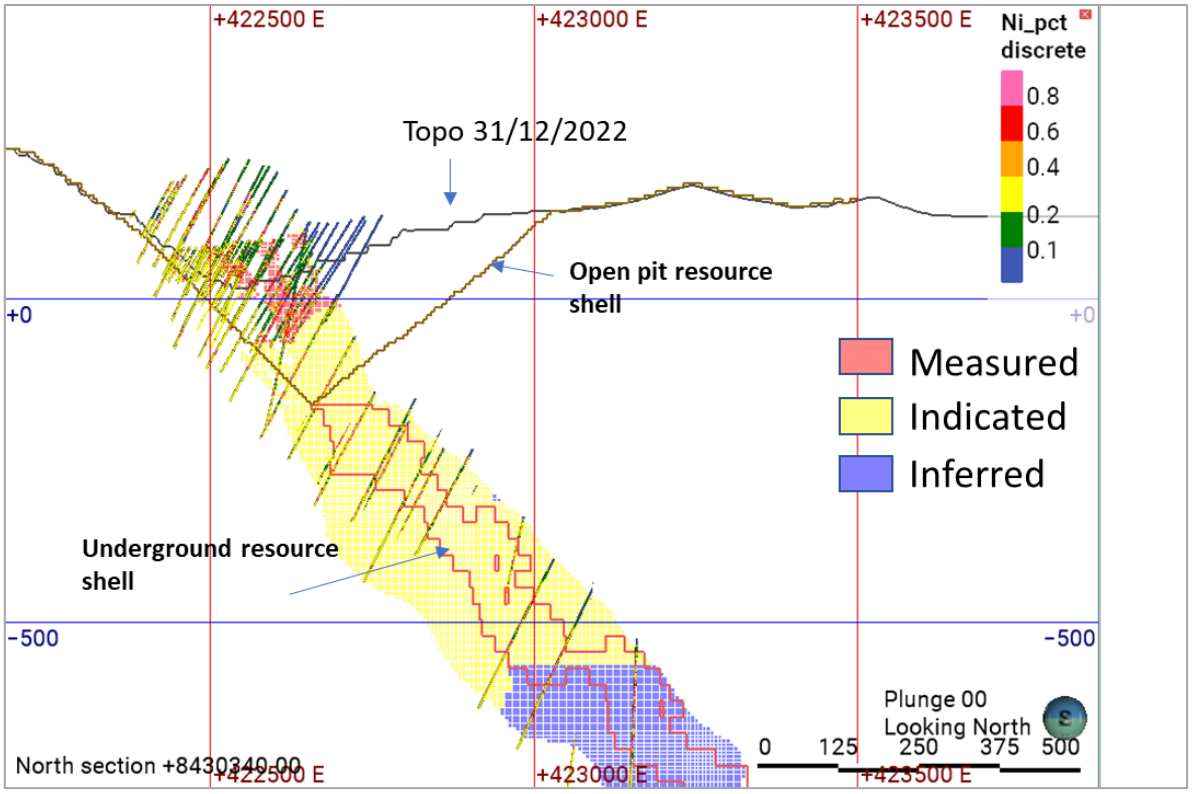
Table 14-24: Mineral Resource Classification
ACG Acquisition Company Limited – Santa Rita Mine

Classification	Drill Spacing (m)
Measured	0–30
Indicated	30–55
Inferred	55–200

The preliminary classification was inspected in cross section and plan. For open pit model, wireframes defining Measured and Indicated Mineral Resources were constructed to address isolated blocks and areas of stripping. Generally, the wireframes downgraded the Measured classification to Indicated

and Indicated classification to Inferred. In the underground model, wireframes defining Indicated and Inferred Mineral Resources were constructed to address isolated blocks and areas of stripping. All blocks above the bottom of the open pit shell were set to unclassified with the assumption blocks in walls of the open pit would not be mineable.

Figure 14-20 shows the final resource classification for the open pit and underground model. The figure also shows NiS in drill holes and the constraining pit shell.



Source: GeoEstima, 2023.

Figure 14-20: Mineral Resource Classification, Open Pit and Underground Model

14.13 Block Model Validation

GeoEstima carried out a number of block model validation procedures including:

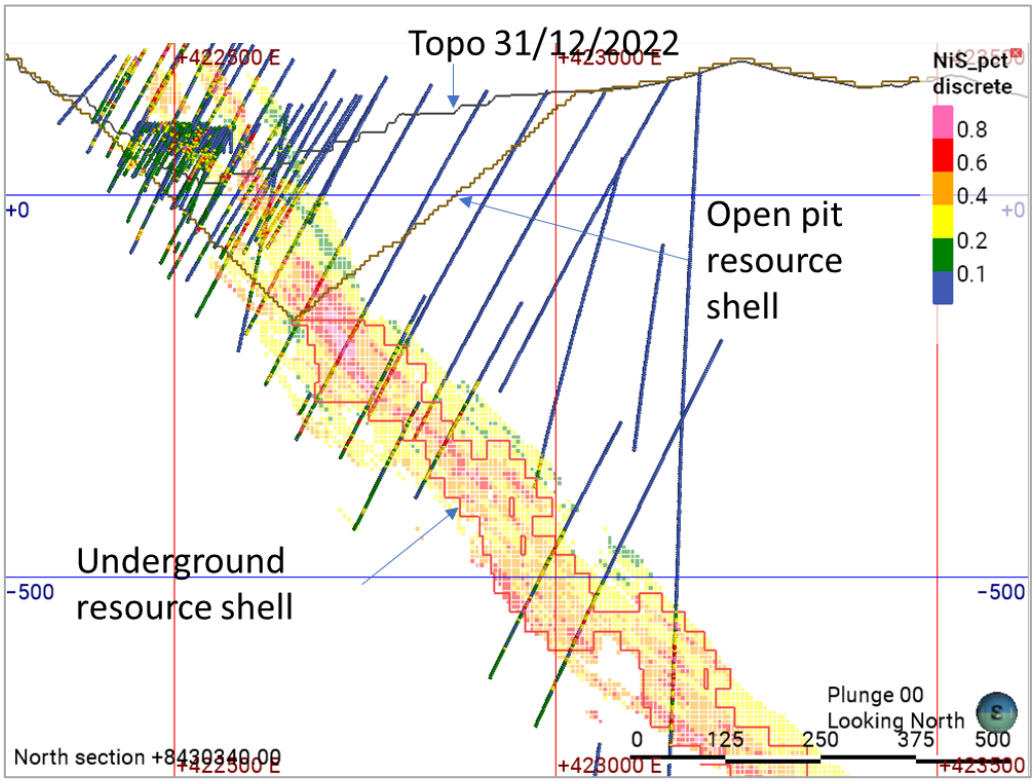
- Comparison between OK and NN mean grades.
- Visual inspection of cross-sections and plan-sections comparing estimated grades to the composites.
- Swath plots.

The final block grades were checked for global bias by comparing the average grade (at 0.0 cut- off) with NN. The global biases are within recommended guidelines of ±5% (relative percent) for Measured and Indicated Resources (Table 14-25).

Table 14-25: Comparison Between Estimates – OK/NN
ACG Acquisition Company Limited – Santa Rita Mine

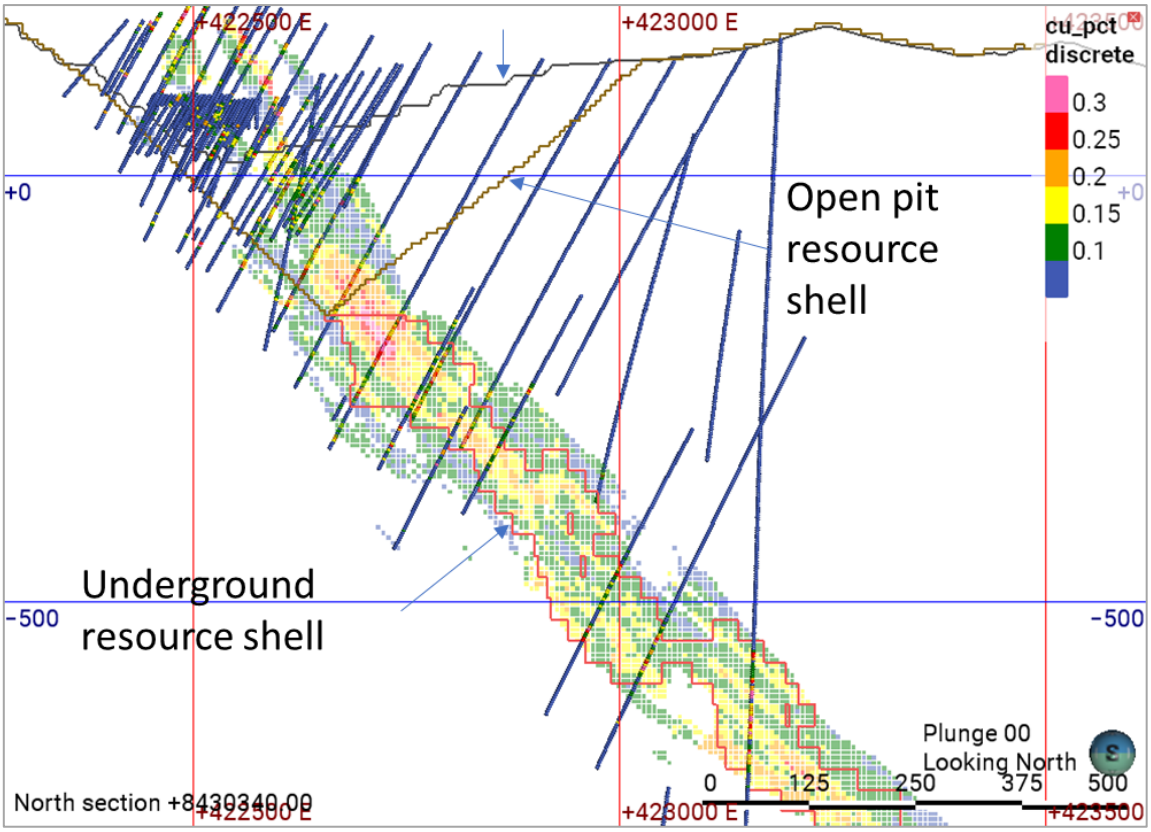
Grades	OK			NN			Relative bias
	Mean	STD	CV	Mean	STD	CV	
NiS (%)	0.44	0.20	0.45	0.46	0.29	0.63	-5.2%
Cu (%)	0.15	0.06	0.40	0.15	0.08	0.55	-0.7%
Co (%)	0.01	0.00	0.30	0.01	0.00	0.36	-1.3%

The visual inspection of composite and block grades revealed that the spatial grade correlation is reasonable for Ni, Cu, and Co (Figure 14-21 and Figure 14-22).



Source: GeoEstima, 2023.

Figure 14-21: Section Looking North Showing NiS Blocks Versus Composite Grades



Source: GeoEstima, 2023.

Figure 14-22: Section Looking North Showing Cu Blocks Versus Composite Grades

Swath plots (Figure 14-23 to Figure 14-25) show acceptable agreement between NN and OK estimates for NiS, Cu, and Co.

Figure 14-23: Swath Plot: NiS Grade Variation along X, Y, and Z

Figure 14-24: Swath Plot: Cu Grade Variation along X, Y, and Z

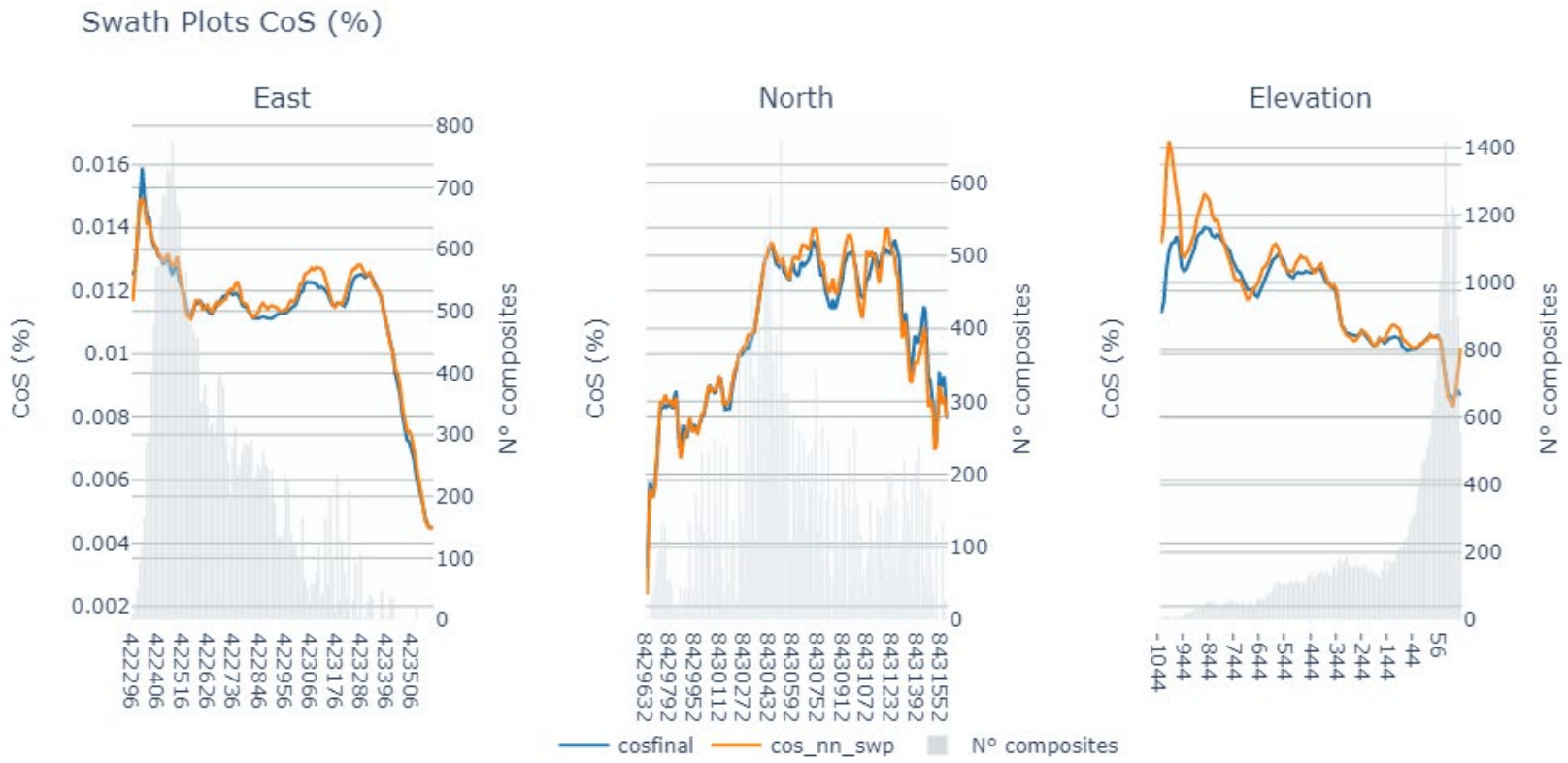


Figure 14-25: Swath Plot: Co Grade Variation along X, Y, and Z.

Additionally, MTS carried out a change-of-support HERCO comparisons plots were prepared for NiS and copper. A 45 m x 45 m x 24 m (x, y, z) SMU was used for to simulate the stope size used in the Datamine Mineral Reserve Optimizer software (MRO) analysis. The HERCO analysis was limited to NiS and copper, since these are the major payable elements, and for blocks classified as Indicated Mineral Resources. No Measured Mineral Resources were classified in the underground model. The HERCO plots for NiS and copper show acceptable profiles.

14.14 Net Smelter Return Calculation

An NSR value was calculated for each block based on the sales agreements for the Atlantic Nickel concentrates from 2021. The NSR calculation included metal prices, recoveries, and payable values (Table 14-26). A NSR was calculated for each block using the block grade for NiS, copper, and CoS. The NSR calculation uses the formula:

NSR = (73.832 * NiS) + (31.482 * Cu) + (36.922 * CoS)

Table 14-26: NSR Input Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Assumptions	Unit	Ni	Cu	Co
Metal price	$/lb	6.5	3	
Concentrate type	Type	Ni–Cu concentrate	Ni–Cu concentrate	Ni–Cu concentrate
Recovery	%	83	73	29
Concentrate grade	%	13.85	4.17	0.24
Payable	%	91	80	35
Penalties (MgO)	$/t concentrate	14		
Moisture	%	8	8	8
Transportation	$/t Concentrate	87.44		
Smelting	$/t Concentrate	210		
Refining	$/lb	0.92	0.45	3.5
NSR coefficient	$ per grade %	73.832	31.482	36.922

Note: Current metal price prediction is higher than used in 2021. The consensus long-term forecast prices for Mineral Resources are around US$11.00/lb for nickel, US$4.50/lb for copper, US$30/lb for cobalt.

14.15 Reasonable Prospects for Eventual Economic Extraction

The assessment of reasonable prospects for eventual economic extraction (RPEEE) was based on the application of a pit shell obtained by the Lerchs–Grossmann (LG) method. This pit shell was built based on the following metal prices: US$6.50/lb for nickel, US$3.00/lb for copper, and US$20.00/lb for cobalt. Historically, the mine also received concentrate credits for platinum, palladium, and gold but metallurgical recoveries are not defined, and these products are not included in the NSR calculation. The NSR cut-off value for the open pit mine was US$8.91/t.

Atlantic Nickel used actual production data to estimate operating costs and determine a NSR cut-off of US$8.91/t for open pit mining.

A Whittle pit optimisation was used to define the pit shell constraining the Mineral Resource estimates. The mining, processing and general and administrative (G&A) cost assumptions are summarised in Table 14-27.

Table 14-27: Pit Optimisation Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Area	Item	Unit	Parameter
Metal price	NiS	US$/lb	6.5
	Cu	US$/lb	3
	Co	US$/lb	20
Operating costs	Mining	US$/t material	3
	Processing & G&A	US$/t processed	8.5
Metallurgical recovery	NiS	%	83
	Cu	%	70
	Co	%	29
Selling cost	NiS	US$/lb	1.86
	Cu	US$/lb	0
	Co	US$/lb	0

It should be noted that the above resource metal prices and recoveries are different than those used for Mineral Reserves in Section 15. The pit optimisation parameters for Mineral Reserves (Section 15) include metal prices of US$8.15/lb nickel, US$3.50/lb copper, US$25.00/lb cobalt, US$1,375/oz palladium, US$1,100/oz platinum, and US$1,550/oz gold, with process recoveries of 83.2% nickel, 75% copper and 38% cobalt. The NSR cut-off value was determined to be US$11.04/t.

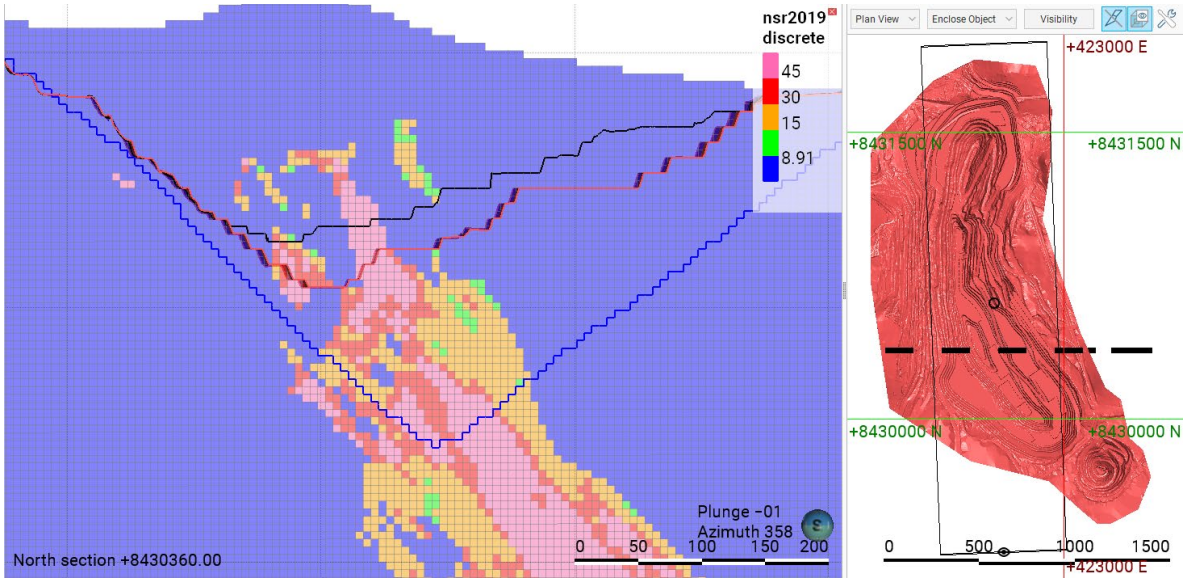
Given the above, the resource pit shell was reviewed with respect to the reserve pit design. It was observed that, despite the different prices used, more than 99% of the Mineral Reserve pit-design is situated within the Mineral Resource pit shell (Figure 14-26). GeoEstima also confirmed that the resource estimates remain essentially the same at higher metal prices and costs. The potential impact of higher prices and recoveries in the resource estimates was assessed by defining the mineral resources using the same pit shell as a constraint and applying the updated NSR (see the formula below) to blocks and the new cut-off NSR equal to US$11.04/t. The results show insignificant differences, probably because the higher prices and recoveries are compensated by a higher cost used to calculate the cut-off NSR value. The 2022 NSR calculations were based on the follow formula:

$$NSR\ 2022 = 93.118\ NiS + 40.345\ Cu + 63.041\ Co$$

For underground Mineral Resources, an MRO shell was constructed to constrain the Mineral Resource estimate. Inputs to the MRO are summarised in Table 14-28. An oblique view through the resulting model is included as Figure 14-27.

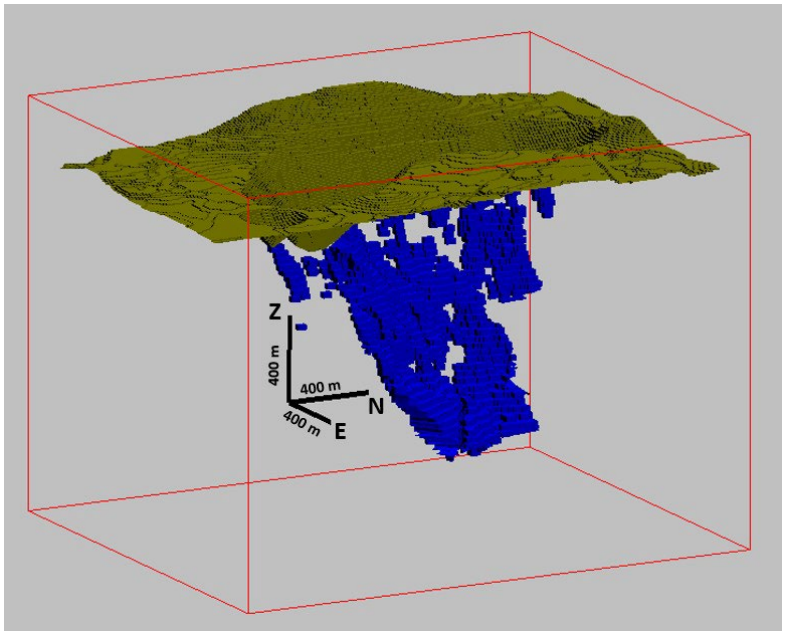
Table 14-28: MRO Inputs
ACG Acquisition Company Limited – Santa Rita Mine

Classification	Drill Spacing (m)
Minimum mining unit	30 m, 45 m, 25 m (x, y, z)
Maximum waste percentage	100%
NSR cut-off for mineralised material/waste determination	US$30.00/t
Cut-off for minimum mining unit	US$30.00/t



Note. Black: current surface; red: mineral reserve pit shell; blue: mineral resource pit shell

Figure 14-26: Current Surface, Mineral Reserve Pit Shell and Mineral Resource Pit Shell Comparison



Source: MTS, 2021.

Figure 14-27: MRO Oblique Section View

14.16 Mineral Resource Reporting

The Mineral Resources for the Santa Rita open pit operation and underground project are summarised in Table 14-1. Mineral Resources potentially amenable to open pit mining methods are reported inclusive of those Mineral Resources converted to Mineral Reserves and have an effective date of December 31, 2022. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources potentially amenable to underground mining methods have an effective date December 31, 2022. Mineral Resource estimates for open pit were depleted for actual production up to December 31, 2022.

GeoEstima reviewed the resource shapes for underground and is of the opinion that they should be updated after the limit between open pit and underground is better defined with more trade-off studies.

The current underground Mineral Resource was reported considering all the blocks inside of the Mineral Resource shape, instead of applying an NSR cut-off value to the blocks. Consequently, the underground resource includes all of the mineralised blocks, classified as Measured, Indicated, and Inferred, and also waste blocks that are inside of the underground Mineral Resource shapes.

14.17 CP Comments on Item 14 "Mineral Resource Estimate"

GeoEstima makes the following recommendations:

1. Update the Mineral Resource estimate at Santa Rita with the ongoing drilling information added since 2021, as well as the updated metal prices and costs. The new drilling may better define the mineralisation extents, mainly in the deeper portion of the deposit, and it will upgrade the Mineral Resource classification in some areas.
2. Review the NSR parameters to include the platinum group elements (PGE) (Pd and Pt), as well as the cut-off value for open pit and underground shapes, aiming to update the RPEEE criteria.

- Integrate the post-mineralisation faults into the geological model, improving the shape modelling of mineralised zones. This activity will mainly impact the modelling of the deeper zone of the deposit.

15.0 MINERAL RESERVE ESTIMATE

15.1 Mineral Reserve Summary

The Mineral Reserve estimate is that portion of the Mineral Resource estimate that is identified as having demonstrated economic viability within a pit design and incorporates modifying factors such as mining recovery, waste dilution, process recovery, and other economic considerations. The Mineral Reserve estimate forms the basis for the production plan and economic model.

No Inferred Mineral Resources have been used in the estimation of the Mineral Reserve.

The Mineral Reserves were audited by the CP using two methodologies.

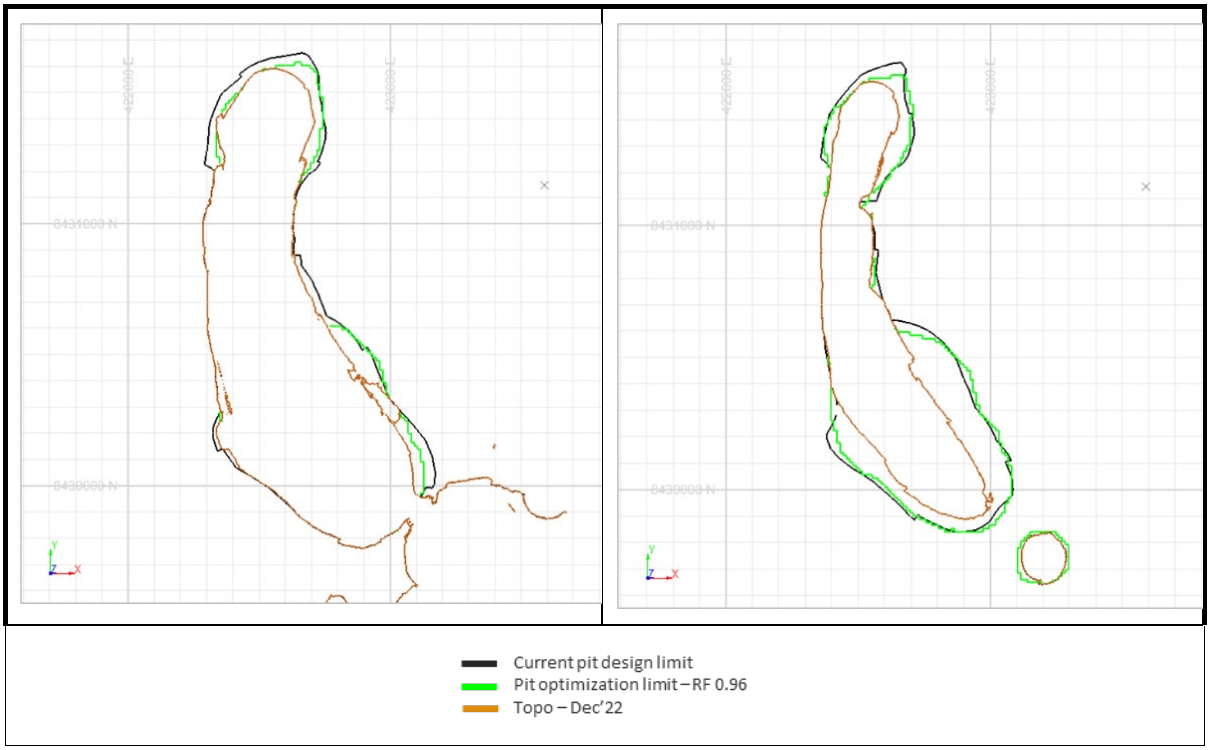
The first method utilised a 2021 internal Technical Report Mineral Reserve based on starting open pit bench faces as of October 1, 2021, that were depleted by actual mining for the period October 2021 to the end of 2022. The Mineral Reserve in the 2021 internal Technical Report was based on an NSR cut-off value of $8.91/t that used cost assumptions of US$5.17/t processing, US$1.17/t royalties, US$1.41/t site G&A, and US$0.62/t corporate G&A. Metal prices were US$6.50/lb nickel, US$3.00/lb copper, US$20.00/lb cobalt, US$1,000/oz palladium, US$800/oz platinum, and US$1,250/oz gold, with process recoveries of 83% nickel, 70% copper, and 29% cobalt with no credit for palladium, platinum or gold. The resulting tonnage of ore after depletion was 36.36 Mt. This compared within 0.8% of the 36.07 Mt that was indicated by querying the diluted block model using an NSR cut-off value of $8.91/t inside the pit design with starting bench faces as of the end of 2022.

A second method was conducted using a revised open pit design that accounts for an underground portal location on the upper northwest benches and two wall segments that were re-designed in the central portion of the east side of the open pit. Using an NSR cut-off value of $8.91/t and starting bench faces as of January 1, 2023, the ore tonnage within the new pit design was determined to be 33.97 Mt. This tonnage was used for the 2023 budget.

The diluted block model was updated with 2023 parameters and the resulting pit optimisation shell limits were compared to the re-designed open pit limits. Starting bench faces for this CPR were as of January 1, 2023. The pit optimisation parameters included metal prices of US$8.15/lb nickel, US$3.50/lb copper, US$25.00/lb cobalt, US$1,375/oz palladium, US$1,100/oz platinum and US$1,550/oz gold, with process recoveries of 83.2% nickel, 75% copper, and 38% cobalt with no credit for palladium, platinum, or gold. The NSR cut-off value was determined to be US$11.04/t. As can be seen in Figure 15-1 the pit optimisation limits closely matched the new pit design. The revenue factor used for the optimisation limits in Figure 15-1 was 0.96. The Mineral Reserve tonnage of 33.97 Mt was therefore accepted as being valid using 2023 parameters.

The Proven and Probable Mineral Reserve estimate for the Santa Rita Mine is summarised in Table 15-1 and includes 869,000 t of stockpiled ore. Approximately 23% of the Mineral Reserve is in the Proven classification as of December 31, 2022.

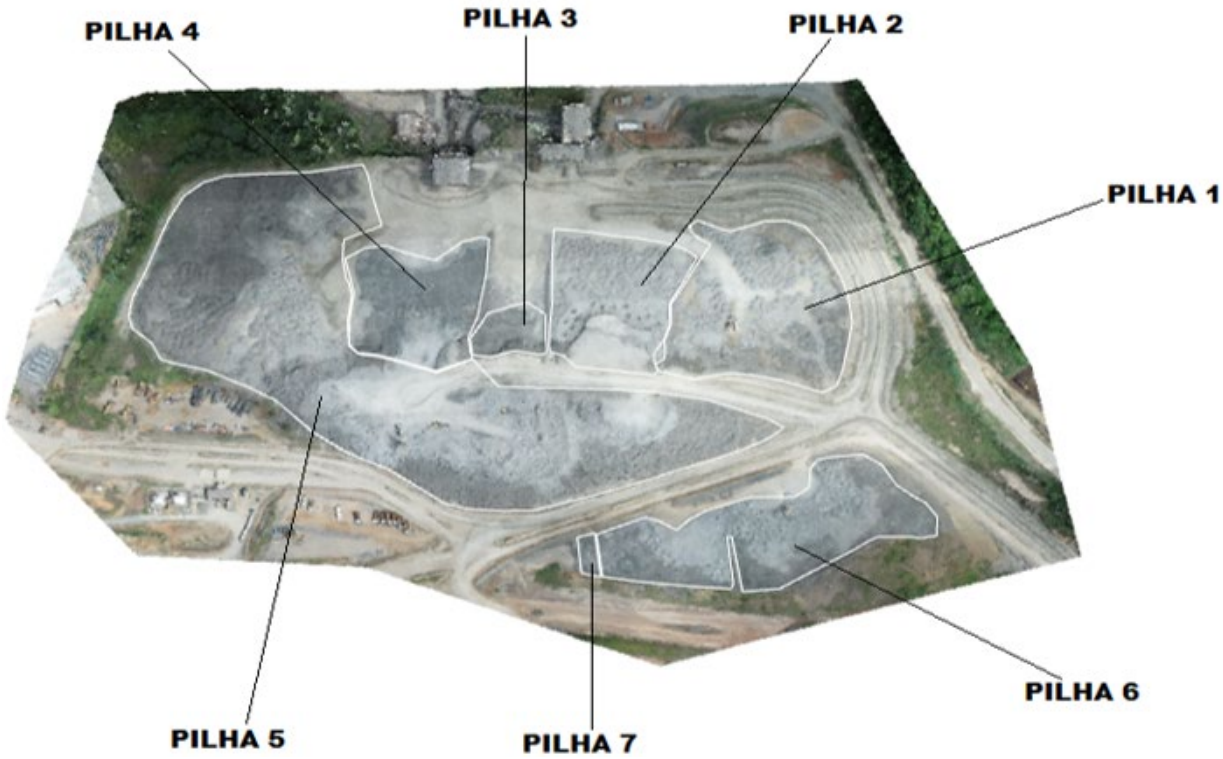
The 869,000 t of stockpiled ore are stored in the vicinity of the run-of-mine (ROM) pad, near the primary crushers. There are eight separate stockpiles that have been created since mining was re-started at the Santa Rita Mine in 2019. An aerial view of seven of the stockpiles is presented in Figure 15-2 (the eighth stockpile is located outside of the ROM pad). Review of survey and grade control data support overall average grades of the stockpiles of 0.22% Ni, 0.10% Cu, and 0.09% Co.



Source: Atlantic Nickel 2023.

Note. Left plan view is at elevation 132.5 m, right plan view is at elevation 92.5 m.

Figure 15-1: Plan View Comparison of Pit Limits



Source: Atlantic Nickel 2023.

Note. Pilha = stockpile.

Figure 15-2: Aerial View of Ore Stockpiles Near the Primary Crushers

Table 15-1: Santa Rita Mineral Reserve Estimate – December 31, 2022
ACG Acquisition Company Limited – Santa Rita Mine

Classification	Tonnage (kt)	NSR Value (US$/t)	Grade						Contained Metal					
			NiS (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	NiS (kt)	Cu (kt)	Co (kt)	Pd (koz)	Pt (koz)	Au (koz)
Proven	7,980	38.41	0.35	0.12	0.01	0.03	0.07	0.04	28.2	9.4	0.8	7.7	17.7	10.3
Probable	26,862	31.31	0.30	0.11	0.01	0.03	0.06	0.04	80.6	29.5	2.7	25.9	51.8	34.5
Total Proven and Probable	34,842	32.94	0.31	0.11	0.01	0.03	0.06	0.04	108.8	39.0	3.5	33.6	69.5	44.8

Notes:

1. The Competent Person for the Mineral Reserve estimate is Andrew Bradfield, P.Eng., of P&E Mining Consultants Inc. The estimate has an effective date of December 31, 2022.
2. Mineral Reserves are defined within a mine plan and incorporate mining dilution and ore losses that result in a reduction of 1.4% of the tonnage and a 6% reduction in the nickel sulphide (NiS) contained metal with no reduction in other contained metals.
3. Mineral Reserves are based on Measured and Indicated Mineral Resource classifications only.
4. Mineral Reserves are based on metal prices of US$8.15/lb nickel, US$3.50/lb copper, US$25.00/lb cobalt, US$1,375/oz palladium, US$1,100/oz platinum, and US$1,550/oz gold and are constrained within an optimised pit shell and design that uses 39° to 46° overall wall slopes, and process recoveries of 83% nickel, 75% copper, and 38% cobalt with no credit for palladium, platinum, or gold.
5. An NSR cut-off value of $11.04/t is estimated to differentiate ore from waste and is based on cost assumptions of US$5.67/t processing, US$1.96/t site general and administrative, and US$3.41/t sustaining capital costs.
6. Proven Mineral Reserves include stockpiled ore of 0.87 Mt at 0.22% Ni, 0.10% Cu, 0.09% Co, 0.03 g/t Pd, 0.06 g/t Pt and 0.04 g/t Au.
7. The estimate of Mineral Reserves may be materially affected by metal prices, operating costs, process recovery, US$/R$ exchange rate, environmental, permitting, legal, title, taxation, socio-political, marketing, infrastructure development, or other relevant issues.
8. Totals may not sum due to rounding.

15.2 Other Stockpiles

Other historical mineralised material stockpiles exist at the mine site. Two large stockpiles in particular have been surveyed and are estimated to contain approximately 5.7 Mt of material. Atlantic Nickel plans to drill and sample the material to allow a Mineral Resource estimate to be completed.

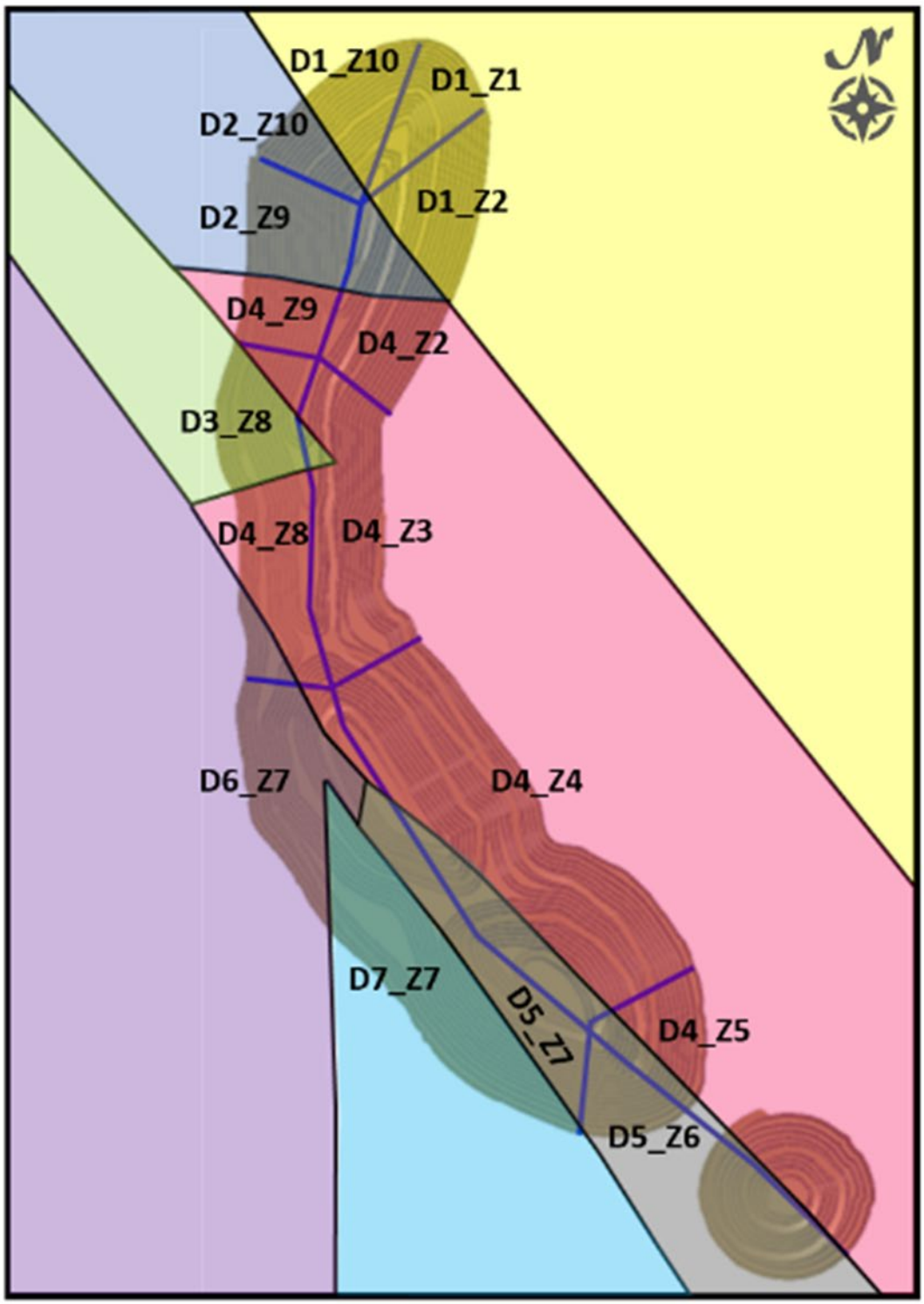
15.3 Geotechnical Studies

A geotechnical pit slope design evaluation was carried out by Stantec (2019) using historical and geotechnical data collected at the time. Appropriate bench face angles (BFA) were determined based on a kinematic evaluation using discontinuity orientations measured from the oriented core, televiewer data, and mapping data from previous studies.

The rock mass model was divided into several geotechnical domains, with similar geological, structural, and material property characteristics. Based primarily on geological structures and pit wall orientations, the final pit was further divided into several sectors for analysis (Figure 15-3).

Bench configurations as well as inter-ramp angles (IRA) and overall slope angles (OSA) were assessed separately for each sector and domain. The pit slopes were evaluated kinematically for bench scale, and used empirical design chart methods for review of the stability of IRA and OSA.

For this level of design, a reliability of 80% (or 20% probability of failure) was considered acceptable for bench-scale failures based on the level of risk that has been used at similar mine projects.



Source: Stantec, 2019.

Figure 15-3: Geotechnical Design Sectors

Results of the pit slope analysis were combined to produce a coherent and complete set of design criteria for a rational final slope profile with allowances for dewatering requirements, safety catch berms, and access. Design recommendations were developed for bench configuration as well as inter-ramp and overall pit slope angles. Pit slope recommendations are summarised in Table 15-2.

Industry conventions recommend that inter-ramp slopes be kept to a maximum height of approximately 100 m to 130 m, with a 25 m to 30 m wide geotechnical "safety berm". For the Santa Rita open pit, the maximum inter-ramp height is 120 m with a geotechnical ramp width of 25 m.

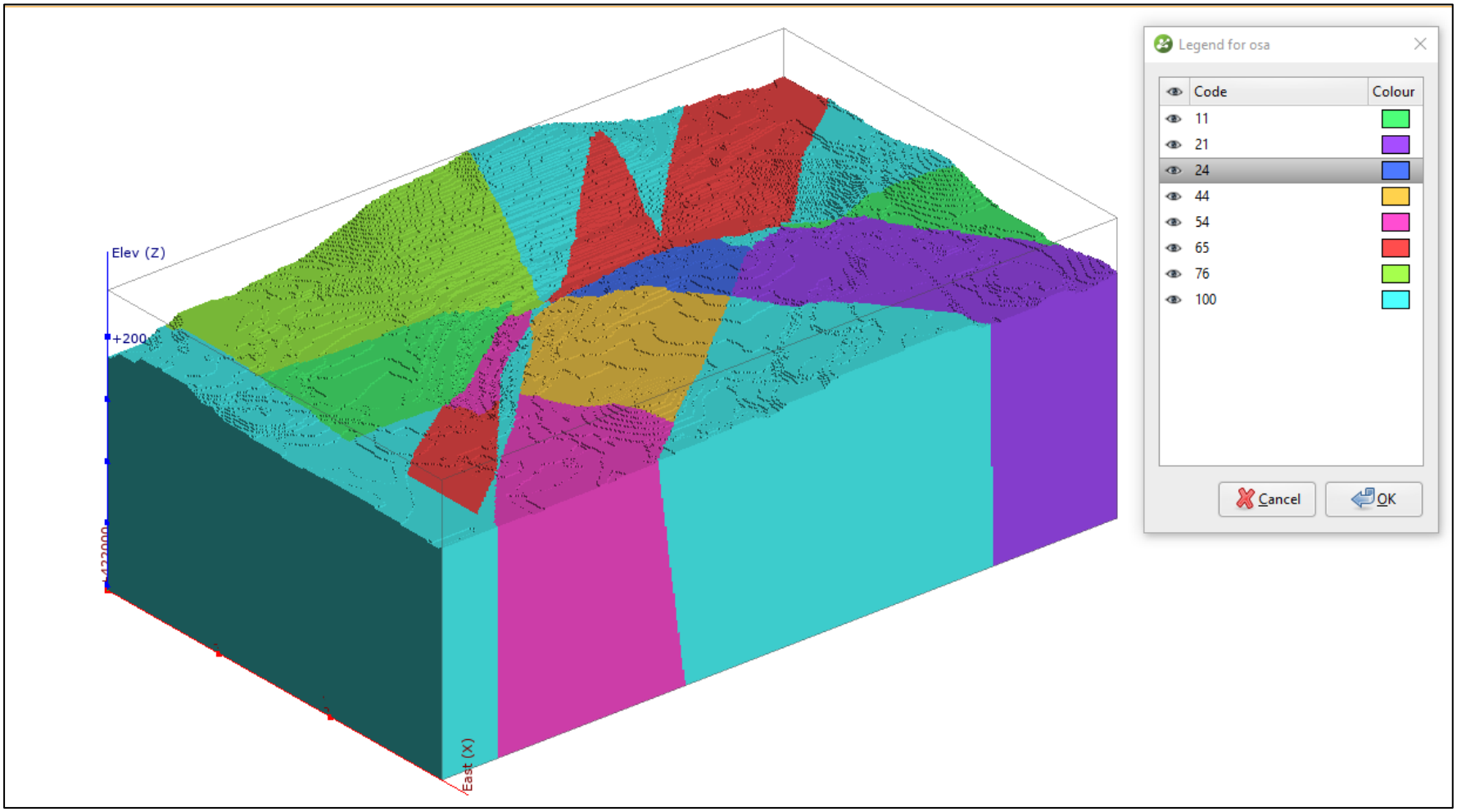
Table 15-3 describes the pit slope criteria used for pit optimisation. Figure 15-4 shows the sector locations. For all pit sectors, the slopes used in the optimisation were adjusted (i.e., slightly flattened) from the geotechnical design inter-ramp slopes to account for the placement of haulage ramps in the final pit wall design.

Table 15-2: Design Pit Slopes by Sector
ACG Acquisition Company Limited – Santa Rita Mine

Sector	Bench Scale			IRA	
	BFA (°)	Berm Width (m)	Berm Height (m)	Crest–Toe (°)	Toe–Toe (°)
Z1-D1	75	6.5	12	52.9	51.0
Z2-D1	75	7.0	12	51.6	49.6
Z2-D4	70	7.3	12	47.7	45.9
Z3-D4	70	7.3	12	47.7	45.9
Z4-D4	75	6.8	12	52.2	50.3
Z5-D4	70	7.0	12	48.4	46.6
Z6-D5	75	5.8	12	55.0	53.1
Z7-D5	70	7.0	12	48.4	46.6
Z7-D6	70	7.8	12	46.5	44.6
Z7-D7	75	6.5	12	52.9	51.0
Z8-D3	75	5.8	12	55.0	53.1
Z8-D4	75	5.8	12	55.0	53.1
Z9-D2	75	5.8	12	55.0	53.1
Z9-D4	75	5.8	12	55.0	53.1
Z10-D2	75	5.8	12	55.0	53.1

Table 15-3: Optimisation Pit Slopes
ACG Acquisition Company Limited – Santa Rita Mine

Sector No.	OSA (°)
76	39
24	40
54	41
21	43
44	44
11	44
65	46
100	44



Source: Atlantic Nickel, 2019

Figure 15-4: Pit Optimisation Slope Sectors

15.4 2021 Pit Optimisation and Design

The 2021 open pit Mineral Reserve was developed in a three-step process.

- A pit optimisation was completed, and a pit shell was selected to be used as the basis for the open pit design.
- An operational open pit design was prepared that incorporates catch benches, detailed wall slopes based on geotechnical assessment, and truck haulage ramps.
- Within this open pit design, the Mineral Reserve tonnage was estimated for those diluted and extractable tonnes that meet or exceed the economic NSR cut-off criteria.

A series of open pit optimisation analyses were completed to help select the optimal open pit. Table 15-4 summarizes the optimisation parameters used. Open pit optimisation was performed using Whittle software on the original block model size of 6 m x 6 m x 6 m. A constraint was applied on the west wall of the pit for safety reasons. For final open pit design selection, an optimisation was completed on a re-blocked model of 12 m x 12 m x 12 m, given that the final pit design considers a bench height of 12 m.

Table 15-4: Open Pit Optimisation Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Area	Item	Unit	Parameter
Metal Price	NiS	US$/lb	6.50
	Cu	US$/lb	3.00
	Co	US$/lb	20.00
Operating Costs	Mining	US$/t material mined	3.00
	Processing & G&A	US$/t processed	8.50
Metallurgical Recovery	NiS	%	83.0
	Cu	%	70.0
	Co	%	29.0
Selling Cost	NiS	US$/lb	1.86
	Cu	US$/lb	0
	Co	US$/lb	0

Note: G&A = general and administrative.

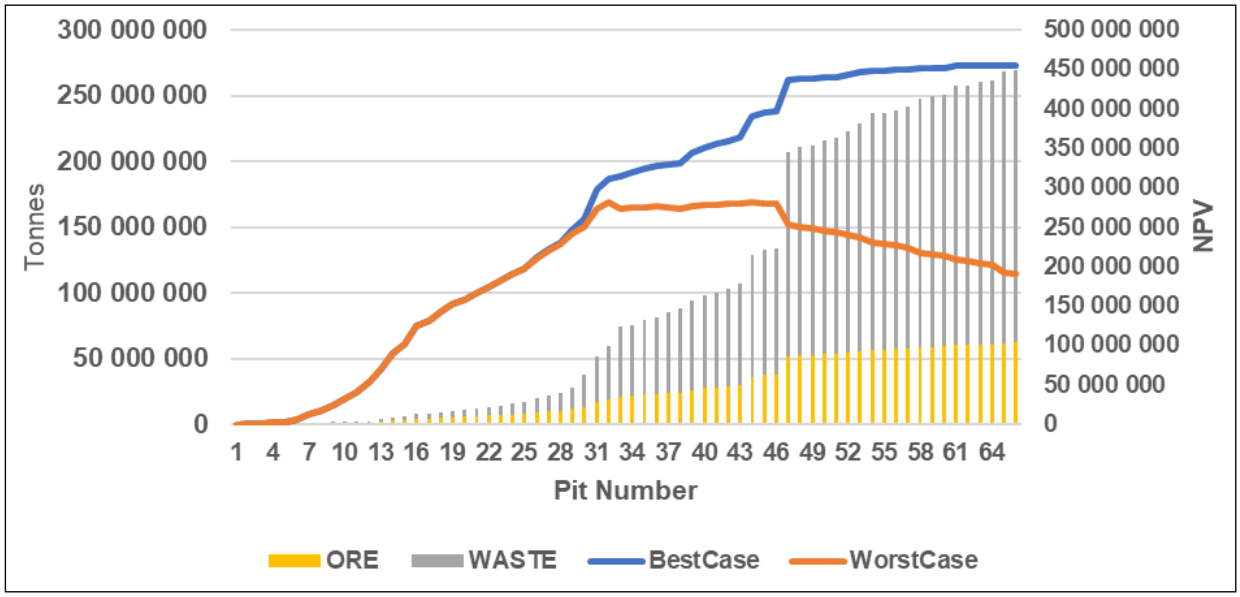
15.4.1 Pit Optimisation Results

The pit optimisation analysis examined a series of metal revenue factors, ranging from 31% (Pit 1) to 100% (Pit 66) to assess the sensitivity of the open pit size to metal prices. A revenue factor applies the same percent change to metal price to nickel, copper, and cobalt metals and hence to the entire NSR value varies simultaneously.

The results of the open pit optimisation are presented in a series of graphs that examine the open pit size at different revenue factors. Low revenue factors would represent small open pits that would be economic at low ore tonnage, low metal prices, consisting of either high grades, low stripping ratios,

or both. Higher revenue factor pits will be larger in size since higher metal prices can cause marginal Mineral Resources to become economic, thereby expanding the size of the open pit.

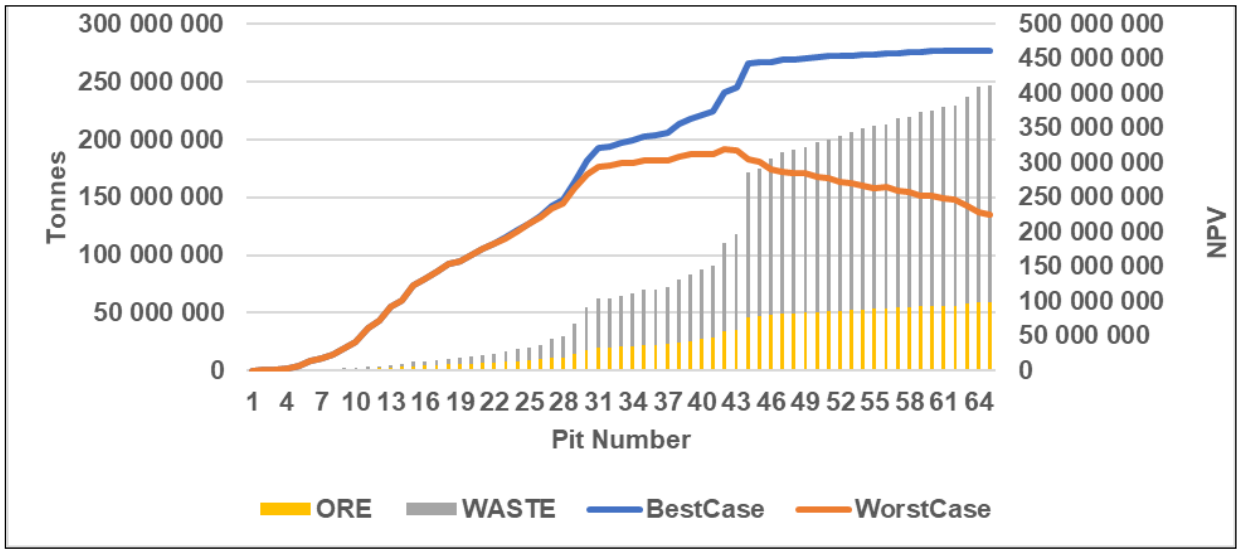
Given the underground potential at Santa Rita, the first step was to introduce an underground process stream in the Whittle open pit optimisation. This evaluation gave a worst-case result of 37.56 Mt at a stripping ratio of 2.57:1 based on Pit 46, and a best-case result of 55.23 Mt at a stripping ratio of 3.13:1 based on Pit 53. The optimal net present value (NPV) of the selected case would likely fall somewhere between these two pit shells (Figure 15-5).



Source: Atlantic Nickel, 2019

Figure 15-5: Initial Open Pit Optimisation Results

The location of the proposed underground stopes was used to exclude these blocks from the Whittle open pit optimisation. This resulted in the pit-by-pit graph shown in Figure 15-6.



Source: Atlantic Nickel, 2019

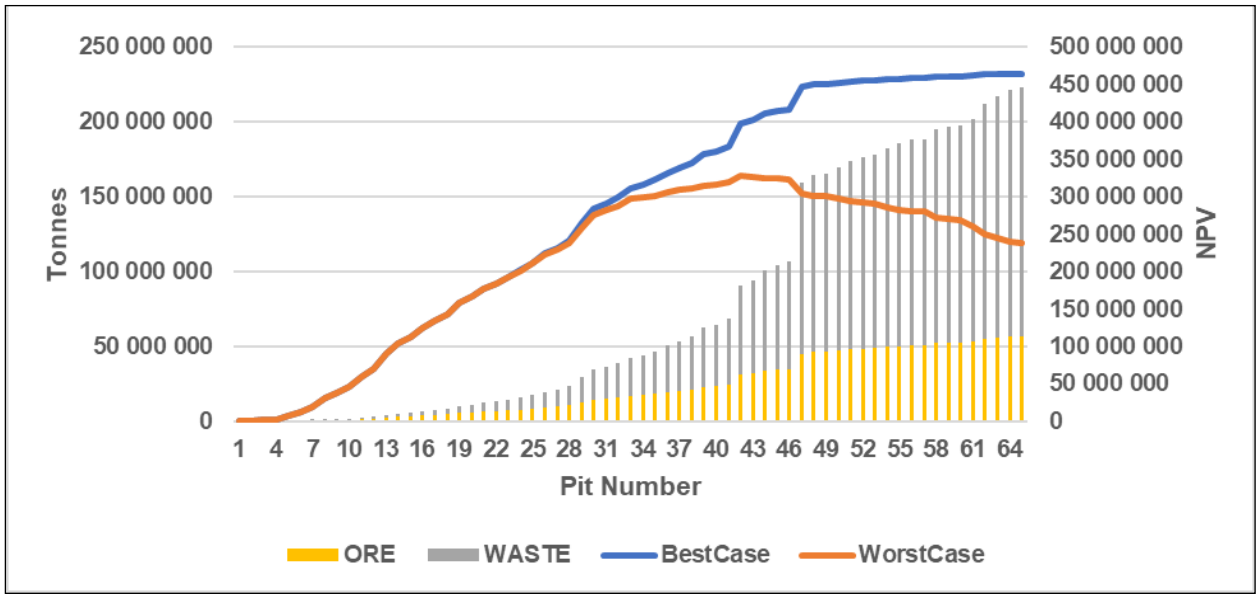
Figure 15-6: Open Pit Optimisation Results Accounting for Underground Stopes

The result gave a range of potential pit limits from Pit 43 to Pit 65, ranging from 35 Mt to 59 Mt. To select the optimal shell, a series of five mine plans and schedules were developed and analysed economically. The plans were based on the phased pit shells shown in Table 15-5. Since the 45 Mt and 50 Mt plans gave similar results, the larger 50 Mt shell was selected for the open pit design to provide flexibility.

Table 15-5: Open Pit Plan Selection
ACG Acquisition Company Limited – Santa Rita Mine

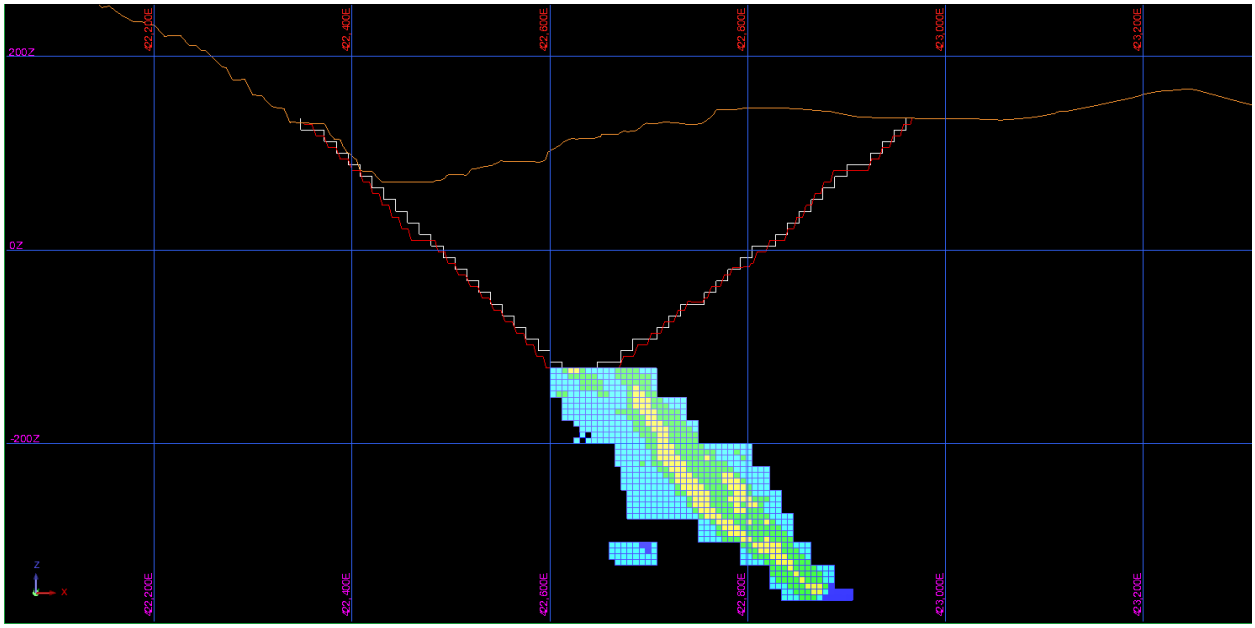
Plan (Mt)	Open Pit Shell Selections
35	21 29 39 43
45	21 29 39 43 45
50	21 29 39 43 50
55	21 29 39 43 45 60
60	21 29 39 43 45 60 65

The block model was then re-blocked into 12 m x 12 m x 12 m blocks and the open pit optimisation was re-run to verify the previous result. The results are shown in Figure 15-7, indicating a very similar optimal open pit shell result, i.e., Pit 55 for that particular run. Both open pit shells are shown on the cross-section in Figure 15-8, confirming their similarity. Pit 55 was selected as the optimal open pit shell for the mine design.



Source: Atlantic Nickel, 2019

Figure 15-7: Open Pit Optimisation Results



Source: Atlantic Nickel, 2019.

Notes: Re-blocks are 12 m x 12 m x 12 m. Section looking north.

Figure 15-8: Cross Section of Open Pit Selected Using Re-blocked Model

15.4.2 Open Pit Design

An operational open pit was designed in 2021 that incorporated catch berms and haulage ramps and applied inter-ramp angles based on a geotechnical analysis.

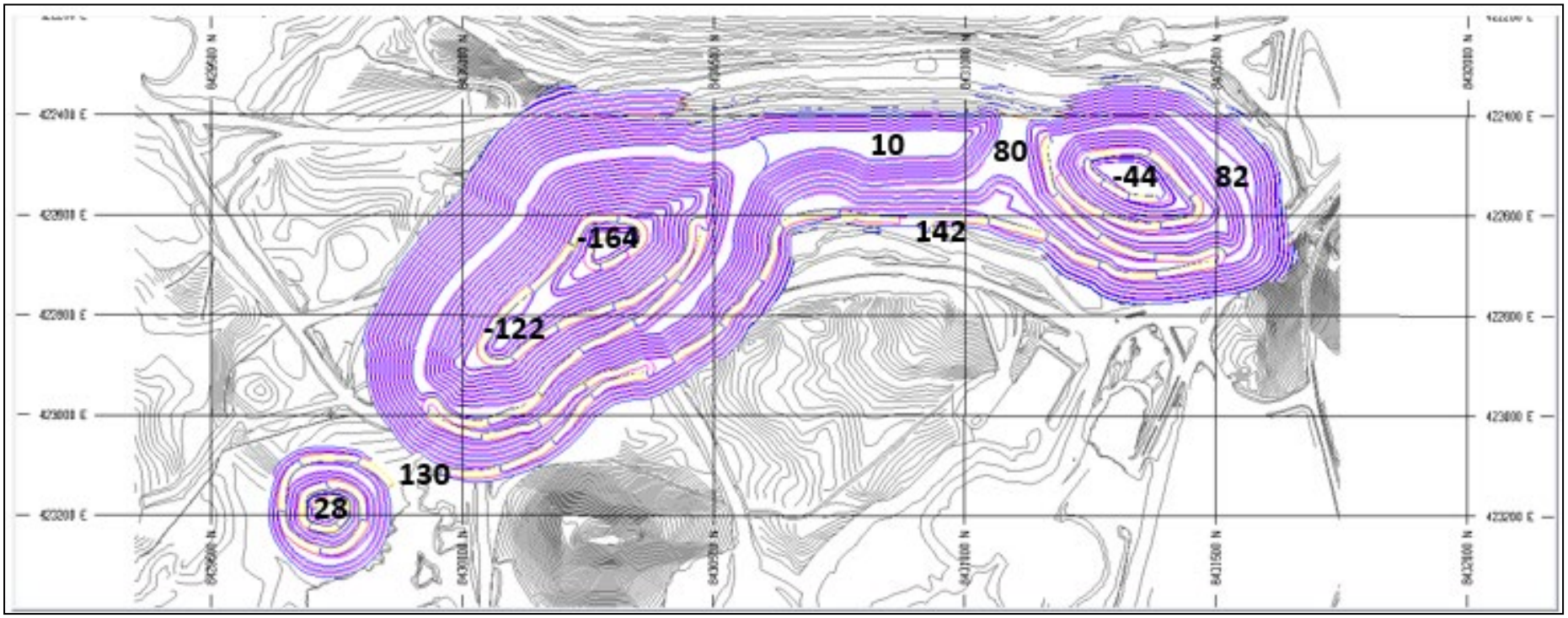
Ramps of 12.5 m width with a 10% gradient were considered for the open pit design to accommodate haul trucks with capacities of 42 t (2.7 m wide). The design included two exit points on the east side of the open pit, reducing the average haulage distance for waste rock and allowing a flexible traffic flow.

The open pit slope specifications are defined by open pit wall sectors, as listed in Table 15-2. In addition, an inter-ramp safety bench of 25 m width each 120 m height was incorporated.

The resulting final open pit design and open pit floor elevations are shown in Figure 15-9.

The final open pit design is 2,160 m long in the north–south direction and 620 m wide in the east–west direction. The deepest bottom elevation is 164 MASL. The highest wall elevation is approximately 470 MASL on the west side. The footprint of the open pit is approximately 80.6 ha.

For scheduling purposes, the final open pit design has been subdivided into 10 phases, however, this phasing does not impact the Mineral Reserve. Pit phases and scheduling are discussed in Section 16 of this CPR.



Source: Atlantic Nickel, 2021.

Note: Elevations, in metres above sea level, shown in bold font. Looking West. North is to the right.

Figure 15-9: 2021 Final Open Pit Design

15.4.3 Dilution and Ore Loss

In order to estimate the process plant feed tonnage and grade, mining dilution and mining ore loss factors need to be applied to the in-situ tonnage to be mined.

The amount of open pit dilution that occurs during mining will be dependent on the mineable width of the mineralised domains and the approach used to define the ore/waste digging limits.

In addition to the internal dilution inherent in the Mineral Resource block modelling process, a block edge unplanned dilution approach was applied to the block model. This approach generated the diluted variables for the mineral grades as well as a diluted bulk density.

Unplanned dilution can occur due to sampling errors, mixing during blasting, overbreak of ore/waste contacts during mining thin zones, and delivery of waste and ore to the incorrect locations.

The block edge dilution applied represents 1.05 m transferred with the neighbouring block for each side of a 6 m x 6 m by 6 m block. The transfer was 0.25 m vertically to upper and lower blocks. The cut-off grade is then applied to the diluted blocks. The amount of ore loss will be the same as the amount of dilution added in order to balance the volume in a block.

This dilution methodology resulted in a reduction of 1.4% of the Measured and Indicated in-pit Mineral Resource tonnage and a 6% reduction in the nickel sulphide contained metal with no reduction in copper and cobalt contained metal.

15.4.4 2021 Cut-off Value Basis

The economic cut-off value used is an NSR value that is populated in the diluted block model. An analysis was undertaken to determine the break-even cut-off value for defining ore and waste. The marginal cut-off value is the minimum NSR value required to pay for the cost of processing the material and G&A.

An overall marginal cut-off NSR of US$8.91/t was calculated based on the following costs:

- Processing cost: US$ 5.17/t
- Royalties: US$ 1.71/t
- Site G&A: US$ 1.41/t
- Corporate G&A: US$ 0.62/t

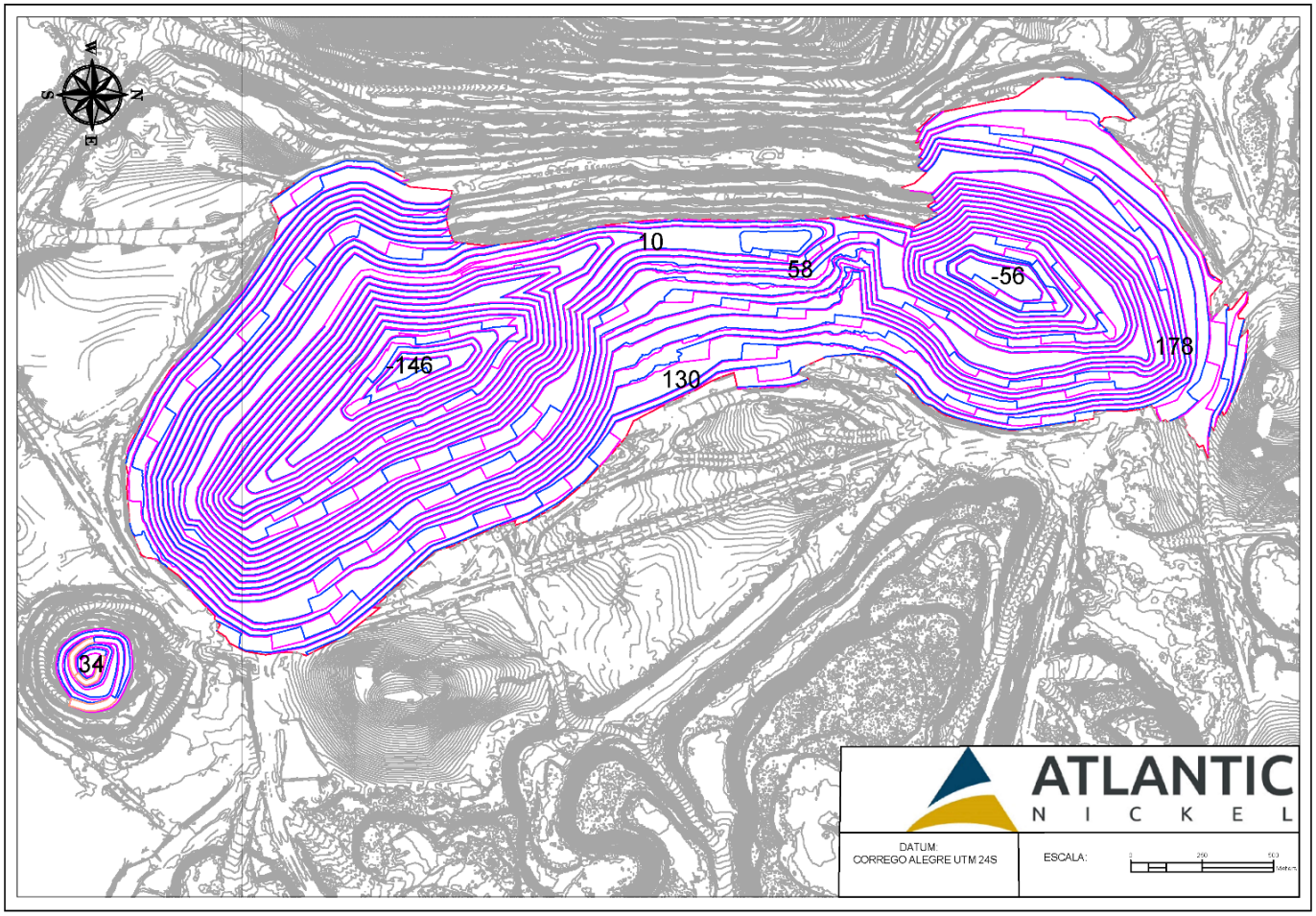
15.5 2023 Open Pit Design and NSR Cut-off Value Basis

15.5.1 2023 Open Pit Design

The 2023 open pit design was subsequently modified for three reasons:

- Underground mining studies indicated that the best location for a portal location is on an upper bench in the northwest corner of the open pit, close to surface, in Phase 8 north. The revision was made in late 2021.
- Failure of a segment of the open pit wall in the central portion of the east side in November 2021 resulted in a modification to Phase 10 centre in late 2021.
- Failure of a segment of the open pit wall in the central portion of the east side in August 2022 resulted in a modification to Phase 10N centre in late 2022.

These revisions can be seen in the 2023 open pit design presented in Figure 15-10.



Source: Atlantic Nickel, 2023.

Note: Elevations are indicated in metres above sea level.

Figure 15-10: 2023 Final Open Pit Design

15.5.2 2023 NSR Cut-off Value Basis

The parameters used for 2023 open pit optimisations are presented in Table 15-6. It was determined that a revenue factor of 0.96 closely matched the final open pit design, and an NSR cut-off value of US$11.04/t was accepted as a reasonable basis to determine Mineral Reserves. The average NSR value of the ore in the 0.96 revenue factor open pit shell was US$32.78/t which reconciles well with the average NSR value of US$32.94/t in Table 15-1.

Table 15-6: 2023 Pit Optimisation Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Parameter	Value	Units	Notes
Mining Cost	2.51	US$/t mined	
Processing Cost	5.67	US$/t ore processed	
Sustaining Capex	3.41	US$/t ore processed	
G&A Cost	1.96	US$/t ore processed	
Process Cost & G&A	11.04	US$/t ore processed	Used for NSR cut-off value, Mineral Reserves, in-situ value calculation, and open pit limit design
Process Plant Recovery (%)			
Ni 83.2, Cu 75.0, Co 38.0			
Metal Prices (US$)			
Ni 8.15/lb, Cu 3.50/lb, Co 25.0/lb, Au 1,550/oz, Pt 1,100/oz, Pd 1,375/oz			
Royalties			
NSR	5.75	%	Government, landowners and Appian
Gross Revenue	2.51	%	
Concentrate Parameters and Costs			
Concentrate Grades			
Ni 13.5%, Cu 4.5%, Co 0.25%, Au 1.03 g/t, Pt 2.26 g/t, Pd 1.67 g/t			
Cu Concentrate Moisture	8.0	%	
Concentrate Transport Cost	134.3	US$/wmt	
Smelting Cost	217.5	US$/dmt	
Smelter Payable (%)			
Ni 91.0, Cu 80.0, Co 35.0, Au 65.0%, Pt 70.0, Pd 70.0			
MgO Penalty	20.0	US$/dmt	
Refining Charges (US$)			
Ni 1.16/lb, Cu 0.45/lb, Co 3.50/lb, Au 45/oz, Pt 45/oz, Pd 45/oz			

15.6 CP Comments on "Item 15: Mineral Reserve Estimates"

The estimate of Mineral Reserves may be materially affected by metal prices, US$/R$ exchange rate, environmental, permitting, legal, title, taxation, socio-political, marketing, infrastructure

development, or other relevant issues. Any one of the preceding items has the potential to render the Mineral Reserves uneconomic. However, there is a low risk that the Mineral Reserve estimate could be materially affected by mining, metallurgical, infrastructure, permitting, and other relevant factors, since the mine is currently in production, has an operating history, and recommenced shipping concentrates at the beginning of 2020.

16.0 MINING METHODS

16.1 Introduction

The Santa Rita open pit mining operation mainly encompasses a single large open pit that is mined with conventional mining equipment. The open pit was planned to be completed in 10 phases, of which six phases remain as of December 31, 2022. A small satellite open pit located to the southeast of the main open pit has also been mined. The primary crusher area is located to the north of the open pit and the main waste rock storage facility (WRSF) is on the east side (Figure 16-1).

The basis for the Santa Rita production plan is the Measured and Indicated Mineral Resources contained in the updated Mineral Resource model.

16.2 Geotechnical Considerations

The geotechnical mine design criteria are described in Section 15.3. Slope stability is an essential part of mine safety and sustainability of the mining operation.

Daily inspections of the open pit mine are undertaken to verify the stability conditions. Bench inspections and clean-up are some of these activities. In addition, mine drainage and piezometer monitoring are undertaken.

Further to the visual slope inspections, Atlantic Nickel uses ground radar SSR FX™, SSR XT™ and GMS Robotic™ units to monitor pit slope movement in real time. These systems constantly monitor surface displacements and rock falls for geotechnical risk management. Both the GMS Robotic™ and radar units operate as stand-alone equipment and connect directly with the main office. Specialised software receives all monitoring data to verify if any displacement occurs, and then alerts mine operations. Radar monitoring is conducted 24/7 in a remote monitoring room.

Failure of a wedge-shaped segment of the open pit wall in the central portion of the east side in November 2021 resulted in a modification to the Phase 10 centre open pit design in late 2021. Material between the 70 m and 130 m levels, with a width of approximately 200 m, was vertically displaced by approximately 1.5 m. The modified open pit design resulted in 2.6 Mt mined outside the previously defined pit limit. There were no accidents associated with the displacement, and the displaced material was mined-out over a period of approximately eight months. No new movement in the area has been detected by radar or visual inspections.

Failure of a 200 kt segment of the open pit wall in the central portion of the east side in August 2022 resulted in a modification to the Phase 10N centre design in late 2022. The deformation had been identified 30 days earlier by the radar system. Santa Rita's geotechnical engineers followed the evolution of the accumulated displacement and rate of deformation. Inspections, monitoring, and communication between mining teams were intensified while continuous analysis was conducted to predict the time of the displacement. The area was isolated, and the event occurred as predicted by inverse velocity methodology, without injury or equipment damage.

Risks are continuously being mitigated through 24/7 monitoring of three ground radar systems covering the open pit area, more than 40 prisms deployed in the pit monitored by high precision total robotic stations, automated piezometric monitoring, automated in-situ monitoring (inclinometers and time domain reflectometry), continuous mapping of the faults and structures, a geotechnical drilling campaign, additional slope stability studies, and updates of the geotechnical model and dewatering/depressurization program.

A photograph of the existing open pit is shown in Figure 16-2.

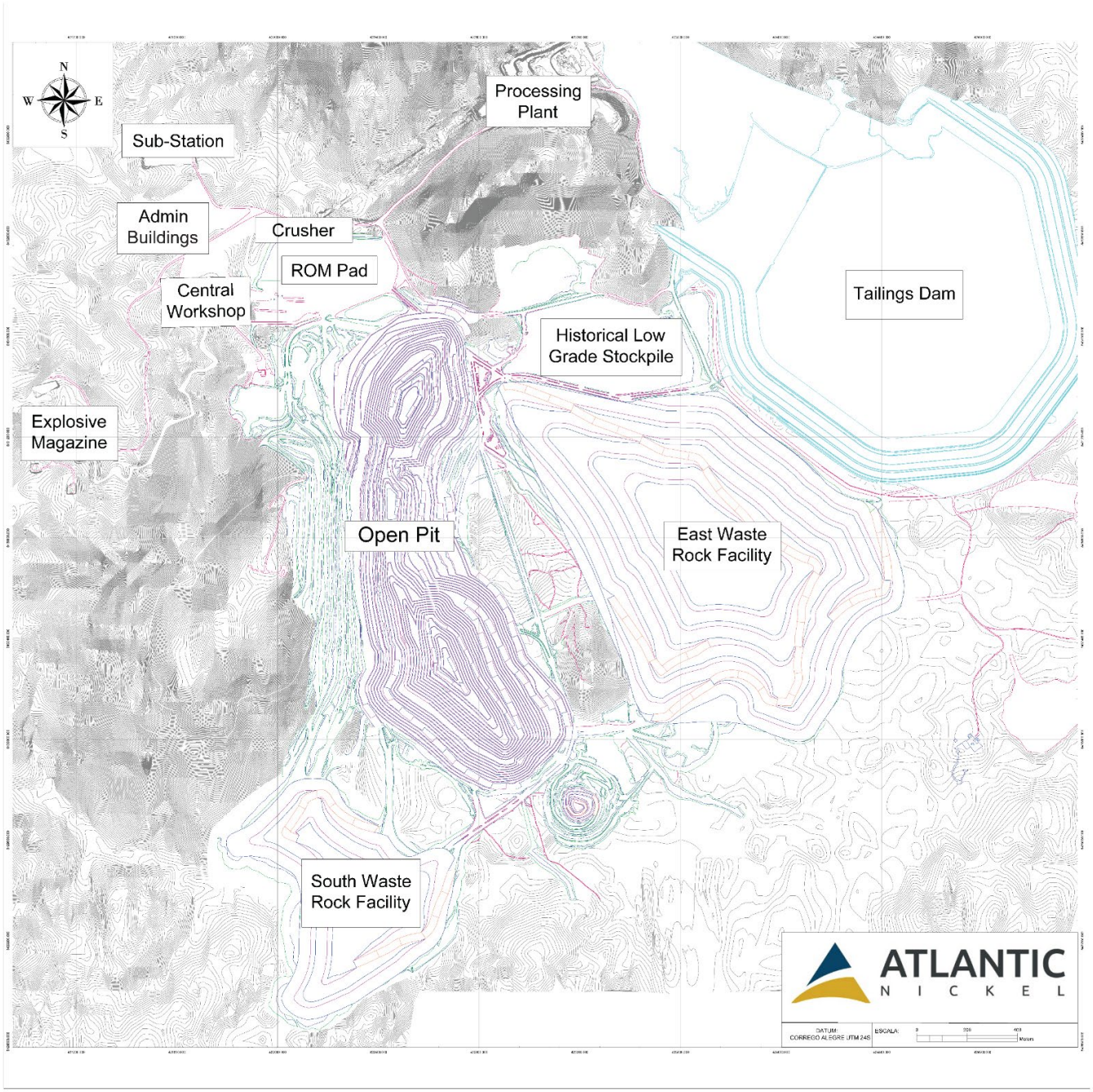
16.3 Pit Design and Mining Phases

The design aspects of the Santa Rita open pit are described in Section 15. The final open pit was subdivided into 10 phases for production scheduling purposes which allows waste stripping quantities to be distributed over time. This also helps avoid large fluctuations in both annual total mined tonnages and mine equipment requirements.

A plan view of the open pit phase locations is shown in Figure 16-3. Mining may occur simultaneously in multiple phases in order to meet the waste stripping and process plant ore delivery targets.

16.4 Production Schedules

Production schedules have been developed for mining operations and mineral processing. The schedules define the annual tonnages of ore and waste movement requirements. Ore stockpiles are used to normalize ore feed rate and grade to the processing plant.

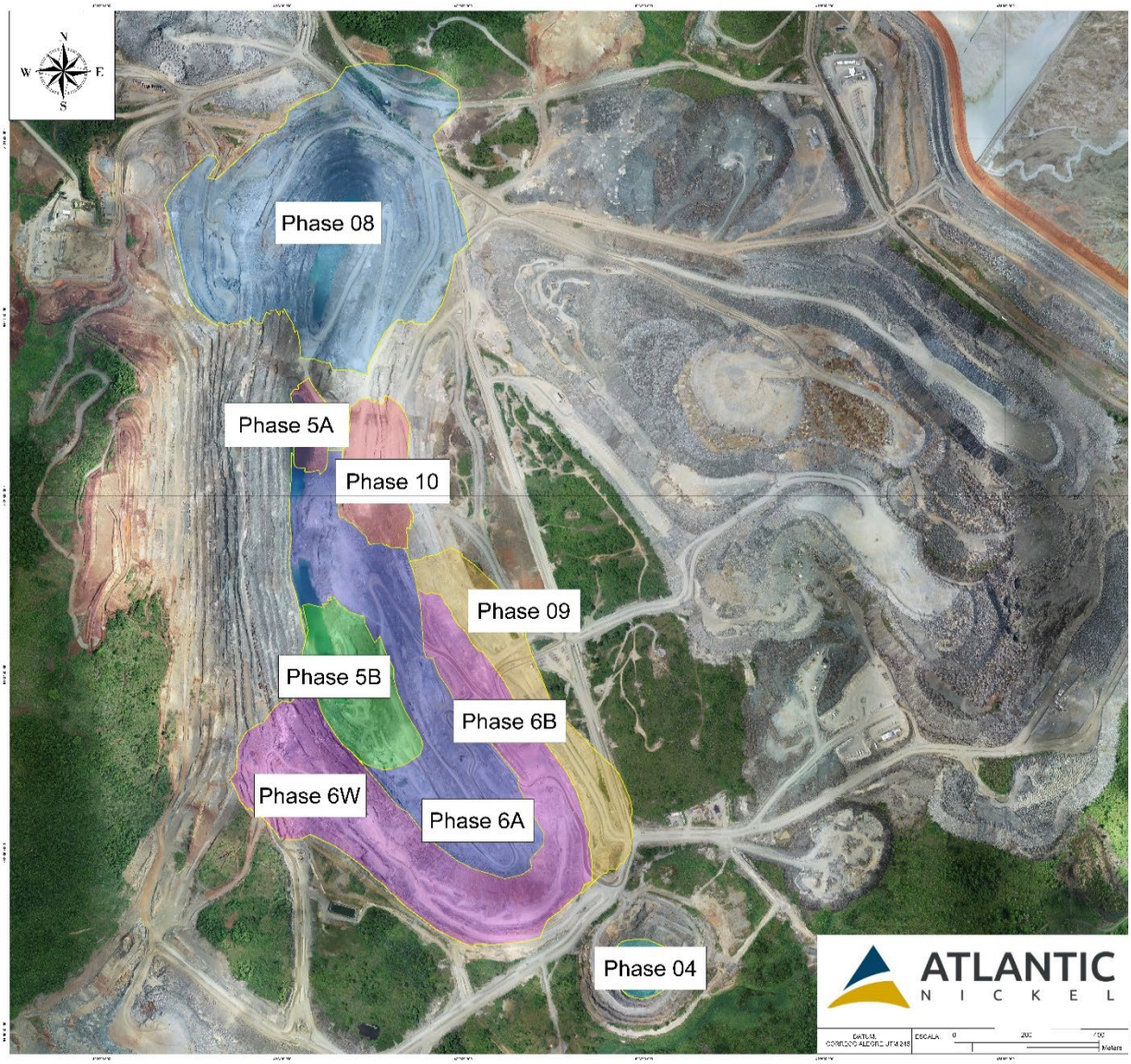


Source: Atlantic Nickel, 2023.

Figure 16-1: General Open Pit Mine Layout

Source: Photograph by Atlantic Nickel, 2023.

Figure 16-2 Existing Open Pit Wall, Looking South



Source: Atlantic Nickel, 2023.

Figure 16-3: Remaining Open Pit Phases

The mining phases are incorporated into a yearly production plan, targeting a production feed rate of 6.5 Mt/a to the process plant. A stockpiling strategy is used, designed to optimize the throughput rate and metal recovery.

Four ore type stockpiles are defined based on NSR cut-off values, lithology type (based on MgO grade), and head grade ranges (high-grade and low-grade based on NiS%). Ore types include lithologies based on MgO% (peridotite >29% MgO and pyroxenite <29% MgO). The high-grade versus low-grade boundary is approximately 0.35% NiS.

The open pit remaining mine life is approximately six years, ending in 2028.

The mine and process plant production schedules are shown in Table 16-1.

Table 16-1: Open Pit Production Schedule
ACG Acquisition Company Limited – Santa Rita Mine

Mine Plan	Unit	2023	2024	2025	2026	2027	2028	Total
Ore mined	kt	6,602	5,660	7,349	7,023	7,340	0	33,973
Waste rock mined	kt	27,518	25,625	22,438	14,660	4,493	0	94,734
Stripping ratio	W:O	4.17	4.53	3.05	2.09	0.61	0	2.79
Total material mined	kt	34,120	31,285	29,787	21,683	11,833	0	128,707
Stockpile movement[1]	kt	2	(840)	982	523	840	(2,376)	0
Process plant feed	kt	6,600	6,500	6,367	6,500	6,500	2,376	34,842
NiS grade	%	0.27	0.28	0.30	0.32	0.34%	0.32	0.31
Cu grade	%	0.10	0.10	0.11	0.11	0.13	0.12	0.11
Co grade	%	0.01	0.02	0.01	0.01	0.01	0.01	0.01
Pd grade	g/t	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Pt grade	g/t	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Au grade	g/t	0.04	0.04	0.04	0.04	0.04	0.04	0.04

Note:

1. Ore stockpile as of December 31, 2022 is estimated at 869 kt.

16.5 Open Pit Mining

16.5.1 Introduction

Mining operations use standard open pit methods with drilling, blasting, loading, and hauling. Bench heights are 6 m in ore and 12 m in waste. Mining is contracted to two mining contractors until Q2 2023 at which time the mine will transition to Owner operated. The transition will be completed by the end of 2024.

Production drilling by the contractor is done using Furukawa 1,500 drills with 4.5 in. diameter bits in ore and waste rock. For the switch to Owner fleet, the equipment will change to Sandvik DX 800 for ore and Sandvik DP1500i for waste rock. The drill pattern varies in ore and waste. Smaller drills are used for pre-splitting and open pit wall control.

There are a range of backhoe excavator sizes and types operating at the mine; 70 t excavators with 4.0 m^3 buckets are primarily used in waste rock and 50 t excavators with 3.0 m^3 buckets are used in ore at the open pit phase bottoms to improve selectivity due to restricted working conditions. The mine uses 35 t to 40 t haul trucks.

In order to improve ore recovery at the open pit bottom, the bottom benches will be developed with 25 m wide, 12% ramps. Although blasting will be done in 6 m high benches, loading will be done using 4 m slices to take blast swelling into account.

The equipment production capacities are summarised in Table 16-2.

Table 16-2: Equipment Production Productivity
ACG Acquisition Company Limited – Santa Rita Mine

Rate/Productivity Assumption	Units	Amount
Blast hole drilling	metres/day/drill	161
Haulage truck productivity	tonnes/day/truck	1,194
Excavator loading productivity	tonnes/day/backhoe	7,640

16.5.2 Drilling and Blasting

The production drills use 114.3 mm (4.5 in.) diameter drill holes and the drill pattern depends on the material type.

Ore is typically drilled at a pattern of 2.8 m x 3.2 m with 0.5 m sub-drill. Waste rock is usually drilled at a pattern of 3.1 m by 3.6 m, with 0.7 m sub-drill. Typical blast pattern parameters are shown in Table 16-3 and explosive supplies are presented in Table 16-4.

Table 16-3: Blast Pattern Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Rock	Units	Ore	Waste
Crest burden	m	1.40	1.70
Burden (B)	m	2.80	3.09
Spacing (S)	m	3.20	3.56
Hole diameter Ø	in.	4.50	4.50
Stem height	m	1.60	2.50
Sub-drilling (SD)	m	0.50	0.70
Bench height (BH)	m	6.00	12.00
Hole length	m	6.50	12.70
Bench face angle	°	65-75	50-70
Explosive column height (C)	m	4.50	10.70

Table 16-4: Explosives Supplies
ACG Acquisition Company Limited – Santa Rita Mine

Explosives	Units	Type
Booster	g	450
Cartridge	ea	2 1/4 x 24 inch
Cartridge	ea	1 1/4 x 24 inch
Bulk emulsion	kg	1.10 to 1.15 g/cm^3
Electronic detonator	ea	Daveytronic
Detonator	ms	400 ms
Detonating cord	g/m	NP10

16.5.3 Loading and Hauling

The open pit production plan objective is to supply the process plant at 6.5 Mt/a ore. Table 16-5 shows required open pit equipment fleet over the life of mine, and Figure 16-4 shows typical mining equipment in operation.

The 70 t hydraulic excavators are used for waste rock loading, and the 50 t hydraulic excavators are used for ore loading. Wheel front-end loaders are used for miscellaneous clean-up jobs and as backups to the excavators.

A peak fleet of 80 haul trucks with capacities of 36 t and 48 t will be used to transport material to either the WRSFs or to the primary crusher and ore stockpiles. Cycle times for haulage calculations have been determined for each mining period using Fast2Mine™ software.

Mine equipment is assumed to operate 20 hours per day, and approximately 6,000 hours per year. Twenty days per year of production loss are assumed due to weather-related disruption such as heavy rainfall and fog.

The assumed availability is 90% for excavators and 85% for haul trucks and drills, while the estimated utilisation is 88% for excavators, 88% for haul trucks, and 70% for drills.

Table 16-5: Open Pit Mining Equipment Fleet
ACG Acquisition Company Limited – Santa Rita Mine

Area	Equipment	Model	Capacity	2023	2024	2025	2026	2027	2028
Loading	Hydraulic excavator	Komatsu PC 350	35 t	1	1	1	1	1	
	Hydraulic excavator	Komatsu PC 500	50 t	2	5	5	5	2	
	Hydraulic excavator	Komatsu PC 800	70 t	5	10	9	6	2	
Hauling	Truck	Mercedes Benz AROCS 4851K/45	48 t	18	37	37	32	9	
	Truck	Volvo FMX 500 8x4	36 t	20	43	43	39	16	4
Drilling	Drill	Sandvik DX 800	4.5"	2	2	2	2	2	
	Drill	Sandvik DP 1500i	4.5"	7	14	14	11	8	
Mine Infrastructure	Bulldozer	Komatsu D155AX-8	40 t	3	3	2	1	0	
	Bulldozer	Komatsu D85EX-15EO	28 t	0	4	3	3	2	
	Bulldozer	Komatsu D61EX-23MO	20 t	3	3	3	3	3	1
	Motor grader	Komatsu GD655-5	16 t	1	3	3	2	2	
	Hydraulic excavator	Komatsu PC350	35 t	2	7	7	7	7	2

Area	Equipment	Model	Capacity	2023	2024	2025	2026	2027	2028
	Hydraulic breaker	Epiroc HB 3100	3.1 t	0	4	4	4	4	
	Wheel Loader	Komatsu WA380-6	18 t	2	2	2	2	2	1
	Water truck	Volvo VM270	20,000 L	2	5	5	4	3	
	Truck tractor	Volvo FH460	70 t	1	2	2	2	2	

Source: Photograph by Atlantic Nickel, 2019.

Figure 16-4: Open Pit Mining Equipment

16.5.4 Auxiliary Pit Services and Support Equipment

The primary mining operations are supported by a fleet of equipment consisting of bulldozers with ripper attachments, graders, water trucks, fuel trucks, maintenance vehicles, and service vehicles. A list of major and support equipment for auxiliary services is provided in Table 16-6.

Table 16-6: Auxiliary Services Equipment Fleet
ACG Acquisition Company Limited – Santa Rita Mine

	Equipment	Model	Capacity	2023	2024	2025	2026	2027	2028
Mine infrastructure	Munck truck	Volvo VM270	12 t	1	2	2	2	2	
	Oiler truck conveyor	Volvo VM270	10,000 L	3	4	4	4	3	1
	Lighting tower	MTower	450 Lm/W	9	15	15	10	5	
Facilities (plant, TSF, roads)	Wheel loader	Komatsu WA 380	23 t	1	1	1	1	1	1
	Hydraulic excavators	Komatsu PC210LC	21 t	1	1	1	1	1	1
	Backhoe loaders	BobCat B760	8 t	2	3	3	3	3	2
	Motor grader	Komatsu GD655-5	16 t	1	1	1	1	1	1
	Water truck	Volvo VM270	20,000 L	1	1	1	1	1	1
	Trucks 8 x 4	Volvo FMX500	36 t	2	2	2	2	2	2
	Fork-lift	Clark C70L/D	7 t	1	1	1	1	1	1
	Road roller	Dynapac CA25D	11 t	1	1	1	1	1	1
	Skid steer loaders	BobCat S570	2.9 t	1	1	1	1	1	1
	Hydraulic excavator long reach	Komatsu PC350LC	35 t	1	1	1	1	1	1
	Dump truck	Volvo 270	25 t	3	3	3	3	3	3
	Wheel loader	Komatsu WA320	15 t	1	1	1	1	1	1

16.5.5 Grade Control

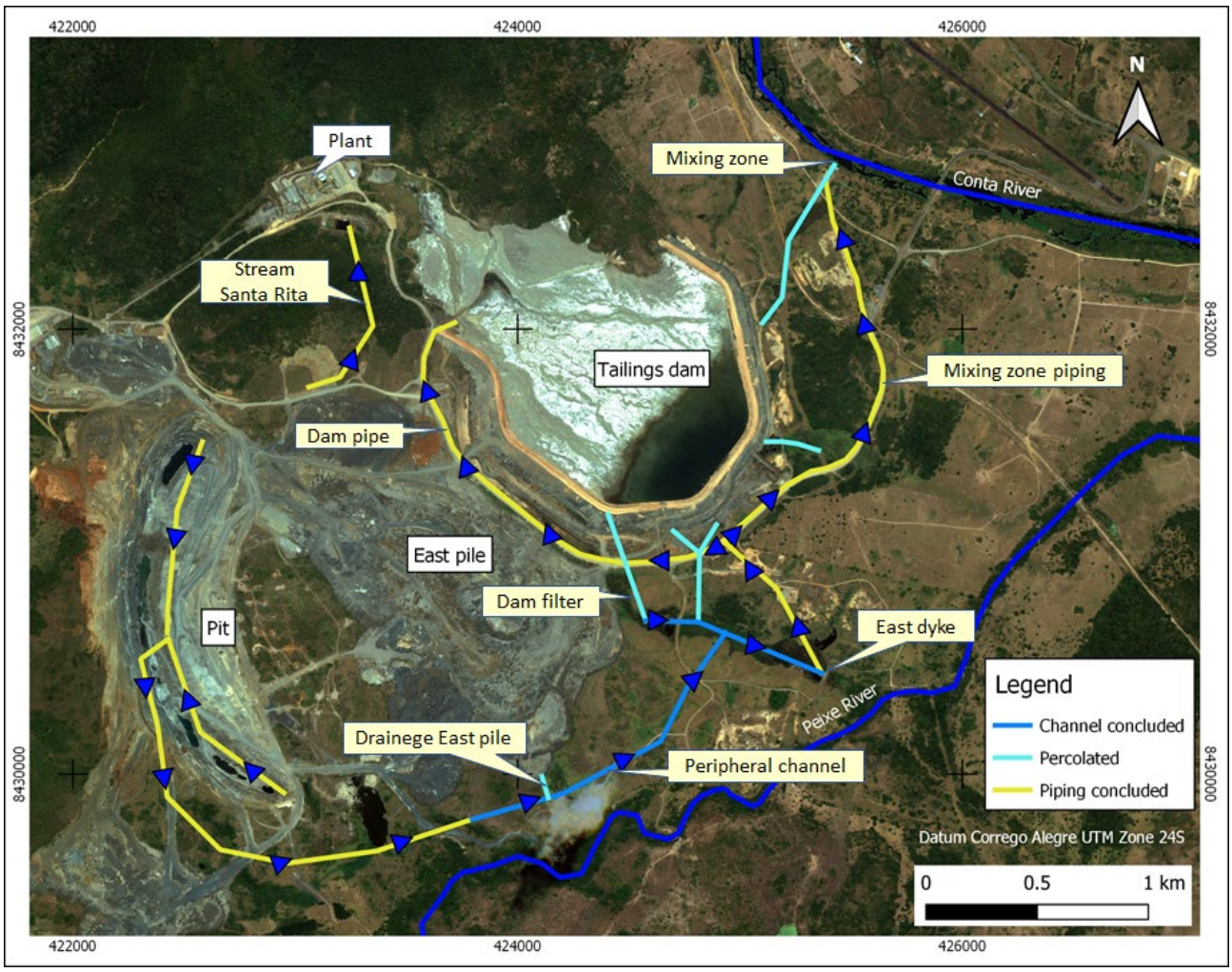
Grade control uses drill cutting samples collected from blast holes. Dig plan polygons are prepared by the Mine Planning group.

The Geology Department oversees the blast hole sampling, and every week the geologists prepare a dig plan for each polygon. This plan is the basis for the detailed extraction program, which determines the polygon mining sequence, the material destination, and allows forecasting of the daily ore grade and tonnage.

16.5.6 Pit Dewatering

Open pit dewatering consists of in-pit pumping systems. The majority of the groundwater and surface run-off flows to the open pit bottom. The open pit area intersects a north–south-trending fault system, which acts as a water conduit to the open pit. A combination of run-off from areas up-gradient

of the open pit, precipitation falling within the open pit, and groundwater inflows accounts for the total volume of water to be handled by the dewatering system. Water is collected at the bottom of each open pit phase in sumps, pumped to the open pit rim, and subsequently channelled to the East dike (Figure 16-5).



Source: Atlantic Nickel, 2019.

Figure 16-5: Surface Water Drainage Plan

A contractor was hired in 2020 to install pumps in each open pit area designed to pump water flow to the surface using generator power. The pumping system is equipped with four pumps, three with a capacity of 300 m^3/hr and one of 400 m^3/hr. A drainage area update is under review to assess surface water management measures. Consulting firm FloSolutions SAC (FloSolutions) is assisting Atlantic Nickel in this regard.

16.5.7 Owner's Mine Technical Services

The Owner's mining team provides support and technical services (see Section 16.6). Specifically, the Owner's team undertakes the following activities:

- Mineral Resource estimation;
- Mine planning;
- Grade control;
- Grade and tonnage reconciliation;

- Survey control;
- Geotechnical evaluation and monitoring;
- Infill grade drilling and geochemical analysis;
- Mid-term and short term geometallurgy programs;
- Open pit dewatering system.

16.6 Support Facilities

The mine support facilities are described in Section 18 (Infrastructure) and consist of the following:

- A truck maintenance shop housing four bays and other facilities;
- A truck wash building;
- An emergency vehicle storage and warehouse building;
- Mine supervision and technical office building;
- An explosive storage area for blasting agents and blasting supplies;
- A fuelling station;
- A laydown area for spare tires, buckets, and large components.

16.7 Mining Manpower

The mining manpower consists of mine supervision and technical support as well as mine operators and shift supervision. Table 16-7 lists the mining manpower requirements.

Table 16-7: Mining Manpower Requirements
ACG Acquisition Company Limited – Santa Rita Mine

Item	With Contractor January 1, 2023	Owner-Operated December 2023	Owner-Operated December 2024
Owner	94	563	1,410
Contractor	1,607	902	55
Total	1,701	1,465	1,465

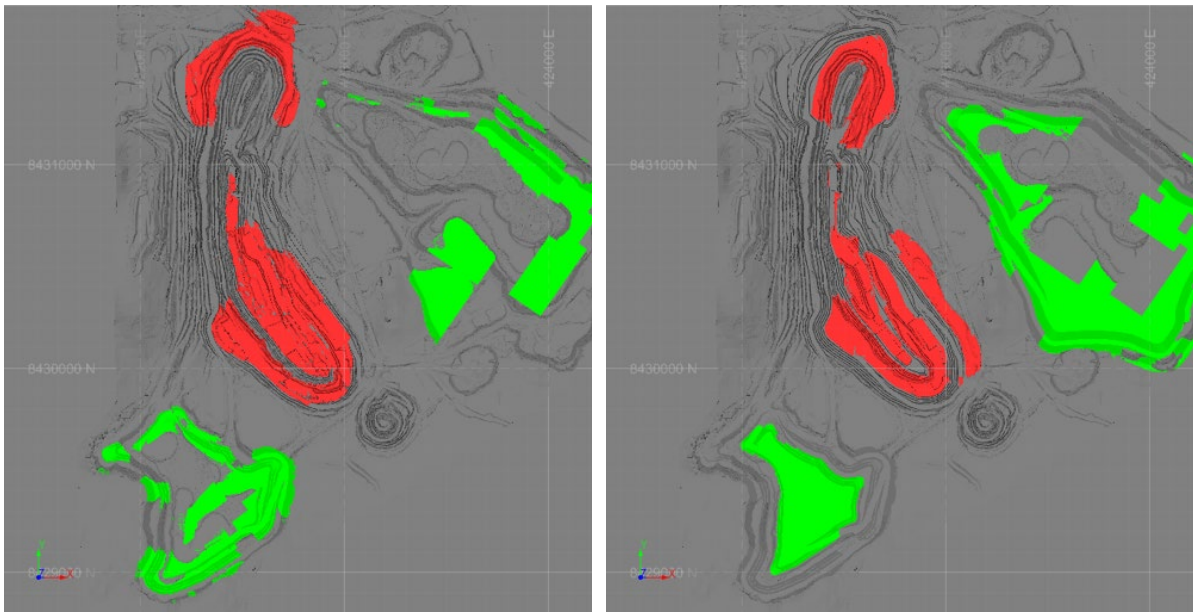
The office and technical support staff generally work five days per week with weekends off. Grade control technicians work on a four-day cycle to provide daily coverage at the mine.

The mine operators work eight-hour day and night shifts on a four-day work cycle, consisting of 23 days on and seven days off.

Office staffing levels will remain fixed each year, however, the equipment operator requirements will fluctuate with production targets and productivity changes.

16.8 Mine Plans

Annual open pit mine plans are presented in Figure 16-6 to Figure 16-8. In these figures, mining operations are shown in red and waste rock placement locations are shown in green.

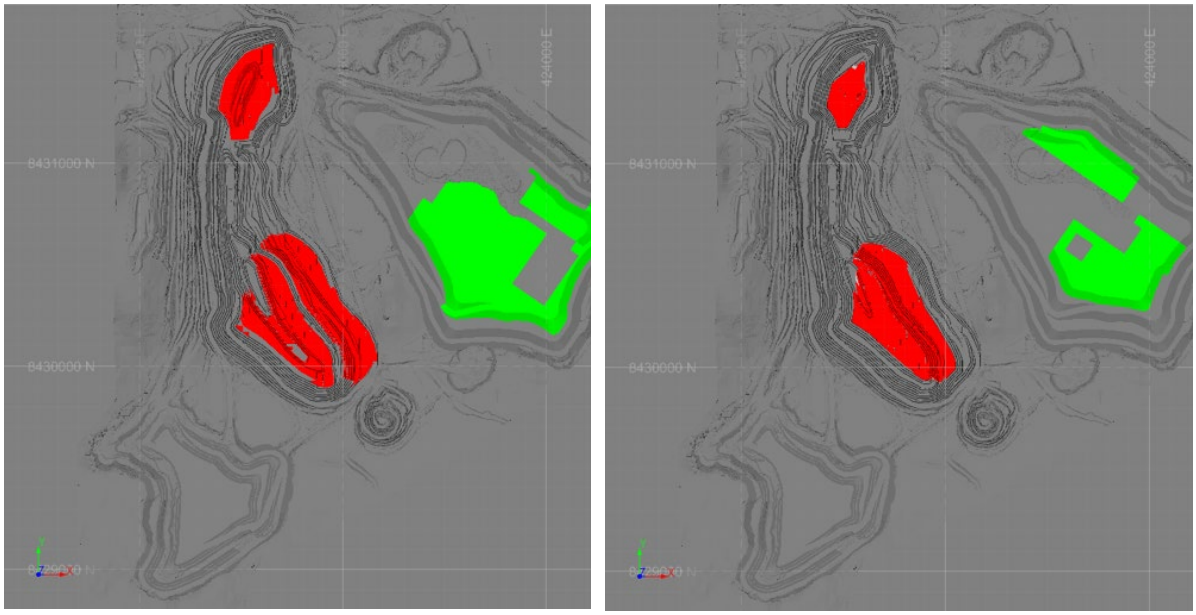


Source: Atlantic Nickel, 2023.

Notes:

1. Mining operations are shown in red and waste rock placement locations are shown in green.
2. Figure north is to top of page.
3. 2023 is on left, 2024 is on right.

Figure 16-6: Open Pit Mine Plans for Years 2023 and 2024

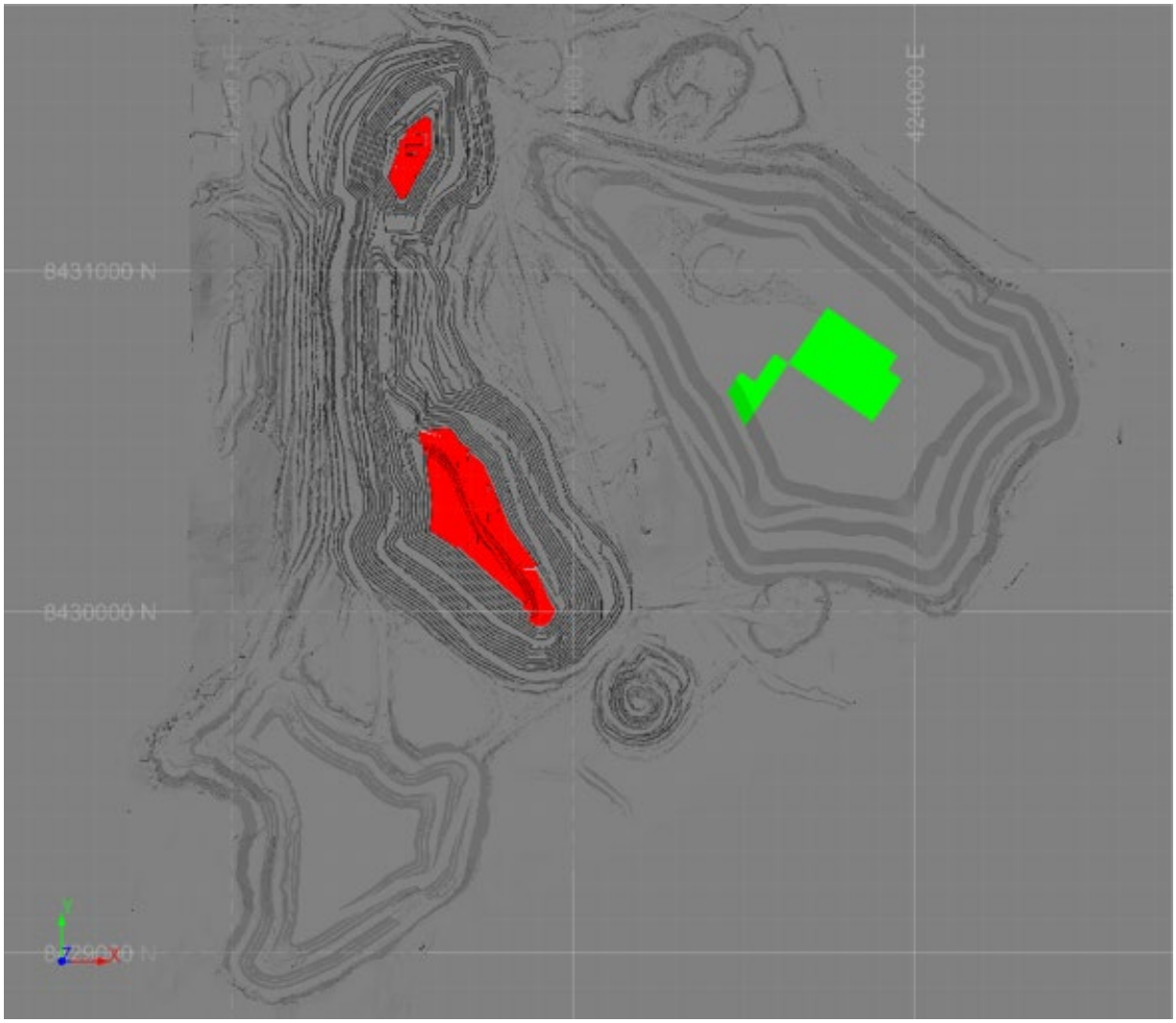


Source: Atlantic Nickel, 2023.

Notes:

1. Mining operations are shown in red and waste rock placement locations are shown in green.
2. Figure north is to top of page.
3. 2025 is on left, 2026 is on right.

Figure 16-7: Open Pit Mine Plans for Years 2025 and 2026



Source: Atlantic Nickel, 2023.

Notes:

1. Mining operations are shown in red and waste rock placement locations are shown in green.
2. Figure north is to top of page.

Figure 16-8: Open Pit Mine Plan for Year 2027

16.9 CP Comments on "Item 16: Mining Methods"

The Santa Rita open pit mining operations were re-started in August 2019 and have been in production since. The mine has gained experience and efficiency. The open pit mine plan is based on contractor mining with transition to Atlantic Nickel Owner-operated mining beginning in Q2 2023. Atlantic Nickel plans to have all its equipment, personnel, and facilities in place by the end of 2024. The CP is not aware of any issues that could materially impact open pit mine production at Santa Rita.

17.0 RECOVERY METHODS

17.1 Introduction

Information in this sub-section is obtained from RPA (2015), operating results from 2012 to 2016 and from January 2020 to December 2022, information gathered by the CP during a site visit on July 23 to 24, 2019, information provided by Atlantic Nickel for this 2022 update, and direct communication with Santa Rita staff.

The Santa Rita process plant consists of crushing, grinding, flotation, thickening. and filtration unit operations to produce a saleable nickel concentrate. Flotation tailings are pumped to a tailings storage facility. Figure 17-1 shows the current flowsheet.

Payable metals such as platinum, palladium, and gold are also contained in the concentrate along with nickel, copper, and cobalt. The majority of revenue is generated by nickel.

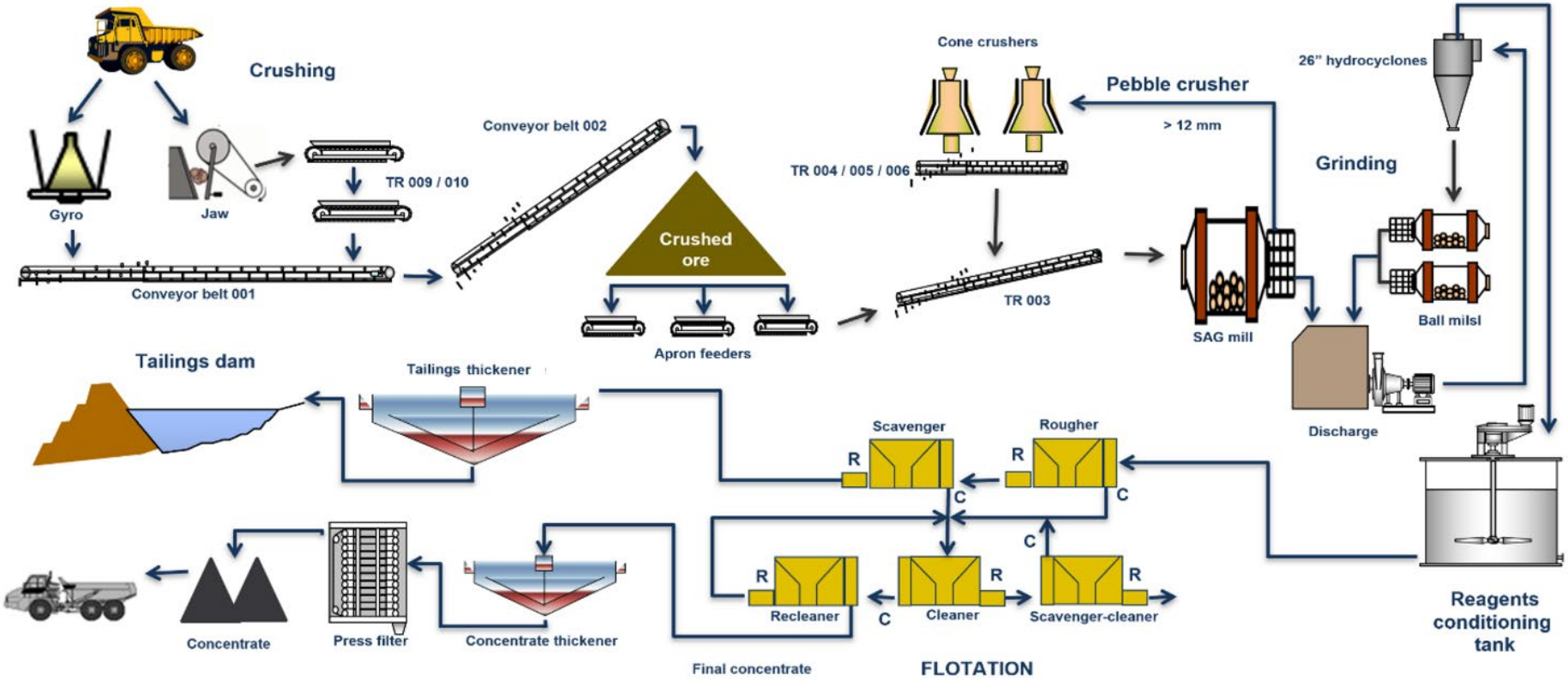
The initial nameplate capacity was 4.6 Mt/a; this was expanded to 6.5 Mt/a in 2012 with the addition of a desliming circuit, pebble crushing, a second ball mill, and a pressure filter. Over the 12 month period from January 2022 to December 2022 the plant processed 6.59 Mt of ore.

Since the start-up of the process plant in October 2019, the desliming circuit has not been operated. Plant technical staff conducted statistical studies of process plant data and bench scale flotation tests to compare results with and without desliming. These both demonstrated that desliming makes no difference to nickel recovery. This conclusion was supported by testwork carried out by SGS Geosol in 2020.

17.2 Process Description

17.2.1 Crushing and Grinding

Ore from the open pit mine is most commonly placed in a crusher stockpile area for blending to achieve target recoverable nickel and MgO values in the feed (ore that is not fed directly to the crusher stockpile is sent to the low grade and marginal grade stockpiles). Ore is also reclaimed from the low grade and marginal grade stockpiles and is either dumped directly into one of the two primary crushing circuits or placed on the crusher stockpile area for blending. The blended feed from the stockpile area is fed to primary crushing. The primary gyratory crusher (a Metso 50/65 MK II gyratory crusher) crushes from a nominal F_{80} size of 800 mm to a P_{80} size of 140 mm to 150 mm at a design rate of approximately 1,500 t/h. The second primary crusher (a Metso C-160 jaw crusher) is located close to the primary gyratory crusher, it has a nominal throughput rate of 750 t/h, and produces a crushed product with a nominal P_{80} size of 152 mm.



Source: Atlantic Nickel, 2021.

Figure 17-1: Process Plant Flowsheet

Prior to the shutdown in 2016, fragmentation problems were experienced in the pit, which resulted in oversize boulders entering the gyratory crusher. This caused a lot of downtime and prompted the installation of the Metso jaw crusher. Since the 2019 start-up, the mine has carried out continuous improvements in drilling and blasting practices which has resulted in better fragmentation. Before the plant re-start, the gyratory crusher was overhauled and fitted with new concave and mantle liners. However, shortly after the re-start, problems were experienced with the bottom shell; this was replaced in May 2020. Since then, operations have stabilised.

The primary crushed ore is conveyed to an open stockpile with a total capacity of 67,000 t (84 hours; live capacity 15,000 t, 19 hours). Three feeders extract the ore from beneath the stockpile at a controlled rate for feed to the SAG mill. The feed is controlled by adjustment of the pulling rate from the feeders to maintain the throughput at around 832 t/h. When the primary crusher is not operating, a bulldozer and/or excavator pushes ore towards the centre feeders to maintain feed to the mill.

The SAG mill is a 30 ft diameter by 16.4 ft long Outotec mill with an 8 MW motor. The design target transfer size (T_{80}) is 4 mm at a nominal throughput of 832 t/h.

Two Metso HP400 pebble crushers operate in closed circuit with the SAG mill to crush oversize from the SAG mill (material in the size range -70 mm to +12 mm).

Material <12 mm flows to a common pump box shared by the SAG mill and ball mill circuits. Material from this pump box is pumped to a single cluster of ten 26 in. diameter cyclones, allowing the two 20 ft diameter x 28.5 ft long 5.8 MW Outotec ball mills to operate in closed circuit to produce a nominal flotation feed product with a P_{80} of approximately 125 µm.

17.2.2 Deslime Circuit

The deslime circuit has three stages. The primary stage consists of two clusters of ten 20 in. diameter cyclones with a total of ten cyclones normally operating. The second stage consists of two clusters of twenty 10 in. diameter cyclones with the underflow reporting to flotation feed and the overflow reporting back to the 20 in. cyclone feed. This stage was taken out of the circuit in November 2014 because it returned very little mass to the 20 in. cyclone feed and caused circuit instability. The third stage consists of 256 x 4 in. diameter cyclones in 12 clusters. This stage takes feed from the overflow of the 20 in. cyclones with the underflow being directed to the conditioning tanks and the overflow directed to tailings. The target P_{80} for the 4 in. diameter cyclone overflow is 10 µm but is normally closer to 20 µm. This material is pumped directly to the tailings dam as opposed to the tailings thickener.

The deslime circuit has not been operated since the start-up in 2019 but could be re-started if high slimes-generating ore is encountered.

17.2.3 Conditioning Circuit and Reagents

The conditioning circuit has three conditioning tanks. The primary conditioning tank is used to condition the flotation feed with activator; the two other tanks are used to condition the rougher flotation feed to each bank of rougher cells with collector and frother.

Between 300 g/t and 500 g/t of 50% sodium silicate solution is added as a dispersant/pH modifier to the flotation feed. Between 60 g/t and 100 g/t of activator is added to the primary conditioner tank. Sodium ethyl xanthate mixed 1:1 with di-isobutyl dithiophosphate is used as the collector and added to the feed to the secondary conditioner tanks.

17.2.4 Flotation

The rougher/scavenger flotation circuit consists of two rows of six 160 m^3 Outotec tank cells. The concentrate from each cell is fed to parallel launders so that the cells can be used either as rougher or scavenger cells. The scavenger circuit concentrate can be directed back to the rougher feed or to the cleaner circuit feed; the scavenger circuit tailings report to the tailings thickener. The rougher concentrate, along with the re-cleaner tailings and cleaner–scavenger concentrate, report to the cleaner circuit, which consists of six 70 m^3 cleaner cells and three 70 m^3 cleaner-scavenger cells. The cleaner–scavenger tailings are returned to the rougher feed. Cleaner concentrate reports to four 30 m^3 re-cleaner cells.

17.2.5 Concentrate Thickening and Filtration

The final concentrate is thickened in a 15 m diameter concentrate thickener to a density of approximately 65% w/w solids, from where it is pumped to storage tanks ready for filtration. The concentrate is filtered using a Larox 33 t/h pressure filter. Following filtration, the final concentrate is trucked to the port of Ilhéus where it is loaded onto ships for transport to market.

17.2.6 Tailings Thickening

The final tailings are thickened in a 35 m diameter thickener to a density of 55% to 60% w/w solids and are then pumped to the TSF for final deposition. Thickener overflow water is recirculated for use within the process plant. Reclaim water from the TSF is also recirculated for use within the process plant.

17.2.7 Associated Facilities

17.2.7.1 Metallurgical Testing Laboratory

The concentrator has a metallurgical testing laboratory equipped with sample preparation and laboratory-scale grinding equipment and flotation cells.

17.2.7.2 Pilot Plant

The concentrator has a pilot plant with crushing, grinding, and flotation equipment. The pilot plant capacity is up to 400 kg/h. This is an ideal facility for testing circuit variations and different reagent combinations without compromising the main plant operation.

17.2.7.3 Assay Laboratory

The site has a well-equipped assay laboratory that services exploration, geology, the mine, process plant, and environmental. The laboratory includes sample preparation and equipment for wet chemical analysis, XRF, AA, ICP, and LECO (sulphur assays).

17.3 Energy, Water, and Process Materials Requirements

17.3.1 Water Requirements

The process plant requires approximately 1,600 m^3/h of water, derived from three sources:

- The Contas River: up to 700 m^3/h can be pumped; however, the normal consumption is 500 m^3/h, and represents the total new make-up water to the process plant.
- The TSF normally supplies between 800 m^3/h and 900 m^3/h.
- The tailings thickener overflow provides in the order of 400 m^3/h to 500 m^3/h.

17.3.2 Power Requirement

The process plant power requirement is 21.1 MW. Power is provided from the national grid.

17.3.3 Grinding Balls and Reagent Consumptions

The consumptions of grinding balls and reagents are shown in Table 17-1.

Table 17-1: Grinding Balls and Reagent Consumption
ACG Acquisition Company Limited – Santa Rita Mine

Item	Consumption (g/t plant feed)
Grinding	
5 inch balls	261
2.5 inch balls	225
CMC depressant	11
Flotation	
Copper sulphate	46
Sodium ethyl xanthate	67
Sodium di-alkyl dithiophosphate	67
Sodium silicate	579
Citric acid	46
Thickening	
Flocculant	10

17.4 Operations since the October 2019 Start-Up

Upon completion of site refurbishment activities, the plant was re-commissioned in October 2019. The ramp-up of operations proceeded faster than planned in the early months of the re-start and resulted in production of Santa Rita's first full shipment of concentrate by January 2020, two months ahead of plan.

In the first half of 2020, however, operational setbacks caused plant ramp-up performance to suffer. Firstly, heavy seasonal rains flooded the open pit before adequate dewatering capacity could be installed. This restricted the rate at which ore which could be accessed was mined from the open pit and consequently increased the operation's processing of historically stockpiled material. This historically stockpiled material has less certain lithological composition and may have experienced some degree of sulphide oxidation, both generally unhelpful to plant performance. The pit dewatering systems referenced in Section 16.5.6 were installed in 2020.

Secondly, primary crushing throughput suffered when, in January 2020, the bottom shell of the gyratory crusher was found to be cracked during a visual inspection and required replacement. Re-commissioning of the existing jaw crusher and securing additional mobile crushing capacity helped to restore sufficient reliability and throughput capacity to crushing activities on site. The bottom shell of the gyratory crusher was replaced in May 2020.

The use of historically stockpiled materials and large variations in plant throughput during this period affected flotation performance. From October 2020 through March 2021, as mining rates improved and the use of historically stockpiled material declined, improved NiS feed grades of 0.287% were observed compared to the 0.250% obtained during the prior nine months. This improvement and a more consistent period of plant throughput coincided with an improvement in the NiS recovery to an average of 78.4% compared to 76.5%. Production data from January 2020 to December 2022 is provided in Section 13.

17.5 CP Comments on "Item 17: Recovery Methods"

17.5.1 Comments

The process plant re-started in October 2019 and from January 2020 to December 2022 treated 17.06 Mt of ore, producing 290,821 t of nickel concentrate containing 39,488 t of nickel. The average overall nickel recovery was 58% and the average nickel sulphide recovery was 79%. The plant is currently operating at its design capacity of 6.5 Mt/a.

The NiS recovery has improved since January 2020, especially during 2022. The recovery increased from 80.2% in Q1 2022 to an average of 81.3% from June to December 2022. The improvement is due to the following:

- Improvements in control algorithms for the SAG and ball mills
- Adjustment in the cyclone operating pressure;
- Reducing fines generated in grinding;
- Change in the classification solids percent parameters;
- Better knowledge of the flotation kinetics per stage;
- Improvements in flotation control;
- Use of a different collector resulting in better recovery;
- Training of process, operation and maintenance teams;
- Operational stability leading to increased equipment availability.

The expected performance for 2023 takes these improvements into account.

17.5.2 Recommendations

JKTech carried out a comminution survey in February 2021 and made several recommendations for potential improvements based on the results of this work. The key recommendations were to:

1. Decrease the SAG mill total volumetric load to 25% and increase the ball load to decrease fines generation and decrease the load on the SAG mill.
2. Review the SAG mill grate design to increase the pebble port size to further decrease fines generation. This change could be made during a scheduled liner change with minimal additional expenditure.
3. Upgrade the cyclone feed pumping capacity to allow a target of 55% solids; then, increase water addition to achieve this density (and improve cyclone efficiency).

The CP agrees with recommendations 1 and 2 as they will avoid the SAG mill becoming a throughput restriction.

The plant technical staff have stated that a new load and impact meter has been purchased and they are now in a position to carry out the load test in 2023 in a safe manner (avoiding breakage of mill liners). The grate slot width has not yet been increased as the current focus is to increase the grate

life. The current opening is 70 mm and the pebble port size is 90 mm (the maximum size feed for the pebble crushers). There is a concern that increasing the slot width would reduce the grate life.

The CP also agrees with recommendation 3 because higher cyclone efficiency will assist in minimising slimes production and nickel losses. The site stated that the amount of water added in the grinding circuit has been increased without the need to re-power the cyclone feed pumps and that an ongoing study has shown that good classification efficiency is being achieved.

The CP recommends that the JKTech February 2021 report be updated with the comminution results from testwork carried out in 2022 on underground variability samples and LOM period composites. The site stated that this has still to be done.

The CP recommended in 2021 that consideration be given to operating the cleaner-scavenger circuit in open circuit instead of returning the cleaner-scavenger tailings to the rougher feed. The LCTs carried out at SGS in 2021 showed that reducing the recycle prevented the build-up of gangue minerals in the concentrate. This phenomenon has not been reported in the plant; however, it may be possible to improve the concentrate grade with minimal loss of recovery. Additional cleaner-scavenger capacity may be required to maintain the recovery. This could be tested directly on the scavenger circuit feed and tailings in the on-site pilot plant. This test has not yet been performed nor has a test to increase the scavenger cleaning capacity. The plant staff report that efforts are being made first to reduce the fines generation in the grinding circuit.

18.0 PROJECT INFRASTRUCTURE

18.1 Introduction

The Santa Rita Mine has all the necessary infrastructure in place to support a large open pit mining and mineral processing operation. A site infrastructure layout plan is presented in Figure 18-1.

18.2 Road and Logistics

The open pit mining operations are located in Itagibá municipality of Bahia state, Brazil, approximately 360 km southwest of Salvador, with good access to essential infrastructure (power, rail, roads, and port).

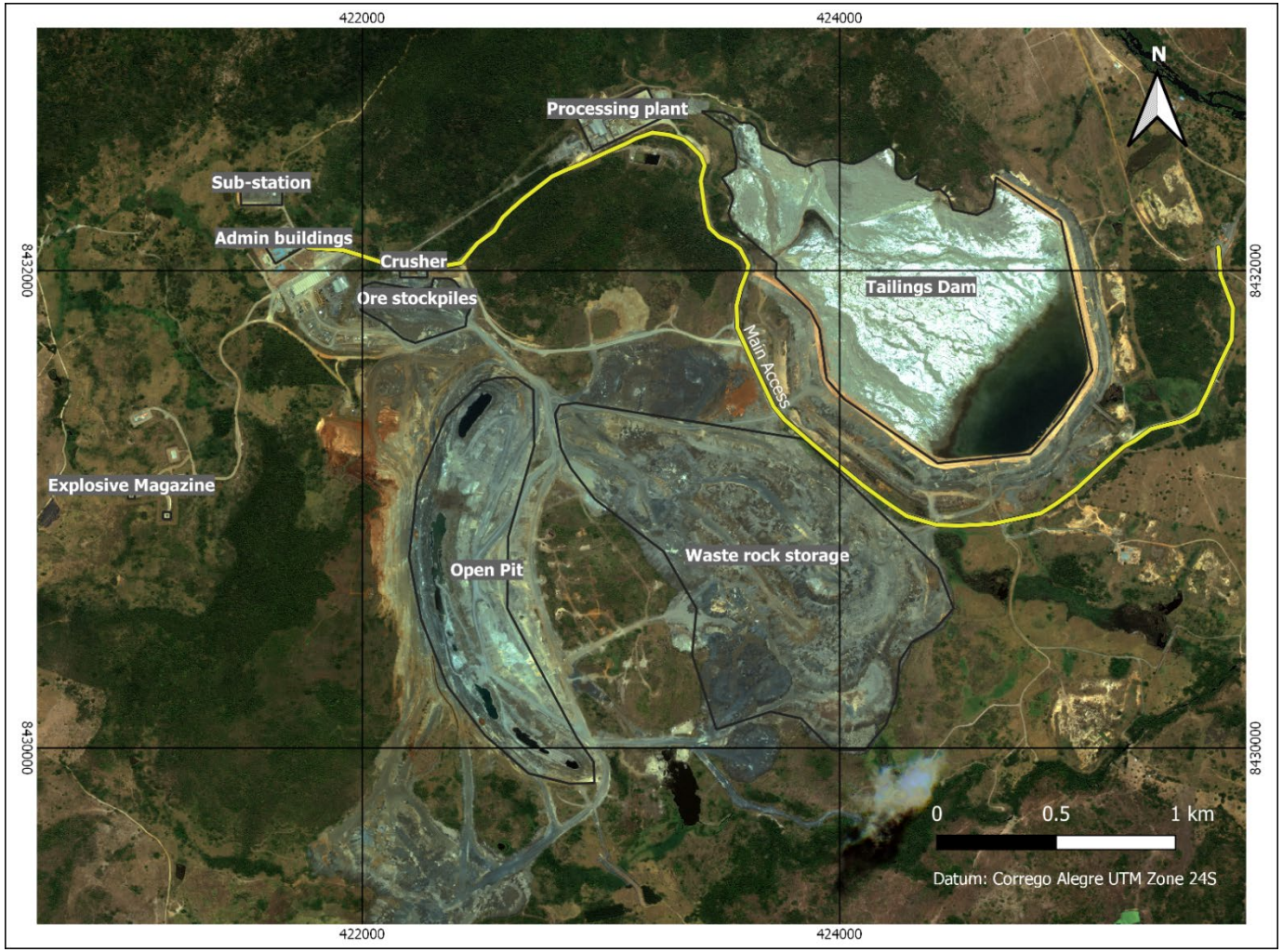
The Santa Rita Mine is approximately two kilometres from the paved BR330 main highway. The nearby cities of Ipiaú (population 46,000) and Itagibá (population 15,600) provide commercial and industrial support services such as transportation, civil contracting and construction, and are a good source of skilled and unskilled labour.

The nearby highway network provides access to the port of Ilhéus and the port of Salvador on paved roads. These ports are used for the importation of certain operating supplies and consumables and export of concentrate.

The nickel concentrates are stored, loaded onto ships and exported to contracted customers at Ilhéus Port, approximately 140 km from the site.

The closest commercial airport is in Ilhéus, a two-and-a-half-hour drive from the mine.

Figure 18-2 shows inset details of the export corridor and Figure 18-3 shows details of the process plant area.

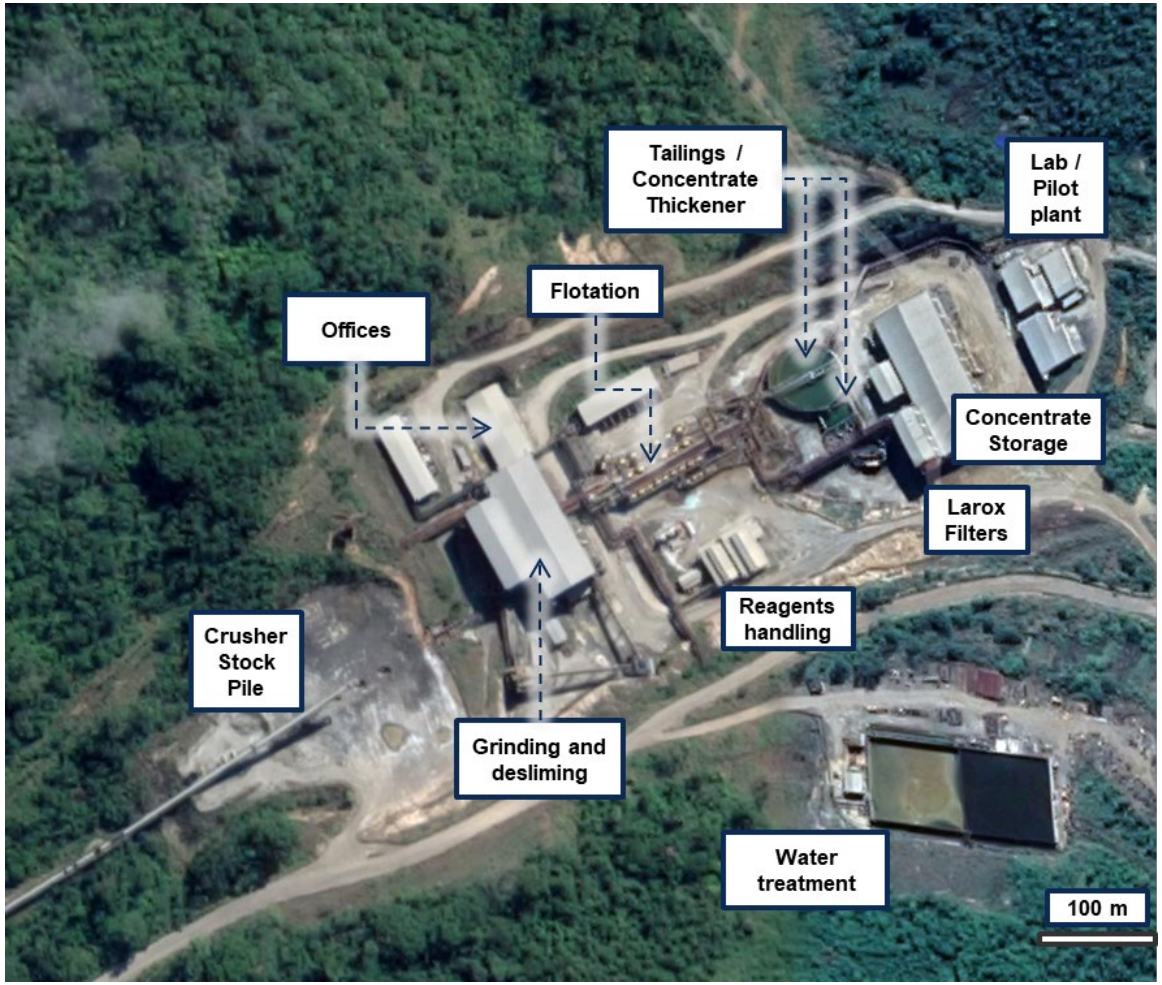


Source: Atlantic Nickel, 2021.

Figure 18-1: Project Layout Plan

Source: Atlantic Nickel, 2019.

Figure 18-2: Port Locations (inset details of export corridor)



Source: Atlantic Nickel, 2019.

Figure 18-3: Process Plant Area

18.3 Tailings Storage Facility

The tailings storage facility is discussed in Section 20.3.

18.4 Built Infrastructure

The existing on-site infrastructure to support the mining and processing sites includes the following:

- Site roads;
- TSF;
- Open pit mine;
- Waste rock storage facilities (East and South);
- Ore stockpiles;
- Primary crushers/process plant/concentrator;
- Conveyor system;
- Powerlines;
- Water pipelines;
- Site buildings, including:
  - Administration offices;
  - Gate house (including truck scale);
  - Bus station;
  - Maintenance buildings (electro/mechanical and mobile equipment);
  - Warehouse;
  - Washroom and change rooms;
  - Kitchen and canteen;
  - Healthcare and firefighting department;
  - Assay laboratory;
  - Metallurgical laboratory.
- Consumables storage;
- Security and fencing;
- Explosives magazines;
- Parking area;
- Water and mine site sewage treatment facilities;
- Data and communications infrastructure.

18.5 Camp and Accommodations

There are no on-site accommodations. Employees reside in the nearby communities.

18.6 Power and Electrical

Electrical power is generated by a hydroelectric power plant that is located approximately 20 km from the operations (refer to Figure 18-2). The power plant is connected to the mine via a 230 kV transmission line that can provide up to 40 MW.

In 2022, the average power draw was estimated at 25 MW. The power demand breakdown is:

- Mine: 1.04 MW;
- Process plant: 23.22 MW;
- General administration: 0.84 MW.

There are two 30/40 MVA transformers in a substation at the mine site to adjust the voltage to 13.8 kV. Electrical power is then distributed to the process plant and mine.

The substation has firefighting systems and high-reliability relays for circuit protection. These features protect the electrical power supply from major outages.

Three emergency 500 kVA diesel generators provide back-up power in the event of grid power failures.

18.7 Fuel

All open pit equipment is fuelled by diesel fuel service trucks at the mine. Administrative vehicles are fuelled at the mine gasoline station.

18.8 Communications

Communications throughout the operations are by radio and telephone.

18.9 Waste Rock Storage Facilities

18.9.1 Location and Capacity

There are two existing WRSFs, located to the east and south of the open pit (refer to Figure 18-1). The East WRSF is the primary waste rock storage area and the South WRSF is a secondary storage area.

A net swell factor of 30% (swell factor 40% and 10% compaction) was used to calculate the storage volumes required in the WRSFs and stockpiles. The East and South WRSFs are estimated to have a capacity of 142.83 Mt to a maximum height of 150 m, which is sufficient to store the LOM waste rock production.

The WRSF capacity was estimated assuming a constant net swell factor of 30%. If the actual swell is greater than expected, then additional WRSF space will be required. Operating experience, monitoring, and changes in the LOM plan will indicate if additional capacity will need to be designed and licensed.

18.9.2 Design

Geotechnical investigations for the East WRSF were performed by Recursos Hídricos e Geotecnia Ltda (VOGBR) in 2007, including a program of 30 geotechnical drill holes, to characterize the foundation rock. In December 2007, VOGBR developed a basic design for the WRSF that was based on all available data and information at the time.

In January 2012, TEC3 Geotechnics and Water Resources (TEC3) commenced a study to update the East WRSF design parameters. The work included a new geological-geotechnical characterisation, design and geometric studies, drainage system design, stability analyses and sizing of the sediment

containment system and other hydraulic structures. The TEC3 study defined the following design parameters for the East WRSF:

- Maximum height of individual benches: 30 m
- Maximum allowable height of facility: 212 m
- Bench face angle: 37°
- Minimum berm width: 12 m
- Overall average slope angle of the facility: 32°
- Minimum width of ramp accesses, and ramp gradient: 30 m and 10%, respectively
- Overall factor of safety: 1.5

Stability analyses verified the final designed WRSF geometry met the safety criteria established by the Brazilian Association of Technical Standards (Associação Brasileira de Normas Técnicas, or ABNT) NBR 13,029 technical standard (ABNT, 2006).

The construction sequence entails tipping the waste rock over the bench crest or end dumping on the bench. For safety reasons, the process of tipping the material over the crest must be done in two lifts, each at a maximum height of 15 m, for the formation of a final 30 m bench height. Both construction methods require a minimum berm width of 12 m.

18.10 Stockpiles

Ore stockpiles and ore bins near the primary crusher are mainly used for short-term operational ore control and emergency ore handling purposes and are not intended to provide longer-term storage capacity. Consequently, no oxidation or recovery issues are reported or expected.

Large low-grade mineralised material stockpiles were created during previous operations. The stockpiles are located between the open pit and the tailings dam (see Figure 18-1). At the end of 2022, stockpiles I and J were estimated to contain 4.6 Mt and stockpile K was estimated at 1.1 Mt. The stockpiles will require trenching, drilling, and sampling to support any future Mineral Resource estimate of the potentially economic material within the piles.

18.11 CP Comments on "Item 18: Project Infrastructure"

All key mine site infrastructure for open pit operations is in place.

19.0 MARKET STUDIES AND CONTRACTS

19.1 Metal Prices

The commodity prices used in the financial analysis of the open pit base case are derived from the consensus median of leading banks and financial institutions as of January 2023, and are presented in Table 19-1. A portion of nickel and copper production is subject to hedging agreements. A total of 6,892 t of nickel and 1,200 t of copper have been hedged to the end of 2023. Otherwise, metal prices are subject to spot market conditions. Currency exchange rates are subject to spot market conditions. There are no metal streaming agreements in place.

Table 19-1: Commodity Price and Exchange Rate Forecasts
ACG Acquisition Company Limited – Santa Rita Mine

Item	2023	2024	2025	2026	2027	2028
Nickel (US$/lb)	9.87	9.46	9.61	9.13	8.46	8.46
Copper (US$/lb)	3.55	3.82	3.94	3.89	3.59	3.59
Cobalt (US$/lb)	25.58	27.70	27.37	26.43	23.53	23.53
Gold (US$/oz)	1,753	1,719	1,654	1,593	1,615	1,615
Platinum (US$/oz)	1,027	1,099	1,121	1,195	1,140	1,140
Palladium (US$/oz)	1,977	1,763	1,544	1,325	1,363	1,363
Exchange Rate US$:R$	5.39	5.44	5.66	5.55	5.55	5.55

19.2 Market Outlook and Concentrate Sales Terms

19.2.1 Market Outlook for Metals

19.2.1.1 Nickel

Nickel is utilised across a broad spectrum of end-use industries due to its physical, chemical, and mechanical characteristics. It is normally utilised in engineering, transport, and building and construction fields, and is also a crucial component of the most common batteries of electric vehicles.

Nickel prices are closely related to demand from stainless steel producers who account for about two-thirds of total demand. Currently, the primary factor driving price movements is related to infrastructure activity worldwide, with a particular emphasis on Asian nations. However, the predicted increase in demand for electric vehicles in the coming years is another significant driver of price changes.

A recovery in the stainless market fuelled by China, combined with ongoing strong growth in nickel use in batteries for electric vehicles, is expected to push the market back into supply deficit during 2027–2032, leading to steadily rising annual prices.

19.2.1.2 Copper

Copper is a ‘through-the-cycle’ commodity with applications across many industries such as: electrical, energy, communications, transport, infrastructure, and industrial equipment. Over the long term, an additional 6 Mt of copper is required by 2032 to meet the rising intensity of global use per capita and

continued population growth to continue to support historical growth rates. A price of the magnitude US$3.50/lb Cu is required to incentivize the pipeline of lower quality projects to meet the projected demand deficit of refined copper.

19.2.1.3 Cobalt

Approximately 98% of global cobalt production is obtained as a by-product from the mining of nickel and copper ores. Cobalt has major applications as a battery chemical and is present in most of the battery types utilised on electric vehicles. The cobalt market is expected to be in a 32% deficit by 2030.

19.3 Concentrate Sales

Offtake contracts and terms are proprietary. There are several agreements in place between Atlantic Nickel and smelters/traders for export from Brazil. The CP has reviewed the contracts and has confirmed that the terms are appropriately included in the financial model.

19.4 Contracts

Atlantic Nickel has entered into agreements with various contractors for open pit mining at Santa Rita. The contracts include all open pit mining activities, such as drilling, blasting, loading and hauling of ore and waste rock. The contractors are:

- R&D Mineração E Construção Ltda. (R&D), for drilling, loading, hauling and support equipment such as dozers and graders.
- Fagundes Construção e Mineração S.A., for drilling, loading, hauling and support equipment such as dozers and graders.
- ENAEX Brasil through subsidiary IBQ – INDÚSTRIAS QUIMICAS S/A, for explosives.

R&D also has a one-year contract that ends in April 2023 to supply CAT 777 trucks and excavators to mine waste rock. This was implemented in order that the mine could catch up on its waste rock stripping requirements to achieve the LOM plan.

The CP has reviewed the mining contracts and has confirmed that the terms are appropriately included in the financial model. Atlantic Nickel is planning to transition from open pit contractor mining to Owner-operated mining starting in Q2 2023. Down payments for acquisition of mining equipment will take place during three periods, Q1 2023, Q2 2024, and Q4 2025.

Atlantic Nickel has also entered into electrical power agreements as follows:

- Power Purchase Agreement, take-or-pay with Tradener Ltda for approximately 50% of the yearly required power;
- Power Purchase Agreement, take-or-pay with Focus Energia for approximately 50% of the yearly required power.

20.0 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

20.1 Baseline Studies

In Brazil, environmental impacts are assessed through Environmental Impact Assessment (EIA) studies. These documents are submitted to environmental agencies that grant licences and enforce EIA procedures. In Bahia, the main agency that controls the licences is INEMA, the state environmental agency. An EIA was completed in 2006 for the Santa Rita Mine. This is the main document with which the licences and mitigation measures are based. To support the development and approval of the 2006 EIA and State licensing permitting requirements, the EIA evaluated impacts on water quality, flora and fauna, air quality, soil, and the socio-economic impact on immediate communities. Based on these impacts, the EIA developed mitigation measures that were required to prevent and/or mitigate potential impacts.

The 2006 EIA was representative of conditions at the time. However, there have been changes to the environmental and social conditions with the operations re-start in 2019, which were addressed in an ESIA completed in early 2020. A list of surveys completed as of this CPR effective date is provided in Table 20-1.

Table 20-1: Completed Surveys
ACG Acquisition Company Limited – Santa Rita Mine

Environmental Study Completed	Resources Assessed	Date
2021 Geochemical Characterisation of Tailings[1]	Geology	2021
Dilution Study	Study of the impacts of discharging 2,000 m^3/h of effluent with 2,500 mg/L of sulphate into the Contas River	March 2021
Environmental Guarantee Technical Report	Water quality, flora, and fauna, waste management	Monthly and Quarterly Monitoring 2020
Environmental and Social Impact Assessment	Water quality, air, soil, flora, and fauna, social resources	April 1, 2020
Potential Environmental Impact Report	-	2020
Review of Site Waste and Water Management Practices	Waste Management	January 2021
Tailings Dam Stability	Tailings Dam	2022 (WSP)
Tailings Storage Facility Dam Safety and Design Review	Tailings Dam	2019 (WSP, formerly Wood E&I)
Waste Management and Disposal Inventories	Waste management	Annually

Notes:

1. Geochemical characterisation data of tailings and waste rock collected throughout the mine life will be used in the development of the closure plan updates and final detailed closure plan to ensure control and mitigation of potential acid mine drainage and or metals leaching.

20.1.1 Air Quality

Air quality issues at the mine are primarily related to dust and the burning of fossil fuels. There is no smelting or roasting of metals at the site. Air quality has been monitored since 2010 and results are reported to INEMA annually. Since operations resumed in 2019, Atlantic Nickel has developed a new baseline study to characterize air emissions associated with all equipment, machinery, extraction of ore processing, and vehicle traffic.

The current monitoring includes total suspended particulates (TSP) PM-10 and PM-2.5 (respirable particulate matter), nitrogen oxides (NOx), sulphur oxides (SOx), and CO. Monitoring equipment is located at four locations at or near the mine site and samples were collected during a 24-hour period every six months per under Ordinance 27.726/2023. In addition, dispersion modelling using AERMOD was completed. The conclusion of the report indicates that the air quality pollutants are within the legal standards for sensitive receptors.

20.1.2 Noise

Atlantic Nickel has a Noise and Vibration Monitoring Program with monitoring points throughout the mine site. This plan is intended to monitor noise and vibration impacts that occur from blasting activities, machines, and equipment (ERM, 2019). As reported in the 2022 Mine Closure Plan, noise mapping near the mine and the urban areas of Shearwater and Japomirim were within the normal range. The values identified were determined to be within the normal range of local background noise. Noise monitoring was resumed with the re-start of mining operations in 2019.

Noise monitoring has been conducted throughout 2022 to comply with National Council of Environment (Conselho Nacional do Meio Ambiente, or CONAMA) Resolution No. 1 and ABNT NBR 10151 technical standard. Results of monitoring have indicated noise levels are within acceptable levels when compared to Table 1 of ABNT NBR 10151 (SESI 2022a, SESI 2022b, SESI 2022c; SESI 2022d, SESI 2022e, SESI 2022f; SESI 2022g).

20.1.3 Surface Water

The mine has constructed drains to channel stormwater flow to the East Pond where the run-off is recirculated to the process plant or TSF. The water quality monitoring plan contemplates the collection of samples on a quarterly basis from 10 locations including waterways within the mine boundary and receiving water outside the mine boundary. Water quality information is provided in Section 20.1.5.

The water balance of the mine site includes the inputs and outputs of water from the infrastructures such as the open pit, WRSFs, TSF, processing plant, and adjacent areas. New water enters the system being pumped from the Contas River, in addition to the reuse of water from the TSF and pit, subtracting losses such as evaporation and infiltration. Sensitivity analysis concludes that under normal operating conditions, the recirculation rate is approximately 95%.

Relative to the water availability in the region, due to the high level of flow in the Contas River, factors such as hydric stress are not expected nor historically registered. The analysis also shows that there is insignificant impact on the water availability in the community as a result of the production process considering that the plant consumes around 0.26% of the minimum flow of the Contas River.

20.1.4 Groundwater

Groundwater monitoring data was collected on site during baseline studies for the 2006 EIA and during the halt in operations between 2016 and 2019, being conducted quarterly at 16 locations around the mine site. Groundwater monitoring data as recently as May 2019 indicated high levels of sulphate in the groundwater (ERM, 2019). The presence of sulphate is expected and naturally generated as the

result of oxidation of sulphide mineralisation in the rock when exposed to weather conditions such as water, oxygen, and bacteria contained in the air.

A new mineralogical characterisation study of rocks was carried out between 2020 and 2021 with the objective of evaluating the potential for solubilisation/leaching of metals contained in the minerals present in the pit, dam, piles, and surrounding areas.

The study demonstrated that, based on 20-week static and kinetic testing, the Neutralisation Potential (NP) is four times higher than the Acidity Potential (AP), resulting in very low potential for metal leaching or acid drainage generation.

In total, more than 100 samples were taken for the purpose of characterising the rocks, concluding that the presence of neutralising potential exceeds the acidity potential during the 20 week static and kinetic testing (Hidrogeo 2020-2021, VOGBR 2008). It is noted that kinetic testing of core samples from the Orthopyronxenite lithology showed a downward trend in pH values over the 20 week test, although pH values continued to be in the 5.0 to 9.0 range (Hidrogeo, 2021).

Mitigation measures currently being conducted by the mine include recirculation of water to the extent possible and use of non-acid generating material for road construction and maintenance. Additional water quality information is provided in Section 20.1.5.

20.1.5 Water Quality

Surface and groundwater results from 2015–2019 data demonstrate that sulphate, nickel, and iron concentrations were above legal thresholds established by CONAMA (357/2005, 410/2009, 430/2011, 396/2008, 454/2012). Specifically, sulphate tests showed that surface water values were significantly above the Brazilian standards, with an average value at least three times above the standard (ERM, 2019). With the implementation of an action plan including sulphide material management and the construction of the water recirculation project in 2020, Atlantic Nickel has been able to reduce water quality constituents in the Peixe River to below the Brazilian standards. In addition to sulphate, reductions were observed in most constituents including nickel, iron, manganese, selenium, and vanadium.

The most recent surface water monitoring data in 2021 and 2022 show exceedance of iron and manganese in surface water, nevertheless, these elements were already present above the limit in monitoring carried out in the 2006 EIA, before the start of operations, being the natural background of the region. It is worth mentioning that the presence of iron and manganese were also observed upstream of the project.

20.1.6 Flora and Fauna

The mine is in the Atlantic Forest biome. Vegetation communities within the mine area, as classified by the Brazilian Institute of Geography and Statistics, include dense ombrophilous (rain-loving) forest, semi-deciduous forest, and semi-deciduous forest and vegetation with hydrologic influence (e.g., swamps and forested wetlands). However, much of forested areas around the mine and in the region have been cleared for agricultural uses. Surveys in relation to the 2006 EIA identified five endemic or restricted-range flora species (Caesalpinia); and one fauna species (Myrmotherula urosticta). In addition, one new flora species of the Kuhlmanniodendron genus that had previously not been identified is present in the area (ERM, 2019).

20.1.7 Waste (Solid Waste, Hazardous Waste)

In accordance with Brazil's National Policy on Waste Management, law No. 12,305/2010, a Solid Waste Management Plan was developed to provide guidance on the management of solid waste. In addition,

the Chemical Management Report provides guidance for chemical management, including hazardous waste. Current waste disposal meets the requirements of the operating permit for waste handling.

20.2 Environmental Considerations/Monitoring Programs

The 2006 EIA is linked to numerous mitigation measures, consisting primarily of management plans that are required based on permits and licences. Management plans required per the EIA have been developed and implemented.

A list of the management plans is provided in Table 20-2.

Table 20-2: Management Plans
ACG Acquisition Company Limited – Santa Rita Mine

Plan Name	Status/ Date	Corresponding Licence
Acidic Mine Drainage and Control Program	2020	Requirement based on 2006 EIA. Monitoring Program for the Treatment Stations of Domestic Liquid and Industrial Effluents from Mina Santa Rita, 2018.
Archeological Rescue Plan	Complete, date of completion unknown	Interministerial Ordinance 419/201114, IPHAN
Degraded Area Recovery Plan	New requirement as of August 2019	Requirement based on August 2019 Operational Permit Renewal
Effluent Management Program	2018	Requirement based on 2006 EIA. Monitoring Program for the Treatment Stations of Domestic Liquid and Industrial Effluents from Mina Santa Rita, 2018.
Environmental Guarantee Technical Report (Monthly and Quarterly Monitoring Report)	February 2020	INEMA
Groundwater Level Monitoring Program	2020	Requirement based on 2006
Health Services Waste Management Plan	Developed	Required by Brazilian legislation
Hydrogeochemical Report	2006, 2015–2020	
Mine Closure Plan	Current plan 2022	
Noise and Vibration Monitoring Program	Monitoring plan in place	Noise and vibration monitoring was re-started in August 2019
Relatório de Atendimento de Condicionantes, 2018	2020	MM and requirement of Installation Licence 8697 and Operating Licence 11.491/2016
Relatório Revegetação, 2018	2020	Federal Law 12651/12. The 2019 report has been submitted to the agency
Rivering Flow Rate Monitoring Program	2020	The 2019 report has been submitted to the agency
Solid Waste Management Plan	No. 12,305/2010 12/2015	Revision 3.0

Plan Name	Status/ Date	Corresponding Licence
Tailings Dam Emergency Action Plan (PAEBM),	March 2021	ANM Ordinance No. 14066/2020
Waste Management and Disposal Inventories	2006–ongoing	Completed annually
Water Management Program	Implemented and on-going monitoring	Requirement based on 2006 EIA
Water Quality Monitoring Program	2020	Plans integrated into the environmental management system

20.3 Tailings Storage Facility

The initial TSF designs were completed by Golder Associates in and prior to 2007, and were advanced to a Pre-Feasibility Study (PFS) level. Initial designs by Golder involved a geomembrane-lined TSF with an embankment to be constructed of waste rock, a decant structure, and an underdrain system. After additional chemical characterisation, the tailings were subsequently classified as Class II B (non-toxic and inert waste, according to ABNT NBR 10004) to support the original design. ABNT NBR 10004 is the technical standard published by ABNT for Solid Waste Classification. Subsequent designs completed by VOGBR did not include a geomembrane liner and the TSF embankment was designed as an earthen and rockfill dam, consisting of upstream low-permeability zones with transition/filter zones and downstream rockfill zones.

VOGBR (2008; 2011) planned to construct the TSF in three major stages, referred to as the initial stage (with a starter dam crest elevation of 146.0 MASL), intermediate stage (with an intermediate dam crest elevation of 166.0 MASL), and a final stage. The final dam crest of the final stage was revised from elevation 188.0 MASL to elevation 198.0 MASL (VOGBR, 2011), which increased the ultimate tailings storage capacity to over 100 Mt. The TSF final stage design was completed to a conceptual level (VOGBR, 2011).

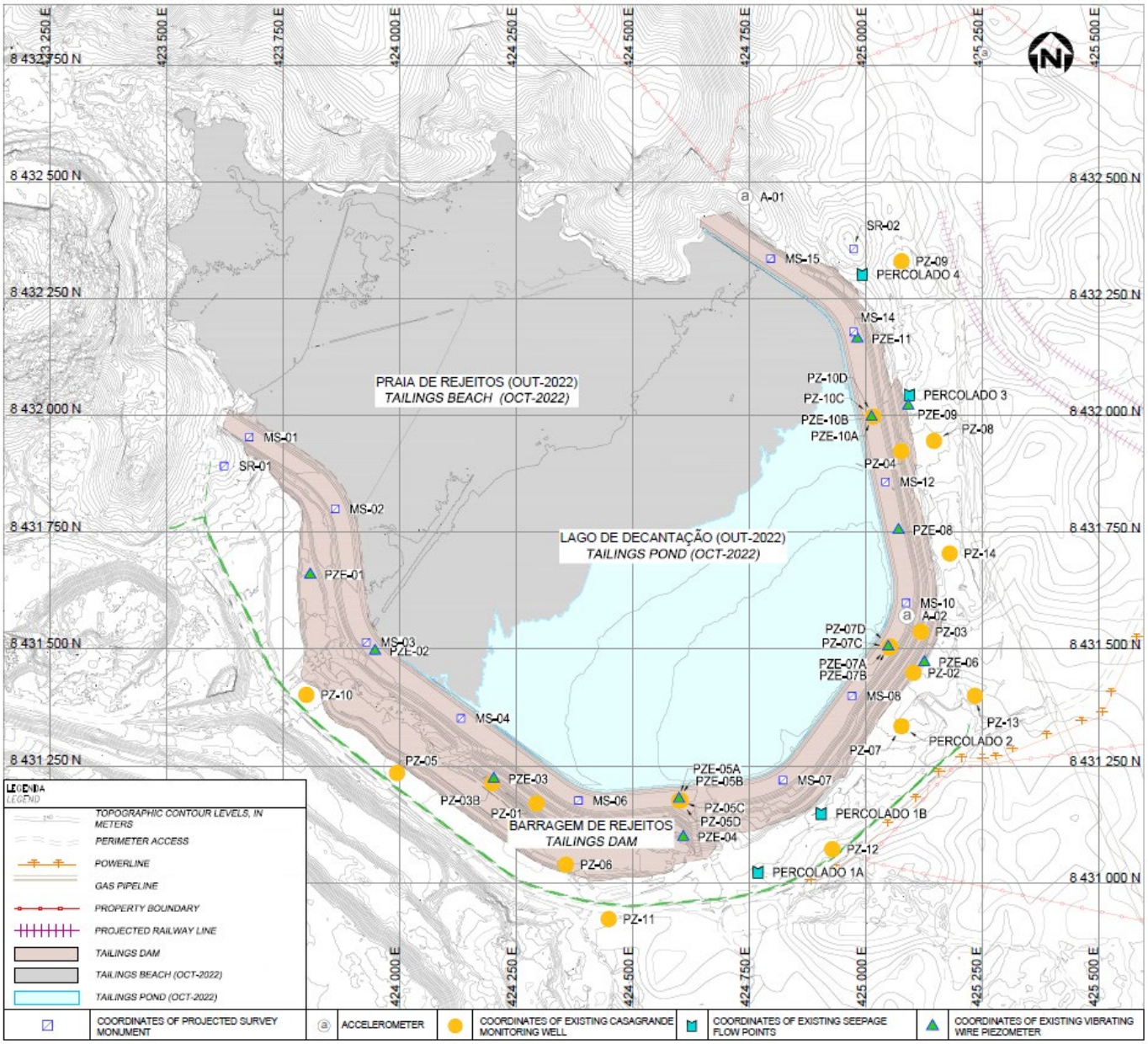
The initial TSF stage was constructed in 2008–2009, and tailings deposition commenced in November 2009. Construction of the intermediate stage started in April 2013, and was divided into six separate construction phases referred to as Phases 1 through 6. These phases were to provide incremental tailings storage capacities required for processing operations between 2013 and 2018 (VOGBR, 2013).

Coffey (2015) completed a detailed-level design for a TSF dam raise to elevation 154.0 MASL, which is referred to as Phase 3 construction, and this is the last design that was used for construction prior to the resumption of TSF operations in 2019. The Phase 3 construction was stopped in the first quarter of 2016, and tailings discharge to the impoundment ceased in April 2016. The operations were then placed on care and maintenance.

WSP (formerly Wood E&I) assumed the role of TSF designer in November 2019 and became the Engineer of Record in April 2021. Three subsequent TSF expansions, referred to as Phases I through III, have been constructed or are currently being developed. Among them, Phase I with the lowest dam crest elevation 160.1 MASL has been constructed; Phase II is divided into two interim stages, i.e., II-A and II-B, with the construction of Phase II-A recently completed to the lowest dam crest elevation 162.2 MASL, and the dam crest has reached lowest elevation 164.0 MASL, which represents the current dam configuration as of December 2022. Phase II-B (to crest elevation 168.0 MASL) and Phase III (to crest elevation 174.0 MASL) are currently being designed and constructed, with the majority of Phase II-B features completed.

The current TSF layout, adjacent infrastructure, and existing monitoring instruments are shown in Figure 20-1.

The following subsections provide a summary of the TSF and designs in general accordance with an as-built summary prepared by Atlantic Nickel (2017) for conditions prior to 2019, and recent design documents by WSP (2020a, 2020b, 2021a, 2021b, 2021c).



Source: WSP (formerly Wood E&I), 2023.

Note. Figure shown in relation to adjacent infrastructure and existing monitoring instrument locations as of December 2022.

Figure 20-1: Existing TSF Layout

20.3.1 Tailings and TSF Features – 2022

Features of the Phase II design include:

- TSF surface area: approximately 143.8 ha, based on an October 2022 survey by Atlantic Nickel;

- Existing stored tailings: approximately 52 Mt or 32 Mm^3, based on the tonnage number provided by Atlantic Nickel as of December 2022;
- Tailings specific gravity: 3.15; design tailings dry density: 1.6 t/m^3 (WSP, 2021c);
- Lowest tailings level: approximately 153.6 MASL, in accordance with a survey by Atlantic Nickel provided in October 2022;
- Supernatant pool level: approximately 157.4 MASL, in accordance with the November monthly monitoring report by WSP;
- Length of embankment: approximately 3.2 km, in accordance with a survey by Atlantic Nickel provided in October 2022;
- TSF dam crest (lowest): elevation 164.0 MASL, in accordance with a survey by Atlantic Nickel provided in October 2022;
- Maximum embankment downstream height: approximately 40 m, in accordance with a survey by Atlantic Nickel provided in October 2022;
- Ultimate tailings storage capacity upon construction of the final dam to crest elevation 180.0 MASL: approximately 88.6 Mt, according to the conceptual design by WSP (2021d). The remaining storage capacity of 36.6 Mt exceeds the required production of 33 Mt planned from the open pit operations.

20.3.2 TSF Design Criteria – Phase II

The TSF design criteria, which are in accordance with criteria for an Extreme Classification per Canadian Dam Association (CDA, 2019), include:

- Environmental design flood (EDF) to contain: a design event with a return period of 200 years, 24-hour precipitation = 187 mm, and design flood volume = 0.42 Mm^3;
- Inflow design flood (IDF) to manage (store and pass via spillway): probable maximum precipitation in 24 hours = 548.6 mm and design flood volume = 1.57 Mm^3;
- Emergency hydraulic freeboard: 1.0 m minimum, above IDF level;
- Spillway invert width: 15.0 m;
- Spillway design maximum outflow rate: approximately 9.3 m^3/s;
- Spillway invert elevation: 166.3 MASL;
- Earthquake design event: peak ground acceleration of a design earthquake event with a return period of about 10,000 years (1/10,000) or maximum credible earthquake (MCE) = 0.22 g;
- Slope stability design criteria:
    - Factor of safety (FOS) > 1.5 under long-term static condition;
    - FOS > 1.3 static condition – during construction;
    - FOS > 1.2 under rapid drawdown condition;
    - FOS > 1.1 pseudo-static condition;
    - FOS > 1.2 post-seismic condition.

The TSF embankment is constructed of zoned, locally sourced earth materials, which form the inner inclined low-permeability core layers, filter/transition layers, and downstream rockfill sections of ROM waste rock. The TSF embankment is raised in stages using a downstream raise methodology to achieve required storage capacity, along with freeboard of design storm events.

The TSF receives thickened tailings produced from the thickeners in the process plant area via an overland pipeline. Tailings are deposited in the impoundment flowing from the northwest, where

they are discharged via a high-density polyethylene (HDPE) pipe, to the southeast, forming a supernatant pool against the southern and eastern legs of TSF embankment. A floating barge pump station, located at the southeast corner of the impoundment, returns supernatant reclaim water to the process plant. An overflow spillway is constructed west of the barge pump station through the southern leg of the TSF embankment. The supernatant pool is planned to be moved to the north of the impoundment, away from the highest segments of the TSF embankment, in the future.

According to Article 7 of Brazilian Federal Law No. 12,334, dams are classified by the inspection agents, based on category of risk, associated potential damage, and by their volume, as specified in the general criteria established by ANM Resolution 95 (ANM, 2022). The Santa Rita TSF dam is classified with "high" potential damage (among three categories of "high", "medium", and "low"), and "low" risk (among three categories of "high", "medium", and "low"), and with a recommended classification category of Class "A" to guide the operation management. Class A indicates a second highest rating "score" out of five tiers (AA, A, B, C, and D), indicating generally satisfactory operations practice.

The mine has dedicated staff managing the TSF and embankment. Ongoing operations, in relation to the TSF, have consisted of dam monitoring activities using an automated robotic total station, survey monuments, surveillance cameras, piezometers, seepage flow monitoring, visual inspections, and supernatant pool level measurements. An emergency action plan and an operation, maintenance, and surveillance manual were prepared and are used for guiding TSF operation and management, which include local community engagement for dam safety. The Santa Rita TSF has been inspected and assessed semi-annually by each of the mine tailings management team and an engineering consulting firm. Inspection frequencies are in full compliance with Brazilian regulations and CDA guidelines.

In 2019, WSP (formerly Wood E&I, 2019) conducted a third-party review of the TSF for dam safety and planned TSF expansion designs. The review provided recommendations to advance the TSF designs and supported the resumption of operations on site based on observations made during WSP's site visit and review of past studies and reports. No visible signs of dam instability were observed by WSP. The recommendations have been addressed by the work performed by WSP and the Atlantic Nickel team and incorporated into the current design and operation of the TSF. The latest two inspections performed by engineering consulting firms included GeoHydroTech Engenharia (2021) and WSP (2022), wherein the TSF dam was deemed stable. In addition, the dam has also been inspected annually by ANM.

Based on new geochemical characterisation data of the tailings, Atlantic Nickel reclassified the existing tailings as the Class II A waste (non-toxic and non-inert waste, according to ABNT NBR 10004) in 2021.

Although the original TSF and embankment were designed to meet Brazilian regulations only, the design criteria used in current TSF designs are in compliance with both Brazilian regulations and the CDA Technical Bulletin "Application of Dam Safety Guidelines to Mining Dams" (2019), which have been adopted as current international standards. The current TSF designs have considered the Santa Rita TSF dam with "Extreme" consequence of failure. Wood is implementing the TSF expansion designs following both Brazilian regulations and CDA guidelines. Where one standard or guideline is stricter than the other, it is the governing criterion. The Global Industry Standard on Tailings Management (GISTM, 2020) was recently published, which sets a precedent for the safe management of tailings facilities, towards the goal of zero harm. GISTM (2020) will also be considered to guide future TSF design and management.

20.4 Closure Plan

20.4.1 Closure Planning

Mine closure is regulated by Brazilian Mining Technical Standard 20 (NRM-20), approved by Legal Ordinance No. 237 issued in 2001 by the DNPM, linked to the ANM (Mirabella Mineracao, 2018).

Atlantic Nickel's intent is to comply with the CDA/GISTM standards including mine closure in the future.

Atlantic Nickel developed a revised mine closure plan in 2022. This report provides basic guidelines for the mine closure and includes an analysis of the mine's lifecycle development, current structures, description of the existing physical and biological environment, closure and reclamation methods, and a closure and reclamation cost estimate. The plan did not address underground mining as there was no formal study on underground mining available at the time.

Atlantic Nickel has planned and intends to develop, operate, and reclaim the operations consistent with industry standards and in accordance with national, state, and local laws and regulations. The physical and chemical stability of the operations area will be completed per a detailed closure plan that will be developed prior to closure. A conceptual closure plan is complete and includes a schedule indicating the time frames for the development of more detailed closure plans prior to the cessation of operations. Reclamation and closure will abide by Brazilian Law 6.938/81 and reclamation of the operations area will meet or exceed the requirements in Decree no. 97,632, 10.04.1989. Art. 19 of Law No. 7.805/89, which identifies the permit or licence holder responsible for damages to the environment (Mirabella Mineracao, 2018).

Decree No. 237, 18.10.2001 as amended by Decree No. 12, 22.02.2002 sets the regulatory Norms (MRLs) for mining, with No. 20 identifying the administrative and operational procedures for the cessation of mining operations, which includes the following requirements for closure plans:

- Report of work performed to date;
- Characterisation of the remaining Mineral Reserve;
- Plan for demobilisation;
- Topographic update;
- Area of disturbance including reclaimed areas;
- Monitoring Plan to include water resources, and slope stability;
- Pollution Control Plan for soil, air and water resources;
- Site security plan;
- Description of environmental impacts;
- Post-closure land use plan;
- Reclamation topography to show stability and erosion control;
- Report on the occupational health of workers.

Atlantic Nickel's conceptual closure plan identifies the following per Ordinance 237 (October 18, 2001) and amended by Ordinance 12 (January 22, 2002):

- Report on the work status;
- Characterisation of remaining reserves;
- Plan to demobilize the facilities and equipment that compose the infrastructure of the mining enterprise and indicate their destination;
- Update of all topographical surveys of the mine;
- Mine plant with reclaimed mined areas, re claimed and to be reclaimed impacted areas, areas for disposal of organic and sterile soil, ores and tailings, disposal systems, access roads and other civil works;
- Follow slopes in up and monitoring programs related to disposal and containment systems; general; behaviour of the water table and water drainage;

- Plan for the control of pollution of soil, atmosphere and water resources, with characterisation of controlling parameters;
- Effluent release control plan with characterisation of controlling parameters;
- Measures to prevent access to the mine by strangers and set barriers to block access to dangerous areas;
- Definition of environmental impacts in the areas of influence of the enterprise, taking into account the physical, biotic and anthropic means;
- Aptitude and intention of future use of the area;
- Topographic and landscape design, taking into account stability, erosion control and drainage aspects; and
- Report on the occupational health conditions of workers during the lifetime of the mine;
- Physical and financial schedule of the proposed activities.

Atlantic Nickel has developed a concurrent reclamation plan for disturbed areas which includes traditional seeding, planting of seedlings, installation of artificial perches for birds, installation of shelters and artificial nests, and salvage of soil for reuse to retain the biotic and seed bank components of the soil. To aid in the revegetation success, Atlantic Nickel constructed and operates a plant nursery to develop seedlings for use during reclamation. As part of the nursery program, vegetation species identified as priorities for conservation are being propagated through the collection of seeds and seedlings for growing in the nursery. According to the closure plan, the mine operations have reforested 17.1 ha within the permit area and 92.0 ha within the legal reserve area.

Since the current closure plan is conceptual in nature due to the early phases of the mining operation, significant details regarding reclamation and closure techniques are not included. However, the plan does identify the risks associated with each facility, which will guide future detailed closure plans. The schedule for development and implementation is provided on the current conceptual closure plan and includes the following:

- Years 2008–2023: conceptual closure plan;
- Years 2023–2027: detailed closure plan;
- Years 2027–2030: transition from operations to closure;
- Years 2030–2040: post closure to include monitoring and maintenance;
- Year 2040: transfer custody of the area.

The following provides a list of the facilities with the largest disturbance area and includes the conceptual closure method for each:

- Open pit: the open pit will be left as is and is expected to fill with water from precipitation and groundwater inflow. The slopes, berms, and benches may be seeded or may be allowed to revegetate naturally. Water within the pit will be monitored following the cessation of mining.
- TSF: once processing has ceased, the TSF will be reclaimed. The structure will be drained, peripheral channels will be installed, and the TSF surface will be covered with growth media and revegetated with native species.
- WRSFs: will be graded to ensure the stability of slopes and maintain proper drainage, cover with growth media, and revegetated through seeding and planting of seedlings.
- Building area and support facility: will either be removed during closure or repurposed for post-closure use. Other areas such as roads, yards, etc., will be revegetated following loosing of the soil through ripping or other means.

Following final closure, a monitoring plan will be implemented to ensure proper physical and chemical stability is maintained following operations.

20.4.2 Closure Costs

Since the current closure plan is conceptual in nature, the reclamation cost estimate only provides a preliminary assessment of the potential cost for reclamation. The 2022 closure plan estimates a closure cost of approximately US$29.3 million. To assess the accuracy of this estimate, the Standardised Reclamation Cost Estimator (SRCE) was used to develop a reclamation cost estimate for the Santa Rita Mine based on the reclamation of the major facilities (WRSF, TSF, open pit, and buildings/roads). The SRCE is a spreadsheet-based estimator developed by the Nevada Department of Environmental Protection and the United States Bureau of Land Management to estimate third-party reclamation bonding costs for mining operations in Nevada. Since its inception, many other states have adopted the SRCE to develop reclamation bonding costs.

With the assumptions made in the SRCE, which included removal of all buildings (number and sizes estimated), and cover material on the WRSF and TSF, the SRCE model was used only as a high-level check of the costs presented in the closure plan. It should be noted that the labour, equipment, and material rates are based on US third-party rates which are expected to be higher than those in Brazil.

As the conceptual closure plan is revised to a detailed closure plan, the closure cost will also be more accurately developed.

20.5 Permitting

The environmental licensing process in Brazil has four stages (T de Mello and Malpass, 2015):

- Presentation of the Project
- Issuance of the preliminary licence
- Issuance of the installation licence
- Issuance of the operating licence

With the approval of these licences, additional management plans or permits are required. Administrative penalties for irregular installations or operations can include shutdowns, and/or fines ranging from R$500 to R$10 million. In addition, non-compliance with requirements and conditions identified in environmental licences can be subject to similar penalties (Gonçalves et al., 2012). A list of environmental permits is provided in Table 20-3.

Table 20-3: Permit List
ACG Acquisition Company Limited – Santa Rita Mine

Required Permit	Regulatory Ordinance, Licence, or Regulating Agency	Issued	Expiration	Notes
Effluent Discharge Permit	Portaria 26.534/2022, INEMA	7/22/2022	7/22/2026	For discharging up to 2,000 m^3/h of effluent generated by the mine
Environmental Authorisation for the extraction of clay	Portaria 22.304/2021, INEMA	3/02/2021	3/02/2023	Authorisation for the extraction of clay for tailings dam construction purposes; permit being renewed
Environmental Operating Permit	Portaria 27.726/2023	1/4/2023	1/4/2027	

Required Permit	Regulatory Ordinance, Licence, or Regulating Agency	Issued	Expiration	Notes
Environmental Operating Permit Renewal	Portaria 26.534/2022	7/22/2022	7/22/2026	Submitted 4/08/2013, not authorised until 02/2014
Mine dewatering permit	Portaria 11.469/2016, INEMA	3/16/2019	3/28/2024	For pumping water from the mine up to 1,540 m^3/day
Mining Lease	-	8/17/2003	Amended 2004, 2005, 2007, and 2008	-
Mining Licence	390/2008, INEMA	1/02/2008	Unknown	Located on mining concession DNPM No. 871.369/89. Mining Licence is subject to the Mining Lease
Mining Permit 390/2008	DNPM process Nº 871.369/89	-	-	Industrial water consumption is provided by the Contas River, which has a water grant of 16.800 m^3/day for 24 hrs/day issued by the environmental state agency
Mining Permit 390/2008	Nº 390/12/2007	-	12/31/2027	Mining Concession for nickel ore, in the Itagiba, municipality, state of Bahia
Operational permit for lateritic nickel extraction	Portaria 24.957/2022	1/6/2022	1/6/2026	The company applied for renewal 210 days prior to expiration following Brazilian Legislation. During the renewal process, the previous licence is valid.
Operational permit for sulphide nickel extraction	Portaria 27.726/2023	1/4/2023	1/4/2027	The company required to implement a recirculation system for the confluent waters in the East and South dikes and monitor related water quality.
Operating permit renewal	Ordinance Nº18.825/2019, INEMA	1/04/2023	1/04/2027	-
Permanent preservation area	Federal Law 12.651/12	-	-	A form of conservation of the natural ecosystem to be maintained in a Legal Reserve in native vegetation
Preliminary environmental permit	Nº 2006-001086/TEC/LL-0013, INEMA	12/23/2006	-	-

Required Permit	Regulatory Ordinance, Licence, or Regulating Agency	Issued	Expiration	Notes
Sanitary wastewater discharge authorisation	Ordinance Nº 26.534/2022	7/22/2022	7/22/2026	Authorize effluents discharge in the Peixe River (maximum flow rate of 48,000 m^3/day, dilution flow rate of 6,000 m^3/day, DBO concentration of 5.5 mg/L and 1 x 10^3 UFC/100 mL) for thermotolerant coliforms.
Treatment plant	Procedure 2007_004376/TEC/LI-0027 (Portaria CRA 897/2007), INEMA	-	-	-
Wastewater discharge permit	Portaria 26.534/2022	7/22/2022	7/22/2026	Authorizes the release up to 2,000 m^3/h of effluent generated by the mine.
Water abstraction permit (or water permit)	Portaria 24.957/2022	1/06/2022	1/06/2026	For water abstraction considering industrial supply purposes up to 700 m^3/h from Contas River
Water abstraction permit for human consumption	Ordinance Nº 20.312/2020, INEMA	28/03/2020	28/03/2024	Water abstraction from the Contas River for human consumption purposes up to 720 m^3/day, for 24 h/day.
Water permit for recirculation system	Environmental Agency of Bahia	12/2019	-	

Santa Rita has the required permits for open pit mining and processing operations.

20.6 Considerations of Social and Community Impacts

Atlantic Nickel updated the 2006 EIA with Santa Rita's Environmental and Social Impact Assessment (ESIA) in 2020. The updated ESIA did not encounter any major additional impact, above and beyond what had already been identified in the initial studies developed during the previous licensing processes. The gaps have been identified, however, as compared to the International Finance Corporation (IFC) Performance Standards. The findings have been thoroughly described within the Environmental and Social Action Plan (ESAP), and recommendations were fully implemented by the end of 2021.

To understand the needs of the stakeholders including the local communities, Atlantic Nickel created a stakeholder mapping and engagement plan. A survey was conducted as part of the plan to obtain information from interested parties who frequently interact with the mine. Based on the results of the survey, an action plan was developed that establishes frequent engagement with the stakeholders to ensure a bidirectional flow of communication and transparency. Atlantic Nickel registers and monitors interactions with the stakeholders to enhance the quality of the engagements.

Atlantic Nickel is part of the Comissão de Acompanhamento do Empreendimento (CAE). The CAE is an advisory committee of 14 members including local authorities and regional institution representatives and Atlantic Nickel representatives. The purpose of the CAE is to provide a formal setting to promote community interactions and encourage engagement by the community.

Atlantic Nickel has several social programs focusing on education and training, environmental stewardship, social entrepreneurship, and culture. These include:

- Cacao Project in partnership with Sofrê Institute, focusing on optimisation for cacao farmers.
- Social and Environmental Sustainability Plan. Includes contributions and donations to nursing homes and communities in need.
- Partnership with state, federal, and private technical schools and universities to focus on job training, expert exchange, technology development, publication exchange, research, and extension. The goal of these activities is to promote education and research in the mining and environmental fields and provide internships and training for students.
- PROMART – Projeto de Musicalização e Arte do Centro Batista Sete de Setembro de Ipiaú (CBS): This project has been active for 22 years and aims at providing children and teenagers from public schools in Ipiaú with educational support such as tutoring and extra-curricular activities such as music, sports, dancing, and computing lessons.

21.0 CAPITAL AND OPERATING COSTS

21.1 Capital Cost Estimates

21.1.1 Capital Cost Summary

Initial capital costs were incurred to rehabilitate and re-start the Santa Rita Mine with a process plant throughput of 6.5 Mt/a (17,800 t/d) in 2019. Atlantic Nickel declared commercial production on January 1, 2020 and the mine has been operating continuously since then. This CPR considers a mine plan with a start date of January 1, 2023. All capital costs in the LOM plan are considered sustaining capital.

The open pit mine has continued operations during the COVID-19 pandemic without major impact on production. Concentrate shipments have been dispatched according to contract. New health and safety protocols have been put in place to mitigate COVID-19 issues and to track follow-up actions.

The cost estimates are expressed in Q1 2023 US dollars. Unless otherwise indicated, all costs in this section of the CPR are expressed without allowance for escalation or interest rates. The currency exchange rates used in the cost estimate are based on forecast rates of R$5.39 per US$1.00 for 2023, and a long term rate of R$5.55 per US$1.00.

Sustaining capital costs over the open pit LOM are estimated at $245 million(Table 21-1). The sustaining capital cost estimate covers direct and indirect costs, Owner's costs, and 15% contingency on process plant, site refurbishment, and open pit mining equipment. Water treatment is based on actual quotes. The contingency on the tailings dam construction varies with each phase depending on the type of work. There is no contingency on drilling programs since the costs are well established.

Table 21-1: LOM Sustaining Capital Cost Estimate
ACG Acquisition Company Limited – Santa Rita Mine

Item	Sustaining Capital (US$M)
Mining equipment	65.8
Equipment salvage value	(20.3)
Process plant and site refurbishment	15.1
Water treatment pond	1.8
Tailings dam	76.7
Mineral Resource drilling	3.3
Closure cost	27.6
Capitalised deferred stripping	75.3
Total	**245.2**

21.1.2 Basis of Sustaining Cost Estimate

The accuracy of the sustaining capital cost estimate is supported by the design and engineering carried out by Atlantic Nickel and Appian Capital for the process plant and site refurbishment, and Mineral Resource drilling; WSP for the tailings dam; and Paques BV (Paques) for the water treatment plant and

associated costs. Each consultant provided input to the capital cost estimate, appropriate to a PFS level.

Given the detailed design level and pricing basis, the overall estimated accuracy is expected to be ±15% of the final sustaining capital costs.

21.1.2.1 Mining Equipment

Atlantic Nickel plans to convert from contractor open pit mining to Owner operations starting in Q2 2023. Down payments for acquisition of mining equipment will take place during three periods, Q1 2023, Q2 2024, and Q4 2025. New mining equipment will be purchased with 30% down payment and 70% financing. The costs are based on quotations. A residual value of 15% to 40% depending on the type of equipment is expected as a salvage value at the end of the open pit life.

21.1.2.2 Process Plant and Site

The process plant and site costs were calculated by the processing team at Atlantic Nickel based on historical replacement periods for the processing plant equipment and associated infrastructure. The Atlantic Nickel team provided a breakdown of items composed of 48 work streams and a 15% contingency for the LOM based on actual quotes and previously achieved costs.

21.1.2.3 Water Treatment

Atlantic Nickel engaged Paques to evaluate if the sulphate-rich wastewater from the mine could be treated to remove the sulphates and at the same time precipitate the metals as metal sulphides. Paques concluded that the water can be treated successfully with SulfateQ technology. The estimated cost is based on their quotes inclusive of taxes.

21.1.2.4 Tailings Dam

The tailings dam design was completed by WSP for the open pit LOM. Based on the construction quantities required, Atlantic Nickel completed a cost estimate based on quotations for the work planned. The total cost is estimated at R$153 million. Differences in exchange rate account for the discrepancy between the 2022 estimate of $29.3 million noted in section 20.4.2 and the estimate of $27.6 million noted in Table 21-1. The costs in Table 21-1 are based on the exchange rates in Table 19-1.

21.1.2.5 Drilling

Actual unit costs from previous drilling were the basis for the estimation of the infill drill program at the open pit.

21.1.2.6 Closure

Arcadis completed an updated closure cost estimation comprehensive of additional studies, new Mineral Reserve estimate, mine, process plant, and tailings dam decommissioning together with a maintenance and monitoring plan (Arcadis, 2022). The total closure cost is estimated at R$153 million. Differences in exchange rate account for the discrepancy between the 2022 estimate of $29.3 million noted in section 20.4.2 and the estimate of $27.6 million noted in Table 21-1. The costs in Table 21-1 are based on the exchange rates in Table 19-1.

21.1.2.7 Capitalised Deferred Stripping

For each year in the mine plan, if the stripping ratio is greater than the LOM average stripping ratio, then the mining cost of the excess amount of waste rock is capitalised.

21.2 Operating Cost Estimates

21.2.1 Operating Cost Summary

The all-in sustaining operating cost (AISC) for the Santa Rita Mine is estimated to average $26.07/t processed over the open pit LOM. Table 21-2 summarizes the breakdown by activity.

Table 21-2: Base Case Operating Cost Summary
ACG Acquisition Company Limited – Santa Rita Mine

Item	Units	Unit Cost ($/t)	LOM Total ($M)
Open pit mining costs	US$/t mined	2.04	
Open pit mining costs	US$/t processed	7.55	262.9
Processing costs	US$/t processed	5.46	190.1
Site G&A	US$/t processed	1.94	67.7
Treatment, refining, penalties	US$/t processed	7.17	249.9
Freight costs	US$/t processed	2.50	87.2
By-product credits*	US$/t processed	(8.94)	(311.6)
C1 cost [1]	**US$/t processed**	**15.68**	**546.2**
Royalties	US$/t processed	3.77	131.4
Sustaining capital costs	US$/t processed	6.62	230.6
AISC [2]	**US$/t processed**	**26.07**	**908.2**

Notes: *Includes revenue from Cu, Co, Pd, Pt and Au.

1. C1 cost is cash operating costs less net by-product credits.
2. All-in sustaining cost (AISC) is C1 cost plus royalties and sustaining capital expenditures.

21.2.2 Basis of Estimate

21.2.2.1 Wages and Salaries

Salary and wage rates are based on current labour rates. The calculation of all-in labour cost included burdens to cover all statutory payments, company sponsored benefit plans and programs, and costs associated with vacation, insurance, retirement plan, sick leave, and absenteeism.

21.2.2.2 Work Schedule

The work schedule assumes production will operate 24 hr/day, seven days/week, 365 days/year.

21.2.2.3 Energy Costs

A diesel fuel price of R$6.50/L (US$1.21/L in Q1 2023) has been used for estimation of operating costs. Electrical power costs for Santa Rita were calculated to average R$247/MWh, (US$0.046/kWh in Q1 2023) over the LOM, inclusive of taxes.

21.2.2.4 Freight

Freight costs are based on executed contracts for port operations and land freight, and quotes for the other types of freight, in line with historical costs.

21.2.2.5 Tax Rebates

Atlantic Nickel accumulates credits for PIS (social integration program) and COFINS (social security financing contribution), both value-added federal taxes, and ICMS (value-added state taxes on sales and services) from the acquisition of services and goods within Brazil. As Atlantic Nickel is a 100% exporting company, it is allowed to recover a portion of the value-added taxes during production. The recovered taxes are shown as a tax rebate in the operating costs. The recovery rates are specified in a tax report by KPMG Assessores Ltda. (2020).

21.2.3 Mining

Atlantic Nickel has entered into agreements with two contractors for open pit mining at the Santa Rita Mine. The contracts include all open pit mining activities, such as drilling, blasting, loading and hauling of ore and waste rock. Mining costs for Q1 2023 are based on the executed contracts plus Owner's costs for technical staff and support. As of Q2 2023, mining equipment will start to be purchased and operated by Atlantic Nickel. New equipment will be phased in to replace contractor equipment, and some contractor equipment will be purchased by Atlantic Nickel. The operation will transition to Owner operated by the end of 2024. The unit mining operating cost over the LOM is estimated to average $2.04/t material mined and is presented in Table 21-3. The inclusion of tax rebates and allocating expenses to waste rock capitalised deferred waste stripping have reduced the unit mining cost.

Table 21-3: Base Case Unit Mining Operating Cost
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit Cost (US$/t mined)	LOM Total (US$M)
Ore drilling	0.15	19.0
Ore removal	0.15	19.6
Ore loading	0.12	15.0
Ore transport	0.23	30.1
Waste rock drilling	0.27	35.1
Waste rock removal	0.25	32.3
Waste rock loading	0.35	44.6
Waste rock transport	0.68	87.4
Re-handling	0.12	15.8
Owner's team	0.11	14.5
Pumping and dewatering	0.11	13.6
Other mining costs	0.43	55.8
Tax rebate	(0.35)	(44.8)
Capitalised expenses	(0.58)	(75.3)
Total	**2.04**	**262.9**

21.2.4 Processing

Process plant operating costs include the costs for operating and maintaining the processing facilities, from the primary crusher through to concentrate loadout, as well as process and reclaim water pumping, and operating the TSF. The processing costs account for the expenses associated with purchasing consumables, equipment maintenance, personnel, and electrical power consumption.

Consumable costs include items such as crusher liners, mill liners, grinding media, all chemical reagents, and an allocated cost for office/laboratory supplies.

Electrical power consumption was derived from the estimated electrical load of individual pieces of equipment on the process plant equipment list.

The average LOM unit processing cost is estimated at $5.46/t and is presented in Table 21-4.

Table 21-4: Base Case Unit Processing Operating Cost
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit Cost ($/t feed)	LOM Total ($M)
Labour	0.97	33.7
Inputs	1.96	68.1
Energy	1.28	44.5
Chemical laboratory	0.02	0.8
Operating consumables	0.02	0.5
Maintenance consumables	0.04	1.5
Services	0.27	9.4
Mechanical materials	0.48	16.8
Electrical materials	0.02	0.7
SAG mill liners	0.69	23.9
Tax rebate	(0.28)	(9.8)
Total Processing Costs	**5.46**	**190.1**

21.2.5 Site General and Administrative

The G&A operating costs are the expenses for cost centres that are not directly linked to the mining and process disciplines, and include labour and overhead costs.

The G&A unit operating cost is estimated to average $1.94/t over the LOM and is presented in Table 21-5.

Table 21-5: Base Case G&A LOM Cost Estimate
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit Cost ($/t feed)	*LOM Total ($M)*
Site G&A labour	0.75	26.0
Site G&A services	0.63	22.0
General expenses	0.58	20.3
Tax rebate	(0.01)	(0.5)
Total G&A Costs	**1.94**	**67.7**

21.3 Manpower

Table 21-6 presents a summary of open pit, process plant, and G&A manpower per annum. The mine plans to transition from contractor mining to Owner-operated mining starting in early 2023. A full transition is planned to be complete by the end of 2024.

Table 21-6: Base Case Manpower Summary
ACG Acquisition Company Limited – Santa Rita Mine

Item	With Mining Contractor January 1, 2023	Owner-Operated December 2023	Owner-Operated December 2024
		Owner	
Mining	94	563	1,410
Processing	203	203	203
Admin	102	123	123
Sub-Total	**399**	**889**	**1,736**
		Contractor	
Mining	1,607	902	55
Processing	85	85	85
Admin	919	710	710
Sub-Total	**2,611**	**1,697**	**850**
		Total Mine	
Mining	1,701	1,465	1,465
Processing	288	288	288
Admin	1,021	833	833
Total	**3,010**	**2,586**	**2,586**

21.4 CP Comments on "Item 21: Capital and Operating Costs"

21.4.1 Mining Costs

The CP notes:

- Initial capital costs have been spent and are considered as sunk costs; all ongoing capital costs are sustaining capital costs.
- The open pit mine operating costs are based on the mine plan.
- Mining is planned to transition from open pit contractor to Owner operated starting in Q2 2023 and completed in Q4 2024. Down payments for acquisition of mining equipment will take place during three periods, Q1 2023, Q2 2024, and Q4 2025.

22.0 ECONOMIC ANALYSIS

22.1 Cautionary Statement

The results of the economic analyses discussed in this CPR section represent forward-looking information. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those presented here. Information that is forward-looking includes:

- Mineral Reserve estimates;
- Commodity prices and exchange rates;
- Mine production plan;
- Mining and process plant recovery rates;
- Mining dilution and mining recovery;
- Sustaining costs and operating costs;
- Closure costs and closure requirements;
- Environmental, permitting, and social risks.

Additional risks to the forward-looking information include:

- Changes to costs of production from what is assumed;
- Unrecognised environmental risks;
- Unanticipated reclamation expenses;
- Unexpected variations in quantity of mineralised material, grade, or recovery rates;
- Geotechnical or hydrogeological considerations during mining being different from what was assumed;
- Failure of mining methods to continue to operate as anticipated;
- Failure of process plant, equipment, or processes to operate as anticipated;
- Changes to assumptions as to the availability of electrical power and its rates used in the operating cost estimates and financial analysis;
- Ability to maintain the social licence to operate;
- Accidents, labour disputes, and other risks of the mining industry;
- Changes to interest rates;
- Changes to tax rates.

22.2 Methodology Used

A financial model was developed to estimate the Santa Rita Mine base case open pit LOM plan comprised of mining the Proven and Probable Mineral Reserve within the open pit. The LOM plan covers a period of six years beginning Q1 2023. Table 22-1 presents a summary of the LOM financial parameters and evaluation. The financial analysis was prepared on a real currency basis with all cash flows expressed in Q1 2023 US dollar terms.

22.3 Financial Model Parameters

A total of 207 Mlb of NiEq (using the metal prices in Table 22-1) are payable over the open pit LOM. NiEq is determined by dividing the revenue from payable Cu, Co, Au, Pt, and Pd by the price of Ni to

calculate equivalent pounds of Ni, then adding the payable Ni pounds to sum to the total NiEq pounds. LOM production and payable NiEq metal are summarised in Figure 22-1.

Other economic factors include the following:

- Discount rate of 8%;
- Figures in Q1 2023 US dollars;
- All cash flows include 90% to 95% payments for concentrate during the period in which they are incurred, depending on the concentrate sales agreement. The remaining 5% to 10% of the metal is paid within 90 days of reaching the Brazilian port.

Net revenue is calculated on the following:

- Revenues are calculated on the sale of nickel concentrates based on metal prices from the consensus mean of leading banks and financial institutions as of Q1 2023, and forecast Brazilian to US dollar exchange rates;
- Treatment and refining charges for concentrates are based on contracted terms with several smelters/refineries and metal offtakers;
- There are four NSR royalties payable over the LOM:
  - The CFEM royalty at 2.00% on an NSR that does not allow the deductibility of freight costs;
  - The CBPM royalty at 2.51% on 60% of the value of nickel contained in concentrate and a royalty rate of 2.51% on 100% of the value of copper, cobalt, palladium, platinum, and gold contained in concentrate;
  - Land owner royalties at 1.00%;
  - The Appian Natural Resources Fund II royalty at 2.75%.

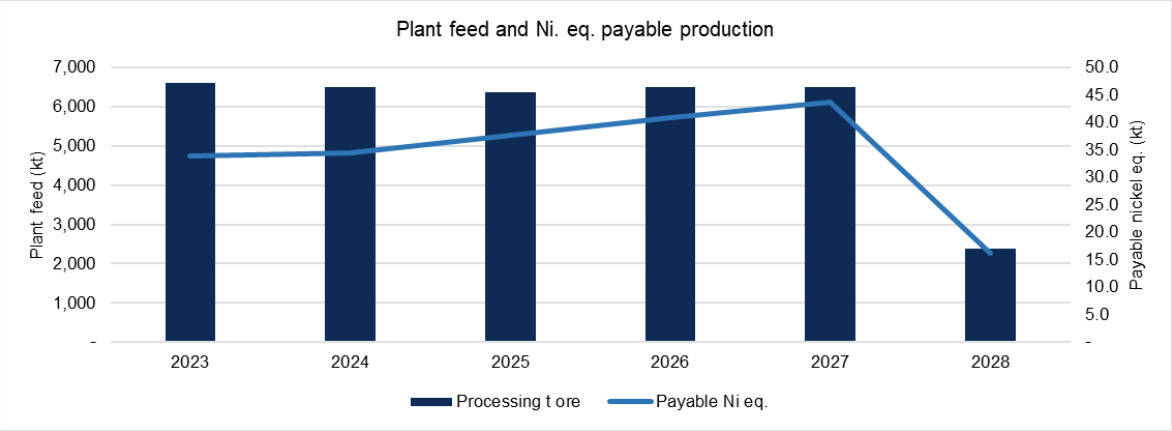
Table 22-1: Base Case LOM Cash Flow and Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit	Value
Commodity Prices and Exchange Rate 1		
2023–2028 nickel price	US$/lb	9.87–8.46
2023–2028 copper price	US$/lb	3.55–3.59
2023–2028 cobalt price	US$/lb	25.58–23.53
2023–2028 gold price	US$/oz	1,753–1,615
2023–2028 platinum price	US$/oz	1,027–1,140
2023–2028 palladium price	US$/oz	1,977–1,363
2023–2028 BRL:USD	R$:US$	5.39–5.55
LOM Mine Plan Summary		
Mine life (including stockpile processing)	Years	6
Mineral Reserve	kt	34,842
Grade NiS	%	0.31
Grade Cu	%	0.11
Grade Co	%	0.01
Grade Pd	g/t	0.03

Item	Unit	Value
Grade Pt	g/t	0.06
Grade Au	g/t	0.04
Processing rate	Mt/a	6.5
LOM Concentrate Production		
Concentrate (dry)	kt	656
Ni	%	13.50
Cu	%	4.39
Co	%	0.24
Pd	g/t	1.67
Pt	g/t	2.26
Au	g/t	1.03
LOM Revenue		
Net smelter return revenue	US$M	1,569
LOM Operating Cost		
Mining	US$/t processed	7.55
Processing	US$/t processed	5.46
Site G&A	US$/t processed	1.94
Treatment, refining, penalties	US$/t processed	7.17
Freight	US$/t processed	2.50
By-product credits	US$/t processed	(8.94)
C1 operating cost [2]	US$/lb Ni [3]	3.16
AISC cost [4]	US$/lb Ni	5.26
Operating costs net of adjustments	US$M	(858)
Royalties	US$M	(131)
LOM Cash Flow		
EBITDA cash	US$M	967
Cash Flow		
Taxes	US$M	(54)
Change in working capital	US$M	25
Sustaining capex	US$M	(245)
Unlevered Free Cash Flow	**US$M**	**694**
Post-Tax $NPV_{8\%}$	**US$M**	**546**

Notes: EBITDA = earnings before interest, taxes, depreciation and amortisation.

1. Metal prices and exchange rates after 2027 are long-term forecasts. Refer to Table 19-1 for values used for 2023–2028.
2. C1 cost = cash operating costs less net by-product credits.
3. Ni cost = (mining cost + processing cost + site G&A cost + treatment/refining cost + freight cost – by-product credits for Cu, Co, Pd, Pt, Au) / payable Ni.
4. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures.



Source: Atlantic Nickel, 2023.

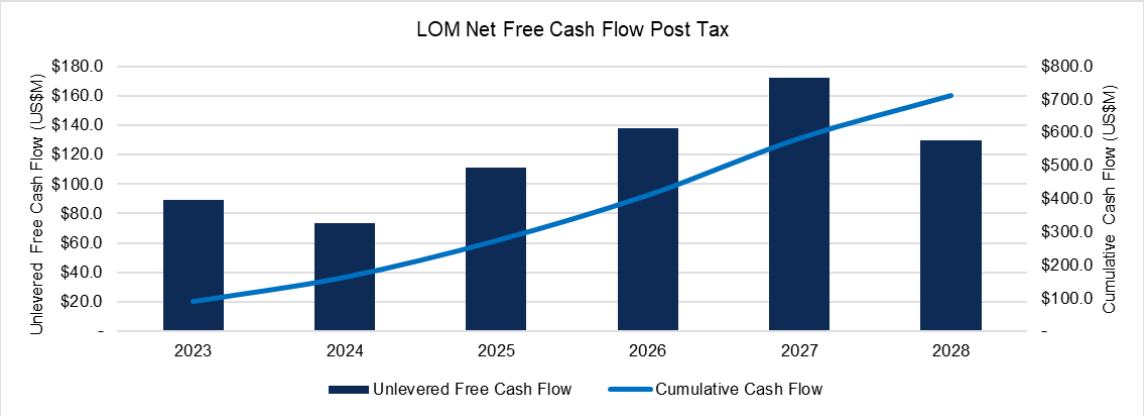
Figure 22-1: LOM Payable NiEq

All applicable Brazilian taxes are estimated in the financial model. PIS/COFINS credits have been applied to offset income taxes. The financial model also reflects that Atlantic Nickel recently obtained an extension on the Superintendency for the Development of the Northeast (Superintendência de Desenvolvimento do Nordeste, or SUDENE) tax incentive in 2020, which encourages economic development in Northeast Brazil. This incentive program provides for a 75% reduction in the base income tax rate, for a period of 10 years until 2030.

22.4 Economic Analysis

The Santa Rita operations are estimated to generate US$122 million in average unlevered free cash flow annually over the open pit LOM and has a post-tax NPV, using an 8% discount rate, of US$546 million. A measure of the internal rate of return (IRR) and number of payback years are not possible in this case since the initial capital costs have been expended and are considered sunk costs.

The financial results are presented in Figure 22-2 and a summary of the financial model is presented in Table 22-2. The open pit mine plan commences at the beginning of Q1 2023.



Source: Atlantic Nickel, 2023.

Figure 22-2: LOM Net Unlevered Free Cash Flow Post Tax

Table 22-2: Cash Flow Analysis
ACG Acquisition Company Limited – Santa Rita Mine

Item	Units	2023	2024	2025	2026	2027	2028	2029	Total
Ni price	US$/lb	9.87	9.46	9.61	9.13	8.46	8.46	—	9.17
Cu price	US$/lb	3.55	3.82	3.94	3.89	3.59	3.59	—	3.73
Co price	US$/lb	25.58	27.70	27.37	26.43	23.53	23.53	—	25.69
Au price	US$/oz	1,753	1,719	1,654	1,593	1,615	1,615	—	1,658
Pt price	US$/oz	1,027	1,099	1,121	1,195	1,140	1,140	—	1,120
Pd price	US$/oz	1,977	1,763	1,544	1,325	1,363	1,363	—	1,556
BRL:USD exchange rate	R$:US$	5.39	5.44	5.66	5.55	5.55	5.55	—	5.52
Mining ore	kt	6,602	5,660	7,349	7,023	7,340	—	—	33,973
Mining waste rock	kt	27,518	25,625	22,438	14,660	4,493	—	—	94,734
Strip ratio	W:O	4.17	4.53	3.05	2.09	0.61	—	—	2.79
Processing ore	kt	6,600	6,500	6,367	6,500	6,500	2,376	—	34,842
Ni grade	%	0.27	0.28	0.30	0.32	0.34	0.32	—	0.31
Cu grade	%	0.10	0.10	0.11	0.11	0.13	0.12	—	0.11
Co grade	%	0.01	0.02	0.01	0.01	0.01	0.01	—	0.01
Au grade	g/t	0.04	0.04	0.04	0.04	0.04	0.04	—	0.04
Pt grade	g/t	0.06	0.06	0.06	0.06	0.06	0.06	—	0.06
Pd grade	g/t	0.03	0.03	0.03	0.03	0.03	0.03	—	0.03
Concentrate (dmt)	kt	109	110	118	130	141	48	—	656
Concentrate Ni grade	%	13.50	13.50	13.50	13.50	13.50	13.50	—	13.50

Item	Units	2023	2024	2025	2026	2027	2028	2029	Total
Concentrate Cu grade	%	4.51	4.45	4.37	4.28	4.36	4.40	—	4.39
Concentrate Co grade	%	0.22	0.25	0.25	0.25	0.25	0.25	—	0.24
Concentrate Au grade	g/t	1.03	1.03	1.03	1.03	1.03	1.03	—	1.03
Concentrate Pt grade	g/t	2.26	2.26	2.26	2.26	2.26	2.26	—	2.26
Concentrate Pd grade	g/t	1.67	1.67	1.67	1.67	1.67	1.67	—	1.67
Payable Ni	Mlb	28.7	28.7	31.5	34.1	36.3	13.3	—	172.7
Payable Cu	Mlb	8.2	8.2	8.8	9.3	10.1	3.8	—	48.4
Payable Co	Mlb	0.2	0.2	0.3	0.3	0.3	0.1	—	1.4
Payable Au	koz	2.2	2.3	2.6	2.8	3.0	1.1	—	14.0
Payable Pt	koz	5.2	5.3	5.8	6.2	6.6	2.5	—	31.7
Payable Pd	koz	3.8	3.9	4.3	4.6	4.9	1.9	—	23.4
Payable NiEq	Mlb	33.8	34.5	37.7	40.9	43.7	16.1	—	206.7
Ni revenue	US$M	284.1	271.7	301.7	310.6	306.6	119.4	—	1,594.1
Cu revenue	US$M	29.2	31.2	34.3	35.8	36.4	14.4	—	181.2
Co revenue	US$M	4.6	6.6	7.3	7.8	7.4	2.4	—	36.1
PGM revenue	US$M	16.4	16.6	17.2	17.8	18.8	7.4	—	94.3
Hedging gain	US$M	50.8	—	—	—	—	—	—	50.8
Total Revenue	**US$M**	**385.1**	**326.0**	**360.5**	**372.0**	**369.2**	**143.6**	**—**	**1,956.5**
Net Smelter Return	**US$M**	**314.0**	**270.3**	**302.6**	**313.2**	**309.2**	**110.2**	**—**	**1,619.3**
Less: mining costs	US$M	(67.4)	(46.6)	(52.7)	(53.3)	(38.1)	(4.7)	—	(262.9)
Less: processing costs	US$M	(36.6)	(35.0)	(34.5)	(34.7)	(34.9)	(14.4)	—	(190.1)

Item	Units	2023	2024	2025	2026	2027	2028	2029	Total
Less: general and administrative	US$M	(12.5)	(12.1)	(12.5)	(11.3)	(11.3)	(10.7)	—	(67.7)
Less: royalties	US$M	(22.3)	(22.5)	(25.2)	(26.1)	(25.9)	(9.4)	—	(131.4)
EBITDA	**US$M**	**175.2**	**153.9**	**177.8**	**187.7**	**198.9**	**73.6**	**—**	**967.2**
EBITDA margin	%	*46*	*47*	*49*	*50*	*54*	*51*	—	49
C1 cost	US$/lb Ni	4.79	3.32	3.13	2.84	2.25	2.73	—	3.16
C1 cost	US$M	137.4	95.2	98.7	96.8	81.7	36.4	—	546.2
Less: cash taxes	US$M	(16.7)	(12.9)	(10.0)	(7.4)	(5.7)	(0.9)	—	(53.6)
Less: change in working capital	US$M	(1.5)	9.5	(12.7)	(2.3)	(11.6)	44.5	(0.5)	25.2
Less: sustaining capital expenditures	US$M	(67.4)	(77.1)	(44.2)	(40.2)	(9.6)	12.5	(19.1)	(245.2)
AISC	US$/lb Ni	7.84	6.69	5.27	4.71	3.22	3.55	—	5.26
AISC	US$M	225.0	192.1	166.1	160.7	116.9	47.4	—	908.2
Unlevered Free Cash Flow	**US$M**	**89.5**	**73.5**	**110.9**	**137.8**	**172.0**	**129.6**	**(19.7)**	**693.7**
Cumulative cash flow	US$M	89.5	163.0	273.9	411.7	583.7	713.4	693.7	
NPV @ 8% discount rate	**US$M**								**546.1**

Notes:

1. Totals may not sum due to rounding.
2. C1 cost = cash operating costs less net by-product credits.
3. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures.

22.5 Sensitivity Analysis

The cash flow and $NPV_{8\%}$ sensitivity to variations in nickel price are summarised in Table 22-3.

Table 22-3: Base Case Cash Flow at Various Nickel Prices
ACG Acquisition Company Limited – Santa Rita Mine

Sensitivity (%)	-20	-10	0	+10	+20
Operating Cash Flow Pre-Tax ($ M)					
Annual	140	155	**172**	187	203
LOM cumulative	782	874	**967**	1,058	1,148
Net Unlevered Free Cash Flow ($ M)					
Annual	86	102	**118**	133	148
LOM cumulative	508	601	**694**	784	874
NPV Results ($M)					
Post-tax $NPV_{8\%}$	407	476	**546**	614	682

Note: Base Case is bolded.

Base case nickel prices in the financial model range from US$8.46/lb to US$9.87/lb depending on the year, and all of these prices were changed according to the sensitivity percentage.

Figure 22-3 presents an NPV sensitivity analysis on nickel price, by-product prices, exchange rate, operating costs, and sustaining capital costs.

The operations are most sensitive to changes in the nickel price, less sensitive to changes in foreign exchange rate fluctuations and operating costs, and least sensitive to commodity price changes for the by-product elements and variations to the sustaining capital costs.

	(20%)	(10%)	-	10%	20%
Nickel price	$407	$476	$546	$614	$682
By-products prices	$503	$525	$546	$567	$588
FX	$375	$470	$546	$608	$660
Opex	$656	$601	$546	$491	$437
Capex	$574	$560	$546	$532	$518

Source: Atlantic Nickel, 2023.

Figure 22-3: Base Case NPV Sensitivity Analysis

22.6 CP Comments on "Item 22: Economic Analysis"

Financial analysis on the Santa Rita Mine demonstrates positive economics and project viability. The Santa Rita Mine is most sensitive to the nickel price, less sensitive to changes in foreign exchange rate fluctuations and operating costs, and least sensitive to commodity price changes for the by-product elements and variations to the sustaining capital costs.

23.0 ADJACENT PROPERTIES

There are no adjacent properties to report in this section.

24.0 OTHER RELEVANT DATA AND INFORMATION

24.1 Preliminary Economic Assessment

24.1.1 Introduction

The 2023 PEA that follows is an alternative development option completed at the conceptual level based on Mineral Resources that are considered amenable to underground mining methods.

The 2023 PEA mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the 2023 PEA based on these Mineral Resources will be realised. Inferred Mineral Resources comprise 55% of the 2023 PEA mine plan.

The information presented in Sections 1 to 14 of the CPR also pertains to the 2023 PEA, as do Section 23 and Sections 25 to 27, and therefore is not repeated here. Information relating to Sections 15 to 22 content for the 2023 PEA is provided in the following subsections. Years presented in the 2023 PEA are for illustrative purposes only.

24.1.2 Mineral Reserve Estimates

This section is not relevant to the 2023 PEA, as the 2023 PEA mine plan is based on Mineral Resources only.

24.1.3 Mining Methods

24.1.3.1 Introduction

The Mineral Resource considered amenable to underground mining methods includes both Indicated Mineral Resources and Inferred Mineral Resources.

The Santa Rita deposit is currently being mined by conventional open pit methods, and production is scheduled from 2023 to 2028. The open pit will be mined to a maximum depth of 320 m (164 m RL). Underground development would commence before the open pit is depleted so that there would not be a significant gap in feed to the process plant.

The Santa Rita mineralisation extending below the open pit comprises a large tabular-to-massive deposit, striking north–south for over 800 m, dipping 50° to 55° to the east, extending to a known depth of approximately 1,100 m, and varying in thickness from 50 m to 150 m. The mineralisation shows a trend for increasing grade and thickness with depth.

An SLC mining method was selected for the underground portion of the Santa Rita deposit based on the amenable geometry of the deposit and the productivity and cost advantages of SLC enabling greater exploitation of the Mineral Resource at a greater margin than more selective methods. The relatively wide deposit determined that a transverse drill drive orientation should be used.

The Santa Rita SLC geometry and location below a mined open pit are similar to the Ernest Henry SLC which is successfully operated by Ernest Henry Mining (a subsidiary of Glencore) in Queensland, Australia.

The SLC mining method employs longhole drilling and blasting techniques to extract mineralisation sequentially from surface to the bottom of the deposit. The method does not require backfill and therefore relies on the overlying waste rock to cave and fill the mined void. Caving of the overlying

waste rock results in surface subsidence directly above and in the immediate vicinity of the underground deposit.

SLC mining typically comprises multiple mining levels spaced at regular vertical intervals, generally at 25 m spacing. Each level is made up of parallel and evenly-spaced drill drives from which production drilling and blasting occur. Once blasted, the mineralisation is loaded from the drill drives using load-haul-dump (LHD) machines, and loaded into trucks for haulage to the surface during the initial ramp-up phase, and later to ore-passes feeding an underground crushing station. After crushing, the mineralisation can be either hoisted to surface in a shaft or conveyed to the surface via an inclined tunnel. For the Santa Rita underground mine design, a conveyor was selected.

The SLC method enables a fast production ramp-up because it employs a top-down mining sequence that enables production to commence soon after the top of the underground deposit has been accessed. The method also enables high production rates since the mining cycle is simplified by the standardisation of development and production activities, and backfilling is eliminated. These characteristics typically act to lower operating costs and reduce the ramp-up period for SLC compared to other mining methods.

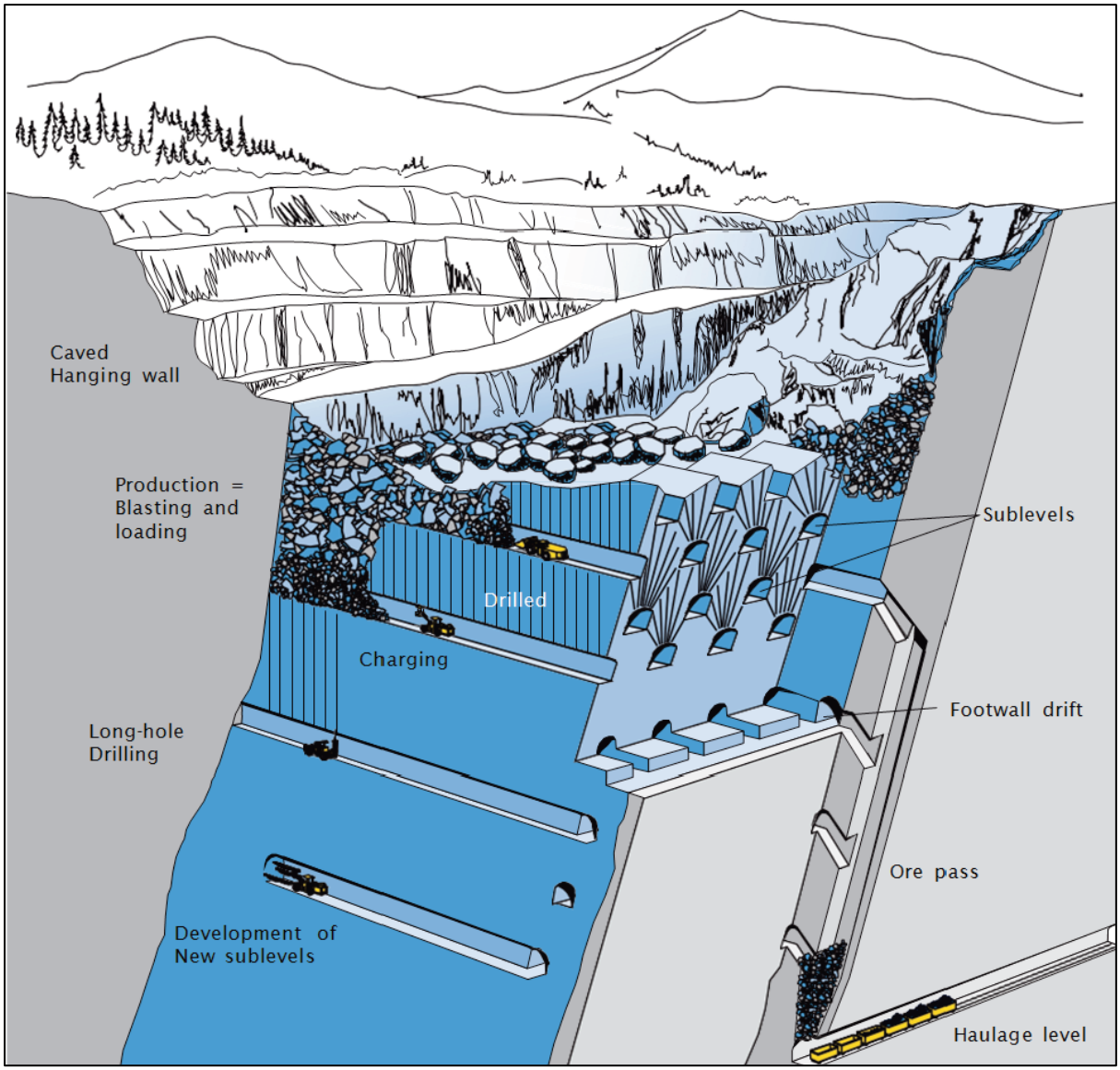
An underground mining operation at the Santa Rita deposit would be developed, operated, and supported by the remaining resources and infrastructure associated with current mining of the open pit.

24.1.3.2 Underground Mining Method

A schematic to illustrate the SLC mining method is provided in Figure 24-1.

Longhole open stoping methods were excluded from this study because the higher operating cost considerably reduces the Mineral Resource available for economic extraction and reduces the operating margin. However, opportunity may exist for selective longhole open stoping mining to occur adjacent to the SLC during the ramp-up phase and aid the creation of water surge voids for the SLC.

Block caving was not considered because the dip of the deposit is generally not considered favourable for this mining method and would result in excessive dilution (based on a typical block cave layout using a single extraction level). However, further investigation into inclined caving layouts is warranted given the additional productivity and operating cost benefits compared to SLC. Inclined caving uses multiple, smaller, extraction levels that align with the footwall to reduce dilution compared to block caving, and does not require the extensive development and longhole drill and blast of SLC.



Source: Epiroc (2007).

Figure 24-1: Sub-level Caving Schematic

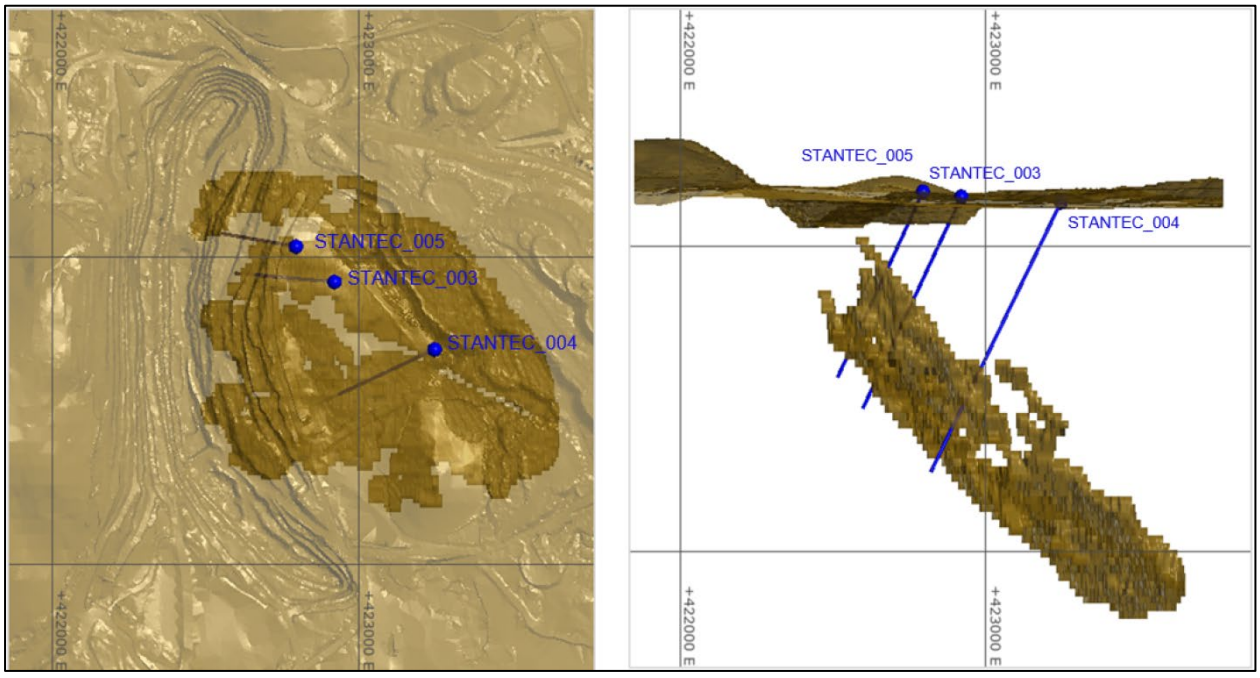
24.1.3.3 Geotechnical

The following geotechnical investigations were completed for the 2023 PEA:

- Stantec, Scoping Level Sublevel Caving Geotechnical Studies for the Santa Rita Project, Brazil (Stantec, 2020);
- Stantec, Prefeasibility Level Sublevel Caving Geotechnical Studies for the Santa Rita Project, Brazil (Stantec, 2022);
- Power Geotechnical, Santa Rita SLC Scoping Modelling (Power Geotechnical Ltd, 2021).

Stantec reviewed existing geotechnical data and oversaw a site investigation comprising three geotechnical drill holes specifically for assessing underground conditions, and provided recommendations based on SLC mining method. The locations of the three holes are shown in Figure 24-2.

Power Geotechnical conducted SLC cave draw and dilution modelling, scheduling, and caveability assessment based on the Stantec findings.



Source: Stantec (2020).

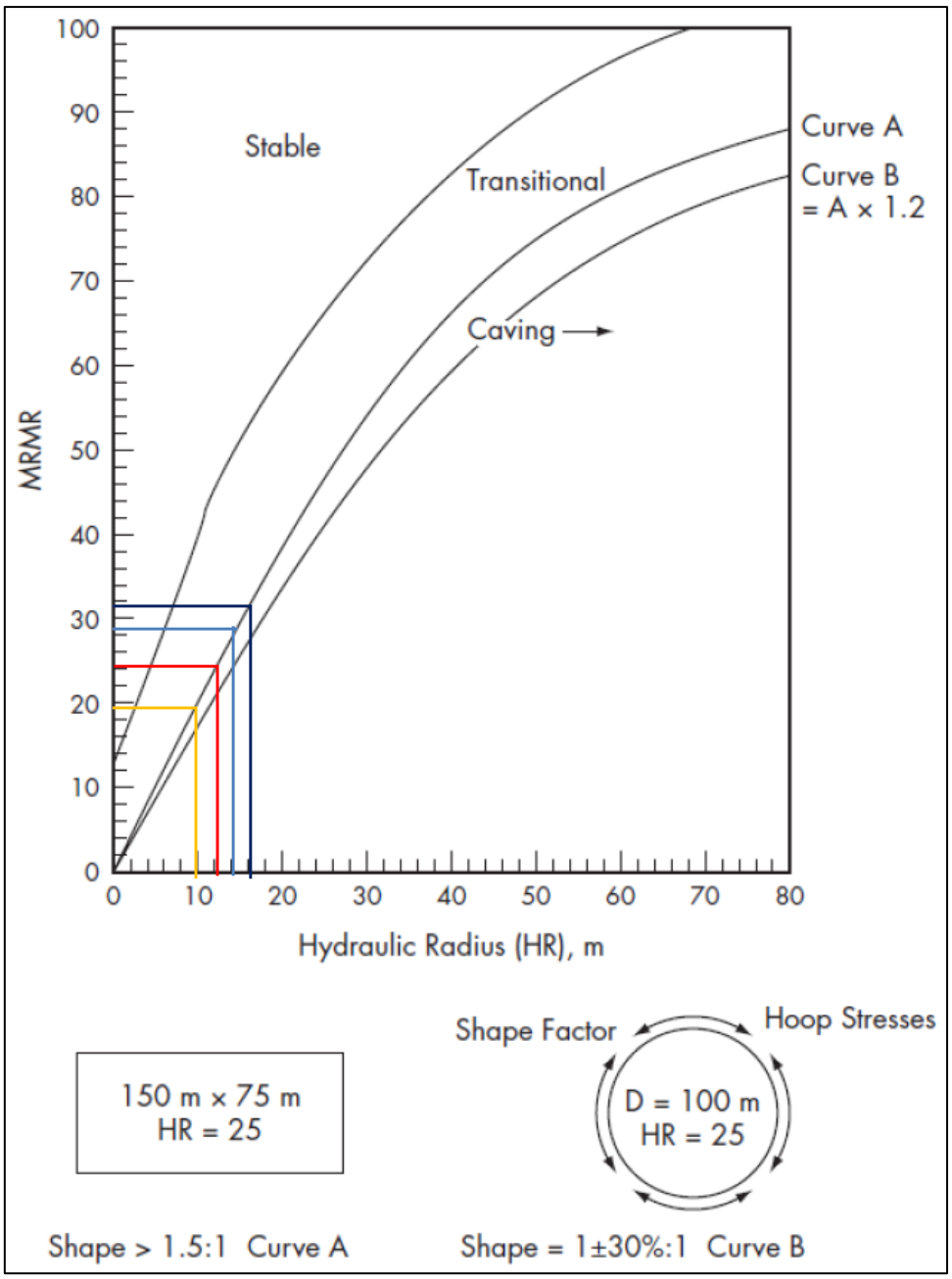
Figure 24-2: Location of Underground Geotechnical Drill Holes

24.1.3.3.1 Caveability Assessment

This section comprises excerpts from the Stantec Scoping Study geotechnical report (Stantec, 2020).

The caveability of the hanging wall rock above the sub-level caving operation is crucial to the success of the SLC mining method. Mine-scale structures and the general geotechnical conditions of the rock mass influence the hanging wall caveability.

Caveability assessment was undertaken using Laubscher's empirical stability chart which is based on empirical data from caving and stable situations for varying hydraulic radii and mining rock mass rating (MRMR) values (Figure 24-3).



Source: Stantec (2020).

Figure 24-3: Laubscher Caveability Chart

Table 24-1 shows the resulting hydraulic radii required for caving based on the adjusted MRMR for each geotechnical drill hole assuming a polygonal caving front (Curve A). From the caveability chart shown in Figure 24-4 the critical hydraulic radius to initiate caving for the Santa Rita hanging wall rock mass for Stantec 003 and Stantec 005 is between 10 to 12, which is equivalent to a zone approximately 40 m wide by 40 m long. It is estimated that this will be achieved with the opening of three adjacent production drifts. The critical hydraulic radius for Stantec 004 is between 14 to 18, which is equivalent to a minimum zone of approximately 60 m wide by 60 m long, up to a maximum zone of 60 m wide by 90 m long.

Table 24-1: Adjusted MRMR and HR for Each Drill Hole in the Hanging Wall Zone ACG Acquisition Company Limited – Santa Rita Mine

Item			Percentage (%)	
Weathering			94	
Orientation of structure			75	
Induced stresses			80	
Blasting			80	
Case	MRMR		HR	
	max	min	max	min
Stantec 003	25.7	19.2	12	10
Stantec 004	32.3	29.1	18	14
Stantec 005	25.2	19.3	12	10

These results indicate that caving can occur with hydraulic radii appropriate for sub-level caving based on the design SLC footprints.

To maintain an understanding of how the cave is progressing, cave monitoring throughout the life of the operations is important. A cave monitoring system should consist of several complementary measurement techniques to allow for the cross-referencing of results. Microseismic systems placed outside the expected cave column give an indication of the seismogenic zone, which exists just above the cave back and can be used not only until the cave breaks through to the surface but also as it relaxes over the LOM. Open holes into the cave back area can be used until the cave reaches a predefined distance from the surface where it is no longer safe for people to travel above the cave back. The open holes can be plumbed for depth using weighted wire rope and, in some cases, also provide access for borehole cameras. As the cave approaches the surface, the open holes can be used to place extensometers and time-domain reflectometers, which allow for remote monitoring of the failure of the cap rock.

24.1.3.3.2 Summary of Prefeasibility Caveability Assessment – Stantec

For purposes of disclosure, a brief update of underground geotechnical investigation progress is provided here.

In April 2022, Stantec completed the Prefeasibility Level Sublevel Caving Geotechnical Studies for the Santa Rita Project, Brazil (Stantec, 2022). The latest caveability assessment determined no discernible change in the hydraulic radii required for caving compared to its 2020 study. Stantec concluded, “analysis results show that initial caving could occur with a hydraulic radii (HR) of between 11.8 to 13.6 m. This will be reached within six slots developed in neighbouring production drifts. Once the caving has begun levels below will have sufficient HR to continue cave propagation.”

Three-dimensional numerical modelling also determined that the major LOM development and underground infrastructure excavation designs (namely crushers and conveyors) used in the 2023 PEA are sufficiently outside of the influence of abutment stress redistribution.

Given the absence of material changes in the PFS geotechnical study findings, the 2023 PEA mine plan design remains valid.

24.1.3.3.3 Caveability Assessment – Power Geotechnical

This section comprises excerpts from the Power Geotechnical report (Power Geotechnical Ltd, 2020).

The approach taken in generation of the footprints for this study was to attempt to connect the upper production levels to the overlying pit. Assuming that these upper levels were blasted through to the open pit when caving is initiated, the air blast risk would be generally manageable. Where step-outs are assumed at depth, production controls have been implemented in the schedule. With increasing depth of production, hanging wall caving would be expected, but probably would lag the active production levels, as the hanging wall would be buttressed by inflow of diluted rock from above.

The strike length of the underground deposit is in the vicinity of 800 m and the lateral extent perpendicular to strike is of similar extent (an eventual hydraulic radius of approximately 160). Taking these factors into account, it is likely that the caveability risk could be successfully managed at this mine.

The work completed indicates that SLC is a viable option. The geometry of the deposit is similar to existing operations which have been brought to production successfully. Further work to generate a range of tonnes and grade options is recommended and could be completed at further study levels.

Power Geotechnical updated the SLC modelling in 2021 in response to the updated Mineral Resource estimate. This update did not include any new assessment of caveability. The following excerpt is from the latest Power Geotechnical report (Power Geotechnical Ltd, 2021).

"…the footprints have changed somewhat for the upper levels of the mine due to changes in the block model. Efforts have been made to ensure that rings have fired rock above them, or stepout production controls were incorporated where stepouts occur. However, connection of the cave to the surface and continuity of this connection to all lower levels should be assessed further, along with caveability of some of the smaller mineralized lenses which do not initially connect to the surface".

24.1.3.4 Subset of the Mineral Resource Estimate Amenable to Underground Mining Methods Considered in the 2023 PEA Mine Plan

The portion of the Mineral Resource that was considered for the 2023 PEA mine plan (Table 24-2) was determined using flow modelling and level footprints determined by Power Geotechnical based on the March 2021 underground Mineral Resource model provided by MTS.

Table 24-2: Mineral Resource Considered in the 2023 PEA Plan
ACG Acquisition Company Limited – Santa Rita Mine

Classification	Tonnes (kt)	Grade						Contained Metal					
		NiS (%)	Cu (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	Ni (kt)	Cu (kt)	Co (kt)	Pd (koz)	Pt (koz)	Au (koz)
Indicated	64,346	0.57	0.19	0.02	0.04	0.09	0.06	364	121	10	73	187	126
Inferred	77,396	0.55	0.18	0.02	0.05	0.10	0.06	428	135	12	117	249	152

Note: Numbers have been rounded and totals may be affected by small rounding errors.

An NSR approach was used for economic evaluation of the potential viability of the Mineral Resources. Nickel and copper are the predominant payable metals, with cobalt and precious metals contributing approximately 6% of the revenue.

For the purposes of determining the material potentially amenable to underground mining, a simplified calculation of the NSR values in the block model used only nickel and copper. The value

derived from the other remaining payable elements (Co, Pd, Pt, Au) is approximately equal to, and therefore cancels out, the NSR and gross smelter return (GSR) royalties of 3.0% and 1.51%, respectively. An accurate and final determination of revenue and downstream costs (including royalties) was performed in the economic model using the estimated process plant feed grades for all payable metals.

The NSR value for the block model was calculated using the parameters provided in Table 24-3, based on current concentrate offtake agreements for the open pit operation. The NSR value in US$/t was applied to the block model using the following formula:

NSR = NiS% x 73.832 + Cu% x 31.482

Table 24-3: NSR Grade Input Parameters
ACG Acquisition Company Limited – Santa Rita Mine

Assumptions	Unit	Ni	Cu
Metal price	$/lb	6.50	3.00
Concentrate type	type	Single concentrate Ni and Cu	Single concentrate Ni and Cu
Recovery	%	83%	70%
Concentrate grades	%	13.85%	4.17%
Payability	%	91%	80%
Penalties (MgO)	$/t conc	14.0	—
Concentrate moisture	%	8%	—
Transport cost	$/t conc	87.44	—
Smelting cost	$/t conc	210	—
Refining cost	$/lb	0.92	0.45
NSR coefficient	$ per grade %	73.832	31.482

24.1.3.5 Cut-off Value

An approximate breakeven NSR cut-off of US$30/t NSR was estimated as the minimum cut-off likely to be applicable based on current site processing and G&A costs, and an estimated SLC mine operating cost, as provided in Table 24-4.

Table 24-4: Underground Breakeven Cut-off Value
ACG Acquisition Company Limited – Santa Rita Mine

Underground mining cost	21.09
Open pit cut-off value *	8.91
Total NSR Cut-Off Value	*30.00*

Note: * = Consists of US$5.17/t processing, US$1.71/t royalties, US$1.41/t site G&A and US$0.62/t corporate G&A.

A range of cut-off values were investigated from US$30 to US$45/t using a spreadsheet model. The spreadsheet model used Datamine's MRO inventories generated at various cut-offs and estimated capital costs, operating costs, production rate, overhead costs, and a simple project schedule for each scenario. NPVs, IRRs, and margins were compared on an EBITDA basis for nickel prices varying from US$6.00/lb to US$7.50/lb.

A final cut-off value of US$35/t for production was selected because it was shown to generate near-maximum NPVs across varying nickel prices.

24.1.3.6 Mining Recovery and Dilution

SLC is a multilevel recovery system where mineralisation recovered at an individual drawpoint may have originated from up to six levels (approximately 150 m) above. Flow modelling software is therefore required to accurately estimate the recovery and dilution. Current flow modelling systems successfully generate accurate estimates of dilution and recovery and are an invaluable tool for optimising modern SLC mines.

The moderately dipping geometry of the Santa Rita deposit means that, compared to a steeply dipping deposit, a larger proportion of production blast rings will interact with overlying waste, thereby increasing the potential for dilution and the need for controlled draw management to balance recovery and dilution. Industry expertise was sought from Power Geotechnical Ltd to conduct SLC flow modelling in order to obtain a more reliable estimate of the mineralisation that was potentially amenable to underground mining.

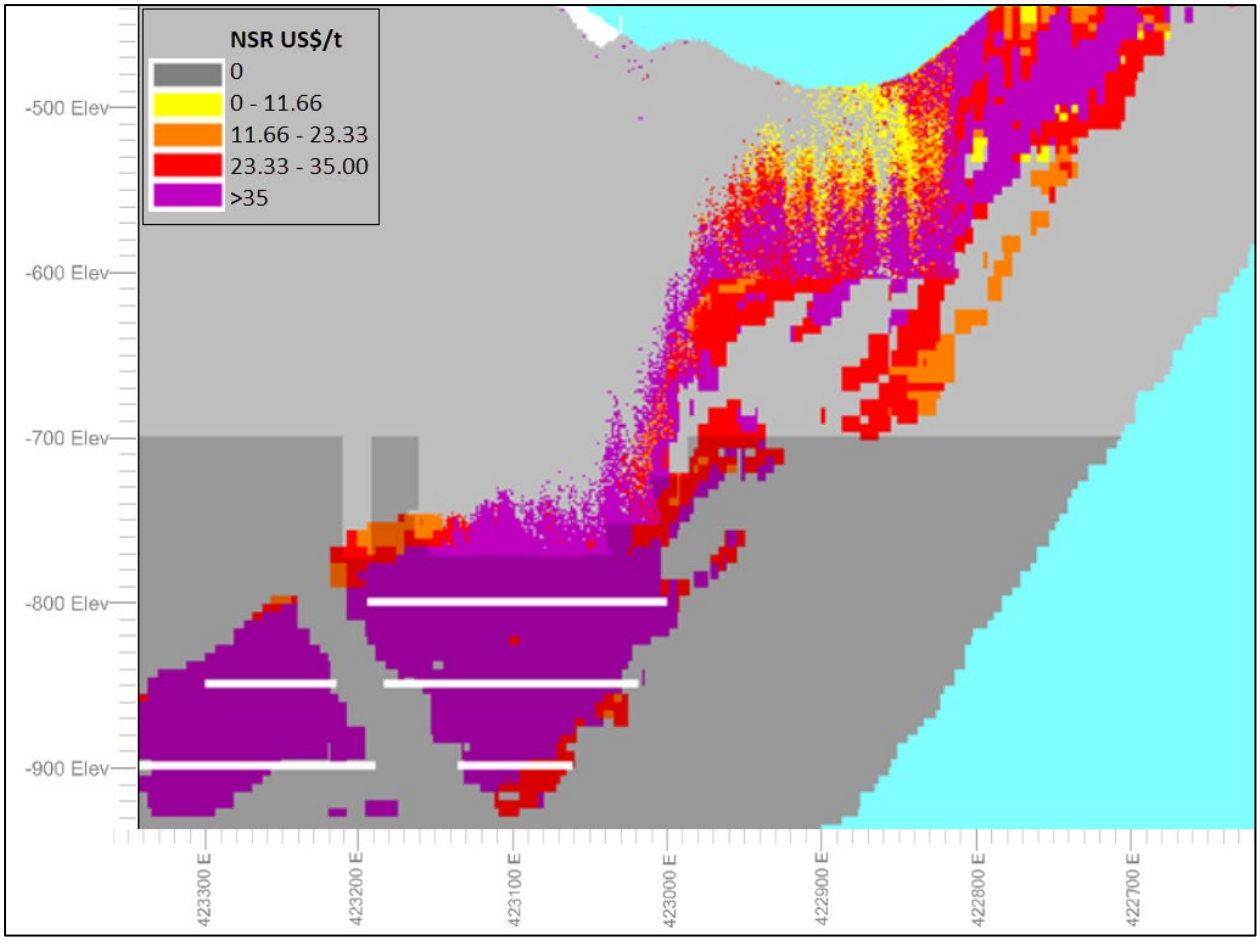
In general, dilution and recovery are dependent on geometry, rock types, geotechnical conditions, drill and blast performance, and draw control management (which can be tonnage or grade based). Contemporary practice uses low draw percentages (around 40% of blasted tonnes) in the initial levels of an SLC to ensure no air gaps are formed during the initial cave propagation and to mitigate entrainment of the overlying waste. Cave voids provide potential for air blasts which can have catastrophic consequences in caving mines as they did at the Northparkes mine, near Parkes in central New South Wales, in 1999. Sudden collapse of cave voids can trigger air blasts and mud rushes.

This low draw practice against overlying waste helps to develop what is often referred to as an ‘mineralisation blanket’ between the blasted rings and the overlying caved waste, which assists in controlling dilution. The draw percentage is progressively increased with each level in a vertical column of blasted mineralised rings, and overdrawing can be applied to the lowest drawpoint level of a blasted mineralised column to maximize recovery.

24.1.3.7 SLC Modelling

This section comprises excerpts from the Santa Rita SLC Scoping Modelling Update report (Power Geotechnical Ltd, 2021).

The flow modelling methodology used in generation of the work described here was Power Geotechnical’s proprietary flow modelling software PGCA. PGCA is a model that is generally described as stochastic cellular automata. Cellular automata are a discrete-time dynamical system of interacting model cells. In PGCA, the cells are discrete blocks representing broken rock (Figure 24-4).



Source: Power Geotechnical Ltd (2020).

Note. Top of block model not shown. Looking southeast

Figure 24-4: Section Through PGCA Model of the Lower Half of the Deposit

In PGCA the cells are defined by material states. These states are void, static solids, or movable rock (and when required, different classes of movable rock, e.g., fines, rock type A, rock type B, etc.). The rules defining movement of individual blocks can be driven by several variables, some of which are user defined, and include:

- Relative particle location
- Material properties
- Caving behaviour
- Blasting behaviour
- Fragmentation

Although block movement can be controlled using many different factors in PGCA, in general free flow situations only material properties and particle location are mandatory. Up to 32 grade or material fields can be tracked by the model, such as:

- Grades for economic evaluation
- Resource codes for estimation of resource risk
- Material properties for fines migration or fault-based behaviour
- Particle velocities for linking with cave propagation codes

Model calibration against reconciled production sources has been shown to be very good at several different operational mines. Generally, it falls within 5%, and as close as 1% in some cases.

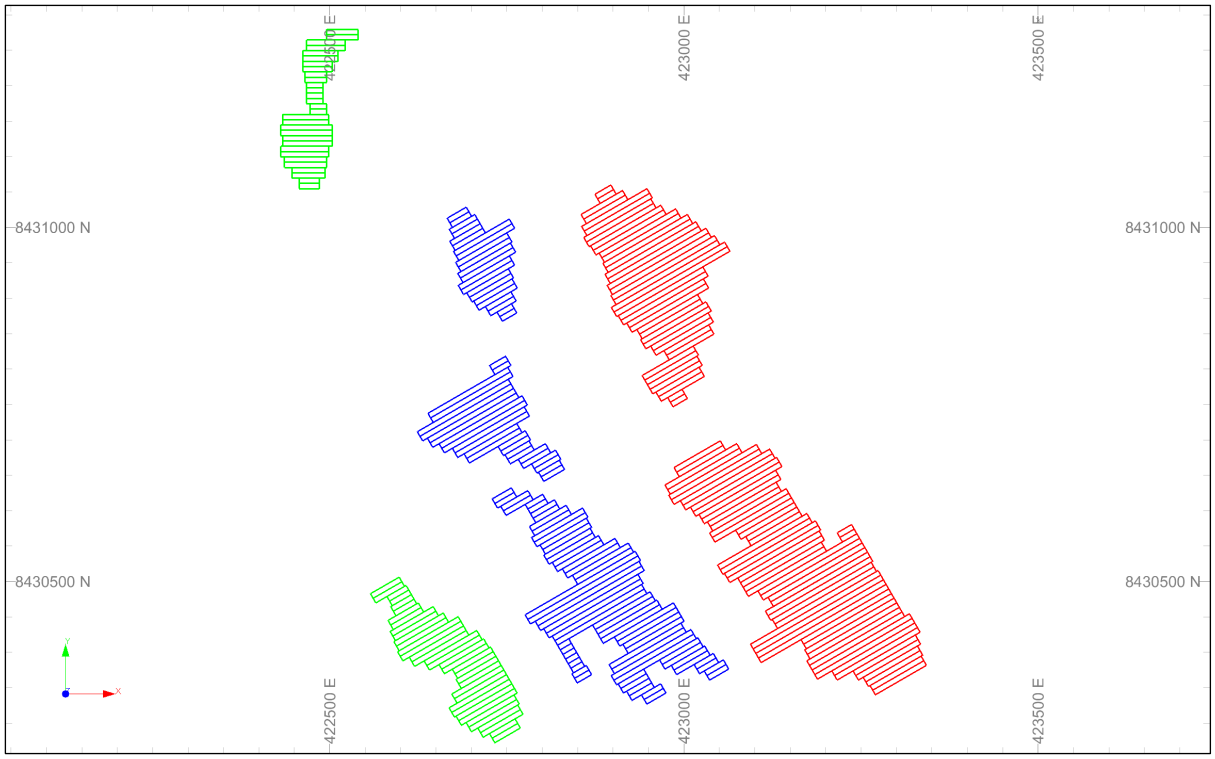
SLC level footprints were generated using the following process:

- Oversize footprints were generated beyond the limits of the deposit for five vertical columns extending the full depth of the footprint. Production cross cuts were designed to run at 60° in the main deposit due to the strike of the deposit in this area. Some of the mineralisation at the northern end of the mine above 525 level was given cross cuts oriented at 90° to better suit the strike of the deposit.
- Initial footprints were generated on each level using the results of the initial modelling runs based on a cut-off grade of $35/t NSR with the aim of generating a head grade of $45/t NSR.
- Initial footprints were assessed relative to one another and rationalised based on vertical and lateral continuity of the deposit.
- Step-outs were assessed, so that zones of the deposit extending under un-caved ground had fixed tonnages on their first three levels of 40%, 60% and 90% of average in-situ ring tonnage to allow caving to progress and inhibit air-blast potential. Shut-off models were run in three stages (surface to 450 level, 450 level to 700 level, and 700 level to 1050 level).
- Final footprints were generated from the results of these staged models.

Indicative examples of production levels on -200 m RL, -500 m RL, and -800 m RL can be seen in Figure 24-5. Individual lenses were followed through to the cave break-through on the surface, or to previously caved areas above. At more detailed study levels, these footprints may need to be modified based on slot and perimeter drive design, and further rationalising of shut-off and cut-off grades. Slots were not included in the design and scheduling process described in this subsection.

Based on the final layout, models were run to generate the final mineralised shapes that would be the basis of the production plan. The final models used 6.25 mW x 5.0 mH production drives. Production tonnages for individual rings were not smoothed but were capped at 6,000 t (approximately 200% draw). Minimum draw for all rings was 1,200 t, equivalent to 40% draw.

The SLC modelling resulted in an overall SLC draw factor of 75% of the blasted tonnes and 6% grade dilution. Development in mineralisation is estimated to total 18 Mt over the underground mine life.



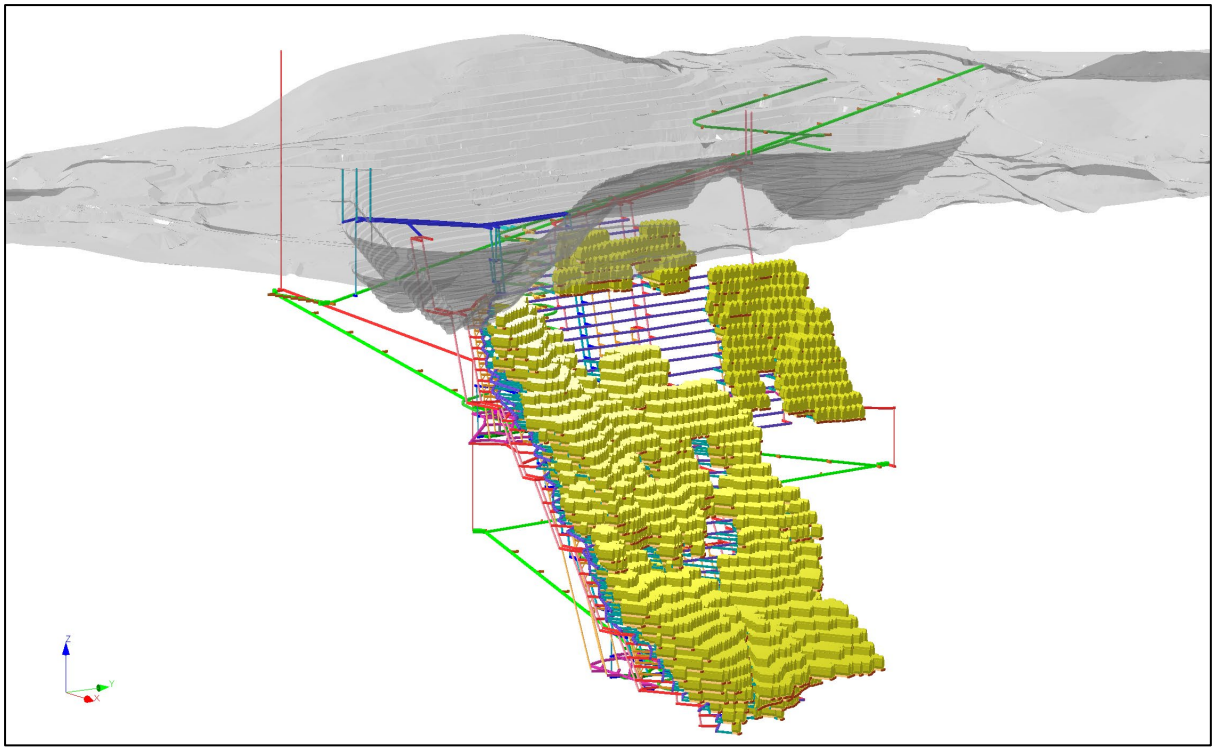
Source: Atlantic Nickel, 2021.

Note. Green is -200 m RL, blue is -500 m RL, red is -800 m RL

Figure 24-5: Example of Footprints on Levels -200m RL, -500m RL, and -800m RL

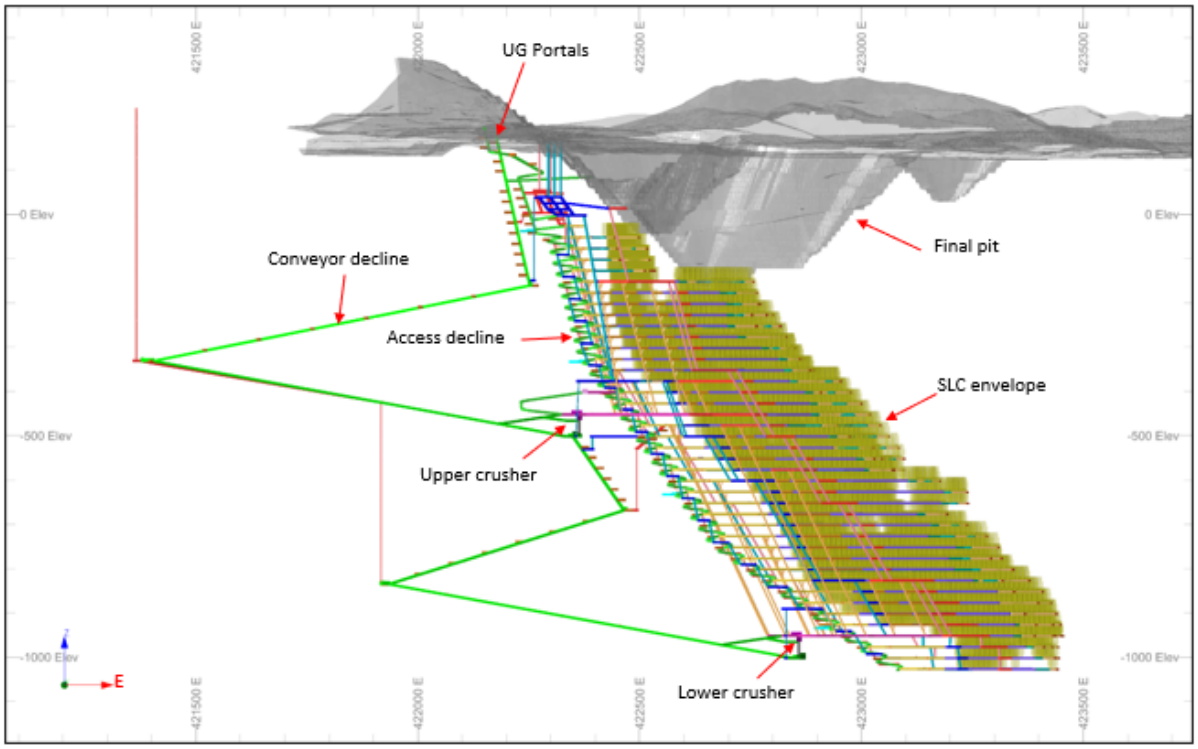
24.1.3.8 Underground Mine Design

The mine design was based on decline access from surface with a separate conveyor decline developed in parallel to accommodate a conveyor handling system for mill feed. Truck haulage was selected for handling all waste material to simplify the materials handling infrastructure and given the relatively small waste movement required. Truck haulage was not a viable option for mill feed handling at the peak production rate. Mill feed will be trucked to the surface during the ramp-up phase prior to commissioning of the crusher and conveyor system. Total trucking capacity was limited to 3 Mt/a during the underground ramp-up phase while haul distances will still be short. Figure 24-6 to Figure 24-9 provide four different views of the planned underground design for Santa Rita.



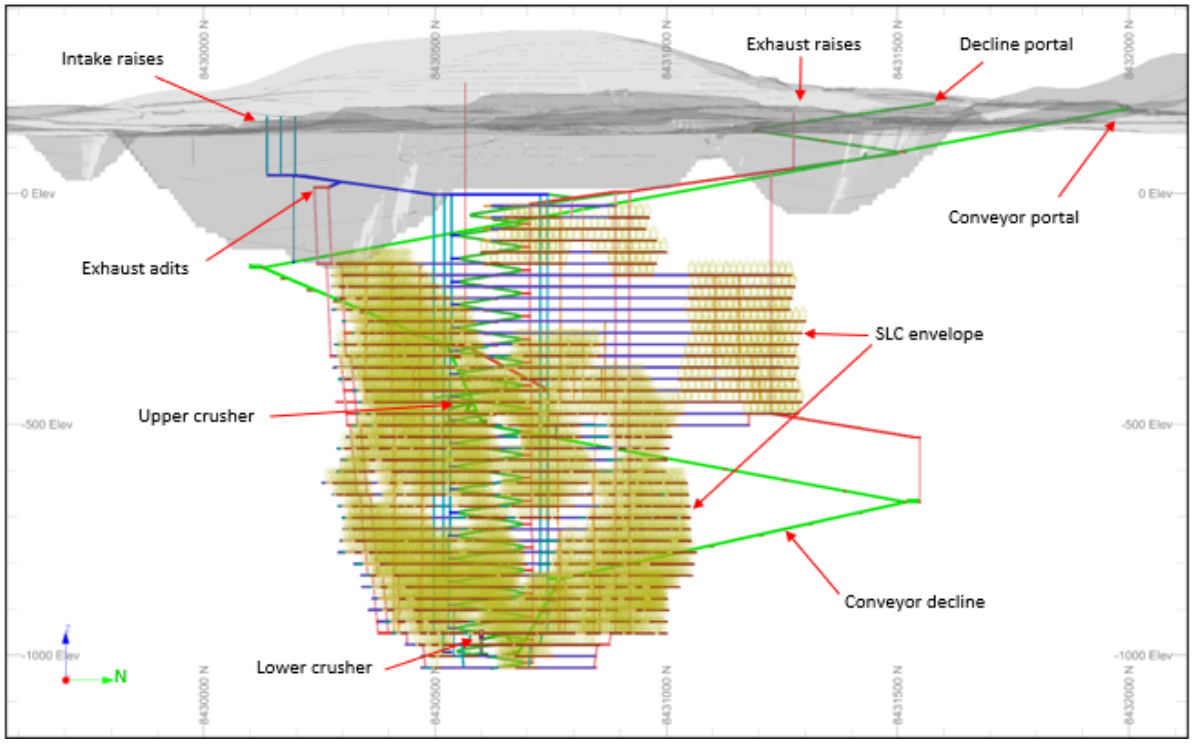
Source: Atlantic Nickel (2021).

Figure 24-6: 3-D Schematic Showing the SLC Envelope and Some of the Infrastructure Proposed to be Located in the Footwall



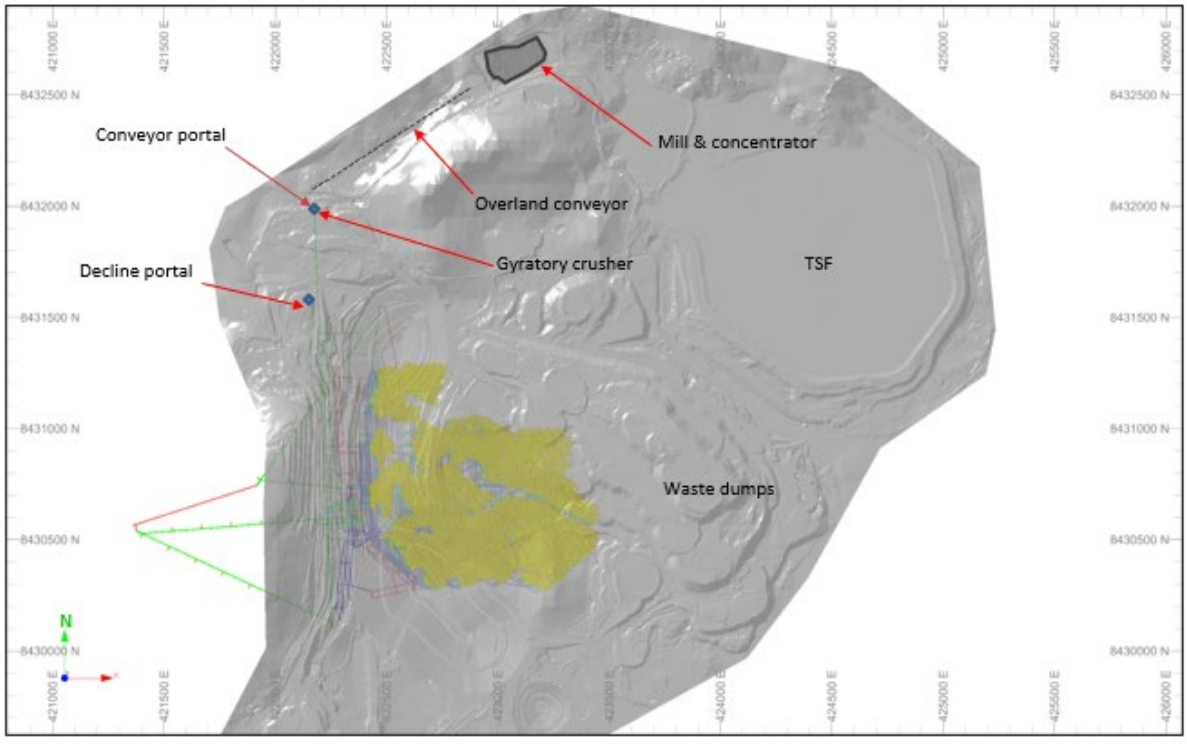
Source: Atlantic Nickel (2021).

Figure 24-7: SLC Mine Design Cross-Section, Looking North



Source: Atlantic Nickel (2021).

Figure 24-8: SLC Mine Design Longitudinal Section Projection, Looking West



Source: Atlantic Nickel (2021).

Figure 24-9: SLC Mine Design Plan View

Conveyors were selected over shaft hoisting for the following reasons:

- A conveyor system is better able to follow the dip of the deposit and will not require the anticipated lateral transfer development associated with accessing the bottom of a vertical shaft.
- The conveyor decline can be driven concurrently with the access decline using the same equipment and personnel, whereas a shaft would require specialised resources.
- The conveyor decline will increase the trucking capacity of the mine by providing a second haulage route until the conveyor is installed, and prolonged trucking during ramp-up enables infrastructure installation to be delayed.
- There appears to be a general preference within the mining industry to install conveyor systems in lieu of shafts, some examples include Carrapateena SLC, Ridgeway SLC, New Afton block cave, and Timok SLC.
- Conveyors were anticipated to have a lower capital cost than shafts in this application. Shaft installations typically cost in excess of US$100,000 per vertical metre (all-inclusive capital cost) whereas a 1 in 5.5 gradient conveyor is estimated to cost approximately US$60,000 per vertical metre.

A detailed material handling trade-off study is recommended in subsequent studies to determine the most beneficial material handling system. This trade-off study should include the Rail-Veyor system because it potentially has capital cost benefits arising from its progressive installation, and the elimination of underground crushers.

The SLC layout details are provided in Table 24-5 and are similar to those used at SLC operations in Australia as shown in Table 24-6. These designs have been shown to improve recovery and reduce dilution by encouraging overlapping draw cones. Subsequent studies may seek to optimize the layout using flow modelling software.

Table 24-5: SLC Production Level Layout
ACG Acquisition Company Limited – Santa Rita Mine

Item	Criteria (m)
Sub-level interval	25 (floor to floor)
Drill drive interval	15 (centreline)
Drill drive width	6.25
Drill drive height	5.0

Table 24-6: SLC Layout Comparison
ACG Acquisition Company Limited – Santa Rita Mine

Operation	Drill Drive Spacing (centreline) (m)	Level Spacing (floor to floor) (m)
Ravenswood	13	25
Ernest Henry	15	25
Mt Lyell 1995	15	20
Mt Lyell 2001	14	25
Ridgeway	14	25

Note: Data from AusIMM (2013)

24.1.3.8.1 Lateral Development

The SLC design comprises the following lateral development components:

- Conveyor decline for conveying mill feed
- Access decline adjacent to the deposit for level access
- 40 production levels, spaced at 25 m vertically
- First (or top) production level at -50 m RL (immediately beneath the open pit and approximately 250 m below the natural surface)
- Last (or bottom) production level at -1025 m RL (approximately 1,225 m below the natural surface)
- Upper crusher access level (Crusher 1) located at -450 m RL
- Lower crusher access level (Crusher 2) located at -950 m RL
- Main workshop, refuelling bay, wash bay located at -400 m RL level

The opportunity to reduce development by replacing some footwall drives with additional secondary access declines (particularly in the upper north SLC block) was excluded in favour of retaining the extended footwall drive for improved ore-pass access and resource drilling options.

The mine design was based on the lateral development dimensions provided inTable 24-7.

Table 24-7: Development Dimensions and Gradients
ACG Acquisition Company Limited – Santa Rita Mine

Profile	Development	Dimensions	Profile	Gradient *
A	Access decline	5.5 m wide, 5.8 m high	Semi-arched	1:70
A	Footwall drive, accesses	5.5 m wide, 5.8 m high	Semi-arched	1:50
B	Conveyor decline	5.5 m wide, 6.0 m high	Semi-arched	1:5.5
B	Stockpile	5.5 m wide, 6.0 m high, 20 m long	Semi-arched	1:20
C	Ventilation drive, sump	5.5 m wide, 5.5 m high	Semi-arched	1:50
D	Drawpoint	5.0 m wide, 4.2 m high	Rectangular	1:50
D	Slot drive	5.0 m wide, 4.2 m high	Rectangular	1:50
E	Drill drive	6.25 m wide, 5.0 m high	Rectangular	1:50
F	Crusher chamber	10.5 m wide, 12 m high, 24 m long	Rectangular	Flat
G	Loading chamber	10 m wide, 10 m high, 29 m long	Rectangular	Flat
H	Conveyor chamber	13 m wide, 15 m high, 18 m long	Rectangular	Flat

Note: * Gradient for construction: level development designed with no gradient.

24.1.3.8.2 Decline Development

The access decline adjacent to the deposit is the primary access to the mine for equipment and personnel. The access decline was design at a gradient of 1:7 and a minimum radius of curvature of 27.5 m. Rehandling bays (or stockpiles) were nominally spaced at 125 m to 150 m apart. Separate intake and exhaust raises were designed to follow the spiral decline in 50 m vertical increments to ensure adequate ventilation while advancing the decline and establishing the levels. Both intake and exhaust raises were designed as 5.0 m diameter raisebores.

The conveyor decline was designed at a gradient of 1:5.5 with legs in multiples of 1,000 m. The standardisation of conveyor length reduces the number of different spares required and simplifies maintenance. The steep gradient reduces the total development and conveyor installation cost without impacting productivity. The first crusher from -450 m RL requires 4,000 m of conveyors over three legs (two legs of 1,000 m and one leg of 2,000 m length).

The second crusher from -950 m RL required an additional 3,000 m of conveyors over three legs. Further information on the conveyor system is provided in Section 24.1.3.9.

24.1.3.8.3 Level Development

The SLC design was based on 25 m level intervals. For the purpose of simplification all levels were designed at zero gradient. In practice all level development will be designed at a nominal gradient of 1:50 or thereabout so that the entire level drains via gravity to sump(s) located on each level.

Footwall drives were designed parallel to the SLC for entire strike length on each level with a nominal stand-off distance of 30 m from the SLC. Footwall drive dimensions of 5.5 m wide by 5.8 m high ensure truck passage under auxiliary ventilation conditions (e.g., with vent duct installed).

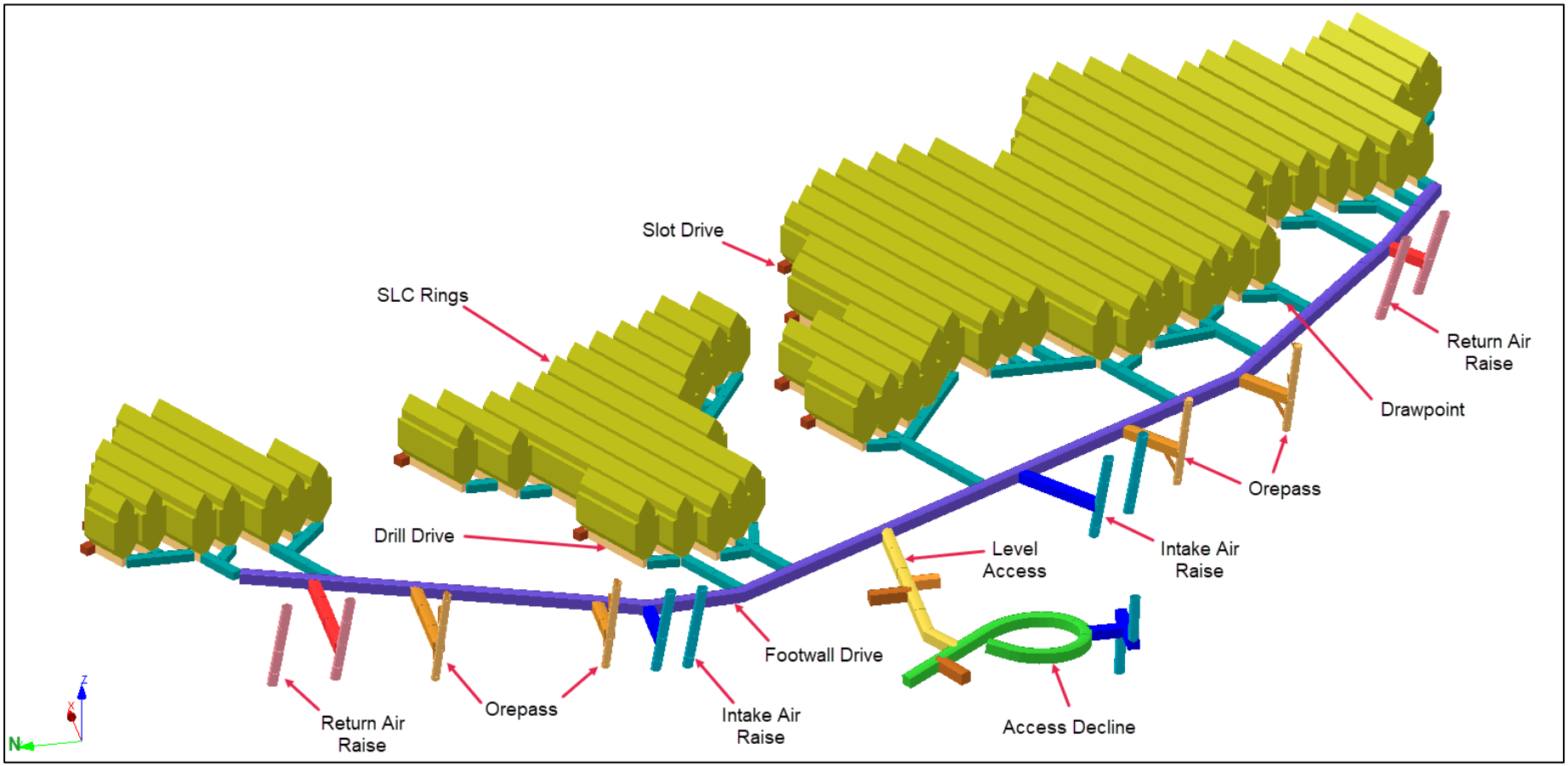
Footwall drives will be developed to the return air connections to establish primary airflow along the footwall drive prior to commencing drawpoint and drill drive development. Sumps, stockpiles, ore-pass accesses, and vent connections will be developed concurrently with the footwall drive, as will the initial stub drives for each drawpoint.

Ore-pass designs consist of an ore-pass access drive and a finger raise. Ore-pass finger raises are designed at 2.0 m by 2.0 m in cross section and will be developed as longhole raises at approximately 60°. Each finger raise will be fitted with a grizzly.

A typical production level layout is shown in Figure 24-10 and Figure 24-11.

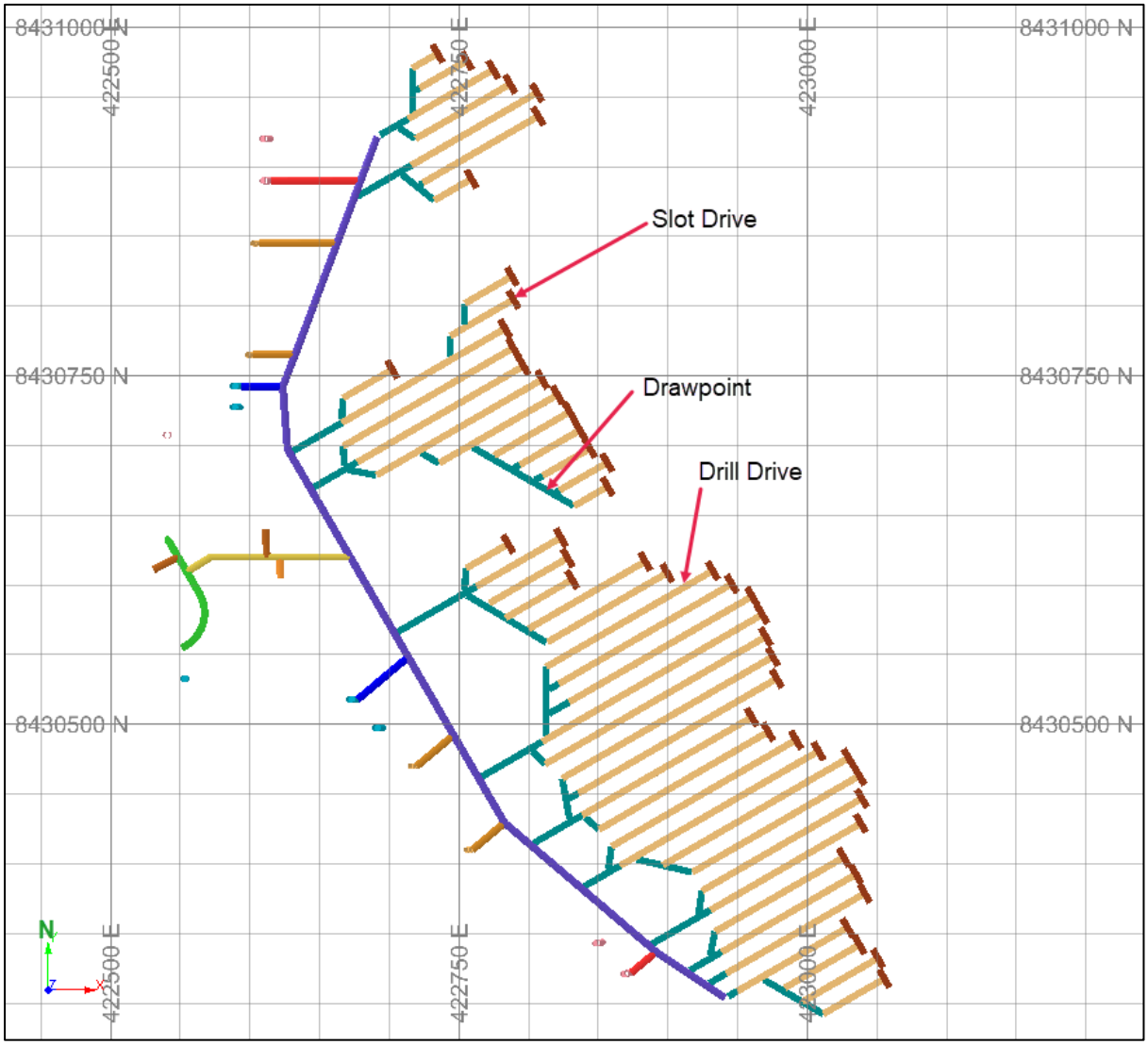
24.1.3.8.4 Crusher Level

The layouts for the upper crusher (-450 m RL) and the lower crusher (-950 m RL) are shown in Figure 24-12 and Figure 24-13, respectively.



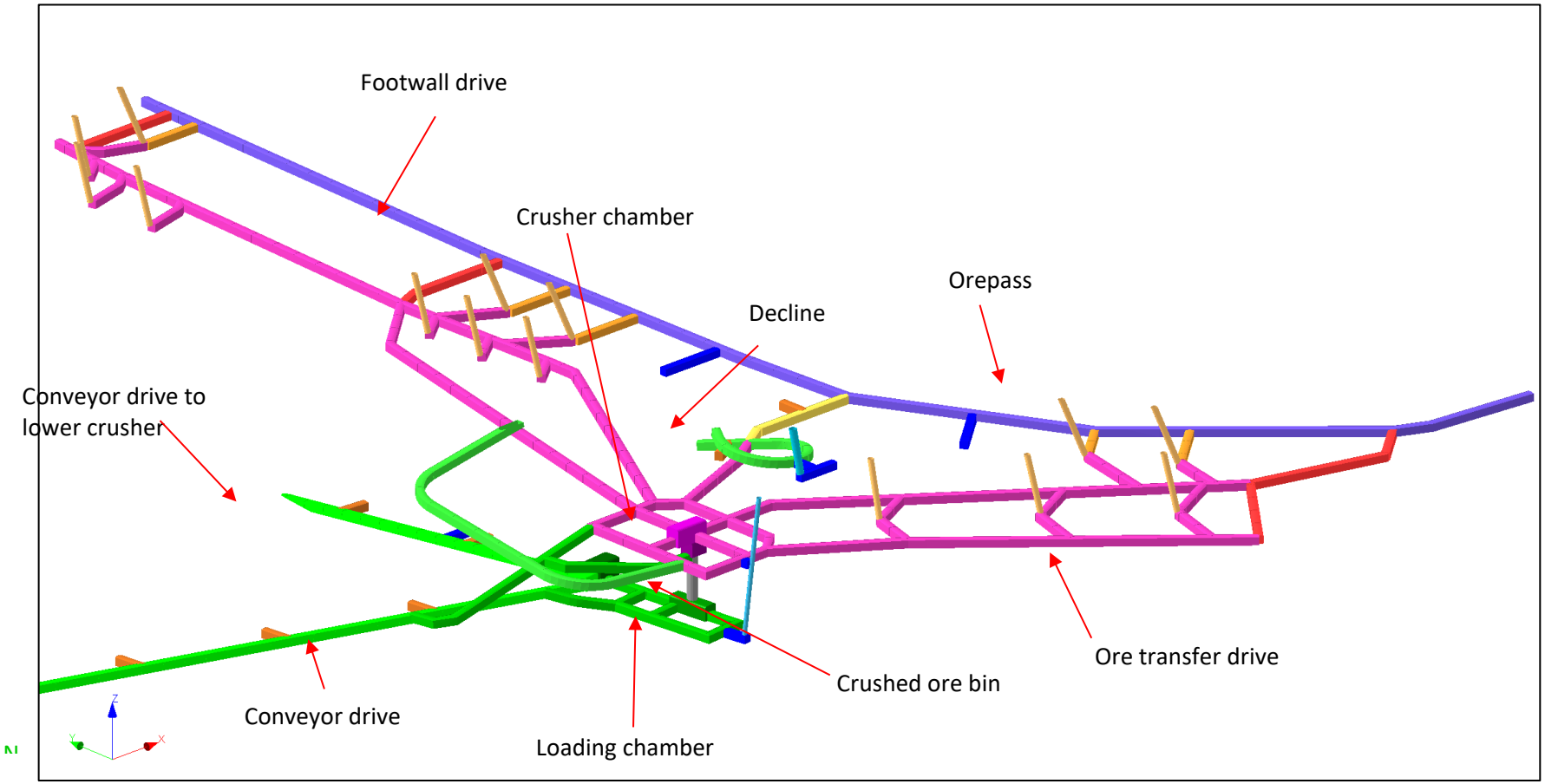
Source: Atlantic Nickel, 2021.

Figure 24-10: Typical SLC Level Layout, Isometric View, Looking South-West



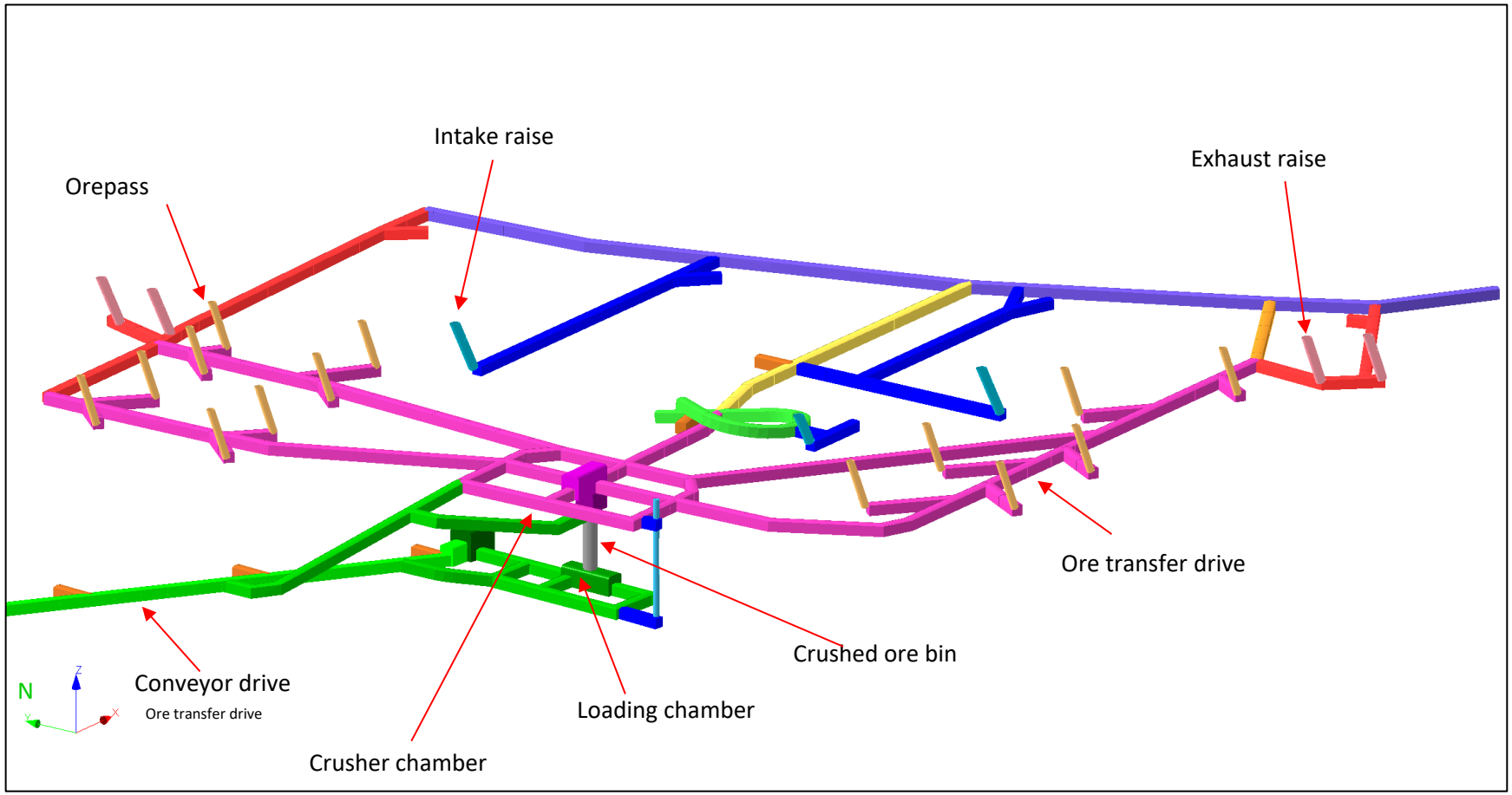
Source: Atlantic Nickel, 2021.

Figure 24-11: Typical SLC Level Layout, Plan View



Source: Atlantic Nickel, 2021.

Figure 24-12: Upper Crusher Layout, -450 m RL



Source: Atlantic Nickel, 2021.

Figure 24-13: Lower Crusher Layout, -950 m RL

Each crusher installation consists of a crusher tip level and a conveyor loading level. The installations associated with each level include the following:

- Crusher tip level:
  - Crusher chamber equipped with overhead crane
  - Crusher tip point
  - Gyratory crusher
  - Crushed mill feed bin 7.0 m diameter (nominal storage capacity 2,500 t)
  - Transfer drives for transferring mill feed from ore-passes to the crusher with LHD
- Conveyor loading level:
  - Loading chamber with chute and feeder at base of the crushed mill feed bin
  - Short transfer conveyor to main conveyor
  - Conveyor drive chamber housing the conveyor drive unit
  - Magnets and storage for tramp material removed from mill feed

The crusher levels incorporate transfer drives to transfer mill feed from the orepasses to the crusher tip using large capacity (21 t) LHDs. Up to three automated 21 t LHDs will operate concurrently to feed the crusher.

Additional development, not shown in the design, was included in the cost model to facilitate concurrent operation of three automated LHDs on individual routes.

Optimisation of the ore-pass arrangement has the potential to minimize the transfer workload and reduce the number of LHDs required.

Given the long lead time until commencement of SLC production, future developments in automation may permit multiple LHDs to interact safely on shared drives.

24.1.3.8.5 Vertical Development

The design comprises the following vertical development components:

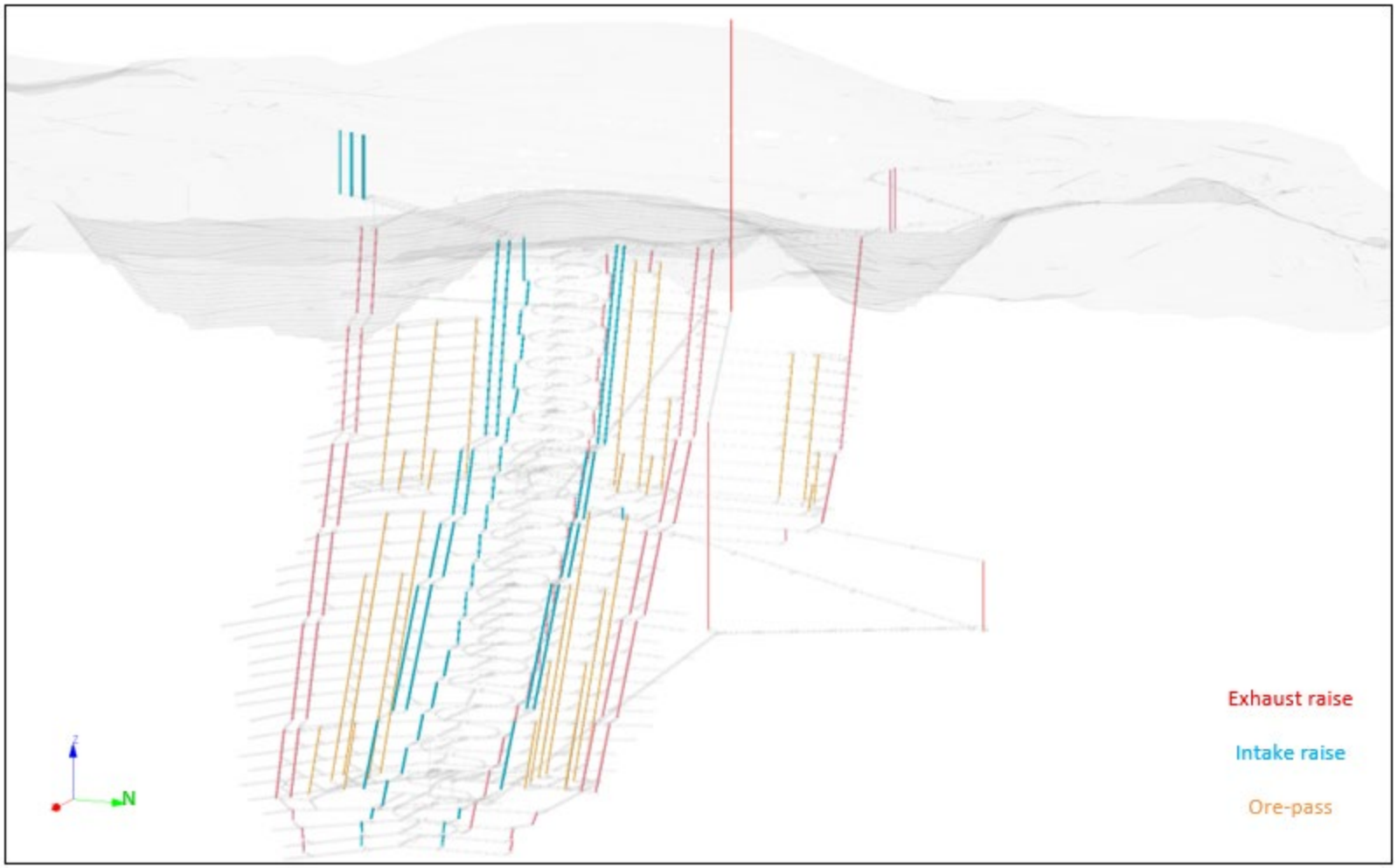
- Primary exhaust raises (return air raises, or RARs)
- Primary intake raises (fresh air raises, or FARs)
- Decline ventilation system raises
- Ore-passes
- Ore-pass finger raises
- Crushed mill feed bins
- Egress raises (escapeways)

Most raises will be developed using a raisebore machine at 4.0 m and 5.0 m diameters. Slot raises are assumed to be longhole uphole raises. Ore-passes were designed at 4.0 m diameter to minimize the likelihood of blockages.

The design dimensions and gradients for vertical development are provided in Table 24-8. All raises are shown in Figure 24-14 and raises with surface expressions within the vicinity of the final open pit are detailed in Figure 24-15.

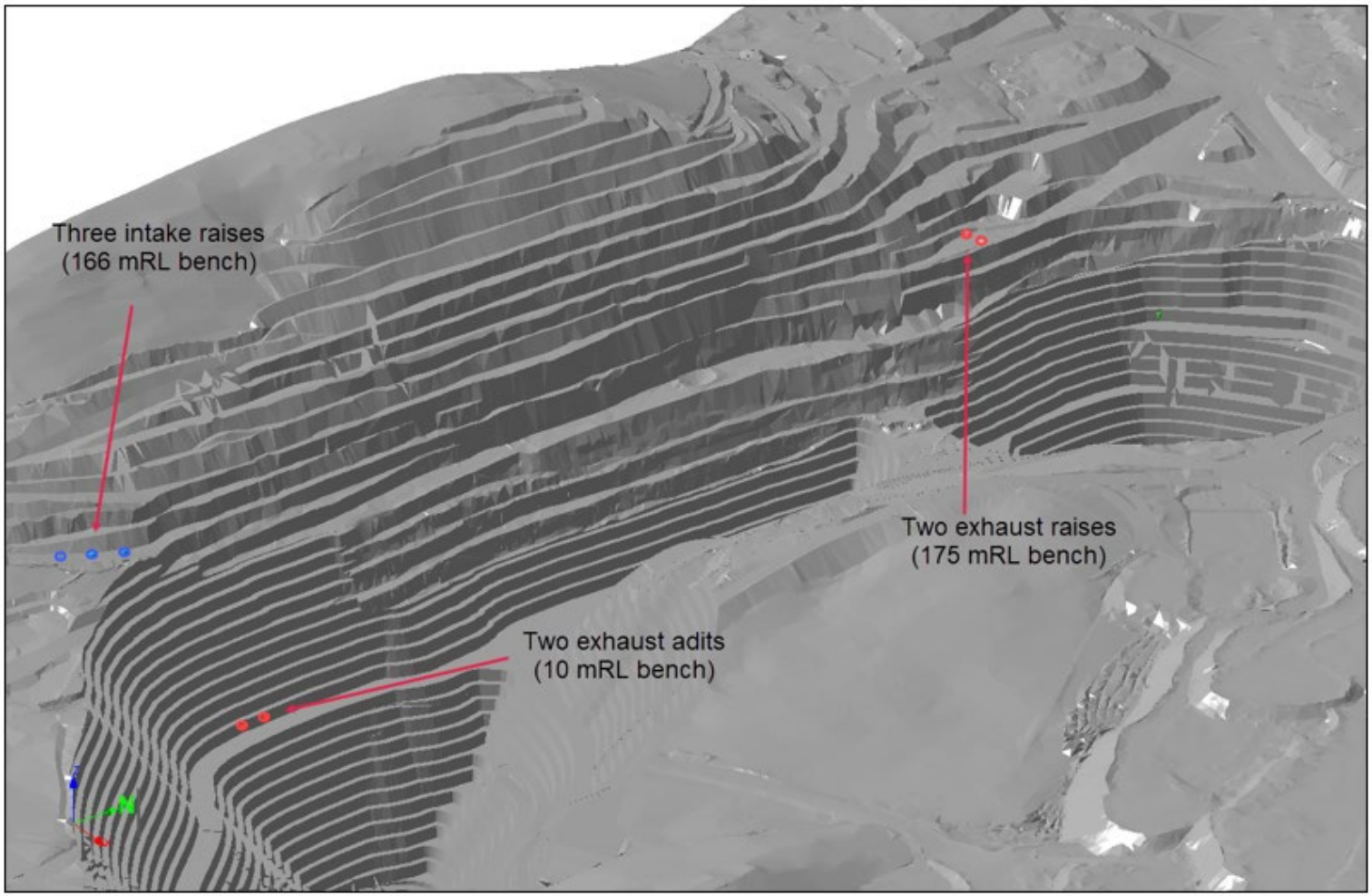
Table 24-8: Vertical Development Dimensions and Gradients
ACG Acquisition Company Limited – Santa Rita Mine

Development	Dimensions	Profile	Gradients
Ventilation raises	5.0 m diameter	Circular	60° to vertical
Ventilation raise – conveyor drive	3.0 m diameter	Circular	Vertical
Ore-pass	4.0 m diameter	Circular	60°
Ore-pass finger raise	2 m x 2 m longhole raise	Square	60°
Slot raise	5 m x 5 m longhole raise	Square	Vertical



Source: Atlantic Nickel, 2021.

Figure 24-14: Vertical Development Design, Looking South-West



Source: Atlantic Nickel, 2021.

Figure 24-15: Vertical Development Items with a Surface Expression in Vicinity of the Open Pit

24.1.3.8.6 Development Stand-off Distances and Exclusion Zones

The permanent access development and underground infrastructure were designed in the footwall of the deposit and will not be impacted by the caving subsidence zones due to their stand-off distance from the cave.

Table 24-9 shows the minimum design stand-off distance for key infrastructure and development from the SLC.

Table 24-9: SLC Stand-off Distance and Exclusion Zone Criteria for Lateral Development ACG Acquisition Company Limited – Santa Rita Mine

Key Infrastructure	Stand-off Distance from SLC (m)
Conveyor decline	150
Spiral decline adjacent to deposit	100
Footwall drive	25
Underground crushers	150
Pump stations	50
Workshop	150
Fuel bay	150
Primary vent raises	50
Ore-passes (including finger raises)	50
Crushed mill feed bins	120

24.1.3.8.7 SLC Production

The SLC production cycle was based on the following:

- Develop the footwall drive and establish primary vent connections, ore-passes and services.
- Develop transverse drawpoints from the footwall drive to the SLC footprint.
- Develop transverse drill drives from the drawpoints across the full width of the SLC footprint.
- Develop slot drives at the end of each drill drive, perpendicular to the drill drive orientation.
- Drill and blast the slot, mucking the swell.
- Drill production blast rings on a campaign basis with multiple rings drilled ahead of the drawpoint.
- Blast production rings one at a time, mucking blasted material as determined by the SLC draw plan using predetermined tonnages for each production ring.

Figure 24-16 provides a cross-section (perpendicular to the drill drives) showing the SLC rings and drill drive layout.

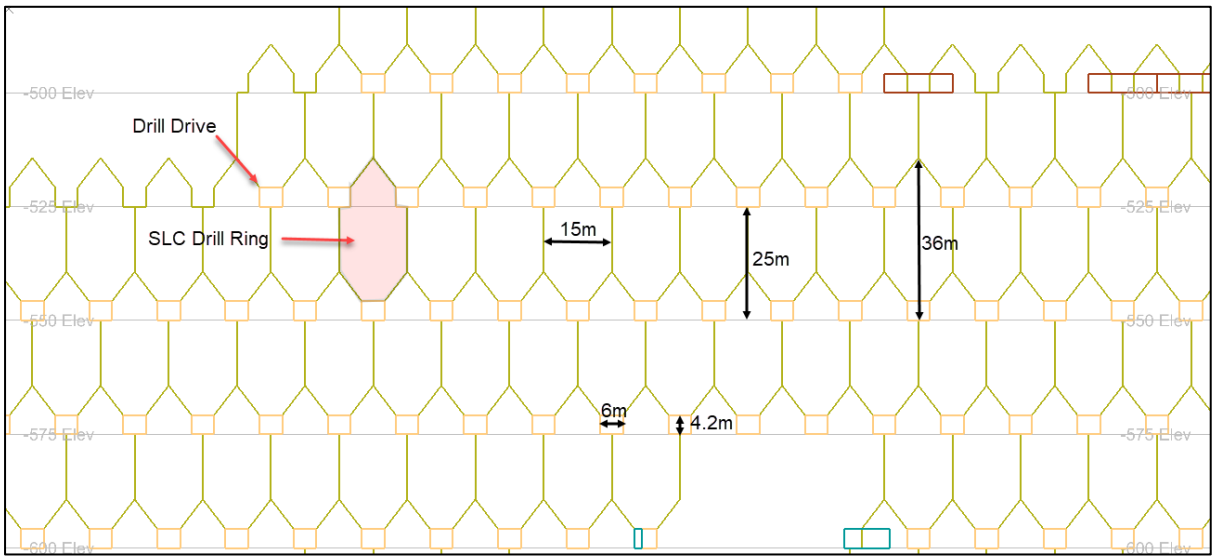
The SLC ring drilling design is shown in Figure 24-17. The nine-hole per ring drilling pattern is similar to that employed at Ernest Henry SLC. The ring drilling design parameters that were used are provided in Table 24-10.

SLC production drilling requirements were estimated based on the following assumptions:

- 14.6 in-situ tonnes per drill metre for SLC ring drilling

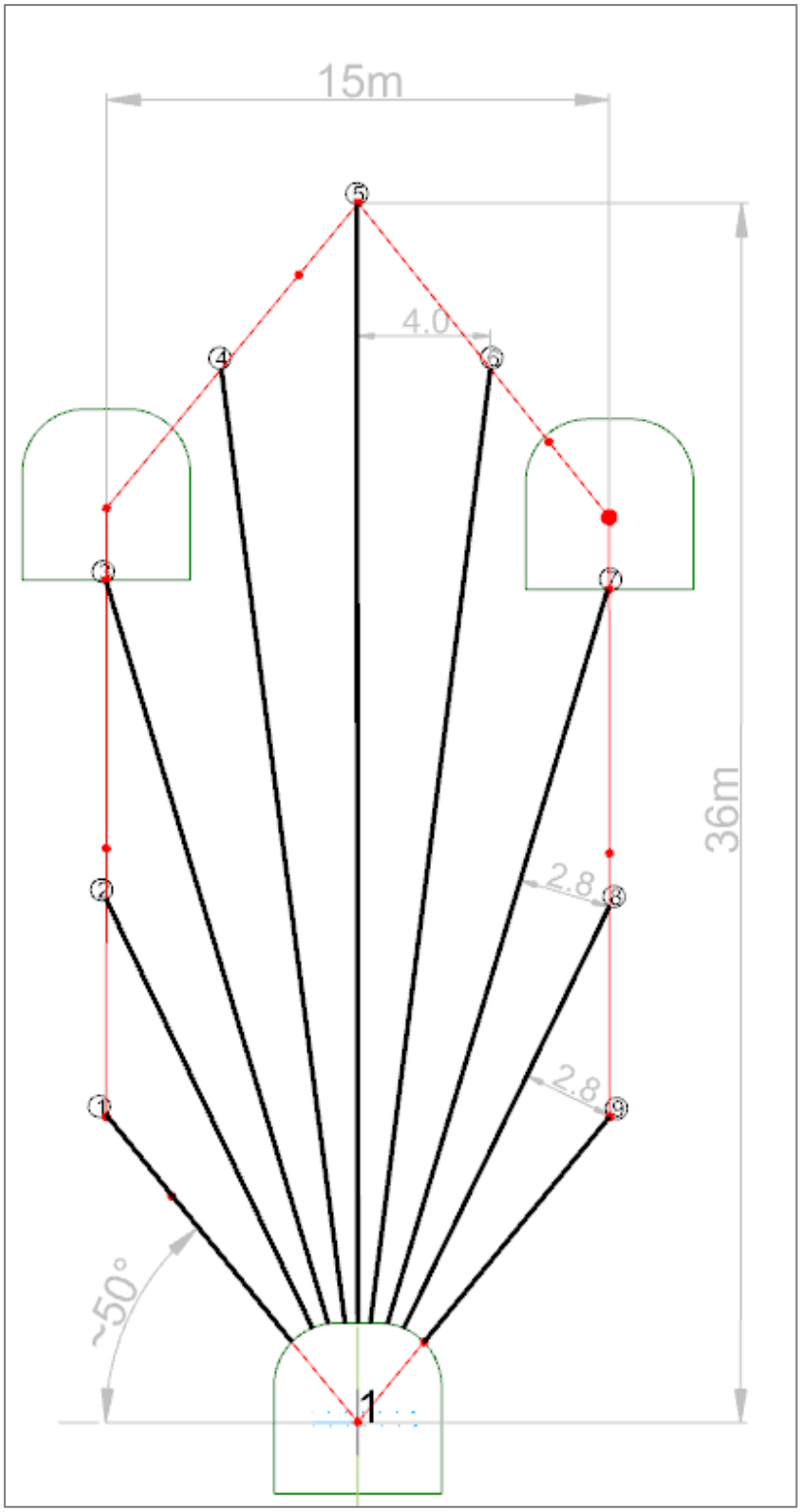
- One 5 m by 5 m slot raise for every four drill drives
- 5% drilling allowance for miscellaneous drilling and additional hole density in slots

As shown in Figure 24-11, many slot drives align on the hanging wall which allows multiple slot drives to be connected together and serviced by a single slot raise, as is common in operating SLC mines. On average it was assumed that one slot raise would be required for every 60 m of slot drive, which is one slot raise for every four drill drives. It is recommended that subsequent designs determine the slot requirement more accurately once Mineral Resource definition permits better determination of the hanging wall slot drive locations.



Source: Atlantic Nickel, 2021.

Figure 24-16: SLC Drill Drives and Production Rings, Vertical Section Looking West



Source: Atlantic Nickel, 2021.

Figure 24-17: SLC Longhole Drill and Blast Ring Layout

Table 24-10: Drill and Blast Design Criteria For SLC Production Rings
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit	Design Criteria
Bulk explosive	type	Emulsion
Bulk explosive density	t/m^3	1.1
Drill hole diameter	mm	102
Ring dump angle	degrees from horizontal	80
Detonators per hole (electronic)	no. per hole	2
Powder factor	kg/t	0.5
Holes per ring	no.	9
Total drill length (inclined length) per ring	m	185
Ring burden (horizontal distance)	m	2.6
Volume fired per ring	m^3	910
Tonnes fired per ring	t	2,975
Re-drills	%	10
Total drilling length including re-drill allowance	m	204
Drilling factor	Blasted t per drill metre	14.6
Drilling factor @ 75% total draw	Drawn t per drill metre	10.95

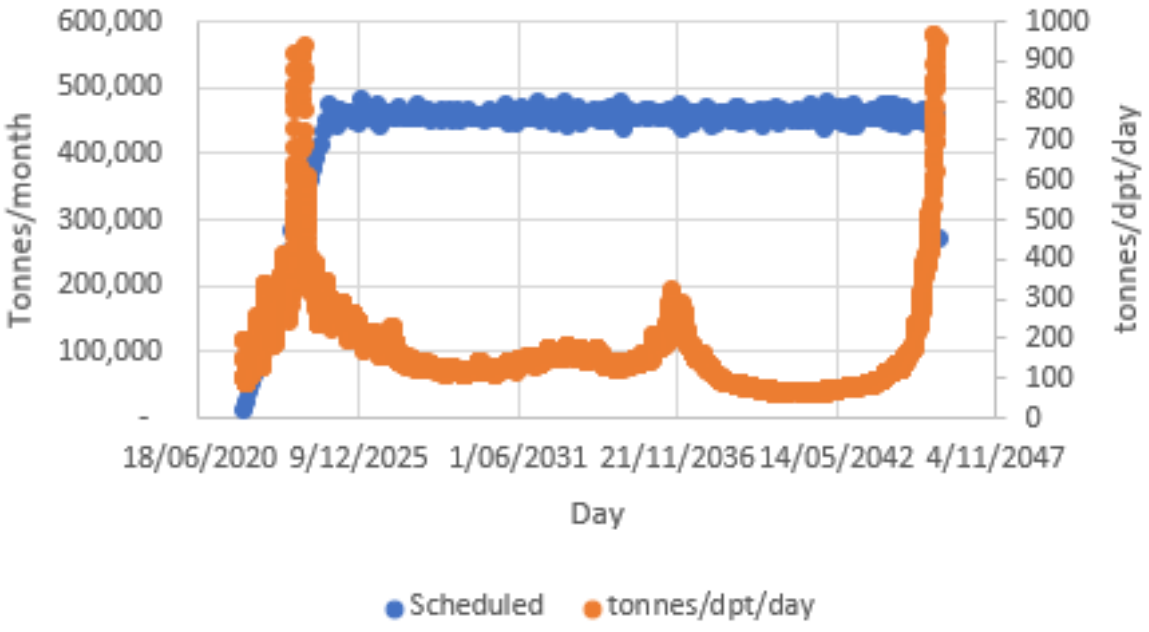
24.1.3.8.8 Mine Production Rate

The final SLC production and mineralised development was scheduled in Datamine 5D Planner and EPS by ACG. Draw tonnages from Power Geotechnical's SLC production modelling were consolidated into activities comprising five rings. These activities were scheduled in EPS using a minimum SLC level lag of 25 m (45°) and a daily drawpoint productivity of 200 tonnes per day per drawpoint.

SLC production scheduling by Power Geotechnical Ltd. (2021) confirmed the production rate.

The proposed underground operations were scheduled at an initial target production rate of 5.5 Mt/a (excluding mineralised development material) and assuming a ramp-up of four years total. The ramp-up period was based on data from other SLC operations' start-up periods. Scheduling was completed to a conceptual level.

Figure 24-18 shows the production schedule and tonnes per drawpoint per day (tonnes/dpt/day) calculation across a daily scale as scheduled by Power Geotechnical. Apart from a brief peak during the ramp up period (which would be smoothed with more detailed scheduling) tonnes/drawpoint/day is generally below 200, which indicates a sustainable production schedule. The peak at the end of the schedule indicates that few drawpoints are available and that a ramp down would be occurring. This would be shown in a more detailed schedule completed at the next study level. Figure 24-19 shows the production schedule tonnes and grade profile.



Source: Power Geotechnical Ltd. (2021)

Figure 24-18: Schedule Showing Monthly Production Rate and Tonnes per Drawpoint per Day

Source: Power Geotechnical Ltd. (2021)

Figure 24-19: Production Schedule Showing Tonnes and Grade Profile

In order to commence underground production earlier, and delay completion of the crushers for the benefit of cash flow, the final production schedule has a flatter, more conservative ramp-up profile than the Power Geotechnical schedule shown.

24.1.3.9 Materials Handling

To handle a final production rate of 6.2 Mt/a, the mine design was based on a conveyor system with underground crushers. It is recommended that future studies review the material handling in greater

detail to verify the selection of conveyors. Subsequent material handling review should consider Rail-Veyor as a material handling option as well as revisiting shaft and shaft-hybrid options.

Underground crusher and conveyor designs were based on recent installations at New Afton (block cave at 6 Mt/a) and Carrapateena (SLC at 4.2 Mt/a). The conveyor specifications were based on:

- All conveyor legs an identical 1,000 m in length, or multiples thereof
- Conveyor installation angle of 10.3° (1 in 5.5 gradient)
- Conveyor capacity of 1,000 t/h
- Installed power of 900 kW per conveyor
- Estimated belt width 1.06 m
- Estimated P_{80} particle size of 76 mm
- Conveyors suspended from the back of the conveyor drive to permit vehicular access underneath

The underground conveyor was designed to intercept the existing tunnel at the bottom of the current surface crusher discharge bin. The underground conveyor will discharge mill feed directly onto the current overland conveyor which carries crushed mill feed to the process plant feed stockpile.

Underground gyratory crusher locations were selected at -450 m RL and -950 m RL for the following reasons:

Upper crusher location at -450 m RL will permit high utilisation of the first crusher (approximately 50 Mt of mill feed) and keep the pre-production period to under four years.

Lower crusher location at -950 m RL (the bottom of the mineable inventory) will minimize the total crusher installation capital costs by limiting underground crusher installations to two.

As the deposit is further defined through drilling, crusher locations and the materials handling system in general will need to be reviewed.

The mine plan includes three levels below the lower crusher which requires approximately 3 Mt of mineralised material to be hauled by truck to the crusher tip at -950 m RL.

Details of the materials handling system are provided in Table 24-11.

Table 24-11: Materials Handling System Summary
ACG Acquisition Company Limited – Santa Rita Mine

Phase	Item	Location	Length (m)	Lift (m)	Description	Capacity (t/h)
1	Conveyor leg 1	182 m RL to -163 m RL	1,900	345	2 x 900 kW	1,000
1	Conveyor leg 2	-163 m RL to -334 m RL	950	171	900 kW	1,000
1	Conveyor leg 3	-334 m RL to -504 m RL	950	171	900 kW	1,000
1	Crusher 1	-450 m RL	—	—	Gyratory crusher	1,300
2	Conveyor leg 4	-504 m RL to -671 m RL	934	167	900 kW	1,000
2	Conveyor leg 5	-671 m RL to -837 m RL	933	167	900 kW	1,000
2	Conveyor leg 6	-837 m RL to -1,004 m RL	930	167	900 kW	1,000
2	Crusher 2	-950 m RL	—	—	Gyratory crusher	1,300

24.1.3.10 Ground Support Methods

Ground support requirements were based on an assessment by Stantec (Stantec, 2020), and from methods in use at other SLC operations. The following section includes excerpts from the Stantec assessment.

All permanent access headings will be supported with resin grouted rockbolts and 50 mm fibrecrete. Temporary headings will be supported with yielding resin grouted rockbolts (such as DSI Yield-Lok or Minova Unipass) and mesh screen as a minimum. A yielding ground support installation, such as Versabolts and fibrecrete, is likely to be required in some of the drill drives to cope with rock strain from mining induced stress redistribution. An allowance to also spray approximately 70% of all temporary headings with 50 mm thick fibrecrete was included in the mine plan and cost estimate.

Bolts will be installed in all waste development using mechanised rock bolters.

Cablebolting will be installed in all intersections and large spans of various crusher, conveyor and pump chambers using fully mechanised cable bolters capable of inserting and grouting cables.

Permanent openings are those located in the footwall zone and used over the entire mine life, while temporary openings are those located in the mineralised zone over a limited lifespan of several years. The recommended bolt length for spans between 4.5 m and 5.5 m is 2.0 m for the mineralised zone and 2.2 m for the footwall zone. Resin grouted bolts of 2.4 m total length were selected for the mine plan.

24.1.3.11 Mining Equipment

The mine plan is based on the equipment types specified in Table 24-12.

SLC is a highly productive mining method amenable to a high level of automation. Automation was assumed for longhole drilling, SLC production mucking, and transfer of mill feed from orepasses to the crusher. While the cost estimates include provision for purchase of automated equipment, the number of personnel allowed for was based on non-automated operator manning levels for conservatism, i.e., one person per machine.

Table 24-12: Major Mobile Equipment and Function
ACG Acquisition Company Limited – Santa Rita Mine

Function	Equipment Specification
Development drilling	Twin boom jumbo
Longhole drilling	Automated production longhole drill
Waste haulage	Diesel haul truck, 63 t capacity
Development mucking	LHD, 17 t capacity
SLC production mucking	Automated LHD, 17 t capacity
Transfer from ore-passes to crusher	Automated LHD, 21 t capacity
Explosive charging	Dedicated charging units
Ground support installation	Bolters Cablebolters Robotic shotcrete sprayers

Automated equipment enables increased equipment utilisation (particularly at shift change-over and firing times), improved operator safety and comfort (remotely located), lower operating costs (less

wear and damage), and increased overall productivity (faster trams and multiple machines controlled by a single operator).

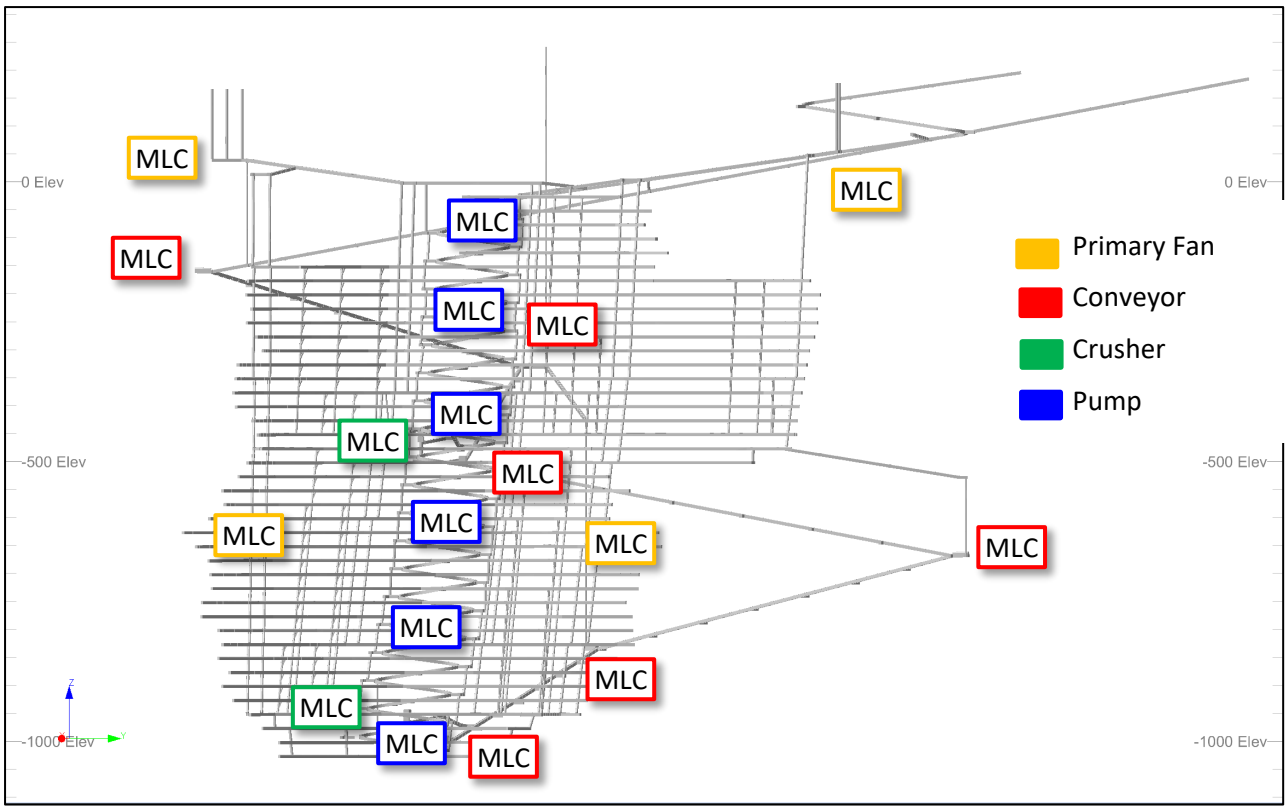
24.1.3.12 Power Reticulation

High voltage power will be reticulated through the underground mine at 13.8 kV via vertical service holes drilled between levels. Mine load centres (MLCs), nominally 2 kVA, will reduce the voltage to 600 V for mine plant and equipment. Each MLC for development and/or production will nominally serve one to two levels, depending on the demand, to power: secondary fans; longhole drills; development drill jumbos; miscellaneous submersible pumps, and lighting. MLCs will be installed and/or relocated as required to support development and production operations. Distribution boxes fed from the MLCs will extend 600 V power to one or more pieces of equipment as required.

Appropriately sized MLCs will also be required for permanent infrastructure such as primary fans, pumps, crushers and conveyors. The locations of these MLCs are shown in Figure 24-20.

Figure 24-21 shows the power demand schedule and the estimated peak power demand driven by times of higher equipment utilisation. The primary drivers of power consumption are crushers, conveyors, ventilation fans and pumps. Mobile drilling equipment comprises a very small proportion of overall power requirement. Of the primary drivers, most have a consistent demand profile, however pumping power demand is estimated to increase by up to three times during periods of high rainfall.

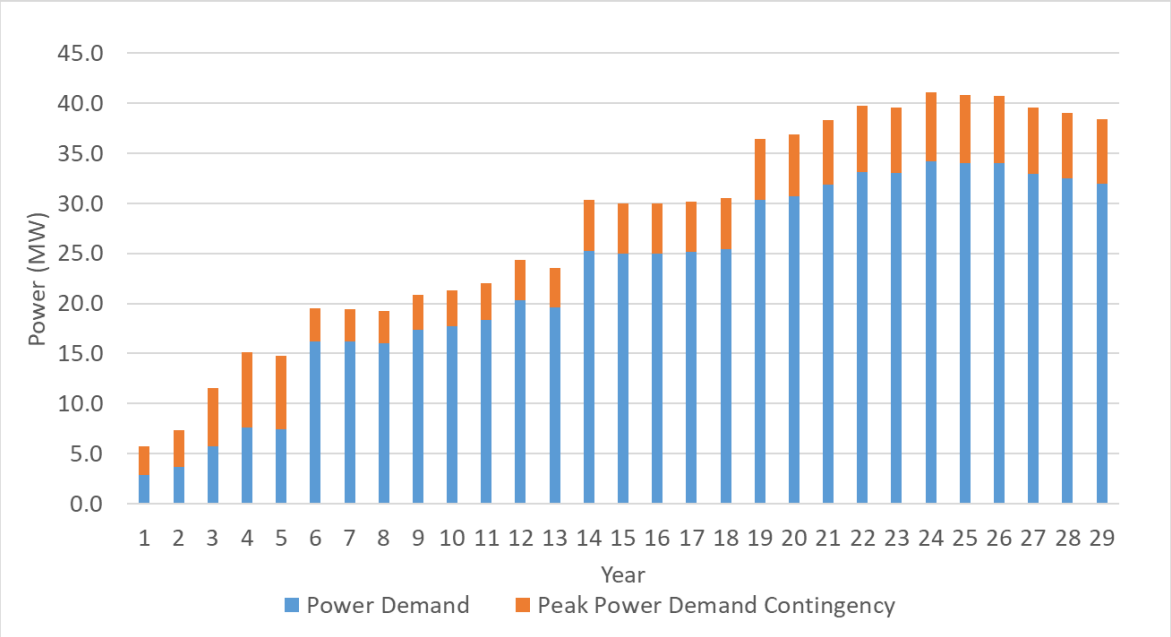
It is important to note that the power demand shown has the potential to reduce significantly based on likely dispensation from current ventilation regulations. The following section on ventilation shows that the primary airflow based on diesel equipment requirements is approximately 950 m^3/s, while the airflow calculated according to Brazilian regulations based on mined tonnage requires approximately 1,600 m^3/s. The latter airflow requires a threefold increase in installed primary fan power from approximately 6 MW to approximately 20 MW.



Source: Atlantic Nickel, 2021.

Note. On-level MLCs for Operating Levels Not Shown

Figure 24-20: Permanent MLCs Required for Mine Infrastructure



Source: Atlantic Nickel, 2021.

Figure 24-21: Power Demand Schedule

24.1.3.13 Mine Ventilation

The ventilation system was based on a pull (or exhaust) system. The primary components include exhaust raises and intake raises, with the access decline and conveyor decline acting as supplementary intakes. Primary airflow will be established in the footwall drives on each level, drawing air from the primary intakes at the centre of the level and exhausting air at the exhaust raises at the strike extremities of each level.

Secondary ventilation will use 110 kW axial flow fans located in the footwall drive primary airflow to force air into drawpoints and drill drives via flexible 1.2 m diameter ventilation duct. Each secondary fan will service several drill drives by directing flow to the active work heading and shutting off flow to inactive headings. Future studies will investigate the use of smaller fans on each heading integrated into the mine automation network to create an on-demand ventilation system with reduced operating costs.

The conveyor drives will be connected directly to the primary exhaust raises to ensure that in the unlikely event of a conveyor fire, smoke does not enter the main mine workings and can be removed as directly as possible from the mine.

Brazilian Mining Regulatory Norms require underground ventilating airflow to be the maximum as determined by the following:

- Airflow calculated by formula based on diesel equipment power (and to lesser extent personnel numbers);
- Airflow calculated by formula based on quantity of explosives used;
- Airflow calculated by formula based on monthly tonnage disassembled. Note that the Brazilian Mining Regulatory Norms do not define tonnage disassembled; however, it was assumed to mean total tonnage of mineralised material and waste blasted.

As a result, this study is based on a primary ventilating airflow of 1,600 m^3/s as determined by the tonnage based airflow requirement. The diesel based airflow requirement was calculated to be approximately 950 m^3/s and the explosive based requirement was only relevant for the purpose of calculating re-entry times to work areas after blasting.

The tonnage driven airflow requirement does not take into account the efficient and highly productive nature of SLC, and the fact that the material handling system is predominantly non-diesel based. Further, in most mining jurisdictions globally there is no tonnage driven airflow requirement. Discussions with external Brazilian ventilation engineers suggests it is not common for the tonnage based requirement to dictate airflows, with the diesel based requirement being the determinant.

While this study is based on the higher tonnage driven airflow of 1,600 m^3/s, the diesel driven requirements are also presented in this section to highlight the potential opportunity subject to review by Brazilian regulators.

P&E conducted ventilation modelling on the mine design based on required airflows of 1,600 m^3/s, 950 m^3/s and 650 m^3/s for future reductions (P&E, 2020). Ventsim modelling by P&E determined that the mine design would benefit from duplication of the intake raises to reduce fan power requirements and the extra development was included in the final mine design. The model was revised in 2021 to accommodate additional resources included in the mine plan. The fan requirements (numbers and locations thereof) remain unchanged from the 2020 P&E work. The final Ventsim model is shown in Figure 24-22.

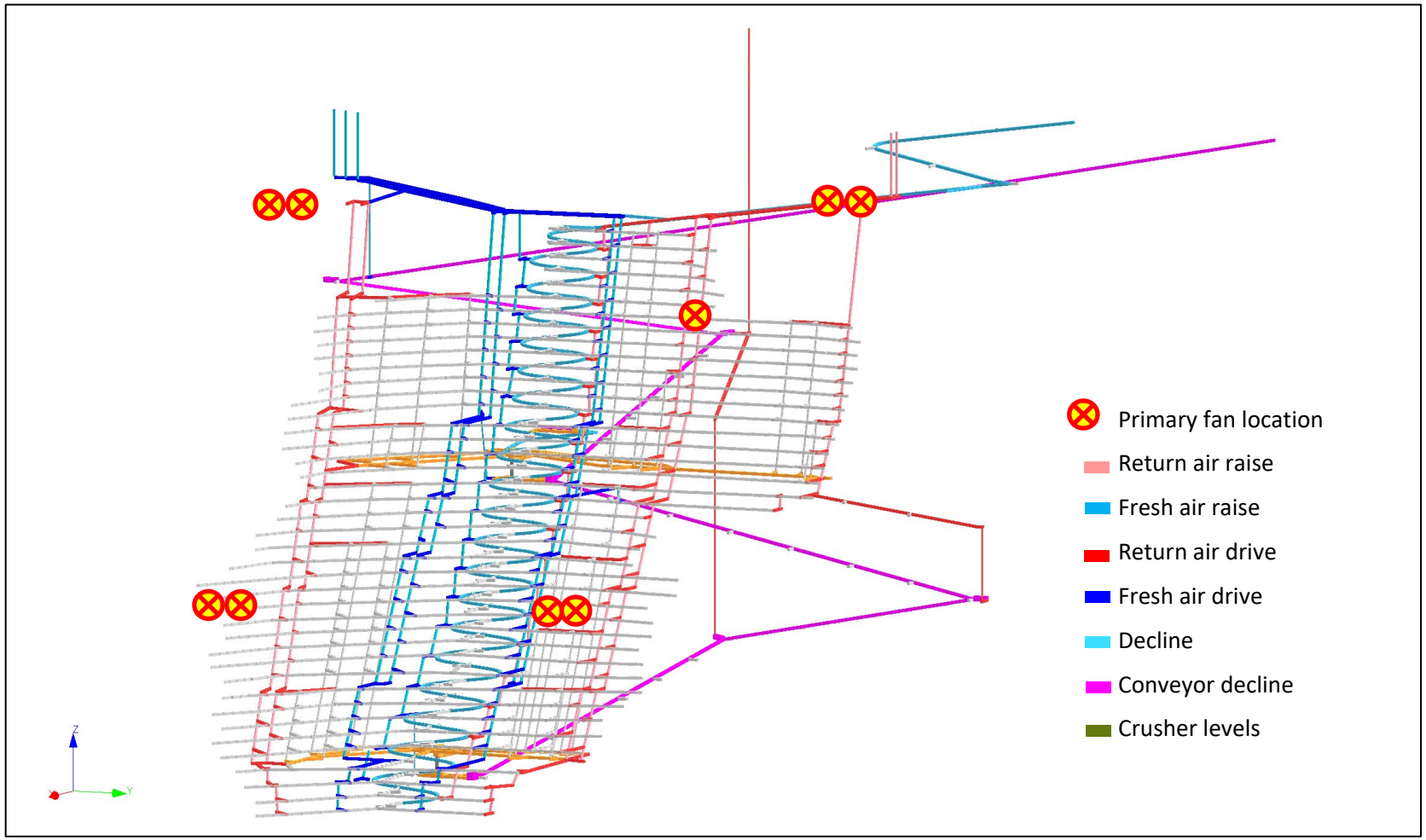
It is important to note that while the study is based on an airflow of 1,600 m^3/s the mine design and Ventsim modelling was not optimised for 1,600 m^3/s because of the high expectation for dispensation.

Primary vent fan requirements were determined for three main stages of the mine life:

- Early stage production at depth of approximately 300-400 mbs, upper crusher operating;
- Mid stage production at depth of approximately 700-900 mbs, lower crusher operating;
- Late stage production at depth of 1,000-1,150 mbs, lower crusher operating.

The fan requirements for the various stages are shown in Table 24-13 for 1,600 m^3/s. For comparison, Table 24-14 provides the fan requirements for a 950 m^3/s scenario.

All primary vent fans are expected to be installed underground.



Source: Atlantic Nickel, 2021.

Figure 24-22: Primary Ventilation Layout

Table 24-13: Primary Vent Fan Requirements for 1,600 m^3/s, Tonnage Based Airflow
ACG Acquisition Company Limited – Santa Rita Mine

Type	Item	1,600 CMS Flow Model								
		Operating Pressure (Pa)			Operating Flow (CMS)			Operating Power (kW)		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Primary Vent System Fan Installs	Conveyor RAR Top	1,791	2,073	2,141	87	80	77	202	201	213
	Crusher 1 FAR Top	875	908	1,037	58	58	54	67	66	74
	Crusher 2 FAR Top	—	2,537	2,206	—	91	103	—	278	288
	RAR 1 Top	3,911	2,751	2,681	380	396	401	2,012	1,595	1,589
	RAR 1 Upper Booster	—	2,781	2,666	—	394	402	—	1,598	1,588
	RAR 1 Lower Booster	—	—	3,186	—	—	363	—	—	1,618
	RAR 2 Top	3,904	2,751	2,672	380	396	402	2,013	1,595	1,588
	RAR 2 Upper Booster	—	2,757	2,715	—	395	399	—	1,596	1,592
	RAR 2 Lower Booster	—	—	3,237	—	—	359	—	—	1,619
	RAR 3 Top	3,671	2,731	2,500	405	397	406	2,035	1,594	1,583
	RAR 3 Upper Booster	—	2,805	2,568	—	392	410	—	1,599	1,578
	RAR 3 Lower Booster	—	—	3,205	—	—	299	—	—	1,297
	RAR 4 Top	3,621	2,726	2,495	406	397	409	2,035	1,593	1,579
	RAR 4 Upper Booster	—	2,757	2,516	—	395	410	—	1,596	1,577
	RAR 4 Lower Booster	—	—	3,175	—	—	307	—	—	1,274

Table 24-14: Primary Vent Fan Requirements for 950 m^3/s, Diesel Based Airflow
ACG Acquisition Company Limited – Santa Rita Mine

Type	Item	950 CMS Flow Model								
		Operating Pressure (Pa)			Operating Flow (CMS)			Operating Power (kW)		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Primary Vent System Fan Installs	Conveyor RAR Top	760	812	831	62	59	58	59	63	63
	Crusher 1 FAR Top	654	699	1,089	63	62	53	54	57	75
	Crusher 2 FAR Top	—	2,573	2,376	—	90	97	—	293	292
	RAR 1 Top	2,163	1,942	1,891	203	231	245	565	613	636
	RAR 1 Lower Booster	—	—	1,767	—	—	248	—	—	612
	RAR 2 Top	2,163	1,942	1,888	203	231	246	565	613	636
	RAR 2 Lower Booster	—	—	1,851	—	—	240	—	—	612
	RAR 3 Top	2,094	2,195	1,835	241	228	242	679	673	614
	RAR 3 Lower Booster	—	—	2,069	—	—	216	—	—	610
	RAR 4 Top	2,111	2,210	1,853	239	226	240	680	674	614
	RAR 4 Lower Booster	—	—	2,112	—	—	210	—	—	608
	FAR 1 Bottom (Auxiliary)	-	25	—	—	5	—	—	1	—
	FAR 2 Bottom (Auxiliary)	-	25	—	—	5	—	—	1	—

24.1.3.14 Refuges and Secondary Egress

Brazilian Mining Regulatory Norms require that every underground mine has at least two accesses and that each level of an underground mine in operation must have two distinct exits.

The mine design incorporates the following refuge and secondary egress facilities:

- Emergency exit ladderway installed in small diameter raise between each mine level;
- Ability to access the conveyor decline from the access decline at various points;
- Portable self-contained refuge chambers utilised prior to permanent refuge chambers being established;
- Permanent refuge chambers will be self-contained and equipped as a fresh air base for mine rescue operations, including airlock doors and communications systems;
- Allocation of self-rescuers to personnel to ensure safe passage to refuge chambers in case of smoke or gas.

24.1.3.15 Mine Dewatering

A hydrogeological prefeasibility study for the underground SLC was completed in September 2022 by FloSolutions (FloSolutions, 2022). The results of this study were subsequently used to update this section of the technical report. In general, the results of the recent study were not significantly different from the assumptions used previously for estimating mine dewatering.

A generic pumping system comprising pump stations in stages (in series) was devised for this study in the absence of sufficient data for specific station design.

Rainfall captured in the overlying pit and within surface subsidence zones connected to the cave will be the main driver of underground pumping duty.

Detailed studies will be required to determine a suitable pump system for the mine, taking into consideration the following water sources:

- Open pit rainfall catchment linking directly to underground SLC;
- SLC subsidence zone rainfall catchment;
- Surface topography directing water into the open pit and subsidence zones;
- SLC subsidence zone intersecting groundwater conduits.

Rainfall in the region is considerable and measures that can reduce the effective rainfall catchment area and prevent rainfall ingress to the cave will significantly reduce underground pumping requirements. An average annual rainfall of 768 mm in a dry year and 1,432 mm in a wet year was taken from Wood (2020), with the maximum rainfall in a 24-hour period as presented in Table 24-15.

Table 24-15: Maximum Rainfall Over 24-Hour Period
ACG Acquisition Company Limited – Santa Rita Mine

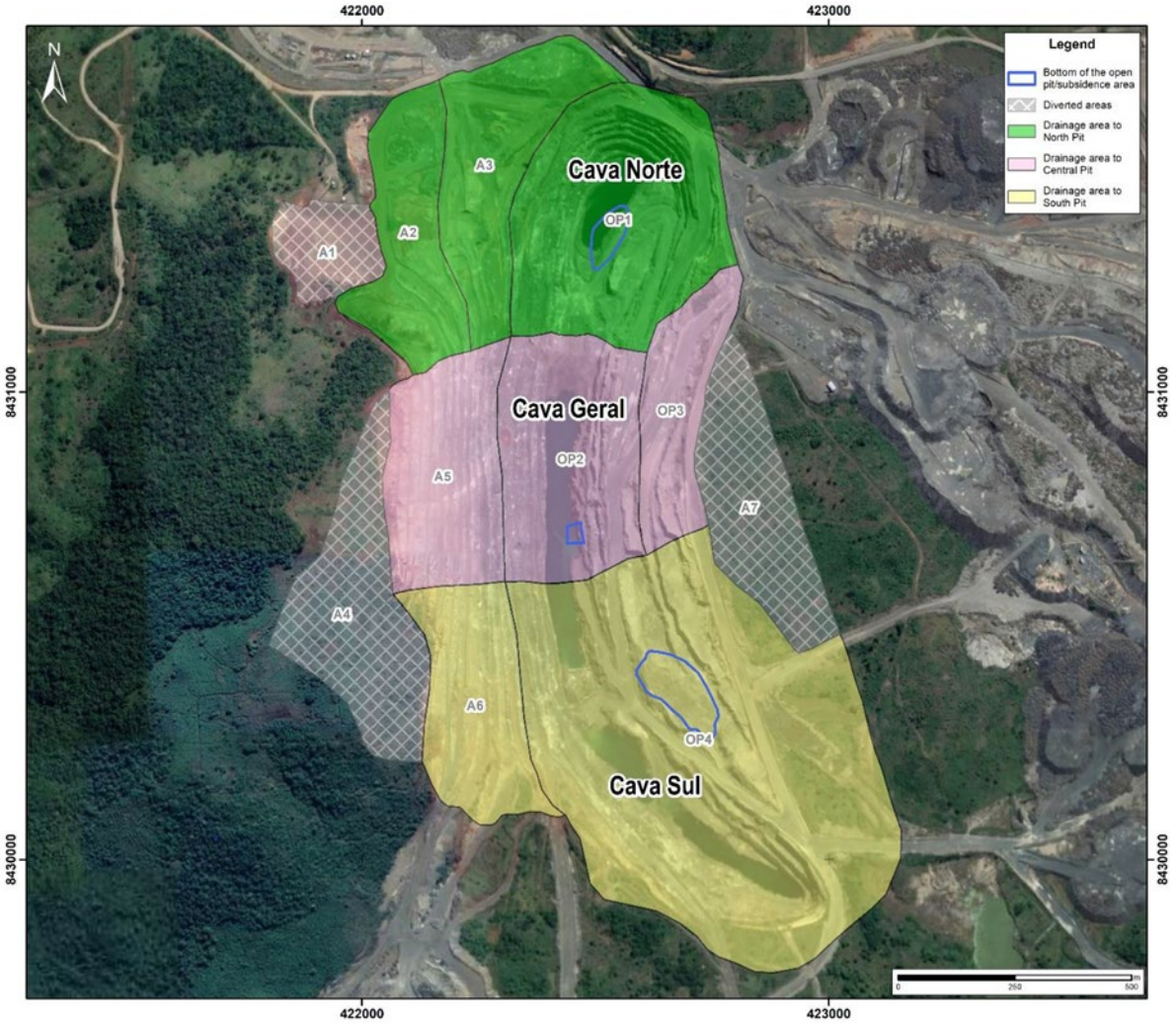
Return Period (yr)	Maximum Rainfall (mm)	Factor	Corrected Maximum Rainfall (mm)
10,000	245	1.13	276
1,000	198	1.13	224
500	184	1.13	208

Return Period (yr)	Maximum Rainfall (mm)	Factor	Corrected Maximum Rainfall (mm)
200	166	1.13	187
100	152	1.13	171
50	138	1.13	156
25	123	1.13	140
10	104	1.13	118
5	89	1.13	101
2	66	1.13	75

The underground dewatering requirements were based on the following assumptions:

- Groundwater inflow into footwall development workings increasing from 10 L/s initially, to a maximum of 40 L/s over the mine life (FloSolutions, 2022).
- Groundwater inflow into the SLC production zone increasing from 10 L/s initially, to a maximum of 80 L/s over the mine life (FloSolutions, 2022).
- Pre-SLC rainfall captured in the open pit is pumped out with in-pit pumps.
- SLC will break through to the open pit shortly after production commences.
- The rainfall catchment area for underground inflows remains constant over time based on initial surface subsidence modelling (FloSolutions, 2022).
- Maximum monthly rainfall in a wet year of 512 mm plus 25% overcapacity will be used for instantaneous pumping capacity calculations.
- Average annual rainfall of 1,083 mm will be used for pump utilisation calculations.
- Water surge storage stopes will be required to handle inflows that exceed the installed pumping capacity, based on a 100-year return, 24-hour rainfall of 171 mm.
- Water surge storage stopes will be located at or near the crusher levels on -450 m RL level and -950 m RL level.

The rainfall catchment areas are shown in Figure 24-23 and are the primary drivers of the mine dewatering requirements. The catchment areas were based on initial subsidence modelling by Stantec (Stantec, 2022).



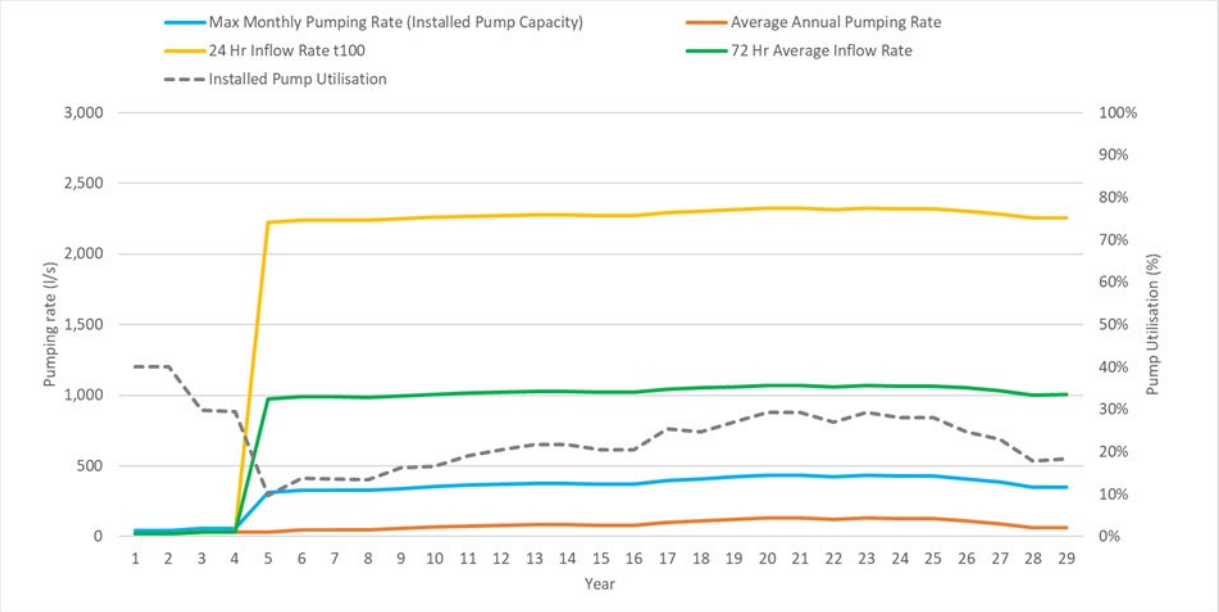
Source: FloSolutions, 2022.

Figure 24-23: Delineated Surface Water Catchments

The rainfall catchment area contributions are as follows:

- Cava Norte 31% of catchment area;
- Cava Geral 25% of catchment area;
- Cava Sul 44% of catchment area.

The 24-hour, 100-year return rainfall event was estimated to generate underground inflows rates 20 times greater than the average annual pumping rate and seven times greater than the average monthly pumping rate for the wettest month (installed pump capacity), refer to Figure 24-24. Other underground operations in high rainfall areas, such as the Ernest Henry SLC and the Argyle block cave, have shown that it is more cost effective to excavate underground water surge storage stopes than to install and operate significantly oversized pumping capacity. Flooding of the workings is not a viable option for Santa Rita SLC because of the significant investment that will be made in the underground materials handling infrastructure and the significant lost production that would result.



Source: Atlantic Nickel, 2023.

Figure 24-24: Required Pumping Rates for Various Rainfall Schemes

Underground water surge storage stopes were assumed to be 25 m x 25 m x 60 m high (37,500 m^3) and excavated with pillars of similar dimensions. During the upper crusher operating period (Years 6 to 14 of the underground mine plan) a water surge storage capacity of 165,000 m^3 was designed. The capacity was doubled to a combined total of 330,000 m^3 during the lower crusher operating period (after Year 14).

Within the underground workings water will typically drain via gravity or be pumped to sumps on each level. Water collected in sumps will cascade down through the level sumps to settling sumps adjacent to permanent pump station installations. Permanent pump stations will be spaced approximately 200 m vertically and will be installed sequentially as mining progresses deeper. Water will be pumped to the surface in series through each pump station. Pumping below the lowest pump station will be performed by a skid mounted pump with a tank.

The underground dewatering system details are provided in Table 24-16. All pumps were assumed to be 150 kW operating at a nominal 50 L/s at 200 m lift. The pump estimates in this study serve only to estimate capital and operating costs for the estimated pumping duties based on generic pumps.

Optimisation of the pumping system is required in subsequent studies, particularly given the depths, varying water inflows, and various pump types that are available.

Table 24-16: Underground Dewatering System Details
ACG Acquisition Company Limited – Santa Rita Mine

Pump Station	Elevation (m RL)	Pump Lift (m)	Crusher 1 (upper)	Crusher 2 (lower)
Pumping capacity installed			380 L/s	440 L/s
Surge storage stopes capacity -450 m RL			165,000 m^3	
Surge storage stopes capacity -950 m RL				165,000 m^3
Pumps – station 1	0	200	8	9
Pumps – station 2	-200	400	8	9
Pumps – station 3	-400	600	8	9
Pumps – station 4	-600	800	8	9
Pumps – station 5	-800	1,000		9
Pumps – station 6	-1,000	1,200		9
Total pumps installed			32	54

FloSolutions' PFS suggests that the three pit zones, or areas, could exhibit varying transmission rates for the captured rainfall because of the potential for varied caving in the pit floors. Table 24-17 provides an indication of the reduced inflow rates that may eventuate should transmission of rainwater to underground extend beyond the instantaneous rate assumed here for pumping calculations – this information has not been incorporated into this PEA but will be considered further in a future study.

Table 24-17: 24-Hour Storm Inflow Rates for Varying Inflow Durations
ACG Acquisition Company Limited – Santa Rita Mine

Return Period	Cava Norte			Cava Geral			Cava Sul			Total		
	Inflow Duration (days)			Inflow Duration (days)			Inflow Duration (days)			Inflow Duration (days)		
	1	3	7	1	3	7	1	3	7	1	3	7
5	404	135	58	314	105	45	574	191	82	1292	431	185
10	492	164	70	380	127	54	694	231	99	1566	522	224
25	604	201	86	464	155	66	850	283	121	1918	639	274
50	689	230	98	527	176	75	964	321	138	2179	726	311
100	772	257	110	589	196	84	1079	360	154	2440	813	349

Source: FloSolutions, 2022.

Subsequent studies will need further work to determine the following:

- Develop additional detail for pit perimeter diversions and capture to mitigate rainfall entering the underground workings;

- Underground water routing designs to optimise underground storage arrangements;
- Underground dewatering infrastructure details;
- Underground storage void design;
- Update of inflow estimates to incorporate new hydrogeological investigations;
- Surface water mine water storage and treatment requirements.

24.1.3.16 Mine Design Physicals

The mine design physicals provided in the following tables are based on the three-dimensional mine design. The following items were added to the final schedule and cost estimate but do not have designs:

- Water storage stopes (excavated primarily for surge rainfall storage) underground, 165,000 m^3 of capacity on -450 m RL and an additional 165,000 m^3 of capacity on -950 m RL;
- Additional transfer drives from ore-passes to crusher to permit additional loaders to operate simultaneously, approximately 1,200 m;
- Emergency egress raise, 1.5 m diameter, installed between each level;
- Substation cut-outs, 30 m per level;
- Miscellaneous cut-outs, 30 m per level.

Waste development mined over the underground mine plan life is estimated at 14 Mt.

A summary of lateral and vertical development is provided in Table 24-18 and Table 24-19 respectively.

A summary of other significant production activities is provided in Table 24-20.

Table 24-18: Lateral Development Summary (designed items only)
ACG Acquisition Company Limited – Santa Rita Mine

Description	Quantity (m)
Access	15,723
Conveyor drive	6,612
Decline	9,496
Drawpoint	58,694
Drill drive	147,134
Footwall drive	33,669
Ore-pass drive	6,535
Slot drive	27,750
Stockpile (remuck bays)	2,820
Vent drive	19,473
Waste Drive	2,460
Chambers (equivalent metres of access size development)	1,474
Total Lateral Development	**331,841**

Table 24-19: Vertical Development Summary (designed items only)
ACG Acquisition Company Limited – Santa Rita Mine

Description	Quantity (m)
Egress raise, 1.5 m diameter	1,025
Finger raise, 2 m x 2 m	2,315
Ore-pass 4.0 m	7,641
Slot raise, 5 m x 5 m	9,250
Vent raise 3.0 m	1,517
Vent raise 5.0 m	11,321
Total Vertical Development	**33,070**

Table 24-20: Production Activities Summary
ACG Acquisition Company Limited – Santa Rita Mine

Description	Quantity
Stripping (slashing) volume	386,400 m^3
Truck haulage	102,900 kt.km
Production drilling	12,300 km
Cablebolting	1,050 km
Miscellaneous shotcreting of operating development	131,400 m^3
Service hole drilling	21 km

24.1.3.17 Mine Scheduling Parameters and Assumptions

The mine development schedule was generated from the mine design using Datamine 5D Planner and Earthworks Production Scheduler (EPS). SLC production tonnage was determined by Power Geotechnical as part of the cave draw modelling as discussed in Section 24.1.3.8.8 (Mine Production Rate) and scheduled using Datamine 5D Planner and EPS.

24.1.3.17.1 Mine Operating Roster

The underground mine will operate continuously 7 days per week, 24 hours a day, using an 8-hour shift roster and a total of four crews. The average weekly hours worked per worker is 42.

24.1.3.17.2 Scheduling Productivities

The activity productivities used for development scheduling are provided in Table 24-21. These rates are applicable to each individual activity in the schedule and not intended as mine aggregated rates.

Table 24-21: Mining Activity Productivity Rates
ACG Acquisition Company Limited – Santa Rita Mine

EPS Activity	Productivity	Comment
Development – decline, conveyor drives	120 m/mth	—
Development – footwall drive, drawpoints, vent drives	60 m/mth	—

EPS Activity	Productivity	Comment
Development – slot drive, drill drive, level accesses	40 m/mth	—
Raisebores	120 m/mth	180 m/mth for long 3.0 m raisebores
Longhole raises	120 m/mth	—
SLC draw	200 t/day/drawpoint	400 t/day/drawpoint on bottom three levels to minimise production schedule tail-off

24.1.3.17.3 Mining Schedule

The production profiles for mill feed tonnes and grade are provided in Figure 24-25.

The following can be observed:

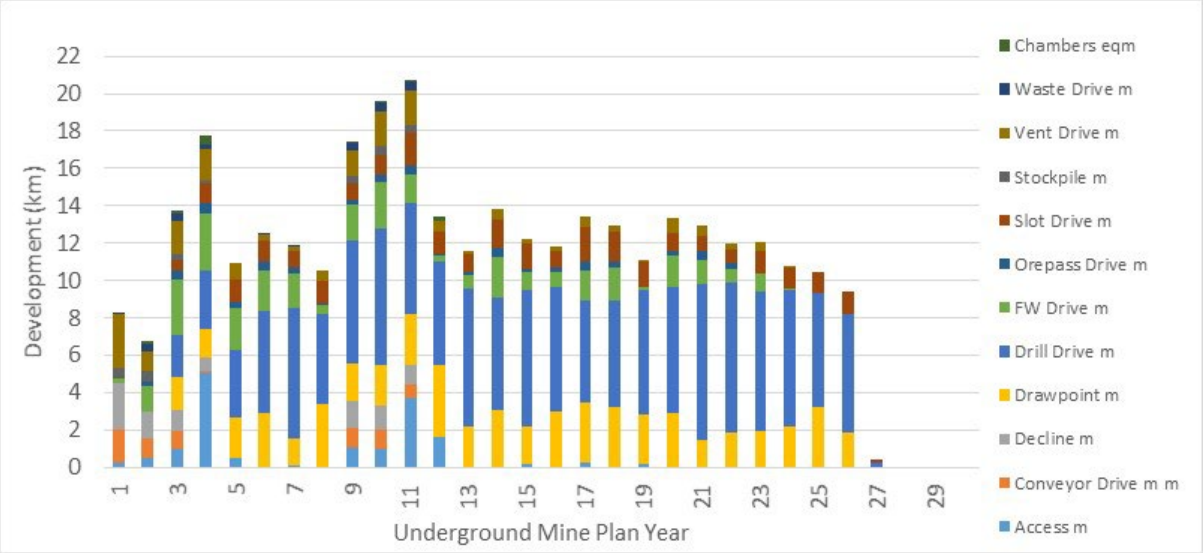
- Ramp up to full production rate of 6.2 Mt/a over the first six years of underground production (nine years including the pre-production period).
- Grade profile is relatively consistent.
- Grade profile is slightly higher during ramp-up due to higher proportion of mill feed originating from development operations (less dilution).
- Grade profile increases at the end of the mine plan due to increasing grades at depth.
- Contained Ni production of approximately 33 kt/a.
- Contained Cu production of approximately 11 kt/a.

Source: Atlantic Nickel, 2021.

Figure 24-25: Mineral Resource Production and Grade Profile

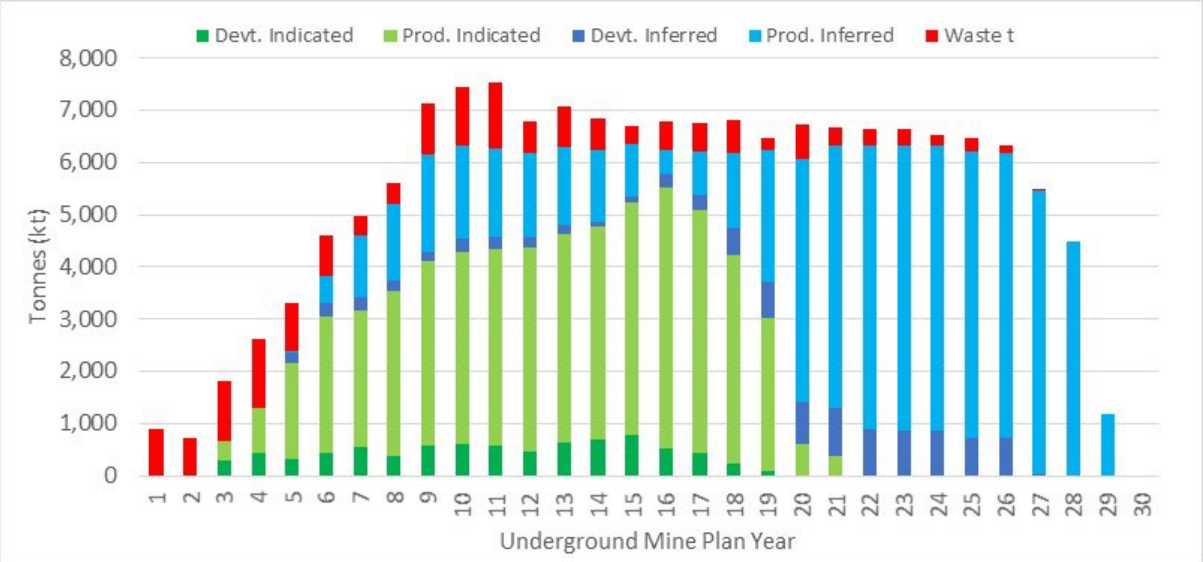
Lateral development is relatively consistent over time, at approximately 12 km per year, excepting the period from years 9 to 11 in the underground mine plan. During this period mine development and infrastructure is extended to the bottom of the mine at -950 m RL to establish the lower crusher (Figure 24-26).

Lateral development is composed of approximately 50% mineralised development and 50% waste rock development. The total material mined by year is shown in Figure 24-27.



Source: Atlantic Nickel, 2021.

Figure 24-26: Lateral Development Profile



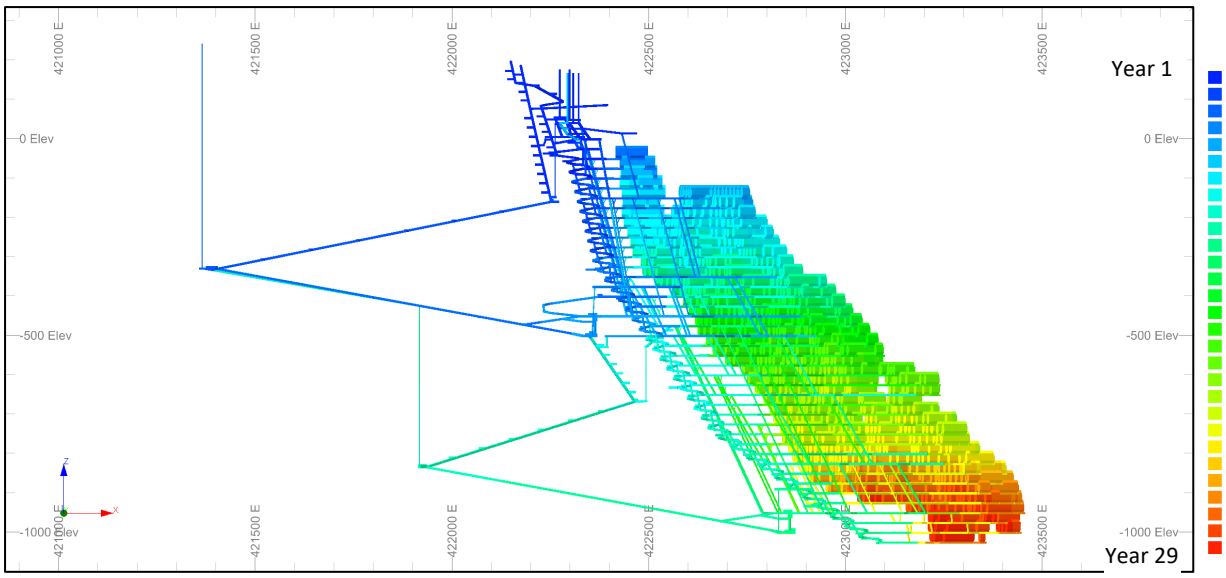
Source: Atlantic Nickel, 2021.

Figure 24-27: Material Mined Profile

Mill feed from development is consistent over time at 700 kt/a. The underground materials handling system (crusher and conveyors) is assumed to be operational by the sixth year of underground production to coincide with Mineral Resource production in excess of 2.5 Mt/a.

Truck haulage is utilised for the first five years of the underground mine plan while total material movements are less than 3 Mt/a (assisted by relatively short haulage distances from the upper levels and twin access routes).

The mine design was coloured coded according to the underground mine plan schedule in Figure 24-28.



Source: Atlantic Nickel, 2021.

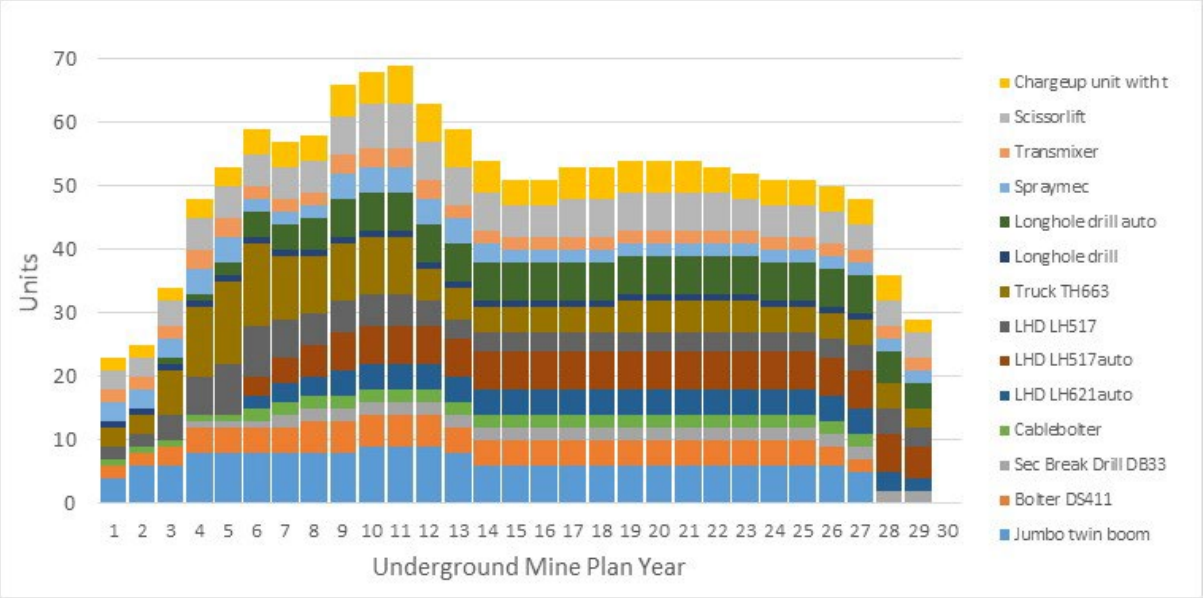
Figure 24-28: Colour-Coded Mine Schedule, Looking North

24.1.3.17.4 Mining Fleet Requirements

A modern diesel mining fleet was selected and sized appropriately for the mine, consisting primarily of 63 t trucks, 17 t and 21 t automated LHDs, automated longhole drills, programmable development jumbos, ground support bolters, bolters, secondary breaking drill rigs, and shotcreting units. A high level of automation was assumed to improve productivity, reduce costs and increase quality.

Adoption of battery powered equipment is increasing as the technology and capacity of such equipment improves. Electric-powered equipment options will be considered in the future with the potential benefits of reducing mine air ventilation requirements and increased productivity.

The mining fleet is provided in Figure 24-29. Note that the equipment numbers have been smoothed and within some time periods the equipment numbers shown over-represent the numbers required to perform the actual workload. In particular, the truck fleet required reduces significantly after underground mine plan year five, however the fleet size persists until the trucks are retired at end of life.

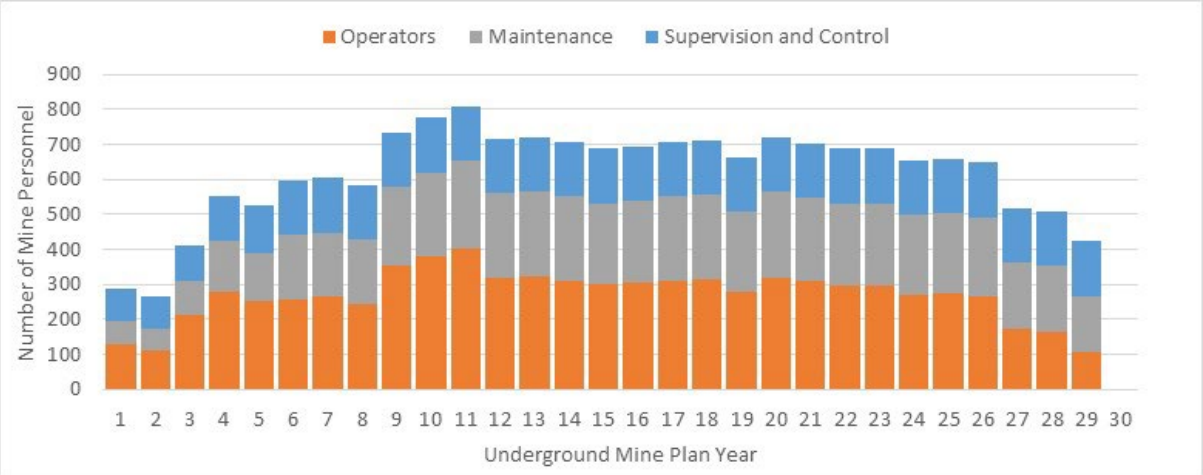


Source: Atlantic Nickel, 2021.

Figure 24-29: Mining Fleet Profile

24.1.3.17.5 Mining Personnel Requirements

Mining personnel requirements are provided in Figure 24-30. A breakdown of the supervisory and control personnel (fixed personnel) is provided in Table 24-22. These personnel numbers do not include consultants or personnel involved with large infrastructure installations such as the crushers, conveyors and pumping systems.



Source: Atlantic Nickel, 2021.

Figure 24-30: Mining Personnel Profile

Table 24-22: Mining Supervision Personnel Requirements
ACG Acquisition Company Limited – Santa Rita Mine

Supervision Personnel	Number
Manager	1
Superintendent	2

Supervision Personnel	Number
Senior Engineer	2
Engineer	4
Junior Engineer	4
Senior Geologist	2
Geologist	6
Junior Geologist	6
Senior Geotech Engineer	1
Geotech Engineer	2
Safety Officer	2
Training Officer	3
Administrative Assistant	6
General Labourer – UG	40
General Labourer – Surface	40
UG Foreman	2
UG Shift Boss	8
Maintenance Foreman	2
Maintenance Shift Boss	8
Mech/Elec Foreman	2
Mech/Elec Shift Boss	8
Mechanical Engineer	2
Electrical Engineer	4
Mine Surveyor	8
Total	*165*

24.1.3.18 Underground Mine Plan

A production schedule for the underground mine is presented in Table 24-23.

Table 24-23: 2023 PEA Underground Mine Production Schedule
ACG Acquisition Company Limited – Santa Rita Mine

Mine Plan	Unit	Pre-Production Years -2 to 0	Years 1 to 5	Years 6 to 10	Years 11 to 15	Years 16 to 20	Years 21 to 25	Years 26 to 27	Total
Underground waste rock	kt	4,066	3,486	4,329	2,297	1,802	411	0	16,391
Underground process plant feed	kt	491	16,173	30,986	31,295	31,301	29,192	2,304	141,742
NiS grade	%	0.56	0.56	0.55	0.55	0.55	0.58	0.59	0.56
Cu grade	%	0.18	0.19	0.18	0.18	0.18	0.18	0.18	0.18

Mine Plan	Unit	Pre-Production Years -2 to 0	Years 1 to 5	Years 6 to 10	Years 11 to 15	Years 16 to 20	Years 21 to 25	Years 26 to 27	Total
Co grade	%	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Au grade	g/t	0.07	0.06	0.06	0.06	0.06	0.06	0.09	0.06
Pt grade	g/t	0.11	0.09	0.10	0.10	0.09	0.10	0.14	0.10
Pd grade	g/t	0.05	0.04	0.04	0.04	0.04	0.04	0.07	0.04

24.1.4 Project Infrastructure

Santa Rita has all necessary infrastructure in place to support an open pit mining and mineral processing operation. The existing on-site infrastructure to support the mining and processing sites includes the following:

The existing on-site infrastructure to support the mining and processing sites includes the following:

- Site roads
- TSF
- Open pit mine
- Waste rock storage facilities (East and South)
- Ore stockpiles
- Process plant/concentrator
- Conveyor system
- Powerlines
- Water pipelines
- Site buildings, including:
  - Administration offices
  - Gatehouse (including truck scale)
  - Bus station
  - Maintenance buildings (electro/mechanical and mobile equipment)
  - Warehouse
  - Washroom and change rooms
  - Kitchen and canteen
  - Healthcare and firefighting department
  - Assay laboratory
  - Metallurgical laboratory
- Consumables storage
- Security and fencing
- Explosives magazines
- Parking area
- Water and mine site sewage treatment facilities
- Data and communications infrastructure

Future underground mining operations will largely utilize the existing surface facilities. The current workshop, canteen, explosives magazine, warehousing, fuel storage and office facilities will generally be more than sufficient for supporting the underground operation. The underground is expected to function with fewer people than the open pit.

New surface infrastructure associated with the underground will include the following:

- A box cut and portal located to the west of the north end of the open pit;
- A conveyor portal connecting to the bottom of the existing crusher installation;
- A temporary construction portal in the west wall at the north end of the open pit on the 82 m RL bench;
- Multiple ventilation raise surface collars on the western side of the open pit;
- Ventilation adits on the west wall at the south end of the open pit on the 10 m RL bench;
- Dewatering pond for storing, settling and recycling water from underground;
- Electrical reticulation to the portals, adits and services;
- Shotcrete batch plant.

24.1.5 Recovery Methods

24.1.5.1 Introduction

Information in this subsection is obtained from RPA (2015), operating results from 2012 to 2016 and January 2020 to December 2022, information gathered by the CP during a site visit on July 23 and 24, 2019, a testwork reports issued by SGS Geosol in November 2021, and direct communication with Santa Rita staff.

The Santa Rita process plant was commissioned in October 2009, commenced production of nickel concentrate in November 2009 and entered into commercial production in January 2010 (RPA, 2015).

From the start of production in 2009 to the end of Q1 2016 when the plant was shut down, the process plant treated a total of 34.1 Mt at average feed grades of 0.48% Ni (total), 0.11% Cu, and 0.02% Co. The plant was re-started in October 2019 and process plant production from January 2020 to December 2022 totalled 12.0 Mt at average feed grades of 0.30% NiS, 0.10% Cu, and 0.01% Co.

24.1.5.2 Process Plant

The Santa Rita process plant consists of crushing, grinding, flotation, thickening, and filtration unit operations to produce a saleable nickel concentrate. Flotation tailings are pumped to a tailings storage facility. Figure 24-31 shows the current flowsheet.

Payable metals such as platinum, palladium and gold are also contained in the concentrate with nickel, copper and cobalt. The majority of revenue is generated by nickel.

The initial nameplate capacity was 4.6 Mt/a; this was expanded to 6.5 Mt/a in 2012 with the addition of a desliming circuit, pebble crushing, a second ball mill and a pressure filter.

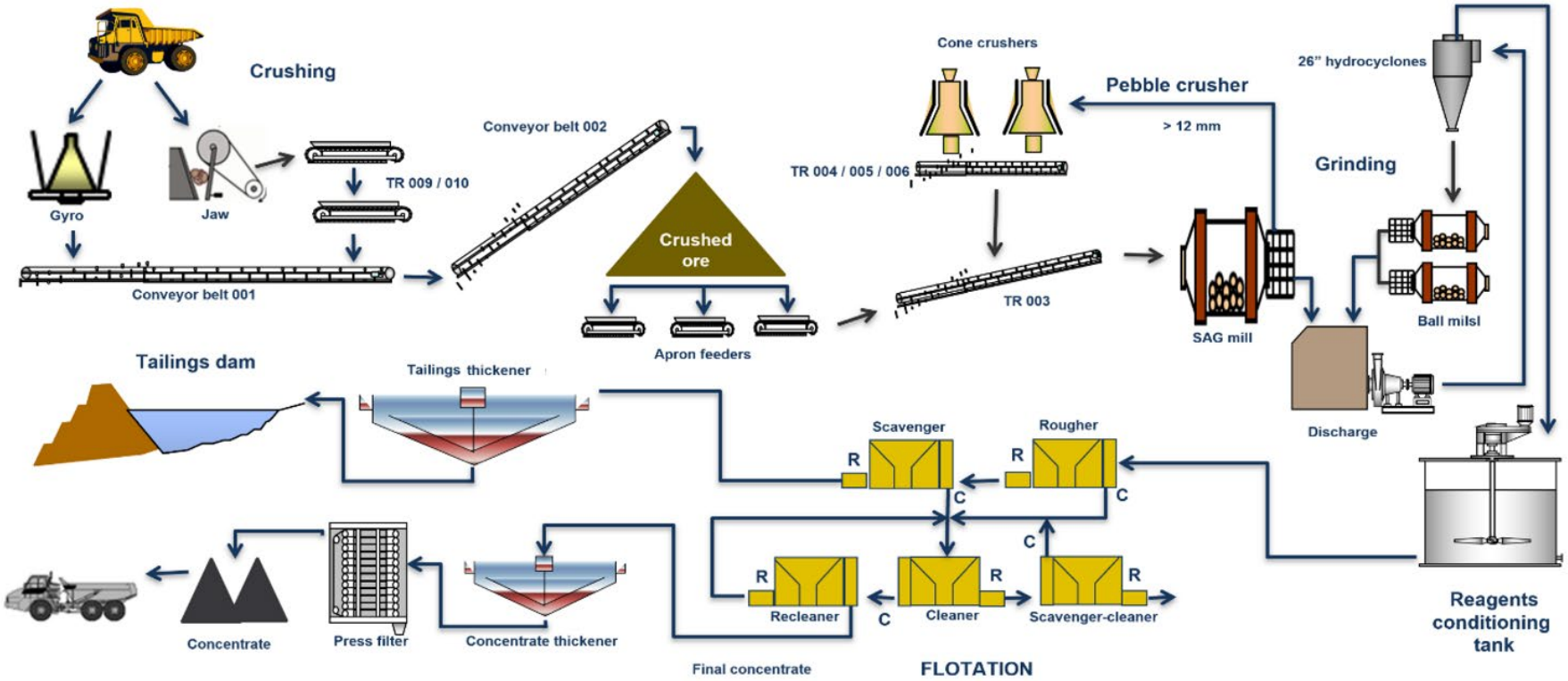
From July 2012 to the end of March 2016, Santa Rita produced 386,947 t of concentrate with a total metal content of approximately 18% and an average nickel content of approximately 14.3%; containing 55,263 t of nickel, 15,221 t of copper, and 986 t of cobalt in concentrate.

Over the period January 2020 to December 2022, the plant produced 290,821 t of concentrate containing 39,488 t of nickel at 13.6% total nickel, 4.4% copper, 0.25% cobalt and payable gold, platinum, and palladium.

Since the start-up of the process plant in October 2019, the desliming circuit has not been operated. Plant technical staff conducted statistical studies of process plant data and bench scale flotation tests to compare results with and without desliming. These both demonstrate that desliming makes no difference to nickel recovery. Testwork conducted by SGS Geosol in 2020 confirmed this conclusion.

The underground mill feed is planned to be treated in the existing Santa Rita process plant, which will require only minor modifications. The annual feed rate will be 6.25 Mt/a for the first five years after the mining ramp-up. The projected average NiS feed grade is 0.56% NiS compared to an average of 0.29% for the open pit mill feed. Flotation testwork has shown that the NiS recovery will be higher than that obtained for open pit mill feed.

The underground mill feed will be crushed underground and transported to surface by a conveyor that will discharge onto the existing coarse ore stockpile feed conveyor.



Source: Atlantic Nickel, 2021.

Figure 24-31: Process Flowsheet

24.1.5.3 Process Description

24.1.5.3.1 Crushing and Grinding

Blended open pit mill feed from the stockpile area is fed to primary crushing. The primary gyratory crusher (a Metso 50/65 MK II gyratory crusher) crushes from a nominal F_{80} size of 800 mm to a P_{80} size of 140 mm to 150 mm at a rate of approximately 1,500 t/h. The second primary crusher (a Metso C-160 jaw crusher) is located close to the primary gyratory crusher and has a nominal throughput rate of 750 t/h and produces a crushed product with a nominal P_{80} size of 152 mm.

The primary crushed material will be conveyed to an open stockpile with a total capacity of 67,000 t (live capacity 15,000 t, 19 hours; 84 hours total capacity). Three feeders will extract the mill feed from beneath the stockpile at a controlled rate of around 900 t/h for feed to the SAG mill.

The SAG mill is a 30 ft diameter by 16.4 ft long Outotec mill with an 8 MW motor. The design target transfer size (T_{80}) is 4 mm at a nominal throughput of 832 t/h.

Two Metso HP400 pebble crushers operate in closed circuit with the SAG mill to crush oversize from the SAG mill (material in the size range -70 mm to +12 mm).

Material <12 mm flows to a common pump box shared by the SAG mill and ball mill circuits. Material from this pump box is pumped to a single cluster of ten 26 inch diameter cyclones, allowing the two 20 ft diameter x 28.5 ft long 5.8 MW Outotec ball mills to operate in closed circuit to produce a nominal flotation feed product with a P_{80} of approximately 125 µm.

For underground mill feed, the flowsheet for this area will be the same as the current flowsheet. The process plant operates at around 90% availability; hence, the required hourly throughput will be approximately 797 t/h compared to 842 t/h for open pit mill feed. Laboratory testing carried out by SGS Geosol has shown that the underground material has slightly lower crushing and SAG milling indices than the open pit ore and the Bond ball mill work index is a little higher than the hardest open pit mill feed. JKTech used its JKSimMet software to model the circuit with underground feed and concluded that a treatment rate of 955 t/h could be achieved at maximum SAG mill motor power. The required rate of 797 t/h will be achievable at a normal SAG power draw of 90%. The SAG mill will not be a bottleneck because it currently operates at up to 900 t/h with the harder open pit ore. The ball mills currently operate at about 72% of full motor power; hence, there is additional capacity available to produce the required flotation feed F_{80} size of 125 µm from the underground material.

24.1.5.3.2 Deslime Circuit

This circuit is not currently in operation but could be used if slimes problems are encountered in the future. The circuit comprises two clusters of ten 20 inch diameter cyclones, two clusters of twenty 10 inch diameter cyclones and twelve clusters containing 256 x 4 inch diameter cyclones. The target P_{80} for the 4 inch diameter cyclone overflow is 10 µm, but is normally closer to 20 µm. The slimes are pumped to the tailings dam.

The desliming circuit will not be required for underground mill feed.

24.1.5.3.3 Conditioning Circuit and Reagents

The conditioning circuit has three conditioning tanks. The primary conditioner is used to condition the ball mill cyclone overflow with activator (copper sulphate and citric acid); the two other tanks are used to condition the rougher flotation feed to each bank of rougher cells with collector and frother.

Between 300 g/t and 500 g/t of 50% sodium silicate solution is added as a dispersant/pH modifier to the ball mill cyclone underflow. Between 60 g/t and 100 g/t of activator is added to the primary

conditioner tank. Sodium ethyl xanthate mixed 4:1 with sodium di-alkyl di-thiophosphate is used as the collector added to the feed to the secondary conditioner tanks.

24.1.5.3.4 Flotation

The rougher/scavenger flotation circuit consists of two rows of six 160 m^3 Outotec tank cells. The scavenger circuit concentrate can be directed back to the rougher feed or to the cleaner circuit feed; the scavenger circuit tailings report to the tailings thickener. The rougher concentrate, along with the re-cleaner tailings and cleaner scavenger concentrate, report to the cleaner circuit, which consists of six 70 m^3 cleaner cells and three 70 m^3 cleaner-scavenger cells. The cleaner-scavenger tailings are returned to the rougher feed. Cleaner concentrate reports to four 30 m^3 re-cleaner cells.

For underground mill feed, changes will be required to launders, piping, pumps and samplers to deal with the increased quantity of concentrate produced compared to open pit mill feed treatment. The circuit residence times are sufficient.

24.1.5.3.5 Thickening and Filtration

The final concentrate is thickened in a 15 m diameter concentrate thickener to a density of approximately 65% w/w solids, from where it is pumped to storage tanks ready for filtration. The concentrate is filtered using a Larox pressure filter. For underground mill feed no changes will be required to the circuit or the existing thickener. The current reported settling rate is 0.25 $t/m^2/h$ which equates to a capacity of 44 t/h. The calculated average production rate will be approximately 27 t/h. The capacity of the existing Larox filter is 33 t/h. A second filter is available if required.

Following filtration, the final concentrate is trucked to the port of Ilhéus where it is loaded onto ships for transport to market.

The final tailings are thickened in a 35 m diameter thickener to a density of 55% to 60% w/w solids and are then pumped to the TSF for final deposition. Thickener overflow water is recirculated for use within the process plant. Reclaim water from the TSF is also recirculated for use within the process plant. No changes will be required to the existing circuit or the thickener for the underground mill feed. The tailings flow with underground material will be lower than with open pit mill feed.

24.1.5.4 Associated Facilities

Process-associated facilities comprise a metallurgical testing laboratory for grinding and flotation testwork, a 400 kg/h pilot plant for full circuit testing and a well-equipped assay laboratory.

24.1.5.5 Consumables and Reagents

The process plant requires approximately 1,600 m^3/h of water this is derived from three sources with the capacities shown below:

- The Contas River can provide up to 700 m^3/hr (normally 500 m^3/hr);
- Water return from the TSF at 400–500 m^3/hr;
- Tailings thickener overflow at 800–900 m^3/hr.

For the underground mill feed the process plant water sources will be the same as for the open pit operation and consumption will be similar or slightly lower than in the current plant.

Power is taken from the national grid; the process plant power requirement is 21.1 MW. Tailings spigotting at the TSF is under evaluation to start mid-2023. This would require an extra 0.7 MW. For underground mill feed the plant power demand could increase by up to 2 MW to 23.8 MW due to the higher consumption in ball milling.

The consumption of grinding balls and reagents is shown in Table 24-24. For underground mill feed, the ball mill liner and ball consumption could increase by between 5% and 10%. The collector consumption will increase only marginally.

Table 24-24: Grinding Media and Reagent Consumption
ACG Acquisition Company Limited – Santa Rita Mine

Item	Consumption (g/t plant feed)
Grinding	
5-inch balls	210
2.5-inch balls	250
CMC depressant	10
Flotation	
Copper sulphate	50
Sodium ethyl xanthate	60
Sodium di-alkyl di-thiophosphate	60
Sodium silicate	750
Citric acid	50
Thickening	
Flocculant	16

24.1.5.6 CP's Comments on Underground Material Recovery Methods

The existing process plant has the capacity to treat open pit mill feed at 6.5 Mt/a and underground mill feed at 6.25 Mt/a as required by the mine plan.

Changes for mill feed from underground may be required in the grinding circuit and could include the following recommendation by JKTech:

- Decrease SAG mill total volumetric load to 25% and increase the ball load to decrease fines generation and decrease the load on the SAG; review the SAG grate design to increase the pebble port size to further decrease fines generation.

The CP agrees with these recommendations, as they should ensure that the SAG motor power does not become a restriction, passing a coarser product to the ball mills that have sufficient spare power to accommodate this.

24.1.6 Market Studies and Contracts

24.1.6.1 Metal Prices

The commodity prices used in the financial analysis of the underground base case are based on the consensus median of leading banks and financial institutions as of January 2023, and are presented in Table 24-25. Both the metal prices and currency exchange rate are subject to spot market conditions. There are no metal streaming agreements in place, and hedge contracts are scheduled to be completed in Q1 2024 so will not affect financial analysis of the underground.

Table 24-25: Real Metal Prices and Exchange Rate Assumptions
ACG Acquisition Company Limited – Santa Rita Mine

Item	For Underground Years
Nickel (US$/lb)	8.46
Copper (US$/lb)	3.59
Cobalt (US$/lb)	23.53
Gold (US$/oz)	1,615
Platinum (US$/oz)	1,140
Palladium (US$/oz)	1,363
Exchange Rate US$:R$	5.55

24.1.6.2 Market Outlook and Concentrate Sales Terms

24.1.6.2.1 Market Outlook for Metals

Nickel

Nickel is utilised across a broad spectrum of end-use industries due to its physical and mechanical characteristics. It is normally utilised in engineering, transport, and building and construction fields, and is also a crucial component of the most common batteries of electric vehicles.

Nickel prices are closely related to demand from stainless steel producers who account for about two-thirds of total demand. Currently, the primary factor driving price movements is related to infrastructure activity worldwide, with a particular emphasis on Asian nations. However, the predicted increase in demand for electric vehicles in the upcoming years is another significant driver of price changes.

A recovery in the stainless market fuelled by China, combined with ongoing strong growth in nickel use in batteries for electric vehicles, is expected to push the market back into supply deficit during 2027–2032, leading to steadily rising annual prices.

Copper

Copper is a 'through-the-cycle' commodity with applications across many industries such as: electrical, energy, communications, transport, infrastructure and industrial equipment. Over the long term, an additional 6 Mt of copper by 2032 is required to meet the rising intensity of global use per capita and continued population growth to continue to support historical growth rates. A price of the magnitude US$3.50/lb Cu is required to incentivize the pipeline of lower quality projects to meet the projected demand deficit of refined copper.

Cobalt

98% of global cobalt production is obtained as a by-product from the mining of nickel and copper ores. Cobalt has major applications as a battery chemical and is present in most of the battery types utilised on electric vehicles. The cobalt market is expected to be in a 32% deficit by 2030.

Concentrate Sales

Offtake contracts and terms are proprietary. There are several agreements in place between Atlantic Nickel and smelters/traders for export from Brazil. The CP has reviewed the contracts and has confirmed that the terms are appropriately included in the financial model.

24.1.6.3 Contracts

There are no contracts in place related to underground mining.

24.1.7 Environmental Studies, Permitting, and Social or Community Impact

24.1.7.1 Introduction

Atlantic Nickel is evaluating the potential to conduct underground mining following completion of the open pit operations. Once Mineral Resources have been extracted from the open pit, Atlantic Nickel would transition to underground mining using existing facilities to the extent possible. With the development of the underground Mineral Resource, the existing TSF would not have sufficient capacity for the additional process tailings. Thus, a new TSF would be required for the underground operations.

24.1.7.2 Tailings Storage Facility

The current mine plan calls for raising the existing TSF to contain the 33 Mt of tailings to be produced from mining the open pit, without encroaching on the existing gas pipeline right-of-way located to the east of the TSF. With the addition of underground mining, a new TSF would be required at some point of the operation in order to store the additional 140 Mt of tailings to be produced from the underground mine over a period of 28 years.

RoséGeo Consulting Ltd (RoséGeo) in partnership with WSP completed a scoping-level study to identify and evaluate, at a conceptual level, options for tailings storage in support of the 2021 PEA for the planned underground mining project. The scoping-level TSF study (RoséGeo-Wood, 2020; amended in 2021) was performed in consideration of relevant Brazilian and International standards/guidelines, including but not limited to:

- Agência Nacional de Mineração, 2019. “Resolução ANM nº 04”;
- Departamento Nacional de Produção Mineral (DNPM), May 2017. Portaria Nº70.389;
- Associação Brasileira de Normas Técnicas, NBR 13028/2017. “Mineração — Elaboração e apresentação de projeto de barragens para disposição de rejeitos, contenção de sedimentos e reservação de água — Requisitos”;
- Canadian Dam Association, 2014, “Technical Bulletin: Application of Dam Safety Guidelines to Mining Dams”;
- CNRH, 2012. “Resolução nº 143/2012”. Seção 1 do D.O.U de 4 de setembro de 2012.

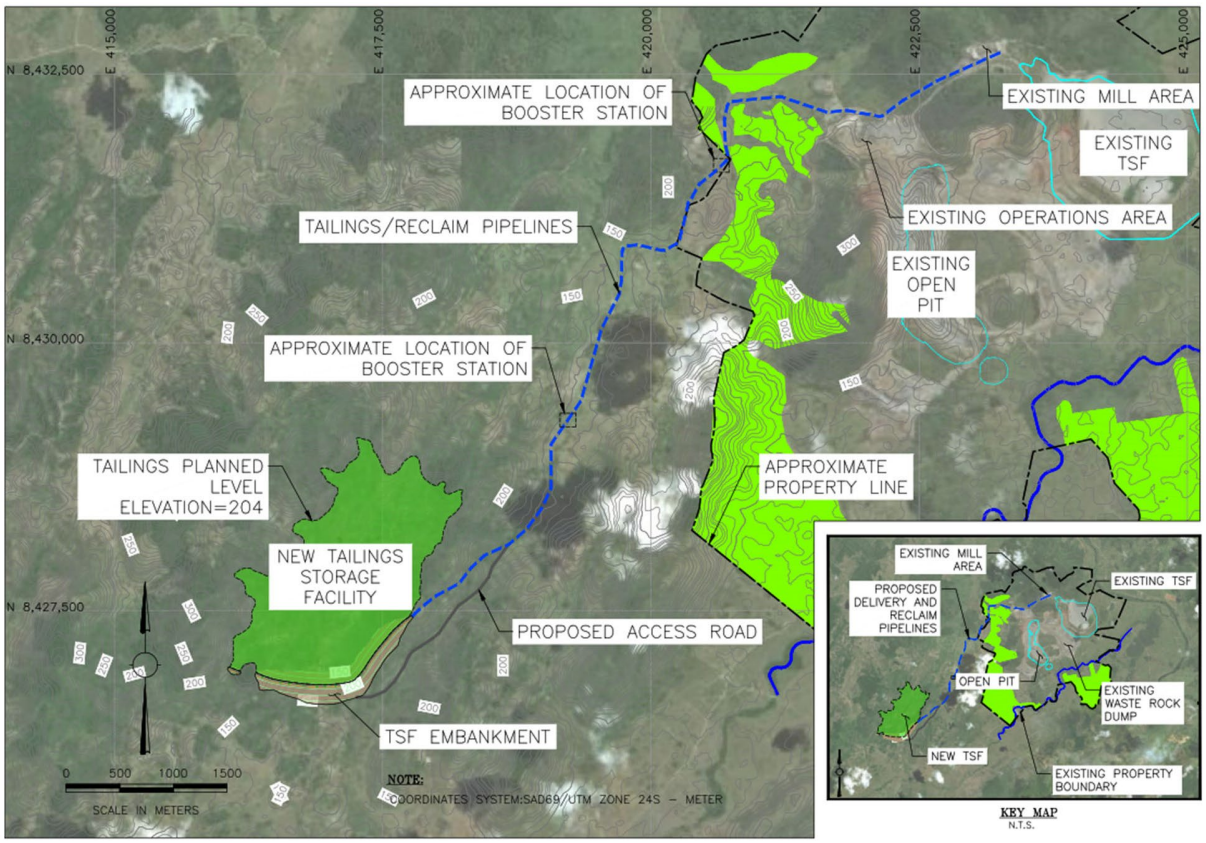
The scoping study evaluated four alternatives and evaluated two different placement methods considering aspects such as storage requirements, climatic environment, site experience with associated tailings disposal, geotechnical risks, property boundary and land use constraints, construction/operating costs and methods, location relative to existing infrastructure and nearby residential areas, potential environmental impacts, and closure. Both filtered (‘dry-stack’) tailings disposal and conventional (slurry) tailings disposal were considered. The scoping study was amended in 2021 (RoséGeo-Wood, 2021) and an addendum was issued to evaluate an additional alternative site located to the west of the mine site that was selected as the preferred alternative. The new base case TSF is outside of the existing mine property boundaries and located approximately 6 km to 9 km southwest of the existing open pit and plant areas. It is assumed that Atlantic Nickel will acquire lands associated with the future TSF footprint and required infrastructure including, access roads and pipelines prior to construction of the new TSF. Early discussions with landowners have been initiated and will be advanced as a priority. Figure 24-32 shows a layout of the conventional TSF identified as

the preferred option. The above-mentioned scoping and sizing studies associated with the new TSF have been summarised in WSP (2021e).

The conceptual design of the new TSF assumes that the tailings will be classified as Class II B (non-toxic and inert waste, according to ABNT NBR 10004) given the similarity in the deposit. An unlined basin has therefore been considered for tailings storage. The new TSF is planned to be developed as a cross-valley surface impoundment confined by two embankments along the southern side of the facility. The planned TSF embankments will be constructed as earthen and rockfill dams with the upstream faces to be lined with an HDPE geomembrane liner, along with underlying protective bedding, filter and transition layers. The dam configuration is currently planned to have an ultimate length of approximately 2 km and will feature a 20 m wide crest, an upstream side-slope of 2H:1V, and a downstream overall side-slope of 2.25H:1V. TSF construction will begin with an initial starter dam and will be expanded every three years using a downstream raise method until reaching the ultimate maximum dam height of 70 m.

Thickened tailings would be pumped from the existing process plant and discharged from the embankments. Tailings would be deposited from header lines forming a beach along the dam crest and supernatant pool(s) against the existing hillside and away from the main embankments. The TSF is planned to incorporate a stormwater management system, a decant and reclaim water system that returns reclaim water toward the process plant, a seepage collection system that returns foundation seepage (if occurring) and run-off from the downstream slope back to the impoundment, and a geotechnical monitoring and instrumentation program.

The scoping study for the new TSF was completed in support of planning for future tailings placement and siting, as well as for identifying general features that could be used for further assessments and indicative costs for the 2021 PEA study. A PFS level design of the new TSF is currently ongoing including geotechnical field work and tailings characterisation that was completed in 2022.



Source: Rosé and Wood, 2021.

Note. Elevation shown in metres above sea level.

Figure 24-32: Conceptual Layout of New Conventional TSF

Several opportunities have been identified for project optimisation which may include:

- Relocating the existing pipelines to allow for further raises of the existing TSF to contain additional tailings, thus reducing the required size and delaying the starter dam construction of the new TSF.
- Using depleted open pits for storage of tailings.
- Evaluating other sites with relatively shorter pumping or hauling distances from the process plant, WRSFs, and other borrow sources.

In parallel with the TSF base case, an alternative scenario is being developed with similar capacity located only three kilometres from the beneficiation plant and within the current mining property boundary. The base case TSF project optimisation opportunities, along with other TSF design activities, will be further evaluated as the underground mine project is advanced to future stages.

24.1.7.3 Permitting

Since underground operations would use existing surface infrastructure, with the exception of a new TSF, INEMA defined a permitting process in a single phase, called “Alteration Licence”. This process would likely include presenting compliance data from the ongoing monitoring programs for the existing operations and collecting additional baseline data for the area proposed for the new TSF. In addition to regranting of the operating licence from INEMA, other permits required for operations would need to be renewed or extended for the life of the underground.

The baseline data collected in the area of the new TSF and TSF corridor would be used to develop an EIA associated with the new underground operation and new TSF. The EIA would address proposed changes to the operations, existing environmental and social conditions, expected impacts to the environment and socioeconomic conditions, and proposed mitigation measures to address the expected impacts.

In addition to the environmental permitting, Atlantic Nickel would be required to comply with current laws and regulations associated with dam safety. New regulations were passed due to recent dam failures in Brazil. As a result of these significant dam failures, there is also widespread public concern regarding new and expanded tailings storage facilities. Compliance with existing permits, development of a TSF design to meet current and proposed new dam safety laws and regulations, and a strong public outreach program will reduce and mitigate the risks associated with development of a new TSF.

24.1.7.4 Social

Atlantic Nickel implemented numerous social programs during the open pit operations. With the addition of the underground operations, Atlantic Nickel would continue these social programs and would extend these programs to areas that would be impacted by the new TSF and new TSF transportation corridor. These programs would be extended to the projected life of the mine based on the underground operations.

24.1.7.5 Closure

The reclamation and closure of the facilities associated with the underground would be the same procedure as currently planned for the open pit facilities. The new TSF would be closed in a similar fashion as the current TSF.

24.1.8 Capital and Operating Costs

24.1.8.1 Capital Costs

Initial capital costs for the 2023 PEA are estimated at US$417 million. Capital costs incurred during the production period are considered sustaining capital costs. Total sustaining costs have been estimated at US$1,086 million before tax credits and at US$1,038 million after tax credits. All capital costs are presented in Table 24-26.

Table 24-26: 2023 PEA Capital Cost Estimates
ACG Acquisition Company Limited – Santa Rita Mine

Item	Initial Capital	Sustaining Capital (US$ M)
Process plant and site refurbishment	7.3	42.6
Tailings dam	3.2	399.1
Drilling and technical studies	13.1	48.5
Underground development	209.3	325.0
Underground infrastructure	127.6	181.5
Underground equipment	58.6	78.4
Closure cost	0.0	11.3

Item	Initial Capital	Sustaining Capital (US$ M)
Sub-total	419.2	1,086.3
Tax rebate	(2.6)	(47.9)
Total	**416.6**	**1,038.4**

The cost estimates are expressed in Q1 2023 US dollars. Unless otherwise indicated, all costs in this section of the CPR are expressed without allowance for escalation or interest rates. The currency exchange rate of US$:R$5.55 used in the estimate is based on bank consensus long term rates.

All 2023 PEA cost estimates were done from first principles. Underground initial and sustaining capital cost estimates include a 20% contingency.

Underground mining equipment costs were based on a lease rate for all major mining equipment such as trucks, jumbo and production drills, LHDs, dewatering pumps and secondary vent fans, and therefore large lump sum mobile equipment purchases are absent from the cash flow.

The lease rate calculation assumed the following:

- A lease rate of 8%
- An upfront lease payment of 15%
- Lease period of five years with a residual value of zero
- Lease calculated assuming monthly re-payments

Cost inputs for major operating cost contributors were based on existing site data provided by ACG and quotations as follows:

- Underground mining fleet: Sandvik (Atlas Copco and Caterpillar also quoted)
- Explosives: Enaex Britanite
- Concrete/Fibrecrete: ACG
- Diesel: ACG
- Power: ACG
- Ground support: DSI Underground
- Personnel: ACG

Significant underground infrastructure costs for items such as primary ventilation fans, pump stations, raisebores, underground crushers, underground conveyors, and electrical substations were estimated using quotes, budget prices, and database information for similar equipment.

Underground initial capitalised development costs were based on approximately 24,200 m of lateral development and 4,020 m of vertical development.

Underground capital infrastructure costs include mining fleet and ancillary equipment for support infrastructure and upfront equipment lease payments.

The underground mining capital costs include allowance for the following:

- Site mobilisation
- Primary ventilation fans and refrigeration including installation and power connection
- Permanent electrical substations including installation underground, HV dropper line from surface and distribution boards
- Initial purchases of mobile equipment power boxes

- Main underground dewatering pumps and rising main
- Secondary pumps
- Refuge chambers and fit-out
- Underground workshop fit-out
- Training equipment, production recording and monitoring system and maintenance system
- Safety and monitoring equipment, including geotechnical monitoring systems
- Self-rescuers, cap-lamps and cap-lamp charging rack
- Underground data and communication equipment and setup
- Mines rescue facilities
- Surface and underground workshop equipping
- Office equipment (computers and furniture) for management, supervisors and technical personnel

The underground mining sustaining capital costs exclude the following:

- All surface infrastructure (other than for the ventilation and refrigeration equipment)
- Purchase of pit dewatering pumps (assumed to be carried over from the open pit)

24.1.8.2 Operating Costs

LOM operating cost estimates are presented in Table 24-27. The average LOM AISC for underground mining is estimated at US$31.50/t processed.

Table 24-27: 2023 PEA Operating Cost Summary
ACG Acquisition Company Limited – Santa Rita Mine

Item	Unit Cost (US$/t processed)	Underground Total (US$M)
Mining costs	12.91	1,830.3
Processing costs	5.43	769.4
Site G&A	1.59	225.3
Treatment, refining, penalties	7.40	1,049.3
Freight costs	4.40	623.4
By-product credits *	(13.87)	(1,966.6)
C1 cost [1]	**17.86**	**2,531.1**
Royalties	6.40	906.9
Sustaining capital costs after tax credits	7.24	1,026.9
All-in sustaining cost [2]	**31.50**	**4,464.9**

Notes: * Includes revenue from Cu, Co, Pd, Pt and Au.

1. C1 cost = cash operating costs less net by-product credits.
2. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures.

24.1.8.2.1 Underground Mining Cost Estimate

The first principles cost estimate includes labour, materials, parts, consumables, contracts and equipment lease costs build-ups for the following mining activities and functions:

- Mineralised development: includes drilling, blasting and ground support;
- SLC production: includes production drilling, blasting and ground support;
- Materials handling: includes loading, conveying and truck haulage to surface ROM pad;
- Mine services: includes road maintenance, dewatering, water supply, power reticulation, ventilation, compressed air, ancillary equipment, control and communications, minor civil construction, development services, production services, and other mine services;
- Supervision and grade control: includes mine department personnel and grade control drilling;
- Dayworks miscellaneous: work such as barricade construction, ladderway installations, service hole drilling etc.

The cost estimates for the activities and functions above were applied to the schedule and mining physicals over the underground production mine life to determine an average estimated operating cost of US$12.91/t mined.

The underground mining operating costs include allowance for the following:

- Medical assistance, meals, food voucher and travel allowance for all personnel;
- Computer and software costs;
- All labour burdens such as bonus, danger and unhealthy work allowances, overtime, taxes, worker insurance, accrued annual leave, absences, training, personal protective equipment, and small tools;
- Materials required to perform the works, including diesel, propane, electrical power, and explosives.

The underground mining operating costs exclude insurances such as property and equipment, liability, freight, pollution and environmental liability etc. (other than workers compensation which is included in the labour costs).

24.1.8.2.2 Process Costs

Process plant operating costs include the costs for operating and maintaining the processing facilities, from the primary crusher through to concentrate loadout, as well as process and reclaim water pumping, and operating the tailings storage facility. The processing costs account for the expenses associated with purchasing consumables, equipment maintenance, personnel, and power consumption.

Consumable costs include items such as crusher liners, mill liners, grinding media, all chemical reagents, and an allocated cost for office/laboratory supplies.

The average LOM unit processing cost is estimated at US$5.43/t. The operating cost is estimated to increase during underground mining, compared to open pit mining, due an increase in power demand (up to 2 MW) and increased mill ball and mill liner consumption (up to 15%).

24.1.8.2.3 G&A Operating Costs

The G&A operating costs are the expenses for cost centres that are not directly linked to the mining and process disciplines, and include labour and overhead costs.

The G&A unit operating cost is estimated to average US$1.59/t over the LOM.

24.1.9 Economic Analysis

24.1.9.1 Cautionary Statement

The results of the economic analyses discussed in this section represent forward-looking information. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here. Information that is forward-looking includes:

- Mineral Resource estimates and the subset of the Mineral Resource estimate included in the 2023 PEA mine plan;
- Assumed commodity prices and exchange rates;
- The proposed mine production plan and mining method;
- Projected mining and process recovery rates;
- Assumptions as to mining dilution and mining recovery;
- Sustaining costs and proposed operating costs;
- Assumptions as to closure costs and closure requirements;
- Assumptions as to environmental, permitting and social risks.

Additional risks to the forward-looking information include:

- Changes to costs of production from what is assumed;
- Unrecognised environmental risks;
- Unanticipated reclamation expenses;
- Unexpected variations in quantity of mineralised material, grade or recovery rates;
- Geotechnical or hydrogeological considerations during mining being different from what was assumed;
- Failure of mining methods to operate as anticipated;
- Failure of process plant, equipment or processes to operate as anticipated;
- Changes to assumptions as to the availability of electrical power, and its rates used in the operating cost estimates and financial analysis;
- Ability to maintain the social licence to operate;
- Accidents, labour disputes and other risks of the mining industry;
- Changes to interest rates;
- Changes to tax rates.

The mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the 2023 PEA based on these Mineral Resources will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

24.1.9.2 Summary

A financial model was developed to estimate the Santa Rita Mine underground mine development case LOM plan. The LOM plan covers a period of 30 years, including two years of pre-production and 28 years of production mining. Table 24-28 presents a summary of the LOM financial parameters and valuation. All costs are in Q1 2023 US dollars, and inflation has not been considered in the cash flow analysis.

Table 24-28: Underground LOM Cash Flow and Parameters
ACG Acquisition Company Limited – Santa Rita Mine

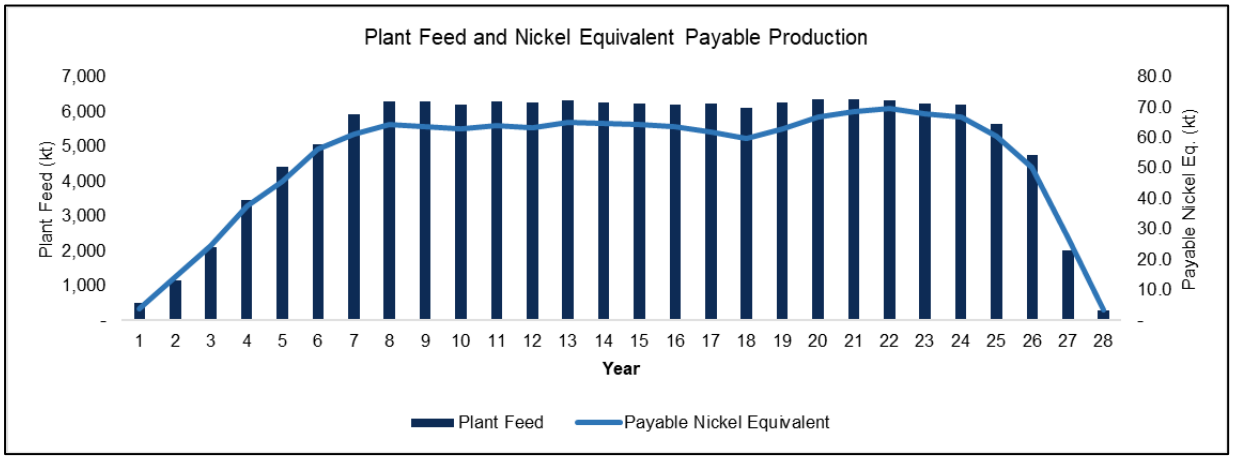
Item	Unit	Value
Commodity Prices and Exchange Rate		
Nickel price	US$/lb	8.46
Copper price	US$/lb	3.59
Cobalt price	US$/lb	23.53
Palladium price	US$/oz	1,363
Platinum price	US$/oz	1,140
Gold price	US$/oz	1,615
BRL:USD	R$:US$	5.55
LOM Mine Plan Summary		
Mine production life	Years	28
Measured and Indicated Mineral Resource mined	kt	64,346
Inferred Mineral Resource mined	kt	77,396
Grade NiS: MI, I	%	0.57, 0.55
Grade Cu: MI, I	%	0.19, 0.18
Grade Co: MI, I	%	0.02, 0.02
Grade Pd: MI, I	g/t	0.04, 0.05
Grade Pt: MI, I	g/t	0.09, 0.10
Grade Au: MI, I	g/t	0.06, 0.06
Processing Rate	Mt/a	6.2
LOM Concentrate Production		
Concentrate (dry)	kt	4,888
Ni	%	13.85
Cu	%	3.94
Co	%	0.25
Pd	g/t	1.67
Pt	g/t	2.26
Au	g/t	1.03
LOM Revenue		
Net smelter return revenue	US$M	10,871
LOM Operating Cost		
Mining	$/t processed	12.91
Processing	$/t processed	5.43
Site G&A	$/t processed	1.59
Treatment, refining, penalties	$/t processed	7.40
Freight	$/t processed	4.40
By-product credits	$/t processed	(13.87)
C1 operating cost [1]	US$/lb Ni [2]	2.02
AISC cost [3]	US$/lb Ni	3.57

Item	Unit	Value
Operating costs	US$M	(4,498)
Royalties	US$M	(907)
LOM Cash Flow		
EBITDA cash	US$M	7,139
Cash Flow		
Taxes	US$M	(1,685)
Capital expenditures	US$M	(1,505)
Unlevered Free Cash Flow	US$M	3,938
Post-Tax $NPV_{8\%}$	US$M	942
Post-tax internal rate of return	%	25
Payback period	Years	3.4

Notes.

1. EBITDA = earnings before interest, taxes, depreciation and amortisation.
2. MI = Measured and Indicated, I = Inferred.
3. C1 cost = cash operating costs less net by-product credits.
4. Ni cost = (mining cost + processing cost + site G&A cost + treatment/refining cost + freight cost – by-product credits for Cu, Co, Pd, Pt, Au) / Payable Ni
5. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures.

A total of 1,392 Mlb of NiEq are payable over the LOM. NiEq is determined by dividing the revenue from payable Cu, Co, Au, Pt, and Pd by the price of Ni to calculate equivalent pounds of Ni, then adding the payable Ni pounds to sum to the total NiEq pounds. Process plant feed and payable NiEq metal are summarised in Figure 24-33.



Source: Atlantic Nickel, 2023.

Figure 24-33: LOM Payable NiEq

24.1.9.3 Financial Model Parameters

Other economic factors include the following:

- Figures in Q1 2023 US dollars;
- All cash flows include 90% to 95% payments for concentrate during the period in which they are incurred, depending on the concentrate sales agreement. The remaining 5% to 10% of the metal is paid within 90 days of reaching the Brazilian port.

Net revenue is calculated on the following:

- Revenues are calculated on the sale of nickel concentrates based on long term metal prices from the consensus mean of leading banks and financial institutions as of January 2023, and a long term forecast Brazilian to US dollar exchange rate;
- Treatment and refining charges for concentrates are based on contracted terms with several smelters/refineries and metal offtakers;
- There are four NSR royalties payable over the LOM:
  - The CFEM royalty at 2.00% on an NSR that does not allow the deductibility of freight costs;
  - The CBPM royalty at 2.51% on 60% of the value of nickel contained in concentrate and a royalty rate of 2.51% on 100% of the value of copper, cobalt, palladium, platinum and gold contained in concentrate;
  - Land owner royalties at 1.00%;
  - The Appian Natural Resources Fund II royalty at 2.75%.

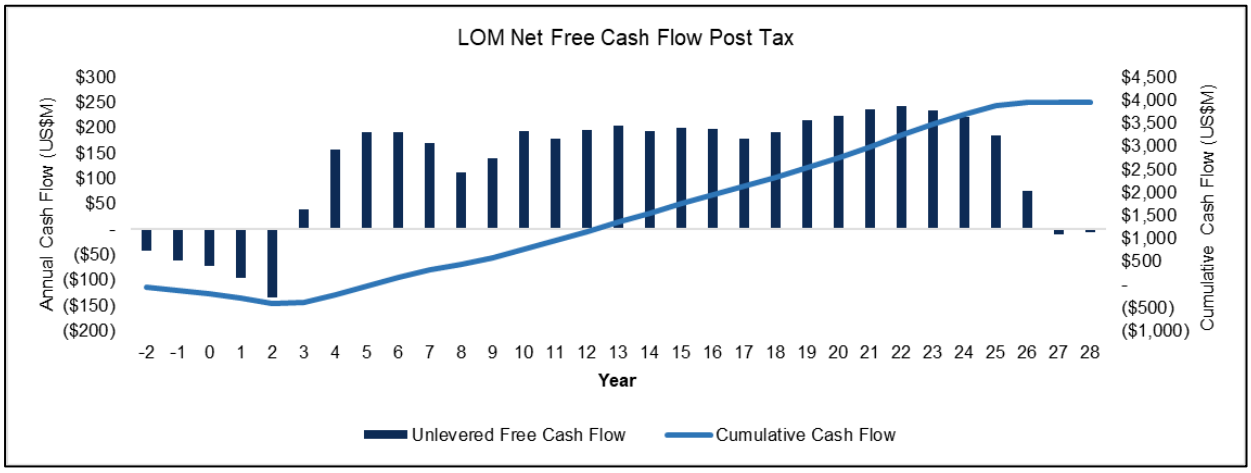
All applicable Brazilian taxes are estimated in the financial model. PIS/COFINS credits have been applied to offset income taxes. The financial model also reflects that Atlantic Nickel recently obtained an extension on the SUDENE tax incentive in 2020, which encourages economic development in Northeast Brazil. This incentive program provides for a 75% reduction in the base income tax rate, for a period of 10 years until 2030.

24.1.9.4 Economic Analysis

The 2023 PEA is estimated to generate US$180 million in average unlevered free cash flow annually over the LOM and has a post-tax NPV, using an 8% discount rate, of US$942 million.

The post-tax IRR is estimated at 25% and the payback is estimated at 3.4 years.

The financial results are presented in Figure 24-34 and a summary of the financial model is presented in Table 24-29 to Table 24-31. Key metrics by five-year periods from production year four onwards are presented in Table 24-32.



Source: Atlantic Nickel, 2023.

Figure 24-34: LOM Net Unlevered Free Cash Flow Post Tax

Table 24-29: Cash Flow Analysis (Years -2 to 8)
ACG Acquisition Company Limited – Santa Rita Mine

Item	Units	-2	-1	0	1	2	3	4	5	6	7	8
Ni price	US$/lb	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46
Cu price	US$/lb	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59
Co price	US$/lb	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53
Au price	US$/oz	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Pt price	US$/oz	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Pd price	US$/oz	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363
BRD:USD exchange rate	R$:US$	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55
Mining underground mill feed	kt	—	—	491	1,143	2,112	3,465	4,401	5,053	5,912	6,278	6,290
Mining waste rock	kt	1,602	2,464	941	790	373	398	984	1,121	1,252	581	777
Processing feed	kt	—	—	491	1,143	2,112	3,465	4,401	5,053	5,912	6,278	6,290
Ni grade	%	—	—	0.56	0.53	0.57	0.55	0.57	0.57	0.56	0.55	0.54
Cu grade	%	—	—	0.18	0.17	0.19	0.18	0.19	0.19	0.18	0.18	0.18
Co grade	%	—	—	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Au grade	g/t	—	—	0.07	0.07	0.06	0.07	0.06	0.06	0.07	0.06	0.06
Pt grade	g/t	—	—	0.10	0.10	0.09	0.10	0.09	0.09	0.10	0.10	0.09
Pd grade	g/t	—	—	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Concentrate (dmt)	kt	—	—	17	38	74	118	154	176	202	214	211
Concentrate nickel grade	%	—	—	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85
Concentrate copper grade	%	—	—	3.90	3.96	4.03	4.02	4.02	4.00	3.97	3.95	3.99
Concentrate cobalt grade	%	—	—	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Payable Ni	Mlb	—	—	3.1	12.0	20.7	31.5	38.3	47.3	51.6	54.2	53.5
Payable Cu	Mlb	—	—	0.8	3.0	5.4	7.9	9.5	11.7	12.6	13.2	13.1
Payable Co	Mlb	—	—	0.0	0.1	0.1	0.3	0.3	0.4	0.4	0.5	0.5
Payable Au	koz	—	—	0.2	0.9	1.6	2.5	3.1	3.8	4.2	4.4	4.3
Payable Pt	koz	—	—	0.6	2.2	3.8	5.7	6.8	8.2	8.8	9.2	9.1

Item	Units	-2	-1	0	1	2	3	4	5	6	7	8
Payable Pd	koz	—	—	0.4	1.6	2.8	4.2	5.0	6.0	6.5	6.8	6.7
Payable NiEq	Mlb	—	—	3.6	14.3	24.6	37.6	45.5	56.3	61.2	64.3	63.5
Ni revenue	US$M	—	—	25.8	99.4	172.1	268.2	321.4	396.8	434.8	457.8	452.7
Cu revenue	US$M	—	—	2.7	10.6	18.9	28.7	34.0	41.7	45.3	47.2	47.2
Co revenue	US$M	—	—	0.5	1.9	3.3	6.2	7.7	9.5	10.5	11.2	11.0
PGM revenue	US$M	—	—	1.6	6.0	10.5	16.3	19.3	23.4	25.4	26.6	26.4
Total Revenue	US$M	—	—	30.6	117.8	204.8	319.4	382.4	471.4	515.9	542.8	537.3
Net Smelter Return	US$M	—	—	23.1	88.8	156.2	262.9	322.9	404.6	448.7	476.6	470.5
Less: mining costs	US$M	(4.9)	(7.1)	(15.1)	(28.4)	(40.9)	(53.8)	(63.2)	(66.6)	(68.0)	(68.5)	(68.5)
Less: processing costs	US$M	—	—	(6.9)	(11.7)	(17.1)	(22.1)	(26.1)	(28.5)	(31.1)	(32.3)	(32.3)
Less: general and administrative	US$M	—	—	—	(2.7)	(10.7)	(10.7)	(10.2)	(10.2)	(10.2)	(9.7)	(9.7)
Less: royalties	US$M	—	—	(2.0)	(7.6)	(13.2)	(22.0)	(27.0)	(33.8)	(37.5)	(39.7)	(39.3)
EBITDA	US$M	(4.9)	(7.1)	(0.9)	38.5	74.3	154.3	196.4	265.5	301.9	326.4	320.8
EBITDA margin	%	—	—	(3)	33	36	48	51	56	59	60	60
C1 cost	US$/lb Ni	—	—	8.12	4.42	4.09	2.92	2.56	2.06	1.85	1.69	1.73
C1 cost	US$M	4.9	7.1	24.8	53.3	84.6	91.9	98.0	97.5	95.4	91.7	92.7
Less: cash taxes	US$M	(0.2)	(0.3)	(1.4)	(2.9)	(4.1)	(6.1)	(7.7)	(38.3)	(60.4)	(87.4)	(88.0)
Less: change in working capital	US$M	(16.8)	(0.0)	6.7	9.8	(0.3)	(20.7)	(4.7)	(1.8)	(2.8)	0.7	6.1
Less: capital expenditures	US$M	(52.0)	(53.2)	(72.7)	(136.8)	(207.4)	(91.4)	(29.0)	(33.4)	(49.7)	(70.2)	(126.6)
AISC	US$/lb Ni	—	—	11.39	8.15	8.46	5.40	4.00	3.43	3.51	3.70	4.79
AISC	US$M	—	—	34.8	98.2	174.7	170.4	153.0	162.4	181.2	200.7	256.5
Unlevered Free Cash Flow	US$M	(73.9)	(60.6)	(68.4)	(91.3)	(137.5)	36.1	155.0	192.0	189.0	169.5	112.3
Cumulative cash flow	US$M	(73.9)	(134.4)	(202.9)	(294.2)	(431.7)	(395.6)	(240.5)	(48.5)	140.6	310.1	422.4

Note: C1 cost = cash operating costs less net by-product credits. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures

Table 24-30: Cash Flow Analysis (Years 9 to 18)
ACG Acquisition Company Limited – Santa Rita Mine

Item	Units	9	10	11	12	13	14	15	16	17	18
Ni price	US$/lb	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46
Cu price	US$/lb	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59
Co price	US$/lb	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53
Au price	US$/oz	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Pt price	US$/oz	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Pd price	US$/oz	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363
BRL:USD exchange rate	R$:US$	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55
Mining underground mill feed	kt	6,213	6,294	6,272	6,328	6,277	6,222	6,196	6,226	6,119	6,269
Mining waste rock	kt	597	345	546	537	629	240	650	354	304	310
Processing feed	kt	6,213	6,294	6,272	6,328	6,277	6,222	6,196	6,226	6,119	6,269
Ni grade	%	0.55	0.55	0.54	0.55	0.55	0.56	0.55	0.54	0.53	0.54
Cu grade	%	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.17	0.17	0.18
Co grade	%	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Au grade	g/t	0.06	0.07	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Pt grade	g/t	0.10	0.10	0.10	0.10	0.10	0.09	0.09	0.10	0.09	0.09
Pd grade	g/t	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Concentrate (dmt)	kt	202	206	204	209	208	206	204	199	192	202
Concentrate nickel grade	%	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85
Concentrate copper grade	%	4.02	4.02	4.05	4.02	3.99	4.00	3.99	3.98	4.00	3.97
Concentrate cobalt grade	%	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Payable Ni	Mlb	52.9	54.0	53.3	54.7	54.4	54.1	53.5	52.2	50.3	53.1
Payable Cu	Mlb	13.1	13.3	13.3	13.5	13.4	13.3	13.2	12.8	12.4	13.0
Payable Co	Mlb	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.5
Payable Au	koz	4.3	4.4	4.3	4.5	4.4	4.4	4.3	4.2	4.1	4.3
Payable Pt	koz	9.0	9.1	9.0	9.2	9.2	9.1	9.1	8.9	8.6	9.1

Item	Units	9	10	11	12	13	14	15	16	17	18
Payable Pd	koz	6.6	6.7	6.7	6.8	6.8	6.8	6.7	6.6	6.3	6.7
Payable NiEq	Mlb	62.9	64.1	63.4	65.0	64.6	64.2	63.5	62.0	59.7	63.0
Ni revenue	US$M	447.7	456.2	451.0	462.3	460.4	457.2	452.6	442.0	425.5	448.2
Cu revenue	US$M	47.1	47.9	47.7	48.5	48.0	47.7	47.2	45.9	44.5	46.6
Co revenue	US$M	10.9	11.1	10.9	11.3	11.2	11.1	11.0	10.8	10.4	10.8
PGM revenue	US$M	26.1	26.6	26.3	26.9	26.8	26.6	26.4	25.9	24.9	26.2
Total Revenue	US$M	531.7	541.7	536.0	549.0	546.4	542.7	537.1	524.6	505.4	531.8
Net Smelter Return	US$M	466.0	475.7	469.4	482.6	478.8	476.0	470.7	459.1	441.6	462.0
Less: mining costs	US$M	(69.9)	(73.9)	(75.7)	(74.0)	(73.8)	(75.9)	(76.2)	(77.9)	(77.7)	(78.7)
Less: processing costs	US$M	(32.1)	(32.3)	(32.2)	(32.4)	(32.3)	(32.1)	(32.0)	(32.1)	(31.8)	(32.2)
Less: general and administrative	US$M	(9.7)	(9.2)	(9.2)	(9.2)	(8.8)	(8.8)	(8.8)	(8.3)	(8.3)	(8.3)
Less: Royalties	US$M	(38.9)	(39.7)	(39.2)	(40.3)	(39.9)	(39.7)	(39.3)	(38.3)	(36.8)	(38.6)
EBITDA	US$M	315.5	320.5	313.1	326.7	324.0	319.5	314.4	302.5	286.9	304.2
EBITDA margin	%	59	59	58	60	59	59	59	58	57	57
C1 cost	US$/lb Ni	1.76	1.78	1.85	1.74	1.77	1.81	1.85	1.94	2.02	1.98
C1 cost	US$M	93.3	96.0	98.8	95.3	96.4	98.0	98.8	101.2	101.8	105.4
Less: cash taxes	US$M	(88.3)	(89.6)	(84.7)	(89.2)	(87.8)	(84.3)	(82.7)	(78.0)	(70.4)	(75.8)
Less: change in working capital	US$M	(6.4)	(3.3)	3.7	(3.8)	1.0	1.1	(1.3)	0.8	2.4	(2.9)
Less: capital expenditures	US$M	(81.0)	(33.8)	(52.7)	(37.8)	(33.1)	(41.5)	(29.9)	(26.1)	(39.9)	(33.5)
AISC	US$/lb Ni	4.00	3.12	3.54	3.14	3.09	3.27	3.12	3.15	3.51	3.32
AISC	US$M	211.7	168.5	188.5	172.0	168.2	177.0	166.7	164.6	176.4	176.2
Unlevered Free Cash Flow	US$M	139.7	193.9	179.4	195.9	204.2	194.8	200.7	199.3	178.9	192.0
Cumulative cash flow	US$M	562.1	756.0	935.4	1,131.3	1,335.4	1,530.2	1,730.8	1,930.2	2,109.1	2,301.1

Note: C1 cost = operating costs less net by-product credits. All-in sustaining cost (AISC) = C1 plus royalties and sustaining capital expenditures

Table 24-31: Cash Flow Analysis (Years 19 to 27 and total)
ACG Acquisition Company Limited – Santa Rita Mine

Item	Units	19	20	21	22	23	24	25	26	27	Total
Ni price	US$/lb	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46
Cu price	US$/lb	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59
Co price	US$/lb	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53	23.53
Au price	US$/oz	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Pt price	US$/oz	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Pd price	US$/oz	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363
BRL:USD exchange rate	R$:US$	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55	5.55
Mining underground mill feed	kt	6,342	6,345	6,337	6,240	6,212	5,659	4,744	2,009	295	141,742
Mining waste rock	kt	184	257	150	4	—	—	—	—	—	16,391
Processing feed	kt	6,342	6,345	6,337	6,240	6,212	5,659	4,744	2,009	295	141,742
Ni grade	%	0.57	0.58	0.59	0.58	0.58	0.57	0.58	0.59	0.60	0.56
Cu grade	%	0.18	0.19	0.19	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Co grade	%	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Au grade	g/t	0.06	0.06	0.06	0.06	0.06	0.06	0.08	0.09	0.09	0.06
Pt grade	g/t	0.09	0.09	0.09	0.09	0.10	0.10	0.12	0.14	0.14	0.10
Pd grade	g/t	0.04	0.04	0.04	0.04	0.04	0.04	0.05	0.07	0.07	0.04
Concentrate (dmt)	kt	223	229	232	225	222	200	172	74	11	4,888
Concentrate nickel grade	%	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85	13.85
Concentrate copper grade	%	3.92	3.88	3.86	3.84	3.82	3.82	3.71	3.63	3.59	3.94
Concentrate cobalt grade	%	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Payable Ni	Mlb	56.3	57.9	58.8	57.2	56.4	51.0	42.5	22.9	3.0	1,250.9
Payable Cu	Mlb	13.6	13.8	13.9	13.5	13.2	12.0	9.8	5.4	0.7	304.4
Payable Co	Mlb	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.2	0.0	10.8
Payable Au	koz	4.6	4.7	4.8	4.6	4.6	4.1	3.4	1.8	0.2	101.3
Payable Pt	koz	9.5	9.8	9.9	9.7	9.5	8.7	7.5	4.2	0.6	213.9

Item	Units	19	20	21	22	23	24	25	26	27	Total
Payable Pd	koz	7.0	7.2	7.3	7.2	7.0	6.5	5.5	3.1	0.4	158.0
Payable NiEq	Mlb	66.7	68.6	69.6	67.7	66.7	60.4	50.3	27.1	3.6	1,483.9
Ni revenue	US$M	475.5	489.5	496.8	484.4	476.8	433.0	362.7	197.9	28.3	10,577.0
Cu revenue	US$M	48.6	49.5	50.0	48.6	47.5	43.3	35.4	19.6	2.8	1,092.7
Co revenue	US$M	11.6	11.9	12.1	11.8	11.6	10.5	8.7	3.9	0.5	254.0
PGM revenue	US$M	27.7	28.5	28.9	28.2	27.8	25.4	21.6	12.0	1.7	619.9
Total Revenue	US$M	563.5	579.4	587.8	572.9	563.6	512.2	428.4	233.3	33.3	12,543.5
Net Smelter Return	US$M	495.9	509.4	517.0	502.3	494.7	445.7	364.4	179.8	25.4	10,870.8
Less: mining costs	US$M	(78.2)	(79.8)	(80.9)	(80.0)	(78.8)	(66.9)	(60.7)	(47.2)	(19.4)	1,830.3
Less: processing costs	US$M	(32.5)	(32.5)	(32.4)	(32.1)	(32.1)	(30.4)	(27.5)	(16.9)	(3.4)	769.4
Less: general and administrative	US$M	(7.9)	(7.9)	(7.9)	(7.5)	(7.5)	(7.5)	(7.2)	(7.2)	(1.8)	225.3
Less: royalties	US$M	(41.3)	(42.5)	(43.1)	(41.7)	(41.1)	(37.1)	(30.3)	(15.1)	(2.1)	906.9
EBITDA	US$M	336.0	346.8	352.6	340.9	335.2	303.8	238.7	93.4	(1.3)	7,138.9
EBITDA margin	%	60	60	60	60	59	59	56	40	0	57
C1 cost	US$/lb Ni	1.74	1.73	1.72	1.78	1.78	1.80	2.20	3.90	7.60	2.02
C1 cost	US$M	98.2	100.2	101.1	101.8	100.5	92.1	93.7	89.4	23.1	2,531.1
Less: cash taxes	US$M	(85.5)	(85.8)	(86.8)	(82.5)	(76.8)	(68.1)	(50.6)	(19.6)	(1.8)	(1,685.3)
Less: change in working capital	US$M	(1.0)	0.2	(1.4)	0.1	1.2	1.1	4.9	14.6	2.0	(0.0)
Less: capital expenditures	US$M	(33.8)	(37.5)	(26.7)	(15.9)	(24.5)	(13.4)	(6.6)	(3.4)	(12.3)	(1,505.5)
AISC	US$/lb Ni	3.06	3.07	2.88	2.77	2.91	2.77	3.06	4.69	8.49	3.57
AISC	US$M	172.2	177.8	169.4	158.5	164.0	141.4	130.0	107.5	25.8	4,464.9
Unlevered Free Cash Flow	US$M	215.8	223.7	237.7	242.6	235.0	223.5	186.5	85.1	(13.4)	3,937.6
Cumulative cash flow	US$M	2,516.9	2,740.6	2,978.2	3,220.9	3,455.9	3,679.4	3,865.9	3,951.0	3,937.6	
	IRR	**25%**		**NPV8%**	**942**						

Note: C1 cost = cash operating costs less net by-product credits. All-in sustaining cost (AISC) = C1 cost plus royalties and sustaining capital expenditures

Table 24-32: Key Metrics by Five-Year Periods
ACG Acquisition Company Limited – Santa Rita Mine

Key Metric	Unit	Production Year					
		4–8	9–13	14–18	19–23	24–27	LOM
Processing feed	Mt	*27,933*	*31,384*	*31,032*	*31,476*	*12,707*	**141,742**
C1 cost	US$/lb Ni	1.98	1.78	1.92	1.75	3.10	**2.02**
AISC	US$/lb Ni	3.89	3.38	*3.27*	2.94	3.80	**3.57**
EBITDA	US$M	*1,411*	*1,600*	*1,528*	*1,711*	*635*	**7,139**
EBITDA margin	%	57	59	58	60	33	**57**
Unlevered Free Cash Flow	US$M	818	913	966	1,155	482	**3,938**

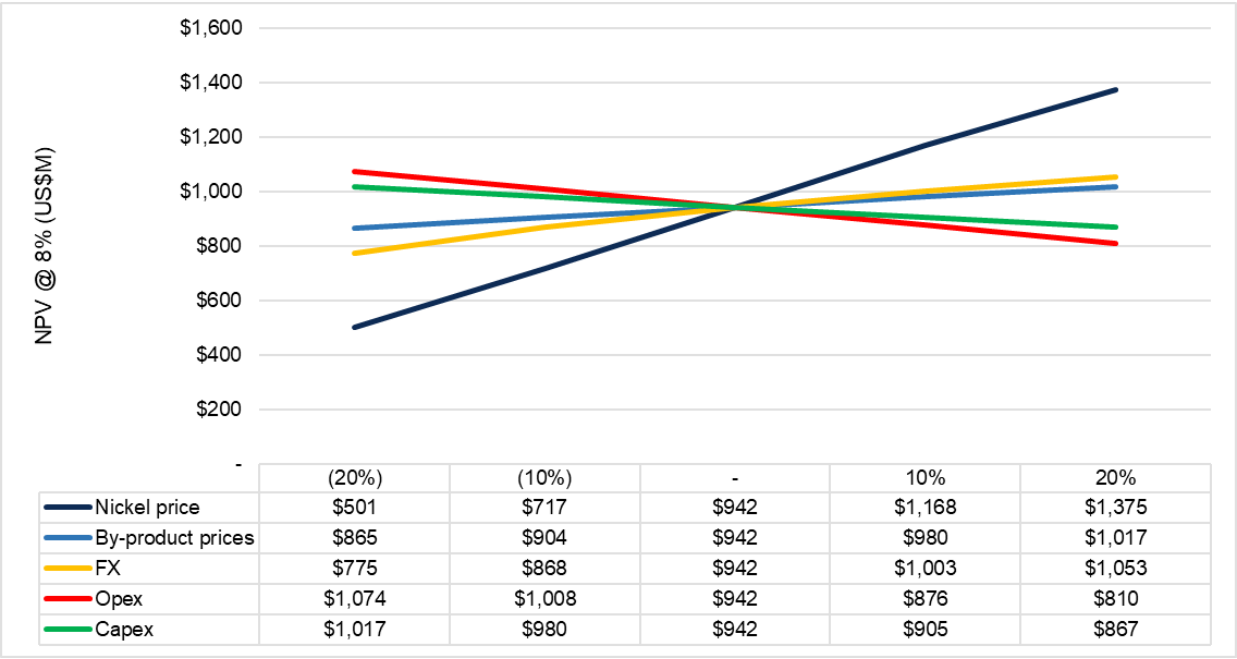
24.1.9.5 Sensitivity Analysis

The cash flow and $NPV_{8\%}$ sensitivity to various nickel prices are summarised in Table 24-33.

Figure 24-35 presents an NPV sensitivity analysis on nickel price, by-product prices, exchange rate, operating costs and capital expenditures. The Project as envisaged in the 2023 PEA is most sensitive to changes in the nickel price, less sensitive to changes in operating costs and capital expenditures and foreign exchange rate fluctuations, and least sensitive to commodity price changes for the by-product elements.

Table 24-33: Underground Cash Flow Sensitivity at Various Nickel Prices
ACG Acquisition Company Limited – Santa Rita Mine

Sensitivity (%)	-20	-10	0	+10	+20
Operating Cash Flow *Pre-Tax* ($M)					
Annual	213	254	297	340	380
LOM cumulative	5,081	6,088	7,139	8,193	9,153
Net Unlevered Free Cash Flow ($M)					
Annual	125	152	180	209	235
LOM cumulative	2,560	3,232	3,938	4,645	5,289
NPV Results ($M)					
Post-tax NPV8%	501	717	942	1,168	1,375



	(20%)	(10%)	-	10%	20%
Nickel price	$501	$717	$942	$1,168	$1,375
By-product prices	$865	$904	$942	$980	$1,017
FX	$775	$868	$942	$1,003	$1,053
Opex	$1,074	$1,008	$942	$876	$810
Capex	$1,017	$980	$942	$905	$867

Source: Atlantic Nickel, 2023.

Figure 24-35: 2023 PEA Sensitivity Analysis

25.0 INTERPRETATION AND CONCLUSIONS

Under the assumptions described in this CPR, the LOM plan is achievable, and the economic analysis supports declaration of Mineral Reserves.

Under the 2023 PEA assumptions presented in this CPR, the portion of the Mineral Resource subset within the 2023 PEA mine plan returns positive economics.

25.1 Geology and Mineral Resources

- As of December 31, 2022, inclusive of Mineral Reserves, Measured Mineral Resources for open pit operations are estimated to total 7,914 kt at 0.38% NiS, 0.13% Cu, 0.02% Co, 0.03 g/t Pd, 0.07 g/t Pt, and 0.04 g/t Au and Indicated Mineral Resources are estimated to total 142,202 kt at 0.48% NiS, 0.16% Cu, 0.01% Co, 0.04 g/t Pd, 0.09 g/t Pt, and 0.06 g/t Au. In addition, Inferred Mineral Resources are estimated to total 130,898 kt at 0.54% NiS, 0.17% Cu, 0.01% Co, 0.05 g/t Pd, 0.10 g/t Pt, and 0.06 g/t Au.
- The Mineral Resource estimates reported in this CPR follow the CIM (2014) definitions.
- Santa Rita is a magmatic nickel-copper sulphide deposit and it is very well understood by Atlantic Nickel staff.
- The hanging wall mineralisation limits are well defined and the limits considered for NiS (%) is reasonable for the deposit type and mineralisation style. The footwall mineralisation limits are more variable.
- The geological setting, surface samples, and geological mapping of the Santa Rita area present good exploration potential, as a number of targets have already been identified near the mining operation. Three prospects warrant drill testing, Peri-Peri, Santa Maria, and Aiquara, and the Ibicuí prospect should be subject to an exploration review. Grassroots exploration activities should continue on the exploration permits.
- Protocols for drilling, sample preparation and analysis, verification, and security meet industry standard practices and are appropriate for the purposes of a Mineral Resource estimate.
- The QA/QC program as designed and implemented by Atlantic Nickel is adequate, with no significant bias, to support the resource database. The resource database was verified by GeoEstima and is suitable for Mineral Resource estimation.
- The lithological models are reasonably constructed using available geological information and are appropriate for Mineral Resource estimation.
- The assumptions, parameters, and methodology used for the Santa Rita Mineral Resource estimate are appropriate for the style of mineralisation and proposed mining methods.
- The database made available by Atlantic Nickel confirms the exploration potential identified for the Palestina target and additional drilling during 2021 and 2022 demonstrates the continuity of mineralisation and shows an opportunity to convert this exploration target into Mineral Resources in the future.

25.2 Mineral Reserve Estimates

The Mineral Reserve estimation for the Project incorporates industry-accepted practices and is reported using the 2014 CIM definitions.

Measured and Indicated Mineral Resources were converted to Mineral Reserves. Inferred Mineral Resources were considered as waste.

The Mineral Reserve estimates are based on detailed pit limit designs, which were validated by a LOM mine plan.

The estimate of Mineral Reserves may be materially affected by metal prices, US$/R$ exchange rate, environmental, permitting, legal, title, taxation, socio-political, marketing, infrastructure development, or other relevant issues.

Mineralised material stockpiles exist at the mine site. Two large stockpiles in particular have been surveyed and estimated to contain approximately 5.7 Mt of material. Atlantic Nickel plans to drill and sample the material to allow a Mineral Resource estimate to be completed.

25.3 Mine Plan

Mining operations are conducted year-round.

The mine is a conventional open pit operation using conventional equipment. The pit has six of the original 10 phases remaining to be mined. A small satellite open pit located to the southeast of the main pit will also be mined.

The production plan targets ore to the process plant at 6.5 Mt/a and a total production rate of 30 Mt/a (combined ore and waste). Mining operations use standard open pit methods with drilling and blasting, loading and hauling. Bench heights are 6 m in ore and 12 m in waste. Mining is contracted to a consortium of mining contractors until Q2 2023 at which time the mine will transition to Owner operated. The transition will be completed by the end of 2024.

Four ore types and stockpiles of material are used. They are defined based on NSR cut-off value, lithology type (based on MgO grade) and head grade ranges (high-grade and low-grade based on NiS%). Ore types include lithologies based on MgO% (peridotite >29% MgO and pyroxenite <29% MgO). The high-grade versus low-grade boundary for NiS% is approximately 0.35% NiS. The open pit remaining mine life is approximately six years, ending in 2028.

25.4 Mineral Processing

The dominant sulphide minerals in the Santa Rita deposit are pentlandite, pyrrhotite, pyrite, chalcopyrite, and violarite. The major gangue materials were identified as olivine, orthopyroxene, serpentine and chrome spinel. The recoverable nickel (sulphide) was found to be predominantly in pentlandite, violarite, and pyrite. Copper is primarily associated with chalcopyrite. Iron is most abundant in pyrite (approximately 47%), less abundant in pentlandite, chalcopyrite, and chrome spinel.

Based on the deportment of nickel and magnesia, Mirabela Brazil, a previous owner, subdivided the orebody into three domains, orthopyroxenite (P domain), olivine orthopyroxenite (O domain), and harzburgite (H domain). Between 0.24% Ni and 0.30% Ni is associated with olivine, between 0.05% and 0.1% Ni with orthopyroxene, and approximately 0.09% Ni with chrome spinels. The majority of the iron occurs in olivine (11% to 12%), serpentine (5% to 9%), and orthopyroxene (8%).

In the P and O domains, most of the nickel is hosted in sulphides and, therefore, is recoverable. In the H domain, nickel is divided more evenly between sulphides and gangue minerals. Consequently, the P and O domains have a higher proportion of recoverable nickel and the H domain has a lower proportion of recoverable nickel.

Atlantic Nickel staff collected plant data over the period January 2021 to December 2021 and from September 2022 to December 2022 with the objective of determining a robust formula to predict NiS recovery. A strong relationship was found between the enrichment ratio (%NiS in concentrate/%NiS in feed) versus the % mass pull to the concentrate. At a fixed concentrate grade, the recovery can be calculated. The new model is suitable for calculating the LOM open pit ore recovery.

The process plant performance data from January 2020 to December 2022 indicate NiS recovery of 79.3%; the average concentrate grade was steady at approximately 13.5% NiT and NiS recoveries in 2022 averaged 80.1%.

Comminution testwork was carried out on composites of the three main open pit lithologies and on variability samples. The pyroxenite material in the north of the pit is the hardest material and harzburgite is the softest. Tests following the SMC protocols and the Bond suite gave the same conclusion. JKTech used a plant survey and these results to model plant performance. The base case calculated a throughput of 855 t/h versus the LOM production requirement of up to 842 t/h at 89.5% availability. The average throughput from December 2021 to December 2022 was 839 t/h considering 89.5% plant availability.

Rougher-scavenger flotation testing was carried out on the three main open pit lithology composites, 51 variability samples, and a blend of the variability samples. The lithology testing confirmed that pyroxenite and orthopyroxenite perform better than harzburgite. The variability samples showed large variations in recovery and concentrate grade. LCTs carried out on the variability sample blend gave NiS recoveries between 76% and 82% at concentrate grades between 9.9% NiS and 14.8% NiS. The CP is of the opinion that sufficient comminution and flotation variability testing has been carried out to predict plant performance in line with the parameters used in the project financial model.

Mineralogical examinations showed that for a sample ground to 125 µm, the mean size of the particles was 48 µm for pentlandite and 30 µm for chalcopyrite. Finer grinding would lead to slime losses. The majority of losses to tailings occurs in complex particles with fine metal sulphides occluded in gangue minerals.

The upper and lower composite underground material and the underground variability samples showed similar particle size data to the open pit ore. The pentlandite content was approximately 60% higher.

The comminution data for the underground upper and lower composites showed that they were softer for crushing and SAG milling than the open pit ore but harder for ball milling. The tests carried out on the LOM period composites confirmed these results. JKTech calculated a throughput of 955 t/h for the upper and lower composites. The required throughput is 797 t/h for the first five years of underground operation at 89.5% availability to attain a production level of 6.25 Mt/a. The CP considers that the plant is capable of this throughput; however, it is recommended that the JKTech report be updated with the comminution data from the variability and LOM period composites testing.

Rougher-scavenger flotation testing on the upper and lower underground composites showed similar results to the previous Atlantic Nickel tests on open pit ore but with higher recovery and lower rougher concentrate grade. The tests on the underground variability samples also showed generally higher recoveries but at similar rougher concentrate grades.

LCTs on the underground upper and lower composites gave similar results to the open pit blend material. However, the LCTs on the underground LOM period composites gave better results with NiS recoveries in the range 85% to 91% at concentrate grades between 13.3% and 14.9% NiS. Atlantic Nickel staff plotted the enrichment ratio (%NiS in concentrate/%NiS in feed) versus the % mass pull to the concentrate for the open pit and underground LCTs. The R^2 correlation coefficient for the resulting curve is 0.9804. The CP considers this model is suitable for calculating the LOM underground material recovery.

The only deleterious element in the concentrate that could lead to downstream treatment penalties is MgO; this is controlled by efficient cleaner flotation and has not been an issue to date.

The process plant re-started in October 2019 and from January 2020 to December 2022 treated 17.06 Mt of ore, producing 290,821 t of nickel concentrate containing 39,488 t of nickel. The average overall

nickel recovery was 58% and the average nickel sulphide recovery was 79%. The plant is currently operating at its design capacity of 6.5 Mt/a.

The NiS recovery has improved since January 2020, especially during 2022. The average recovery increased from 80.2% in Q1 2022 to 81.3% from June to December 2022. The improvement is due to the following:

- Improvements in control algorithms for the SAG and ball mills
- Adjustment in the cyclone operating pressure
- Reducing fines generated in grinding
- Change in the classification solids percent parameters
- Better knowledge of the flotation kinetics per stage
- Improvements in flotation control
- Use of a different collector resulting in better recovery
- Training of process, operation and maintenance teams
- Operational stability leading to increased equipment availability

The expected performance for 2023 takes these improvements into account.

25.5 Infrastructure

The Santa Rita Mine has all necessary infrastructure in place to support a large open pit mining and mineral processing operation. Infrastructure includes a gatehouse, administration offices, kitchen/canteens, maintenance buildings, warehouse, washroom and change rooms, health and fire-fighting facilities, process plant, conveyors, and concentrator, laboratories, pipelines, and powerlines.

There is no accommodations camp on site. Personnel reside in nearby communities and commute to the site.

Electricity supply is generated by a hydroelectric power plant that is located approximately 20 km from the mine.

There are two existing WRSFs, located to the east and south of the open pit. The East WRSF is the primary waste rock storage area and the South WRSF is a secondary storage area.

Ore stockpiles and ore bins at the ROM pad are mainly used for short-term operational ore control and emergency ore handling purposes and are not intended to provide longer-term storage capacity.

25.6 Markets and Contracts

There are several agreements in place between Atlantic Nickel and smelters/traders for export from Brazil. Offtake contracts and terms are proprietary.

The commodity prices used in the financial analysis of the open pit base case are derived from the consensus median of leading banks and financial institutions as January 2023. The forecasts used vary for the period 2023–2026, reverting to long-term pricing in 2027. The long-term prices include US$8.46/b Ni, US$3.59/lb Cu, US$23.53/lb Co, US$1,615/oz Au, US$1,140/oz Pt, and US$1,363 Pd. The Brazilian reais to US$ exchange rate is forecast at 5.55.

A portion of nickel and copper production is subject to hedging agreements. 6,892 t of nickel and 1,200 t of copper have been hedged up to the end of 2023. Otherwise, metal prices are subject to spot market conditions. Currency exchange rates are subject to spot market conditions. There are no metal streaming agreements in place.

Atlantic Nickel has entered into agreements with various contractors for open pit mining and is planning to transition from open pit contractor mining to Owner-operated mining starting in Q2 2023. Atlantic Nickel has also entered into electrical power agreements.

25.7 Environment

25.7.1 Environmental Studies

An EIA was completed in 2006. To support the development and approval of the 2006 EIA and State licensing permitting requirements, the EIA evaluated impacts on water quality, flora and fauna, air quality, soil, and the socio-economic impact on immediate communities. The 2006 EIA is linked to numerous mitigation measures, consisting primarily of management plans that are required based on permits and licences. Mitigation measures have been undertaken with the re-start of operations including implementation of the water management system mitigation, which has significantly reduced sulphate and other constituents in the discharge water.

25.7.2 Tailings Storage Facility

The existing Santa Rita TSF consists of an unlined basin with a zoned earthen and rockfill perimeter embankment enclosing three sides of the impoundment. The TSF embankment is planned to be constructed in three major stages (initial, intermediate, and final stages), with a downstream raise methodology. The existing TSF is permitted to be constructed to a dam crest elevation 198.0 MASL higher than the currently planned st final dam crest elevation 180.0 MASL that is required to contain the tailings produced from the LOM of the open pit operations.

Under Brazilian laws and regulations, the Santa Rita TSF is classified with “high” potential damage (among three categories of “high”, “medium”, and “low”), and “low” risk (among three categories of “high”, “medium”, and “low”), and with a recommended classification category of Class “A” to guide the operation management. Class A indicates a second highest rating “score” out of five tiers (AA, A, B, C, and D), indicating generally satisfactory operations practice. The new TSF phases have been designed to also satisfy the CDA Dam Safety Guidelines (2019) for an “Extreme” Consequence Classification facility.

The TSF has been well managed by the mine using an operation, maintenance, and surveillance manual and an emergency action plan has been prepared in line with recent Brazilian regulations. The dam has been inspected and assessed semi-annually by the mine tailings management team and an engineering consulting firm each year, with the recent two inspections completed by GeoHydroTech Enginharia (2021) and WSP (2022); no significant concerns have been raised and the safety factors were found to be in compliance with design criteria for both Brazilian regulations and CDA guidelines. In addition, the dam has been inspected annually by the ANM.

25.7.3 Closure

Atlantic Nickel developed a mine closure plan, with the last plan updated in 2022. Since the current closure plan is conceptual in nature, the reclamation cost estimate only provides a preliminary assessment of the potential cost for reclamation.

As the conceptual closure plan is revised to a detailed closure plan, the closure cost will also be more accurately developed.

25.7.4 Permitting

Santa Rita has the required permits for open pit mining and processing operations.

25.7.5 Social

Atlantic Nickel completed an updated ESIA in 2020.

Atlantic Nickel continuously registers and monitors interactions with stakeholders to enhance the quality of the engagements.

Atlantic Nickel has several social programs focusing on education and training, environmental stewardship, social entrepreneurship, and culture.

25.8 Capital Cost Estimates

This CPR considers a mine plan with a start date of Q1 2023. All capital costs incurred in the mine plan are considered sustaining capital.

Sustaining capital costs over the open pit LOM are estimated at $245 million. The sustaining capital cost estimate covers direct and indirect costs, Owner's costs, and 15% contingency on process plant, site refurbishment, and mining equipment. Water treatment is based on actual quotes. The contingency on the tailings dam construction varies with each phase depending on the type of work. There is no contingency on drilling programs since the costs are well established.

25.9 Operating Cost Estimates

The all-in sustaining cost for the Santa Rita Mine is estimated to average $26.07/t processed over the open pit LOM.

25.10 Economic Analysis

A financial model was developed to estimate the Santa Rita Mine base case open pit LOM plan comprised of mining the Proven and Probable Mineral Reserve within the open pit. The LOM plan covers a period of six years beginning Q1 2023. The financial analysis was prepared on a real currency basis with all cash flows expressed in Q1 2023 US dollar terms.

The operations are estimated to generate US$122 million in average unlevered free cash flow annually over the open pit LOM at a post-tax NPV, using an 8% discount rate, of US$546 million. A measure of the IRR and payback years are not applicable in this case since the initial capital costs have been expended.

The operations are most sensitive to changes in the nickel price, less sensitive to changes in operating costs and foreign exchange rate fluctuations, and least sensitive to commodity price changes for the by-product elements and variations to the sustaining capital costs.

25.11 2023 Preliminary Economic Assessment

25.11.1 Mine Plan

The 2023 PEA is an alternative development option done at the conceptual level based on Mineral Resources, which assesses the potential for underground operations beneath the Santa Rita open pit.

The mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA based on these Mineral Resources will be realised. Inferred Mineral Resources comprise 55% of the mine plan.

The 2023 PEA mine plan envisages SLC at a throughput rate of approximately 6.2 Mt/a. The LOM plan covers a period of 30 years including pre-production.

25.11.2 Tailings Storage Facility

The current mine plan calls for raising the existing TSF to contain the 33 Mt of tailings to be produced from mining the open pit, without encroaching on the existing gas pipeline right-of-way located to the east of the TSF. A new TSF would be required to store the additional 140 Mt of tailings to be produced from the underground mine over a period of 28 years. A new conventional TSF located to the southwest of the mine site was selected as the preferred alternative. The new TSF would be outside of the existing mine property boundaries and located approximately six to nine kilometres southwest of the existing open pit and plant areas. It is assumed that Atlantic Nickel will acquire lands associated with the future TSF footprint and access roads prior to construction. The new TSF construction will begin with an initial starter dam and will be expanded every three years using a downstream raise method. The PFS design is currently ongoing. As a backup plan, several alternative tailings management strategies and facilities have been assessed at a scoping level including options located within the mine boundary.

25.11.3 Economic Outcome

Initial capital costs for the 2023 PEA are estimated at US$417 million. Total sustaining costs during the production period have been estimated at US$1,086 million before tax credits and at US$1,038 million after tax credits.

The average LOM all-in sustaining cost for underground mining is estimated at US$31.50/t processed.

Under the assumptions in this CPR, the 2023 PEA mine plan shows positive project economics over the LOM. The 2023 PEA is estimated to generate US$180 million in average unlevered free cash flow annually over the LOM and has a post-tax NPV, using an 8% discount rate, of US$942 million. The post-tax IRR is estimated at 25% and payback is estimated at 3.4 years.

The Project as envisaged in the 2023 PEA is most sensitive to changes in the nickel price, less sensitive to changes in operating costs and capital expenditures and foreign exchange rate fluctuations, and least sensitive to commodity price changes for the by-product elements.

25.12 Risks and Opportunities

25.12.1 Risks

The major Project risks at the current stage of operations are summarised in Table 25-1. In addition to these risks, Covid-19 may impact mine and plant operations.

A formal risk assessment workshop has not been carried out for the 2023 PEA. Overall project risks are perceived by the CPs as moderate, with the highest risks related to increasing the TSF storage capacity (including the establishment of a new tailings storage site) and potentially converting the Inferred Mineral Resources to Indicated Mineral Resources with further drilling.

Table 25-1: Risks
ACG Acquisition Company Limited – Santa Rita Mine

Area	Risk	Comment/Mitigation Plan
Geology and Mineral Resources	Tonnage and grade variation – new diamond drill data	Update the mineralised wireframes with the new drill hole information, to obtain a more precise tonnage and grade according to the new drill hole campaign
	Geological faults – underground	Incorporate the post-mineralised faults in the geological model, aiming to increase the confidence level of the underground Resource shapes

Area	Risk	Comment/Mitigation Plan
Mining Operations	Mine performance below expectations (grade, tonnage)	Short-term production planning at eight week intervals; production plan; consideration of alternate accesses; pumping requirements
	Poor blast performance	Detailed firing plan
	Pit slope instability due to dip of mineralization and low rock mass attributes	Maintain thorough ongoing monitoring program of geotechnical inspections; water level, vibration, and mass movement monitoring
	Meet plant throughput	Short-term production planning at eight week intervals; alternate faces available for mining operations
Mineral Processing	Inability to meet nickel recovery and concentrate grade targets	Maintain program of continuous improvements in process control and operational practices
TSF	Difficulty acquiring land for the new TSF site and right of way.	Early discussions with landowners have been initiated and will be advanced as a priority. Moreover, as backup plans, several alternative tailings management strategies and facilities have been assessed at a scoping level including options located within the mining boundary
	Compliance with new regulations and industry standards, including GISTM	Early planning in future designs; currently working toward compliance with GISTM
Environmental	Not meeting water quality discharge requirements	Monitoring; ensuring that no sulphide waste is used for any construction activity; lithological characterisation studies
Permitting	Inability to renew licences	Monitoring; ensuring compliance with licence terms

25.12.2 Opportunities

Opportunities identified by the CPs in their various areas of expertise are summarised in Table 25-2.

Table 25-2: Opportunities
ACG Acquisition Company Limited – Santa Rita Mine

Area	Opportunity	Note
Geology and exploration	Potential to increase resource base	Current advanced exploration at the Palestina Project has the potential to define a resource. There is excellent potential to increase the underground resource at Santa Rita, by drill testing extensions of the mineralisation at depth.
Mining	Mineralised stockpiles (open pit)	Historical mineralised material stockpiles exist at the mine site. Two large stockpiles have been surveyed and are estimated to contain approximately 5.7 Mt of material. The stockpiles require drilling and sampling to allow a Mineral Resource Estimate to be completed.
	Cut-off grade (underground)	The 2023 PEA assumes a higher cut-off grade than the break-even grade. There is potential to both lower the cut-off to allow more material to be mined, and to optimize the cut-off over time.
	Ventilation (underground)	There may be an opportunity to reduce ventilation costs if checks with the applicable regulatory agency allow ventilation criteria to be modified from that assumed in the 2023 PEA mine plan.
	Automation (underground)	An investigation should be conducted into the feasibility of automating much of the underground equipment to provide potential capital and operation cost savings, and reduce safety risks associated with human-operated equipment.
	Mining method (underground)	A mass mining method such as an incline cave should be evaluated to determine if operating cost savings can be achieved by reducing operating development, and production drill and blast costs.
Mineral Processing	Improve nickel sulphide concentrate grade	Investigate open circuit scavenger cleaning to reduce the circulating load in flotation; this may require more cleaner scavenger flotation residence time.
	Improve SAG mill performance to increase throughput and produce less ultra fine particles	Implement JKTech recommendations once the current in-house optimisations have been completed.
	Upgrade the existing low grade stockpiles using ore sorting	Carry out ore sorting testwork on low grade material at a laboratory with the requisite experience and testing equipment.
TSF	Capacity (open pit)	The existing TSF capacity is limited to that for the open pit due to the presence of a gas pipeline located downstream of the toe. If the gas pipeline route can be moved, the facility can be expanded to hold approximately 50 Mt. Depending on the costs to move the pipeline, this could represent a significant savings in capital and operating costs and a delay in the shift to the new TSF required for the 2023 PEA scenario

26.0 RECOMMENDATIONS

26.1 Geology and Mineral Resources

GeoEstima has the following recommendations for Geology and Mineral Resources:

- Prepare a Mineral Resource estimate for the Palestina target considering all the information available and conduct an economic study for possible extraction either through open pit or underground mining.
- Update the Mineral Resource estimate at Santa Rita with the ongoing drilling information added since 2021, as well as the updated metal prices and costs. The new drilling may better define the mineralisation extents, mainly in the deeper portion of the deposit, and it will upgrade the Mineral Resource classification in some areas.
- Review the NSR parameters to include the PGMs (Pd and Pt), as well as the cut-off value for open pit and underground shapes, aiming to update the reasonable prospects for RPEEE criteria.
- Integrate the post-mineralisation faults into the geological model, improving the shape modelling of mineralised zones. This activity will mainly impact the modelling of the deeper zone of the deposit.
- Carry out a comparison between the blast hole and drilling data.
- Improve the reconciliation with analysis and comments about the blast hole model versus the long-term resource model inside the depleted volume.

26.2 Mining

A number of initiatives are recommended in support of the 2023 PEA findings.

- A review of the proposed NSR cut-off value used in the 2023 PEA should be undertaken, to assess whether it can be lowered, and to assess the potential to optimize the cut-off over time.
- An investigation as to optimisation of the mine layout for automated equipment should be conducted.
- A mass mining method such as an incline cave should be evaluated to determine if operating cost savings can be achieved by reducing operating development, and production drill and blast costs.
- These work programs are estimated at US$230,000.

26.3 Mineral Processing

JKTech carried out a comminution survey in February 2021 and made several recommendations for potential improvements based on the results of this work. The key recommendations were to:

- Decrease the SAG mill total volumetric load to 25% and increase the ball load to decrease fines generation and decrease the load on the SAG mill.
- Review the SAG mill grate design to increase the pebble port size to further decrease fines generation. This change could be made during a scheduled liner change with minimal additional expenditure.
- Upgrade the cyclone feed pumping capacity to allow a target of 55% solids; then, increase water addition to achieve this density (and improve cyclone efficiency).

The CP agrees with recommendations 1 and 2 as they will avoid the SAG mill becoming a throughput restriction. The CP also agrees with recommendation 3 because higher cyclone efficiency will assist in minimising slimes production and nickel losses. The site stated that the amount of water added in the grinding circuit has been increased without the need to re-power the cyclone feed pumps and that an ongoing study has shown that good classification efficiency is being achieved.

The plant technical staff have stated that a new load and impact meter has been purchased and they are now in a position to carry out the load test in 2023 in a safe manner (avoiding breakage of mill liners).

The grate slot width has not yet been increased as the current focus is to increase the grate life. The current opening is 70 mm and the pebble port size is 90 mm (the maximum size feed for the pebble crushers). There is a concern that increasing the slot width would reduce the grate life.

The JKTech February 2021 report should be updated with the comminution results from testwork carried out in 2022 on underground variability samples and LOM period composites.

The CP recommended in 2021 that consideration be given to operating the cleaner-scavenger circuit in open circuit instead of returning the cleaner-scavenger tailings to the rougher feed. The LCTs carried out at SGS in 2021 showed that reducing the recycle prevented the build-up of gangue minerals in the concentrate. This phenomenon has not been reported in the plant; however, it may be possible to improve the concentrate grade with minimal loss of recovery. Additional cleaner-scavenger capacity may be required to maintain the recovery. This could be tested directly on the scavenger circuit feed and tailings in the on-site pilot plant. This test has not yet been performed nor has a test to increase the scavenger cleaning capacity. The plant staff report that efforts are being made first to reduce the fines generation in the grinding circuit.

26.4 Tailing Storage Facility

A new tailings storage facility to support the underground expansion project is currently being designed to the PFS level. Besides the new TSF, the design should include appurtenance facilities consisting of a tailings delivery system, decant pumping and reclaim water return system, access roads, and power supply. The required budget to complete the remaining PFS design related to the TSF appurtenances is estimated to be US$200,000.

26.5 Environment

The current mine closure plan provides little detail for addressing potential groundwater contamination from seepage from the tailings storage facility and waste rock storage facility. The latest tailings and waste rock geochemical data collected in 2021 and prior should be used to identify potential issues during closure and post-closure of the TSF and WRSF, and to develop appropriate mitigation measures as needed to address potential contamination from these facilities.

26.6 Preliminary Economic Assessment

A two-phase work program is proposed. The first work phase includes grassroots geochemical exploration, greenfields exploration, step-out and infill drilling, metallurgical testwork on material from exploration prospects, mining initiatives on aspects of the 2023 PEA, and improvements to the process design. This work phase is estimated at about US$7.6 million. The second work phase is dependent on the results of the first work phase. Work recommended includes follow-up of any geochemical anomalies generated in Phase 1, incorporation of infill and step-out drilling results into an updated Mineral Resource estimate and revised 2023 PEA, and incorporation of the metallurgical testwork results for Palestina into a Mineral Resource estimate that can be used as the basis for a PEA on the underground potential of the Palestina area. This work phase is estimated at US$0.8 million.

27.0 REFERENCES

ABNT, 2006: NBR13029 - Mineração - Elaboração e apresentação de projeto de disposição de estéril em pilha / Mining - Elaboration and presentation of a mining waste disposal design. Prepared by Associação Brasileira de Normas Técnicas, Rio de Janeiro, RJ, 5p.

ABNT, 2017: NBR 13028 – Mineração — Elaboração e apresentação de projeto de barragens para disposição de rejeitos, contenção de sedimentos e reservação de água — Requisitos. . Prepared by Associação Brasileira de Normas Técnicas, Rio de Janeiro, RJ, 22p.

Abram, B.A., 1994: O Corpo Máfico-Ultramáfico de Fazenda Mirabela, Bahia: Caracterização Petrográfica, Geoquímica, Tipologia e Implicações Metalogenéticas. Sociedade Brasileira de Geologia Núcleo Bahia-Sergipe, Superintendência de Geologia e Recursos Minerais, Salvador, Bahia, p. 58.

Agência Nacional de Mineracão, 2022: "Resolução ANM, N° 95, De 07 De Fevereiro De 2022" (in Portugese). Dated May 05, 2022.

Akimim, F.F, Pedrosa-Soares, A.C., Noce, C.M., and Cruz, S.C.P., 2007: Sobre A Evolução Tectônica do Orôgeno Araçuai-Congo Ocicental: Revista Geonomos, V.15, N.1, pp. 25–43.

Arcadis, 2022: Santa Rita Mine Closure Plan, Atlantic Nickel, 1.03.01.01948-FM-RT-0005-Rev.2, prepared by Arcadis, for Atlantic Nickel, Document Date December 16, 2022.

Arcanjo, J.B., Barbosa, J.S.F., and da Silva, F.C.A., 1996: O Sensoriamento Remoto como Técnica Auxiliar nos Estudos Geólogicos da Região de Alto Grau Metamórfico de IpiaúBahia: Bol, IG-USP, Sér, Cient., v27, pp. 99-118.

Arcoverde Consultoria e Projetos S/C, 2006: Environmental Impact Report, Nickel Ore Mining and Processing, CRA PROCESS No. 2006-000986/TEC/LL-0013, and DNPM PROCESS No. 871.369/1989: report prepared for Companhia Baiana de Pesquisa Mineral and Mineração Mirabela do Brasil Ltda., August, 2006, 243 p., in English.

ASTM, 2015: Standard Test Method for Bulk Density and Volume of Solid Refractories by Wax Immersion – Designation: C914 – 09 (Reapproved 2015); American Society for Testing and Materials, Philadelphia, Pa., 3 p.

Atlantic Nickel, 2017: Tailings Dam, As-built Summary, Revision A, in Portuguese: provided in file name "MMB-03-6015-B-RL-01001 – As Built Final Barragem de Rejeitos.pdf", prepared by Atlantic Nickel (formerly Mirabela Mineração do Brasil Ltda.), August 21, 2017.

Atlantic Nickel, 2021: Compliance with Condition X – Ordinance 18.825/2019, Air Quality Monitoring Report., pp 1-152, December 2021.

AusIMM, 2013: Australasian Mining and Metallurgical Operating Practices: The Australian Institute of Mining and Metallurgy, Melbourne.

Barbosa, J.S.F., 1995: Petrologia e implicações metalogenéticas das rochas granulíticas do segmneto Boa Nova-Itajibá, sudeste da Bahia. Salvador: Unpublished Document, 110 p.

Barbosa, J.S.F. and Sabaté, P., 2004: Archaean and Paleoproterozoic crust of the São Francisco Craton, Bahia, Brazil: Geodynamic features: Precambrian Research, 133, pp. 1-47.

Barnes, L., and Corley, D., 2012: Technical Report for Santa Rita Deposit, Bahia, Brazil: Unpublished Internal Document for Mirabela Nickel Ltd., 119 p.

Barnes, S., Osborne, G. A., Cook, D., Barnes, L., Maier, W. D., and Godel, B., 2011: The Santa Rita Nickel Sulfide Deposit in the Fazenda Mirabela Intrusion, Bahia, Brazil: Geology, Sulfide Geochemistry, and Genesis: Econ. Geol. V. 106, pp. 1083-1110.

Bradfield, A., Robinson, D.G., Kuhl, T., Reid, D., Eggleston T, Yuan, P., and Maycock, A., 2020: NI 43-101 Technical Report on a Reserve Base Case and an Expansion Development Plan for the Santa Rita Mine, Bahia State, Brazil: report prepared by P&E Mining Consultants Inc., Mine Technical Services Ltd., Wood Canada Limited, and MM Consultores for Atlantic Nickel Mineração Ltda, effective date 20 February, 2020;

Canadian Dam Association (CDA), 2013: Dam Safety Guidelines 2007 (2013 Edition): Canadian Dam Association, www.cda.ca.

Canadian Dam Association (CDA), 2019: Technical Bulletin: Application of Dam Safety Guidelines to Mining Dams 2019: Canadian Dam Association, www.cda.ca.

Canadian Institute of Mining, Metallurgy and Petroleum (CIM), 2014: CIM Definition Standards for Mineral Resources and Mineral Reserves, adopted by the CIM Council on May 10, 2014.

Canadian Institute of Mining, Metallurgy and Petroleum (CIM), 2019: CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines, adopted by the CIM Council on November 29, 2019.

CIMVAL, 2019: The CIMVal Code for Valuation of Mineral Properties, prepared by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on the Valuation of Mineral Properties (CIMVAL), November 29, 2019.

Canela, J.H., 2014: Santa Rita's Mine Geology; July 2014, Mirabela Mineração Presentation, 77 p.

Carvalho, P. Et al., 1981: Relatório de pesquisa da Caraíba Metais na área do Prospecto Fazenda Mirabela. Salvador: Caraíba Metais report to the DNPM.

Chapman, D., Barnes, L., Krishnan, N., Osborne, G., Platel, A., Gossage, B., and Guzmán, C., 2008: Santa Rita and Serra Azul Projects, Bahia, Brazil: report prepared by Mirabela Nickel Ltd., December, 2008, 885 p.;

Chapman, D., Barnes, L., Krishnan, N., Osborne, G., Croeser, R., Platel, A., Gossage, B., and Guzmán, C., 2008: Santa Rita and Serra Azul Projects, Bahia, Brazil, Technical Report: report prepared by Mirabela Nickel Ltd., September, 2008, 885 p.

Chapman, D., Barnes, L., Gossage, B., Krishnan, N., Osborne, G., Croeser, R., 2008: Santa Rita and Serra Azul Projects, Bahia, Brazil, Technical Report: report prepared by Mirabela Nickel Ltd., 4 January 2008, 885 p.

Coffey, 2015: Executive Project, Tailings Dam Project, Crest Elevation 154.0 m, Design Memo, Revision 2, in Portuguese: provided in file name "RL-161214-001_Memorial_descritivo_Mirabela_Rev2.doc", prepared for Mirabel Nickel Ltd, by Coffey Mining, June 18, 2015.

Eckstrand, O.R., and Hulbert, L.J., 2007: Magmatic nickel-copper-platinum group element deposits, in Goodfellow, W.D., ed., Mineral Deposits of Canada: A Synthesis of Major Deposit Types, District Metallogeny, the Evolution of Geological Provinces, and Exploration Methods; Geological Association of Canada, Mineral Deposits Division, Special Publication No. 5, pp. 205-222.

Eggleston, T., 2019: Sulfide Nickel Estimation: report prepared by Mine Technical Services Ltd. Report for Appian Capital Advisory LLP, 25 June 2019, 26 p.

Eggleston, T., 2021: Santa Rita 2021 NiS Review; 26 February 2021: memorandum report to Tim Kuhl, 13 p.

Epiroc, 2007: Mining Methods in Underground Mining. Published by Atlas Copco Rock Drills AB (now Epiroc). Second edition 2007.

ERM, 2019: ESDD Atlantic Nickel Project: 91.

Financial Conduct Authority, 2022: Primary Market Technical Note 619.1 Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers, May 2022.

FloSolutions SAC, 2022: Hydrological and Hydrogeological Modeling for the Underground Sub-Level Caving Prefeasibility Study, Technical Memorandum.

Fróes, R.J.B., 1993: Petrology, Geochemistry and Cu-Ni-PGE Mineralisation of the Fazenda Mirabela Complex, State of Bahia, Brazil: Unpublished M.Sc. thesis, University of Toronto, Toronto, Canada, 184 pp.

Fróes, R.J.B., and Soares, J.V., 1998: O Corpo mafico—ultramáfico da Fazenda Palestina, Bahia. 40° Congresso Brasileiro de Geologia, Belo Horizonte, Socidedade Brasielira de Geologia. Anais, #1, pp 480.

GeoHydroTech Enginharia, 2021: Barragem de Rejeitos Santa Rita, Relatório de Inspeção de Segurança Regular (1 semestre 2021): report prepared for Atlantic Nickel.

GISTM, 2020: Global Industry Standard on Tailings Management, by International Council on Mining and Metals (ICMM), UN Environment Programme, Principles for Responsible Investment (PRI), published on GlobalTailingsReview.org, August 2020.

Gonçalves, E., Garcia, L., Filho, M., Filho, V., Advogados, M., 2012: Environmental Law and Practice in Brazil: Overview. Available from

https://content.next.westlaw.com/Document/I203078f21cb611e38578f7ccc38dcbee/View/FullText.html?transitionType=Default&contextData=(sc.Default; accessed January 31, 2020.

Gossage, B., Guzmán, C., and Smith, R., 2008: Santa Rita and Serra Azul Projects Bahia, Brazil Independent Technical Report: report prepared by Coffey Mining Pty Ltd for Mirabela Nickel Limited; 20 May 2008, 714 p.

Gossage, B., Guzmán, C., Smith, R., and Spicer, N., 2009: Santa Rita Project, Bahia Brazil, Independent Technical Report; February 2009, Technical Report prepared by Coffey Mining Pty Ltd for Mirabela Nickel Ltd., 284 p.

Gossage, B., Yeates, R., Croeser, R., Dunstan, A., Chapman, D, and Barnes, L., 2007: Santa Rita and Serra Azul Projects Bahia, Brazil Technical Report: report prepared by RSG Global for Mirabela Nickel Limited, July 2007, 789 p.

Gossage, B., Yeates, R., Smith, R., and Croeser, R., 2007: Mirabela Project Bahia, Brazil Technical Report: report prepared by RSG Global for Mirabela Nickel Limited, July 2007, 425 p.

HidroGeo, 2020: Potencial Estático de Geração de Drenagem Ácida E De Lixiviação de Metais Na Mina de Santa Rita- Itagibá/BA. Submitted to Atlantic Nickel on August 27, 2020. "Document Control: HDG-20P004-RH-RT-005-001.

HidroGeo, 2021: Avaliação Dos Resultados de Ensaios Cinéticos de Drenagem Ácida e Lixiviação de Metais da Mina de Santa Rita- Itagibá/BA. Submitted to Atlantic Nickel on January 1, 2021. "Document Control: HDG-20P004-RH-RT-003-00.

Inwood, N., Smith, R., and Guzmán, 2011: Santa Rita Project, Brazil Technical Report; 22 March 2011, NI 43-101 Technical Report prepared by Coffey Mining Pty Ltd for Mirabela Nickel Limited, 118 p.

Journel, A.G., and Huijbregts, Ch.J., 1978: Mining Geostatistics, Academic Press, 600 p. KPMG Assessores Ltda., 2020: Santa Rita Financial Model Tax Review. 20 May 2020.

KPMG Assessores Ltda., 2020: Santa Rita Financial Model Tax Review. 20 May 2020.

Lima, 2021: Mine Closure Plan, Atlantic Nickel, Santa Rita Project, January 2021

Mine Technical Services (MTS) et al., 2021: Santa Rita Operations, Bahia State, Brazil, NI 43-101 Technical Report, unpublished report prepared by T. Eggleston, t. Kuhl, A. Maycock, K. Kuchling, A. Bradfield, H. (Peter) Yuan, and G. Robinson, July 2021, 399 p.

Mining Association of Canada (MAC), 2017: A Guide to Management of Tailings Facilities, Third Edition: Mining Association of Canada.

Mirabella Mineracao, 2016: Technical Report for Temporary Suspension of Mining of the DNPM process 871.369/1989. Bahia Mineral Research Company and leased for Mirabela Mineracao de Brisil Ltda. Technical Report, 2016

Mirabella Mineracao, 2018: Mine Closure Plan.

P&E Mining Consultants Inc., 2020: Atlantic Nickel UG PEA Vent Modelling. Power Geotechnical Ltd., 2020: Santa Rita SLC Scoping Modelling.

Power Geotechnical Ltd, 2021: Santa Rita SLC Scoping Modelling.

Purvis, A.C., 2006a: Mineralogical Report No. 8815 for Mirabela Nickel Limited. Pontifex and Associates Pty. Ltd. February 15th 2006. Unpublished. 8p.

Purvis, A.C., 2006b: Mineralogical Report No. 8907 for Mirabela Nickel Limited. Pontifex and Associates Pty. Ltd. August 17th 2006. Unpublished. 15p.

Purvis, A.C., 2006c: Mineralogical Report No. 8897 for Mirabela Nickel Limited. Pontifex and Associates Pty. Ltd. June 22nd. 2006. Unpublished. 57p.

Purvis, A.C., 2007a: Mineralogical Report No. 9070 for Mirabela Nickel Limited. Pontifex and Associates Pty. Ltd. May 4th. 2007. Unpublished. 19p.

Purvis, A.C., 2007b: Mineralogical Report No. 9164 for Mirabela Nickel Limited. Pontifex and Associates Pty. Ltd. September 20h. 2007. Unpublished. 22p.

Ramboll, 2020: Environmental and Social Impact Assessment, Atlantic Nickel Mineração Ltda - Santa Rita Farm, Itagibá, Bahia, Brazil: report prepared for Atlantic Nickel Mineração Ltda, April 2020, 266 p., draft, in English.

Roscoe, W.E., 2007: Valuation of Non-Producing Mineral Properties Using Market Comparables: Proceedings of the Sixth Joint Business Valuation Conference of the Canadian Institute of Business Valuators and the American Society of Appraisers, Toronto, October 19-20, 2006; The Journal of Business Valuation 2007, pp. 207-231.

Roscoe, W.E., 2012: Metal Transaction Ratio Analysis – A Market Approach for Valuation of Non-Producing Properties with Mineral Resources. VALMIN Seminar Series Proceedings. The Australasian Institute of Mining and Metallurgy Publication Series No. 3/2012, pp. 85-94.

Roscoe Postle Associates Inc. (RPA), 2015: Technical Report on the Mineral Resources and Mineral Reserve Estimates, Santa Rita Mine, Bahia State, Brazil NI 43-101 Report; 20 March 2015, NI 43-101 Technical Report prepared by Cox, J., Pressacco, R., and Miranda, H. for Mirabela Nickel Ltd., 232 p.

Rosé-Wood, 2020: Santa Rita TSF Conceptual Study in Support of Preliminary Economic Assessment: report prepared by RoséGeo Consulting Ltd, Wood Environment and Infrastructure Solutions, for Appian Capital Brazil, May 2020.

Rosé-Wood, 2021: Santa Rita TSF Conceptual Study in Support of Preliminary Economic Assessment; Addendum 1. Prepared for Appian Capital Brazil, by partnership between RoséGeo Consulting LTD. and Wood Environment and Infrastructure Solutions, May 2021.

SESI, 2022a: Relatorio Technico De Ruido Ambiental, Atlantic Nickel, January 2022

SESI, 2022b: Relatorio Technico De Ruido Ambiental, Atlantic Nickel, February 2022

SESI, 2022c: Relatorio Technico De Ruido Ambiental, Atlantic Nickel, 15 August 2022

SESI, 2022d: Relatorio Technico De Ruido Ambiental, Atlantic Nickel, 13 September 2022

SESI, 2022e: Relatorio Technico De Ruido Ambiental, Atlantic Nickel, 22 September 2022

SESI, 2022f: Relatorio Technico De Ruido Ambiental, Atlantic Nickel, 4 October 2022

SESI, 2022g: Relatorio Technico De Ruido Ambiental, Atlantic Nickel, 28 October 2022

SGS Geosol, 2020: Characterization of the Predominant Lithotypes of the Open Pit and Consolidation of the Experimental Procedure for Geometallurgical Mapping of the Santa Rita Deposit, Final Report: report prepared by SGS Geosol for Appian Capital Brazil, 27 November, 2020, 4084-1901 REV02.

SGS Geosol, 2021: Geometallurgy of the Santa Rita Deposit: Grindability and Flotation Testwork on 51 Open Pit Samples, Final Report: report prepared by SGS Geosol for Appian Capital Brazil, 13 April, 2021, 4084-2003

SGS Geosol, 2021: Geometallurgy of the Santa Rita Deposit: Characterization of Two Master Composites Representing Underground Mining, Final Report: report prepared by SGS Geosol for Appian Capital Brazil, 23 April, 2021, 4084-2002

SGS Geosol, 2021: Geometallurgy of the Santa Rita Deposit: Grindability and Flotation Testwork on 51 Open Pit Samples, Final Report: report prepared by SGS Geosol for Appian Capital Brazil, 13 April, 2021, 4084-2003

Silva, M. G. da, Martin, H., Abram M. B., 1996: Datação do corpo máfico-ultramáfico da Fazenda Mirabela (Ipiaú – BA.) pelo método Sm, Nd: implicações petrogenéticas e geotectônicas. In: Proceedings of the Brazilian Geological Congress, 39., Salvador, Anais, Salvador: SBG, n.6, pp. 217–220.

Simón, Armando, 2004: Evaluation of Duplicate Samples, the Hyperbolic Method: AMEC internal document, Lima, July 2004.

Smith, L.D., 2016: The RADR Paradox, Discount Rates, Risk, & Long Life Projects, presentation from MES CIM Vancouver 2016, p.18.

Soares, J. V., 2000: Projecto Mirabela-Palestina: internal CBPM report, October 2000, 42 p. Stantec, 2020: Scoping Level Sublevel Caving Geotechnical Studies for the Santa Rita Project, Brazil.

Stantec, 2022: Prefeasibility Level Sublevel Caving Geotechnical Studies for the Santa Rita Project, Brazil, May 2022.

T de Mello F., and Malpass G., 2015: A Brief Explanation about Environmental Licenses in Brazil: https://www.acs.org/content/dam/acsorg/greenchemistry/news/environmental-licenses-in-brazil.pdf.

Teixeira, W., Sabate, P., Barbosa, J.S.F., Noce, C.M., and Carneiro, M.A., 2000: Archean and Paleoproterozoic Tectonic Evolution of the São Francisco Cráton: *in* Cordani, U.G., Milane,

E.J., Thomaz Filho, A., and Campos, D.A. (eds.), Tectonic Evolution of South America, Proceedings of the 31st International Geological Congress, Rio de Janeiro, 856 p.

VOGBR, 2008: Detailed Engineering Technical Report, Tailings Dam, Santa Rita Nickel Project, Revision 0, (Portuguese; provided in file name "4MMBL001-1-GT-RTE-0004_0.doc"): report prepared for MMB (now Atlantic Nickel), by VOGBR, March 20, 2008.

VOGBR, 2011: Detailed Project, Tailings Dam - First Elevation - EL 166.0, Revision A, in Portuguese: provided in file name "VG11-065-1-GT-RTE-0002_1.doc", November 20, 2011, prepared for MMB (now Atlantic Nickel), by VOGBR, November 2011.

VOGBR, 2013: Conceptual Project, Santa Rita Dam, Tailings Deposition Plan - 6 Scenarios, Technical Report, Revision A, in Portuguese: provided in file name "VG13-077-1-GT- RTE-0001_0.doc"), prepared for MMB (now Atlantic Nickel), by VOGBR, June 27, 2013.

Walm, 2017: Santa Rita Mine, Technical Report, Hydraulic Safety Assessment of Tailings Dam Spillway, Revision B in Portuguese: provided in file name "WBH62-17-MMBL-RTE- 0001.doc"), prepared for MMB (now Atlantic Nickel), by Walm, September 6, 2017.

WSP (formerly, Wood E&I), 2019: Tailings Storage Facility Dam Safety and Design Review (Revision 1 DRAFT), Atlantic Nickel Santa Rita Mine, Bahia, Brazil: report prepared for Appian by Wood Environment & Infrastructure Solutions, Inc, July 2019.

WSP (formerly, Wood E&I), 2020a: Issued for Construction Documents, Technical Specifications – CQA Plan and Drawings for Phase IA, Atlantic Nickel Santa Rita Mine, Bahia Brazil: documents prepared for Atlantic Nickel, by Wood Environment & Infrastructure Solutions, Inc. March 2020.

WSP (formerly, Wood E&I), 2020b: Detailed Engineering Santa Rita Tailings Dam Raise, Preliminary Detailed Design Report – Phase I, Atlantic Nickel Santa Rita Mine, Bahia Brazil: report prepared for Atlantic Nickel, by Wood Environment & Infrastructure Solutions, Inc. July 2020.

WSP (formerly, Wood E&I), 2020c: Tailings Dam Expansion Technical Memorandum of Hydrology: report prepared for Atlantic Nickel, by Wood Environment & Infrastructure Solutions, Inc.

WSP (formerly, Wood E&I), 2021a: Detailed Engineering Santa Rita Tailings Dam Raise, Geological and Geotechnical Report - Phase I, Atlantic Nickel Santa Rita Mine, Bahia Brazil: report prepared for Atlantic Nickel, by Wood Environment & Infrastructure Solutions, Inc. January 2021

WSP (formerly, Wood E&I), 2021b: Detailed Engineering Santa Rita Tailings Dam Raise, Hydrological Report- Phase I, Atlantic Nickel Santa Rita Mine, Bahia Brazil: report prepared for Atlantic Nickel, by Wood Environment & Infrastructure Solutions, Inc. January 2021.

WSP (formerly, Wood E&I), 2021c: Detailed Engineering Santa Rita Tailings Dam Raise, Detailed Design Report – Phase II, prepared for Atlantic Nickel, by Wood INGENIERÍA Y CONSULTORÍA PERÚ S.A. (now acquired by WSP), Revision B, July 5, 2021.

WSP (formerly, Wood E&I), 2021d: Santa Rita Tailings Dam Raise, Conceptual Design Report – LOM Phase, prepared for Atlantic Nickel, by Wood INGENIERÍA Y CONSULTORÍA PERÚ S.A. (now acquired by WSP), Revision B, July 6, 2021.

WSP (formerly, Wood E&I), 2021e: Tailings Disposal Tradeoff Summary – Santa Rita TSF 2 Project, prepared for Atlantic Nickel, by Wood Environment & Infrastructure Solutions, Inc (now acquired by WSP), Revision 0, November 30, 2021.

WSP (formerly, Wood E&I), 2022: Regular Safety Inspection Report, 2nd Semi Annual 2022 (in Portuguese), prepared for Atlantic Nickel, by Wood Brasil E&I Ltda. (now WSP), Revision C, November 8, 2022.

28.0 DATE AND SIGNATURE PAGE

This report titled "Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil" with an effective date of December 31, 2022, was prepared and signed by the following authors:

(Signed & Sealed) ***David J.F. Smith***

Dated at Toronto, ON
June 12, 2023

David J.F. Smith, CEng, FIMMM
Global Technical Director – Mining and Mining Advisory Group
SLR Consulting (Canada) Ltd.

(Signed & Sealed) ***Orlando Rojas***

Dated at Santiago, Chile
June 12, 2023

Orlando Rojas, AIG
Principal Consultant, GeoEstima SpA

(Signed & Sealed) ***Andrew Bradfield***

Dated at Brampton, ON
June 12, 2023

Andrew Bradfield, P.Eng.,
Chief Operating Officer
P&E Mining Consultants Inc.

(Signed & Sealed) ***D. Gregory Robinson***

Dated at Brampton, ON
June 12, 2023

D. Gregory Robinson, P.Eng.,
Lead Mining Engineer
P&E Mining Consultants Inc.

(Signed & Sealed) ***Anthony Maycock***

Dated at Santiago, Chile
June 12, 2023

Anthony Maycock, P.Eng.,
Principal
MM Consultores Limitada

(Signed & Sealed) ***Haiming (Peter) Yuan***

Dated at Reno, NV, USA
June 12, 2023

Haiming (Peter) Yuan, Ph.D., P.E.,
Lead Mining Engineer
Senior Associate Engineer
WSP USA Environment & Infrastructure Inc.

29.0 CERTIFICATE OF COMPETENT PERSON

29.1 David J.F. Smith

I, David J.F. Smith, CEng, FIMMM, as an author of this report entitled "Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Global Technical Director – Mining, Mining Advisory with SLR Consulting (Canada) Ltd of 55 University Avenue, Suite 501, Toronto, Ontario, M5J 2H7, Canada.
2. I am a graduate of the University of Newcastle upon Tyne, United Kingdom with a BSc (Eng) in Mining Engineering.
3. I am registered as a Chartered Engineer in the UK with the Engineering Council and am a Fellow of Institute of Materials, Minerals and Mining (Membership #43860). I have worked as a mining engineer for over 40 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Review and report as a mining consultant involved in numerous consulting and engineering assignments including; project technical evaluations, technical report preparation for project financing and fund-raisings, IPOs, merger and acquisitions, due diligence reviews and engineering studies from scoping to basic engineering
    - Numerous consulting assignments on gold and base metal mine development projects and operating mines
    - Senior positions with a leading international mining and tunnelling contractor, managing international mine and tunnel construction projects as well as developing a successful engineering consulting business.
    - Former Board director for an international mining consulting firm, responsible for leading the UK technical staff, and ensuring the technical quality of the firm's consulting assignments across the consulting division.
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I have not visited the Santa Rita Mine.
6. I am responsible for overall preparation of the CPR, including Sections 2, 3, and 23.
7. I am independent of ACG Acquisition Company Limited.
8. I have had no prior involvement with the property that is the subject of the CPR.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, the sections of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June, 2023

(Signed & Sealed) ***David J.F. Smith***

David J.F. Smith, CEng, FIMMM

29.2 Orlando Rojas

I, Orlando Rojas, AIG, as an author of this report entitled “Competent Person’s Report on the Santa Rita Mine, Bahia State, Brazil” with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am a Director and Principal Consultant with GeoEstima SpA, of Floor 19, Edificio Parque Oriente, 5320 Alonso de Cordova, Las Condes Santiago, Chile.
2. I graduated from Universidad de Chile, Chile, in 1993 with a BSc (Science) in Geologist and from Ecole des Mines de Paris in 2001 with a Specialist in Geostatistics diploma (CFSG).
3. I am registered as a Geologist in Australia and Chile in the Australian Institute of Geoscientists Membership #5543 and Comision Minera Chile #285. I have worked as a geologist consultant for a total of over 30 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Numerous consulting assignments related to mineral resources evaluation and geometallurgy on base metal and gold exploration projects, mine development projects, and operating mines.
    - Senior position in large mining company and executive positions in a mining corporation
    - Experience in mineral resource evaluation in similar mineral deposits to Santa Rita.
4. I have read the definition of "Competent Person” set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association, and past relevant work experience, I fulfill the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I visited the Santa Rita Mine on November 17 and 18, 2022.
6. I am responsible for Sections 1.1.1.1, 1.1.2.1, 1.3.1 to 1.3.6, 4.1 to 4.8, 4.12, 5 to 12, 14, 25.1, 26.1, and related disclosure (pertaining to Geology and Mineral Resources) in Sections 1.4, 25.12, and 27 of the CPR.
7. I am independent of ACG Acquisition Company Limited.
8. I have had no prior involvement with the property that is the subject of the CPR.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.1.1, 1.1.2.1, 1.3.1 to 1.3.6, 4.1 to 4.8, 4.12, 5 to 12, 14, 25.1, 26.1, and related disclosure (pertaining to Geology and Mineral Resources) in Sections 1.4, 25.12, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June, 2023

(Signed & Sealed) ***Orlando Rojas***

Orlando Rojas, AIG

29.3 Andrew Bradfield

I, Andrew Bradfield, P.Eng., as an author of this report entitled "Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am the Chief Operating Officer of P&E Mining Consultants Inc., of Suite 304, 201 County Court Blvd, Brampton, Ontario, Canada, L6W4L2.
2. I am a graduate of Queen's University, Kingston, Ontario, Canada, with an honours B.Sc. degree in Mining Engineering in 1982.
3. I have practiced my profession continuously since 1982. I am a Professional Engineer of Ontario (License No.4894507). I am also a member of the National CIM. My relevant experience for the purpose of the CPR is:
    - 13 years as the COO or VP Operations of junior mining companies, primarily gold, also base metals and diamonds, open pit and underground operations.
    - 15 years as a GM or COO of several consulting companies. Numerous technical reports and various assignments, scoping to feasibility study, due diligence and royalty reviews, mergers and acquisitions.
    - 7 years as a mining engineer at a senior level for various consulting companies.
    - 6 years as a mining engineer at open pit and underground mining operations
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I visited the Santa Rita Mine on February 14, 2023.
6. I am responsible for Sections 1.1.1.2, 1.1.1.4, 1.1.1.6 (except TSF), 1.1.2.2, 1.1.2.5, 1.2, 1.3.7, 1.3.8, 1.3.11, 1.3.12, 1.3.14, 1.3.15 (except 13.15.4), 15, 16, 18, 19, 21, 22, 24.1.1, 24.1.2, 24.1.4, 24.1.6, 24.1.9, 25.2, 25.3, 25.5, 25.6, 25.8 to 25.10, 25.11.3, 26.2, 26.6, and related disclosure (pertaining to Mining, Mineral Reserves, and 2023 PEA) in Sections 1.4, 25.12, and 27 of the CPR.
7. I am independent of ACG Acquisition Company Limited.
8. I have had prior involvement with the property that is the subject of the CPR since 2019 including acting as a QP on two internal Technical Reports.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.1.2, 1.1.1.4, 1.1.1.6 (except TSF), 1.1.2.2, 1.1.2.5, 1.2, 1.3.7, 1.3.8, 1.3.11, 1.3.12, 1.3.14, 1.3.15 (except 13.15.4), 15, 16, 18, 19, 21, 22, 24.1.1, 24.1.2, 24.1.4, 24.1.6, 24.1.9, 25.2, 25.3, 25.5, 25.6, 25.8 to 25.10, 25.11.3, 26.2, 26.6, and related disclosure (pertaining to Mining, Mineral Reserves, and 2023 PEA) in Sections 1.4, 25.12, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June, 2023

(Signed & Sealed) ***Andrew Bradfield***

Andrew Bradfield, P.Eng.

29.4 D. Gregory (Greg) Robinson

I, D. Gregory (Greg) Robinson, P.Eng., as an author of this report entitled "Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Lead Mining Engineer with P&E Mining Consultants Inc., of Suite 304, 201 County Court Blvd, Brampton, Ontario, Canada.
2. I am a graduate of Dalhousie University of Halifax, Nova Scotia, Canada, in 2008, with a Bachelor's Degree in Mineral Resource Engineering (Mining), and a graduate of Cornell University in Ithaca, New York, USA in 2018 with a Masters of Business Administration.
3. I am registered as a Professional Engineer in the Province of Ontario, Canada (Reg.# 100216726). I have worked as a mining engineer/ for a total of 15 years since my graduation. My relevant experience for the purpose of the CPR is:
    - 5 years in engineering and operations at two different underground sub-level caving operations with production rates in excess of 6,000tpd, in roles including ventilation, drill and blast, short term planning, operations supervision, and technical leadership.
    - 6 years as a mining engineering consultant, including the design and costing of underground operations in North and South America for projects at all stages of development, in both greenfields and brownfields projects.
    - Technical leadership positions at operating mines and as an engineering consultant.
    - Competent/Qualified Person on numerous issued technical reports.
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I visited the Santa Rita Mine on January 18, 2019.
6. I am responsible for Sections 1.3.15.2, 24.1.3, 24.1.8 and 25.11.1 of the CPR.
7. I am independent of ACG Acquisition Company Limited.
8. I have had previous involvement with the property that is the subject of the CPR from 2019-present, including site visits, generation of ventilation models, and PEA-level reviews of designs and costs.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.3.15.2, 24.1.3, 24.1.8 and 25.11.1 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June, 2023

(Signed & Sealed) *D. Gregory Robinson*

D. Gregory (Greg) Robinson, P.Eng.

29.3 Anthony Maycock

I, Anthony Maycock, P.Eng., as an author of this report entitled “Competent Person’s Report on the Santa Rita Mine, Bahia State, Brazil” with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Principal of MM Consultores SpA, of Monjitas 550, Oficina 19, Santiago, Chile.
2. I am a graduate of the University of London (Royal School of Mines), London in 1969 with a BSc Degree in Mineral Technology. I am registered as a Professional Engineer in the Province of British Columbia, Canada (Reg.#13275). I have worked as metallurgist and Senior Consultant for a total of 53 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Plant Manager and metallurgist in copper concentrators in Zambia
    - General Manager and Senior Metallurgist for two international engineering companies in the mining industry
    - Project Manager and Senior Metallurgist on many copper, gold, and base metals projects
    - Author of the metallurgical sections for several Canadian NI 43-101 reports
3. I have read the definition of "Competent Person” set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
4. I visited the Santa Rita Mine on July 22 to 24, 2019.
5. I am responsible for Sections 1.1.3, 1.1.2.3, 1.3.9, 1.3.10, 13, 17, 24.1.5, 25.4, 26.3, and related disclosure (Mineral Processing) in Sections 1.4, 25.12, and 27 of the CPR.
6. I am independent of ACG Acquisition Company Limited.
7. I have provided independent metallurgical consulting services to Santa Rita before and after the re-start of the plant.
8. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
9. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.3, 1.1.2.3, 1.3.9, 1.3.10, 13, 17, 24.1.5, 25.4, 26.3, and related disclosure (Mineral Processing) in Sections 1.4, 25.12, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June, 2023

(Signed & Sealed) *Anthony Maycock*

Anthony Maycock, P.Eng.

29.4 Haiming (Peter) Yuan

I, Dr. Haiming (Peter) Yuan, P.E., as an author of this report entitled "Competent Person's Report on the Santa Rita Mine, Bahia State, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Senior Associate Engineer of WSP USA Environment & Infrastructure Inc., of 9460 Double R Blvd, Suite 201, Reno, Nevada, USA 89521.
2. I am a graduate of Clemson University (Clemson, South Carolina, USA) in 2003 with a PhD in Geotechnical Engineering.
3. I am registered as a Professional Engineer in the State of Nevada, USA (Reg.# 19348, Civil). I have worked as an engineer consultant for a total of 19 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Engineering services for tailings storage facilities (TSF).
    - Support on environment/permit/social related services pertaining to mining infrastructure facilities.
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I visited the Santa Rita Mine on October 25 to 28, 2021.
6. I am responsible for Sections 1.1.1.5, 1.1.1.6 (TSF), 1.1.2.4, 1.3.13, 1.3.15.4, 4.9, 4.10, 4.11, 20, 24.1.7, 25.7, 25.11.2, 26.4, 26.5, and related disclosure (pertaining to Environment and TSF) in Sections 1.4, 25.12, and 27 of the CPR.
7. I am independent of ACG Acquisition Company Limited.
8. I have been involved in design and construction of the existing TSF and studies of the new TSF at the property that is the subject of the CPR.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.1.5, 1.1.1.6 (TSF), 1.1.2.4, 1.3.13, 1.3.15.4, 4.9, 4.10, 4.11, 20, 24.1.7, 25.7, 25.11.2, 26.4, 26.5, and related disclosure (pertaining to Environment and TSF) in Sections 1.4, 25.12, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June, 2023

(Signed & Sealed) ***Haiming (Peter) Yuan***

Dr. Haiming (Peter) Yuan, P.E.

30.0 APPENDIX 1 - FCA PRIMARY MARKET TECHNICAL NOTE 619.1 APPENDIX II MINING COMPETENT PERSON'S REPORT – RECOMMENDED CONTENT

Competent persons should provide competent person's reports structured in accordance with either the model content recommended under the code, statute or regulation the company is reporting under or, where there no such model content is set out in the code, the competent person should address the information set out in this appendix. Where it would be appropriate to adapt these contents for the circumstances of the issuer, we ask the competent person to draw this to the attention of, and discuss with, the FCA before the report is finalised.

(i) Legal and Geological Overview – a description of:

(1) the nature and extent of the company's rights of exploration and extraction and a description of the properties to which the rights attach, with details of the duration and other principal terms and conditions of these rights including environmental obligations, and any necessary licences and consents including planning permission;

(2) any other material terms and conditions of exploration and extraction including host government rights and arrangements with partner companies;

(ii) Geological Overview – a description of the geological characteristics of the properties, the type of deposit, its physical characteristics, style of mineralisation, including a discussion of any material geotechnical, hydrogeological/hydrological and geotechnical engineering issues;

(iii) Resources and reserves

(1) a table providing data on (to the extent applicable): exploration results inclusive of commentary on the quantity and quality of this, inferred, indicated/measured resources, and proved/probable reserves and a statement regarding the internationally recognised reporting standard used;

(2) a description of the process followed by the competent person in arriving at the published statements and a statement indicating whether the competent person has audited and reproduced the statements, what additional modifications have been included, or whether the authors have reverted to a fundamental re-calculation;

(3) a statement as to whether mineral resources are reported inclusive or exclusive of reserves;

(4) supporting assumptions used in ensuring that mineral resource statements are deemed to be 'potentially economically mineable';

(5) supporting assumptions including commodity prices, operating cost assumptions and other modifying factors used to derive reserve statements;

(6) reconciliations between the proposed and last historic statement;

(7) a statement of when and for how long a competent person last visited the properties (or a statement that no visit has been made if that is the case);

(8) for proved and probable reserves (if any) a discussion of the assumed:

(a) mining method, metallurgical processes and production forecast;

(b) markets for the company's production and commodity price forecasts;

(c) mine life;

(d) capital and operating cost estimates;

(iv) Valuation of reserves – taking consideration of internationally recognised valuation codes a valuation of reserves comprising:

(1) an estimate of net present value (or a valuation arrived at on an alternative basis, with an explanation of the basis and of the reasons for adopting it) of reserves;

(2) the principal assumptions on which the valuation of proved and probable reserves is based including those relating to discount factors, commodity prices, exchange rates, realised prices, local fiscal terms and other key economic parameters;

(3) information to demonstrate the sensitivity to changes in the principal assumptions; (or a statement that the valuation of reserves is omitted).

(v) Environmental, Social and Facilities – an assessment of

(1) environmental closure liabilities inclusive of biophysical and social aspects, including (if appropriate) specific assumptions regarding sale of equipment and/or recovery of commodities on closure, separately identified;

(2) environmental permits and their status including where areas of material non-compliance occur;

(3) commentary on facilities which are of material significance;

(vi) Historic Production/Expenditures – an appropriate selection of historic production statistics and operating expenditures over a minimum of a three year period;

(vii) Infrastructure – a discussion of location and accessibility of the properties, availability of power, water, tailings storage facilities, human resources, occupational health and safety;

(viii) Maps etc. – maps, plans and diagrams showing material details featured in the text; and

(ix) Special factors – if applicable a statement setting out any additional information required for a proper appraisal of any special factors affecting the exploration or extraction businesses of the company (for example in the polar regions where seasonality is a special factor).

31.0 APPENDIX 2 - VALUATION OF SANTA RITA PROPERTY

This valuation prepared by SLR follows the CIMVAL Standards and Guidelines for Valuation of Mineral Properties dated November 29, 2019 (2019 CIMVAL Code) for a Short Form Valuation Report. It relies on information in the body of this CPR and a site visit has been undertaken. The basis of value used is Market Value which means the highest price, expressed in terms of money or money's worth, obtainable in an open and unrestricted market between knowledgeable, informed and prudent parties, acting at arm's length, neither party being under any compulsion to transact, as at a given point in time (CIMVAL 2019 Definitions). The effective valuation date is December 31, 2022.

31.1 Valuation Approaches and Methods – Santa Rita

The objective of this Valuation Section is to estimate a range of Market Values for the Santa Rita Property (Santa Rita or the Property). Most of the value lies in the Mineral Reserves and Mineral Resources of the Santa Rita Mine, but some value accrues to the exploration ground held outside the mine area. There are two main categories of mineral properties, which require different approaches to valuation. These are exploration properties and development properties. This subdivision is based on technical information rather than on the type of mineral tenure.

Development properties are those on which an economically viable mineral deposit has been demonstrated to exist. Such properties are at a sufficiently advanced stage that adequate reliable information exists to value the property by Discounted Cash Flow (DCF) Analysis, with a reasonable degree of confidence. The value of a development property is the net present value (NPV) of a stream of estimated cash flows, discounted at an appropriate rate to reflect the risk of the mining project. Development properties include producing mines as well as properties on which development of an economically viable operation is planned.

Exploration properties are those on which an economically viable mineral deposit has not yet been demonstrated to exist. The real value of an exploration property lies in the potential for the existence and discovery of an economically viable deposit. Only a small number of exploration properties will ultimately become properties with operating mines, however, they have value until such time as exploration work has been sufficient and justified to test the potential. In the mineral industry, exploration properties are optioned, joint ventured, bought, sold, and traded on the basis of perceived exploration potential. The probability of a mineral exploration property becoming a mine is extremely low.

Typically, classifying mineral properties as exploration and development properties is relatively straightforward. There are some properties, however, which lie in a grey area between the two groups. These marginal properties contain well defined Mineral Resources, which could become economically viable at higher commodity prices or lower production costs but have marginal economics at the prices at the time of valuation.

31.1.1 General Considerations

Primary considerations in the valuation of mineral exploration properties include geological setting and potential, in addition to location with respect to established infrastructure, most notably permitted processing plants, and permitted tailings areas. Standalone, isolated projects in non-producing jurisdictions will likely face prolonged scrutiny and extensive pre-production periods. Exploration properties in established mining areas and within known productive geological environments often have a premium value due to the higher perceived potential for discovery of a mineral deposit and because of developed infrastructure. Alternatively, mineral properties remote from areas of infrastructure but within a good geological environment often have lower values. Political stability and the rule of law in a jurisdiction directly impact property values.

The three main approaches to the valuation of mineral properties are Market, Income, and Cost approaches. Different valuation approaches and methods are appropriate for mineral properties at different stages of exploration and development. The 2019 CIMVAL Code summarizes industry practice for appropriate valuation approaches for projects at different stages (Table 31-1).

Table 31-1: Valuation Approaches for Different Types of Mineral Properties[1]
ACG Acquisition Company Limited – Santa Rita Mine

Valuation Approach	Exploration Properties	Mineral Resource Properties	Development Properties	Production Properties
Income	No	In some cases	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases	No	No

For the purposes of this valuation, SLR divided the Property into two portions: a Mine Portion which hosts the Mineral Resources and Mineral Reserves and site infrastructure on two Mining Concessions (2,000 ha), and an Exploration Portion which has exploration potential for Ni-Cu-Co-Pt-Pd-Au mineralisation similar to that at the Santa Rita Mine (37,286 ha). Of this exploration land, 2,000 ha is under Application for Mining Concession and contains the Palestina Exploration Target, expressed as a range of tonnes and grade.

For the Mine Portion, SLR relied on DCF Analysis (an Income Approach) as the primary method for valuation of the Mineral Reserves and Mineral Resources. Comparable Transactions Analysis (a Market Approach) was also used as a second method for the Mineral Resources inclusive of the Mineral Reserves. Metal Transaction Ratio (MTR) was used as a metric for the Comparable Transactions Analysis: the method is described below and can be used effectively for comparison of polymetallic properties.

For the Exploration Portion, SLR used Comparable Transactions Analysis using unit value per hectare ($/ha) as a comparison metric. The MTR method was also used for the Palestina Exploration Target.

Various mineral property valuation approaches and methods are described in Roscoe (2007 and 2012).

The following sections summarize the methods used.

31.1.2 Discounted Cash Flow Analysis

DCF Analysis is used for the valuation of advanced projects with Mineral Resources and/or Mineral Reserves, development projects, and operating mines, where sufficient reliable information exists to value the property by DCF Analysis with a reasonable degree of confidence. DCF Analysis is used to determine the NPV of a stream of estimated future cash flows from an operation, based on reasonable estimates of input parameters, which include workable mine plans and production rates, Mineral Resources and/or Mineral Reserves, process recovery, commodity price projections or sales contracts, initial and ongoing capital costs, operating costs, environmental and reclamation costs, royalties, taxes, status of permitting, and an appropriate discount rate.

[1] CIMVAL Code, 2019 (Table 1)

31.1.3 Comparable Transactions Analysis

Comparable Transactions Analysis uses the transaction price of a comparable mineral property to establish a value for the subject property. The method is described in Roscoe (2007).

A challenge posed by using the Comparable Transactions Method in the mining industry is that there are no true comparable transactions, unlike in real estate or oil and gas, each mineral property is unique with regard to key factors such as geology, mineralisation, costs, exploration stage, location, and infrastructure. In addition, there are relatively few transactions for mineral properties compared to the frequency of real estate transactions in general. When mineral property transactions do occur, they rarely involve strictly cash, leaving the valuator the task of converting blocks of shares, royalties, or option terms into monetary equivalents. Nonetheless, transaction prices of similar properties can indicate a range of values for a particular mineral property.

Exploration property transactions also give an indication of how active the market may be at any given time. As in the case for most valuations of real estate properties, the reliability of the valuation depends on an active market in comparable properties. Mineral properties differ from real estate properties in several ways. There are no true comparable transactions in the valuation of mineral properties, since each property is considered unique, as noted above. Mineral properties, which are at different stages of exploration or development, and have different geological and related attributes, including perceived exploration potential, may have considerably different values. This is due to the potential for cash flow from an identified mineral deposit, or the potential for discovery of a deposit. Another reason for the large differences in mineral property values, often an order of magnitude or more, is the small volume of mineral property transactions compared to the real estate market.

As with real estate properties, the location of a mineral property may also have a significant impact on its value. Exploration properties in established mining areas often have a premium value because of the higher perceived potential for discovery of a mineral deposit, and because of developed infrastructure. On the other hand, mineral properties remote from areas of infrastructure often have lower values.

For non-resource properties, SLR identifies market transactions on exploration properties comparable to the subject properties and analyses them in terms of total property value and $/ha. An appropriate range of $/ha values is determined and applied to the subject property.

For properties with Mineral Resources, SLR identifies market transactions on properties with Mineral Resources that are similar to the subject properties and analyses them in terms of total property value and value per unit metal contained in the Mineral Resources. For Mineral Resources with more than one metal, SLR uses MTR as a comparison metric, as described below. An appropriate range of values is then determined and applied to the subject property.

31.1.4 Option Agreement Terms Analysis

The Option Agreement Terms Analysis Method was utilised to value many of the properties used as market comparable transactions at the exploration stage without mineral resources.

Most market transactions on non-producing mineral exploration properties are not straightforward cash or share deals, but rather are typically option, earn-in, or JV agreements whereby one party obtains the right to earn an interest in the property from another party by fulfilling certain commitments over a period of time. The terms of the option or earn-in agreement must be analysed to estimate the value of the property being transacted.

In a typical option agreement, a schedule of firm and optional commitments must be fulfilled to earn an interest in the property. Commitments may include payment of cash, issuance of shares by the earn-in party, expenditures on mineral exploration, and royalties on production. In general, the

commitments are firm in the first year and optional in subsequent years. Option Agreement Terms Analysis considers the firm commitments to contribute 100% to the value of the property. The optional commitments are assigned a subjective probability based on a prediction of the earn-in party fulfilling each of the annual commitments in the subsequent years of the agreement. The optional commitments multiplied by the probability factor for each year are considered to be the contribution to value. The transaction value is the sum of the firm commitment values and the probability-weighted optional commitment values. If the transaction is for a partial interest in the property, the value is adjusted to a 100% interest in the property.

31.1.5 Metal Transaction Ratio Analysis

For market transactions on Mineral Resource properties with a single metal, a value per unit metal can be calculated from the value of the transaction and the ounces or pounds of metal in the Mineral Resource estimate. The value per unit metal can also be expressed as a percentage of the metal price at the time of the transaction. For properties with more than one metal reported in the Mineral Resources, such as the Santa Rita Property, an MTR can be calculated which is analogous to the value per unit metal as a percentage of metal price (Roscoe, 2012). The total in situ dollar content of the metals contained in the Mineral Resource is calculated for the property using metal prices as of the date of the transaction. The MTR is the ratio of the transaction value to the in-situ dollar metal content of the Mineral Resources transacted, expressed as a percentage. An appropriate range of MTR values to apply to the Mineral Resources of the subject property is derived from the MTRs of the comparable transactions.

31.2 Valuation of the Santa Rita Property

As noted previously, SLR divided the Property into a Mine Portion and an Exploration Portion for valuation purposes. SLR valued the Mine Portion using DCF Analysis as the primary valuation method for the Mineral Reserves in the open pit operation and the Mineral Resources in the underground operation. As an additional method, SLR used Comparable Transactions Analysis (MTR method) for the Mine Portion. Results of the two methods were compared and weighted to derive a range of Market Values for the Mine Portion.

SLR valued the Palestina Exploration Target using the MTR method. The other exploration properties of the Exploration Portion were valued using Comparable Transactions Analysis on base metal exploration properties without Mineral Resources based on $/ha values. SLR was unable to identify any nickel-dominant exploration properties without Mineral Resources that transacted in South America in recent years. SLR therefore used, as a proxy, copper-dominant exploration properties, which were abundant in North and South America.

31.2.1 Income Approach – DCF Analysis

For the purposes of this valuation, SLR relied on the DCF models in the Santa Rita CPR: Economic Analysis chapter for the open pit operation and the Preliminary Economic Assessment (PEA) section of the Other Relevant Data and Information chapter for a potential future underground mine. A description of the key criteria and assumptions used to create the DCF models is provided in various sections of the Santa Rita CPR, including physical, revenue, costs, and economic metrics. The NPVs for the Santa Rita open pit operations and underground PEA are listed in Table 31-2. An 8% discount rate was used for the Santa Rita Open Pit since it is an operating mine with an operating history and reliable cash flow projections. A discount rate of 12.5% was used for the Santa Rita Underground since it is at the PEA level of economic evaluation, is not yet operating, and a substantial portion of Inferred Resources are in the DCF model. The total NPV for the Santa Rita Mine Portion is US$980 million.

Table 31-2: Net Present Value of Santa Rita Mine
ACG Acquisition Company Limited – Santa Rita Mine

Operation	Discount Rate	NPV (US$M)
Open Pit	8% after-tax	546
Underground	12.5% after-tax	434
Total		**980**

31.2.2 Market Approach – Mineral Resources Inclusive of Mineral Reserves

SLR compiled data on mineral properties similar to the Santa Rita Mine Portion of the Property on which transactions have taken place within a reasonable time period of the valuation date using the following criteria:

- Transactions on properties with sulphide Ni-Cu-Co PGM deposits hosted by mafic/ultramafic intrusive rocks; laterite deposits were not included.
- Transactions with dates from 2018 to 2022 for the December 31, 2022 Valuation Date.
- Comparable transactions were sought for producing and non-producing properties with Mineral Resources and/or Mineral Reserves.
- No suitable properties were identified in Latin America so the search was extended to North America, northern Europe, and Australia.
- Transactions selected were all arm's length, to the best of SLR's knowledge.

The terms of each transaction, as disclosed in press releases and other publicly available company information, were analysed to derive a value for each transacted property. If the deal was for less than a 100% interest, the value was adjusted to a 100% interest. If shares were used as firm commitments, SLR used the closing share price on the date of the announcement of the transaction.

Mineral Resources and other details of 20 transacted Ni-Cu-Co-PGM properties are listed in Table 31-3 as of the date of the announcement of the transaction. All categories of Mineral Resources for each property were totalled and the in situ dollar content of the contained metals was calculated using metal prices at the date of the announcement of the transaction. MTR, expressed as a percentage, was derived for each transacted property by dividing the property value by the in situ dollar content.

The MTR values were further analysed to derive a range to apply to the total in situ dollar content of the Santa Rita Mineral Resources. Considerations in choosing an appropriate range of MTR values to apply to the subject property included:

- Examining mean and median values as well as the overall range of values.
- Considering the variability of values as measured by the coefficient of variation (CV), which is the standard deviation divided by the average.
- Eliminating outliers at the high and/or low end of the value range.
- Considering which properties are more similar to the subject property.
- Rounding derived values appropriately.

In Table 31-3, SLR notes the following in its analysis of MTR values:

- MTR values range from 0.02% to 2.25%, with average and median values of 0.63% and 0.36%, respectively, and a CV of 114%.

- Excluding the four lowest MTR values, which appear to be outliers, the average and median values are 0.78% and 0.43%, respectively, with a CV of 94%.
- The MTR values can be considered in three groups of highest, middle, and lowest values, as follows.
    - The seven highest MTR values have average and median values of 1.43% and 1.38%, respectively, with a CV of 46%.
    - The next five highest MTRs have average and median values of 0.37% and 0.38%, respectively, and the CV is 15%.
    - The lowest group of four MTRs, excluding the four low outliers, have average and median values of 0.14% and 0.13%, respectively, and a CV of 19%.

SLR considers that the highest group of MTR values is most representative of the Santa Rita Mineral Resources because of their economic grades and the fact that they have been placed into production. Considering the average and median values of this group and its overall range, SLR recommends that an MTR range of 0.9% to 1.8% be used for valuation of non-producing properties.

Table 31-3: Comparable Transactions Analysis -Non-Producing Copper Dominant Properties with Resources in South America
AGC Acquisition Company Limited – Santa Rita Mine

Property	Location	Transaction Date	Equity Earned	Buyer	Seller	Deal Value 100% Basis (US$)	TOTAL RESERVES & RESOURCES Tonnes	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Total In Situ $ Content (US$)	MTR
Grasset	Canada	13-Jul-22	100%	Archer Exploration	Wallbridge Mining	42,150,229	5,729,000	1.192	0.13	0.030	0.258	0.625	1,872,229,590	2.25%
Tamarack	USA	7-Nov-18	33%	Talon Metals	Rio Tinto Group	44,856,459	8,021,000	1.690	0.950	0.050	0.350	0.220	1,872,229,590	2.25%
Shakespeare	Canada	31-Jan-22	12.5%	Mitsui & Co.	Magna Mining	62,958,416	22,700,000	0.335	0.365	0.020	0.300	0.325	3,698,807,859	1.70%
Nepean	Australia	11-Nov-20	100%	Auroch Minerals	Undisclosed	2,915,944	591,300	2.200					211,065,875	1.38%
Lanfranchi	Australia	13-Sep-18	100%	Black Mountain Metals	Panoramic Resources	10,798,055	5,655,000	1.688					1,196,328,500	0.90%
Rana	Norway	17-Feb-21	10%	Global Energy Metals	Investor Group	6,231,069	9,150,000	0.360	0.090	0.010			730,810,150	0.85%
Long Complex	Australia	23-May-19	100%	Mincor Resources	Independence Group	2,428,416	750,000	4.225					368,652,000	0.66%
Lainejaur	Sweden	18-Mar-21	100%	Bayrock Cobalt	Carnaby Resources	1,169,229	460,000	2.200	0.700	0.150	0.200	0.680	271,679,859	0.43%
Marathon 2	Canada	8-Dec-21	16.5%	Generation Mining	Sibanye Stillwater	71,977,195	278,723,000		0.206		0.168	0.516	16,931,805,931	0.43%
Texmont	Canada	19-Dec-22	100%	Canada Nickel Co.	Undisclosed	2,989,550	3,190,000	0.920					785,117,000	0.38%
Thunder Bay North	Canada	10-Jan-20	100%	Clean Air Metals	Panoramic Resources	6,388,516	10354000	0.188	0.279	0.014	1.133	1.066	1,938,066,518	0.33%
Saints & Leinster	Australia	28-May-19	100%	Auroch Minerals	Minotaur Exploration	1,212,473	1,650,000	1.780	0.236	0.06			399,639,700	0.30%
Minago	Canada	22-Jan-21	100%	Silver Elephant Mining	Victory Nickel	11,721,795	68,699,000	0.520					6,509,711,143	0.18%
Marathon 1	Canada	17-Apr-19	80%	Generation Mining	Sibanye Gold	9,844,734	151,700,000		0.218		0.200	0.600	6,684,388,592	0.15%
Horden Lake	Canada	13-Sep-22	100%	Rafaella Resources	Gestion Ora-Mirage	3,051,106	16,550,000	0.230	0.875			0.150	2,499,366,753	0.12%
Gochager Lake	Canada	19-Sep-22	100%	Fathom Nickel	Undisclosed	389,795	1,770,000	0.735					319,473,560	0.12%
West Graham	Canada	31-Mar-21	30%	SPC Nickel	Landore Resources	666,860	10,550,000	0.440	0.310	0.010			1,080,121,700	0.06%
Turnagain	Canada	15-Aug-22	15%	Mitsubishi	Giga Metals Corp	41,318,046	2,215,420,000	0.219		0.013			119,899,428,344	0.03%
Dumont	Canada	22-Jul-20	28%	Waterton Global Resources	Karora Resources	19,539,811	2,165,400,000	0.260		0.011	0.008	0.180	84,564,387,062	0.02%
Thierry	Canada	18-Aug-20	100%	Braveheart Resources	Cadillac Ventures	1,275,994	77,341,000	0.122	0.761		0.053	0.152	6,702,027,860	0.02%
				All transactions	Average	17,194,185	252,720,165	1.072	0.427	0.037	0.297	0.451	12,926,766,879	0.63%
					Median	6,309,792	9,752,000	0.628	0.294	0.017	0.200	0.420	1,872,229,590	0.36%
					Std Dev	22,451,905	666,188,356	1.069	0.306	0.044	0.332	0.300	31,320,585,172	0.72%
					CV	131%	264%	100%	72%	118%	112%	66%	242%	114%
				Without 4 lowest MTR	Average	17,567,686	36,605,769	1.305	0.405	0.048	0.373	0.523	2,893,085,789	0.78%
					Median	6,309,792	6,875,000	1.056	0.258	0.030	0.258	0.558	1,534,279,045	0.43%
					Std Dev	23,750,701	75,324,033	1.109	0.316	0.049	0.341	0.294	4,270,961,260	0.73%
					CV	135%	206%	85%	78%	102%	92%	56%	148%	94%
				Highest to 7th highest MTRs	Average	24,619,798	7,513,757	1.670	0.384	0.028	0.303	0.390	1,421,446,223	1.43%
					Median	10,798,055	5,729,000	1.688	0.248	0.025	0.300	0.325	1,196,328,500	1.38%
					Std Dev	24,763,511	7,459,510	1.325	0.397	0.017	0.046	0.210	1,203,733,065	0.66%
					CV	101%	99%	79%	103%	62%	15%	54%	85%	46%
				8th to 12th highest MTRs	Average	16,747,393	58,875,400	1.272	0.355	0.075	0.500	0.754	4,065,261,802	0.37%
					Median	2,989,550	3,190,000	1.350	0.258	0.060	0.200	0.680	785,117,000	0.38%
					Std Dev	30,947,248	122,958,593	0.898	0.232	0.069	0.548	0.282	7,222,539,666	0.06%
					CV	185%	209%	71%	65%	93%	110%	37%	178%	15%
				13th to 16th highest MTRs	Average	6,251,857	59,679,750	0.495	0.547		0.200	0.375	4,003,235,012	0.14%
					Median	6,447,920	42,624,500	0.520	0.547		0.200	0.375	4,504,538,948	0.13%
					Std Dev	5,398,690	67,731,794	0.253	0.465			0.318	3,125,312,000	0.03%
					CV	86%	113%	51%	85%			85%	78%	19%

Recommended Range of MTR Values

Highest MTR Grouping **0.9% to 1.8%**

It is SLR's experience that producing properties have higher MTR values than non-producing properties, and that it would be appropriate to apply a premium to the MTR range of 0.9% to 1.8% derived from non-producing properties. Such a premium would be applicable to the Mineral Resources at the producing Santa Rita open pit operation but not to the Mineral Resources of the future underground mine envisaged in a PEA. Since SLR was unable to identify any suitable producing nickel-dominant property transactions, we used copper-dominant comparable transactions as a proxy to derive a premium to apply to the non-producing MTR range.

SLR compiled data on transactions on copper-dominant properties in North and South America from 2018 to 2022, both producing and non-producing. MTR values for each property were derived for each transacted property and further analysed to derive recommended ranges of MTR values.

Table 31-4 lists details for 35 transactions on non-producing copper-dominant properties. None of the MTR values appear to be outliers and, as for the nickel-dominant transactions, high, medium, and low groups of MTR values were considered, as summarised below:

- MTR values range from 0.02% to 2.90%, with mean and median values of 0.76% and 0.39%, respectively, and a CV of 115%.
- The MTR values were considered in three groups of highest, middle, and lowest values, as follows.
    - The 14 highest MTR values have mean and median values of 1.62% and 1.70%, respectively, with a CV of 48%.
    - The next 12 highest MTRs have mean and median values of 0.29% and 0.26%, respectively, and the CV is 46%.
    - The lowest group of nine MTRs have mean and median values of 0.04% and 0.03%, respectively, and a CV of 58%.

SLR considers that the highest group of MTR values for copper-dominant transactions is very similar to the nickel-dominant group of highest MTRs discussed above and that it is appropriate to use them as a proxy for nickel-dominant MTR values. Considering the average and median values and its overall range, SLR recommends an MTR range of 1.0% to 2.0% for the copper-dominant MTR range.

Table 31-4: Comparable Transactions Analysis -Non-Producing Copper Dominant Properties with Resources in South America AGC Acquisition Company Limited – Santa Rita Mine

Property	Location	Transaction Date	Equity Earned	Buyer	Seller	Deal Value 100% Basis (US$)	TOTAL RESERVES & RESOURCES Tonnes	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	CuEq Grade (%)	Total In Situ $ Content (US$)	MTR
Rosemont	USA	13-Mar-19	7.95%	Hudbay Minerals	Investor Group	943,396,226	1,135,700,000	0.366	0.011		3.499	0.438	32,482,614,645	2.90%
Stardust (Corporate)	Canada	20-Dec-18	13.8%	Teck Resoiurces	Sun Metals Corp.	13,754,960	2,970,000	1.270		1.680	32.59	2.795	496,258,322	2.77%
Oracle Ridge	USA	30-Apr-21	20%	Eagle Mountain Mining	Vincere Resource Holdings	48,807,360	12,200,000	1.508		0.186	16.268	1.751	2,123,941,274	2.30%
Mina Justa	Peru	23-Apr-18	40%	Inversiones Alxar	Minsur	500,000,000	431,900,000	0.748				0.748	22,584,930,564	2.21%
Quellaveco	Peru	14-Jun-18	21.9%	Mitsibishi Corp.	AngloAmerican plc	2,283,105,023	2,960,100,000	0.460	0.015			0.514	108,666,637,632	2.10%
New York Canyon 2	USA	11-Feb-20	75%	Kennecott Exploration	Emgold Mining	7,634,266	17,370,000	0.410				0.410	404,976,202	1.89%
Rosita	Nicaragua	30-Jul-18	75%	Century Mining	Investor Group	11,333,333	11,853,000	0.483		0.478	8.095	0.867	613,793,722	1.85%
Berta	Chile	19-Feb-19	100%	Santiago Metals	Coro Mining Corp.	8,500,000	29,995,000	0.291				0.289	550,024,800	1.55%
Tatogga (corporate)	Canada	10-Mar-21	85.1%	Newmont Mining	GT Gold Corp.	364,405,163	841,000,000	0.258		0.330	0.711	0.469	35,266,998,411	1.03%
MARA Project	Argentina	23-Sep-22	18.75%	Glencore International	Newmont Corporation	666,133,333	2,107,000,000	0.370		0.150	2.280	0.499	78,985,713,852	0.84%
Black Pine	USA	1-Nov-21	100%	Koba Resources	Jervois Global	1,403,061	800,000	1.823		0.413		2.091	167,202,686	0.84%
Michiquillay	Peru	21-Feb-18	100%	Southern Copper Corp.	Undisclosed	400,000,000	1,150,000,000	0.630				0.630	50,951,723,130	0.79%
Minto	Canada	3-Jun-19	100%	Pembridge Resources	Capstone Mining	20,000,000	23,500,000	1.400		0.540	4.800	1.859	2,557,436,172	0.78%
Chita Valley	Argentina	4-Nov-19	49.91%	South 32 Limited	Minsud Resources	10,666,219	41,610,572	0.430	0.017	0.700	2.170	0.559	1,364,848,046	0.78%
Galore Creek/Copper Canyon	Canada	26-Jul-18	50%	Newmont Mining	Novagold Resources	288,991,284	1,161,300,000	0.475		0.284	4.913	0.699	50,871,390,719	0.57%
Stardust, Lorraine, Okeover 2 (corpora	Canada	30-Nov-20	100%	Northwest Copper	Sun Metals	18,467,064	125,012,000	0.381	0.006	0.095	0.774	0.475	4,558,712,363	0.41%
Stardust, Lorraine, Okeover 1 (corpora	Canada	4-Feb-19	100%	Sun Metals	Lorraine Copper	11,981,659	107,038,580	0.364	0.007	0.078	0.904	0.456	2,963,228,035	0.40%
North Rok	Canada	29-Mar-22	100%	Newmont Mining	QuestEx	21,584,459	142,300,000	0.220		0.260		0.374	5,512,384,706	0.39%
Gaspe	Canada	28-Mar-22	100%	Osisko Metals	Glencore	46,997,364	456,000,000	0.310				0.310	14,471,588,000	0.32%
Carmacks 2 (70%) (corporate)	Canada	31-Aug-20	70%	Granite Creek Copper	Copper North Mining	6,233,210	33,095,000	0.784		0.266	3.009	1.072	2,386,439,883	0.26%
Jasperoide (Corporate)	Peru	26-Aug-19	100%	Carube Copper Corp.	Latin America Res. Group	2,741,170	12,187,270	1.320		0.320		1.601	1,095,439,250	0.25%
Kwanika 2021	Canada	28-Dec-21	31%	NorthWest Copper	POSCO	27,695,246	347,300,000	0.266		0.213	0.874	0.401	13,345,359,811	0.21%
Jasperoid	Peru	15-Jul-21	49%	C3 Metals	Hochschild Mining	3,500,462	12,187,270	1.320		0.320		1.522	1,725,698,000	0.20%
Lorraine	Canada	29-Oct-20	51%	Sun Metals	Teck Resources	2,435,802	35,242,000	0.479		0.197		0.656	1,548,085,900	0.16%
New York Canyon 1	USA	28-May-19	100%	Emgold Mining	Searchlight Resources	599,650	17,370,000	0.410				0.410	423,812,304	0.14%
Carmacks 1 (30%) (corporate)	Canada	21-Nov-19	30%	Granite Creek Copper	Undisclosed	2,645,593	33,095,000	0.784		0.266	3.009	1.028	1,977,569,816	0.13%
Okeover	Canada	14-Jan-22	100%	Alpha Copper Corp.	Northwest Copper Corp.	2,541,869	86,800,000	0.310	0.009			0.356	3,056,113,753	0.08%
Berg	Canada	15-Dec-20	70%	Surge Copper Corp.	Centerra Gold	9,746,895	410,650,000	0.307	0.033		3.096	0.427	13,582,025,814	0.07%
Ann Mason (corporate)	USA	31-Oct-18	86.1%	Hudbay Minerals	Mason Resources	18,794,704	2,033,000,000	0.311	0.006	0.029	0.657	0.361	44,271,300,642	0.04%
Axe	Canada	19-Apr-21	100%	Kodiak Copper Corp.	Orogen Royalties	1,061,570	71,100,000	0.380				0.379	2,540,167,000	0.04%
Copper Creek (corporate)	USA	25-Jun-18	100%	Copperbank Resources	Redhawk Resources	3,103,017	186,980,754	0.770				0.768	10,132,313,434	0.03%
Rosita	Nicaragua	28-Jun-21	17.5%	Mark X Ventures	King Global Ventures	232,793	11,853,195	0.486		0.477	8.087	0.847	942,447,156	0.02%
Escalones	Chile	4-Dec-18	100%	Wealth Copper	TriMetals Mining	4,386,454	760,228,000	0.332	0.007	0.045	0.788	0.396	18,572,886,362	0.02%
Big Onion	Canada	7-Dec-21	100%	Gama Exploration	Blue Lagoon Resources	754,938	126,000,000	0.267	0.009			0.305	3,702,975,759	0.02%
Mocoa	Colombia	9-May-18	100%	Libero Copper	B2Gold	4,096,327	636,000,000	0.328	0.036			0.466	20,332,276,164	0.02%
				All transactions	Average	164,506,585	444,878,218	0.602	0.014	0.349	5.363	0.778	15,863,694,695	0.76%
					Median	10,666,219	107,038,580	0.410	0.009	0.266	3.009	0.499	3,056,113,753	0.39%
					Std Dev	428,172,157	704,204,717	0.422	0.011	0.349	7.825	0.596	24,701,646,527	0.87%
					CV	260%	158%	70%	76%	100%	146%	77%	156%	115%
				Highest to 14th highest MTR	Average	377,081,353	626,142,755	0.746	0.014	0.560	8.802	0.994	24,086,935,676	1.62%
					Median	34,403,680	35,802,786	0.472	0.015	0.446	4.150	0.595	2,340,688,723	1.70%
					Std Dev	626,453,445	929,134,896	0.523	0.003	0.487	10.812	0.788	34,355,298,633	0.78%
					CV	166%	148%	70%	20%	87%	123%	79%	143%	48%
				15th to 26th highest MTR	Average	36,156,080	206,843,927	0.593	0.007	0.230	2.247	0.750	8,406,642,399	0.29%
					Median	9,107,435	71,140,290	0.442	0.007	0.263	1.957	0.566	2,674,833,959	0.26%
					Std Dev	80,806,722	332,363,976	0.383	0.001	0.085	1.681	0.452	14,153,937,112	0.13%
					CV	223%	161%	65%	11%	37%	75%	60%	168%	46%
				27th to 35th highest MTR	Average	4,968,730	480,290,217	0.388	0.017	0.184	3.157	0.478	13,014,722,898	0.04%
					Median	3,103,017	186,980,754	0.328	0.009	0.045	1.942	0.396	10,132,313,434	0.03%
					Std Dev	5,915,130	639,494,386	0.156	0.014	0.254	3.472	0.193	13,744,918,287	0.02%
					CV	119%	133%	40%	85%	138%	110%	40%	106%	58%

Recommended Range of MTR Values

Highest MTR Grouping **1.0% to 2.0%**

Table 30-5 lists details for four transactions on producing copper-dominant properties. Comments on the MTR values are:

- MTR values range from 1.80% to 4.62%, with mean and median values of 2.99% and 2.78%, respectively, and a CV of 39%.
- There do not appear to be any outlier MTR values.

Considering the average and median values and its overall range, SLR recommends an MTR range of 2.0% to 4.0% be used for the copper-dominant MTR range.

Table 31-5: Comparable Transactions Analysis - Producing Copper Properties in South America
AGC Acquisition Company Limited – Santa Rita Mine

Property	Location	Transaction Date	Equity Earned	Buyer	Seller	Deal Value 100% Basis (US$)	TOTAL RESERVES & RESOURCES					CuEq Grade (%)	Total In Situ $ Content (US$)	MTR
							Tonnes	Cu Grade (%)	Mo Grade (%)	Au Grade (g/t)	Ag Grade (g/t)			
Sierra Gorda	Chile	14-Oct-21	45%	South 32 Limited	Sumitomo	3,444,444,444	1,786,374,000	0.397	0.019	0.057		0.428	$74,583,027,392	4.62%
Quebrada Blanca	Chile	4-Dec-18	30%	Sumitomo	Teck Resources	4,000,000,000	4,740,340,000	0.399	0.017			0.479	$141,052,496,920	2.84%
Chapada	Brazil	15-Apr-19	100%	Lundin Mining	Yamana Gold	816,326,531	1,403,607,000	0.213		0.192		0.332	$30,034,578,496	2.72%
Red Chris	Canada	3-Oct-19	70%	Newcrest Mining	Imperial Metals	1,148,571,429	1,821,800,000	0.320		0.340	1.090	0.622	$63,893,440,876	1.80%
				All transactions	Average	2,352,335,601	2,438,030,250	0.332	0.018	0.196	1.090	0.465	77,390,885,921	2.99%
					Median	2,296,507,937	1,804,087,000	0.359	0.018	0.192	1.090	0.453	69,238,234,134	2.78%
					Std Dev	1,603,732,287	1,546,507,596	0.088	0.001	0.142		0.121	46,495,468,095	1.18%
					CV	68%	63%	0.264	0.079	0.721		0.260	60%	39%

Recommended Range of MTR Values **2.0% to 4.0%**

For the copper-dominant transactions used as a proxy for nickel-dominant transactions, the recommended MTR range of 2.0% to 4.0% for the producing properties is a factor of two higher than the recommended MTR range of 1.0% to 2.0% for the non-producing properties. Applying this factor to the recommended MTR range of 0.9% to 1.8% for the non-producing nickel-dominant transactions results in a recommended MTR range of 1.8% to 3.6% for producing nickel-dominant properties such as the Santa Rita open pit.

Table 31-6 shows the derivation of the in situ dollar content of the Santa Rita Mineral Resources, which totals US$5,152 million for open pit resources and US$45,298 million for the underground resources. Table 31-6 also includes the derivation of the in situ dollar content of the Palestina Exploration Target which totals US$1,113 million. The target is expressed as a range of tonnage and grade of which the mid-point is used.

Table 31-6: In situ Dollar Content of the Santa Rita Mineral Resources
ACG Acquisition Company Limited – Santa Rita Mine

Area	Metal	Grade	Contained Metal	Unit Price (US$) [1]	In Situ $ Content
Santa Rita Open Pit - all Mineral Resources Inclusive of Mineral Reserves	Ni (%, tonnes)	0.33	141,267	29,886	4,221,898,585
	Cu (%, tonnes)	0.12	51,299	8,365	429,100,445
	Co (%, tonnes)	0.01	4,229	51,514	217,838,434
	Pd (g/t, oz)	0.03	43,781	1,788	78,280,582
	Pt (g/t, oz)	0.06	90,442	1,065	96,320,459
	Au (g/t, oz)	0.04	59,703	1,816	108,399,596
Total					**5,151,838,100**
Santa Rita Underground - all Mineral Resources Inclusive of Mineral Reserves	Ni (%, tonnes)	0.60	1,270,524	29,886	37,970,889,342
	Cu (%, tonnes)	0.17	411,956	8,365	3,445,916,458
	Co (%, tonnes)	0.01	30,893	51,514	1,591,438,139
	Pd (g/t, oz)	0.05	346,438	1,788	619,430,474
	Pt (g/t, oz)	0.10	757,763	1,065	807,018,044
	Au (g/t, oz)	0.06	475,915	1,816	864,089,844
Total					**45,298,782,302**
Palestina - Mid-point of Exploration Target Range of Tonnes and Grade	Ni (%, tonnes)	0.260	32,500	29,886	971,295,000
	Cu (%, tonnes)	0.066	8,250	8,365	69,009,270
	Co (%, tonnes)	0.0113	1,413	51,514	72,763,525

Area	Metal	Grade	Contained Metal	Unit Price (US$) [1]	In Situ $ Content
Total					1,113,067,795

Notes:

1. Metal prices as per the Valuation Date.

Table 31-7 shows the application of the recommended MTR ranges to the Santa Rita in situ dollar content, 1.8% to 3.6% for open pit (producing) and 0.9% to 1.8% for underground (non-producing). The total value range for open pit and underground is US$500 million to US$1,001 million. Table 31-7 also shows the application of an MTR range for non-producing properties to the Palestina Exploration Target. A range of 0.45% to 0.9% has been used, which is 50% of the recommended range for resources, because the target is not currently a Mineral Resource.

Table 31-7: Santa Rita Valuation by Comparable Transactions Analysis
ACG Acquisition Company Limited – Santa Rita Mine

Item	In Situ $ Content	Range of MTR Values		Range of Values (US$M)	
		Low End	High End	Low End	High End
Santa Rita Open Pit Resources	5,151,838,100	1.80%	3.60%	93	185
Santa Rita Underground Resources	45,298,782,302	0.90%	1.80%	408	815
Santa Rita Mine Total				**500**	**1,001**
Palestina Exploration Target	1,113,067,795	0.45%	0.90%	5	10

In section 10.6, it is noted that the Santa Rita deposit is open at depth down plunge from the underground Mineral Resource block model and that there is potential for additional mineral resources and for more value to be added at Santa Rita in future.

31.2.3 Market Approach - Exploration Properties Without Resources

Several groupings of Exploration Permits are held as the Exploration Portion of the Santa Rita Property. SLR has used Comparable Transactions Analysis to value these exploration properties. From information in the CPR, it is apparent that the properties are at various stages of exploration for sulphide Ni-Cu-Co PGM deposits similar to that at the Santa Rita Mine. For valuation purposes, SLR reviewed information in the CPR to infer exploration potential on each of the property groupings as to high, moderate, or low.

SLR searched for sulphide Ni-Cu-Co PGM exploration properties without Mineral Resources or Mineral Reserves in South America on which transactions have taken place within a reasonable time period of the Valuation Date but was unable to identify any. SLR instead used, as a proxy, transactions on copper-dominated mineral properties without Mineral Resources or Mineral Reserves in South America. The following criteria were used:

- Transactions on properties without Mineral Resources being explored for copper and copper-gold.
- Transactions with dates from 2018 to 2022 inclusive for the December 31, 2022 Valuation Date.
- Market transacted properties were identified in Chile, Argentina, Peru, Ecuador, and Brasil.

- Transactions selected were all arm's length, to the best of SLR's knowledge.

The terms of each transaction, as disclosed in press releases and other publicly available company information, were analysed to derive a value for each transacted property. If the deal was for less than a 100% interest, the value was adjusted to a 100% interest. If shares were used as firm commitments, SLR used the closing share price on the date of the announcement of the transaction. Some of the transactions were option deals, for which Option Agreement Transactions Analysis was used to derive a property value.

Details of 31 transacted copper and copper-dominant properties are listed in Table 31-8 as of the date of the announcement of the transaction. A property value was derived for each transaction and divided by the property size to obtain a dollar per hectare ($/ha) value. The $/ha values were further analysed to derive a range to apply to the areas of the exploration properties that are part of the Exploration Portion of the Santa Rita Property. Considerations in choosing an appropriate range of MTR values to apply to the subject property included:

- Examining mean and median values as well as the overall range of values.
- Considering the variability of values as measured by the coefficient of variation (CV), which is the standard deviation divided by the average.
- Eliminating outliers at the high and/or low end of the value range.
- Considering which properties are more similar to the subject property.
- Rounding derived values appropriately.

In Table 31-8, SLR notes the following in its analysis of the $/ha values:

- $/ha values range from $54 to $16,154, with mean and median values of $2,166 and $732, respectively, with a CV of 158%.
- SLR notes that, in general, larger properties tend to have lower values per hectare and smaller properties tend to have higher values per hectare.
- It is apparent that the four smallest properties, less than 600 ha, have much higher $/ha values than the other properties and are not considered further in this analysis.
- Because of the above-noted property size effect, the properties were divided into three groups: 600 ha to 1,500 ha, 1,500 ha to 8,000 ha, and larger than 8,000 ha.
- Within each of these groups, some apparent outliers were identified and not included in further analysis. These are the highest and lowest $/ha values in the 1,500 ha to 8,000 ha group and the two lowest $/ha values in the larger than 8,000 ha group.
- Each of the three size groups was further subdivided into three groups, assumed to represent properties with high, moderate, and low exploration potential.
- For the 600 ha to 1,500 ha group, the highest three $/ha values have average and median values of $2,814 and $2,481 respectively, with a CV of 29%. The middle two $/ha values have average and median values both of $1,333 and a CV of 22%. The lowest four $/ha values have average and median values of $768 and $779, respectively, and a CV of 15%.
- For 1,500 ha to 8,000 ha group, the highest three $/ha values have average and median values of $2,186 and $2,478 respectively, with a CV of 32%. The middle three $/ha values have average and median values of $571 and $565, respectively, and a CV of 22%. The lowest two $/ha values have average and median values both of $314 and CV of 2%.
- The properties larger than 8,000 ha are not subdivided and have average and median values of $200 and $186, respectively, and a CV of 16%.

Considering the average and median values of each group and its overall range, SLR recommends $/ha ranges for the various property size groups and assumed exploration potential as follow:

Recommended range of $/ha values for properties 600 ha to 1,500 ha

High exploration potential	$2,000 to $3,000
Moderate exploration potential	$1,000 to $2,000
Low exploration potential	$500 to $1,000

Recommended range of $/ha values for properties 1,500 ha to 8,000 ha

High exploration potential	$1,500 to $3,000
Moderate exploration potential	$400 to $800
Low exploration potential	$200 to $400

Recommended range of $/ha values for properties larger than 8,000 ha

Moderate exploration potential	$150 to $300

Table 31-8 Comparable Transactions on Copper Properties in South America without Resources
ACG Acquisition Company Limited – Santa Rita Mine

Property	Location	Transaction Date	Equity Earned	Buyer	Seller	Area (ha)	Deal Value 100% Basis	Value US$/ha
Sierra Miranda	Chile	3-Aug-18	100	Coro Mining	Capex S.A.	379	6,122,449	16,154
Esperenza	Argentina	26-Jan-21	80	Libero Copper & Gold	Latin Metals	462	3,984,286	8,624
Lana Corina	Chile	21-Mar-22	80	Culpeo Minerals	SCM Antares	550	4,400,000	8,000
Sombrero	Peru	19-Dec-18	80	Auryn Resources	Corporacion Aceros Arequipa	520	2,628,750	5,055
Margarita & Cotatuda	Chile	8-Mar-21	100	Torq Resources	Undisclosed	1,045	3,904,040	3,736
Sarita Este	Argentina	3-Dec-19	51	Golden Minerals	Cascadero Copper	830	2,058,824	2,481
Cristal 2	Chile	4-Dec-18	70	Wealth Minerals	New Energy Metals	900	2,001,809	2,224
Mollecruz	Peru	250Jun-18	100	Auryn Resources	Undisclosed	1,000	1,537,688	1,538
Cristal 1	Chile	1-Mar-18	100	Darien Res. Dev. Corp.	Undisclosed	900	1,016,162	1,129
Llanos & Mercedes	Chile	14-May-19	100	Coro Mining	Undisclosed	667	593,434	890
10 Mining Concessions	Peru	1-Apr-18	100	Chakana Copper	Private Vendor	631	520,408	825
El Palmar	Ecuador	12-Aug-20	100	Sunstone Metals	Undisclosed	800	585,859	732
Porphyritic Copper Project	Peru	29-Apr-19	100	Fidelity Minerals Corp.	Undisclosed	1,200	750,163	625
Tarqui	Ecuador	19-Mar-19	70	BHP Group	Luminex Resources	4,817	22,942,857	4,763
Arikepay	Chile	16-Oct-21	70	Gold Fields	Candente Copper	1,800	4,864,706	2,703
Valeriano	Chile	23-Sep-19	100	ATEX Resources	Investoir Group	3,705	9,182,076	2,478
Planalto	Brazil	5-Nov-18	49	Capstone Mining	Lara Exploration	4,726	6,510,204	1,378
Nord	Chile	31-Oct-19	100	Encantada SpA	Mirasol Resources	1,967	1,372,449	698
Tamarugo	Chile	3-Jul-19	51	Solaris Resources	Freeport-McMoran	5,100	2,882,353	565
Don Enrique	Peru	28-Feb-22	100	EV Resources	Private Vendor	1,800	808,081	449
Panteria	Peru	23-Nov-21	100	Gold Stare Resources	Peruvian Metals	2,000	635,151	318
El Camino II	Argentina	27-May-22	100	NOA Lithium Brines	Aldebaran Resources	2,750	853,535	310
Resguardo	Chile	29-Jun-22	100	Alturas Minerals	Minera Resguardo	3,891	497,462	128
Mogote	Argentina	11-May-22	85	Syndicate Minerals	Golden Arrow Resources	8,000	1,935,928	242
San Martin	Peru	30-Nov-20	51	JOGMEC	Hannan Metals	32,900	7,843,137	238
Cerro Blanco & Morros Blancos	Chile	14-Apr-21	80	Austral Gold	Pampa Metals	13,800	2,635,714	191
San Pietro	Chile	17-Mar-22	100	Golden Exploration	Sumitomo Metal Mining	18,448	3,356,000	182
Arcas	Chile	11-Sep-19	75	Rio Tinto Mining	Aethon Minerals	51,600	8,993,197	174
Caballos	Argentina	9-Mar-21	70	Hanaq Argentina	Golden Arrow Resources	12,000	2,042,857	170
Santa Gracia	Chile	6-Jan-21	90	Stuve Gold	Undisclosed	11,500	1,083,333	94
La Poncha	Argentina	22-Mar-21	100	Sable Resources	Undisclosed	18,114	971,717	54
				All transactions	Average	6,736	3,532,730	2,166
					Median	1,967	2,042,857	732
					Std Dev	11,058	4,399,832	3,416
					CV	164%	125%	158%
				Properties 600 ha to 1,500 ha Fifth to 7th highest $/ha	Average	925	2,654,891	2,814
					Median	900	2,058,824	2,481
					Std Dev	110	1,082,170	809
					CV	12%	41%	29%
				Properties 600 ha to 1,500 ha Eighth to 9th highest $/ha	Average	950	1,276,925	1,333
					Median	950	1,276,925	1,333
					Std Dev	71	368,775	289
					CV	7%	29%	22%
				Properties 600 ha to 1,500 ha Tenth to 13th highest $/ha	Average	824	612,466	768
					Median	734	589,647	779
					Std Dev	261	97,477	115
					CV	32%	16%	15%
				Properties 1,500 ha to 8,000 ha Fifteenth to 17th highest $/ha	Average	3,410	6,852,329	2,186
					Median	3,705	6,510,204	2,478
					Std Dev	1,485	2,178,924	709
					CV	44%	32%	32%
				Properties 1,500 ha to 8,000 ha Eighteenth to 20th highest $/ha	Average	2,956	1,687,628	571
					Median	1,967	1,372,449	565
					Std Dev	1,859	1,072,452	124
					CV	63%	64%	22%
				Properties 1,500 ha to 8,000 ha Twenty-first to 22nd highest $/ha	Average	2,375	744,343	314
					Median	2,375	744,343	314
					Std Dev	530	154,421	5
					CV	22%	21%	2%
				Properties larger than 8,000 ha	Average	20,795	3,607,735	168
					Median	15,957	2,339,286	178
					Std Dev	14,563	3,082,555	65
					CV	70%	85%	39%
				Properties larger than 8,000 ha without 2 lowest $/ha	Average	22,791	4,467,806	200
					Median	16,124	2,995,857	186
					Std Dev	16,535	3,122,675	32
					CV	73%	70%	16%

Racommended Range of $/ha Values - Properties 600 ha to 1,500 ha		
	High Exploration Potential	**$2,000 to $3,000**
	Moderate Exploration Potential	**$1,000 to $2,000**
	Low Exploration Potential	**$500 to $1,000**
Racommended Range of $/ha Values - Properties 1,500 ha to 8,000 ha		
	High Exploration Potential	**$1,500 to $3,000**
	Moderate Exploration Potential	**$400 to $800**
	Low Exploration Potential	**$200 to $400**
Racommended Range of $/ha Values - Properties Larger than 8,000 ha		
	Moderate Exploration Potential	**$150 to $300**

Table 31-9 shows the application of these $/ha ranges to the Santa Rita exploration properties outside of the Santa Rita Mining Concession where the operations and infrastructure are located.

Table 31-9: Valuation of Santa Rita Exploration Properties
ACG Acquisition Company Limited – Santa Rita Mine

Property Name	Stage	Area (ha)	Exploration Potential	Recommended $/ha Range		Property Value Range (US$M)	
				Low End	High End	Low End	High End
Santa Rita-Formiga	Exploration Permit	1,524	High	1,500	3,000	2,285,955	4,571,910
Palestina	Exploration Permit	7,611	High	1,500	3,000	11,416,200	22,832,400
Santa Maria	Exploration Permit	5,009	High	1,500	3,000	7,513,500	15,027,000
Machadinho	Exploration Permit	9,164	Moderate	150	300	1,374,635	2,749,269
Aiquira	Exploration Permit	1,421	High	2,000	3,000	2,841,140	4,261,710
Ibitupa	Exploration Permit	1,903	Moderate	400	800	761,388	1,522,776
Pronto Novo	Exploration Permit	2,000	Moderate	400	800	799,992	1,599,984
Ibicui	Exploration Permit	1,967	Moderate	400	800	786,692	1,573,384
Regional	Exploration Permit	4,687	Moderate	400	800	1,874,820	3,749,640
Total		**35,286**				**29,654,322**	**57,888,073**
Total, rounded						**30,000,000**	**58,000,000**

31.3 Valuation Summary

SLR has valued the Santa Rita Mine Portion using two methods: DCF Analysis and Comparable Transactions Analysis. In Table 31-10, weightings are applied to the values derived by each method to derive a Market Value for the Santa Rita Mine Portion. The weightings are based on SLR's view on the confidence that can be placed in each method. For the open pit, the NPV is weighted 80% and the Comparables range 20% because the mine has an operating history and a reliable cash flow forecast. The NPV of the potential underground mine, on the other hand, has no operating history and is based on a PEA with a substantial portion of Inferred Resources used in the DCF model, so is weighted equally with the Comparables range. The Market Value of the Santa Rita Mine Portion is in the range of $876 million to $1,099 million. To this range is added the value of the Palestina Exploration Target and the other exploration properties to derive a total Santa Rita Market Value Range of S911 million to $1,167 million with a mid-point of $1,039 million as of the Valuation Date of December 31, 2022.

Table 31-10: Valuation Summary of the Santa Rita Property
ACG Acquisition Company Limited – Santa Rita Mine

Area	NPV (US$M)	Weight	Comps Analysis Range (US$M)		Weight	Weighted Value Range (US$M)		
			Low	High		Low	High	Mid-Point
Santa Rita Open Pit	546	80%	93	185	20%	455	474	465
Santa Rita Underground	434	50%	408	815	50%	421	625	523
Santa Rita Mine Total	**980**		**500**	**1,001**		**876**	**1,099**	**988**
Palestina Exploration Target			5	10	100%	5	10	8

Area	NPV (US$M)	Weight	Comps Analysis Range (US$M)		Weight	Weighted Value Range (US$M)		
			Low	High		Low	High	Mid-Point
Santa Rita Exploration			**30**	**58**	**100%**	**30**	**58**	**44**
Total Santa Rita	**980**		**535**	**1,069**		**911**	**1,167**	**1,039**

31.4 Key Assumptions, Risks, and Limitations

For the purposes of this valuation, SLR has made a number of additional assumptions and estimates.

- SLR has relied on technical information in the CPR, including that supporting the DCF analysis.
- SLR has relied upon the list of exploration properties listed in the CPR.
- SLR has used information in the public domain and in the proprietary S&P Global Market Intelligence (S&P) database that SLR subscribes to.
- For this valuation, SLR has assumed that the properties outside of the Mining Concession could be explored and that any economic deposits delineated on them could be permitted for development.

Highest and Best Use (HBU) is a valuation concept that would produce the highest value for an asset. The HBU must be physically possible, financially feasible, legally allowed, and result in the highest value (International Valuation Standards 140). For this valuation, SLR has considered only the value of mineral rights or subsurface rights that adhere to the mineral claims and has not considered other possible uses or values such as surface rights, water rights, timber rights, and the like that may also be vested in the Property or parts of the Property.

SECTION B: SERROTE MINE

Competent Person's Report on the Serrote Mine, Alagoas, Brazil

ACG Acquisition Company Limited

SLR Project No: 233.03777.R0000

Effective Date:
December 31, 2022

Signature Date:
June 12, 2023

Prepared by:
SLR Consulting (Canada) Ltd.

Competent Persons:
David J.F. Smith, CEng
Orlando Rojas, AIG
Andrew Bradfield, P.Eng.
Anthony Maycock, P.Eng.
Daniel Servigna, PE

GeoEstima

P&E MINING CONSULTANTS INC.
Geologists and Mining Engineers

MM Consultores

SLR

WSP

Competent Person's Report on the Serrote Mine, Alagoas, Brazil

SLR Project No: 233.03777.R0000

Prepared by
SLR Consulting (Canada) Ltd.
55 University Ave., Suite 501
Toronto, ON M5J 2H7

for

ACG Acquisition Company Limited
Rua Rio Grande do Norte
1436, 11° Andar
Belo Horizonte, Brazil

Effective Date – December 31, 2022
Signature Date - June 12, 2023

Prepared by:

David J.F. Smith, CEng
Orlando Rojas, AIG
Andrew Bradfield, P.Eng.
Anthony Maycock, P.Eng.
Daniel Servigna, P.E.

Approved by:

Project Director and Project Manager
Deborah A. McCombe, P.Geo.

Peer Reviewed by:
Deborah A. McCombe, P.Geo.

FINAL

Distribution: 1 copy – ACG Acquisition Company Limited
1 copy – SLR Consulting (Canada) Ltd.

CONTENTS

1.0 SUMMARY 1-1

1.1 Executive Summary 1-1
1.2 Economic Analysis 1-8
1.3 Technical Summary 1-12
1.4 Risks and Opportunities 1-27

2.0 INTRODUCTION 2-1

2.1 Sources of Information 2-1
2.2 List of Abbreviations 2-3

3.0 RELIANCE ON OTHER EXPERTS 3-1

3.1 Introduction 3-1
3.2 Mineral Tenure, Surface Rights and Royalties 3-1
3.3 Permitting, Environmental and Community Impacts 3-1
3.4 Taxation 3-2

4.0 PROPERTY DESCRIPTION AND LOCATION 4-1

4.1 Location 4-1
4.2 Land Tenure 4-2
4.3 Project Ownership 4-5
4.4 Property Agreements 4-5
4.5 Mineral Tenure 4-5
4.6 Surface Rights 4-9
4.7 Water Rights 4-9
4.8 Royalties and Encumbrances 4-10
4.9 Environmental, Permitting and Social Considerations 4-13
4.10 CP Comments on “Item 4: Property Description and Location” 4-13

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY 5-1

5.1 Accessibility 5-1
5.2 Climate 5-1
5.3 Local Resources and Infrastructure 5-1
5.4 Physiography 5-1
5.5 Seismicity 5-2

6.0 HISTORY 6-1

6.1 Exploration History 6-1
6.2 Production 6-2

7.0 GEOLOGICAL SETTING AND MINERALISATION 7-1

7.1 Regional Geology 7-1
7.2 Local Geology 7-1
7.3 Deposit Descriptions 7-4

8.0 DEPOSIT TYPES 8-1
8.1 CP Comments on "Item 8 – Deposit Types" 8-1

9.0 EXPLORATION 9-1
9.1 Grids and Topography Surveys 9-1
9.2 Geological Mapping 9-1
9.3 Geochemical Sampling 9-1
9.4 Geophysics 9-6
9.5 Trenches 9-8
9.6 Petrology, Mineralogy, and Research Studies 9-10
9.7 Exploration Potential 9-12
9.8 CP Comments on "Item 9 – Exploration" 9-13

10.0 DRILLING 10-1
10.1 Introduction 10-1
10.2 Drill Methods 10-7
10.3 Logging Procedures 10-8
10.4 Recovery 10-9
10.5 Collar Surveys 10-9
10.6 Downhole Surveys 10-10
10.7 Grade Control 10-11
10.8 Sample Length/True Thickness 10-11
10.9 CP Comments on "Item 10: Drilling" 10-11

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY 11-1
11.1 Sampling Methods 11-1
11.2 Density Determinations 11-1
11.3 Sample Security 11-2
11.4 Analytical and Test Laboratories 11-3
11.5 Sample Preparation and Analysis 11-3
11.6 Quality Assurance and Quality Control – Serrote 11-6
11.7 Caboclo Quality Assurance and Quality Control 11-16
11.8 Databases 11-19
11.9 Sample Security 11-20
11.10 CP Comments on "Item 11: Sample Preparation, Analyses, and Security" 11-20

12.0 DATA VERIFICATION 12-1
12.1 Initial Verification 12-1
12.2 External Data Verification 12-1
12.3 CP Comments on "Item 12: Data Verification" 12-3

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING 13-1
13.1 Introduction 13-1
13.2 Historical Testwork 13-3
13.3 Testwork Prior to 2018 13-4

13.4 2018 Testwork 13-5
13.5 2019 Metallurgical Testwork 13-8
13.6 2020 Metallurgical Testwork 13-18
13.7 Woodgrove Direct Flotation Reactor (DFR) Pilot Plant Testing 13-23
13.8 Plant Performance from June 2021 to December 2022 13-25
13.9 2021/2022 Testwork 13-26
13.10 Future Testwork Plans 13-29
13.11 Caboclo Testwork 13-30
13.12 CP Comments on "Item 13: Mineral Processing and Metallurgical Testwork" 13-32

14.0 MINERAL RESOURCE ESTIMATE 14-1

14.1 Introduction 14-1
14.2 Resources Database 14-2
14.3 Geological Modelling 14-5
14.4 Exploratory Data Analysis 14-8
14.5 Density Assignment 14-9
14.6 Composites 14-9
14.7 Top Cut Analysis 14-10
14.8 Variography 14-13
14.9 Block Model 14-13
14.10 Search Strategy and Grade Estimation Parameters 14-14
14.11 Mineral Resource Classification 14-14
14.12 Block Model Validation 14-17
14.13 Reasonable Prospects for Eventual Economic Extraction 14-23
14.14 Mineral Resource Reporting 14-24
14.15 CP Comments on "Item 14: Mineral Resource Estimate" 14-25

15.0 MINERAL RESERVE ESTIMATE 15-1

15.1 Mineral Reserve Block Model 15-1
15.2 Open Pit Mine Design Criteria 15-1
15.3 Detailed Open Pit Mine Design 15-6
15.4 2023 Validation of Open Pit Mine Design Limit 15-7
15.5 Mineral Reserves Estimate 15-8
15.6 CP Comments on "Item 15: Mineral Reserve Estimate" 15-10

16.0 MINING METHODS 16-1

16.1 Open Pit Mining Methodology 16-1
16.2 Mine Planning 16-5
16.3 Mining Equipment 16-9
16.4 Work Schedule 16-10
16.5 Blasting 16-10
16.6 Geotechnical Evaluation 16-11
16.7 Mine Waste Rock Storage Facility Design 16-18
16.8 Sulphide and Oxide Stockpile Design and Management 16-21
16.9 CP Comments on "Item 16: Mining Methods" 16-23

17.0 RECOVERY METHODS 17-1
17.1 Summary 17-1
17.2 Process Design Criteria 17-5
17.3 Process Plant Description 17-10
17.4 Plant Control, Instrumentation and Communication 17-15
17.5 Production Schedule 17-15
17.6 Plant Operations June 2021 to December 2022 17-16
17.7 CP Comments on "Item 17: Recovery Methods" 17-18

18.0 PROJECT INFRASTRUCTURE 18-1
18.1 Introduction 18-1
18.2 Roads and Logistics 18-1
18.3 Stockpiles 18-3
18.4 Waste Rock Storage Facilities 18-3
18.5 Tailings Storage Facilities 18-3
18.6 Camps and Accommodation 18-3
18.7 Built Infrastructure 18-3
18.8 Electric Power 18-5
18.9 Water Supply 18-5
18.10 Water Management 18-6
18.11 Communications and Information Management Systems 18-9
18.12 Waste Management 18-9
18.13 CP Comments on "Item 18: Project Infrastructure" 18-10

19.0 MARKET STUDIES AND CONTRACTS 19-1
19.1 Metal Prices and Exchange Rate 19-1
19.2 Market Outlook and Concentrate Sales Terms 19-1
19.3 Concentrate Sales 19-1
19.4 Contracts 19-2

20.0 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT 20-1
20.1 Introduction 20-1
20.2 Project Considerations 20-2
20.3 Environmental-Socioeconomic Management and Effects 20-9
20.4 Closure 20-18
20.5 Community Affairs and Government Relations 20-20
20.6 Tailings Storage Facility (TSF) 20-23

21.0 CAPITAL AND OPERATING COSTS 21-1
21.1 Capital Costs 21-1
21.2 Operating Costs 21-2
21.3 Manpower 21-6
21.4 CP Comments on "Item 21: Capital and Operating Costs" 21-7

22.0 ECONOMIC ANALYSIS 22-1

22.1 Cautionary Statement 22-1
22.2 Basis of Evaluation 22-1
22.3 Financial Model Parameters 22-2
22.4 Economic Analysis 22-3
22.5 Sensitivity Analysis 22-7
22.6 CP Comments on "Item 22: Economic Analysis" 22-7

23.0 ADJACENT PROPERTIES 23-1

24.0 OTHER RELEVANT DATA AND INFORMATION 24-1

25.0 INTERPRETATION AND CONCLUSIONS 25-1

25.1 Geology and Mineral Resources 25-1
25.2 Mining and Mineral Reserves 25-2
25.3 Mineral Processing 25-2
25.4 Infrastructure 25-3
25.5 Environment 25-4
25.6 Markets and Contracts 25-6
25.7 Costs and Economics 25-6
25.8 Risks and Opportunities 25-7

26.0 RECOMMENDATIONS 26-1

26.1 Geology and Mineral Resources 26-1
26.2 Mining and Mineral Reserves 26-1
26.3 Mineral Processing 26-1
26.4 Infrastructure 26-2
26.5 Environment 26-2

27.0 REFERENCES 27-1

28.0 DATE AND SIGNATURE PAGE 28-1

29.0 CERTIFICATE OF COMPETENT PERSON 29-1

29.1 David J.F. Smith 29-1
29.2 Orlando Rojas 29-2
29.3 Andrew Bradfield 29-3
29.4 Anthony Maycock 29-4
29.5 Daniel Servigna 29-1

30.0 APPENDIX 1 - FCA PRIMARY MARKET TECHNICAL NOTE 619.1 APPENDIX II MINING COMPETENT PERSON'S REPORT – RECOMMENDED CONTENT 30-1

31.0 APPENDIX 2 – VALUATION OF THE SERROTE PROPERTY 31-1

31.1 Valuation Approaches and Methods – Serrote 31-1
31.2 Valuation of the Serrote Property 31-4
31.3 Valuation Summary 31-13
31.4 Key Assumptions, Risks, and Limitations 31-13

TABLES

Table 1-1: LOM Unlevered Free Cash Flow Summary 1-10
Table 1-2: Discount Rate Sensitivity 1-12
Table 1-3: Summary of the Mineral Resource Estimate - December 31, 2022 1-15
Table 1-4: Summary of the Mineral Reserve Estimate - December 31, 2022 1-17
Table 1-5: LOM Sustaining Capital Cost Estimate 1-26
Table 1-6: Base Case Operating Cost Summary 1-26
Table 1-7: Serrote Annual Production 1-27
Table 1-8: Risk Analysis Summary 1-27
Table 1-9: Opportunities 1-28
Table 2-1: Competent Persons and Responsibilities 2-2
Table 4-1: Mineral Rights Summary 4-6
Table 4-2: Surface Rights Summary (MVV Ownership) 4-9
Table 4-3: Water Extraction Permits 4-9
Table 4-4: Surface Rights with Royalties 4-12
Table 6-1: Exploration and Development History 6-1
Table 9-1: Exploration Summary 9-1
Table 9-2: Summary of Petrographic Samples at Caboclo 9-11
Table 10-1: Serrote Drill Hole Summary as of December 31, 2022 10-1
Table 10-2: Caboclo Drill Hole Summary as of December 31, 2022 10-3
Table 10-3: Drill Contractor Summary Table 10-7
Table 11-1: Analytical Procedures, SGS – Aura Minerals 11-5
Table 11-2: Analytical Procedures, SGS – MVV 11-6
Table 11-3: Serrote Duplicated Performance 11-10
Table 11-4: Insertion Rate Samples for Caboclo Area 11-17
Table 11-5: Standards Results for Caboclo Area 11-17
Table 11-6: Blank Sample Summary for Caboclo Area 11-18
Table 13-1: Main Metallurgical Performance Parameters by Phase 13-1
Table 13-2: 2019 and 2020 Testwork Results Summary 13-2
Table 13-3: Assays for PH0, PH1 and PH2 13-9
Table 13-4: Mineral Content for PH0, PH1, and PH2 13-10
Table 13-5: Minor Elements in Concentrate 13-17
Table 13-6: Head Assay Summary 13-19
Table 13-7: Mineral Content Summary 13-20
Table 13-8: Open Circuit Cleaning Test on PH2+3 13-22

Table 13-9: Open Circuit Cleaning Test on PH4 13-23
Table 13-10: Results of LCT on PH2+3 13-23
Table 13-11: Results of LCT on PH4 13-23
Table 13-12: Summary Metallurgical Balance 13-25
Table 13-13: Sample Assay Ranges 13-30
Table 14-1: Summary of Mineral Resources – December 31, 2022 14-1
Table 14-2: Drilling Supporting Serrote Mineral Resource Estimate 14-2
Figure 14-4: Serrote Mineralisation Model 14-7
Table 14-3: Summary Mineralized Domains Codes 14-8
Table 14-4: Assay Statistics by Mineral Domain 14-9
Table 14-5: Density Statistics Samples (t/m³) 14-9
Table 14-6: Composites Statistics by Mineral Domain 14-10
Table 14-7: Outlier Analysis for 5.0 m Composites – Copper 14-12
Table 14-8: Variogram Models 14-13
Table 14-9: Block Model Set Up 14-13
Table 14-10: Block Model Estimation Parameters 14-14
Table 14-11: Comparison between Estimates – OK and NN 14-17
Table 14-12: Block Model Statistics by Mineral Domain 14-17
Table 14-13: Resource Pit Shell Parameters 14-24
Table 14-14: Mineral Resources Estimate by Mineral Type 14-24
Table 15-1: 2019 Parameters for Estimating the Value of Material In-Situ 15-2
Table 15-2: Slope Angles Used for Pit Limit Design 15-3
Table 15-3: 2023 Parameters for Estimating the Value of Material In-Situ 15-7
Table 15-4: Serrote Mineral Reserve Estimate 15-9
Table 16-1: Mine Production Plan 16-7
Table 16-2: Equipment List by Application 16-9
Table 16-3: Drill and Blast Parameters 16-10
Table 16-4: Final Pit Slope Geometry 16-14
Table 16-5: Factors of Safety for WRSF Design 16-18
Table 16-6: Topsoil, Oxide, Overburden and Stockpiled Sulphide Ore Production 16-19
Table 16-7: Volume of Material Criteria for WRSF and Stockpile Design 16-19
Table 16-8: WRSF Characteristics 16-21
Table 16-9: Characteristics of the Oxide and Sulphide Stockpiles 16-22
Table 17-1: Process Design Criteria 17-5
Table 17-2: Ramp-Up Table 17-16

Table 17-3: Plant Production Results – June 2021 to December 2022 17-17
Table 19-1: Commodity Price and Exchange Rate Forecasts 19-1
Table 20-1: Parameters of Interest in Tailings Geochemical Kinetic Test Work 20-6
Table 20-2: Environmental Control Plans 20-10
Table 20-3: Status of Permits for Operations Phase 20-13
Table 20-4: Basic Closure Actions for Each Operational Area 20-19
Table 20-5: PMP Discharge Parameters 20-26
Table 21-1: LOM Sustaining Capital Cost Estimate 21-1
Table 21-2: Base Case Operating Cost Summary 21-3
Table 21-3: Serrote Annual Production 21-3
Table 21-4: Base Case Unit Mining Operating Cost 21-5
Table 21-5: Base Case Unit Processing Operating Cost 21-5
Table 21-6: Base Case G&A LOM Cost Estimate 21-6
Table 21-7: Manpower Summary 21-6
Table 22-1: LOM Unlevered Free Cash Flow Summary 22-3
Table 22-2: Base Case Life-of-mine Annual Cash Flow 22-5
Table 22-3: Discount Rate Sensitivity 22-7
Table 25-1: Risk Analysis Summary 25-7
Table 25-2: Opportunities 25-8

FIGURES

Figure 1-1: LOM Unlevered Free Cash Flow 1-11
Figure 1-2: Sensitivity Analysis 1-12
Figure 4-1: Location Map for the Serrote Mine 4-2
Figure 4-2: Mineral Tenure Location Map 4-7
Figure 4-3: Serrote Open Pit in Relation to Mining Concession 840.235/1982 (Serrote da Laje) 4-8
Figure 4-4: Possession Agreements with Royalty Provision 4-11
Figure 7-1: Regional Geology Plan 7-2
Figure 7-2: Sergipano Fold Belt Geology 7-3
Figure 7-3: Geological Cross-Section, Serrote (Section 8,930,250N) 7-5
Figure 7-4: Geological Map, Caboclo 7-7
Figure 7-5: Geological Cross-Section, Caboclo–Rogério (Section 8,944,600N) 7-8
Figure 9-1: DOCEGEO Regional Soil Geochemical Sampling Program 9-3
Figure 9-2: DOCEGEO (CVRD) Soil Copper Anomalies at Serrote 9-4
Figure 9-3: DOCEGEO (CVRD) Soil Copper Anomalies at Caboclo 9-5

Figure 9-4: MVV Soil Copper Anomalies at Caboclo 9-5
Figure 9-5: Serrote Ground Magnetometer Data and DOCEGEO Drill Hole Locations 9-6
Figure 9-6: Aura Minerals Ground Magnetometer Data at Caboclo 9-7
Figure 9-7: Serrote Trench Location Plan 9-9
Figure 9-8: Caboclo Trench Location Plan 9-10
Figure 9-9: Queimada Bonita Cu Soil Sample Results 9-12
Figure 9-10: Targets in Caboclo Area for Further Exploration 9-13
Figure 10-1: Serrote Drill Collar Location Plan 10-4
Figure 10-2: Caboclo Drill Hole Location Map 10-5
Figure 10-3: Drilling Supporting Caboclo Metallurgical Testwork 10-6
Figure 10-4: Example of Blast Hole Sampling for Grade Control Purposes 10-11
Figure 11-1: Serrote Density Histogram 11-2
Figure 11-2: Fine Blank Charts – Cu (%) – Serrote Project – SGS 11-8
Figure 11-3: Fine Blank Charts – Au (ppm) – Serrote Project – SGS 11-9
Figure 11-4: Fine Blank Charts – Cu (%) – Serrote Project – ALS 11-9
Figure 11-5: Fine Blank Charts – Au (ppm) – Serrote Project – ALS 11-10
Figure 11-6: Serrote Pulp Duplicates for Cu and Au Assays – SGS 11-11
Figure 11-7: Serrote Field Duplicates for Cu and Au Assays – SGS 11-11
Figure 11-8: Serrote Pulp Duplicates for Cu and Au Assays – ALS 11-11
Figure 11-9: Serrote Field Duplicates for Cu and Au Assays – ALS 11-12
Figure 11-10: Serrote Control Chart – Cu (%) – SL-1 – ALS 11-12
Figure 11-11: Serrote Control Chart – Au (ppm) – SL-1 – ALS 11-13
Figure 11-12: Serrote Control Chart – Cu (ppm) – SL-1 – SGS 11-13
Figure 11-13: Serrote Control Chart – Au (ppb) – SL-1 – SGS 11-14
Figure 11-14: Serrote Control Chart – Cu (%) – SL-2 – ALS 11-14
Figure 11-15: Serrote Control Chart – Au (%) – SL-2 – ALS 11-15
Figure 11-16: Serrote Control Chart – Cu (%) – SL-2 – SGS 11-15
Figure 11-17: Serrote Control Chart – Au (ppb) – SL-2 – SGS 11-16
Figure 13-1: Open Circuit Cleaner Test Flowsheet 13-7
Figure 13-2: CuS Mineral Grain Size vs Distribution in Feed for Variability Samples 13-12
Figure 13-3: Comparison Coarse Regrind (46 µm) vs Fine Regrind (19 µm, 22 µm and 29 µm) 13-13
Figure 13-4: LCT Flowsheet 13-16
Figure 13-5: Variability Testing Flowsheet 13-21
Figure 13-6: Regrind/Rougher/Cleaner Testing on Cleaner-Scavenger Tailings 13-29
Figure 13-7 : Regrind/Cleaner Testing Flowsheet on Rougher Cell 2 to 6 Concentrate 13-29

Figure 14-1: Drill Hole Collars Location 14-4
Figure 14-2: 3D View for Mineralized Zone and Drill Holes 14-5
Figure 14-3: Serrote Lithology Model 14-6
Figure 14-5: Serrote Oxide Surface Model 14-8
Figure 14-6: Histogram of Raw Data Sample – Length (m) 14-10
Figure 14-7: Capping Analysis for Cu – Mineralized North Zone 14-11
Figure 14-8: Capping Analysis for Cu – Mineralized Central Zone 14-11
Figure 14-9: Capping Analysis for Cu – Mineralized South Zone 14-12
Figure 14-10: Nominal Drill Spacing by Confidence Category 14-15
Figure 14-11: Final Mineral Resources Classification, Serrote Operation 14-16
Figure 14-12: Serrote Cu Swath Plot – Domain 100 – X, Y and Z 14-18
Figure 14-13: Serrote Cu Swath Plot – Domain 200 – X, Y and Z 14-19
Figure 14-14: Serrote Cu Swath Plot – Domain 300 – X, Y and Z 14-20
Figure 14-15: Cross-section Showing Cu Blocks *versus* Composite Grades 14-21
Figure 14-16: Cross-section Showing Au Blocks *versus* Composite Grades 14-22
Figure 14-17: Comparison Between 2022 Mineral Reserve Pit Shell and 2019 Mineral Resource Pit Shell 14-23
Figure 15-1: Pit Limit Design Used for 2019 Mineral Reserve Estimate 15-5
Figure 15-2: Comparison of 2019 Pit Limit Design versus Reference Block Model Solution 15-6
Figure 15-3: Comparison of Pit Limit Design to 2023 Optimal Pit Shell 15-8
Figure 16-1: Serrote Mine Site Plan 16-2
Figure 16-2: Serrote Open Pit Photographs 16-3
Figure 16-3: Plan View of Serrote Phase Layout 16-5
Figure 16-4: Total Material Mined by Year 16-8
Figure 16-5: Cu and Au Grade Profile 16-8
Figure 16-6: Rock Mass Classes in the Final Open Pit 16-12
Figure 16-7: Structural Domains 16-13
Figure 16-8: Overview of the 3D Geomechanical Model 16-14
Figure 16-9: Final Sectors for Slopes in the Final Open Pit 16-16
Figure 17-1: Simplified Initial Process Flowsheet 17-3
Figure 17-2: Simplified Process Flowsheet July 2022 to November 2022 17-4
Figure 18-1: Infrastructure Site Plan 18-2
Figure 18-2: Port Locations 18-3
Figure 18-3: Hydrographic Sub-Basin of the Salgado Stream 18-7
Figure 18-4: Water Balance (average) 18-8

Figure 18-5: Proposed Surface Drainage Structures 18-9
Figure 20-1: Stored Tailings Over Time 20-5
Figure 20-2: SF Location Showing TSF Phase 2 Embankment 20-24
Figure 20-3: Phase 1 TSF Embankment “As-Built” Plan View 20-24
Figure 22-1: LOM Unlevered Free Cash Flow 22-4
Figure 22-2: NPV Sensitivity 22-7

APPENDIX TABLES AND FIGURES

Table 31-1: Valuation Approaches for Different Types of Mineral Properties 31-2
Table 31-2: Net Present Value of Serrote Mine 31-4
Table 31-3: Comparable Transactions Analysis - Producing Copper Properties in South America 31-6
Table 31-4: Comparable Transactions Analysis -Non-Producing Copper Dominant Properties with Resources in South America 31-8
Table 31-5: In situ Dollar Content of the Serrote Mineral Resources 31-9
Table 31-6: Serrote Valuation by Comparable Transactions Analysis 31-9
Table 31-7: Comparable Transactions on Copper Properties in South America without Resources 31-12
Table 31-8: Valuation of Serrote Exploration Properties 31-13
Table 31-9: Valuation Summary of the Serrote Property 31-13

1.0 SUMMARY

1.1 Executive Summary

SLR Consulting (Canada) Ltd. (SLR) was retained by ACG Acquisition Company Limited (ACG) to prepare Competent Person's Report (CPR) on the Serrote Mine (the Mine or Serrote), located in Alagoas, Brazil. Mr. Orlando Rojas, GeoEstima SpA (GeoEstima); Mr. Anthony Maycock, MM Consultores SpA (MM Consultores); Mr. Andrew Bradfield, P&E Mining Consultants Inc. (P&E); Mr. Daniel Servigna, WSP USA Environment & Infrastructure Inc. (WSP); and Mr. David JF Smith, SLR Consulting, are collectively the Competent Persons (CPs) for this CPR.

The purpose of this CPR is to support a listing on the London Stock Exchange (LSE). The CPR conforms to Financial Conduct Authority (FCA) Primary Market Technical Note 619.1.

The Serrote copper-gold mine is located in Alagoas in northeast Brazil and is owned and operated by Mineração Vale Verde Ltda (MVV), a subsidiary owned by ANRH Cooperatief U.A. (ANRH). The operation is a conventional, low-strip open pit operation targeted to produce 20,000 tonnes of copper equivalent per year for the remaining mine life of 12 years.

1.1.1 Conclusions

1.1.1.1 Geology and Mineral Resources

- As of December 31, 2022, inclusive of Mineral Reserves, Measured Mineral Resources for open pit operations are estimated to total 61,415 thousand tonnes (kt) at 0.55% copper (Cu) and 0.10 g/t gold (Au), and Indicated Mineral Resources are estimated to total 35,254 kt at 0.53% Cu and 0.08 g/t Au. In addition, Inferred Mineral Resources are estimated to total 4,883 kt at 0.52% Cu and 0.07 g/t Au.
- Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (CIM (2014) definitions were followed for Mineral Resources.
- The Serrote deposit and Caboclo exploration target are examples of mafic–ultramafic magmatic copper sulphide deposits and are very well understood by the MVV staff. Caboclo is located approximately 20 km from the Serrote processing facilities.
- Protocols for drilling, sampling preparation and analysis, verification, and security meet industry standard practices and are appropriate for the purposes of a Mineral Resource estimate.
- Drill programs included insertion of blank, duplicate, and standard reference material samples.
- The QA/QC program as designed and implemented by Serrote and Caboclo is adequate, and the assays values are suitable for use in Mineral Resources estimate.
- Data have been validated using numerous checks that are appropriate and consistent with industry standards.
- Database construction and security were adequate.
- The geological models are reasonably constructed using available geological information and are appropriate for Mineral Resource estimation.
- The assumptions, parameters, and methodology used for the Serrote Mineral Resource estimate are appropriate for the style of mineralisation and proposed mining methods.

- Drilling was completed at regularly spaced intervals over the mineralisation and is considered representative of the deposits.
- Sample collection, preparation, analysis and security for reverse circulation (RC) and core drill programs are in line with industry-standard methods for copper–gold deposits.
- The use of wet samples for density measures is acceptable because the Mine rock types typically have <1% porosity when fresh, thus the wet and dry densities are very much the same.
- Exploration completed to date is appropriate and has been adapted to the local regolith development. The programs have identified the Serrote deposit and Caboclo exploration target and most of the exploration results have been followed up with drilling.
- Queimada Bonita prospect has anomalous copper, gold, and nickel values that warrant additional investigation.
- The Caboclo area presents a reasonable potential that should be considered for further exploration, such as the Rogério, Petrúcio, and Zezé targets.

1.1.1.2 Mining and Mineral Reserves

- As of December 31, 2022, the Mineral Reserves were estimated as:
  - Proven Mineral Reserves: 41.17 million tonnes (Mt) at 0.59% Cu and 0.10 g/t Au
  - Probable Mineral Reserves: 5.56 Mt at 0.54% Cu and 0.08 g/t Au
  - Total Mineral Reserves: 46.73 Mt at 0.58% Cu and 0.10 g/t Au
- The Mineral Reserve estimation for the Mine incorporates industry-accepted practices and is reported using CIM (2014) definitions.
- Measured and Indicated Mineral Resources that were classified by material type as sulphide were converted to Mineral Reserves. Inferred Mineral Resources in sulphide and material classified as oxide were considered as waste. Only copper and gold economic values were considered.
- The Mineral Reserve estimates are based on detailed pit limit designs, which were validated by a life-of-mine (LOM) mine plan.
- A sensitivity analysis established that the Serrote open pit limit geometry is robust in the north, east, and west parts of the open pit for a wide variation of the design parameters, due to the orebody geometry. This part of the orebody is higher grade and has a lower stripping ratio. In contrast, the geometry of the south part of the pit is more sensitive to changes in the design parameters.
- Information that affects the cut-off grades used for estimating the Mineral Reserves include the copper and gold metal prices, exchange rates, overall mine and process plant variable and fixed costs, and copper concentrate transport, smelting, refining, and processing costs.
- The CP is not aware of any other factors that could materially impact the estimate of the Mineral Reserves for Serrote that are not presented in this CPR.
- Mining operations are conducted year-round. The Serrote Mine has been developed as a conventional open pit operation using conventional equipment. The Serrote pit will be developed in five phases. The current mine plan was prepared using a peak mine production rate of 12.7 million tonnes per annum (Mt/a) and a mine operating life of 12 years. Ore is delivered to the crusher pad adjacent to the process plant at an average rate of 11,390 tonnes per day (t/d) or 4.1 Mt/a.

- Mining is carried out by a contractor that supplies its own fleet of mining equipment up to the end of 2024; from 2025 onwards, MVV will own and operate a new fleet. The equipment type and size selection were carried out by MVV, and both the contractor and MVV fleets will be of compatible sizes.
- Mining activities will generate four types of overburden/waste materials: topsoil, saprolite (overburden), transitional weathered rock, and waste rock. There will be one waste rock storage facility (WRSF), an oxide material stockpile, and a temporary sulphide ore stockpile.

1.1.1.3 Mineral Processing

- The process plant using Woodgrove flotation cells, until recently, had not been able to reproduce the copper recovery or concentrate grades achieved in the metallurgical testwork that was carried out up to the end of 2020. The flowsheet changes implemented in July 2022 resulted in an increase in recovery to the design levels; however, the concentrate grades continue to be lower than design.
- The testwork carried out by SGS Geosol in 2022 showed the potential for significantly increasing concentrate grade and increasing recovery. The work also showed that an increase in the impeller tip speed in the conventional laboratory cells increased recovery.
- Pilot scale testwork carried out by Woodgrove in 2022 showed the recovery could be improved by increasing the impeller tip speed and using a different gangue depressant; however, the improvement did not indicate that the design recovery or concentrate grades could be achieved.
- A large proportion of the copper losses occur in liberated copper minerals <5 µm and >40 µm in size and copper minerals locked in complex gangue particles. Laboratory testwork has shown high recoveries and concentrate grades can be achieved with selective regrinding and additional flotation residence time in conventional cells.
- The Caboclo material appears to be similar to the Serrote ore and responded well to the original flowsheet designed for Serrote. Future testwork should take into consideration the lessons learned in the Serrote plant.
- In spite of lower copper recoveries during Serrote's ramp-up period, copper in concentrate production has been either in line or above plan.

1.1.1.4 Infrastructure

- The Serrote Mine is accessed via paved roads from the cities of Craíbas and Arapiraca. Road access is used for the supply of materials and equipment to the mine site and for transporting concentrate to the port of Maceió approximately 140 km from the Mine site. Concentrate has been transported to the port of Maceió since the first shipment in Q4 2021.
- Existing infrastructure includes the gatehouse, trucker support building, change house, administration offices, workshop offices, first aid post, kitchen/canteens, process plant with workshop, laboratory, process control room, main workshop building, tire shop, welding area, drilling maintenance bay, fuel station, wash bay, and power sub-station. All infrastructure construction necessary for the Serrote Mine operations was completed by the end of 2021.
- No on-site accommodation is available. Employees and contractors reside in Arapiraca, Craíbas and surrounding communities. Arapiraca is the second largest city in Alagoas and had an estimated population of 233,000 inhabitants in 2020.
- Electrical power is supplied via a 21 km long powerline that connects the Serrote sub-station with the national grid at the Arapiraca III substation. Plant emergency power is provided by a

480 V packaged diesel generator located in the thickening and filtration substation. Emergency power supports critical loads only, and does not maintain production.

- MVV is tied into the CASAL (the Alagoas state water utility) pipeline that provides the water supply for Arapiraca. The pipeline feeds a freshwater reservoir on site. Process water is supplied from a combination of recirculated flow from the thickeners, water reclaimed from the tailings storage facility (TSF), and water contained in the run-of-mine (ROM) material. Fresh water is used to top up this supply when required.
- Water management infrastructure was designed to Brazilian standards. Structures specifically requiring diversion drainage management are the sulphide and oxide stockpiles, the WRSF and the open pit.

1.1.1.5 Environment

1.1.1.5.1 Environmental

- The environmental impacts of the Serrote Mine were identified and evaluated for the construction, operation and closure stages, along with proposals for control, mitigation, monitoring and environmental compensation actions.
- The Mine has undergone an independent Environment and Social Due Diligence review process against national legislation and international standards (including IFC Performance Standards, Equator Principles, and Good International Industry Practice). MVV has implemented an action plan to address the findings which includes quarterly audits to assess status of actions identified in the Environmental and Social Action Plan (ESAP).
- Tailings geochemistry studies to date indicate Phase 2/3 and Phase 4 tailings are non-acid-generating and have a low potential for metal leaching, consistent with Phase 0/1 tailings. Additional geochemical characterization is ongoing to augment the existing understanding, characterize metal solubilization aspects of the mine rock, pit walls, and tailings, and inform management strategies. Results will be integrated into a water balance and water quality effects model extending site-wide and into the receiving environment.
- MVV commissioned the consulting group Ferreira Rocha to prepare an updated Environmental and Social Impact Assessment (ESIA) and Environmental Social Management Plan, who then completed the document in June 2022. MVV is using the updated ESIA to guide development of ongoing environmental and social management plans.
- MVV has legal requirements for monitoring air quality, climate, ambient noise and vibration, water quality, and flora and fauna. The monitoring programs are stipulated in the Mine's Environmental Control Plans (PCAs); these documents were submitted to the state environmental agency during the Mine's installation licence permitting process.

1.1.1.5.2 Permitting

- MVV advised on May 21, 2021, that Project permitting is up to date with all permits for the operations phase obtained. The Operating Licences for the Operations Phase of the Mine and for Mineral Processing and Tailings Management were issued by the state environmental agency on May 27, 2021, and will be due for renewal in May 2025.

1.1.1.5.3 Closure

- The most recent site-wide update of the Mine's conceptual closure plan and associated cost estimate was carried out in January 2023. Per the Project's Operating Licence issued May 27, 2021, an updated closure plan shall be submitted at the time of licence renewal in early 2025.

- A total of US$18.8 million (R$98.1 million at an exchange rate of R$5.21 per US$1) is assumed in the cost model for closure.

1.1.1.5.4 Social

- There are 14 communities within the area of direct Project influence. MVV is in constant communication with the residents, and holds regular community meetings, under the company's Social Dialogue Initiative. MVV uses the WhatsApp messaging application as a tool to support communications between the communities and MVV's community relations team.
- A resettlement program was undertaken from 2012 to 2020, under which 153 families residing in the area needed for the mining operations were resettled. To the Effective Date of the CPR, MVV has no record of complaints and/or complaints lodged using the Grievance Mechanism in relation to the resettlement process. MVV maintains an ongoing social dialogue with the resettled families including regular meetings.
- A Grievance Mechanism is in place. MVV has a contract with a specialized third-party, which guarantees confidential treatment of information. A computer database records and monitors the stakeholder communications, and MVV's responses, agreements and commitments adopted.
- MVV has a Stakeholder Engagement Plan in place that set out the company's guidelines for addressing stakeholder concerns, stakeholder communications, and stakeholder relationships. The plan is constantly updated to reflect the Mine development stage, scenario changes, stakeholder profiles, and the type and nature of stakeholder feedback.
- MVV instituted an "Open Doors" (Portas Abertas) program which consisted of guided tours of the Mine that provided external stakeholders with Project-specific information, in particular, on aspects of the environmental and engineering disciplines. The Open Doors program extends to general community-related information updates on the Mine. These include individualized information provision to stakeholders, weekly information emails, and monthly newsletters on social and environmental actions. MVV is also active in the print and social media spheres to ensure that all stakeholders remain informed as to MVV's activities.
- MVV developed a portfolio of social projects in conjunction with communities in the area of direct Project influence, which focused on the areas of social entrepreneurship, environmental education, science and technology.

1.1.1.5.5 TSF

- The TSF is a conventional cross-valley TSF to be constructed in two phases. Construction of the TSF first phase was competed during January 2021. Operations at the TSF began in mid-June 2021 and are ongoing. Phase 1 will operate for four years from the commencement of operations in June 2021; Phase 2 will operate for the remaining LOM and will require a dam raise, which is anticipated to be completed in two raises, one 4 m raise and a final 3 m raise.
- The Mine will produce approximately 54 Mt of ore over the 14-year mine life, and the TSF was designed to contain the LOM tailings volume. However, if additional resources are discovered during the LOM, additional tailings storage capacity may be required beyond the currently proposed final TSF design.
- The TSF has been designed and operated in accordance with all applicable Brazilian regulations, as well as to meet the Canadian Dam Association (CDA) guidelines considered international standard. Operations at the TSF follow the strict governance framework put in place by MVV, which meet regulations defined by the national dam policy of the Ministry of the Environment, and the laws and regulations of the Agência Nacional de Mineração (ANM).

Operating permits for Tailings Management were issued by the state environmental agency on May 27, 2021, and will be due for renewal in May 2025. The facility is currently registered as "In Operation" as of June 20, 2022, with ANM. Application for "Granting of Water Works" required for the TSF Phase 2 raise was submitted on September 22, 2022; the permit is currently in processing.

- Geotechnical instrumentation records of the dam are within the expected parameters. Increases in piezometric levels were recorded on the upstream slope and no piezometric levels were recorded on the downstream slope. The dam inclinometers did not register displacements above safety levels and the seepage flow remained constant throughout the year, indicating a good functioning of the internal drainage system. Water quality monitoring indicate that seepage flows downstream of the dam meet environmental discharge regulations. Seepage flows are currently directly discharged to the downstream environment.
- Annual dam safety inspections indicate that the dam is performing well with minor damages to ancillary TSF features due to the major storm events that occurred at the site. Minor repairs include minor erosional damage repair on embankment slopes, finishing upstream riprap placement, establishing full vegetative cover on the downstream slope, minor repairs to the spillway, and abandonment of the seepage collection pond.

1.1.1.6 Markets and Contracts

- MVV has a single contract in place with a large global trader covering 100% of the copper concentrate production.
- Copper and gold are payable in the concentrates. At a projected 24% to 40% copper the Serrote concentrate is considered a high-grade concentrate and has attracted good terms from the off-taker. At a projected 2.55 g/t to 5.75 g/t Au, the gold content in the Serrote concentrates is relatively low and is suitable for all smelters/refineries.
- MVV's base case metal price assumptions are considered to be in line with the periodic forecasts of future copper and gold prices prepared by several banking institutions and research analysts. The forecasts used vary for the period 2023–2026, reverting to long-term pricing in 2027. The long-term prices include US$3.59/lb Cu and US$1,615/oz Au. The long-term Brazilian reais to US$ exchange rate forecast used in the economic analysis is 5.55.
- The open pit mining contract is with Fagundes Construção e Mineração S/A.

1.1.1.7 Costs and Economics

The Serrote Mine was built from 2019 to the end of 2021 at an estimated capital cost of $194.5 million with all taxes included. The cost accounts for all infrastructure necessary to begin operations such as the processing plant, initial tailings dam facility, mining pre-production, administration buildings and warehouse, plus Owner's costs and commissioning. Process plant capacity was designed at 4.1 Mt/a.

MVV declared commercial production on December 27, 2021, and the mine has been operating continuously since then. This CPR considers a mine plan with a start date of January 1, 2023. All capital costs in the LOM plan are considered as sustaining capital.

- The sustaining capital cost over the LOM is estimated to be US$132 million, including costs related to mining, process plant, tailings storage facility expansion, and mine closure.
- The LOM operating cash cost is estimated to be US$14.60/t ore processed, and the all-in sustaining cost (AISC) is estimated at US$19.74/t ore processed which is equivalent to $1.85/lb Cu payable.

- Annual operating costs range from US$59 million to US$74 million for full years of operation with variations in costs mainly attributable to mining costs, which vary due to strip ratios and equipment life cycles.

The cash outflows and inflows for the base case were estimated to calculate the NPV.

- The undiscounted unlevered free cash flow is estimated at US$781 million. The NPV after tax at a discount rate of 8% is estimated at US$540 million. IRR and Project payback years are not applicable in this case since the initial capital costs have been expended and are considered sunk costs as of Q4 2021.
- The Serrote Project is most sensitive to the copper price, followed by exchange rate. Sensitivity to grade is the same as for price because of the relationship between the grade, the product, and the metal price.

1.1.2 Recommendations

1.1.2.1 Geology and Mineral Resources

GeoEstima has the following recommendations for Geology and Mineral Resources

1. Update the Mineral Resource estimate with the results of the ongoing drilling program. The new drilling information may better define the limits of mineralisation, increase the volume of material in the deeper portion of the deposit, and upgrade the resource classification in some areas, thus increasing the life of the mine.
2. Improve the modelling and knowledge of the copper oxide zone at Serrote and investigate process options.
3. Build a detailed structural model and structural domains in order to customize local search anisotropies and directions.
4. Review the existing geochemical data in the Caboclo area to confirm lateral extents of mineralized bodies and infill the existing drill spacing gaps. The review should include the new data from the 2021 up to 2022 drilling campaign.
5. Develop metallurgical testwork program to check the Caboclo recovery assumptions.
6. Estimate Mineral Resources for the Caboclo area, which has good potential to extend the Serrote Operation.
7. Update the Mineral Resource pit shell and cut-off inputs based on current economic parameters.
8. Review cut-off input parameters to have a consistent baseline with the Mineral Reserve inputs in future resource updates.
9. Investigate the potential contamination observed in some blank samples for copper at ALS Chemex.

1.1.2.2 Mining and Mineral Reserves

1. Evaluate an area of a new pushback located in the south end of the open pit. This evaluation should include additional geotechnical and Mineral Resource drilling with US$3 million estimated investment. It is expected that a new and improved mine plan and financial model will be generated once this program is completed.

1.1.2.3 Mineral Processing

The CP is in agreement with the MVV testwork program and plan to improve and stabilize plant operations and performance, which includes the following components:

1. Fine tune plant controls.
2. Operate the high intensity grinding (HIG) mills at the optimum point (including classification effectiveness).
3. Improve understanding of the geometallurgy of the feed and the metallurgical response of each lithology type and head grade.
4. In 2023, to improve the copper grade in the concentrate, install a dedicated cleaner cell (tank cells in the range between 20 m^3 and 50 m^3 are available) for enrichment of the first rougher 1 concentrate (from around 24% Cu to >35%Cu with 90% recovery in the stage). This will increase the overall copper grade in the concentrate to 30% when combined with the cleaner 2 concentrate.
5. In 2024 and 2025, install one additional cleaner tank cell to improve the overall concentrate grade to 32% Cu.
6. In 2026, install a four stage cleaner circuit using tank cells with impellers with higher tip speeds to produce a 40% Cu concentrate.
7. Carry out locked cycle tests (LCT) and pilot plant testwork to further investigate the optimum cleaner circuit configuration and test higher flotation cell impeller tip speeds. The latter has been tested on conventional cells in the laboratory and at pilot scale for the Woodgrove cells with encouraging results. The goal is to produce a final concentrate of around 40% Cu, while maintaining recovery between 84% and 85%.

1.1.2.4 Infrastructure

There are no recommendations related to infrastructure.

1.1.2.5 Environment

2. Start the TSF Phase 2 embankment raise to crest elevation 254 masl construction in Q4 2023, so it is complete on or before the end of Q3 2024. The TSF embankment raise design should be based on conservative assumptions related to the upstream catchment's degree of saturation and should include a spillway design that adheres the updated Brazilian regulations (ANM, 2022), the relocation of the discharge system (i.e., spigots) to the crest of the embankment, and the development of a tailings beach over water. The design of this phase is underway, and completion is expected by Q3 2023.
3. Keep the water licence (required to capture fresh water from the Salgado stream in the TSF) active in case demand for fresh water cannot be met by CASAL at any point in time.
4. For the next closure cost revision, which must be reviewed and updated every five years, incorporate borrow and organic soil cover requirements and sourcing to assess the need to extend post-closure activities beyond five years for certain facilities such as the TSF.
5. Based on climate data, is it reasonable to assume a large portion of the TSF will remain inundated with only the outer edges requiring cover material placement. Once a quantitative water balance is completed to confirm this assumption, conduct a review of the closure plan and adjust the cost estimate accordingly.

1.2 Economic Analysis

1.2.1 Cautionary Language

The results of the economic analyses discussed in this section represent forward-looking information. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here.

Information that is forward-looking includes:

- Mineral Reserve estimates;
- Commodity prices and exchange rates;
- Mine production plan;
- Mining and process recovery rates;
- Mining dilution and mining recovery;
- Sustaining costs and operating costs;
- Closure costs and closure requirements;
- Environmental, permitting and social risks.

Additional risks to the forward-looking information include:

- Changes to costs of production from what is assumed;
- Unrecognized environmental risks;
- Unanticipated reclamation expenses;
- Unexpected variations in quantity of mineralized material, grade or recovery rates;
- Geotechnical or hydrogeological considerations during mining being different from what was assumed;
- Failure of mining methods to continue to operate as anticipated;
- Failure of process plant, equipment or processes to operate as anticipated;
- Changes to assumptions as to the availability of electrical power, and the power rates used in the operating cost estimates and financial analysis;
- Ability to maintain the social licence to operate;
- Accidents, labour disputes and other risks of the mining industry;
- Changes to interest rates;
- Changes to tax rates.

1.2.2 Basis of Estimate

A financial model was developed to estimate the Serrote Mine base case open pit LOM plan comprised of mining the Proven and Probable Mineral Reserve within the open pit. The LOM plan covers a period of 12 years beginning Q1 2023. Financial evaluation of the Mine was based on a discounted cash flow model, from which net present value (NPV) was determined. A measure of the internal rate of return (IRR) is not possible in this case since the initial capital costs have been expended and are considered sunk costs as of December 27, 2021, when commercial production was declared. The sensitivity of the NPV to changes in the base case assumptions was also examined.

The financial analysis was prepared on a constant currency basis with all cash flows expressed in Q1 2023 US dollars (US$) terms. Project revenues are determined by metal prices in US$ and capital expenditures and operating costs are denominated in R$ and US$. For the Mine base case, long term metal prices of US$3.59/lb Cu and US$1,615/oz Au with a long term exchange rate of R$5.55 = US$1 reflect consensus rates as of January 2023. The discount rate in the financial model is 8%.

The financial analysis includes provisions for Brazilian taxes applicable to the Serrote Mine. Taxable income is subject to federal income tax of 34% consisting of 25% base rate (*Imposto de Renda - Pessoa Jurídica*, IRPJ) and a 9% social contribution (*Contribuição Social sobre o Lucro Líquido,* CSLL). Capital and operating expenditures are subject to a state value added tax (*Imposto sobre Circulação de Mercadorias e Serviços*, ICMS) and federal tax (*Programa de Integração Social/Contribuição para o*

Financiamento da Seguridade Social, PIS/COFINS), which are recovered in full through other federal taxes (withholding tax, income tax and social contribution). Due to limitations on recoverability for exporting companies, only 10% of ICMS credits generated are treated as recoverable.

The base case assumes that the Serrote Mine is eligible for the *SUDENE* program, which encourages economic development in Northeast Brazil. This incentive program provides for a 75% reduction in the base income tax rate, for a period of 10 years from the start of operations.

The base case also includes the Drawback Regime consisting of the deferral of the taxes generated by products that are used in the production process of exported goods (copper concentrate). The Drawback Regime is designed to stimulate exports by exemption of taxes related to imports and acquisitions in the internal market (PIS/COFINS for domestic purchases). The most relevant goods that will be purchased under the Drawback Regime are explosives, reagents, mill liners and mill balls. The recovered taxes are shown as a tax rebate in the operating costs. The recovery rates are specified in a tax report by KPMG Assessores Ltda. (2020).

The base case also includes benefits from the Alagoas State integrated development program (*Programa de Desenvolvimento Integrado*, Prodesin) into which MVV was accepted on 22 May 2012. Among others benefits, this allows the deferral of the ICMS on imports and domestic acquisitions related to MVV's capital expenditure.

An interstate tax is due to the state of origin, which is not covered by the Prodesin (this can be converted into a tax credit), and the difference between what would be due in an internal purchase and what was paid to the other state, should be paid by the state of Alagoas. This difference is also deferred by the Prodesin Regime.

During the mining operation, the main financial obligation arising from mineral rights is the Compensação Financeira pela Exploração de Recursos Minerais (CFEM, Financial Compensation for the Exploitation of Mineral Resources). For MVV the CFEM rate is 2% net smelter return (NSR) for copper and gold.

The landowner or any other holder of the surface rights where the mineral deposit is located is entitled to a royalty equivalent to 50% of the CFEM paid (for MVV 1% NSR for copper and gold).

Funds managed by Appian Capital have acquired a 35% gross revenue royalty on all proceeds from gold sales as part of the funding for the construction of the Mine, effective throughout the LOM.

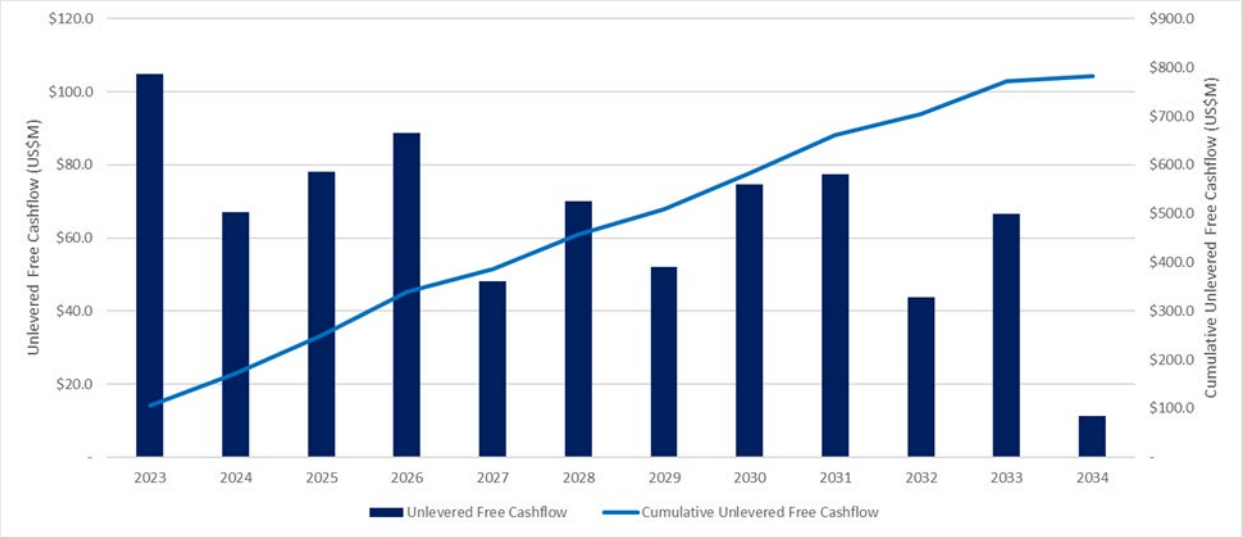
1.2.3 Economic Outcomes

The unleveraged LOM base case Project cash flow is presented in Table 1-1 and in Figure 1-1. The NPV at an 8% discount rate is estimated at US$540 million. Internal rate of return (IRR) and Project payback years are not applicable in this case since the initial capital costs have been expended and are considered sunk costs.

Table 1-1: LOM Unlevered Free Cash Flow Summary
ACG Acquisition Company Limited – Serrote Mine

Item	LOM Total (US$M)
Copper revenue	1,825.5
Gold revenue	145.0
Hedges	9.6

Item	LOM Total (US$M)
Royalties	(108.7)
Smelting and freight	(151.0)
Net Smelter Return	1,720.4
Mining	(222.9)
Processing	(327.6)
General and administration	(125.9)
Pre-Tax Cash Earnings	1,044.0
Income taxes	(138.4)
After-Tax Cash Earnings	905.6
Sustaining capital and closure	(131.6)
Working capital	6.7
Unlevered Free Cash Flow	**780.7**
Net Present Value After tax at Discount Rate of 8%	**540.3**



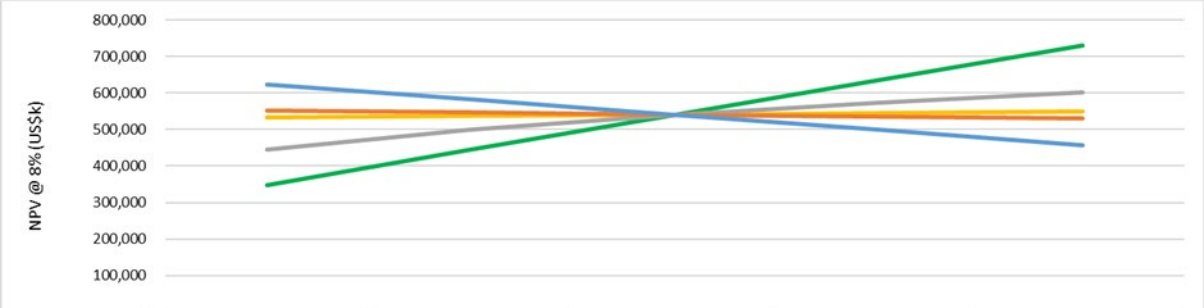
Source: MVV, 2023.

Figure 1-1: LOM Unlevered Free Cash Flow

1.2.4 Sensitivity Analysis

The sensitivity of the Mine to changes in metal prices, exchange rate, sustaining capital costs and operating cost assumptions was tested using a range of 20% above and below the Base Case values.

The sensitivity to NPV is shown in Figure 1-2. The Serrote Project is most sensitive to the copper price, followed by operating costs. Sensitivity to grade is the same as for price because of the relationship between the grade, the product, and the metal price.



	-20%	-10.0%	0.0%	10.0%	20.0%
Copper price	$347,911	$444,760	$540,300	$635,229	$729,840
Gold price	$532,224	$536,463	$540,300	$544,830	$548,948
FX	$445,659	$498,850	$540,300	$574,038	$601,891
Sust. capex	$551,662	$546,155	$540,300	$535,141	$529,617
Opex	$622,733	$581,663	$540,300	$498,993	$457,297

Source: MVV, 2023.

Figure 1-2: Sensitivity Analysis

The sensitivity of the Mine NPV to the cost of capital was tested using discount rates of 5% and 10% (Base Case discount rate, 8%). Table 1-2 shows the impact of these discount rates.

Table 1-2: Discount Rate Sensitivity
ACG Acquisition Company Limited – Serrote Mine

Discount Rate	NPV After Tax (US$M)
Cumulative net cash flow	781
5% discount rate	614
8% discount rate (base case)	**540**
10% discount rate	500

Note: Base case is bolded.

1.3 Technical Summary

1.3.1 Property Description and Location

The Serrote Mine is located in the municipalities of Craíbas and Arapiraca, in the central region of the State of Alagoas, known as the Agreste meso-region. The Mine is situated 12 km from the city of Arapiraca and 5 km from the city of Craíbas, which is located approximately 140 km by road from Maceió, the local capital, and accessed via paved highways AL-220, or BR-316 and BR-101 from Craíbas. Port facilities and a regional airport with scheduled services are located at Maceió. The process plant is in the Craíbas municipality.

Arapiraca (population 214,006) is the second-largest city in the state of Alagoas and is the major source of commercial and industrial support services for the region. Craíbas has 22,641 inhabitants. Skilled and semi-skilled labour can be obtained from these two cities and surrounding rural areas.

The open pit mine is centred at 9°39’59” S latitude and 36°44’19” W longitude using the UTM SAD1969 datum, Zone 24S.

The Caboclo exploration target is located 15 km from the city of Craíbas, 35 km from the city of Arapiraca, and 20 km from the Serrote process plant site. It is centred at 9°32'22" S latitude and 36°46'9" W longitude, using the UTM SAD1969, Zone 24S.

1.3.2 Land Tenure

The Serrote Project is owned by Mineração Vale Verde Ltda., a wholly indirectly-owned subsidiary of Serrote Participações S.A. Serrote Participações is controlled by a Brazilian investment fund whose shares are held by a foreign legal entity which is ultimately controlled by Appian Capital Advisory.

All mineral tenure is held by Mineração Vale Verde Ltda. (MVV), a wholly indirectly-owned subsidiary of Serrote Participações S.A. MVV holds three groups of mineral rights covering a total of 11,504,52 ha, which include one mining concession, two applications for mining concessions, and five exploration licences.

The Serrote de Laje concession area is subject to the Mineral Rights Pledge Agreement, but the pledge had not been formally instituted by the ANM as of effective date of the CPR.

All of the licences and licence applications, other than the Pereira Velho concession group are subject to, or will be subject to on grant, the Mineral Rights Pledge Agreement.

The surface rights holdings comprise twelve land properties that cover a total area of 995.32 ha. The land properties owned by MVV are subject to fiduciary lien in favor of Citibank as collateral to the Financial Instruments. The fiduciary lien is valid until the debt under the Credit Agreement is fully paid by MVV. In case of default, Citibank will be entitled to enforce the guarantee.

The Financial Compensation for Mineral Exploitation (CFEM in the Brazilian acronym) is payable by MVV on production, and varies depending on the mineral product. Fourteen of the possession rights are associated with royalty payments, consisting of a contractual royalty equal to 50% of the statutory royalty due to Federal Government (i.e., the CFEM).

MVV has four granted water rights, covering the dam at Salgado Stream (the Serrote Dam), an allowance for effluent discharge into a tributary of the Salgado Stream, and an allowance for effluent discharge into the Serrote Dam.

1.3.3 Geology and Mineralisation

The Serrote deposit and Caboclo exploration target are examples of mafic–ultramafic magmatic copper sulphide deposits.

The Serrote deposit and Caboclo prospect are within the Sergipano fold belt, which consists of five separate domains of metavolcanic and metasedimentary rocks deposited around Archean/Paleoproterozoic basement gneiss in the south and partially migmatized paragneisses, metasedimentary rocks, and granitoids. The Rio Coruripe domain includes the Jaramataia Group, a rift-related volcano-sedimentary sequence consisting of quartz-feldspathic (pink gneiss) and garnet–biotite gneisses (garnet gneiss), marbles, calcsilicate rocks, iron formation, and mafic– ultramafic layered intrusive rocks of the Serrote da Laje suite. The Serrote da Laje suite is a tectonically disrupted layered intrusion comprising hypersthenite, norite, gabbronorite, gabbro and anorthosite. Magnetitite bodies are associated with hypersthenite and norite. The intrusion is typically concordant with the host paragneiss. The mafic–ultramafic units are locally intruded by granite and granitic pegmatite dikes. Metamorphism reached granulite facies, with some areas of retrograde metamorphism at amphibolite facies.

Mineralisation at Serrote consists of multiple, stacked pancake-like layers with approximate dimensions of 2 km north–south, 1 km east–west, 5 m to 250 m thick, and a maximum depth of mineralisation of 200 m. Pink and garnet gneisses host the Serrote da Laje suite, which is a north–

northwest-elongated intrusion approximately 2 km long that dips to the east at about 40° to 50°. The partially disrupted mafic–ultramafic bodies are as much as 140 m thick, with variable widths of 100 m to 1,000 m, and lengths of as much as 800 m. Two northeast-trending faults divide the intrusion into three domains, with the northernmost domain having larger and thicker mafic– ultramafic units. The Serrote da Laje suite includes ilmenite–magnetite, orthopyroxenite, and norite. The primary sulphide mineralisation is stratiform and follows the magnetite-rich layers. Some primary sulphide mineralisation is remobilized into northeast-trending faults forming a secondary stringer vein-type mineralisation.

Copper minerals in primary mineralisation include chalcopyrite and bornite with lesser chalcocite. Pyrite and pyrrhotite occur locally and are common in gabbro. Gold occurs as 0.1 mm or smaller grains in fracture fillings with chalcocite and bornite associated with chalcopyrite. Chalcopyrite, and to a lesser degree bornite, occur as disseminations and fracture fillings. The secondary mineralisation is associated with hydrothermally-altered gabbroic rocks and occurs as sulphide veins adjacent to the primary mineralisation. Copper occurs mainly as chalcopyrite with pyrrhotite and pyrite in veinlets.

The Serrote da Laje suite at Caboclo is hosted by pink and garnet gneisses, and calc-silicate rocks, all of which are commonly migmatized. The Serrote da Laje suite consists of three major units, magnetite, magnetite norite, and gabbro. The deposit is divided into five areas (zones): Rogério, Zezé, Petrúcio, Maninho, and Adriano, which are separated by shear zones. The thickest of the ultramafic units is in the Rogério area, and has a strike length of 800 m and a thickness of as much as 60 m. Two types of mineralisation occur; magmatic mineralisation in the ultramafic rocks, consisting of disseminated sulphides in the intercumulate magnetite, hercynite and pyroxene; and epigenetic hydrothermal mineralisation characterized by remobilized chalcopyrite/bornite in fractures and breccias in ultramafic/mafic rocks.

Chalcopyrite, and to a lesser degree bornite, occur as disseminations and fracture fillings. Pyrite and pyrrhotite occur locally and are more common in the hydrothermal zones. Examination of polished sections revealed that gold occurs as discrete grains 0.10 mm or less in size or as discrete grains enclosed in fracture filling in chalcocite and bornite associated with chalcopyrite.

1.3.4 Exploration Status

As of December 31, 2022, the Serrote project drill hole database consists of a total of 9,610 drill holes totalling 205,271 m drilled, considering reverse circulation (RC), diamond drill holes, blast holes, auger, penetration, and geotechnical holes (mixed), and piezometers. Another 21 trenches (totalling 1,960 m) were opened and properly surveyed to support resource estimation.

Mineralisation at Serrote and Caboclo is interpreted to be magmatic, stratiform, structurally modified sulphide mineralisation accumulated largely near the lower portions of the magnetite norite associated with magnetite concentrations. Additional local concentrations of copper sulphide minerals occur as local hydrothermal concentrations around the peripheries of the primary mineralisation likely due to remobilization of primary sulphide minerals.

Exploration completed to date is appropriate and has been adapted to the local regolith development. The programs identified the Serrote and Caboclo deposits and most of the exploration results have been followed up with drilling.

Drilling was completed at regularly-spaced intervals over the mineralisation and is considered representative of the deposits.

The sample preparation and analysis are developed following the industry best practices and the quality of the copper and gold analytical data is sufficiently reliable to support Mineral Resource estimation without limitations on Mineral Resource confidence categories.

1.3.5 Mineral Resources

The Mineral Resource estimate for the Serrote deposit, as of December 31, 2022, was completed by MVV staff, recently reviewed by WSP, and considered all data available through May 10, 2021. GeoEstima reviewed all the works developed by MVV and all procedures and parameters used by WSP to estimate the Mineral Resources.

The Mineral Resource estimate was completed using Vulcan software. Wireframes for mineralisation were constructed in Leapfrog Geo based on geology sections, assay results and lithological information. Assays were capped to various levels based on exploratory data analysis and then composited to 5.0 m lengths. Wireframes were filled with blocks at wireframe boundaries. Block model was interpolated to copper and gold grades using the ordinary kriging (OK) based on 5.0 m capped composite values. Hard boundaries were used for the main mineralized zones.

Block estimates were validated using industry standard validation techniques. The classification parameters consider the proximity and number of composite data, as well as the continuity of the mineralisation. The Mineral Resource estimate was reported using all the material within a Whittle pit shell, satisfying the minimum mining size, continuity criteria, and using a cut-off grade of 0.15% Cu. Mineral Resources are estimated using metal prices of US$3.20/lb Cu and US$1,300/oz Au. Metallurgical recoveries of 86% for copper and 67% for gold were used.

The CP reviewed the Mineral Resource assumptions, input parameters, geological interpretation, and block modelling and reporting procedures, and is of the opinion that the Mineral Resource estimate is appropriate for the style of mineralisation and that the block model is reasonable and acceptable to support the December 31, 2022, Mineral Resource estimate.

The Mineral Resource estimate for Serrote Mine, as of December 31, 2022, is summarized in Table 1-3. The Mineral Resource estimate is prepared in accordance with CIM (2014) definitions.

The CP is not aware of any factors that could materially impact the estimate of the Mineral Resources for Serrote that are not presented in this CPR.

Table 1-3: Summary of the Mineral Resource Estimate - December 31, 2022
ACG Acquisition Company Limited – Serrote Mine

Category	Method	Tonnage (kt)	Grade		Contained Metal	
			Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
Measured	Oxide	8,744	0.48	0.11	42	30
	Sulphide	51,091	0.56	0.10	285	168
	Stockpile	1,580	0.61	0.10	10	5
	Sub-total	61,415	0.55	0.10	336	203
Indicated	Oxide	2,198	0.45	0.13	10	9
	Sulphide	33,056	0.53	0.08	175	87
	Stockpile	0	0.00	0.00	0	0
	Sub-total	35,254	0.53	0.08	185	96
Measured + Indicated	**Oxide**	**10,941**	**0.47**	**0.11**	**52**	**39**
	Sulphide	**84,148**	**0.55**	**0.09**	**460**	**255**
	Stockpile	**1,580**	**0.61**	**0.10**	**10**	**5**
	Sub-total	**96,669**	**0.54**	**0.10**	**521**	**299**

Category	Method	Tonnage (kt)	Grade		Contained Metal	
			Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
Inferred	Oxide	360	0.36	0.08	1	1
	Sulphide	4,524	0.53	0.07	24	11
	Stockpile	0	0.00	0.00	0	0
	Sub-total	4,883	0.52	0.07	25	12

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. The Competent Person for the Mineral Resources estimate is Orlando Rojas, B.Geo., AIG (nº5543), a GeoEstima SpA employee.
3. The Mineral Resource estimates have an effective date of December 31, 2022.
4. Mineral Resources are estimated at a 0.15% Cu cut-off grade.
5. Mineral Resources are estimated using metal prices of US$3.20/lb Cu and US$1,300/oz Au.
6. Open pit Mineral Resources are reporting within a conceptual open pit shell.
7. Minimum width is 5 m.
8. The metallurgical recoveries used are 86% for Cu and 67% for Au.
9. Bulk density varies depending on mineralisation domain.
10. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves.
11. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
12. Numbers may not add due to rounding.

1.3.6 Mineral Reserves

Measured and Indicated Mineral Resources that were classified by material type as sulphide were converted to Mineral Reserves. Only copper and gold economic values were considered. Inferred Mineral Resources in sulphide and material classified as oxide were considered as waste. Oxide material is stockpiled separately as a potential heap leach opportunity. Magnetite value was considered to be zero for the purposes of the pit limit design and Mineral Reserve estimates.

The copper-only cut-off grade was determined to be 0.22% Cu and considers zero gold credit. The gold credit is estimated on a block-by-block basis for the purpose of the pit limit analysis. The resulting average gold credit over the remaining life of the mine is estimated at US$3.14/t ore.

The Mineral Reserve estimates are based on detailed pit limit designs, which were validated by a LOM mine plan. The mining cost for the purposes of the pit limit design was set by MVV at US$2.47/t.

The slopes used for the final pit limit and some of the intermediate phase wall inter-ramp slope angles range from 42° to 55° in the fresh rock zones and 31° to 37° in the fractured and altered zones. The geotechnical study recommends the use of a double bench configuration in the fresh rock and a single bench configuration in rock for all other geomechanical classes. Ramp placement on the final pit limit and phase walls generally does not exceed the recommended uninterrupted inter-ramp wall height. The pit limit design considers ramps with a total nominal ramp width of 15 m and a gradient of 10%.

The design criteria include metal prices of US$3.50/lb Cu and US$1,550/Au oz, and processing recovery of 84.6% Cu for Mano mineralisation, 86.8% Cu for Gabbro mineralisation, and 65% Au. The Proven and Probable Mineral Reserves are estimated using the in-pit Measured and Indicated Mineral Resources, respectively and the cut-off grade from a contained in-situ mineralisation value (NSR) of US$11.85/t.

The Mineral Reserve estimate for Serrote is provided in Table 1-4, and are reported with an effective date of December 31, 2022. The estimate is reported using the CIM (2014) definitions and 2019 CIM Best Practices. The CP for the estimate is Mr. Andrew Bradfield, P.Eng., of P&E.

Copper and gold grades estimates are based on the diluted grades of the orebody block model for the material classified as sulphide. In addition to the internal dilution inherent in the block modelling process (estimated at approximately 10%), MVV introduced a block edge contact dilution in the block model and generated diluted copper, gold, and a diluted bulk density. The block edge contact dilution broadly represents 0.875 m of each 10 m x 10 m x 5 m block shifted to the neighbouring block horizontally at each block edge and 0.25 m vertically to the top and bottom benches. This methodology results in a reduction of 0.8% of the Measured and Indicated fraction of the in-pit Mineral Resource tonnage and a reduction of 3.4% and 2.7% in the copper and gold contained metals, respectively, compared with the quantities estimated on the basis of the block model prior to dilution.

The mine plan includes an estimate of 76.1 Mt of waste rock to be mined. Inferred Mineral Resources were set as waste in the pit optimizations and mine plans. The waste rock tonnage includes an estimate of 6.3 Mt of oxide material that contains mineralisation. This material is currently not planned to be processed and is stockpiled separately as a potential future heap leach opportunity. As of the effective date of this CPR, a stockpile of approximately 7.7 Mt of oxide material exists at the Serrote Mine.

A sensitivity analysis established that the Serrote open pit limit geometry is robust in the north, east and west parts of the open pit for a wide variation of the design parameters, due to the orebody geometry. This part of the orebody is higher grade and has a lower stripping ratio than the south part. The geometry of the south part of the pit is more sensitive to changes in the design parameters. MVV elected to set the south part of the final pit limit using a revenue factor of 0.9. This broadly corresponds to a copper price of US$2.70/lb Cu and also introduces a measurable level of robustness in the pit limit in the south part of the pit. The final pit limit design is considered conservative, and it will potentially remain valid for substantial adverse changes in the design parameters. The pit limit can be reviewed in future studies, particularly the south part, to determine if it should be adjusted according to updated economic parameters, such as metal prices and mining costs.

Information that affects the cut-off grades used for estimating the Mineral Reserves include the copper and gold metal prices, exchange rates, overall mine and process variable and fixed costs, and copper concentrate transport, smelting, refining and processing costs.

The CP considers that the open pit methodologies, design criteria and parameters used are appropriate. The CP is not aware of any other factors that could materially impact the estimate of the Mineral Reserves for Serrote that are not presented in this CPR.

Table 1-4: Summary of the Mineral Reserve Estimate - December 31, 2022
ACG Acquisition Company Limited – Serrote Mine

Classification	Quantity (Mt)	Diluted Grades		Contained Metals		
		Cu (%)	Au (g/t)	Cu (kt)	Cu (Mlb)	Au (koz)
Proven	41.17	0.59	0.10	243.8	537.5	134.9
Probable	5.56	0.54	0.08	29.9	65.8	13.8
Total Mineral Reserves	**46.73**	**0.58**	**0.10**	**273.7**	**603.3**	**148.6**

Notes to the Mineral Reserve Estimate:

1. The Competent Person for the Mineral Reserve Estimate is Mr. Andrew Bradfield, P.Eng., of P&E Mining Consultants Inc.
2. Mineral Reserves are reported using the 2014 CIM Definition Standards, 2019 CIM Best Practices, and have an effective date of December 31, 2022.

3. The Mineral Reserve is estimated at metal prices of US$3.50/lb Cu and US$1,550/Au oz and an 85% Cu processing recovery in Mano mineralisation and 87% Cu processing recovery in Gabbro mineralisation, and 65% Au processing recovery.
4. The estimates were carried out using an NSR cut-off value of US$11.85/t.
5. Proven Reserves include stockpiled ore of 1.58 Mt at 0.61% Cu and 0.10 g/t Au.
6. Totals may not add due to rounding.

1.3.7 Mining Method

The Serrote Mine has been developed as a conventional open pit operation using hydraulic excavators in backhoe configuration, rigid body trucks and top hammer drills as the primary mining equipment. The mine plan is based on a peak total ore and waste rock production rate of 12.7 Mt/a and an operating life of 12 years. Ore will be delivered to the crusher pad adjacent to the process plant site at an average rate of 11,390 t/d or 4.1 Mt/a.

The final pit will have a top elevation of 325 masl and a pit bottom elevation of 75 masl, a total depth of 250 m.

Mining is carried out by a contractor that supplies its own equipment fleet, equipment maintenance, and personnel, including a subcontract for explosives services. MVV plan to purchase its own mining equipment and become an Owner-operated mine in 2025.

Geotechnical evaluations were used as the basis of the geotechnical and geometrical design of the final pit, and included consideration of structural domains, discontinuity families, identification of possible failure modes (planar, wedge, toppling or circular), and stability analyses. The pit slope recommendations were based on 10–20 m bench heights, 6.5–8.5 m berm widths, 15 m safety benches, and 30–300 m inter-ramp heights, and resulted in recommended bench slope angles that ranged from 45–80º, and inter-ramp angles that ranged from 31–55º.

The inflow of ground water into the pit is not anticipated to be significant. The mine dewatering system was designed for 200 m^3/h of water with a small amount of suspended solids. Actual dewatering has been on average 50 m^3/h, which is in line with a recent detailed hydrogeological study. The dewatering pumps currently operate six to eight hours/day. MVV intends to investigate further and possibly install water wells to confirm long term flows.

The Serrote pit will be developed in five phases (0 to 4). Phases are feasible mining shapes, which are used as guides for the generation of long-term mine plans at varying level of detail, typically in annual increments. The rate of maximum vertical advance per phase was limited to 50 m/a.

Sulphide ore is sent directly to the primary crusher whenever possible. Sulphide ore and oxide material are also stockpiled in separate stockpiles:

- The sulphide stockpile, located to the northwest of the pit, is divided into two parts depending on the ore grade. This is a temporary structure; the stockpiled ore will be re-handled and processed during the life of the mine.
- The oxide stockpile, located to the southwest of the pit; currently this material is not processed, but could potentially be heap leached in the future.

Mining activities generate four types of overburden/waste materials: topsoil, saprolite (overburden), transitional weathered rock and waste rock. Topsoil is stored separately from the other materials, and when possible is delivered to reclamation areas. The other three materials extracted from the mine are sent to the WRSF, which is located along the southeast, east, and northeastern areas of the open pit.

It is planned that a mining contractor will supply and operate a fleet of mining equipment up to the end of 2024, and from 2025 onwards MVV will own and operate a new fleet. The equipment type and size selection were carried out by MVV, and both the contractor and MVV fleets will be of compatible

sizes. The primary loading and hauling equipment are 3.7 m^3 hydraulic excavators supported by 4.0 m^3 front-end loaders and 8x4, 35 t rigid body trucks. The selected support equipment includes track and wheel dozers, graders, water trucks, and general utility vehicles such as lube trucks, a forklift, a flatbed truck and a general-purpose truck. The drill fleet consists of top hammer drilling units. Emulsion explosives are utilized at powder factors of 0.51 kg/t for ore, 0.24 kg/t for waste rock and 0.20 kg/t for oxide material.

1.3.8 Metallurgical Testwork

Metallurgical testwork was conducted from 1985 to 2022 and further work is continuing. The primary laboratories involved in the testwork that supported the plant design and subsequent improvements included SGS Lakefield in Canada (SGS Lakefield), the ALS Metallurgy laboratory in Kamloops, Canada (ALS Kamloops), Pocock Laboratories in Salt Lake City, USA (Pocock) and SGS Geosol (Brazil).

Early testwork included detailed mineralogical analysis, comminution, flotation, sulphide copper recovery, oxide copper recovery, magnetite recovery, assessment of gold, nickel and gallium recovery and mineralogical examinations.

MVV performed in-house due diligence in 2018 on the previous metallurgical testwork data. The resulting new testwork programs completed in 2018 included grind size versus rougher recovery tests, mineralogical studies on the rougher concentrate, evaluation of alternative non-sulphide gangue depressant reagents, examination of rougher flotation kinetics and assessment of potential flowsheet optimizations.

During 2019 metallurgical testwork focused on variability work, particularly on material for Year 5 onwards in the mine plan.

In 2020 tests were conducted to provide more confidence in the selected flowsheet and to provide additional mineralogical data. This work included head assays, comminution testing, mineralogical examination using bulk mineral analysis, batch rougher tests, estimation of energy requirements for the target regrind discharge sizing, open circuit rougher/cleaner and locked-cycle tests.

Pilot plant testing of a Woodgrove direct flotation reactor (DFR) pilot flotation cell and a pilot scale Outotec high intensity grinding (HIG) mill was carried out between September and November 2020, at Atlantic Nickel's pilot plant in Itagibá, Bahia, Brazil.

The main outcomes of the 2019 and 2020 testwork were:

- Copper recovery: a model was developed to estimate copper recovery as a function of the head grade and lithology. Overall copper recovery (average LOM) was 84.7%.
- Gold recovery: recovery was confirmed by LCT results at 65%.
- Copper grade in concentrate: a model was developed to estimate the copper concentrate grade based on the copper/sulphur ratio (Cu/S) of each lithology. The current block model lacks extended sulphur assays to support a sound estimate of the Cu/S ratio, hence a decision was made to use the same values obtained in the LCT results for PH0 (Year 1 = 40% Cu), PH1 (Years 2 and 3 = 42% Cu) and Year 4 on (40% Cu in concentrate). Sulphur assays are now being carried out on samples to support further development of the short-term recovery/concentrate grade model.
- Copper concentrate specification: a model was developed to estimate the MgO and SiO_2 contents, supported by a full suite analysis of the concentrate produced in the PH0 and PH1 LCTs. The results showed a clean concentrate with low levels of deleterious elements and minimal expected penalties.

The 2022 work at SGS Geosol and the work carried out using the Woodgrove pilot cell were aimed at understanding and improving the flotation plant performance.

Design flotation concentrate grades have still not been achieved in the plant although significant improvements have been made. After 6 months of operation copper recovery was in the range between 54% and 58% with concentrate grades between 20% and 25% Cu. From August 2022 to December 2022 recoveries were between 81% and 84.5% with concentrate grades between 22% and 25% Cu.

The flowsheet changes implemented in July 2022 resulted in an increase in recovery to the design levels; however, the concentrate grades continue to be lower than design (MVV prioritised recovery over grade).

The 2022 work using the Woodgrove pilot cell comprised tests using various plant product streams. It was found that increasing the impeller tip speed and changing the gangue depressant improved recoveries by 2% to 13% depending on the stream but only minor concentrate grade improvements were achieved.

The 2022 program conducted at SGS Geosol was carried on plant stream samples using conventional laboratory cells and targeted regrinding. It was found that significant copper losses occurred in the size ranges >40 µm and <10 µm. LCTs were carried out using cells with high impeller tip speeds on cleaner-scavenger tailings and rougher concentrate from plant cells 2 to 6. The cleaner-scavenger test gave 82.7% recovery at a concentrate grade of 32.4% Cu; the test on rougher concentrate yielded 95.2% recovery at a grade of 45.5% Cu.

SGS Lakefield performed initial testwork on behalf of Aura Minerals on selected samples from the Caboclo deposit in 2011. Samples were sourced from drill core from the Rogério zone. Tests included three open circuit cleaner tests and one LCT. The LCT gave 83.7% Cu recovery at a grade of 27.4% Cu and 7.5 g/t Au. The results of this work should be limited to the support of Inferred Mineral Resources only.

In 2022 ALS Kamloops carried out a program using seven reverse circulation drill samples and one quarter drill core sample. The program comprised comminution testing on the drill core, QEMSCAN mineralogical analysis on eight samples, rougher and cleaner flotation tests on 8 samples and 2 LCTs on composites representing the Upper and Lower zone samples. The LCTs used the Serrote 2020 flowsheet. The test on the Upper composite gave 91.1% recovery at a concentrate grade of 26.7% Cu. The Lower composite gave 86.2% recovery at a concentrate grade of 30.6% Cu.

1.3.9 Recovery Methods

The plant design was based on metallurgical testwork results, experience from the design, construction and operation of similar process plants, and information from similar operations in Brazil and worldwide.

At a feed rate of 4.1 Mt/y, average grades of 0.59% Cu and 0.1 g/t Au, 84% copper recovery, 65% gold recovery and plant utilization of 91.7%, the plant was expected to have an average production rate of copper concentrate of approximately 46,000 t/y at a minimum grade of 40.5% Cu. The mine life was estimated to be 14 years.

The plant construction was completed in May 2021 and plant operations started in June 2021. Ramp-up was completed in Q4 2022 when steady state operations were achieved at the design throughput.

Both the copper recovery and concentrate grades were low over the first 6 months of operation (54% to 58% recovery at concentrate grades of 20% to 25% Cu). Improvements have been made and in November 2022 the plant achieved the design recovery of 84.5% although the concentrate grades remained between 22% and 25% Cu (MVV prioritised recovery over grade).

In July 2022 the flowsheet was changed as summarised below. This flowsheet was being used at the time of this CPR in December 2022.

Comminution is carried out in three crushing stages as in the original flowsheet (no changes have been made to the crushing circuit). There is a single stage of ball milling and two regrinding stages within the cleaner and cleaner-scavenger flotation circuits. Rougher flotation is carried out in conventional tank cells, and the two stages of cleaning and a cleaner-scavenger stage are carried out in Woodgrove DFR cells. In July 2022 the flotation flowsheet was changed. The flotation conditioner tank was converted to a flotation cell and final concentrate is taken from this cell and original cell 1. Concentrate from the next 3 cells (now cells 3 to 5) is sent to the first regrind/classification/cleaner circuit and this concentrate is passed to the second cleaner circuit to produce final concentrate. Tailings from the first and second cleaner circuits are pumped to the cleaner-scavenger flotation/classification/ regrind circuit. Tailings from this circuit are returned to rougher cell 4 and the concentrate passes to the first cleaner circuit. These changes reduce copper losses from the original cleaner-scavenger open circuit and produce an overall final concentrate at 22% to 25% Cu.

Flotation tailings are directed to the TSF. Final concentrate, planned to be at around 1.3% mass recovery, is currently around 2.1% mass recovery. This is thickened and then filtered in a vertical press filter for shipment to smelters.

MVV has stated that they are planning more changes to the flowsheet in 2023 to improve plant performance, particularly the concentrate grade.

1.3.10 Project Infrastructure

The Serrote Mine is accessed via paved roads from the cities of Craíbas and Arapiraca. Road access is used for the supply of materials and equipment to the mine site and for transporting concentrate to the port of Maceió which is located within the city of Maceió, approximately 140 km from the Mine site. Concentrate has been transported to the port of Maceió since the first shipment in Q4 2021.

No on-site accommodation is available. Employees and contractors reside in Arapiraca, Craíbas and surrounding communities.

Existing infrastructure includes the gatehouse, trucker support building, change house, administration offices, workshop offices, first aid post, kitchen/canteens, process plant with workshop, laboratory, process control room, main workshop building, tire shop, welding area, drilling maintenance bay, fuel station, wash bay, and power sub-station. All infrastructure construction necessary for the Serrote Mine operations was completed by the end of 2021.

Electrical power is supplied via a 21 km long powerline that connects the Serrote sub-station with the national grid at the Arapiraca III substation.

Plant emergency electrical power is provided by a 480 V packaged diesel generator located in the thickening and filtration substation. Emergency power supports critical loads only and does not maintain production.

The plant estimated electrical power load consists of:

- Total installed: 36 MW
- Maximum demand: 24 MW
- Average demand: 20 MW
- Annual consumption: 155,000 MWh

The Arapiraca water supply is provided by the state water utility company CASAL. This water is sourced from the São Francisco River via a pipeline to the CASAL reservoir. MVV tied into the CASAL pipeline via a 7 km long pipeline to connect to MVV's freshwater reservoir on site.

The overall water balance included the process plant and TSF, based on an operational throughput rate of 8,760 h/a. The total average freshwater demand is estimated to be approximately 112 m^3/h.

The total process plant water demand is estimated at 1,700 m³/h, including 1,397 m³/h recirculated from the thickeners, 167 m³/h of water reclaimed from the TSF, 112 m³/h of fresh water and 25 m³/h of water contained in the run-of-mine (ROM) material. Two water reservoirs have been provided to supply process water demand.

Water management infrastructure is designed to Brazilian standards. The standards prescribe the 24-hour 500-year return period storm for the design of peripheral channels used to collect and convey surface drainage. Structures specifically requiring diversion drainage management are the sulphide and oxide stockpiles, the WRSF, and the open pit.

1.3.11 Environmental, Permitting and Social Considerations

The environmental impacts of the Serrote mining operations were identified and evaluated for the construction, operation, and closure stages, along with proposals for control, mitigation, monitoring, and environmental compensation actions.

The communities neighbouring the Serrote mining operations area have economic, cultural, technical and structural dynamics typical of rural areas, with activities primarily related to the cultivation and preparation of tobacco. In 2019, MVV identified a Quilombola community called Carrasco located 4.5 km from Serrote, and set about developing a comprehensive and dedicated stakeholder engagement process with this community. see "- Environmental Social and Governance (ESG) - Human Rights and Indigenous Engagement".

The Serrote mining operations brought changes to the routine of the communities, such as relocation of residents within the Serrote mining operations footprint and alterations to the landscape. One significant residual physical impact post-closure will be alteration of the landscape due to the construction of the WRSF, tailings storage facility (TSF), and open pit. Design and operational practices along with surveillance programs are fundamental in controlling, mitigating, and monitoring the effects of the Serrote mining operation to ensure that the environmental standards set out in the laws, licences, and permits are met and respected.

Positive changes can be expected, particularly for the Craíbas municipality, from the increase in income generated by taxes collected during LOM. The Serrote mining operations have created and diversified employment and training opportunities for the residents of the local municipalities. Direct job opportunities are an important positive effect, particularly those jobs generated by operations; these are considered to be of higher quality than those generated during the construction phase because they are long-term and require higher vocational qualifications.

1.3.11.1 Environmental

The Serrote mine's Environmental Control Plans (PCAs) for construction and operation licensing were submitted to the state environmental agency and are based on an environmental impact assessment completed in 2009. MVV commissioned the consulting firm Ferreira Rocha to update the ESIA in 2020. The updated ESIA did not uncover any major additional impacts beyond what had already been in the initial studies developed during the previous licensing process. During the development of the ESIA, gaps were identified in meeting compliance with International Finance Corporation (IFC) Performance Standards. As part of the ESIA process, an Environmental and Social Management Plan was prepared and included in the ESIA. This plan addresses the measures needed to manage impacts in accordance with international standards and guidance documents and through the adoption of the best international industry practices.

Mine rock and tailings geochemistry studies to date indicate low potential for generation of net acidity from the WRSF and TSF. Drainage quality from the WRSF could be sensitive to the presence of rock

containing sulphide, metal oxide constituents, and other similar materials. Metal loadings in the TSF will be governed by metal leaching processes occurring at neutral pH.

Additional geochemical characterization is underway to augment the existing understanding, characterise metal solubilization aspects of the mine rock, pit walls, and tailings, and inform management strategies. This work is part of a comprehensive water quality effects assessment for the Serrote mining operation directed by Lorax Environmental Services of Vancouver, Canada, with final results expected in the beginning of 2024. Supplementary water quality monitoring is being conducted at additional stations downstream from the Serrote mining operations to establish a wider base of characterization of the receiving environment. Aquatic biota assessments to supplement the existing baseline data are also carried on annual basis.

MVV is subject to legal requirements for monitoring air quality, climate, ambient noise and vibration, water quality, and flora and fauna. The monitoring programs are stipulated in the Serrote Mine's PCAs. MVV and designated subcontractors are responsible for monitoring, reporting, and implementing corrective measures as required.

MVV updated its Mine Closure Plan in January 2023, including aspects to conform to International Finance Corporation standards. The Serrote Mine's operations licence, issued on May 27, 2021, states that updates to the Degraded Area Recovery Plan and the Mine and Plant Closure Plan are required to be submitted at the time of licence renewal in early 2025. The permit and environment team has been active in overseeing vegetation removal, plant salvage and transplanting, seedling production, and fauna management as required.

The Serrote mining operations have undergone an independent Environment and Social Due Diligence review process against national legislation and international standards (including IFC Performance Standards, Equator Principles, and Good International Industry Practice). MVV implemented an action plan to address the findings.

1.3.11.2 Permits

The Operating Licences for the Operations Phase of the Mine and for Mineral Processing and Tailings Management were issued by the state environmental agency on May 27, 2021, and all ancillary required permits have been obtained.

1.3.11.3 Closure

The most recent site-wide update of the Serrote mining operations conceptual closure plan and associated cost estimate was developed in January 2023. Per the closure plan schedule, the next update to the conceptual closure plan is in five years (2028). The post-closure phase is expected to see maintenance and monitoring carried out over a five-year period.

A total of US$18.8 million (R$98.1 million at an exchange rate of R$5.21 per US$1) is assumed in the cost model for closure, including US$0.6 million for pre-closure updates and studies and preparation of the detailed mine closure plan, US$17.5 million for closure activities, and US$0.7 million for monitoring, inspections, and maintenances during post-closure. No contingency is considered in the estimate nor potential salvage value of components. There are no specific legislated requirements in Brazil for reclamation or closure bonding for mining projects.

1.3.11.4 Social

There are 14 communities within the area of direct influence of the Serrote mining operations. MVV is in regular communication with the residents, including conducting regular community meetings, as part of its Social Dialogue Initiative. Topics that have been raised in the community forums includes job opportunities, social projects, and mining-related items such as blasting and TSF operations. The

forums are intended to be flexible, with topics discussed as they are raised. The meetings are held in public spaces on a monthly basis to ensure that each attendee has the opportunity to provide comment.

At the end of each meeting, MVV requests that attendees participate in a confidential satisfaction survey, and responses are placed into a suggestions box. MVV reviews these documents and incorporates the comments and suggestions into future meeting agendas to ensure community concerns and comments are, and are seen to be, addressed.

MVV uses different communication channels to support the dialogue with the neighbouring communities including social dialogue meetings, monthly newsletters, and the WhatsApp messaging application. MVV uses the WhatsApp messaging application as the main tool to support communications between the communities and MVV's community relations team. Additionally, MVV maintains a grievance mechanism operating in accordance with Equator Principal 6.

A resettlement program was conducted from 2012 to 2020, under which 213 families residing in the area needed for the Serrote mining operations were resettled. MVV has no record of complaints and or complaints lodged using the Grievance Mechanism in relation to the resettlement process. MVV maintains an ongoing social dialogue with the resettled families including regular meetings.

MVV has a Stakeholder Engagement Plan in place that set out its guidelines for addressing stakeholder concerns, stakeholder communications, and stakeholder relationships. The plan is constantly updated to reflect the Serrote mining operations development stage, scenario changes, stakeholder profiles, and the type and nature of stakeholder feedback.

MVV instituted, after Covid-19 restrictions ceased, an "Open Doors" (*portas abertas*) program which consists of personal guided tours of the Serrote mining operations that provided external stakeholders with project-specific information, in particular, on aspects of the environmental and engineering disciplines. A particular focus of the Open Doors program is communication around the TSF. The Social and Community team maintains a constant schedule of door-to-door technical visits to all stakeholders within the designated TSF Self-Rescue Zone. The teams explain the TSF construction process and outline how the TSF is to be operated during the LOM.

MVV also maintains regular communication to external stakeholders by way of general community-related information updates on the Serrote mining operations, weekly information emails, and monthly newsletters on social and environmental actions. MVV is also active in the press and social media spheres.

MVV has developed a portfolio of social projects in conjunction with communities in the area of influence, which focus on the areas of social entrepreneurship, environmental education, science, and technology. In 2022, a total of six projects were supported, and in 2023, another seven projects will be supported.

1.3.11.5 Tailings Storage Facility

Tailings from the process plant are conveyed via a slurry pipeline to a conventional cross-valley TSF. During the first phase of operations, the TSF consists of a zoned earthfill embankment comprising an upstream low permeability compacted earthfill shell, a central chimney drain, and a downstream compacted earthfill embankment underlain by a blanket drain and associated filter zones. The planned Phase 2 downstream raise will consist of an upstream core and filter zones, and a downstream rockfill zone overlying the Phase 1 embankment.

Both phases of the TSF will include a spillway system on the left abutment capable of discharging the routed probable maximum flood (PMF).

The tailings are classified as Class II-A, i.e., non-hazardous and non-inert waste, based on the Associação Brasileira de Normas Técnicas (ABNT) NBR 10004/2004 technical standard. The dam reservoir area is therefore unlined.

The Project will produce approximately 51 Mt of ore over the 14-year mine life, and the TSF was designed to contain the LOM tailings volume. However, it is anticipated that additional reserves will be discovered that will significantly extend the LOM, which will require additional tailings storage capacity. The tailings are thickened to a solids content of approximately 50% before being deposited in the TSF. Water released from the slurry following tailings deposition is reclaimed and returned to the process plant.

Construction of the TSF was competed in January 2021, and operation of the TSF began in mid-June 2021. Production through the first year of operations slowly ramped up from initial production rates averaging approximately 4,000 t/d, to an average of 12,000 t/d at the end of December 2022. Phase 2 of the TSF was originally intended to be to be a single seven metre raise to an elevation of 251 masl. It has since been split into two additional raises (4 m followed by 3 m) to achieve the same final crest elevation of 251 masl. Detailed designs for Phase 2 are anticipated to be completed in mid-2023 for the initial Phase 2 (4 m) downstream TSF raise.

The Brazilian Standards for Mining Tailings Dams and Canadian Dam Association recommendations were used to define acceptable factors of safety for the TSF embankment. Pseudo-static conditions were modelled using a horizontal ground acceleration of 0.2 g, corresponding to an event having a 10,000-year return interval. All factors of safety obtained from the slope stability analyses for Phases 1 and 2 significantly exceeded the values required by the Brazilian and Canadian standards/recommendations.

1.3.12 Market and Contracts

MVV has a single contract in place with a large global trader covering 100% of the copper concentrate production. The contract is effective until December 312025 or until 160,000 dry metric tonnes of concentrate have been delivered, whichever is later. The contract can be extended.

At projected 24% to 40% Cu, the Serrote concentrate is considered a high-grade concentrate and has attracted good terms from the off-taker. At a projected 2.5 g/t to 5.75 g/t Au, the gold content in the Serrote concentrates is relatively low and is suitable for all smelters/refineries.

MVV's base case metal price assumptions are considered to be in line with the periodic forecasts of future copper and gold prices prepared by several banking institutions and research analysts. The forecasts used vary for the period 2023–2026, reverting to long-term pricing in 2027. The long-term prices include US$3.59/lb Cu and US$1,615/oz Au. The long-term Brazilian reais to US$ exchange rate forecast used in the economic analysis is 5.55.

The open pit mining contract is with Fagundes Construção e Mineração S/A.

1.3.13 Capital and Operating Cost Estimates

1.3.13.1 Capital Costs

The Serrote Mine was built from 2019 to the end of 2021 at an estimated capital cost of US$194.5 million with all taxes included. The cost accounts for all infrastructure necessary to begin operations such as the processing plant, initial tailings dam facility, mining pre-production, administration buildings and warehouse, plus Owner's costs and commissioning. Process plant capacity was designed at 4.1 Mt/a.

MVV declared commercial production on December 27, 2021, and the Mine has been operating continuously since then. This CPR considers a mine plan with a start date of January 1, 2023. All capital costs in the LOM plan are considered as sustaining capital.

All cost estimates in this section of the CPR are expressed in Q1 2023 US dollars. Unless otherwise indicated, all costs are expressed without allowance for escalation or interest rates. The currency exchange rates used in the estimate are based on forecast rates of R$5.39 per US$1.00 for 2023, and a long-term rate of R$5.55 per US$1.00.

Sustaining capital costs over the open pit LOM are estimated at US$132 million (Table 1-5). The accuracy of the sustaining capital cost estimate is supported by the design and engineering carried out by MVV and Appian Capital Advisory for the process plant, mine and mining equipment, and capitalized deferred waste stripping; WSP for the tailings dam; and Arcadis for the closure cost. Input to the sustaining capital cost estimate is appropriate to a feasibility study level. Given the detailed design level and pricing basis, the overall estimated accuracy is expected to be ±15% of the final sustaining capital costs.

Table 1-5: LOM Sustaining Capital Cost Estimate
ACG Acquisition Company Limited – Serrote Mine

Item	Sustaining Capital (US$M)
Tailings dam	24.4
Mine and mining equipment	33.7
Process plant	18.6
Capitalized deferred waste stripping	37.2
Closure cost	17.7
Total	**131.6**

1.3.13.2 Operating Costs

The all-in sustaining operating cost (AISC) for the Serrote Mine is estimated to average $19.74/t processed over the open pit LOM, equivalent to $1.85/lb Cu payable. Table 1-6 summarizes the operating cost breakdown by activity and Table 1-7 presents the LOM plan.

Table 1-6: Base Case Operating Cost Summary
ACG Acquisition Company Limited – Serrote Mine

Item	Units (US$/t)	Unit Cost (US$/t)	LOM Total (IS$M)
Open pit mining costs	$/t mined	1.84	
Open pit mining costs	$/t processed	4.77	223
Processing costs	$/t processed	7.01	328
Site G&A	$/t processed	2.69	126
Smelting and freight	$/t processed	3.23	151
Au By-product credits	$/t processed	(3.10)	(145)
C1 cost [1]	***$/t processed***	**14.60**	**682**
Royalties	$/t processed	2.33	109

Item	Units (US$/t)	Unit Cost (US$/t)	LOM Total (IS$M)
Sustaining capital costs	$/t processed	2.82	132
All-In Sustaining Cost [2]	***$/t processed***	**19.74**	**923**

Note:

1. C1 cost is cash operating costs less net by-product credits.
2. All-in sustaining cost (AISC) is C1 cost plus royalties and sustaining capital expenditures.

Table 1-7: Serrote Annual Production
ACG Acquisition Company Limited – Serrote Mine

Parameter/Year	Unit	LOM	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Waste rock mined	Mt	**76.1**	7.7	8.0	8.7	8.5	8.7	8.6	8.6	8.7	2.7	3.5	1.8	0.6
Ore mined	Mt	**45.2**	3.7	4.1	4.1	4.0	4.0	4.1	4.1	4.0	4.1	4.1	4.1	0.7
Strip ratio	w:o	**1.69**	2.07	1.94	2.12	2.13	2.18	2.10	2.10	2.15	0.67	0.87	0.44	0.77
Mine movement	Mt	**121.2**	11.5	12.1	12.7	12.5	12.7	12.7	12.7	12.7	6.8	7.6	5.9	1.3
Ore processed	Mt	**46.7**	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	1.6
Concentrate	dmt kt	**638.8**	97.4	60.1	61.0	52.7	47.7	49.3	47.7	51.6	52.3	52.3	47.7	18.8
Cu production	Mlb	**510.9**	54.9	42.4	43.1	46.5	42.1	43.5	42.1	45.5	46.1	46.1	42.1	16.6
Cu production	kt	**231.8**	24.9	19.2	19.5	21.1	19.1	19.7	19.1	20.6	20.9	20.9	19.1	7.5
Cu payable	Mlb	**498.0**	51.6	43.7	44.2	45.0	37.2	45.6	37.2	46.5	45.7	37.2	46.5	17.7
Cu payable	kt	**225.9**	23.4	19.8	20.0	20.4	16.9	20.7	16.9	21.1	20.7	16.9	21.1	8.0
Au production	koz	**94.9**	9.1	8.4	8.8	8.8	8.1	8.6	8.1	7.4	8.8	7.2	8.0	3.5
Au payable	koz	**88.5**	8.1	8.2	8.6	8.2	6.9	8.7	6.9	7.3	8.3	5.6	8.3	3.5

1.4 Risks and Opportunities

1.4.1 Risks

The CPs have assessed critical areas of the Mine and identified risks associated with the technical and cost assumptions used. These are summarized in Table 1-8.

Table 1-8: Risk Analysis Summary
ACG Acquisition Company Limited – Serrote Mine

Project Element	Issue	Mitigation
Geology and Mineral Resources	Tonnage and grade variation	Improve the mineralized wireframes, and knowledge of the structural geology and include major features in the 3D geological model
Mining	Lower grades or tonnages mined	Expert mining contractor; backup equipment; time usage models; dispatch monitoring; experienced management team

Project Element	Issue	Mitigation
Processing	The proposed flowsheet changes do not provide the expected improvements in copper recovery and increased concentrate grades.	Continue laboratory and in-plant testwork. Consider future replacement of the Woodgrove cells with conventional tank cells
TSF	Failure / Instability	Expert third-party design engineer of record appointed; downstream construction method; instrumentation in place; inspection/monitoring routines; seismology controls
	Uncontrolled release of contact water during wet years due to emergency spillway capacity	Phase 2 TSF expansion design currently under way - emergency spillway capacity design is based on conservative assumptions to account for the unusual wet years plus very large storm events
	Stopped production due to insufficient storage capacity	Phase 2 expansion design to be completed in Q3 2023. Completion of Phase 2-A (to crest elev. 248 masl) construction expected in Q2 2024. Construction of Phase 2B (to crest elev. 251 masl) is expected to be completed in 2027 and it will be able to store the expected LOM production of 54Mt.
	Compliance with new regulations and industry standards, including Global Industry Standard on Tailings Management (GISTM)	Early planning in future designs; currently working toward compliance with GISTM.

1.4.2 Opportunities

A summary of the Mine related opportunities identified by the CPs in their review is shown in Table 1-9.

Table 1-9: Opportunities
ACG Acquisition Company Limited – Serrote Mine

Area	Opportunity	Comment
Geology and Mineral Resources	Update metal prices	The metal prices used to constrain Mineral Resources could be updated with higher prices which could enlarge the resource pit-shell.
	Caboclo	This project is in the advanced exploration stage, and future Mineral Resources estimates should add resources.
Mining and Mineral Reserves	Pit layback	Potential exists to capture additional mineralisation, currently outside the Mineral Reserves pit boundary by reviewing the mine design to incorporate additional pit laybacks.
	Oxide material	Oxide mineralisation is estimated as part of the Mineral Resources but is not included in the current mine plan. This material has potential to be included in the mine plan if studies support that oxide

Area	Opportunity	Comment
		leaching and solvent extraction/electrowin cathode production on-site is economic.
	Caboclo	Mineralisation at the Caboclo exploration target is not included in the current mine plan. There is potential, with additional metallurgical testwork and technical studies to incorporate this mineralisation into mine planning.
Metallurgy and Processing	Magnetite recovery	Magnetite within the tailings represents a potentially saleable product that should be investigated with testwork and technical studies.
	Accelerate program of flowsheet improvements to bring earlier copper recovery and concentrate grade improvements.	This will require a more aggressive testwork and capital expenditure program.

2.0 INTRODUCTION

SLR Consulting (Canada) Ltd. (SLR) was retained by ACG Acquisition Company Limited (ACG) to prepare a Competent Person's Report (CPR) on the Serrote Mine (the Mine or Serrote), located in Alagoas, Brazil.

Mr. Orlando Rojas, GeoEstima SpA (GeoEstima), Mr. Anthony Maycock, MM Consultores SpA (MM Consultores), Mr. Andrew Bradfield, P&E Mining Consultants Inc. (P&E), Mr. Daniel Servigna, WSP USA Environmental & Infrastructure Inc. (WSP), and Mr. David JF Smith, SLR are collectively the Competent Persons (CPs) for this CPR.

The purpose of this CPR is to support a listing on the London Stock Exchange (LSE). The CPR conforms to Financial Conduct Authority (FCA) Primary Market Technical Note 619.1.

The Serrote copper-gold mine is located in Alagoas in northeast Brazil and is owned and operated by Mineração Vale Verde Ltda (MVV), a subsidiary owned by ANRH Cooperatief U.A. (ANRH). The operation is a conventional, low-strip open pit operation targeted to produce 20,000 tonnes of copper equivalent per year over a mine life of 14 years.

2.1 Sources of Information

The following serve as the Competent Persons (CPs) for this CPR:

- Mr. Orlando Rojas, AIG, GeoEstima
- Mr. Andrew Bradfield, P.Eng., P&E
- Mr. Anthony Maycock, P.Eng., MM Consultores
- Daniel Servigna, P.E., WSP
- David J.F. Smith, CEng., FIMMM, SLR

Mr. Rojas visited the Serrote and Caboclo Project on November 14 to 16, 2022. During the site visit, Mr. Rojas reviewed plans and sections, visited the core shack, examined drill core and mineralized exposures at the open pit mine, reviewed core logging, quality assurance and quality control (QA/QC) procedures, and database management system, and held discussions with MVV personnel.

Mr. Bradfield visited the Serrote site on February 16, 2023. The purpose of the visit was to inspect open pit mining activities, the process plant, tailings storage facility (TSF), and other site infrastructure, then hold discussions with mine management on items such as the Mineral Reserve estimates, mine production plan, costs, and financial model inputs.

Mr. Maycock visited the Serrote site on June 28, 2018, and February 5, 2020. The purpose of the first visit was to gain an understanding of the potential availability and costs of key infrastructure (power, water, site access and options for concentrate transport). The purpose of the second visit was to review construction progress, discuss issues and solutions with the Project team, review the execution strategy and the planning and control methodology, and assess potential risks to the control budget and schedule.

Mr. Servigna visited the site from August 31 to September 1, 2022, to help conduct the engineer of record (EOR) TSF dam safety inspections. During his visit he visited the TSF embankment, spillway, seepage collection pond and borrow areas.

Mr. Smith did not visit the site, however, Renan Lopes, Consultant Geologist, SLR, visited the property on January 4, 2023. During the site visit, an introduction of the mine, geological context, and TSF operation was made by the site personnel, including the CFO of Appian Capital Brazil. In addition, field

inspections in the TSF and plant were also carried out, followed by a session of questions and answers for many of the subjects involving a mine operation, legal permissions, exploration plan and current results, and TSF capacity and management.

Table 2-1 presents the CPs and the sections for which they are responsible.

Table 2-1: Competent Persons and Responsibilities
ACG Acquisition Company Limited – Serrote Mine

CP, Designation, Title	Company	Responsible for Sections
David J.F. Smith, CEng., FIMMM, Global Technical Director – Mining and Mining Advisory Group	SLR Consulting (Canada) Ltd.	Overall responsibility, including Sections 2, 3, 23, and 24
Orlando Rojas, AIG, Principal Consultant	GeoEstima SpA	1.1.1.1, 1.1.2.1, 1.3.1 to 1.3.5, 4.1 to 4.8, 4.10, 5 to 12, 14, 25.1, 26.1
Andrew Bradfield, P.Eng., Chief Operating Officer	P&E Mining Consultants Inc.	1.1.1.2, 1.1.1.4, 1.1.1.6, 1.1.1.7, 1.1.2.2, 1.1.2.4, 1.2, 1.3.6, 1.3.7, 1.3.10, 1.3.12, 1.3.13, 15, 16, 18, 19, 21, 22, 25.2, 25.4, 25.6, 25.7, 26.2, 26.4
Anthony Maycock, P.Eng., Principal	MM Consultores SpA	1.1.1.3, 1.1.2.3, 1.3.8, 1.3.9, 13, 17, 25.3, 26.3
Daniel Servigna, PE, MBA, Principal Geotechnical Engineer, Mine Waste	WSP USA Environment & Infrastructure Inc.	1.1.1.5, 1.1.2.5, 1.3.11, 4.9, 20, 25.5, 26.5
All		1.4, 25.8, 27

The documentation reviewed, and other sources of information, are listed at the end of this CPR in Section 27 References.

2.2 List of Abbreviations

Units of measurement used in this CPR conform to the metric system. All currency in this CPR is US dollars (US$) unless otherwise noted.

µ	micron
µg	microgram
µm	micrometre
a	annum
A	ampere
bbl	barrels
Btu	British thermal units
°C	degree Celsius
C$	Canadian dollars
cal	calorie
cfm	cubic feet per minute
cm	centimetre
cm^2	square centimetre
d	day
dia	diameter
dmt	dry metric tonne
dwt	dead-weight ton
°F	degree Fahrenheit
ft	foot
ft^2	square foot
ft^3	cubic foot
ft/s	foot per second
g	gram
G	giga (billion)
Gal	Imperial gallon
g/L	gram per litre
Gpm	Imperial gallons per minute
g/t	gram per tonne
gr/ft^3	grain per cubic foot
gr/m^3	grain per cubic metre
ha	hectare
hp	horsepower
hr	hour
Hz	hertz
in.	inch
in^2	square inch
J	joule
k	kilo (thousand)
kcal	kilocalorie
kg	kilogram
km	kilometre
km^2	square kilometre
km/h	kilometre per hour
kPa	kilopascal
kt/a	kilotonnes per annum
kVA	kilovolt-amperes
kW	kilowatt
kWh	kilowatt-hour
L	litre
lb	pound
L/s	litres per second
m	metre
M	mega (million); molar
m^2	square metre
m^3	cubic metre
MASL	metres above sea level
m^3/h	cubic metres per hour
mbs	metres below surface
mg/L	milligrams per litre
mi	mile
min	minute
mm	millimetre
mph	miles per hour
Mt/a	million tonnes per annum
MVA	megavolt-amperes
MW	megawatt
MWh	megawatt-hour
oz	Troy ounce (31.1035g)
P_{80}	80% passing
ppb	part per billion
ppm	part per million
psia	pound per square inch absolute
psig	pound per square inch gauge
R$	Brazilian Real
RL	relative elevation
s	second
t	metric tonne
t/a	metric tonne per year
t/d	metric tonne per day
t/h	tonnes per hour
US$	United States dollar
USg	United States gallon
USgpm	US gallon per minute
V	volt
W	watt
wmt	wet metric tonne
wt%	weight percent
yd^3	cubic yard
yr	year

3.0 RELIANCE ON OTHER EXPERTS

3.1 Introduction

This CPR has been prepared by SLR for ACG. The information, conclusions, opinions, and estimates contained herein are based on:

- Information available to SLR at the time of preparation of this CPR.
- Assumptions, conditions, and qualifications as set forth in this CPR.

3.2 Mineral Tenure, Surface Rights and Royalties

Sections 4 to Section 11 and Section 14 from this CPR were prepared by GeoEstima CPs. The information, conclusions opinions, and estimates contained herein are based on:

- Information available to GeoEstima at the time of preparation of this report, and
- Assumptions, conditions, and qualifications as set forth in this report.

For the purposes of the Summary and Section 4 of this CPR, GeoEstima has relied on ownership information provided from MVV by Bichara Advogados: Legal Opinion – NI 43-101 dated March 7, 2023 (MVV, 2023a). GeoEstima has not independently reviewed property title, mineral rights, or ownership pf the project area expresses no opinion as to the ownership status of the property.

3.3 Permitting, Environmental and Community Impacts

The CPs have fully relied upon, and disclaim responsibility for, information supplied by MVV staff and experts retained by MVV for information related to environmental (including tailings and water management), permitting, and social and community impacts as follows:

- ERM Consultants Canada Ltd, 2019: Serrote da Laje Copper Project, ESDD Report: report prepared by ERM for Endeavour Financial, dated 5 March 2019, 81 p.
- ERM Consultants Canada Ltd, 2020: Serrote da Laje Copper Project, ESDD Report: report prepared by ERM for Endeavour Financial, dated 15 Nov 2020, 91 p.
- Ferreira Rocha, 2022: Environmental and Social Impact Assessment (ESIA) and Social Management Plan (ESMP): report prepared by Ferreira Rocha for MVV, dated June 2022, 6th edition, 1193 p.
- Manefau: Inventario Florestal Da Mine Serrote: Report prepared by MVV by Manefau, 22 p.
- Documents provided to Diane Lister by Mário Henrique da Silva Lima, Communication and Community Relations Coordinator, Mineração Vale Verde do Brasil Ltda:
    - “A discussion of any potential social or community related requirements and plans for the Project and the status of any negotiations or agreements with local communities”, 12 p., emailed to Diane Lister 14 May 2021
    - Untitled document describing the family resettlement status, 1 page, emailed to Diane Lister 15 May 2021

This information is used in Section 20 of the CPR. This information is also used in support of the Mineral Resource estimate in Section 14, the Mineral Reserve estimate in Section 15, and the economic analysis in Section 22.

3.4 Taxation

The CPs have fully relied upon, and disclaim responsibility for, information supplied by experts retained by MVV for information related to taxation matters. The tax recovery rates are specified in a report by KPMG Assessores Ltda. (2020). This information is used in Section 22 of the CPR.

Except for the purposes legislated under securities laws, any use of this CPR by any third party is at that party's sole risk.

4.0 PROPERTY DESCRIPTION AND LOCATION

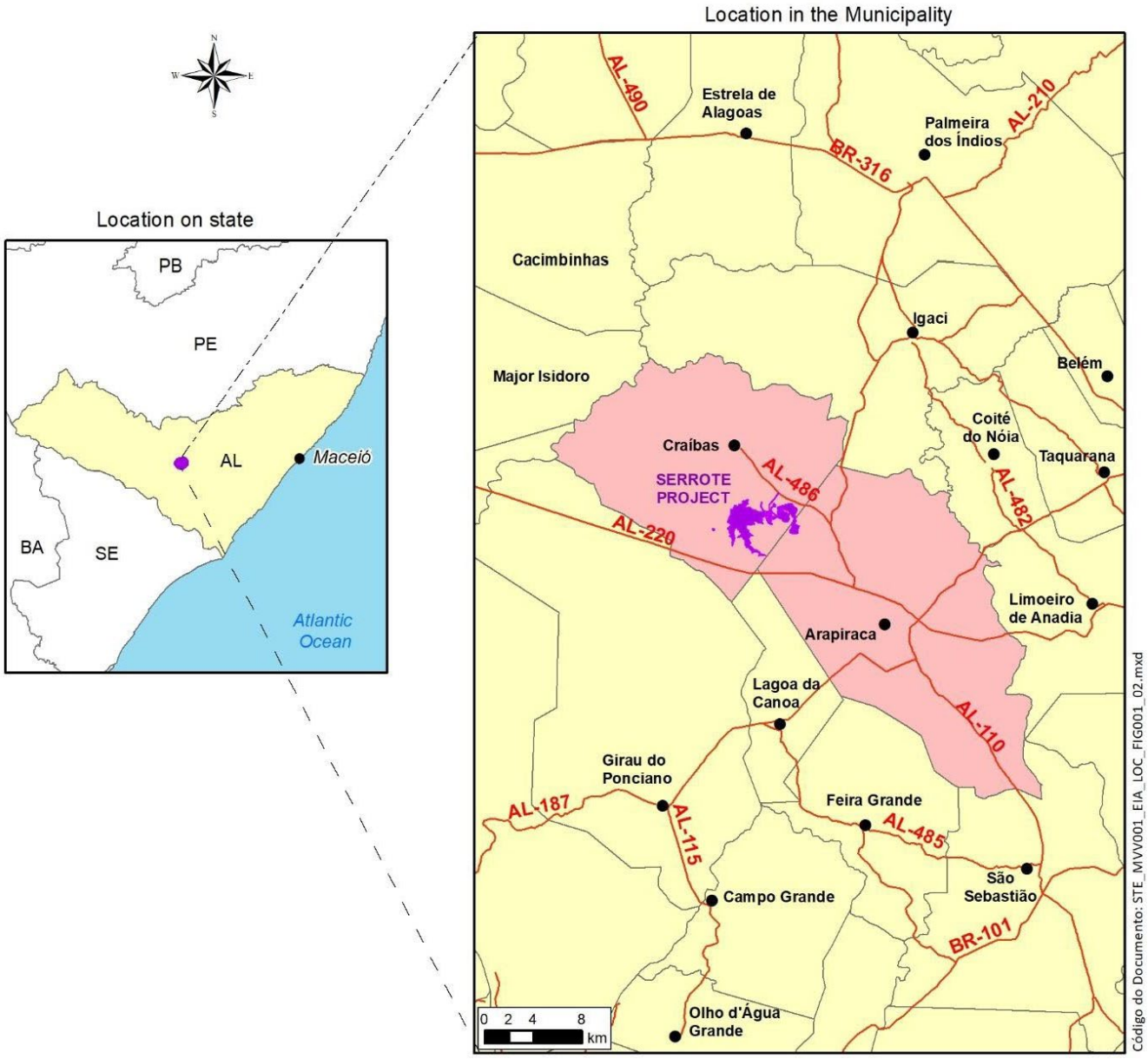
4.1 Location

The Serrote Mine is located in the municipalities of Craíbas and Arapiraca, in the central region of the State of Alagoas, Brazil, known as the Agreste meso-region. Serrote is situated 12 km from the city of Arapiraca and five kilometres from the city of Craíbas, which is located approximately 200 km by road from Maceió, the local capital (Figure 4-1).

The process plant, currently under construction, is located in the Craíbas municipality.

The open pit mine is centred at 9°39'59" S latitude and 36°44'19 " W longitude using the UTM SAD1969 datum, Zone 24S.

The Caboclo exploration target is located 15 km from the city of Craíbas, 35 km from the city of Arapiraca, and 20 km from the Serrote process plant site. It is centred at 9°32'22" S latitude and 36°46'9" W longitude, using UTM SAD1969, Zone 24S.



Source: Figure prepared by Atlantic Nickel, 2020, and provided by MVV, 2021.

Figure 4-1: Location Map for the Serrote Mine

4.2 Land Tenure

4.2.1 Introduction

Mining activities in Brazil are governed by the Brazilian Federal Constitution of 1988 (the Brazilian Federal Constitution), the Brazilian Mining Code (Federal Decree-Law 227/1967), and various other decrees, laws, ordinances, and regulations such as the Decree number 9.406/2018 which renews the regulation of the Mining Code. Brazil also has legislation and legal guarantees related to the exploitation and use of water rights.

Under the Brazilian Federal Constitution, all mineral deposits (jazidas) belong to the Federal Government, whether or not the mineral deposits are in active production. Mineral rights are distinct from surface rights.

The Ministry of Mines and Energy (MME) and the Agência Nacional de Mineração (ANM) regulate mining activities in Brazil. The ANM is responsible for monitoring, analysing, and promoting the performance of the Brazilian mineral industry by administering and granting rights related to the exploration and exploitation of mineral resources and other related activities in Brazil.

4.2.2 Mineral Title

In Brazil, there are four levels of mineral tenure: exploration licences (Autorizações de Pesquisa), mining concessions (Concessões de Lavra), mining concession applications (Requerimento de Lavra), and exploration licence applications (Requerimentos de Pesquisa), which are together broadly referred to as mineral rights.

Exploration licences can be granted for a period of one to three years and can be extended by request of the holder. Exploration licences provide the licence holders with the right to access the licence area and undertake exploration activities. Such licences typically list specific commodities to be explored for. The licence holder must have an agreement in place with any surface owners before exploration work commences. The exploration licence is a preliminary stage granted to discover a mineral deposit that can support mineral reserves and the grant of a mining concession by the ANM.

The exploration licence holder must comply with the following obligations:

- Start exploration within 60 days, counted from the date of publication of the licence or from the date access to the relevant properties is obtained
- Inform and notify the ANM of any discoveries of mineralisation that were not included in the titleholder's list of authorised commodities
- Not interrupt the exploration activities without reason for more than three consecutive months or for more than 120 non-consecutive days during the licence term
- Pay all relevant fees
- Request approval from the ANM (i.e., an extraction permit) before removing any substances from the licence area for analysis or testwork
- Pay any required compensation to the surface owner or possessor
- Prepare and present a final exploration report to the ANM, within the timeframe determined by the ANM

Once a positive exploration report is approved by the ANM, the licence holder has a year to apply for a mining concession.

Applications for mining concessions require documentary support, including the commodities that are to be explored for, a description and location of the area applied for, a map showing the area, any easements, an "Economic Development Plan", and evidence of sufficient funds to complete the mine plan. Mining concessions are considered granted when an ordinance (is published in the Official Gazette.

Within 90 days of the publication of the ordinance, the holder must apply for possession (imissão de posse) of the surface area that is required to enact the Economic Development Plan. The ANM will then draft an "Access Term" that must be signed by all stakeholders. The owner of the surface area is entitled to royalties that are equivalent to 50% of the amount paid as the Compensation for the Exploitation of Mineral Resources (Compensação Financeira pela Exploração de Recursos Minerais or CFEM).

Work must commence within six months of the mining concession grant. Annual production reports must be filed. Assuming all other conditions are met, mining concessions remain valid until the deposit is depleted.

The holder can conduct mining activities only in the area covered under the lease agreement after the agreement has been registered with the ANM, and the appropriate operation licence (Licença de Operação - LO) is issued. If additional minerals are discovered, the mining concession must be amended to include the new list of minerals.

4.2.3 Surface Rights

Surface rights in Brazil are separate from mineral rights. Under the mining law, mining rights holders have the right to use and access areas that are planned for exploration or exploitation. Rights of way and easements can be granted to mining rights holders over public and private lands.

Typically, the mining rights holder enters into an agreement with the affected surface rights holder in return for a compensation fee for the land use. Where disputes arise, a mining rights holder may apply for a local court order to allow a judge to establish the appropriate compensation fee to be paid to the surface rights holder.

4.2.4 Water Rights

All waters are considered to be in the public domain, and are separated into:

- Federal waters: lakes, rivers and any water courses on lands under Federal authority; those that flow through more than one State; those that serve as a frontier with another country, or flow into or originate in another country; as well as marginal lands and riparian beaches.
- State waters: Groundwater and rivers located entirely within the territory of a single State, unless otherwise classified as a Federal water.

Law 9,433/1997 established the National Water Resources Policy (NWRP), created the National Water Resources Management System (NWRMS), and defined a catchment (river) basin as the unit for water resource planning. The law includes the principle of multiple water uses, thereby putting all user categories on an equal footing for access to water resources.

The organizational framework administering water includes the National Water Resources Council (NWRC), State Water Resources Councils (SWRCs), River Basin Committees (RBCs), State Water Resources Management Institutions (SWRIs) and Water Agencies (WAs).

In 2003, to facilitate the management of Brazilian water resources, the country was divided into 12 hydrographic regions which do not coincide with the 27 state political divisions. The NWRC is responsible for resolving disputes over use of water for basins at the Federal level, and for establishing guidelines necessary to implement the institutional framework and instruments contained in the NWRP. The SWRCs are responsible for basins at the State level. The SWRIs are responsible for implementing the guidelines set by the SWRCs. The RBCs and WAs cover the actual water regions, which may be part of more than one State.

4.2.5 Royalties and other Encumbrances

Revenues from mining activities at Serrote are subject to the CFEM royalty that is paid to the ANM and varies depending on the mineral product:

- 1% for rocks, sand, gravel, clay and other mining substances for immediate use in civil works, as well as for mineral and thermal water
- 1.5% for gold
- 2% for diamond and other unspecified mining substances (includes nickel, copper and cobalt)
- 3% for bauxite, manganese, niobium, and rock salt
- 3.5% for iron ore

4.3 Project Ownership

The Serrote Mine is owned by Mineração Vale Verde Ltda. (MVV), a wholly indirectly-owned subsidiary of Serrote Participações S.A., which is controlled by Appian Capital Advisory LLC (Appian Capital).

Legal opinion supports that MVV is a limited liability company that has been duly incorporated under Brazilian laws, is currently active, and has not had its enrolment suspended.

4.3.1 Ownership History

The Serrote project area was owned by Rio Doce Geologia e Mineração (DOCEGEO), the former exploration arm of Companhia Vale do Rio Doce (CVRD), the precursor to Vale from 19822006. In 2006–2007, CVRD negotiated the transfer of the mineral rights to Mineração Barra Bonita (Barra Bonita). In 2007, Aura Minerals acquired the Clearwater Holdings Fund, LLC (Clearwater) which, through its subsidiary, Mineração Vale Verde (MVV), had been assigned the property rights from Barra Bonita. On 21 March 2018, Serrote Participações completed the acquisition of MVV from Aura Minerals.

4.4 Property Agreements

The following security documents, dated 23 December 2020, were entered into by MVV and Banco Citibank S.A. (Citibank), as security agent, as collateral to obligations assumed under a credit agreement dated 23 December 2020 (the Credit Agreement), as well as under hedge and swap agreements (together with the Credit Agreement, the Financial Instruments):

- Mineral Rights Pledge Agreement registered before the Registry of Deeds and Documents of the City of Craíbas, State of Alagoas
- Ore Pledge Agreement registered before the Registry of Deeds and Documents of the City of Craíbas, State of Alagoas
- Receivables Fiduciary Assignment Agreement registered before the Registry of Deeds and Documents of the City of Craíbas, State of Alagoas
- Contractual Rights Conditional Assignment Agreement registered before the Registry of Deeds and Documents of the City of Craíbas, State of Alagoas
- Quota Fiduciary Lien Agreement dated 23 December 2020 registered before the Registry of Deeds and Documents of the City of Craíbas, State of Alagoas
- Real Properties Fiduciary Lien Agreement registered before the Land Registry Office of the City of Craíbas, State of Alagoas
- Equipment Fiduciary Lien Agreement registered before the Registry of Deeds and Documents of the City of Craíbas, State of Alagoas

As a result, equipment, contracts, receivables, ore production, and real properties over which MVV has property rights are subject to fiduciary assignments or liens (as the case may be) in favour of Citibank as collateral to the Financial Instruments. The fiduciary lien is valid until the debt under the Credit Agreement is fully paid by MVV. In case of default, the quotas (shares) are subject to enforcement procedures.

4.5 Mineral Tenure

MVV holds three groups of mineral rights, covering a total of 11,504,52 ha:

- One mining concession for gold, copper, and iron ore. An application for silver to be included in the minerals that can be extracted has been lodged with the applicable authorities.

- Two applications for mining concessions for copper
- Five exploration licences for gold, copper, and iron ore, as applicable

Tenures are summarized in Table 4-1, and locations in relation to regional infrastructure are shown in Figure 4-2. The location of the Serrote Mine and the mining concession are shown in relation to the local geology in Figure 4-3.

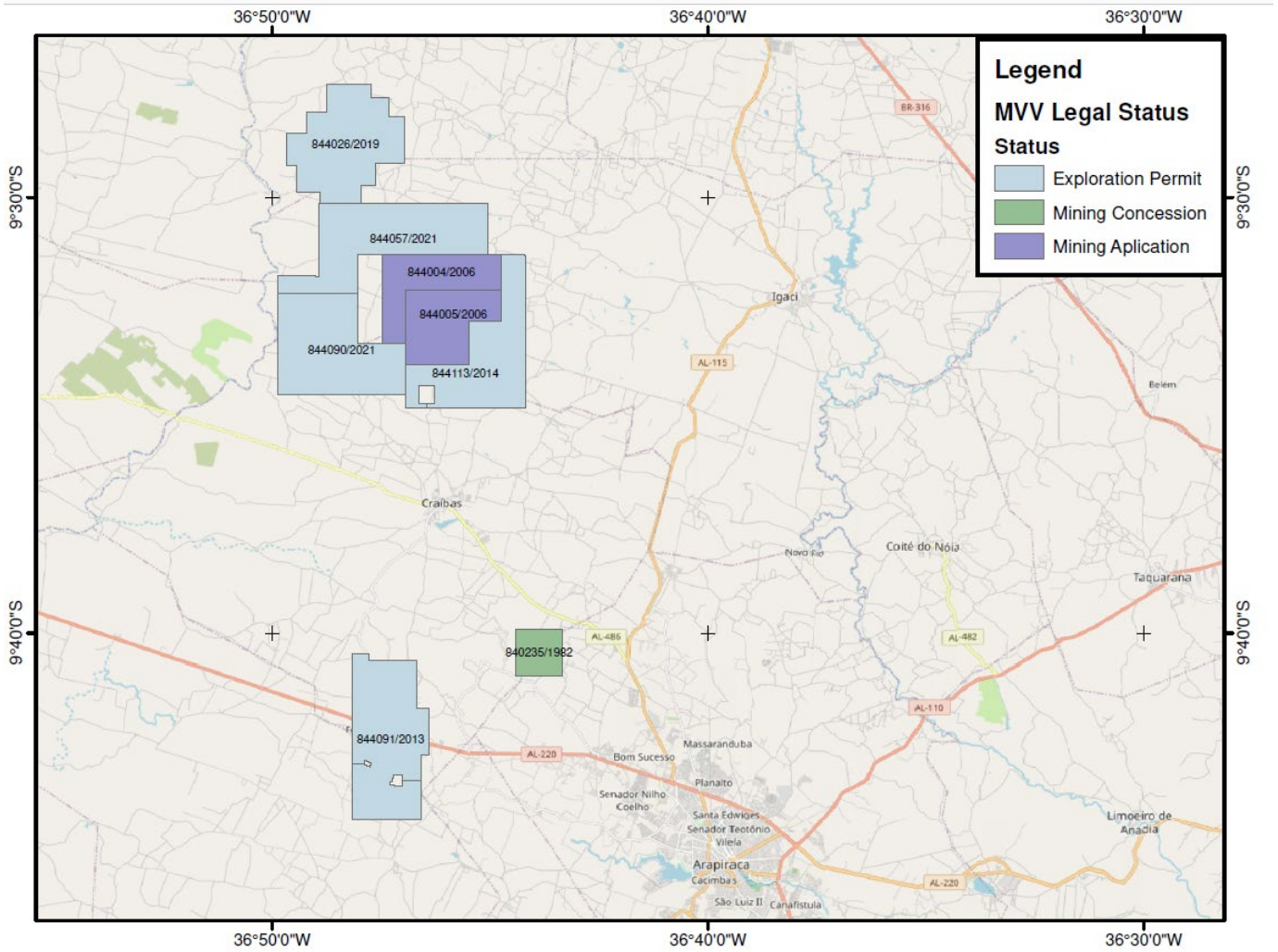
As at the effective date of the CPR (December 31, 2022, or the Effective Date), all required payments and reporting had been completed to have the mineral tenures in good standing.

The Serrote de Laje concession area is subject to the Mineral Rights Pledge Agreement, but the pledge had not been formally instituted by the ANM as of the Effective Date.

All of the licences and licence applications, other than the Pereira Velho concession group, are subject to, or will be subject to on grant, the Mineral Rights Pledge Agreement.

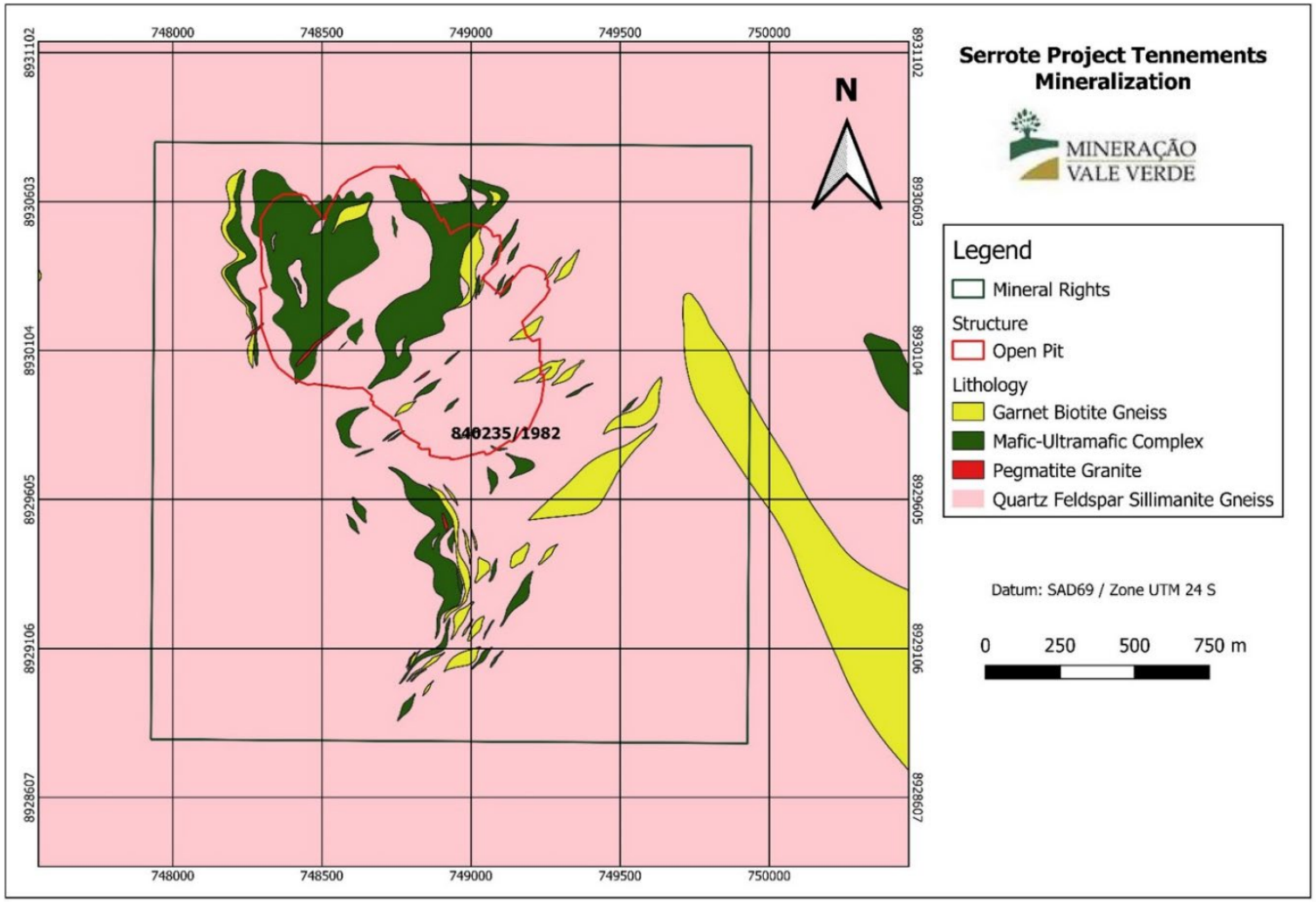
Table 4-1: Mineral Rights Summary
ACG Acquisition Company Limited – Serrote Mine

Name	ANM No.	Area (ha)	Stage
Serrote da Laje	840.235/1982	400.00	Mining Concession
	844.091/2013	1,976.21	Exploration Permit
Caboclo	844.004/2006	977.31	Application for Mining Concession
	844.005/2006	1,020.69	Application for Mining Concession
	844.113/2014	1,586.72	Exploration Permit
Queimada Bonita	844.026/2019	1,723.13	Exploration Permit
	844.057/2021	1,932.39	Exploration Permit
	844.090/2021	1,888.07	Exploration Permit



Source: MVV, 2022.

Figure 4-2: Mineral Tenure Location Map



Source: MTS et al., 2021.

Figure 4-3: Serrote Open Pit in Relation to Mining Concession 840.235/1982 (Serrote da Laje)

4.6 Surface Rights

The surface rights holdings comprise twelve land properties that cover a total area of 1,012.29 ha (Table 4-2). The land properties owned by MVV are subject to fiduciary lien in favour of Citibank as collateral to the Financial Instruments. The fiduciary lien is valid until the debt under the Credit Agreement is fully paid by MVV. In case of default, Citibank will be entitled to enforce the guarantee.

Furthermore, other 13 possessions agreement with landowners to acquire possession rights over the respective land properties, pursuant to 14 of such possessions agreements, MVV has undertaken to pay contractual royalty equal to 50% of the statutory royalty due to Federal Government (CFEM).

A plan showing the surface rights subject to royalties is presented in Figure 4-4 and these properties are listed in Table 4-4.

Table 4-2: Surface Rights Summary (MVV Ownership)
ACG Acquisition Company Limited – Serrote Mine

File	Land	Date of Acquisition of the Land Property	Area (ha)
Registry record Nº 124	Fazenda Uruçu	2011	147.00
Registry record Nº 125	Fazenda Uruçu	2009	85.60
Registry record Nº. 388	Fazenda Lagoa da Cruz	2013	243.00
Registry record Nº. 488	Sitio Melancia	2008	32.40
Registry record Nº. 489	Sitio Melancia	2008	33.70
Registry record Nº. 490	Sitio Melancia	2008	43.32
Registry record Nº. 491	Sitio Melancia	2008	92.81
Registry record Nº. 492	Sitio Melancia	2008	11.95
Registry record Nº. 493	Sitio Melancia	2008	97.24
Registry record Nº. 494	Sitio Melancia	2008	59.41
Registry record Nº. 495	Sitio Melancia	2008	88.54
Registry record Nº. 496	Sitio Melancia	2008	60.36

4.7 Water Rights

MVV holds the water rights outlined in Table 4-3. The rights are sufficient for the life-of-mine (LOM) and can be renewed at the end of their term.

Table 4-3: Water Extraction Permits
ACG Acquisition Company Limited – Serrote Mine

Permit No.	Object	Key Conditions	Issuance Date	Expiry Date
49/2020	Authorises construction of a dam at Salgado Stream.	1) Obtain permit for effluent discharge; 2) Present a qualitative-quantitative water resources monitoring plan;	January 21, 2020	January 21, 2024

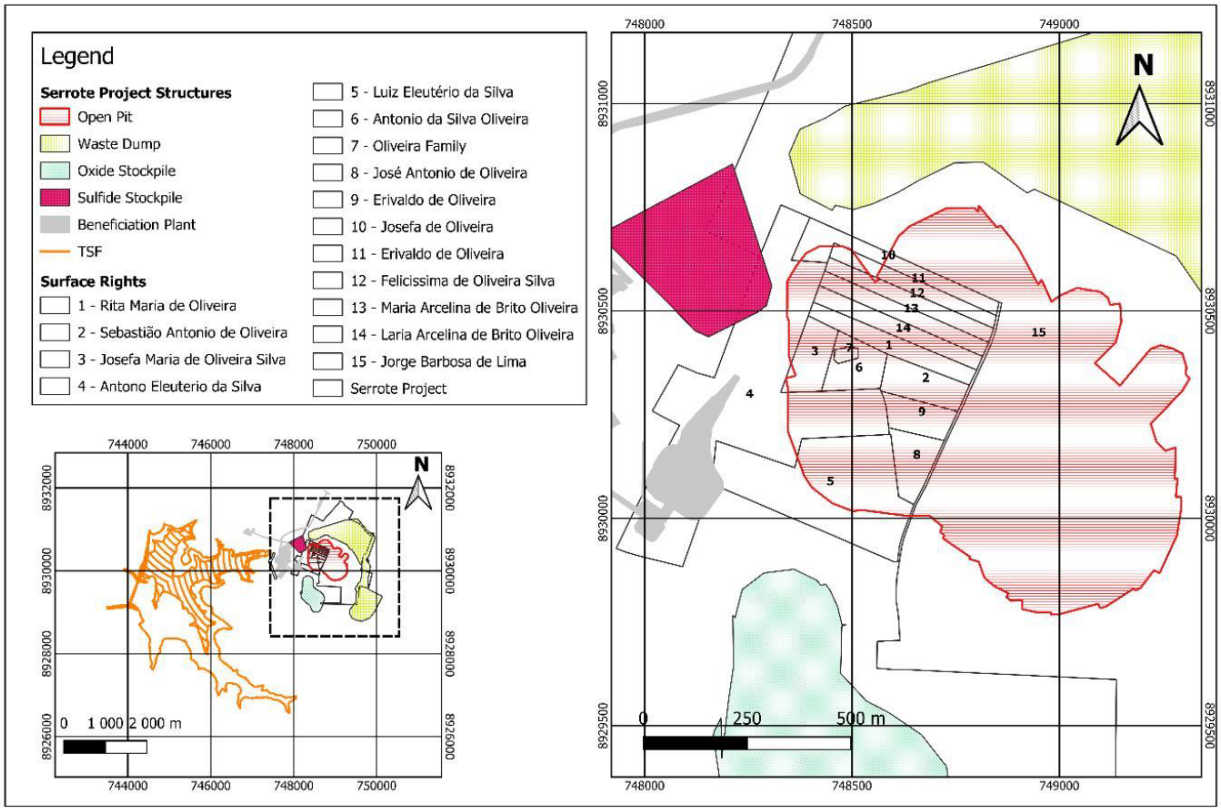
Permit No.	Object	Key Conditions	Issuance Date	Expiry Date
		3) Present all technical documentation on dam safety, approved by the ANM.		
750/2020	Authorises effluent discharge into a tributary of the Salgado Stream – 49.25 m³/day	Regularly monitor water quality	November 9, 2020	November 9, 2028
0557/2022	Authorizes effluent discharge into the Serrote Dam – 25,0000 m³/day	Regularly monitor water quality	April 1, 2022	March 31, 2026
0079/2021	Authorizes for capture 7.200 m³/day water the Serrote Dam for plant	01) Submit authorization for the release of effluents, before the start of dam operations; 02) Submit a Quali-Quantitative Monitoring Program for Water Resources approved by SEMARH/AL, before starting the dam operation; 03) The user cannot exceed the collection of 300 m³/h, for a period of 24 hours/day, during the months of January-December.	April 12, 2021	March 31, 2025

4.8 Royalties and Encumbrances

4.8.1 CFEM

All of the concessions are subject to the CFEM (see Section 4.2.5).

Thirteen of the possession agreements are subject to royalty agreements, consisting of a contractual royalty equal to 50% of the statutory royalty due to Federal Government (i.e., the CFEM). These concessions are listed in Table 4-4 and shown in Figure 4-4.



Source: MVV, 2023.

Figure 4-4: Possession Agreements with Royalty Provision

Table 4-4: Surface Rights with Royalties
ACG Acquisition Company Limited – Serrote Mine

Figure 4-4 Map Reference	Agreement	Land	Date of Acquisition of the Possession Right	Area (ha)	Royalty Provision
1	Purchase and Sale Commitment Agreement	MVV.1.01.0001	January 14, 2013	1.79	Clause 5 – 50% of the amount due as statutory royalty – CFEM
2	Purchase and Sale Commitment Agreement	MVV.1.01.0002	January 31, 2013	1.60	Clause 5 – 50% of the amount due as statutory royalty – CFEM
3	Purchase and Sale Commitment Agreement	MVV.1.02.0001	January 14, 2013	1.49	Clause 5 – 50% of the amount due as statutory royalty – CFEM
4	Purchase and Sale Commitment Agreement	MVV.1.02.0002	March 6, 2013	17.88	Clause 5 – 50% of the amount due as statutory royalty – CFEM
5	Purchase and Sale Commitment Agreement	Terra Nua 52	December 17, 2012	1.55	Clause 5 – 50% of the amount due as statutory royalty – CFEM)
6	Purchase and Sale Commitment Agreement	Terra Nua 61	January 28, 2013	1.41	Clause 5 – 50% of the amount due as statutory royalty – CFEM
7	Purchase and Sale Commitment Agreement	Terra Nua 62	February 18, 2013	1.33	Clause 5 – 50% of the amount due as statutory royalty – CFEM
8	Purchase and Sale Commitment Agreement	Terra Nua 63	February 7, 2013	2.13	Clause 5 – 50% of the amount due as statutory royalty – CFEM
9	Purchase and Sale Commitment Agreement	Terra Nua 64	February 18, 2013	1.47	Clause 5 – 50% of the amount due as statutory royalty – CFEM
10	Purchase and Sale Commitment Agreement	Terra Nua 65	January 30, 2013	1.51	Clause 5 – 50% of the amount due as statutory royalty – CFEM

Figure 4-4 Map Reference	Agreement	Land	Date of Acquisition of the Possession Right	Area (ha)	Royalty Provision
11	Purchase and Sale Commitment Agreement	Terra Nua 66	December 17, 2012	1.59	Clause 5 – 50% of the amount due as statutory royalty – CFEM
12	Purchase and Sale Commitment Agreement	Terra Nua 67	December 17, 2012	1.66	Clause 5 – 50% of the amount due as statutory royalty – CFEM
13	Purchase and Sale Commitment and Mineral Servitude Agreement	Terra Nua 68 Various lands located in the Municipalities of Craíbas and Arapiraca	January 10, 2020	232.06	Clause 7.4 – 50% of the amount due as statutory royalty – CFEM on ANM Proceeding 840.235/1982

4.9 Environmental, Permitting and Social Considerations

Permitting, environmental and closure, and social licence considerations for operations are discussed in Section 20.

4.10 CP Comments on "Item 4: Property Description and Location"

GeoEstima is not aware of any environmental liabilities on the property. There are no environmental liabilities associated with the exploration licences other than those typically associated with exploration drilling activities, such as the required permits for clearing of vegetation where gridlines are opened in forested areas, the required approvals for clearing vegetation to conduct drilling operations, and licences for pumping and utilisation of surface water. MVV has all of the required permits to conduct work on the property.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Accessibility

The closest major city to the Mine is Arapiraca, approximately 12 km southeast of the Mine. The city of Craíbas is approximately five kilometres from the Mine site. The Project can be accessed by passenger car from Arapiraca via paved road with no seasonal constraints.

Maceió, the capital of Alagoas State, is approximately 149 km from the Mine site via paved highways AL-220, or BR-316 and BR-101 from Craíbas.

Port facilities and a regional airport with scheduled services are located at Maceió.

5.2 Climate

Serrote is located in the tropics, in an area classified as tropical savanna.

An average annual rainfall of 670 mm was recommended for Project designs, based on a detailed precipitation study completed by Walm Engenharia e Tecnologia Ambiental (Walm) in 2018. Walm recommended an annual evaporation rate of 1,700 mm for design purposes. May, June, and July are typically the wettest months, October, November, and December the driest.

Arapiraca and Craíbas, the closest towns to the Mine, have annual temperatures in the 23– 25ºC range.

Mining activities are conducted year-round.

5.3 Local Resources and Infrastructure

Arapiraca has a population of about 214,000 and is the second-largest city in the state of Alagoas. Arapiraca is the major source of commercial and industrial support services for the region. Craíbas has approximately 22,600 inhabitants. Skilled and semi-skilled labour can be obtained from these two cities and surrounding rural areas.

The electric power distribution service for the municipalities of Arapiraca and Craíbas is provided by Eletrobrás - Centrais Elétricas Brasileiras S.A.

Infrastructure required to support mining activities is discussed in Section 18.

The primary industries in the Mine and surrounding areas are agriculture, livestock, forestry, fisheries, and aquaculture.

5.4 Physiography

The physiography consists of generally flat topography with a few low hills, ranging in elevation from 24 m to 41 m. The terrain slopes gently toward the Salgado stream in the southwest of the Mine area.

There is limited outcrop; the few outcrops are typically exposed in drainage cuts.

Nearly all the local drainages are intermittent, flowing only in the wet season. Ephemeral swamps and marshes form in low-lying areas during the rains. Water is scarce in the Mine area during the dry season.

5.5 Seismicity

Seismic evaluations that included the Mine area indicate that the risk from seismicity is low (Berrocal et al., 1984). The maximum earthquake has a magnitude of 3.4 mb. The closest known earthquake epicentre to the Mine area was 3.3 km away. This event, registered by the USP Centre for Seismology in 2016, had a magnitude of 2.0 mb.

Project installations were designed to meet applicable seismic code.

6.0 HISTORY

6.1 Exploration History

A summary of the exploration and development history is provided in Table 6-1.

The exploration history of Serrote area was dated from 1960 with occurrence of magnetite mention by DNPM-CPRM. In 1979, Silva Filho et al. completed the first description of the magnetite in the area.

The exploration and development work carried out on the property to date has focused on the location and delineation of the known mineralized areas and improving confidence in mineral resources. Exploration has included basic geologic mapping activities, geochemical and geophysical surveys, and various drilling programs along the years.

Table 6-1: Exploration and Development History
ACG Acquisition Company Limited – Serrote Mine

Year	Operator	Comment
-	-	Intermittent, small scale iron ore mining. Iron concession cancelled in August 2007.
1982	DOCEGEO	Initiated a regional study and evaluation of several exploration reports in northeastern Brazil prepared by government organizations. Companhia de Pesquisa de Recursos Minerais (CPRM), had visited the current Project area and reported anomalous copper and nickel values associated with mafic complexes. The area covered the Serrote da Laje hill, a magnetite outcrop.
1982–1986	DOCEGEO	Geochemical and geophysical surveys, drill programs (37 drill holes for 10,818 m), mineral resource estimate
1998–2002	DOCEGEO	Re-assessment of the area; additional exploration and drilling (52 drill holes for 15,348 m), updated mineral resource estimates. Results did not meet internal DOCEGEO criteria for project size
2006	DOCEGEO, CVRD (subsequently Vale)	Transferred mineral rights to Barra Bonita
2006	Barra Bonita	Reviewed data and previous resource estimates
2007	Aura Minerals	Acquired Clearwater Holdings Fund, LLC (Clearwater) which, through its subsidiary, MVV, had been assigned the property rights from Barra Bonita
2007–2010	Aura Minerals	291 drill holes totalling 62,686 m
2008	Aura Minerals	Initiated feasibility study, but was not completed
2009	Aura Minerals	Completed a preliminary economic assessment, estimated mineral resources. Awarded an Installation Licence (LI) by the State of Alagoas environmental agency (IMA-AL) to develop the Serrote Project as described in the PEA
2010	Aura Minerals	Submitted an Economic Exploitation Plan (PAE) to the National Department of Mineral Production (DNPM)
2011	Aura Minerals	Portaria de Lavra, a federal government licence to mine the project, awarded in October 2011
2012	Aura Minerals	Metallurgical testwork, preliminary design criteria, flowsheets and layout. Completed feasibility study in September 2012

Year	Operator	Comment
2018	Serrote Participações	Acquired MVV from Aura Minerals. A side agreement to purchase all royalty rights owned by Barra Bonita was concluded. Commissioned a feasibility study.
2019	Serrote Participações/MVV	Approved detailed engineering and began construction. 10,241 m of RC drilling completed to provide details for first three years of production.
2020	Serrote Participações/MVV	Completed infill drilling; began pre-stripping; pilot-scale metallurgical testing completed; updated Mineral Resource estimate
2021	Serrote Participações/MVV	Pre-strip was completed and essentially all construction complete at the end of May 2021. Drilled 31 drill holes (3,124 m) at regional targets and 3,984 reverse circulation (RC) holes (34,797 m) drilled at Serrote.
2022	Serrote Participações/MVV	Drilled 24 diamond holes (7,248 m) and 3,037 RC holes (47,058 m) drilled at Serrote, totalling 54,306 m.

6.2 Production

Open pit mining operations of Serrote commenced in 2021. Production through December 2022, including pre-stripping activities, is discussed in Section 17.6.

7.0 GEOLOGICAL SETTING AND MINERALISATION

7.1 Regional Geology

The Serrote deposit and Caboclo exploration target are within the Borborema structural province, a mosaic of Paleoproterozoic to Neoproterozoic (0.63 to 2.5 Ga) meta-sedimentary fold belts and massifs separated by a complex system of continent-scale strike-slip shear zones. The Borborema structural province is bounded to the south by the São Francisco craton and includes the Sergipano fold belt that hosts the deposits (Figure 7-1).

The Sergipano fold belt consists of metavolcanic and metasedimentary rocks deposited around Archean/Paleoproterozoic basement gneiss in the south and paragneisses (partially migmatized), metasedimentary rocks, and granitoids. The Sergipano fold belt is divided into five domains, the Macururé, Vaza Barris, Estância, Rio Coruripe and Viçosa domains. The Rio Coruripe domain includes the Jaramataia Group, a rift-related volcano-sedimentary sequence consisting of quartz- feldspathic and garnet–biotite gneisses, marbles, calcsilicate rocks, iron formation, and mafic– ultramafic layered intrusive rocks of the Serrote da Laje suite. A map of the local geology of the Serrote da Laje suite is in Figure 7-2.

The Serrote da Laje suite mafic–ultramafic rocks that host the copper–gold mineralisation are interpreted as a tectonic slice of a larger layered mafic–ultramafic complex that resulted from crystallization of a fractionated parental magma that intruded clastic metasedimentary rocks. Less fractionated rock types, such as peridotites, do not occur in close association with the fractionated cumulates hosting sulphide mineralisation, suggesting that a more fractionated parental magma exists somewhere.

7.2 Local Geology

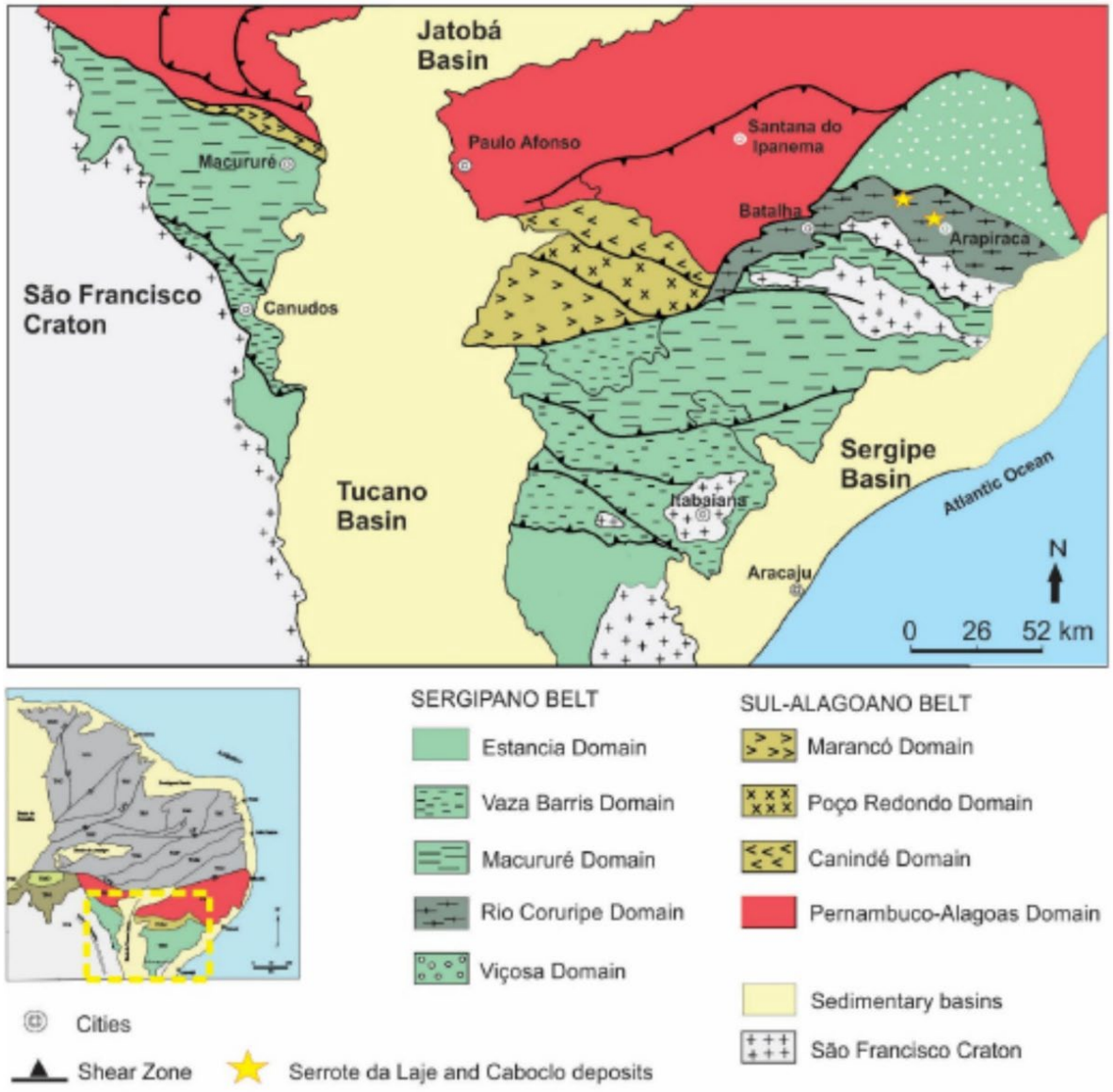
In the Mine area, Jaramataia Group rocks include:

- Pink banded quartz–feldspar–sillimanite gneiss (pink gneiss, QFSG)
- Quartz–feldspar–garnet–biotite gneiss (garnet gneiss; DBN)
- Calc-silicate rocks as well as limestone, marble, and iron formation

There are two known mineralisation centres: Serrote and Caboclo. Serrote is a copper–gold occurrence in mafic–ultramafic rocks formed as a tectonically disrupted layered intrusion comprising hypersthenite, norite, gabbronorite, gabbro, and anorthosite. Magnetitite bodies are associated with hypersthenite and norite. The intrusion is typically concordant with the host paragneiss. Caboclo is an exploration project northwest of Serrote hosted by similar mafic- ultramafic rocks.

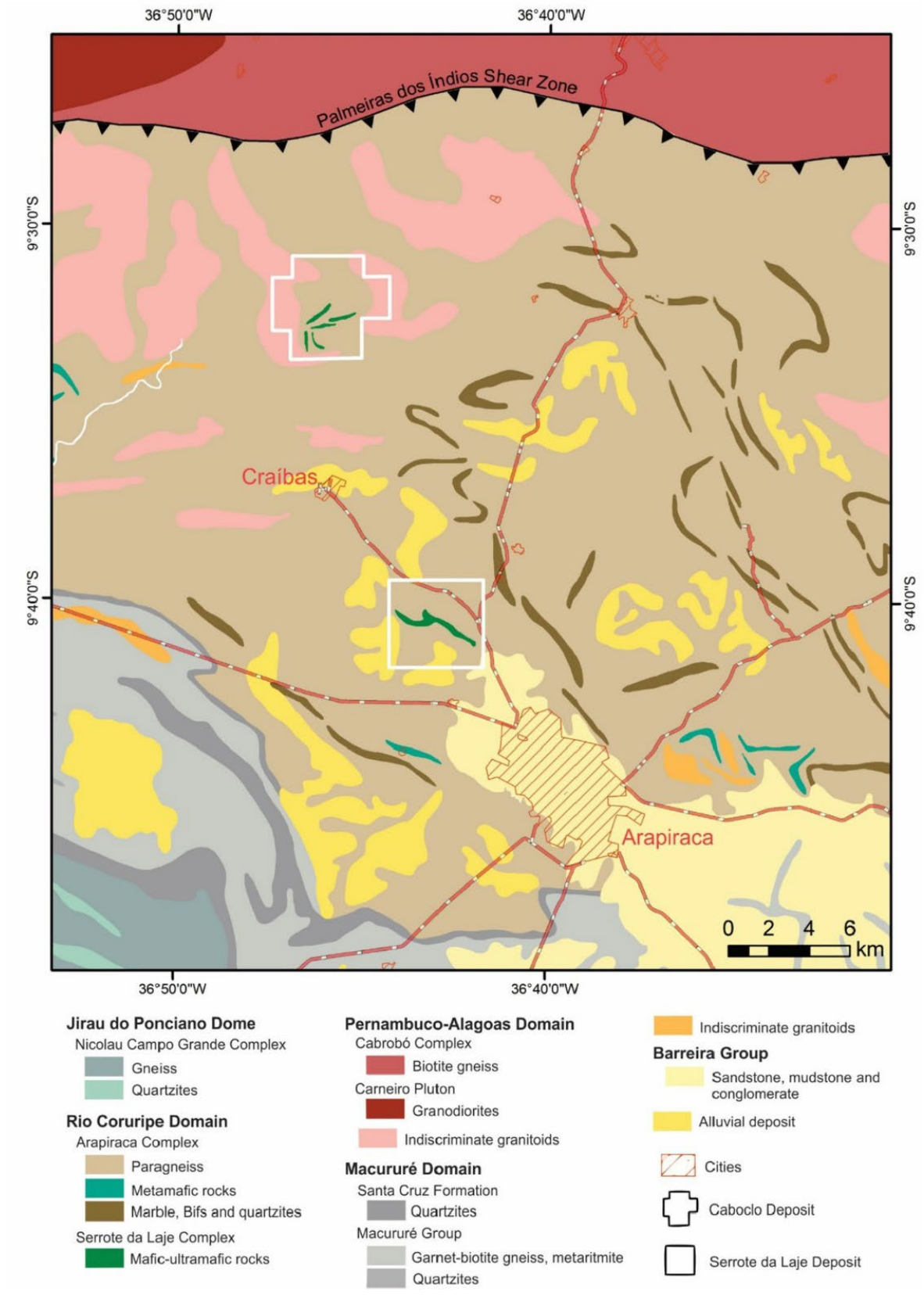
The mafic–ultramafic units are locally intruded by granite and granitic pegmatite dikes.

Metamorphism reached granulite facies, with some areas of retrograde metamorphism at amphibolite facies.



Source: Silva Filho et al., 2003.

Figure 7-1: Regional Geology Plan



Source: Ferreira, 2016.

Note. Map north is to top of figure.

Figure 7-2: Sergipano Fold Belt Geology

7.3 Deposit Descriptions

7.3.1 Serrote

Mineralisation at Serrote consists of multiple, stacked pancake-like layers with approximate dimensions of two kilometres north–south, one kilometre east–west, 5 m to 250 m thick, and a maximum depth of mineralisation of -200 m.

Pink and garnet gneisses host the Serrote da Laje suite, which is a north–northwest-elongated intrusion approximately two kilometres long that dips to the east at about 40–50º. The partially disrupted mafic–ultramafic bodies are as thick as 140 m, with variable widths of 100 m to 1,000 m, and lengths of as much as 800 m. Two northeast-trending faults divide the intrusion into three domains, with the northernmost domain having larger and thicker mafic–ultramafic units (refer to Figure 4-3).

The Serrote da Laje suite includes ilmenite–magnetitite, orthopyroxenite and norite. These rock types occur in cyclic inter-layered units with different thickness (from meters to centimetres). Contacts between different rock types are sharp or are characterized by intermediate rock types. These include orthopyroxenite-bearing magnetitite, magnetite-bearing orthopyroxenite, plagioclase-bearing orthopyroxenite and magnetite-bearing melanorite.

Primary sulphide mineralisation follows the magnetite-rich layers. Some remobilization of the primary sulphide mineralisation into the secondary stringer-type mineralisation is associated with the northeast-trending faults.

For the current geological model, the mafic–ultramafic unit was separated into two units:

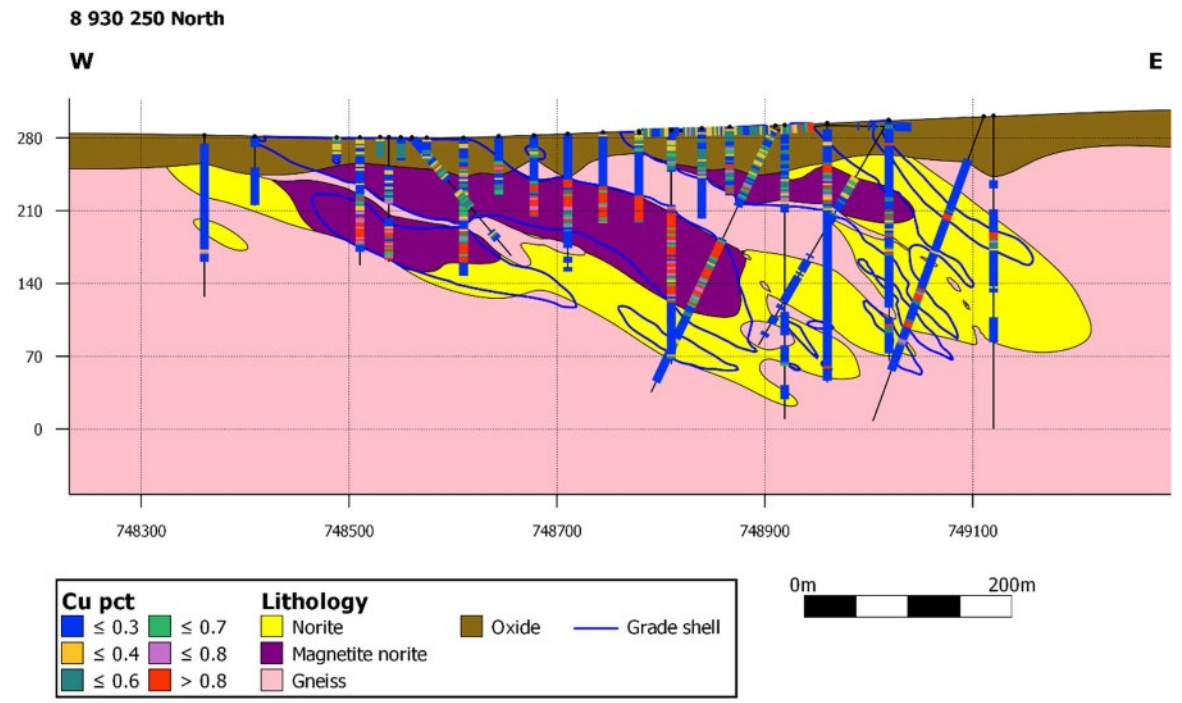
- Magnetite norite (Mano) includes orthopyroxenite, magnetite norite, magnetitite and norite which are magmatic units that are cyclically layered on centimetre to tens of metres scale. Two units that occur locally are biotite and amphibolite, which are randomly distributed and possibly related to the hydrothermal event that locally affected the deposit.
- Gabbro (GB)

Primary mafic–ultramafic rocks are metamorphosed to high grades (granulite facies) with some hydrothermal alteration. Primary igneous mineralogy and texture are preserved locally but the original magmatic stratigraphy is not preserved. The deposit consists of what appear to be a number of tectonic slices of a larger, layered intrusive (Figure 7-3).

The main copper–gold and nickel sulphide mineralisation is associated with magnetite, orthopyroxene and magnetite norite. This mineralisation is stratiform. Gangue mineralogy is largely magnetite, ilmenite, orthopyroxene and hercynite (an iron–aluminium spinel). Magnetite is by far the most abundant gangue mineral in the chalcopyrite-rich bands, and there is a strong correlation of copper grade with magnetite-rich bands, i.e., magnetitite and magnetite-bearing norites. Primary copper minerals are chalcopyrite and bornite with lesser chalcocite. Pyrite and pyrrhotite occur locally and are common in gabbro. Gold occurs as 0.1 mm or smaller grains in fracture fillings with chalcocite and bornite associated with chalcopyrite. Chalcopyrite, and to a lesser degree bornite, occur as disseminations and fracture fillings.

Secondary mineralisation is associated with hydrothermally-altered gabbroic rocks and occurs as sulphide veins adjacent to the main mineralisation. Copper occurs mainly as chalcopyrite with pyrrhotite and pyrite in veinlets.

Other elements associated with the mineralisation such as nickel, gallium, vanadium, and zinc occur in trace amounts or at the detection limits.



Source: MTS, 2021.

Note. Section looks north.

Figure 7-3: Geological Cross-Section, Serrote (Section 8,930,250N)

7.3.2 Caboclo

Lithologically, the Caboclo region can be compared to the Serrote da Laje deposit region, because the rocks present are paragneisses from the Jaramataia Group and mafic-ultramafic rocks from the Serrote da Laje Suite. It is possible to determine three large units identified in the area: paragneisses, mafic-ultramafic complex and granitic intrusives. The gneisses are paralleled with the mafic-ultramafic rocks due to the accentuated deformation. The two units were submitted to a high degree of metamorphism (granulite) with superimposed hydrothermal paragenesis.

The paragneisses are the oldest rocks and have been simplified into three units: quartz feldspar sillimanite gneiss, garnet biotite gneiss and calc-silicate rocks. Some indications that this region suffered greater deformation than the Serrote da Laje area are the migmatized units that are observed. The deposit is divided into a number of areas (zones): Rogério, Zezé, Petrúcio, Maninho, Adriano, and Calcossilicáta (Rogério West), separated by shear zones (Figure 7-4).

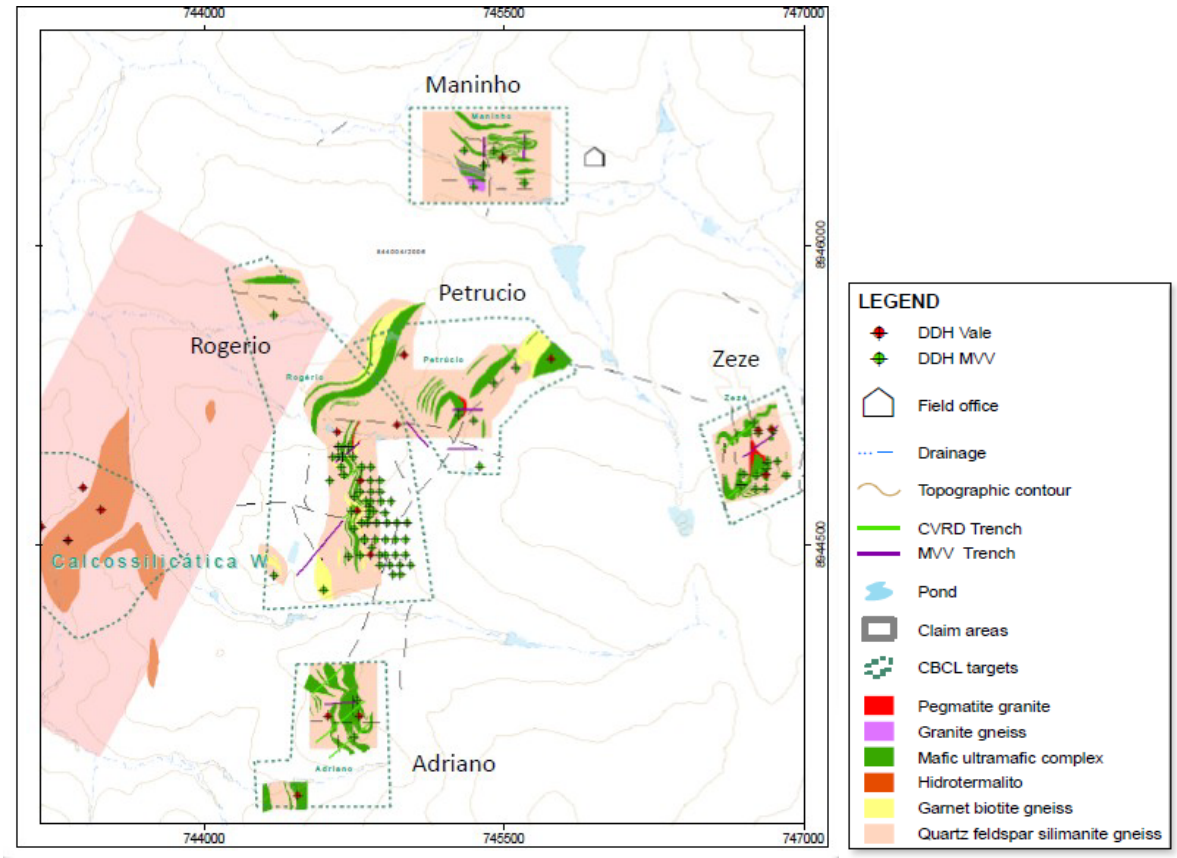
The thickest ultramafic unit is in the Rogério area with a strike length of 800 m and a thickness of as much as 60 m. An example cross-section through the Rogério area is included as Figure 7-5.

The lithological units of the Caboclo target are arranged spatially so that they reflect contacts controlled by structural lineaments, preferably north-south, present mainly in the Adriano, Rogério, and Petrúcio sub-targets, and suffering structural inflections to northwest-southeast and east-west in the Zezé and Maninho sub-targets. These features are evidenced by the foliations measured in outcrops and may possibly reflect a large, transposed fold with stretched flanks, which were then displaced by faults.

Such structures are observed both in outcrops and in drill cores where the rocks present intense mylonitic foliation, parallel to subparallel to the banding, indicating transposition of the original structures.

The rocks most commonly hosting mineralisation are magnetitite and magnetite norite. Chalcopyrite and bornite are the usual sulphide minerals. Malachite is present in the oxidized zone. Two types of mineralisation occur; magmatic mineralisation in the ultramafic rocks, consisting of disseminated sulphides in the intercumulate magnetite, hercynite and pyroxene; and epigenetic hydrothermal mineralisation characterized by remobilized chalcopyrite/bornite in fractures and breccias in ultramafic/mafic rocks. The hydrothermal mineralisation is often associated with biotite and amphibole alteration.

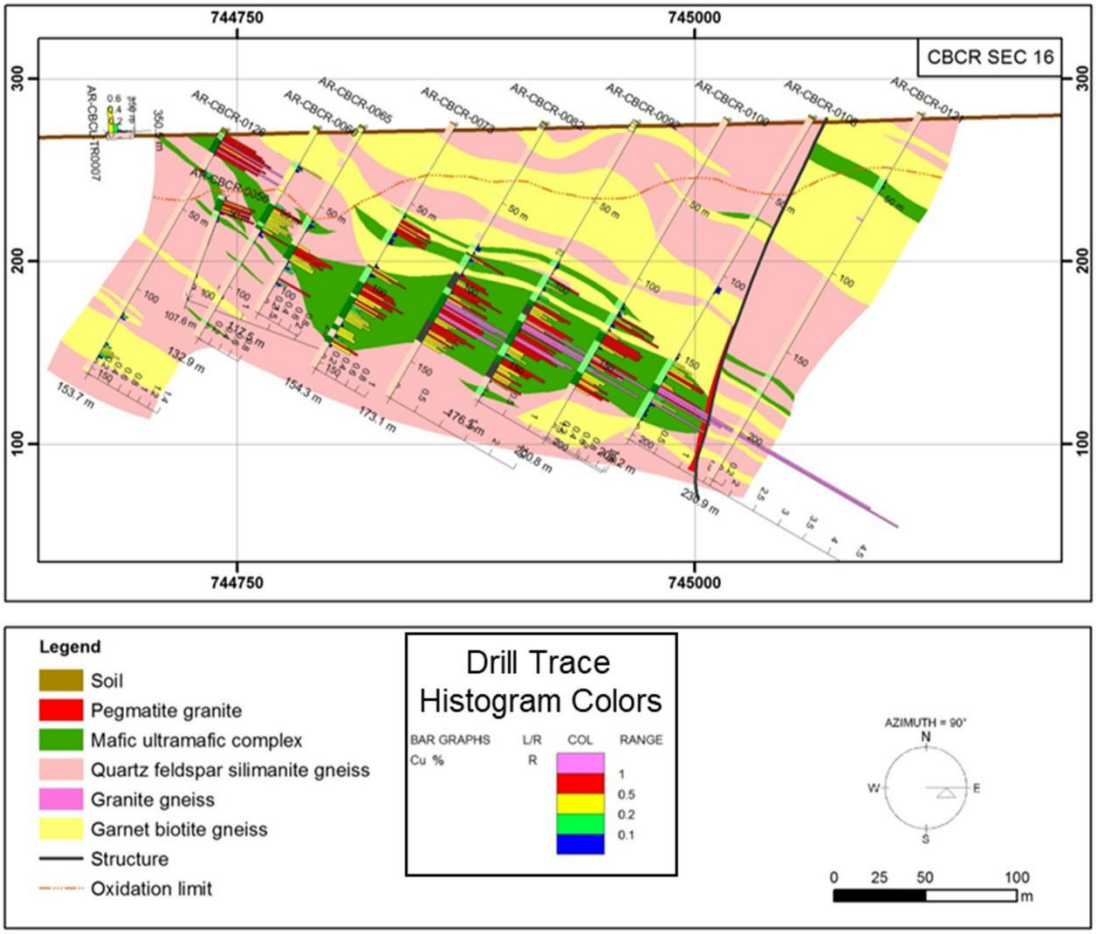
Chalcopyrite, and to a lesser degree bornite, occur as disseminations and fracture fillings. Pyrite and pyrrhotite occur locally and are more common in the hydrothermal zones. Examination of polished sections revealed that gold occurs as discrete grains 0.10 mm or less in size or as discrete grains enclosed in fracture filling in chalcocite and bornite associated with chalcopyrite. Other elements associated with the mineralisation such as nickel, gallium, vanadium, and zinc occur in trace amounts or at the detection limits. And it was possible to identify in the examination of polished sections the gold occurs as discrete grains 0.10 mm or less in size or as discrete grains enclosed in fracture filling in chalcocite and bornite associated with chalcopyrite.



Source: Aura Minerals, 2010.

Notes: Drilling shown on figure does not include recent drilling by MVV. Map north to top of figure. Hidrotermalito = hydrothermal.

Figure 7-4: Geological Map, Caboclo



Source: Ferreira, 2016.

Notes: Section looks north.

Figure 7-5: Geological Cross-Section, Caboclo–Rogério (Section 8,944,600N)

8.0 DEPOSIT TYPES

The deposit types at both Serrote and Caboclo are mafic–ultramafic magmatic copper sulphide deposits. Such deposits are well known around the world and are the principal source of nickel sulphide concentrates with copper and platinum by-products. The magmatic model described below is summarized from.

Nickel–copper sulphide deposits are associated with concentrations of sulphide minerals in mafic–ultramafic intrusions and related rocks (Ecstrand and Hulbert, 2007). Host bodies are classified based on the nature of the confining magmatic environment:

- Meteorite-impact
- Rift and continental flood basalts
- Komatiites
- Other related mafic/ultramafic bodies

Magmatic nickel–copper sulphide mineralisation forms in magmas originating in the upper mantle. As the magmas rise through the crust and begin to cool, immiscible sulphide droplets form. The sulfur originates from the magma itself and/or from the wall rocks. The sulphide droplets attract metals such as nickel, copper, iron, and platinum group elements (PGEs). These metal-rich sulphur droplets have a high density and, therefore, settle by means of gravity towards the bottom of the magma chamber. As the melt cools, the sulphide liquid crystallizes to form a concentration of pyrrhotite, pentlandite, and chalcopyrite near the bottom of the chamber.

Copper-dominated deposits of this type are rare. There are only two other known similar deposits, Caraíba in Brazil and Okiep in South Africa, and both have been mined in the past (Maier and Barnes, 1999; Oliveira and Tarney, 1995; Cawthorn and Mayer, 1993).

8.1 CP Comments on "Item 8 – Deposit Types"

Mineralisation at Serrote and Caboclo is interpreted to be magmatic, stratiform, structurally-modified sulphide mineralisation accumulated largely near the lower portions of the magnetite norite associated with magnetite concentrations. Additional local concentrations of copper sulphide minerals occur as local hydrothermal concentrations around the peripheries of the primary mineralisation likely due to remobilization of primary sulphide minerals.

In the CP's opinion an exploration model that uses a magmatic nickel–copper sulphide deposit model is reasonable as a regional targeting tool.

9.0 EXPLORATION

9.1 Grids and Topography Surveys

Surveying was done using UTM Zone 24S coordinates based on the SAD69 datum, and the IMBITUBA-SC vertical datum.

Prior to 2009, the Mine area was covered by high-resolution IKONOS satellite stereo images (Simpson, 2009). The images were geo-referenced by PhotoSat Information Ltd. in Vancouver, Canada, using recognizable points on the image with known accurate coordinates provided by MVV surveyors using the SUTM24/SAD69 projection/datum. This allowed the generation of 2.0 m contour maps that are used for field work.

9.2 Geological Mapping

There is only one significant outcrop in the project area, hence, geological mapping was largely based on interpretation of drill hole and trench data. Today, geological mapping is performed by the mine geology team in the pit and surrounding areas for grade control and check possible extensions.

9.3 Geochemical Sampling

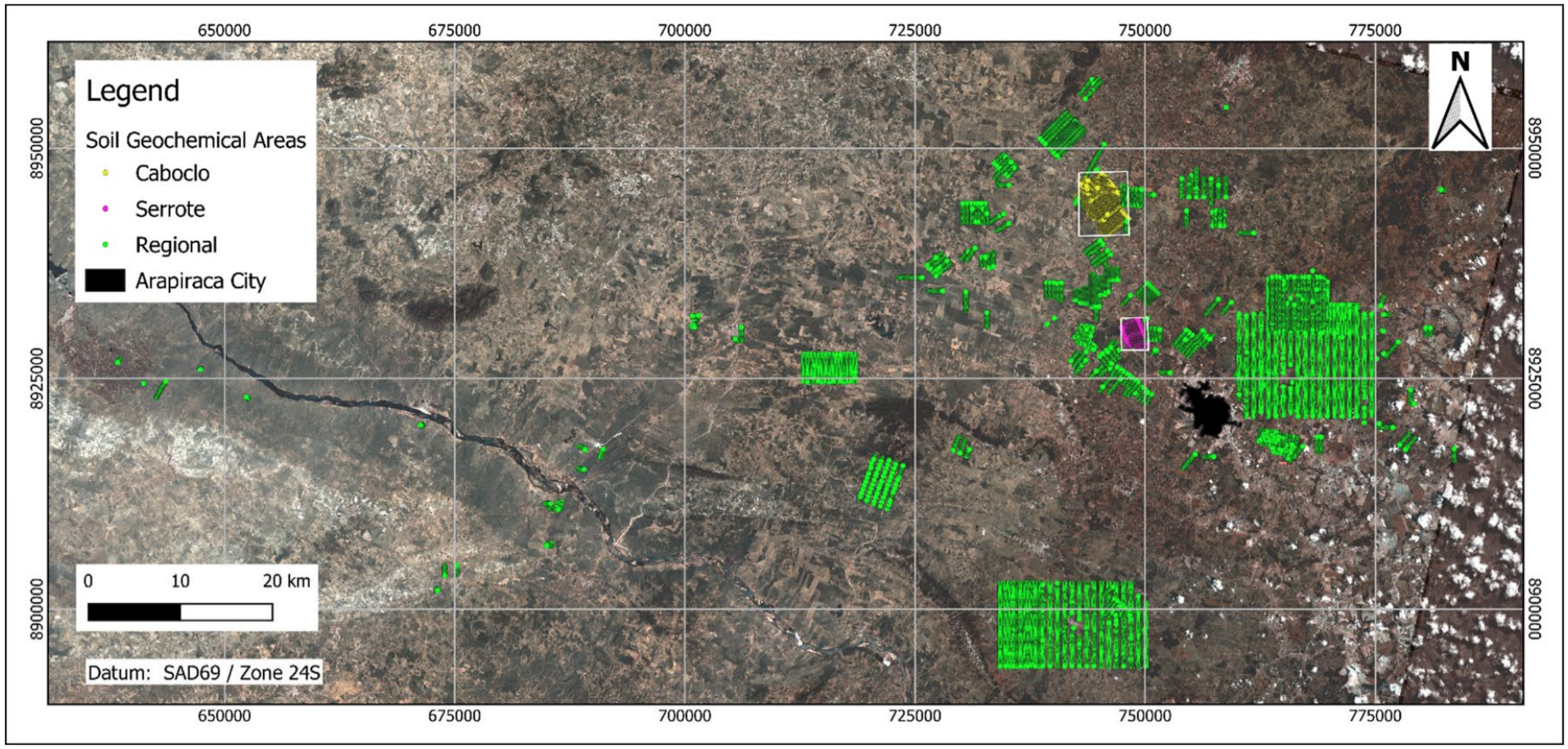
DOCEGEO have completed geochemical exploration activities at Serrote and Caboclo (Table 9-1 and Figure 9-1); however, this work was part of a much larger project comprising 21,206 soil samples analysed for copper, gold, iron, and nickel. Well-defined copper geochemical soil anomalies were outlined in these campaigns (Figure 9-2 and Figure 9-3). Those anomalies were followed up with geophysical surveys and/or drilling.

From 2020 to 2021 a new sampling campaign with a grid of 100 m by 50 m was carried out by MVV, collecting 878 samples to try to better delineate the identified copper anomalies identified in and around Calcossilicática, Adriano, Zezé, and Rogério areas. The results were considered to guide geophysical surveys and the 2021/2022 drilling campaigns (Figure 9-4).

Table 9-1: Exploration Summary
ACG Acquisition Company Limited – Serrote Mine

Area	Item	Units	DOCEGEO			Aura Minerals	MVV	Total
			1982–1986	1998–2002	Total	2007	2021	
Serrote	Topography	km	95	200	295		295	590
	Soil samples	#	1,150	1,343	2,493		2493	4,986
	Gravity measurements	#	93		93		93	186
	Magnetics	km	185	177	362	34	396	792
	Gamma ray spectrometry	km		98	98		98	196
	Induced polarization	km		101	101		101	202
	Electromagnetic	km		98	98		98	196
	Geological mapping	km	65	75	140		140	280
Caboclo	Rock samples	#	34		34		34	68
	Soil samples	#	3,408		3,408		878	4,286
	Sediment samples	#	9		9		9	18

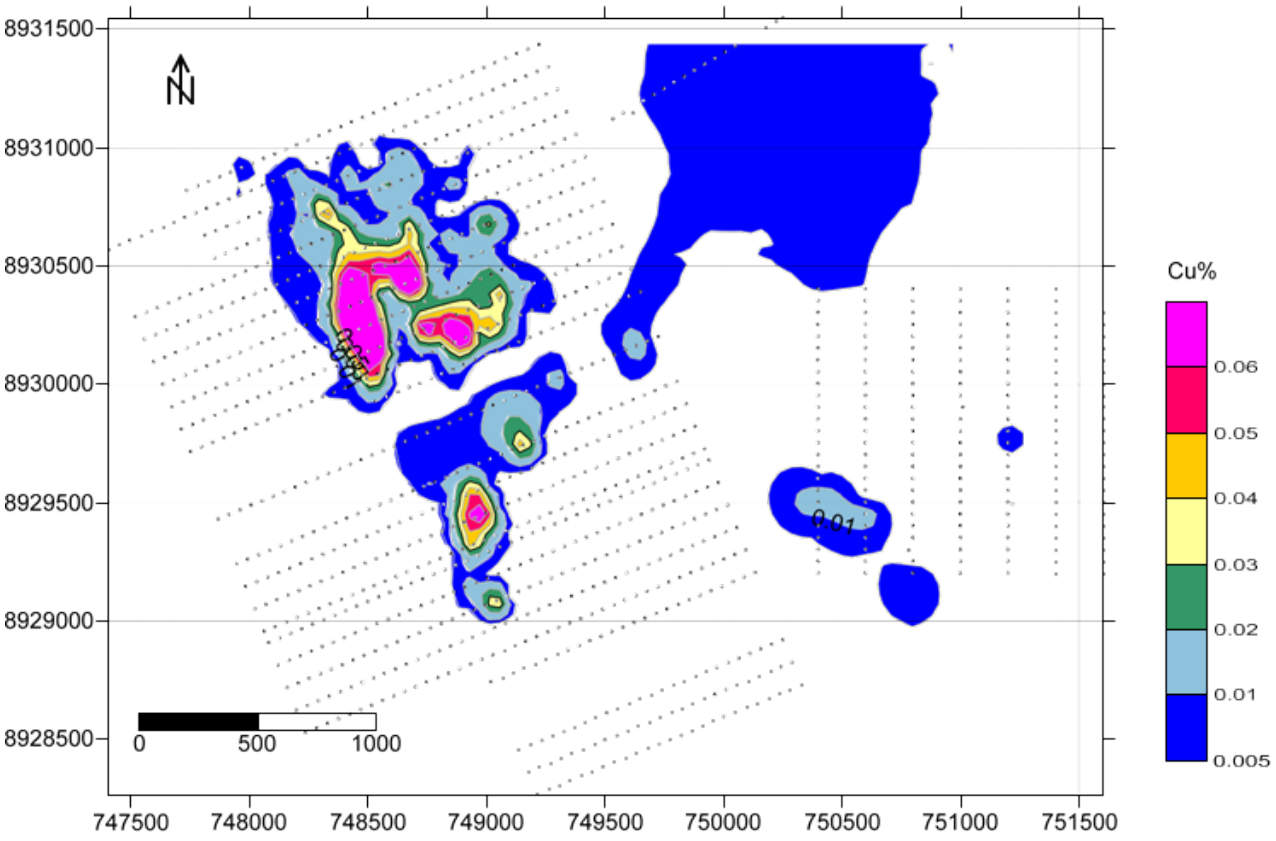
Area	Item	Units	DOCEGEO			Aura Minerals	MVV	Total
			1982–1986	1998–2002	Total	2007	2021	
	Gravity	km	23		23		23	46
	Magnetics	km	415		415	220	635	1,270
	Rock samples	#					15	15
	Soil samples	#					2427	2,427
Regional	Sediment samples	#						
	Gravity	km						
	Magnetics	km						



Source: MTS et al., 2021.

Notes: Sample locations shown as dots.

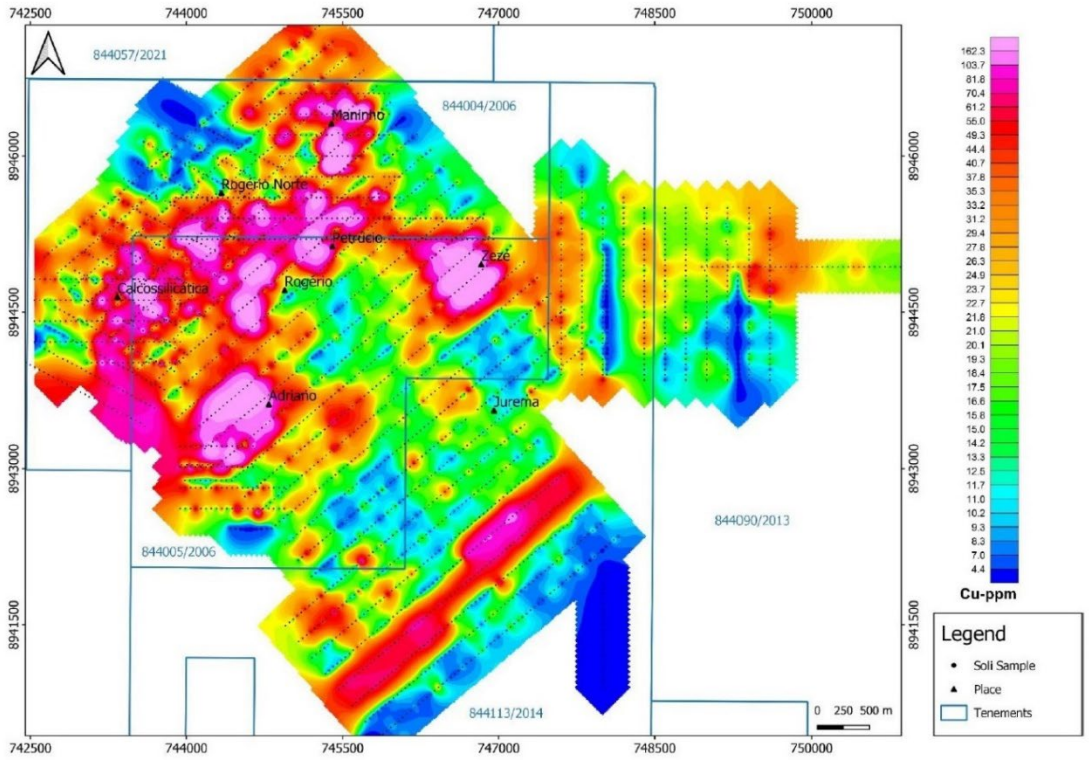
Figure 9-1: DOCEGEO Regional Soil Geochemical Sampling Program



Source: MTS et al., 2021.

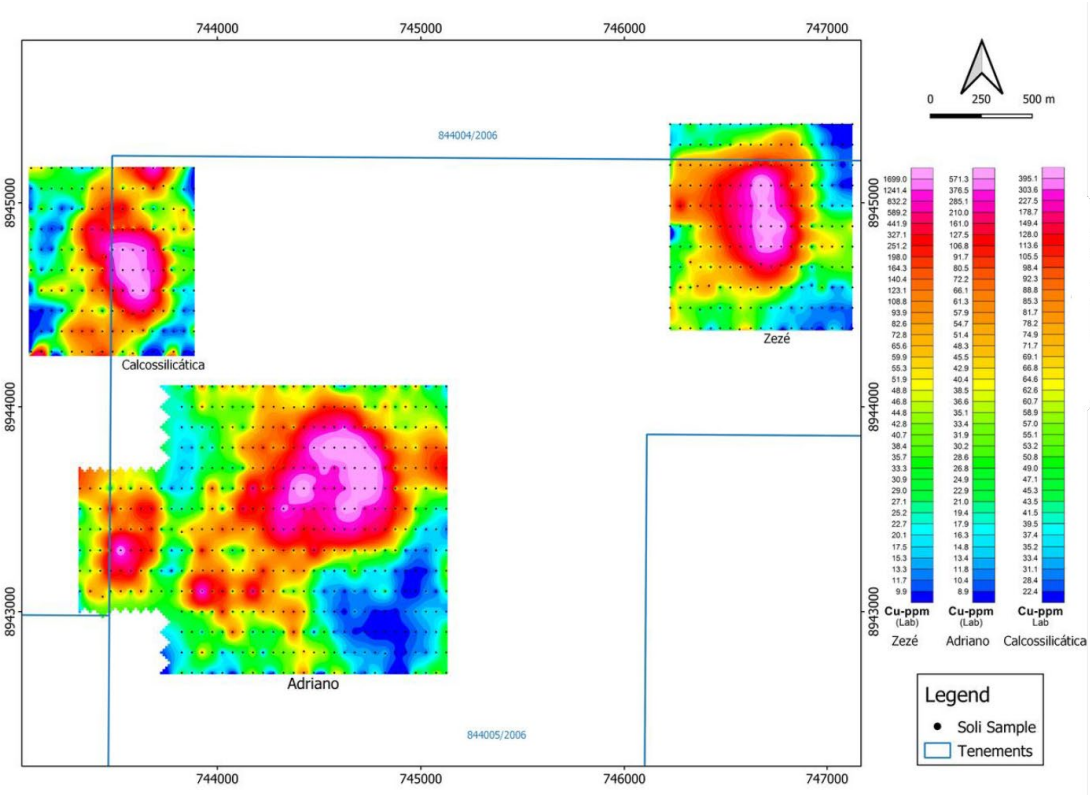
Notes: Sample locations shown as dots.

Figure 9-2: DOCEGEO (CVRD) Soil Copper Anomalies at Serrote



Source: MVV, 2022

Figure 9-3: DOCEGEO (CVRD) Soil Copper Anomalies at Caboclo



Source: MVV, 2022.

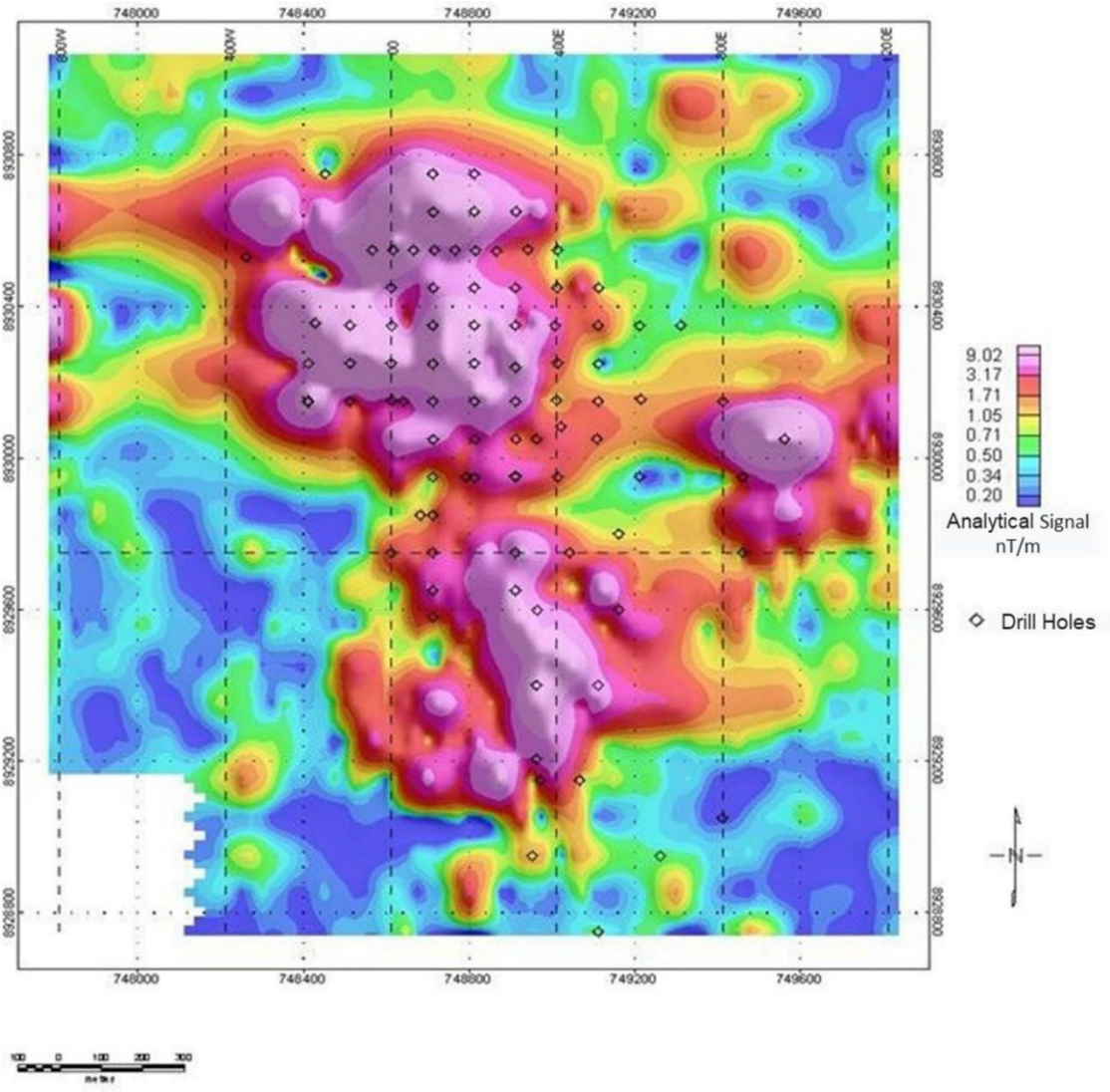
Figure 9-4: MVV Soil Copper Anomalies at Caboclo

9.4 Geophysics

Significant geophysical works were conducted at Caboclo and Serrote areas by Reconsult, Geoconsult and other companies since 2001. Most of the original data, as the original outcomes, need to be retrieved from historical files for their integration and analysis.

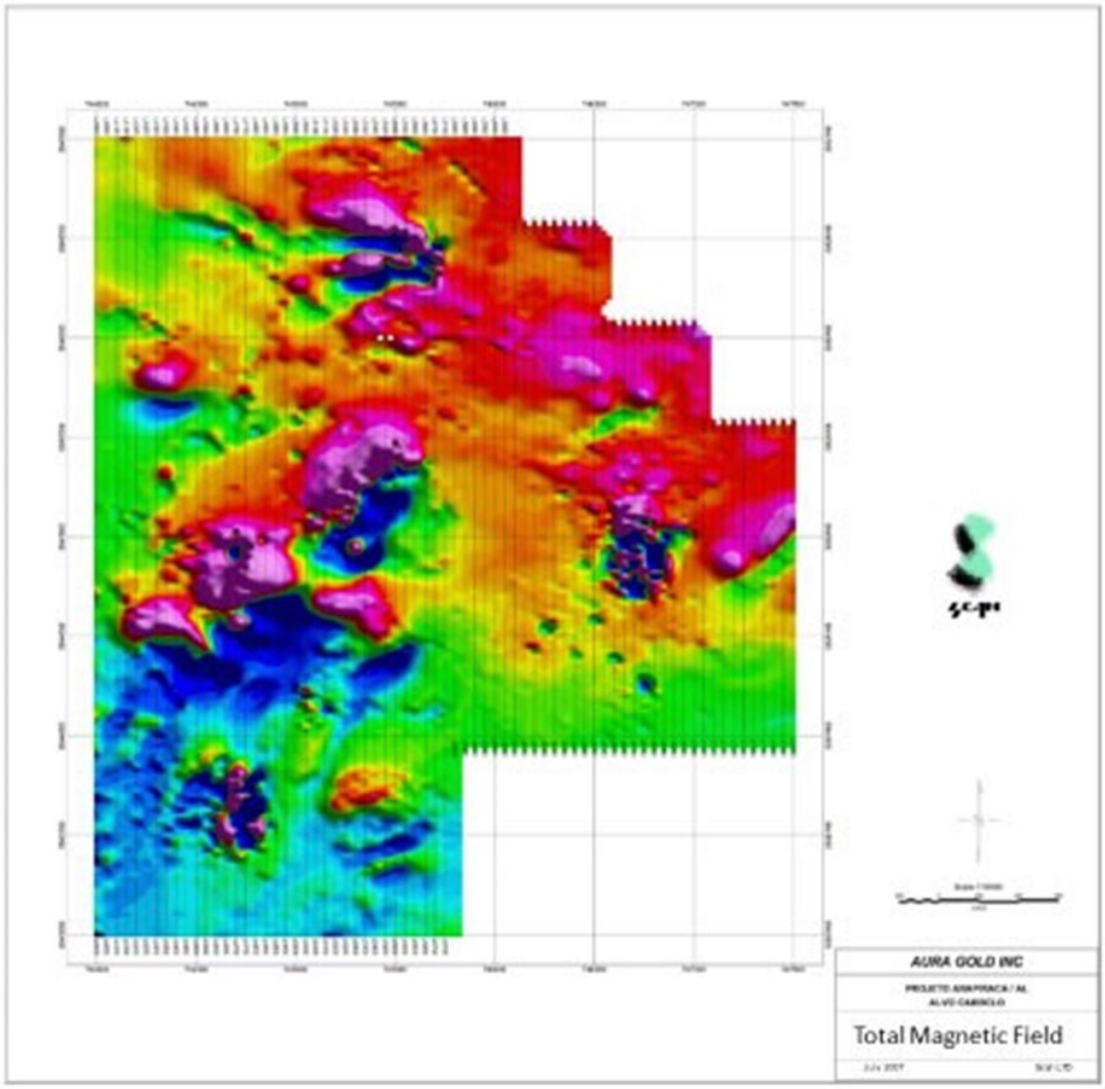
DOCEGEO completed ground magnetic and gravity geophysical surveys during initial reconnaissance and exploration programs; however, there is no information on those programs available.

Aura Minerals completed several detailed (50 m spacing) square grids of ground magnetometer surveys in the Serrote and Caboclo areas (Figure 9-5 and Figure 9-6); there are indications in the record that additional work was done that is not preserved in the current record. One report suggests that Aura Mineral surveyed 477 linear km with a ground magnetometer in the Serrote and Caboclo areas, but the record preserves information for 254 km of ground magnetics (refer to Table 9-1). The defined copper-in-soil anomalies were found to be co-incident with magnetic and gravity highs.



Source: MVV, 2018

Figure 9-5: Serrote Ground Magnetometer Data and DOCEGEO Drill Hole Locations



Source: SCAN, 2007.

Figure 9-6: Aura Minerals Ground Magnetometer Data at Caboclo

9.5 Trenches

Aura Minerals excavated 21 trenches (1,959.73 m; Figure 9-7) on the Serrote deposit to expose rocks for sampling. Trenches were excavated with a backhoe and cleaned by hand to expose bedrock or saprock. The trenches were sited to cross-cut various geological contacts and to allow the measurement and sampling of the mineralized zones on a horizontal plane.

One wall and the floor of each trench were geologically mapped.

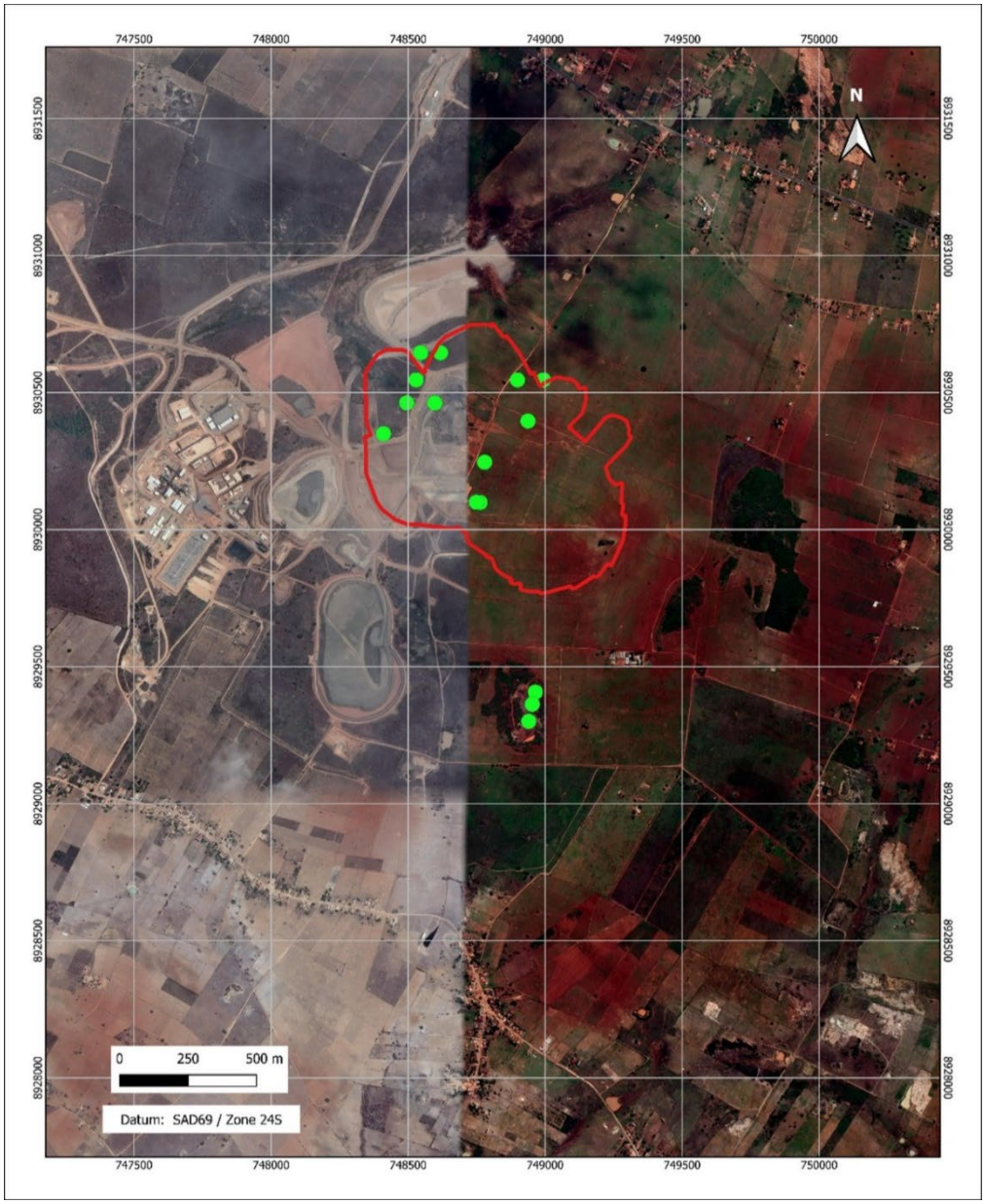
One end of each trench was considered a drill collar and surveyed with a total station instrument. From this point, the trenches were surveyed and marked every meter, and a profile was prepared. In a few cases, trenches were more pit-like, and each sample is identified as a location in the collar database.

Trenches are considered to be horizontal drill holes and are used in the Mineral Resource estimates.

In Caboclo area sampling was carried out on the floor of the trenches, at 2 m intervals, while some samples were taken in vertical channels, to cut the horizontal structures. The walls of the north to northwest quadrant were mapped at 1:200 scale and the floor focused on the structural pattern of rock deformation.

DOCEGEO opened nine trenches with 1,782 channel samples, while Aura Minerals excavated 10 trenches in 2007/2008, totalling 1,620 linear m with 518 floor samples and 75 vertical channel samples.

At Caboclo, a total of 87 trenches and 1,658 m were also executed to check anomalies (Figure 9-8) but data was surveyed with hand-held GPS and cannot be used for mineral resource estimation purposes.



Source: MTS et al., 2021.

Notes: Green circles are trench locations; red outline is the limits of the open pit.

Figure 9-7: Serrote Trench Location Plan

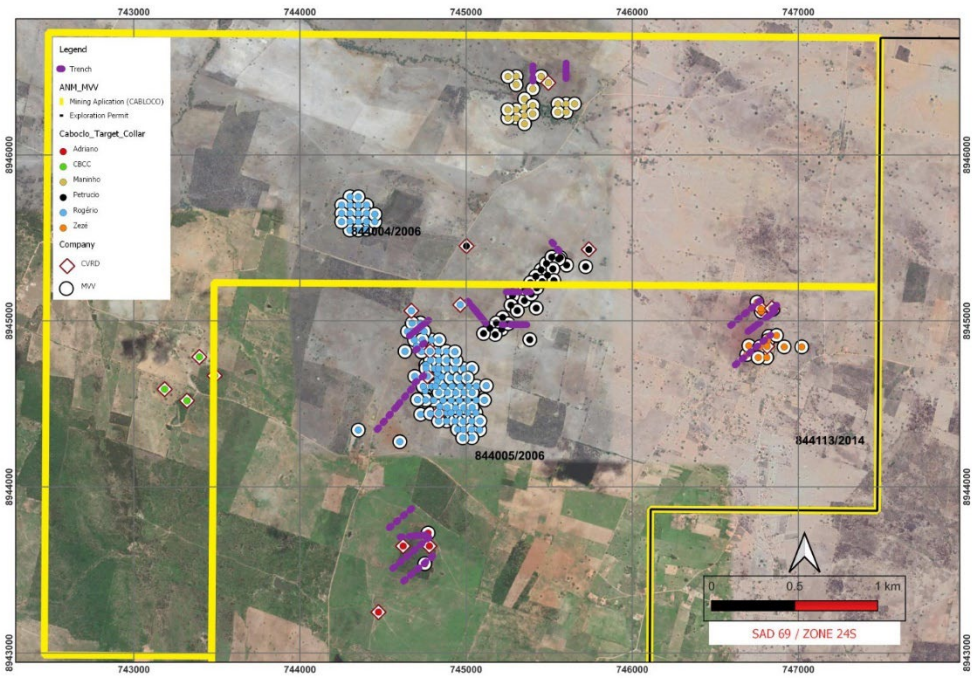


Figure 9-8: Caboclo Trench Location Plan

9.6 Petrology, Mineralogy, and Research Studies

Gaspar (2008) discusses the mineral chemistry of the deposit. Minerals present in products from process assays were analysed by electron microprobe to determine the characterization and nickel contents. The copper distribution in sulphides, silicates and oxides are very important for the understanding of copper recovery. Nickel bearing sulphides were also analysed.

Ferreira (2008) discusses the metallogenetic model of the Serrote deposits and Canedo (2016) submitted an unpublished M.Sc. thesis on the Serrote deposit geology and mineralisation at the University of Brasilia.

To identify the lithotypes at Caboclo target twelve samples from drill core were selected for petrographic analysis. Four samples were selected for reflected light microscopy of sulphide minerals. Petrographic analyses were performed by MOTTA de LAFÕES consulting.

Table 9-2 lists the classification after petrographic analysis.

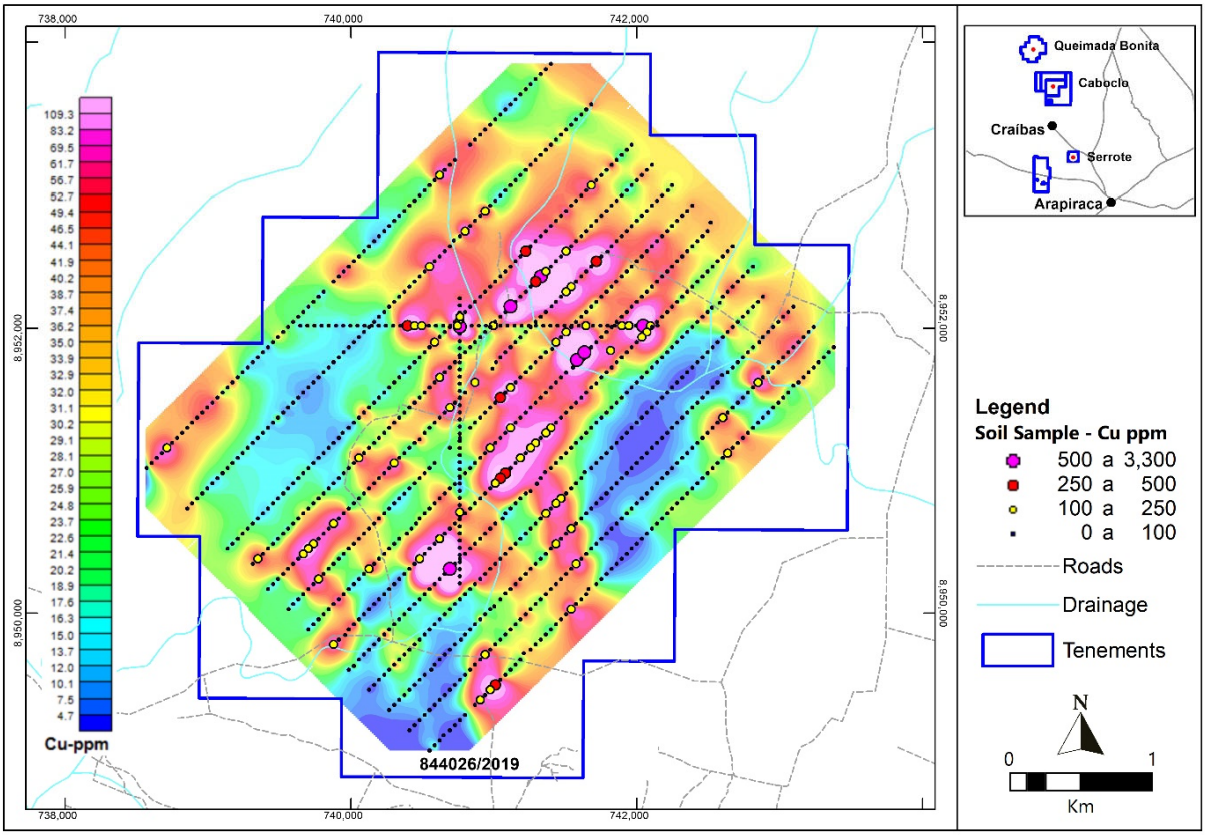
Table 9-2: Summary of Petrographic Samples at Caboclo
ACG Acquisition Company Limited – Serrote Mine

Hole	Sample	From	To	Previous Name	Rock Name Reclassification
CBC-123	CBC-123-01	126.74	126.89	Mano	garnet-plagioclase biotite sulphide schist sheared
CBC-193	CBC-193-01	23.28	23.49	BIT	garnet-plagioclase-cyanite biotite schist shear
CBC-193	CBC-193-02	43.14	43.3	Mano	plagioclase biotite sulphide schist sheared
CBC-193	CBC-193-03	99.59	99.75	QFSG	hornblende-biotite garnet gneiss
CBC-203	CBC-203-01	46.85	47	DBN	garnet-sillimanite-biotite schist
CBC-203	CBC-203-02	140.14	140.3	MGTT/GB	hydrothermalized layered metagabronorite
CBC-203	CBC-203-03	167.19	167.34	QFSG	biotite gneiss with hydrothermalized titanite
CBC-203	CBC-203-04	122.43	122.53	GB	biotite-sillimanite-plagioclase schist sulphide and shear
CBC-208	CBC-208-01	69.9	70.01	GB	hydrothermalized metagabronorite
CBC-208	CBC-208-02	89.51	89.64	MGTT	magnetite in contact with sheared and hydrothermalized metagabbro
CBC-225	CBC-225-01	152.15	152.3	BIT	garnet biotite shear sulphide schist
CBC-227	CBC-227-01	48.89	49	MGTT	magnetite in contact with sheared and hydrothermalized metagabbro

9.7 Exploration Potential

9.7.1 Queimada Bonita

Queimada Bonita is a prospect based on a 2,500 m to 3,000 m long copper–gold–nickel-in-soil anomaly, associated with magnetite–norite–gabbro and amphibolite (Figure 9-9). Gravity and surface magnetometer surveys were completed over the geochemical anomaly. No drilling has been completed to date.



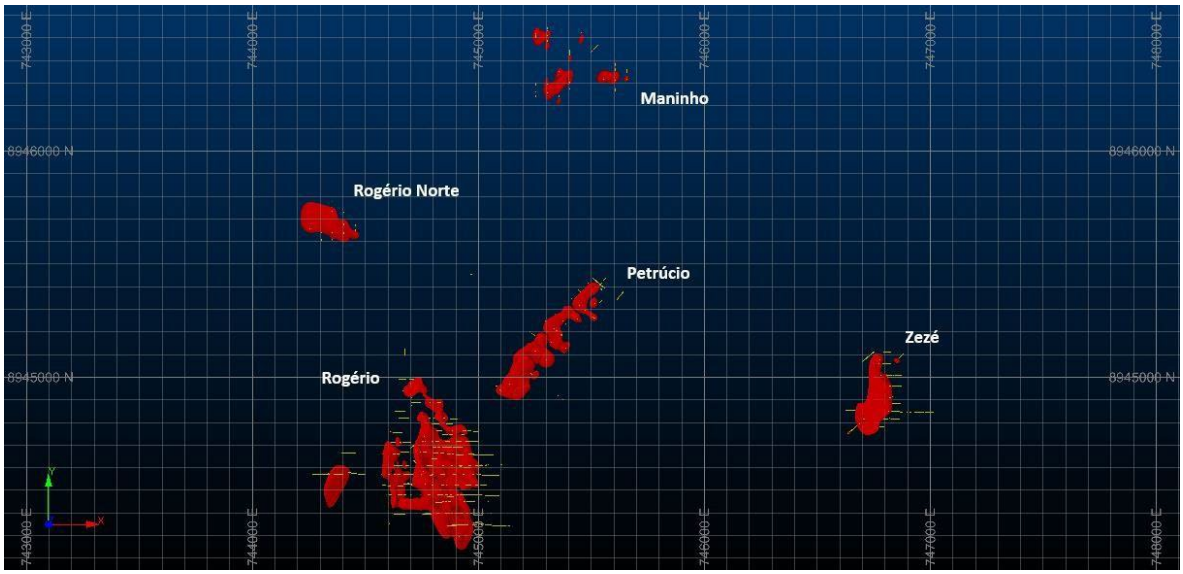
Source: MTS et al., 2021.

Figure 9-9: Queimada Bonita Cu Soil Sample Results

9.7.2 Caboclo

Based on a review of the drilling in the Caboclo mineralized zone, and other exploration work on the property such as geophysical surveys, geological mapping, soil geochemistry, and drill testing of other targets, GeoEstima estimates that the potential tonnage and grade of mineralisation at the Caboclo area could be from 10 Mt to 25 Mt grading from 0.3% Cu to 0.7% Cu, and from 0.1 g/t Au to 0.2 g/t Au. The CP cautions that the potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.

The upper and lower values of the above grade ranges are based on the existing drill hole information, with consideration given from the surrounding areas. The estimated tonnage range is based on the dimensions of the mineralized bodies tested by drilling that have intercepted mineralized bodies distributed in five main targets: Rogério (Rogério and Rogério Norte), Adriano, Petrúcio, Maninho, and Zezé (Figure 9-10).



Source: MVV, 2022.

Notes: Red shows the grade-shell outlines for potential targets.

Figure 9-10: Targets in Caboclo Area for Further Exploration

9.8 CP Comments on "Item 9 – Exploration"

Exploration completed to date is appropriate and has been adapted to the local regolith development. The exploration programs identified the Serrote deposit and Caboclo exploration target; most of the exploration results have been followed up with drilling. The Queimada Bonita prospect has anomalous copper, gold, and nickel values that warrant additional investigation.

10.0 DRILLING

10.1 Introduction

As of December 31, 2022, the Serrote project drill hole database consists of a total of 9,631 drill holes totalling 207,231 m drilled, including RC, DDH, bast holes, auger, penetration and geotechnical holes (mixed), and piezometers. In addition, 21 trenches (1,960 m) were opened and properly surveyed to support mineral resource estimation.

Three companies completed drill campaigns at Serrote and Caboclo (DOCEGEO, Aura Minerals, and MVV) in the following years:

- DOCEGEO (1986–2007)
- Aura Minerals (2007–2018)
- MVV (2018– December 31, 2022)

Drilling at both Serrote and Caboclo is summarized in Table 10-1 and Table 10-2, and the drill collars are shown in Figure 10-1 (Serrote) and Figure 10-2 (Caboclo). Drilling included core, reverse circulation (RC), and auger methods.

The Serrote Mineral Resource estimates are supported by approximately 701 core and RC drill holes and trenches (97,467.3 m) with a data cut-off date of May 10, 2021. Since this data cut-off date, an additional 214 drill holes have been completed in the Serrote area.

A selection of the core holes completed by Aura Minerals was used to generate a metallurgical composite for metallurgical testwork as shown in Figure 10-3.

Table 10-1: Serrote Drill Hole Summary as of December 31, 2022
ACG Acquisition Company Limited – Serrote Mine

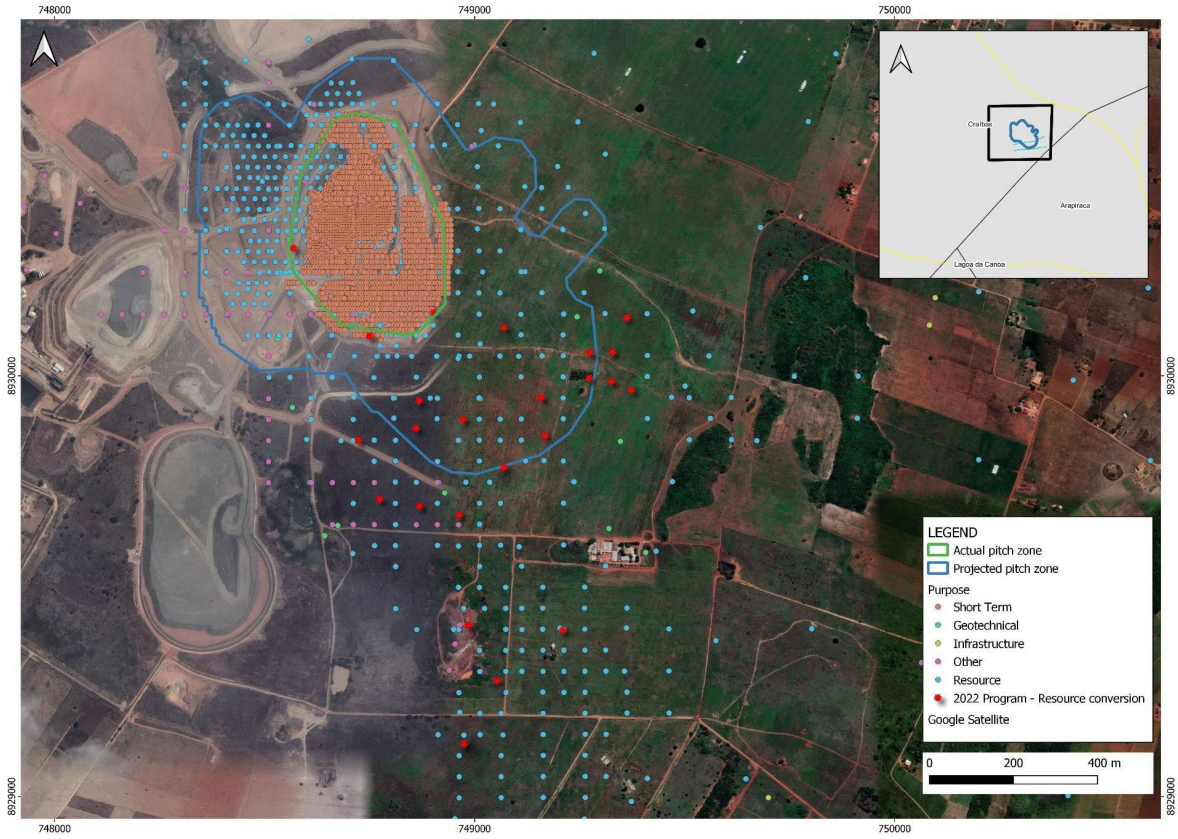
Year	Operator	Drilling Company	Drill Type	Number of Drill Holes	Metreage (m)
pre-1985	DOCEGEO	DOCEGEO	Mixed	61	306.7
1985	DOCEGEO	DOCEGEO	Core	11	2,081.44
	DOCEGEO	GEOSOL	Core	26	6,423.43
1999	DOCEGEO	GEOSOL	Core	11	1,301.15
2000	DOCEGEO	GEOSERV	Core	13	3,272.05
2001	DOCEGEO	GEOSOL	Core	28	3,821.04
2007	Aura Minerals	GEOSOL	Core	104	18,334.38
	Aura Minerals	GEOSOL	Core	162	39,810.16
	Aura Minerals	VOG	Core	8	1,238.24
	Aura Minerals	VOG	Mixed	57	696.41
2008	Aura Minerals	GEOSEDNA	RC	66	9,105.00
	Aura Minerals	MVV	Trench	18	1,817.83
	Aura Minerals	GEOAKT	Mixed	9	8.95
	Aura Minerals	GEOAKT	Piezometer	5	8.7
2009	Aura Minerals	MVV	Auger	20	42.1

Year	Operator	Drilling Company	Drill Type	Number of Drill Holes	Metreage (m)
	Aura Minerals	GEOSOL	Core	22	3,695.62
	Aura Minerals	MVV	Trench	3	141.9
2010	Aura Minerals	GEOSOL	Core	7	1,546.55
2011	Aura Minerals	MVV	Auger	30	92.5
2018	MVV	GEOAGRO	Core	8	1,375.75
2019	MVV	SERVITEC	RC	252	10,242.00
	MVV	GEOAGRO	Core	21	825.05
2020	MVV	FAGUNDES	RC	644	11,941.00
2021	MVV	FAGUNDES	RC	3,984	34,796.64
	MVV	FAGUNDES	RC	3,800	38,139.48
2022	MVV	SERVITEC	RC	237	8,919.00
	MVV	GEOSOL	Core	24	7,247.90
			Total Serrote	**9,631**	**207,230.97**

Note: Mixed = mixed drilling (penetration and core geotechnical hole)

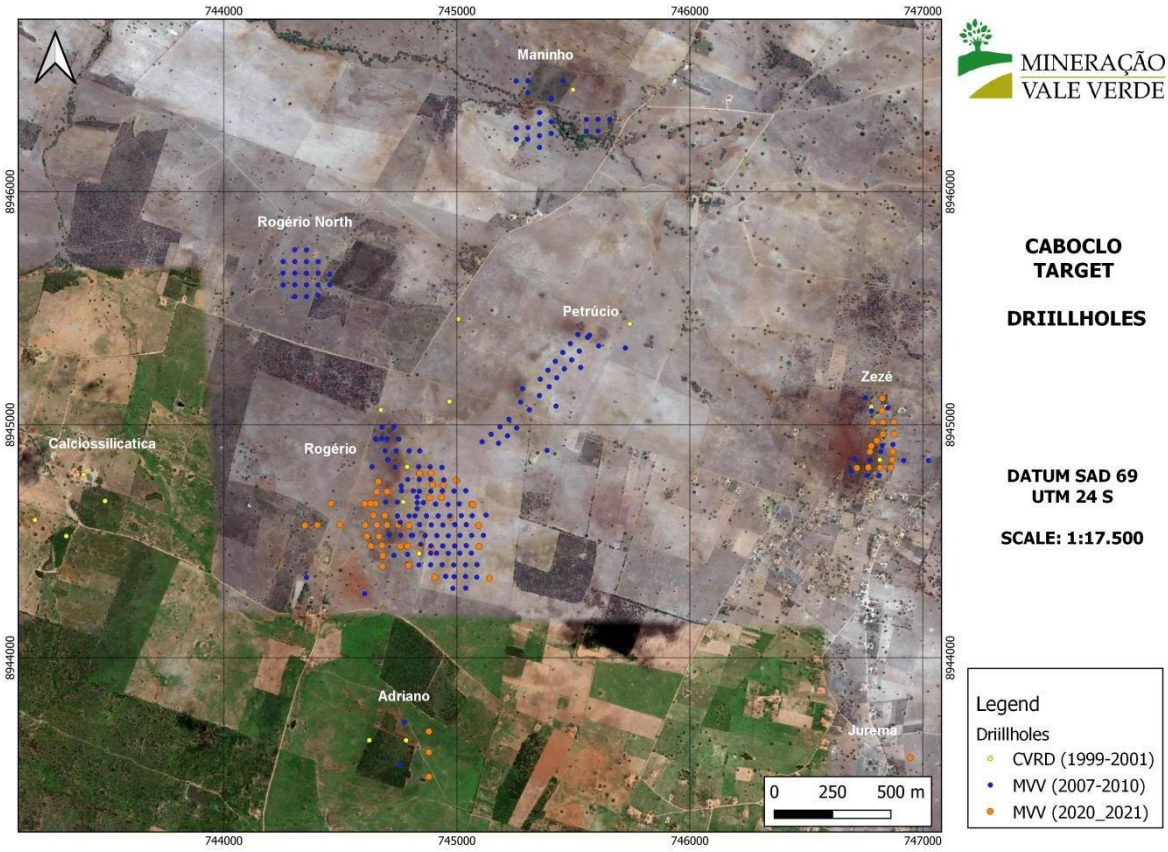
Table 10-2: Caboclo Drill Hole Summary as of December 31, 2022
ACG Acquisition Company Limited – Serrote Mine

Area	Year	Operator	Drill Type	Number of Drill Holes	Metreage (m)
Adriano	2001	DOCEGEO	Core	3	374.12
	2007	Aura Minerals	Core	2	347.44
	2007	Aura Minerals	Trench	1	155.1
Maninho	2001	DOCEGEO	Core	1	159.9
	2007	Aura Minerals	Core	5	709.59
		Aura Minerals	Trench	6	224.6
	2008	Aura Minerals	Trench	15	9.9
	2010	Aura Minerals	Core	15	1,625.27
Petrúcio	2000	DOCEGEO	Core	1	97.95
	2001	DOCEGEO	Core	1	149.4
	2007	Aura Minerals	Core	4	577.24
	2007	Aura Minerals	Trench	2	375.85
	2008	Aura Minerals	Core	1	162.63
		Aura Minerals	Trench	16	161.3
	2010	Aura Minerals	Core	26	3,301.77
Rogério	2000	DOCEGEO	Core	2	195.8
	2001	DOCEGEO	Core	3	442.7
	2007	Aura Minerals	Core	8	1,338.06
		Aura Minerals	Trench	2	151.5
	2008	Aura Minerals	Core	20	2,667.66
		Aura Minerals	Trench	28	369.3
	2009	Aura Minerals	Core	29	4,358.05
	2010	Aura Minerals	Core	51	8,067.23
	2020	MVV	Core	31	4,046.80
	2021	MVV	Core	15	1812.41
Zezé	1999	DOCEGEO	Core	2	188.5
	2001	DOCEGEO	Core	1	122.85
	2007	Aura Minerals	Core	4	614.07
		Aura Minerals	Trench	5	36.21
	2008	Aura Minerals	Core	9	1,181.63
		Aura Minerals	Trench	12	208.7
	2021	MVV	Core	16	1311.51
Calcossilicática W	2001	DOCEGEO	Core	4	617.95
Exploration	2020	MVV	Core	1	168.45
			Total Caboclo	**342**	**36,331.44**



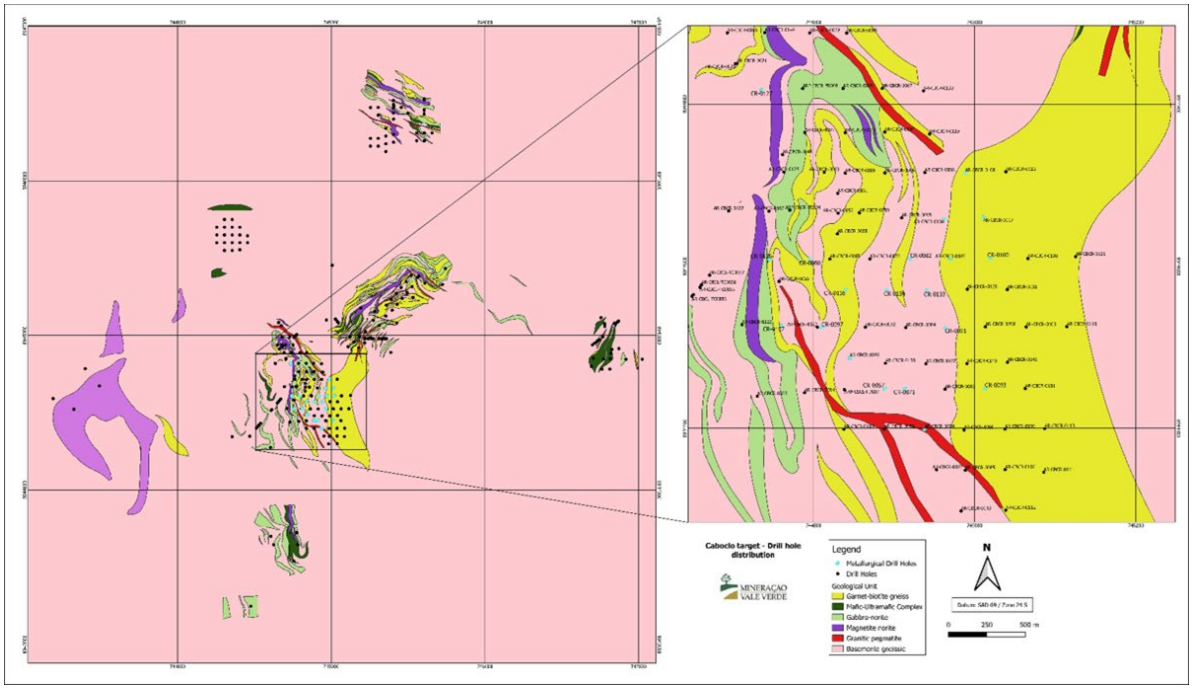
Source: MVV, 2022.

Figure 10-1: Serrote Drill Collar Location Plan



Source: MVV, 2022.

Figure 10-2: Caboclo Drill Hole Location Map



Source: MTS et al., 2021.

Notes: No drill holes on this figure were completed by MVV.

Figure 10-3: Drilling Supporting Caboclo Metallurgical Testwork

10.2 Drill Methods

10.2.1 DOCEGEO

There is no information on the drill rig types or operators for the early drilling at Serrote and Caboclo performed by DOCEGO. DOCEGEO used BQ (46.1 mm core diameter) and NQ (60.3 mm) diamond-tipped core tools. The database indicates that DOCEGEO used Geosol Geologia e Sondagens Ltda. (Geosol) and GEOSERV as drilling contractors as well as their own drills and drillers (RIODOCE), but that is unverified. No drill equipment details are in the database.

10.2.2 Aura Minerals

All core drilling completed by Aura Minerals at the Serrote deposit and Caboclo exploration target was done by Geosol Geologia e Sondagens Ltda. (Geosol) based in Belo Horizonte. Geosol used modified JKS Boyes 1500 drill rigs mounted on skids and moved by trucks with Munck lifts. As many as five rigs were used simultaneously. Aura Minerals used HQ (77.8 mm) and NQ diameter diamond tipped core tools.

RC drilling was performed by Geosedna Perfurações Especiais Ltda. (Geosedna) from Belo Horizonte, using a truck-mounted INGERSOL RAND rig, model TH 10 LM, equipped with a 900 CFM x 350 PSI compressor and drills 4½" to 5 1/5" diameter holes with tricone bits and/or downhole pneumatic hammers.

Trenches at Serrote and Caboclo were excavated using track-mounted excavators.

10.2.3 MVV

The core drilling contractors were Geo-Agro using skid-mounted Longyear 44-type drills with H-sized core (63.5 mm), reduced to N-size (47.6 mm) when necessary and Geosol using skid-mounted Mach 1200 type drills using HQ-size (63.5 mm) until 200 m depth and reduced to NQ-size (47.6 mm) to the end of the hole. Table 10-3 summarises the previous contractors used in Serrote drilling activities.

RC drilling was completed by Servitec-Foraco using Atlas Copco Explorac 50 drills and 150 mm drill bits. Grade control used a Sandvik DX800 (Direct circulation) blasthole drill with a pattern of 6.5 x 12.5 m, with a 3" bit. Grade control drill holes are typically no deeper than 20 m.

Table 10-3: Drill Contractor Summary Table
ACG Acquisition Company Limited – Serrote Mine

Year	Drilling Company	Number of Drill Holes	Metreage (m)
pre-1985	DOCEGEO	61	306.7
1985	DOCEGEO	11	2081.44
1985	GEOSOL	26	6423.43
1999	DOCEGEO	2	188.5
1999	GEOSOL	11	1,301.15
2000	GEOSERV	16	3,565.8
2007	GEOSOL	127	21,920.78
2007	MVV	16	943.85
2008	GEOSOL	192	43,822.08
2008	MVV	84	2,566.44

Year	Drilling Company	Number of Drill Holes	Metreage (m)
2008	GEOAKT	19	17.65
2008	GEOSEDNA	66	9,105
2008	VOG	65	1,934.65
2009	GEOSOL	51	8,053.67
2009	MVV	23	184
2010	GEOSOL	99	14,540.82
2011	MVV	30	92.5
2018	GEOAGRO	8	1,375.75
2019	GEOAGRO	21	825.05
2019	SERVITEC	252	10,242
2020	FAGUNDES	644	11,941
2020	SERVIDRILL	32	4,215.25
2021	FAGUNDES	3,984	34,796.64
2021	SERVIDRILL	3	471.6
2021	SIGMA	28	2,652.32
2021	GEOSOL	41	5,687.96
2022	FAGUNDES	3,800	38,139.48
2022	SERVITEC	237	8,919
2022	GEOSOL	24	7,247.9
	TOTAL	**9,973**	**243,562**

10.3 Logging Procedures

10.3.1 DOCEGEO

During the DOCEGEO campaigns, core was put in boxes, labelled, logged and the core recovery noted; however, there is no record of the procedures followed. Existing logs consist of descriptions of lithology, colour, grain size, rock hardness, structures, oxide and sulphide percentages, and oxidation state. Those data were captured in the current database.

No rock quality designation (RQD) measurements were taken, nor was the core photographed during these campaigns.

10.3.2 Aura Minerals

Aura Minerals drilling protocols required a geological technician on site during drilling operations to note any problems, perform rod counts, measure core recoveries in real time, and ensure that metal tags were inserted and properly labelled after each drill run. Boxes of drill core were delivered to the core handling/logging facility on a daily basis. Magnetic susceptibility measurements (three discreet measurements per metre and averaged) and geotechnical and geological logging were then completed.

Core was cleaned and geotechnical logs prepared that included recovery, joint density and fill, and RQD. After geotechnical logging, core was logged for lithology, alteration, oxidation state, structure

and mineralisation. After geotechnical and geological logging were complete, the core was photographed with the marked samples and cut line. Geologists were responsible for logging and marking samples and applying the cut lines to be followed by the core-cutting technicians.

Samples were selected for density determinations after being photographed. After density was determined, the material was returned to the core box and became part of the sample. The core was then sent to be split with a rock saw.

RC cuttings were logged using a binocular microscope. Lithology, alteration, oxidation state and mineralisation were routinely logged.

10.3.3 MVV

Core logging is covered by a number of standard operating procedures dating from 2008 that discuss requirements for photography and lithological and geotechnical logging. Lithology, structure, texture, grain size, alteration, types and amounts of mineralisation, base of oxidation, and structural measurements on oriented core are covered by the standard operating procedures. These standard operating procedures also describe sampling and QC measures for analysis.

After the core boxes were checked for accuracy, geologists recorded the geological log directly on a palmtop. Two worksheets (lithological description and structural description) were filled in using drop down menus so that the possibility of extraneous data was very small. Lithological intervals were limited to a minimum of 1 m.

Representative RC cuttings were placed in tray boxes and logged for lithology, mineralogy, alteration, and oxidation state.

10.4 Recovery

10.4.1 DOCEGEO

Core recovery at Serrote and Caboclo was reported to be generally excellent (+95%) in the DOCEGEO programs; however, those data are not in the current database.

10.4.2 Aura Minerals

From 2007 to 2010 Aura Minerals drilling programs reported as average core recovery of 97.8%.

10.4.3 MVV

The holes drilled by MVV in Serrote area do not present recovery information, both for DDH and RC.

The DDH holes drilled by MVV in Serrote area in 2022 shows an average recovery of 99% and RC drilling 79%.

For Caboclo area, from 2020 to 2021, it was reported an average of 93% of recovery for all drillholes.

10.5 Collar Surveys

10.5.1 DOCEGEO

There is no record of how DOCEGEO collar surveys were performed.

10.5.2 Aura Minerals

Core and RC collars at both Serrote and Caboclo were initially spotted by a surveyor and located in local grid coordinates. Final collar surveys were performed with total station instruments using UTM Zone 24S coordinates based on the SAD69 datum.

Trench locations were surveyed with total station instruments using UTM Zone 24S coordinates based on the SAD69 datum.

10.5.3 MVV

MVV surveyed collars with a differential GPS (DGPS) using a base and roving station. The South American Datum, 1969 – IBGE – Brasil (SAD 69; UTM Zone 24S coordinates) was used for the horizontal datum. The vertical datum was Marégrafo de IMBITUBA-SC. Particulars of the instrumentation are not recorded in the geological data.

10.6 Downhole Surveys

10.6.1 DOCEGEO

The record indicates that the DOCEGEO holes had no downhole surveys. Most holes at Serrote were vertical; however, 11 of the 89 core holes recorded in the database had inclinations of -80o to -65o. Those with <100 m depth are unlikely to have deviated significantly; however, there are a number of holes in the 150 m to 410 m range that should have restricted use. Any block that relies more than 50% on holes more than 150 m deep should be restricted to Inferred Mineral Resources at best.

At Caboclo, DOCEGEO drilled 18 holes, 16 of which were angled at -60o to -70o and two of which were vertical holes. No downhole surveys were performed. Six of those holes were <100 m in length and unlikely to have been subject to significant deviations. The holes longer than 100 m should be used with caution as they may deviate significantly and should have restricted use. Any block that relies more than 50% on holes more than 150 m deep should be restricted to Inferred Mineral Resources at best.

10.6.2 Aura Minerals

At Serrote, vertical drill holes and a small number of angle holes deeper than 300 m were surveyed using a gyroscopic instrument, with readings every 4 m or 30 m down-hole depending on the instrument. Most inclined holes were surveyed using a Maxibor instrument, which provides azimuth and dip measurements every 3 m; however, some Maxibor data are on 4 m centres. Some vertical and inclined holes were surveyed using a Reviflex instrument on 4 m stations. Deviations are fairly constant and rarely vary more than a few degrees over the length of the drill hole.

Few holes less than 300 m deep were downhole surveyed. Blocks in the block model that rely more than 50% on the results of assays more than 100 m deep without downhole surveys should be restricted to Inferred Mineral Resources because deviation is not known and can be significant.

No downhole surveys were performed at Caboclo. Blocks relying on samples more than 100 m downhole should be restricted to Inferred Mineral Resources.

10.6.3 MVV

Core holes drilled to collect metallurgical samples were surveyed with a Maxibor on 3 m intervals. Downhole surveys were not performed on RC holes whose average depth is about 40 m, and none were needed as deviations are unlikely to be material to Mineral Resource estimation.

The downhole surveys for exploration drill holes were completed by MVV using a non-magnetic down hole equipment to measure the deviation of the GYRO PATH and was performed by DipCore on 3-m intervals.

For 2022 drilling program, the downhole survey was done using a Reflex Gyro north seeker equipment.

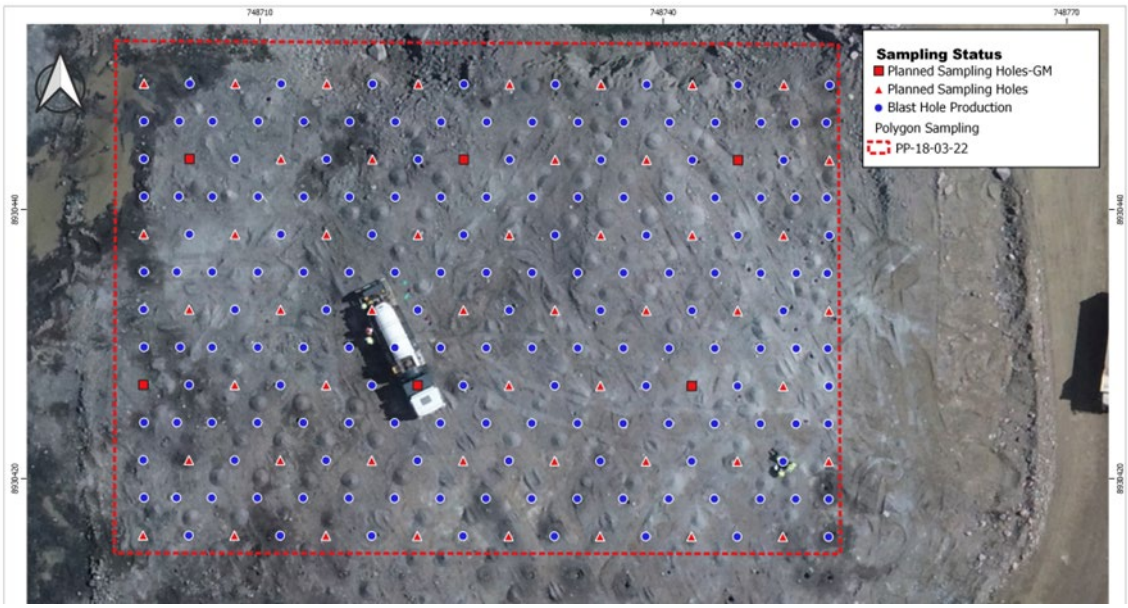
10.7 Grade Control

MVV uses blast holes for grade control and the drilling is performed by MVV personnel. The collars are surveyed by MVV staff (Figure 10-4).

The blast hole grid is approximately 5 m by 6 m and the blast hole depths average 10 m. Sample length intervals are controlled by lithology.

The holes sampled are sent to the internal laboratory in batches containing blast hole and control samples. All samples are logged, and the information is inserted into the geological database used in the short-term model.

The short-term geological model is updated weekly with the new blast hole information. Polygon grades are estimated using all available blasthole data and the core and RC data and then classified according to grade ranges to facilitate the ore blending to feed the plant.



Source: MVV, 2022.

Figure 10-4: Example of Blast Hole Sampling for Grade Control Purposes

10.8 Sample Length/True Thickness

Figure 7-3 shows the relationship between drill holes and mineralisation at Serrote. For the most part, the mineralisation is intersected at about 90º with some intersections at 70º. The 70º intersections produce a true thickness that is 94% of the drilled intercept, thus, true thickness is not considered to be a concern at Serrote.

10.9 CP Comments on "Item 10: Drilling"

In the opinion of the CP, the quantity and quality of the logged geological data, collar, and downhole survey data collected in the exploration and infill drill programs are sufficient to support Mineral Resource and Mineral Reserve estimation and mine planning at Serrote:

- Core and RC logging meets industry standards for nickel–copper–gold exploration.
- Collar survey methods for the DOCEGEO drill programs was not recorded. Collar surveys for the Aura Minerals and MVV programs were performed using industry standard instrumentation.
- Downhole surveys were not performed for the DOCEGEO drilling. The actual location of the drill hole traces below approximately 150 m deep is less certain.
- Downhole surveys for the Aura Minerals programs were performed using industry standard instrumentation; however, many 100 m to 300 m deep holes were not surveyed.
- MVV downhole surveys were performed using industry standard instrumentation.
- Recovery data from core programs are acceptable, however it is recommended to record the information collect for new core in the database.
- Drill orientations are generally appropriate for the mineralisation style and the orientation of mineralisation for most of the deposit area.
- Drilling was completed at regularly spaced intervals over the mineralisation and is considered representative of the deposits.

11.0 SAMPLE PREPARATION, ANALYSES, AND SECURITY

11.1 Sampling Methods

11.1.1 DOCEGEO

During the DOCEGEO programs, core samples were generally collected at 1 m intervals honouring lithology contacts. Core intervals were clearly marked on the core boxes. Core was sawn in half and half was put into bags and labelled for shipment to the analytical laboratory, which was either the DOCEGEO laboratory in Araci, Bahia or to Santa Luzia, Minas Gerais.

11.1.2 Aura Minerals

Mineralized intervals in trenches were sampled every metre using a diamond saw to cut both edges of the sample, collecting an average of 2 kg of material per meter by removing material between saw cuts with a chisel. Non-mineralized rocks were sampled every 3 m. Care was taken to avoid sample contamination by carefully cleaning the trench walls and floors before sampling. An attempt was made to make the trench sampling as similar to the drill hole sampling as possible.

RC samples were quartered using a Jones splitter and collected every metre.

Core sample intervals were marked and tagged by the geologist during the geological logging procedure. Sample intervals honoured lithological breaks and were a nominal 1 m long with a minimum of 0.5 m and a maximum of 1.5 m.

11.1.3 MVV

11.1.3.1 RC

MVV began sampling RC cuttings were split at the drill and bagged. The final sample shipped to the laboratory was approximately 5 kg.

11.1.3.2 Core

Core sample intervals were marked and tagged by the geologist during the geological logging procedure. Samples were marked at intervals of two metres for non-mineralised core and one metre for mineralised core. The drill core was cut into halves using a diamond saw, and half of the core samples were collected from the right side of the core and sealed into labelled plastic bags.

11.1.3.3 Production Sampling

One in four blast holes were sampled.

11.2 Density Determinations

The database used for mineral resources estimation contains 45,749 density determinations; 4,834 performed by DOCEGEO and 40,915 performed by Aura Minerals. Figure 11-1 summarizes the results.

With the exception of possibly 10 outlier data, all of the data are reasonable and within the range acceptable for this type of mineralisation and weathering conditions.

11.2.1 DOCEGEO

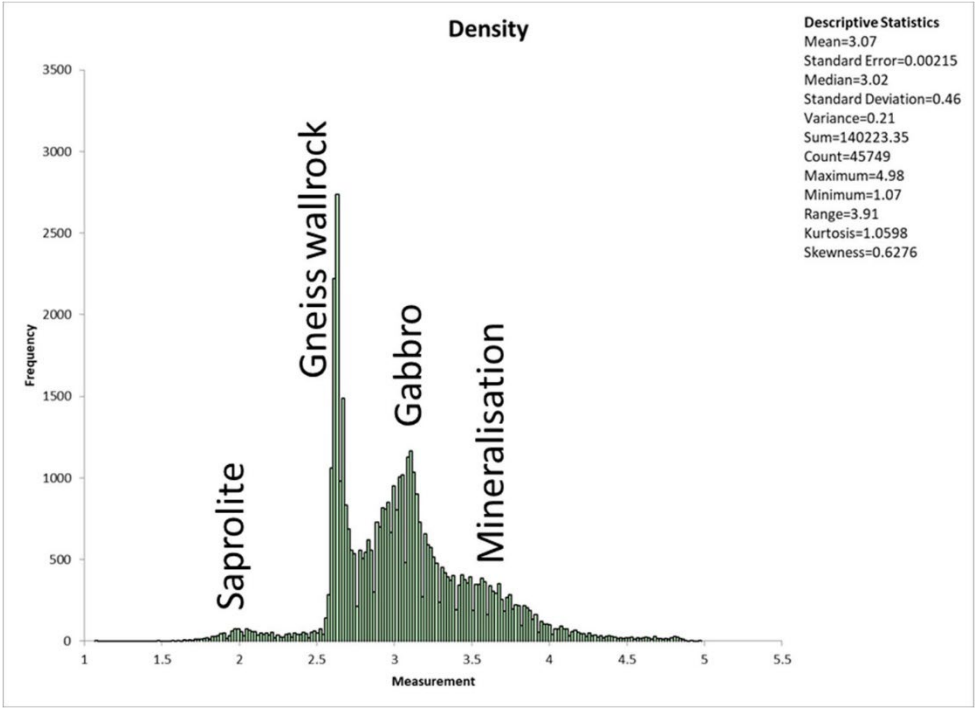
Data in the database indicates that DOCEGEO used an immersion method similar to that used by Aura Minerals to determine density, but the method is not documented. The samples were weighed in air and again while suspended in water. It is unlikely that the samples were dried prior to weighing.

11.2.2 Aura Minerals

After the core is photographed, hand-length samples were removed from the core boxes and measured for density by the Archimedes method where 10–15 cm-long specimens (average 800 g) of dry, unfragmented whole core were weighed on a ±5 g balance and reweighed while suspended in a bath of water. For saprolite and weathered rock, samples were wrapped in cellophane before weighing. In this case, no drying was done so that wet density was measured. In waste rock, density determinations were made every metre and in mineralized intervals determinations were made on average every 10–20 cm. Once completed, the density specimens are returned to their proper location in the core boxes and the entire core is sent to be cut by a rock saw.

11.2.3 MVV

MVV has procedures in place that are much the same as the Aura Minerals procedures outlined in Section 11.2.2.



Source: MTS et al., 2021.

Figure 11-1: Serrote Density Histogram

11.3 Sample Security

Core boxes are transported every day to the core shed by personnel from the drilling company. Analytical samples are transported by company or laboratory personnel using corporately owned vehicles. Core boxes and samples are stored in safe, controlled areas.

Chain-of-custody procedures are followed whenever samples are moved between locations, to and from the laboratory, by filling out sample submittal forms.

In the CP's opinion, the sample preparation, analysis, and security procedures at Serrote are adequate for use in the estimation of Mineral Resources.

11.4 Analytical and Test Laboratories

11.4.1 DOCEGEO

DOCEGEO samples were sent to DOCEGEO laboratories in Araci, Bahia or Santa Luzia, Minas Gerais. The Araci laboratory largely supported operations at the Fazenda Brasileiro mine near Araci. The Santa Luzia laboratory was CVRD's central analytical laboratory and metallurgical testwork facility. These laboratories were not independent of DOCEGEO. Neither of the laboratories were accredited at the time they were used for Serrote samples.

11.4.2 Aura Minerals

Drill samples were prepared in an SGS-Geosol (SGS) sample preparation facility either on site or at the laboratory in Belo Horizonte, Brazil (SGS Belo Horizonte). Drill samples were analysed at SGS. Trench samples were prepared and analysed at ALS Chemex in Belo Horizonte (ALS). ALS also analysed duplicate and check samples.

Both SGS Belo Horizonte and ALS were ISO 17025 certified for analytical methods, but it is not known if that certification extended through the entire exploration period. Assay certificates indicate that in 2007–2009, SGS Belo Horizonte was ISO 9001:2000 and ISO 14001:2004 (ABS 32982 and ABS 39911) accredited.

The onsite sample preparation facility managed by SGS was not accredited at the time it operated. In 2007–2009, SGS Belo Horizonte was ISO 9001:2000 and ISO 14001:2004 (ABS 32982 and ABS 39911) accredited. Accreditation of sample preparation facilities at SGS Belo Horizonte and ALS in the 2002–2011 time period is not known.

SGS and ALS were independent of Aura Minerals and are independent of MVV.

11.4.3 MVV

RC samples were prepared and analysed at SGS in Vespasiano, Minas Gerais, Brazil (SGS Vespasiano). Core samples were prepared at SGS Vespasiano. SGS is ISO 9001:2015 and ISO 14001:2015 accredited and is independent of MVV.

Grade control samples were prepared in the on-site sample preparation facility operated by SGS and analysed at SGS Vespasiano.

11.5 Sample Preparation and Analysis

11.5.1 DOCEGEO

Sample preparation, analysis and security protocols used by DOCEGEO are not known. Samples were crushed and pulverized, but the details are not recorded.

The Araci laboratory analysed copper by atomic absorption (AA) after hot aqua regia digestion. Gold was determined initially by AA after concentration of gold from the aqua regia solution using methyl-isobutyl-ketone (MIBK). Later, during the initial drilling campaign, these samples were re- analysed for gold by fire assay.

The Santa Luzia laboratory analysed gold by fire assay and copper by AA after "strong" acid digestion. The nature of the acid is not recorded.

No external QA/QC protocols are recorded for these analytical programs.

11.5.2 Aura Minerals

Sample preparation was performed at SGS Belo Horizonte until 22 October 2007. From 2007 to 2011 an on-site sample preparation laboratory, independently operated and managed by SGS, was in continuous operation during the drilling and sampling programs.

The sample preparation protocol was the same in both locations. Samples were:

- Crushed to >95% passing 2 mm in a jaw crusher;
- Split in a Jones-type riffle splitter;
- Approximately 1 kg was pulverized in a ring and puck pulverizer to >95% passing 150 mesh (106 µm).

Most samples sent to ALS were pulps for check assaying prepared at SGS. Some samples, trench samples, for example, required preparation. The sample preparation procedure was as follows:

- Sample log-in and drying;
- Crush to 70% passing 2 mm;
- Split 1,000 g sample for assay;
- Pulverize to 85% passing 75 µm (200 mesh).

RC samples were quartered with a riffle splitter and collected every metre. Three-metre composites were sent for assay and samples returning with values >0.10% Cu were re-assayed on a metre-by-metre basis.

Aura Minerals samples were subject to several analytical procedures.

All samples went through a four-acid digestion followed by inductively-coupled plasma atomic emission spectroscopy (ICP–AES) analysis. A total of 35 elements were reported by the laboratory including copper, iron and nickel. Samples were also analysed for copper by AA following a four-acid digestion.

Prior to late October 2007 samples with >0.20% Cu were re-analysed for copper by AA; however, after that time, all samples were re-analysed using this method, including samples from the DOCEGEO programs.

Analytical procedures used by SGS are summarized in Table 11-1.

Iron in samples with more than 40% Fe was determined by lithium tetraborate fusion followed by X-ray fluorescence spectrometry (XRF). Approximately one-third of the samples were subjected to this procedure. In February 2008, the cut-off for XRF analysis was lowered to 20% Fe.

Gold, palladium and platinum were determined by 50 g fire assay (FD50) followed by an aqua regia digestion and ICP finish. Originally, only gold was determined (FA50), and an AA finish was used; however, this method cannot provide determinations for either palladium or platinum, and was changed in mid-August 2007.

Samples containing significant iron were analysed by Satmagan, which determines the concentration of magnetite in a sample.

Approximately one sample in 40 was submitted to ALS for check assaying. ALS used essentially the same analytical procedures as were used by SGS.

Table 11-1: Analytical Procedures, SGS – Aura Minerals
ACG Acquisition Company Limited – Serrote Mine

Laboratory Code	Description	Elements	Lower Detection Limit
ICP34As	Determination of 35 elements by four-acid digestion ICP	Ag, Ba, Be, Cd, Cr, Cu, Li, Mo, Ni, Sr, Zn, Zr, Y2.	3 ppm
		Sc	5 ppm
		Co, Pb, V	8 ppm
		As, Sb	10 ppm
		Bi, La, Se, Sn, Th, Tl, U, W	20 ppm
		Al, Ca, Fe, K, Mg, Mn, Na, P, Ti	0.01%
AuPP50	Determination of Au, Pt and Pd by FAA ICP (50 g charge)	Au, Pt, Pd	5 ppb
gAATM	Determination of Cu by four-acid digestion AA	Cu	2 ppm
gXMR	Determination of Fe2O3 by XRF (lithium tetraborate fusion)	Fe_2O_3 (if Fe (ICP) >20%	0.01%

Note: FAA = fire assay; XRF = X-ray fluorescence spectrometry.

11.5.3 MVV

Core, RC, and grade control samples were prepared at SGS. Samples were dried, crushed to 75% passing 3 mm, homogenized, split to 250–300 g in a riffle splitter, and pulverized to 95% passing 150 mesh.

The samples from core, RC and grade control collected by MVV were analysed at SGS using several procedures, which are summarized in Table 11-2.

For Diamond drilling, part of the samples were prepared and analysed by SGS Belo Horizonte (2022), an independent laboratory. The 2020-2021 and drilling program was prepared by ALS Brazil at Vespasiano, Minas Gerais facility, and analysed by ALS Chemex at Peru, Lima.

The SGS preparation protocol consists of drying the received samples, crushing up to 75% passing 3 mm, homogenising, and splitter in a riffle splitter, and pulverising up to 95% passing 150 mesh (106 µm).

The SGS analytical protocols comprise the AAS41B, CSA17v, FA323, GOSQL and ICP40B methods. Under ASS finish the AAS41B and use the four-acid digestion. The CSA17v is the LECO method. The FA323 method uses the Fire Assay followed by AAS. The GOSQL method uses the H2SO4, NaCN and four-acid followed by an AAS finish. The ICP40B method use four-acid digestion and ICP-OES finish.

Table 11-2: Analytical Procedures, SGS – MVV
ACG Acquisition Company Limited – Serrote Mine

Method	Digestion	Finish	Charge	Element	LDL	UDL	Units
AAS41B	4-acid	AAS	0.25 g	Cu	0.001	30	%
				Fe	0.01	30	%
CSA17v	LECO		0.2 g	S	0.01	10	%
FA323	Fire assay	AAS	30 g	-	0.02	10,000	ppm
GOSQL	H_2SO_4	AAS	-	Cu-Sul	0.002	-	%
	NaCN	AAS	-	Cu-CN	0.002	-	%
	4-acid	AAS	-	Cu-RES	0.002	-	%
ICP40B	4-acid	ICP-OES	0.25 g	Ag	3	100	ppm
				Cu	3	10,000	ppm
				Fe	0.01	15	%
				Ni	3	10,000	ppm

Note: LDL = lower detection limit; UDL = upper detection limit; Cu-sul = copper sulphide; Cu-CN = cyanide soluble copper, Cu-RES = residual copper. AAS = atomic absorption spectroscopy; ICP-OES = inductively coupled plasma optical emission spectroscopy.

11.6 Quality Assurance and Quality Control – Serrote

11.6.1 DOCEGEO

Quality control measures for the DOCEGEO analytical programs are not documented.

11.6.2 Aura Minerals

This section has mostly been taken from MVV (2021) that reviewed and validated quality controls and quality assurance from Aura Minerals samples.

Analytical quality control included insertion of standard reference materials (standards), blank samples, and duplicate samples. The protocol called for one standard for every 20 samples and one blank for every 30 samples. One in 40 samples was submitted to ALS for check assaying.

Two blank samples (Rosa and Cinza) were collected from a barren gneiss near the Mine area and prepared by SGS.

Standard samples were collected from materials on site and prepared by SGS. Standards from commercial sources were used to a minor extent.

11.6.2.1 Sieve Checks

Sieve checks were used to check that sample preparation parameters were met. Failure resulted in adjustment of crushing or pulverization equipment and reprocessing of samples. Samples were weighed before and after crushing and pulverizing and the difference in mass was converted to percentage recovery. The rate of testing was 5% and the tolerance was 95% for each step. Any sample with a recovery <95% in either step was considered a failure. Follow up actions included verification of equipment calibration, cleanup and full documentation of results.

11.6.2.2 Blanks

In the 2008–2010 period, the number of failures at SGS is generally acceptable and many of the failed blanks are obviously sample swaps. ALS showed similar results for the same time period. The numbers of failures are slightly higher than normally anticipated, but it appears that both Rosa and Cinza are not truly blank at the ppm level. At a 0.01% level, they are acceptably blank. The data show no evidence of systematic contamination.

11.6.2.3 Standards

Standard samples are analysed to monitor accuracy (bias) of the analytical process and to monitor laboratory control which is essentially a precision exercise. Acceptable accuracy is a bias of <±5%. All results are acceptable, except for those for standard 93 early in the 2008–2010 program. During that period, results were significantly negatively biased. That bias was corrected, and most of the time after that, results for standard 93 were acceptable.

The coefficient of variation is a measure of homogeneity of the sample and, to some extent, process control and is considered to be acceptable at <5% levels. Many of the gold analyses show >5% CVs which is generally due to the nuggety nature of gold and sample preparation that is not optimised for gold.

In general, standard results show acceptable accuracy and precision. Bias, with a few exceptions is within the acceptable ±5% tolerance. CVs for copper are generally 2–4% which is anticipated. Copper results for standards 53P and 93 are outside the acceptable range and may be due to less-than-optimal homogeneity of those samples. Gold CVs are generally >10%, which suggests that gold occurs as small, discrete grains and is an anticipated result.

11.6.2.4 Duplicates

Duplicates appear to have been half or quarter core field duplicates. Precision for gold is more or less as anticipated at SGS. The Cu_ICP_ppm results are concerning in that precision is quite poor. The reason for the poor precision is not known. The Cu_AATM_pct results are acceptable for field duplicates. ALS analysed only a single batch and most of those samples had too little gold or copper contents to make useful estimates of precision. Estimated precision for the Cu_ME-ICP61_ppm results is quite good for field duplicates.

11.6.2.5 Check Assays

The CP compared the check assays performed at ALS to the original analyses at SGS for copper and gold. Copper shows no bias between the two laboratories at any grade level. Below about 0.46 g/t, gold shows no significant bias. Above 0.46 g/t Au, ALS is biased somewhat positively relative to SGS based on six samples in that grade range. There are too few results to reach a reliable conclusion regarding those six samples.

11.6.3 MVV

GeoEstima reviewed the data prior to 2018 for Serrote Project and MVV included insertion of blank, standard and duplicate samples in the sample stream, at an overall insertion rate of 1:18, consisting of:

- Blanks: 1:65
- Standards: 1:83
- Pulp duplicates: 1:60
- Crusher duplicates: 1:90

The quality control and quality assurance samples were analysed by GeoEstima in order to validate the Mineral Resources database. The 2022 database was not included in next items.

11.6.3.1 Blanks

The MVV blank material is pink and grey inert material from a local manufacturer, which used up to 3kg for each prepared sample. Contamination was assessed using blank charts, where the blank values were plotted against the previous-sample values (Figure 11-2 to Figure 11-5). Normally, the samples containing very low grades, close to the detection limit of the elements of interest. During the campaigns from 2018 to 2021 several methods were used and several detection limits considered, and the analysis of contamination performed by GeoEstima considered the highest limit of detection standardized for the construction of graphs and interpretation of results. Overall, no systematic contamination is indicated by the data.

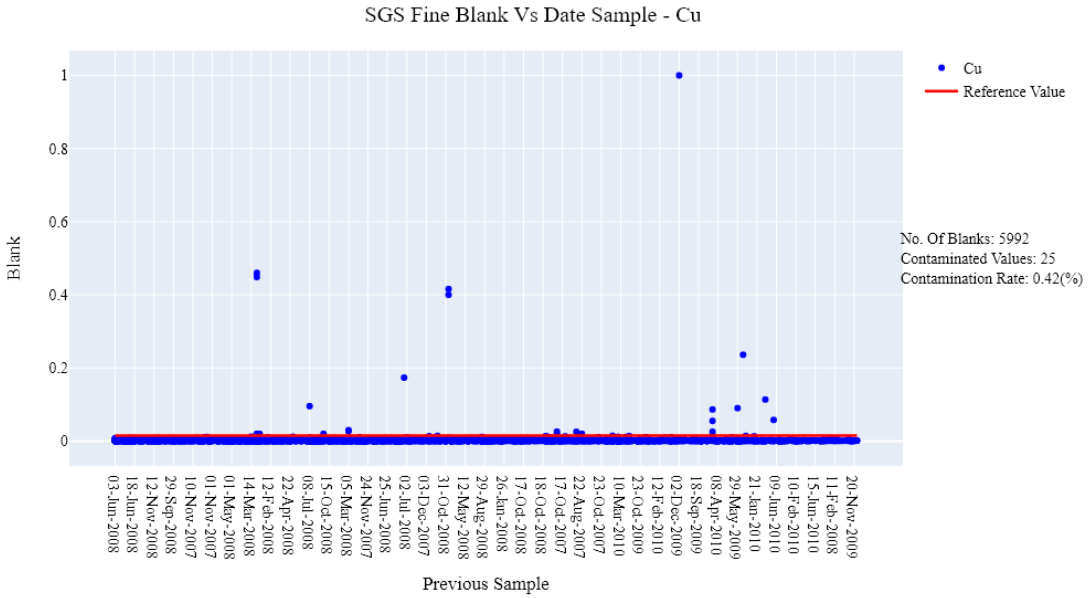


Figure 11-2: Fine Blank Charts – Cu (%) – Serrote Project – SGS

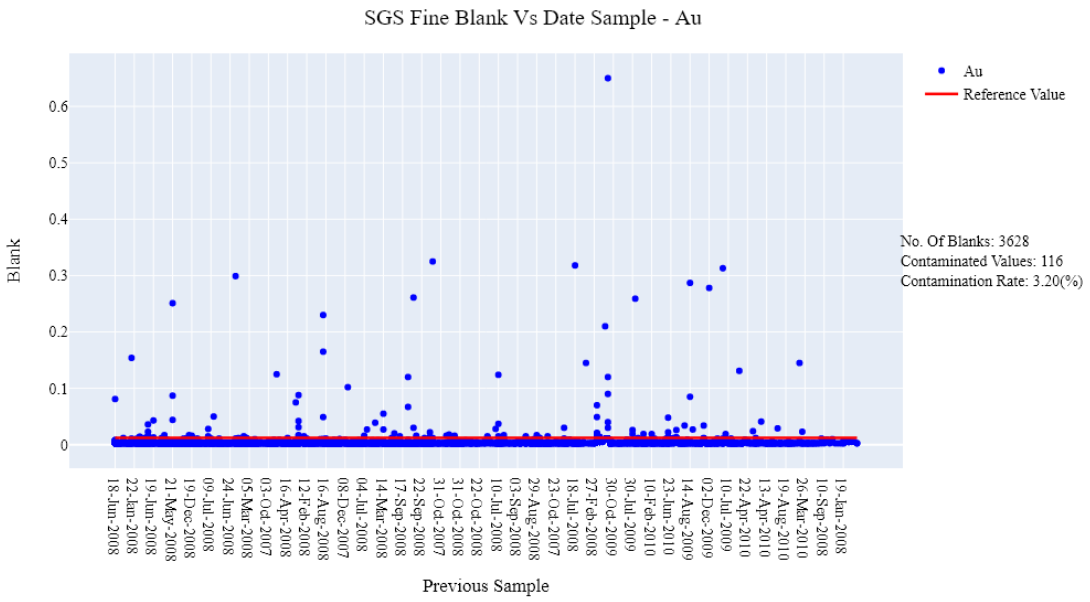


Figure 11-3: Fine Blank Charts – Au (ppm) – Serrote Project – SGS

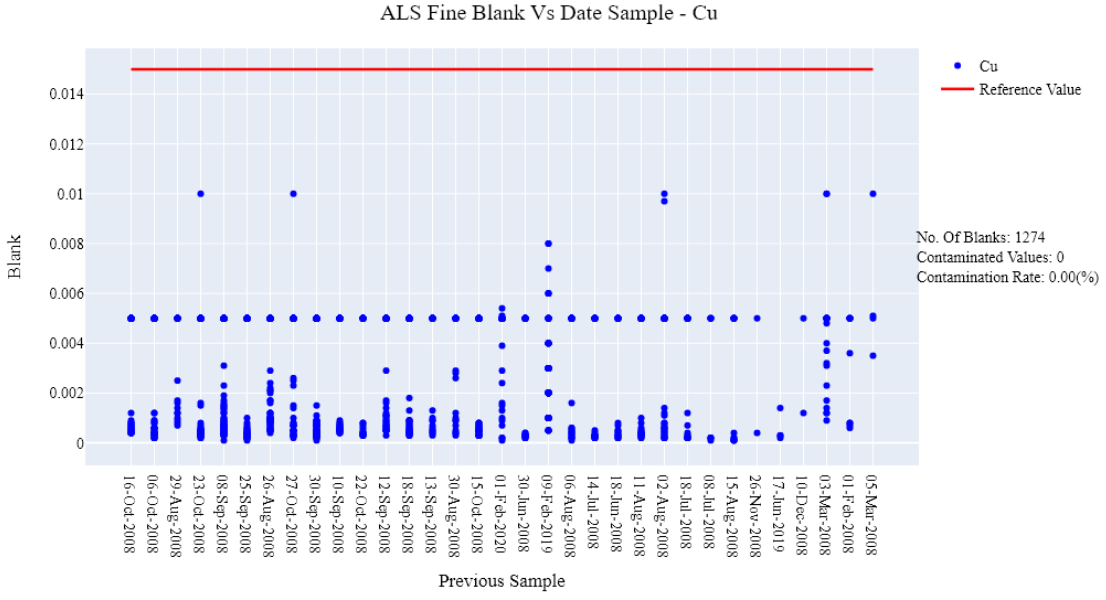


Figure 11-4: Fine Blank Charts – Cu (%) – Serrote Project – ALS

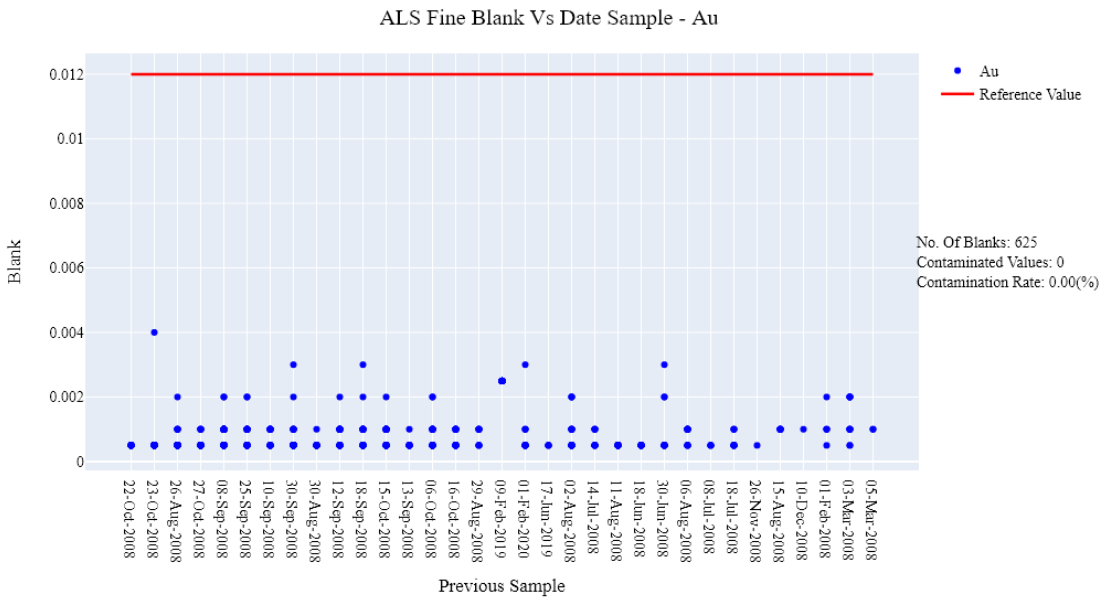


Figure 11-5: Fine Blank Charts – Au (ppm) – Serrote Project – ALS

11.6.3.2 Field, Coarse Reject and Pulp Duplicates

Duplicate sample results for the 2018–2020 drill programs at SGS show that most copper methods exhibit less than 6% of error with is totally acceptable for the industry standards. Gold precision is very low (less than 2 ppm) which is consistent with expectations. The results for duplicate analysis are summarized in Table 11-3 and illustrated in Figure 11-6 to Figure 11-9. Considering the RC samples control results, the CP is that the opinion that precision is adequate to support Mineral Resource estimation and mine planning.

Table 11-3: Serrote Duplicated Performance
ACG Acquisition Company Limited – Serrote Mine

Element	Type of Duplicate	No. of Results	No. of Errors	Error Rate	Laboratory
Cu (%)	Coarse	4	0	0.00%	ALS
Cu (%)	Field	189	7	3.70%	ALS
Cu (%)	Pulp	491	33	6.72%	ALS
Au (ppm)	Field	189	2	1.06%	ALS
Au (ppm)	Pulp	491	9	1.83%	ALS
Cu (%)	Coarse	553	1	0.18%	SGS
Cu (%)	Field	1210	40	3.31%	SGS
Cu (%)	Pulp	407	6	1.47%	SGS
Au (ppm)	Field	1210	23	1.90%	SGS
Au (ppm)	Pulp	407	0	0.00%	SGS

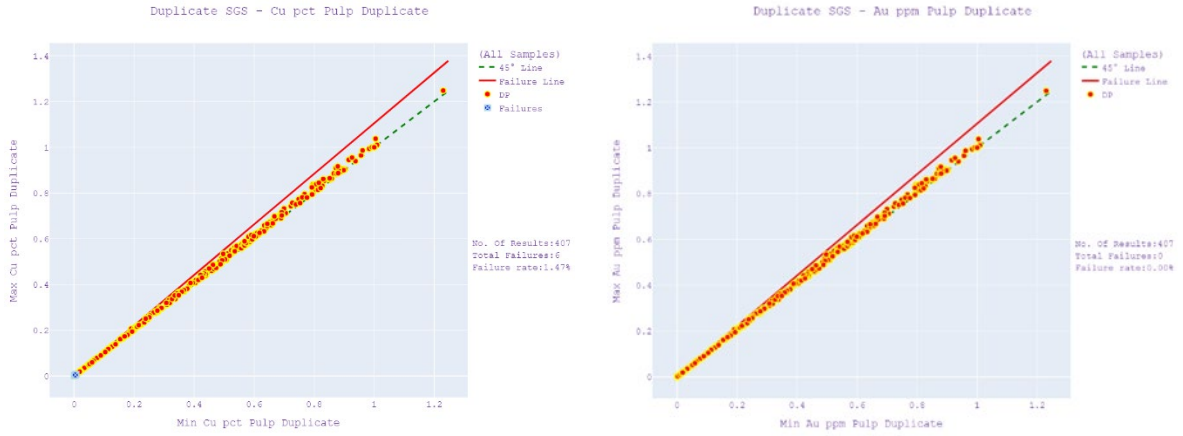


Figure 11-6: Serrote Pulp Duplicates for Cu and Au Assays – SGS

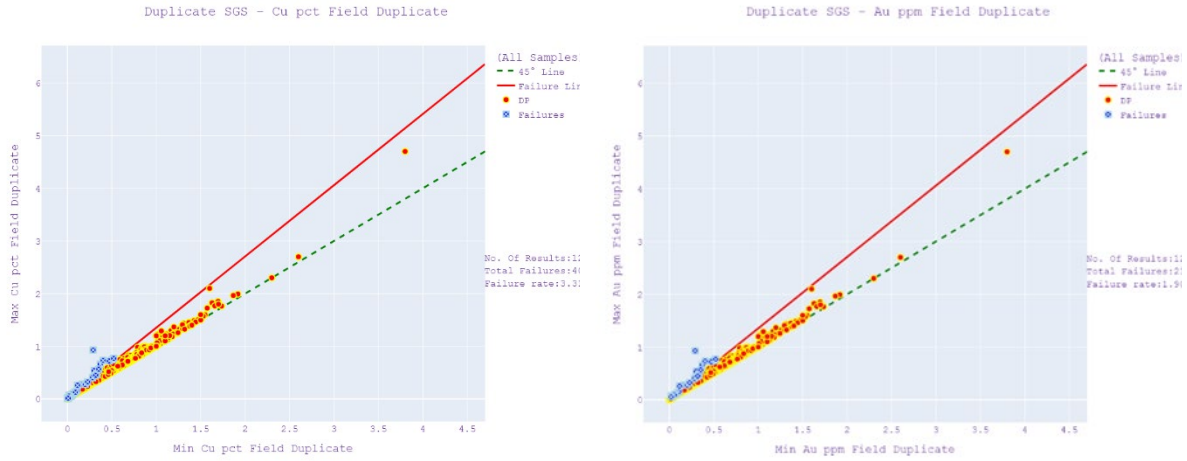


Figure 11-7: Serrote Field Duplicates for Cu and Au Assays – SGS

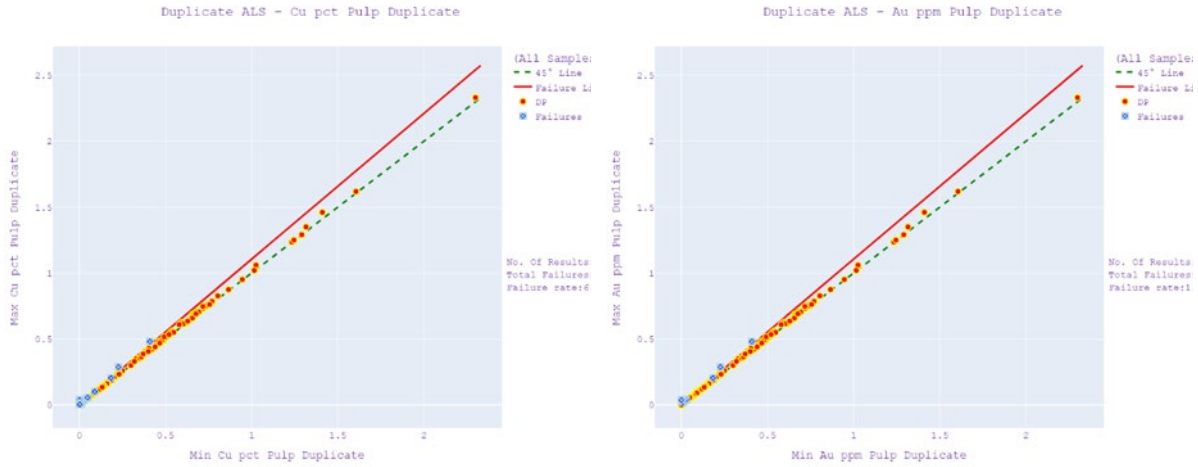


Figure 11-8: Serrote Pulp Duplicates for Cu and Au Assays – ALS

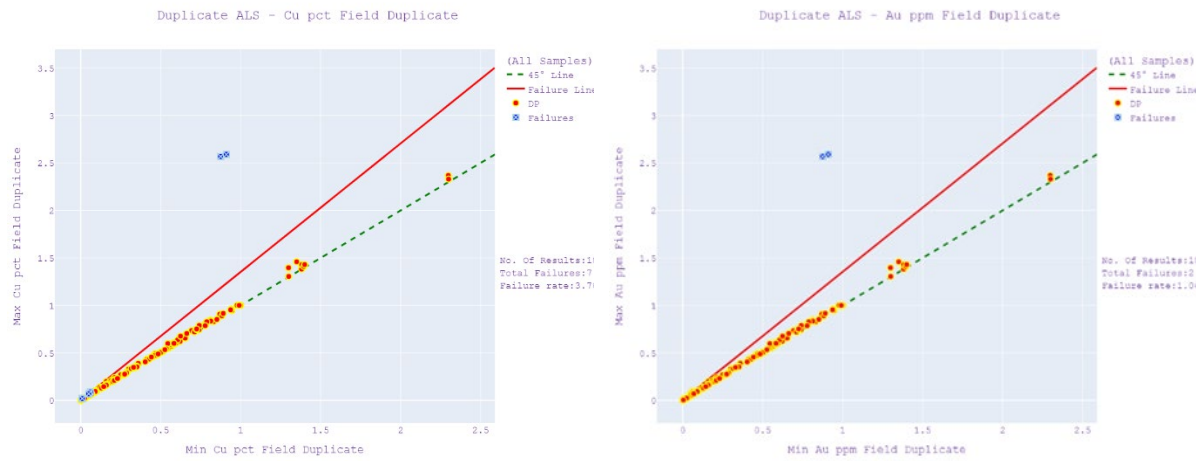


Figure 11-9: Serrote Field Duplicates for Cu and Au Assays – ALS

11.6.3.3 Standards

The certified reference material (CRMs) used for MVV samples was produced by African Minerals Standards (AMIS). From the 2019-2021 drilling campaign only three CRMs were considered: SL-1, SL-2 and SL-3 (Figure 11-10 to Figure 11-17). Bias estimates from the SGS data indicate that accuracy is acceptable for all elements in all standards and all methods. CVs for copper are generally below 8%, with the exception of one sample that showed a CV equal to 14% which may be correlated to the low number of samples, which is acceptable. CVs for gold are in the 10% to 50% range, which is expected given different methods and low density of samples. Results for ALS are similar. In several samples from SL-3, copper analysis showed a bias of greater than 44% in three different methods (Cu_ICP61, Cu_ICP and Cu_ICP40B). GeoEstima considers that a possible error in data input may have generated such variation and chose not to consider this information for validation.

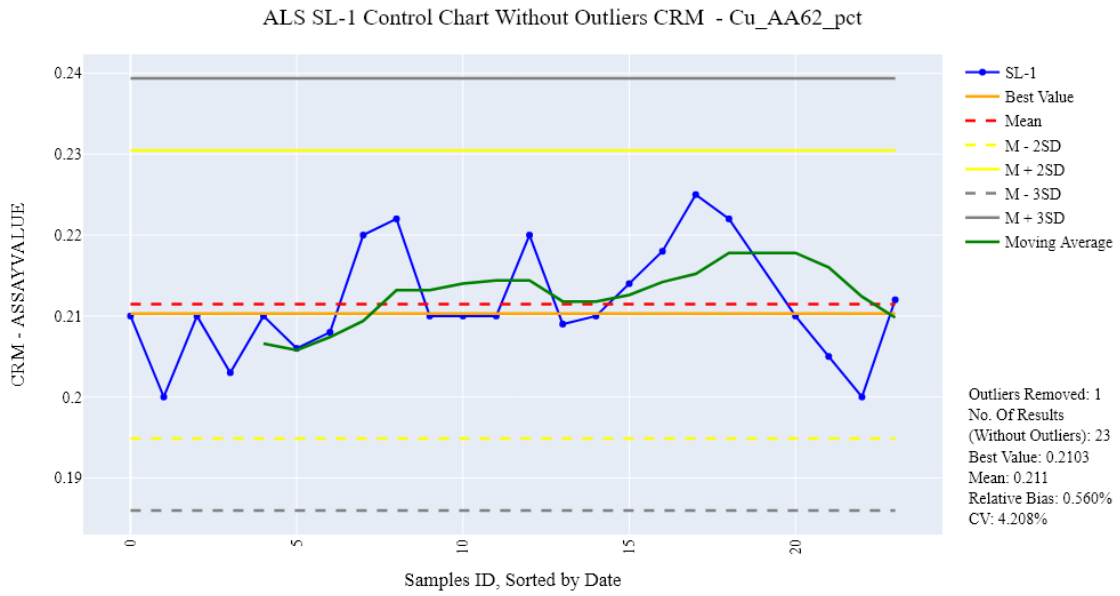


Figure 11-10: Serrote Control Chart – Cu (%) – SL-1 – ALS

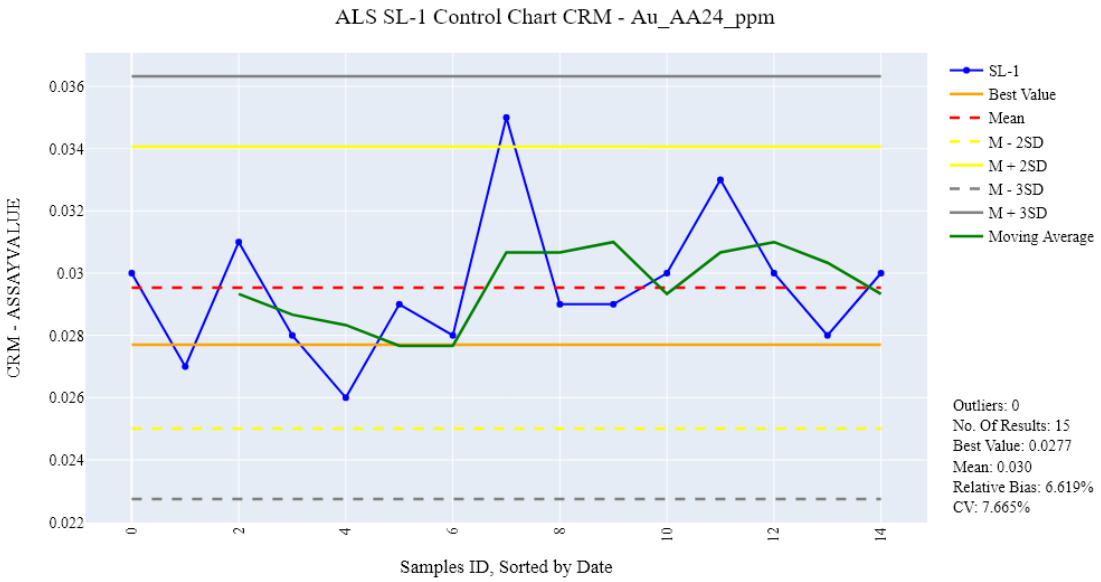


Figure 11-11: Serrote Control Chart – Au (ppm) – SL-1 – ALS

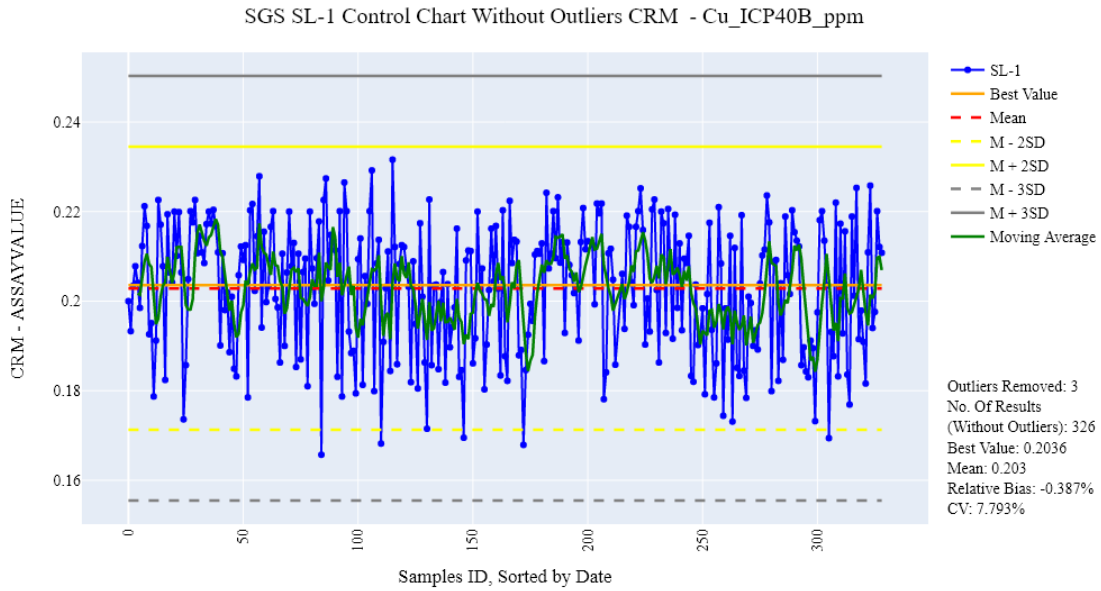


Figure 11-12: Serrote Control Chart – Cu (ppm) – SL-1 – SGS

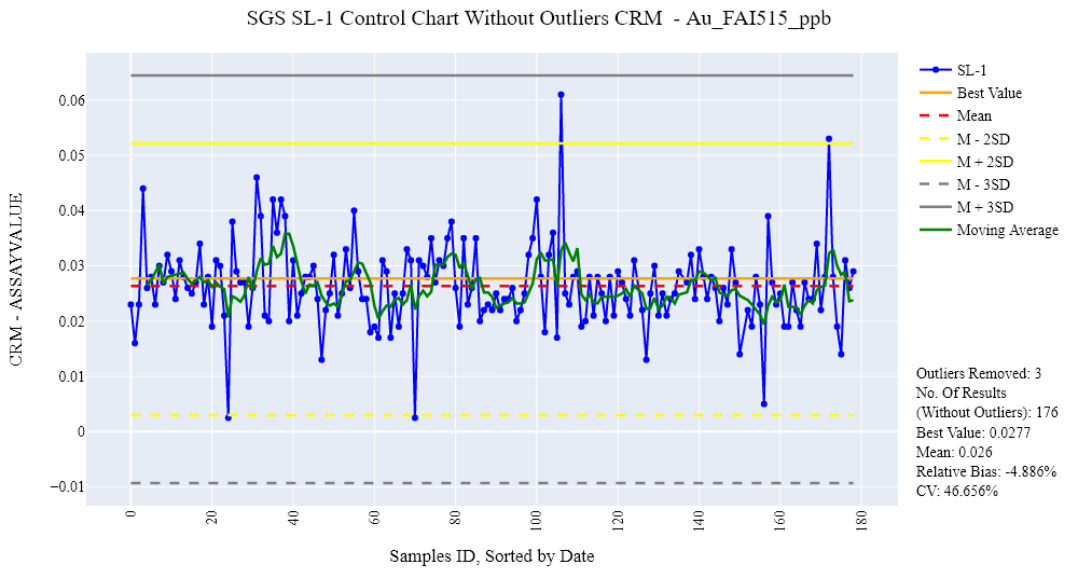


Figure 11-13: Serrote Control Chart – Au (ppb) – SL-1 – SGS

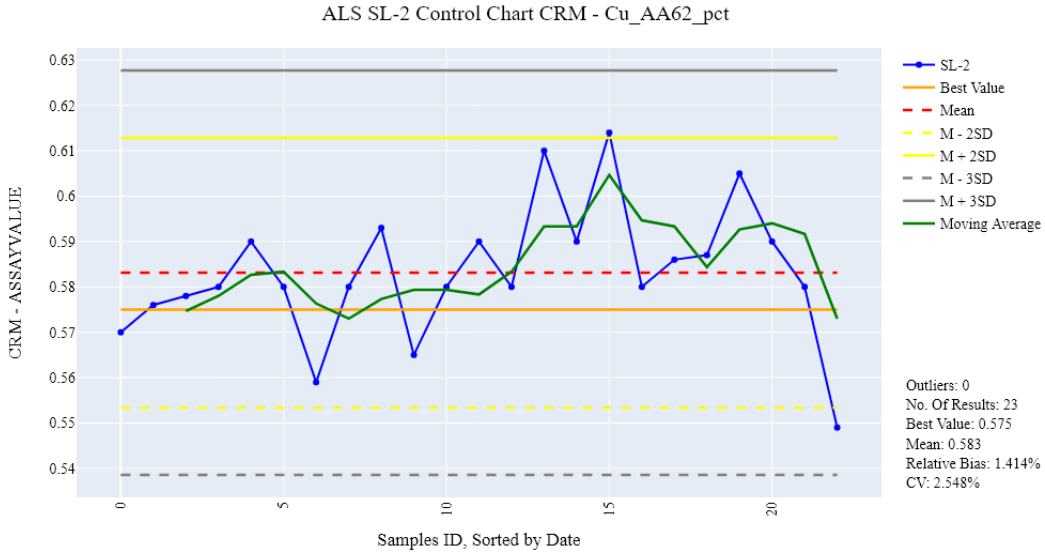


Figure 11-14: Serrote Control Chart – Cu (%) – SL-2 – ALS

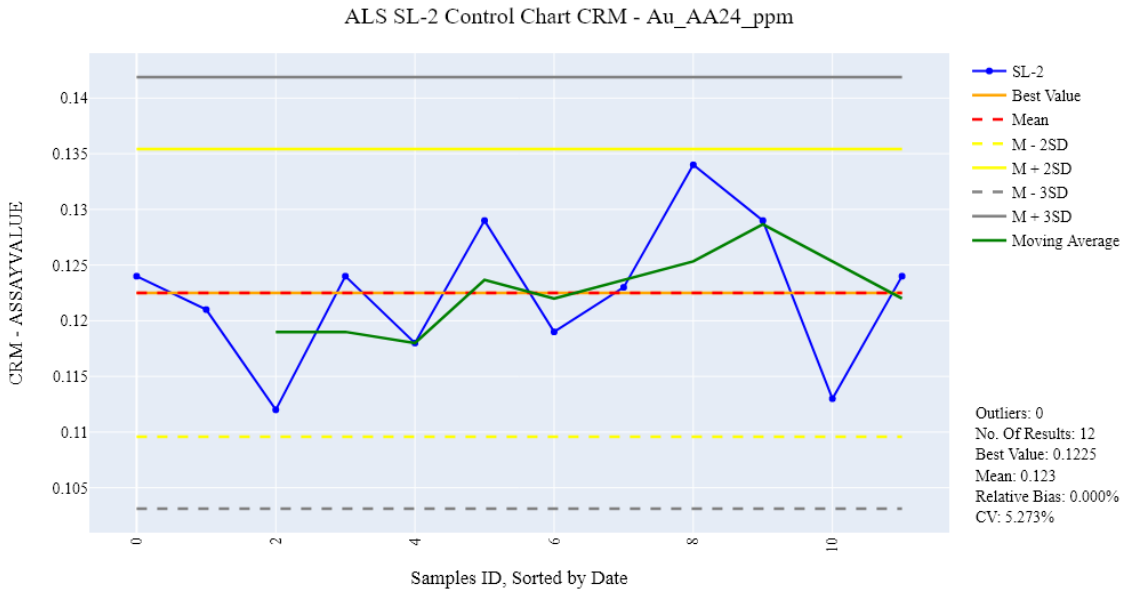


Figure 11-15: Serrote Control Chart – Au (%) – SL-2 – ALS

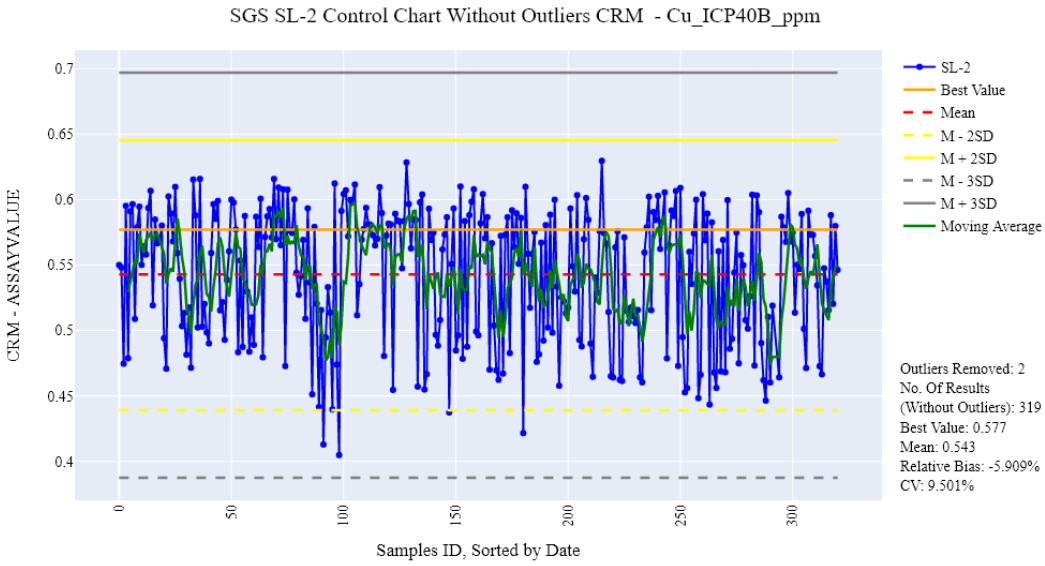


Figure 11-16: Serrote Control Chart – Cu (%) – SL-2 – SGS

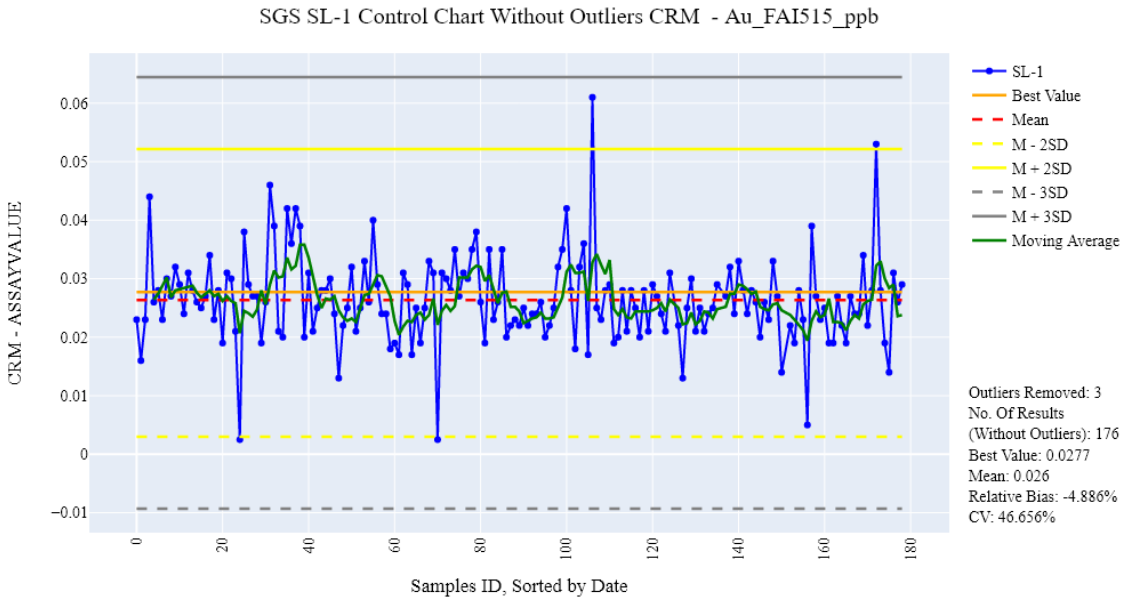


Figure 11-17: Serrote Control Chart – Au (ppb) – SL-2 – SGS

11.7 Caboclo Quality Assurance and Quality Control

11.7.1 DOCEGEO

During the DOCEGEO programs, there is no record in the database of the QA/QC protocols.

11.7.2 Aura Minerals

Foo et al. (2012) described the Aura Minerals QA/QC protocols including insertion of the CRM (certified reference material), blank samples and duplicate samples. The insertion rate comprises a rate of one CRM for every 20 samples and one blank for every 30 samples.

Until the end of 2008, Aura Minerals used the commercial certified reference material manufactured by Ore Research and Exploration Pty. The CRMs consist of 44P, 93P, 53Pb, 13 and 52Pb. At the beginning of 2009, SGS prepared three on-site standards materials for Aura Minerals. These standards were divided by high, medium, and low grade, and have been prepared from the coarse and pulp rejects of the mineralisation from Serrote da Laje Project.

The approval protocols of the results consist of controlling the mean +/- 2*Std and mean +/- 3*std. The tolerance of the pass-fail samples was +/- 15%, and the QA/QC protocols include the re-submittal of the failed samples to the laboratory.

The blank protocol includes the insertion of the inertial material collected from the local manufacturer and was called Pink and Grey. The blank samples were inserted to monitor the analytical contamination in the preparation step for every 30 samples in the batches. The failure criteria consist of copper grades analysed by the ICP method which are 100 ppm due this represents the detection limit of the AA method, and the average results are ~15 ppm. The values higher than 100 ppm were considered non-compliant and have been re- submitted to the laboratory. According to Foo et. Al 2012, 3,192 blanks were inserted and analysed, and the failures were re-submitted for re-analysis.

11.7.3 MVV

The MVV adopted QA/QC protocols insertion rate was approximately 3.20% for the blank samples, 3.50% for the CRMs, and 3.30% for the duplicate samples (Table 11-4); with a total QA/QC insertion rate of 10%.

Table 11-4: Insertion Rate Samples for Caboclo Area
ACG Acquisition Company Limited – Serrote Mine

Type	Insertion Ratio
Blank	3.20%
Standard	3.50%
Duplicate	3.30%

11.7.3.1 Standards

The CRMs used by MVV consist of the on-site standards prepared from Serrote da Laje material and analysed and certified by SGS in 2009. These standards consist of the SL-01 (low grade: ~ 2,036 ppm), SL-02 (medium grade: ~5,770 ppm), and SL-03 (high grade: ~ 17,990 ppm) materials, which were used for monitoring the accuracy of the Cu, Fe, Ni, Au, Pt, and Pd grades. In the 2021 drilling program, the Appian Exploration team introduced the ITAK CRMs due to the stock out of the SGS CRMs. The standards provided by the ITAK manufacturer were ITAK-809 (medium grade: ~3.580 ppm), ITAK-821 (medium grade: ~ 3.622 ppm), ITAK-824 (high grade: ~ 26,780 ppm), and ITAK-837 (low grade: ~1.941 ppm).

Table 11-5: Standards Results for Caboclo Area
ACG Acquisition Company Limited – Serrote Mine

Standard	Analyte	Best Value	Mean	SD1	Min (3SD)	Max (3SD)	Samples	Relative Bias	Coeff Var.
SL-01	Cu_ppm	2036	2,133.49	68.00	1,929.49	2,337.49	76	4.79%	3.19%
	Ni_ppm	313.7	340.22	12.56	302.56	377.89		8.46%	3.69%
	Fe_pct	11.535	11.46	0.37	10.36	12.57		-0.64%	3.22%
	Au_ppm	0.0277	0.03	0.00	0.02	0.04		2.27%	8.84%
	Pt_ppm	0.0098	0.01	0.00	0.00	0.02		-6.15%	21.31%
	Pd_ppm	0.011	0.01	0.00	0.01	0.01		6.94%	8.98%
SL-02	Cu_ppm	5770	5,949.25	189.01	5,382.20	6,516.29	53	3.11%	3.18%
	Ni_ppm	883	966.00	36.59	856.22	1,075.78		9.40%	3.79%
	Fe_pct	21.64	21.48	0.76	19.18	23.77		-0.76%	3.56%
	Au_ppm	0.1125	0.12	0.01	0.10	0.14		6.01%	5.11%
	Pt_ppm	0.016	0.02	0.00	0.01	0.02		6.37%	9.67%
	Pd_ppm	0.0294	0.03	0.00	0.02	0.03		-11.56%	4.20%
SL-03	Cu_ppm	17990	18,270.59	463.70	16,879.49	19,661.69	34	1.56%	2.54%
	Ni_ppm	1492	1,622.06	56.88	1,451.43	1,792.69		8.72%	3.51%
	Fe_pct	26.46	26.66	0.83	24.16	29.17		0.77%	3.13%
	Au_ppm	0.2412	0.24	0.01	0.21	0.28		1.12%	4.97%
	Pt_ppm	0.0359	0.04	0.01	0.01	0.06		1.75%	23.19%
	Pd_ppm	0.067	0.07	0.00	0.06	0.08		1.45%	4.31%

Standard	Analyte	Best Value	Mean	SD1	Min (3SD)	Max (3SD)	Samples	Relative Bias	Coeff Var.
ITAK-809	Cu_ppm	3580	3,532.94	84.76	3,278.66	3,787.23	17	-1.31%	2.40%
	Fe_pct	4.84	4.66	0.11	4.33	5.00		-3.69%	2.39%
	Au_ppm	0.276	0.26	0.01	0.24	0.29		-5.39%	3.14%
	S_pct	0.714	0.72	0.02	0.66	0.79		1.33%	3.05%
ITAK-821	Cu_ppm	3622	3,620.95	121.63	3,256.06	3,985.85	42	-0.03%	3.36%
	Ni_ppm	22.7	15.62	1.41	11.38	19.86		-31.19%	9.05%
	Fe_pct	6.24	6.66	0.25	5.90	7.41		6.68%	3.79%
	Au_ppm	0.318	0.31	0.02	0.24	0.38		-2.73%	7.52%
	S_pct	2.526	2.66	0.09	2.38	2.94		5.31%	3.50%
ITAK-824	Cu_ppm	26780	26,581.82	505.60	25,065.00	28,098.63	11	-0.74%	1.90%
	Ni_ppm	1268	1,307.27	49.87	1,157.67	1,456.88		3.10%	3.81%
	Au_ppm	0.25	0.23	0.02	0.15	0.30		-9.55%	10.70%
	S_pct	2.122	1.91	0.07	1.69	2.13		-9.90%	3.87%
ITAK-837	Cu_ppm	1941	1,928.24	60.28	1,747.38	2,109.09	17	-0.66%	3.13%
	Ni_ppm	81	88.47	3.87	76.85	100.10		9.22%	4.38%
	Fe_pct	4.96	5.10	0.20	4.50	5.70		2.83%	3.95%
	S_pct	0.216	0.25	0.01	0.22	0.28		16.29%	4.42%

Notes:

1. SD (Standard Deviation)

11.7.3.2 Blanks

The blank samples were introduced into the batches for every 20 to 30 samples respecting an insertion rate of 3.30%. The blank was used to control the contamination of the samples at the preparation step of the laboratory. The monitoring of the inter-sample contamination was applied by the criteria of up to 50 ppm of the Cu in the blank samples, and the samples higher than 50 ppm were considered non-compliant with the QA/QC protocols. The MVV QA/QC protocol includes the re-submittal of the failed samples to the laboratory.

A summary of the results is listed in Table 11-6, which presents the blanks used for the evaluation of the contamination monitoring. A total of 262 blank samples were introduced into MVV drilling program batches, of which 137 were pink blank and 125 were grey blank.

Table 11-6: Blank Sample Summary for Caboclo Area
ACG Acquisition Company Limited – Serrote Mine

Analyte	Mean	Min	Max	Samples
Cu_ppm	8.664	1.000	217.000	262
Ni_ppm	4.168	0.500	32.000	262
Fe_pct	1.420	0.610	2.480	262
Au_ppm	0.001	0.001	0.005	262
Pt_ppm	0.003	0.003	0.003	262
Pd_ppm	0.001	0.001	0.002	262
S_pct	0.009	0.005	0.050	262

11.7.3.3 Field, Coarse Reject and Pulp Duplicates

The duplicate samples were sent to monitor the procedures of the laboratory. During the MVV program, a total of 128 samples were sent to the laboratory to control the homogenization process.

The CRM from Serrote da Laje and certified by SGS have one failure and six warnings, as well as no failures and six warnings from the CRMs from the ITAK manufacturer during the MVV program.

The SL-1 standard presents five warnings and no failures, and the observed mean was 2,133.49 ppm, relative bias of 4.79% and coefficient variation of 3.19%.

No warnings and one failure were observed with the SL-2 standard. The mean was 5,949.25 ppm, relative bias of 3.11% and a coefficient variation of 3.18%.

One warning was observed with the SL-3 standard. The mean was 18,270.59 ppm of Cu, 1.56% of relative bias and 2.54% of variation coefficient.

The ITAK-809 have one warning and a mean of 3,532.94 ppm, a relative bias of -1.31%, as well as 2.40% of the coefficient variation.

Three warnings were observed with the ITAK-821 standard. The mean was 3,620.95 ppm of Cu, with a relative bias of -0.03% and a coefficient variation of 3.36%.

The ITAK-824 and ITAK-837 present one warning and no failure. The ITAK-824 mean was 26,581.82 ppm, relative bias of 0.74%six and 1.90% of the coefficient variation. The ITAK- 837 mean was 1,925.24 ppm, relative bias of 0.66% and a variation coefficient of 3.13%.

Although the certified reference material presents some warnings and one failure, the failed sample was re-submitted to the laboratory and the results do not indicate systematic inaccuracy for all samples. All relative biases were in the 5% range, indicating good results of the batch analysis.

The blank samples used for systemic contamination monitoring of the MVV program present some failures. A total of six samples were reproved during the MVV program and re-submitted to the laboratory for checking the impact of the surrounding samples of the batches. The checked samples indicate no significant contamination of the nearest samples into the batches, and the re-analysed samples were considered.

A total of 128 duplicate samples were sent and analysed to monitor the homogenisation process of the laboratory, of which seven samples failed to cross the tolerance of the 20% of the absolute difference. The duplicate samples were ranging from 0 up to 76% of the absolute difference and a mean of 7.30%. The failed samples were submitted to the laboratory.

11.8 Databases

During much of the exploration effort, data were stored in various spreadsheets and other non-database computer programs. Prior to 2018, all data were migrated to acQuire which is a proper database management software package designed to securely store geological and other data for exploration and mining enterprises.

The database up to May 2021 is stored in acQuire and access to the data is restricted by a password, hence, data security is acceptable. A review of the database indicates that data were properly stored. WSP (2021) and MVV retrieved data from the system successfully, indicating that the database was functioning properly.

Since 2022, all new information has been stored in a Fusion Datamine system and the acQuire database is being migrated to the new system.

Data were subject to automatic validation during import to the database, which includes checks on surveys, collar co-ordinates, lithology data, and assay data. Gaps and overlaps in intervals are checked. These checks are appropriate, and consistent with industry standards.

11.9 Sample Security

DOCEGEO core and sample transport and security measures are not recorded. Due to the major element of interest is copper, sample security is not critical because it is very difficult to significantly alter grades of samples by adding mineralized material without being immediately detected.

Core and RC samples from the Aura Minerals programs were transported from the drill rigs to the on-site logging facility by either the drilling contractor or company personnel. At the logging facility, the core and RC chips were stored indoors with access limited to the geologists and technicians responsible for logging and sampling. Once the core/RC chips were sampled, samples were sent to SGS for sample preparation in either Belo Horizonte or at the on-site sample preparation facility. Strict chain-of-custody procedures and signoffs were observed during any sample transfer.

MVV sample handling and security was essentially identical to that by Aura Minerals.

11.10 CP Comments on "Item 11: Sample Preparation, Analyses, and Security"

In the opinion of the CP:

- Sample collection, preparation, analysis, and security for RC and core drill programs are in line with industry-standard methods for copper–gold deposits.
- The use of wet samples for density measures is acceptable because the Mine rock types typically have <1% porosity when fresh, thus the wet and dry densities are very much the same.
- Drill programs included insertion of blank, duplicate, and standard reference material samples.
- QA/QC program as designated and implemented by Serrote is adequate and the assays values are suitable for use in Mineral Resources estimate.
- QA/QC programs should be extended to Caboclo samples to ensure that the results are suitable for mineral resources estimation.
- Database construction and security were adequate.
- Data are subject to validation, and numerous checks that are appropriate and consistent with industry standards.

The CP is of the opinion that the sample preparation, analyses, and security is sufficiently reliable to support Mineral Resource estimation without limitations on Mineral Resource confidence categories.

12.0 DATA VERIFICATION

12.1 Initial Verification

In 2021, the geologic database had recently been migrated from spreadsheets and Access files to an acQuire database. This process was managed, validated, and signed off to be accurate and error and bias free by the manager of resource and geology. WSP (2021) reviewed this migration process and certified that the data were found to be in a good and error-free format.

The geologic database is in a Fusion Datamine system and all the old records will be migrated during 2023. This migration process will be developed by Datamine and followed by MVV personnel. Once completed, the database should be validated by a competent person.

12.2 External Data Verification

12.2.1 Legacy Data Verification

In 2007 Watts, Griffis and McOuat audited the Serrote deposit database and geological interpretations including spot validation of the GEMCOM database supplied by Aura Minerals. Recommended changes were implemented.

In 2008 Charles Beaudry, M.Sc., P.Geo. (Beaudry, 2008) audited QA/QC procedures and controls on the Mine and designed new internal standards and supervised the implementation. The recommendations made during this audit were implemented, providing adequate control and quality of all data presented.

Micon International (Micon) personnel visited the site in July 2010 and reviewed core logging, sampling and assaying procedures and techniques as well as reviews of general exploration, drilling, QA/QC and development programs. During the site visit, collar locations for a number of drill holes were verified. Most of the collar monuments have been lost to agricultural activities, hence, these verifications are important. During the site visit Micon also independently collected nine samples of core from the deposit and had those analysed at TSL Laboratories Inc. in Saskatoon, Saskatchewan. Those samples confirmed the presence of copper, gold, nickel, and iron mineralisation.

Micon audited mineral resource estimates prepared for the Serrote and Caboclo–Rogério deposits in September 2010. Micon audited the database prior to the mineral resource estimate audit and found that the database was relatively free of errors and generally acceptable to support Mineral Resource estimation and mine planning. Micon also commented that the Mineral Resource estimates were acceptable.

12.2.2 WSP Data Review (2018 and 2021)

Shortly after Project acquisition, MVV commissioned WSP to audit the database and review quality control data.

The CP (Mr. Ian Crundwell, P.Geo.) performed high-level reviews of the collars, downhole surveys, density and lithology tables and an extensive audit of the assay data. The audit compared data in the acQuire database to data compiled from original assay and survey certificates and, to the extent possible, original geological logs. High-level reviews included:

- Collar locations were compared to topography. No discrepancies were noted. During the 2018 site visit the CP verified the location of hole SLJE-MTO-369. No other collar monuments remained because of agricultural activity.

- Downhole surveys were plotted as depth versus azimuth and inclination, to investigate anomalous survey points. A small number of anomalous points were discovered, but none that would significantly impact the Mineral Resource estimation or mine planning. The CP investigated the possibility of excess deviation (kinks) between survey points. A total of 11 points with likely excess deviation were identified. The CP recommended that those surveys be investigated but commented that even if the surveys were incorrect, they would have no significant impact on the Mineral Resource estimate.
- Density data were recalculated from the original data. No discrepancies were noted. Density measurement procedures were reviewed on site and found to be acceptable. Histograms were prepared to investigate possible outlier values.
- Lithology data were spot checked by comparing core to lithological logs. The CP concluded that the geological logs were adequate to support the Mineral Resource estimation and mine planning.

The CP audited the assay data by compiling a new database from the original assay certificates. A total of 12,476 SGS assay intervals and 4,265 ALS assay intervals were compiled. The ALS data included trench data and some check assay data.

When the data were matched, a total of 9,260 of 55,453 copper assays (16.7%) were represented. The CP found a very small number of errors that were corrected, and flagged a number of results that did not match. The CP notes that, even if the discrepancies are errors, the errors are almost the same as the values in the certificates; hence, there will be no significant impact on the Mineral Resource estimate.

A total of 8,024 gold assays (14.5% of the data) were matched. Of those, there were 12 failures (0.15%). Of the gold assays, 1,129 were from ALS with no errors, and 6,894 were from SGS with the 12 errors. The small number of errors will have no significant impact on the Mineral Resource estimate.

The CP matched 7,759 iron assays (14% of the data) (6,875 SGS data with 105 failures (1.4%) and 885 ALS data with no failures). The CP recommends that these assays all be checked; however, the impact on the Mineral Resource estimate will not be significant.

In 2021 review the CP performed high-level reviews of collar locations, downhole surveys, assays, and lithology data.

Collar locations were all within the limits of the known Serrote deposit.

Downhole surveys were performed on three core holes. Four core holes have no downhole surveys. RC holes (252) were not downhole surveyed because the deepest hole is 92 m, and the average hole depth is about 40 m. Deviation in those holes is too small to adversely impact Mineral Resource estimation. The CP plotted downhole traces and calculated deviations between points. Two core holes exhibit excess deviations in a few intervals, but those deviations are not sufficient to adversely impact Mineral Resource estimation. The CP recommended that those deviations be investigated.

The CP prepared histograms of 2018–2019 data for the elements important for estimation and observed no significant anomalies.

The CP found six of 26 lithology codes in the 1986–2020 database that had a single entry in the database. These are generally typographical errors. For additional evaluation, CP combined those codes with adjacent codes. The CP loaded the lithological wireframes and lithology data into Datamine Studio EM and compared the shapes to the original data. The shapes correlate well with the data.

12.2.3 GeoEstima Review

As part of the data verification process, GeoEstima carried out a site visit and inspected the drill holes in section and plan view to review geological interpretation related to the drill hole and blast holes database and found good correlation. GeoEstima also reviewed QA/QC data collected by MVV for Serrote Mine and did not identify any significant discrepancies.

12.2.3.1 Database Checks

GeoEstima completed the following checks on the database with an emphasis on the more recent drilling from 2018 to 2022:

- Collars for obvious problems with locations;
- Downhole surveys for excess deviations;
- Assays for out of bounds values, duplicate sample numbers, etc.;
- Lithology tables for missing data, lithologies with <10 occurrences in the database (lithology that needed to combine with other codes to be modelled);
- Recalculated density values from raw data and checked for out of bounds data.

The CP verified the Serrote database that was used for the Mineral Resource estimate completed in May 2021. The CP also checked the data for the additional drill holes that were drilled after the end-date for Mineral Resources evaluation. No issues were encountered that precluded the use of the drill data in estimation.

The CP checked the data used in support of the Caboclo target for exploration, and identified no issues that precluded the use of the drill data in supporting range of exploration target potential, however, the drill holes carried out after May 2021 should be included in a mineral resource estimate.

For Caboclo, deviation measurements were not taken in the historic holes as these were not deep.

Downhole surveys were completed by MVV using a non-magnetic Down Hole equipment to measure the deviation of the GYRO PATH and was performed by DipCore. The stations were performed with three metres of spacing between each reading.

It is worth mentioning that for Caboclo, the measurements of the downhole surveys were made relative to the collar azimuth and dip measured in the field with a Brunton-type compass, so an accurate survey of collar casing azimuths and dips is recommended. After correcting the azimuth and dip measurements of the holes, the DipCore company will be asked to re-treat the downhole surveys measurements.

12.3 CP Comments on “Item 12: Data Verification”

In the opinion of the CP:

- The database is suitable for the purposes of Mineral Resource estimation.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Introduction

This section provides a summary of the testwork programs previously carried out on Serrote mineralisation and the latest testwork programs conducted by MVV in 2019 and 2020 at the ALS facilities in Kamloops, Canada (ALS Kamloops), and in 2022 at SGS Geosol in Belo Horizonte, Brazil. Also in 2022, Woodgrove Technologies carried out pilot scale testing at Serrote. The 2022 work was commissioned because the early plant performance did not meet the production targets established from the developmental laboratory testwork.

The 2019 and 2020 testwork provided confirmation of design criteria, improved understanding of ore variability, and allowed optimization of the flotation flowsheet. After assessing the results of the 2019 testwork, MVV carried out a flowsheet development program in 2020 and adopted the flotation circuit described in Section 17 for the detailed design. The metallurgical performance parameters from testwork and recent plant results used in the LOM mine plan are provided in Table 13-1.

The main outcomes of the 2019 and 2020 testwork are summarized in Table 13-2. These indicate the following:

- Copper recovery: A model was developed to estimate copper recovery as a function of the head grade and lithology. Overall copper recovery (average LOM) is 84.7%.
- Gold recovery: Recovery was confirmed by locked cycle tests (LCT) results at 65%.
- Copper grade in concentrate: A model was developed to estimate the copper concentrate grade based on the copper/sulphur ratio (Cu/S) of each lithology. The current block model lacks extended sulphur assays to support a sound estimate of the Cu/S ratio, hence a decision was made to use the same values obtained in the LCT results for PH0 (Year 1 = 40% Cu), PH1 (Years 2 and 3 = 42% Cu) and Year 4 on (40% Cu in concentrate). Sulphur assays will be carried out on future samples to support further development of the short-term recovery/concentrate grade model.
- Copper concentrate specification: A model was developed to estimate the MgO and SiO2 contents, supported by a full suite analysis of the concentrate produced in the PH0 and PH1 LCTs. The results showed a clean concentrate with low levels of deleterious elements and minimal expected penalties.

The 2022 work at SGS Geosol and the work carried out by Woodgrove were aimed at understanding and improving the flotation plant performance. Flowsheet changes were made in the first half of 2022 and resulted in significant improvements in the metallurgical results. The plant performance data from start-up (June 2021) to December 2022 is shown in Section 17, Table 17-3.

Table 13-1: Main Metallurgical Performance Parameters by Phase
ACG Acquisition Company Limited – Serrote Mine

Parameter	Unit	PH0 Composite Year 1	PH1 Composite Year 2 and 3	PH2 to PH4 Composites Year 4 to 14
Cu recovery (based on lithology, ramp-up not included)	%	84.7	85.8	84.5
Au recovery (fixed)	%	65	65	65
Ag recovery (fixed)	%	44.6	—	—

Parameter	Unit	PH0 Composite Year 1	PH1 Composite Year 2 and 3	PH2 to PH4 Composites Year 4 to 14
Cu concentrate grade (calculated)	%	40	42	40
Au concentrate grade (calculated)	g/t	4.9	5.7	5.8

Table 13-2: 2019 and 2020 Testwork Results Summary
ACG Acquisition Company Limited – Serrote Mine

Testwork	Results
Mineralogy	Deposit CuS mineralogy has a bimodal distribution. Bornite and chalcopyrite are the two most common CuS minerals. Bornite is consistently coarser (16 µm) in all the PH composites, chalcopyrite is significantly finer (12 µm). Bornite is well liberated at less than 20 µm, chalcopyrite is well liberated at less than 12 µm. The first minute of concentrate from rougher flotation has a high grade, it is well liberated bornite concentrate. Rougher concentrate from 1–8 min contains fine and poorly liberated CuS minerals and liberated gangue.
Primary grind size	A range of rougher tests were conducted on the PH0 composite with primary grind sizes from 79–142 µm with no impact on the mass-copper recovery curve. At a nominal primary grind K_{80} of 106 µm the copper sulphide mineral liberation ranged from approximately 44% to 64%, averaging 53%. A copper sulphide liberation above 50% is considered sufficient for good copper rougher recovery. The non-liberated copper sulphide particles were mostly in binary form with non-sulphide gangue.
Rougher pH	It may be possible to run the roughers at natural pH without an adverse effect on performance. Tests would need to be conducted with mild steel grinding media to evaluate if this is a viable change.
Cleaner 1 kinetic test	A regrind of 19 µm shows significant improvement in the grade-recovery curve compared to 27 µm.
Non-sulphide gangue depressant screening	PE26 [a CMC (carboxymethyl cellulose)] is the most successful non-sulphide gangue depressant (compared to dextrin and guar gum). The grade-recovery curve was improved slightly with a higher pH (10.5 vs 9.5) in the cleaner circuit.
Regrinding	It was confirmed that a rougher concentrate regrind of 20 µm is needed to successfully liberate the bornite material, a second regrind of approximately 12 µm is needed to liberate the chalcopyrite. Regrinding to 38 µm, or even 30 µm, showed lower copper recovery at the target concentrate grade. Mineralogical examinations of the concentrates produced showed very high copper sulphide liberation values, suggesting that slightly coarser regrind targets may be possible.
Flotation flowsheet	A split regrind circuit within the cleaner circuit to separately liberate the bornite and chalcopyrite material shows improved recovery versus a bulk single regrind stage — likely due to slimes and fine bornite material reporting to cleaner-scavenger tailings. A high grade 'bornite' concentrate can be produced (42–55% Cu) and a lower grade 'chalcopyrite' concentrate can be produced downstream (30% Cu). Two separate cleaning circuits for these two minerals, followed by combination of the two

Testwork	Results
	concentrates (approximately 40% Cu), shows superior results to producing a single concentrate.
	Between 12% and 21% of the copper sulphide particles had less than 10% surface exposure; these will be difficult to recover in conventional flotation.
	The copper recovery improves by approximately 4.5% on the gabbronorite (GB) sample when using 50 g/t vs 100 g/t PE26, likely due to non-sulphide gangue–copper binary material being depressed.
Optimized flowsheet testing	Talc content varies significantly, a set dosage of PE26 may not be the optimal method to depress talc in flotation. Samples with little to no talc may require no PE26 and samples with higher talc content may benefit from increased dosage.
	Tests using potassium amyl xanthate (PAX) produced the same metallurgical performance as those that included Aero 4037 as well, despite almost no PAX dosage optimization.
	Most testwork was performed on variability samples within PH0, but included all major lithologies.
Variability testwork	Two variability tests performed poorly due to low rougher recoveries, likely a result of finely disseminated copper and increased proportions of copper oxide minerals. Some tests performed poorly due to inability to achieve the target 20 µm regrind size in the laboratory mill. Other variability tests showed grades of 25% Cu at acceptable recoveries using an open circuit flowsheet.
	Further testwork with the selected circuit, to address the issues noted above (laboratory mill), was completed in 2020.
	LCTs were performed on the PH0 and PH1 composites, based on the split regrind flowsheet.
	PH0 showed that concentrates of approximately 40% Cu at 83.1% recovery could be achieved.
	PH1 achieved approximately 42% Cu concentrate grades at 88.2% recovery.
	Both LCTs achieved superior Au recoveries and concentrate grades (>70% Au and approximately 6 g/t, respectively).
Locked cycle tests (LCT)	Ag concentrate grades were >30 g/t in both LCTs, moving this into the payable window for many off-takers.
	PH0 with one regrind stage achieved approximately 30% Cu concentrate grade at 80.2% recovery. This test proved the necessity for the second regrind stage to increase both concentrate grade and recovery.
	LCTs on the PH2+3 and PH4 composites showed a copper recovery of 89.7% at a combined concentrate grade of 38.0% Cu for PH 2+3 and 87.8% recovery at 39.6% Cu for PH 4

13.2 Historical Testwork

Metallurgical testwork started in 1985 and continued through various stages of exploration and project evaluation until 2001. The focus was to identify the mineralisation in 40 drill core samples that were considered representative of the various rock types with different copper sulphide contents.

In 2009 a proof-of-concept metallurgical testwork program was carried out by SGS Lakefield in Canada (SGS Lakefield) under the supervision of COGECO (consultant Mr. Mike Ounpuu). In 2010 and 2011 a more detailed program was completed at SGS Lakefield with samples from five metallurgical drill holes. Head sample analyses, quantitative evaluation of materials by scanning electron microscopy (QEMSCAN) analysis, liberation by lithology examinations, grindability tests, flotation tests and

concentrate analysis were carried out. Product samples from the SGS Lakefield testwork program were sent to Pocock Laboratories in Salt Lake City, USA (Pocock), for solid–liquid separation testing.

In 2011 a detailed metallurgical study was conducted to evaluate the metallurgical variability and finalize the plant flowsheet. Metallurgical testwork was conducted at SGS Lakefield in 2012. The results from this detailed testwork formed the basis of process plant design inputs and the plant design developed for the 2012 feasibility study. Metallurgical studies were completed including comminution testing, flotation (open circuit and locked cycle tests) and dewatering. The main testwork was completed on a Master Composite that was made up of material from five metallurgical drill holes located mainly in the north of the pit (first four years of mine life). The composite was made up of a LOM blend of the three main lithologies.

Aura Minerals completed a feasibility study in 2012 and carried out basic engineering in 2012–2013 for a production rate of 7 Mt/a. After acquisition, in an effort to improve project economics, MVV evaluated a 4.1 Mt/a plant with lower capacity, with possibilities for future expansion or for an extension of mine life.

In 2019 and 2020 additional testwork was carried out to confirm design criteria, improve understanding of ore variability, and optimize the flotation flowsheet.

13.3 Testwork Prior to 2018

The 1985–2006 exploratory campaigns performed by Vale included detailed mineralogical analysis, comminution, flotation, and magnetite recovery testwork. Limited testwork was also completed on the recovery of gallium and vanadium as saleable metals. This work indicated that there are two distinct ore types. From a metallurgical perspective, the primary difference was the concentration of magnetite in the material.

The 2007 and 2009 metallurgical testwork programs performed by Aura Minerals were intended to cover all aspects of metallurgy including comminution, sulphide copper recovery, oxide copper recovery, magnetite recovery, assessment of gold, nickel and gallium recovery, and mineralogical examinations.

The 2010–2011 testwork program was performed by Aura Minerals at SGS Lakefield and Pocock. The main outcomes were:

- Crushing work index (Cwi) 20.6 kWh/t (range from 18.6 kWh/t to 24.1 kWh/t)
- Bond ball mill work index (Bwi) 16.9 kWh/t (75^{th} percentile) and abrasion index (Ai) 0.386 (75^{th} percentile)
- Flotation feed size F80 100 µm
- Use of a simple flotation circuit with two stages of column cleaning and a mechanical first cleaner-scavenger stage
- Concentrate grade 24.5% Cu with a metallurgical recovery 84%

These criteria were selected to design for higher mass pulls, although higher grades can be achieved with lower recoveries.

The flotation batch testing focused on:

- Effect of grind on recovery
- Cleaner circuit configuration

The batch testing generally confirmed most of the conditions developed in the Proof-of-Concept program:

- Copper recovery is grind-size sensitive.

- Cytec 4037 (dithiophosphate, thionocarbamate blend) is a good collector and adding PAX is not warranted.
- The process does not require lime, in fact higher pH can be detrimental.
- CMC is required to make a saleable concentrate grade; CMC addition to the roughers does not appear to be warranted.
- Regrinding is required, but the level of regrind and at what stage in the flowsheet was not clearly demonstrated.

The copper recovery predictions versus the flotation feed F_{80} size, based on the flotation testwork, were as follows:

- 82% Cu recovery at 130 µm
- 84% Cu recovery at 100 µm (factored)
- 85% Cu recovery at 80 µm

Based on an internal trade-off study prepared in August 2010 by Aura Minerals, the optimum grind size (P_{80}) was determined to be 100 µm. This value was adopted for design purposes.

13.4 2018 Testwork

13.4.1 2018 Testwork Objectives

In 2018 MVV performed in-house due diligence on the previous metallurgical testwork data. The biggest challenges with processing this material that were identified during this due diligence are listed:

- The low grade of the final copper concentrate produced (compared to the expected grade based on secondary copper sulphide mineralogy), mainly due to contamination with non-sulphide gangue minerals.
- The economic impact of the penalties associated with the flotation of the non-sulphide gangue (mainly MgO and Al_2O_3).
- Non-optimized rougher recovery; although detailed metallurgical flotation testing had been completed, there were some gaps in the screening and testing of non-sulphide gangue depressant reagents and in the flotation reagent procedure.

MVV also decided to repeat the grind versus rougher recovery tests to optimise the economics of the mill size and capital cost using updated 2017 mill cost estimates and copper prices.

Early on in the in-house due diligence, MVV identified that some copper sulphides exhibit very fast flotation kinetics and that this could be exploited to maximise recovery and concentrate grade.

13.4.2 2018 Testwork

There was approximately 60 kg of Master Composite sample left at SGS Lakefield. Confirmatory testwork showed that the material was in good condition (unoxidized). MVV conducted another round of metallurgical testwork. The testwork program was completed at SGS Lakefield, managed by MVV in-house experts in conjunction with SGS Lakefield testwork managers. This sample was used for reagent dosage type and addition point optimizations and mineralogical examinations. Open circuit cleaning tests were also performed using this sample.

A testwork plan was prepared to:

- Complete further grind size versus rougher recovery tests to determine the optimum P80 grind size based on updated mill costs and copper prices.

- Perform mineralogical studies on the rougher concentrate to understand the nature and liberation of the copper minerals and the non-sulphide gangue material that causes the final concentrate contamination.
- Screen alternative non-sulphide gangue depressant reagents to increase final copper concentrate grade and reduce non-sulphide gangue penalty costs.
- Improve rougher flotation kinetics.
- Look for any potential flowsheet optimizations.

13.4.2.1 Grind Size versus Rougher Recovery Test

A new data set of grind vs recovery information was produced to establish the most economical grind size. Three grind sizes were chosen: 80 µm, 100 µm and 120 µm. It was immediately apparent that the P_{80} vs grind time was atypical of most copper deposits. This was due to the higher amount of flakey mica material in this ultramafic deposit compared to other porphyry deposits. This material can result in misleading grind results using the standard laboratory grinding procedure. Obtaining the targeted grind sizes proved difficult for this reason, with extremely long grind times needed to achieve a P_{80} less than 90 µm.

This long grinding time was thought to be potentially over-grinding the valuable copper sulphide minerals, which could result in copper recovery losses. The over-grinding of flakey mica material is unlikely to be as severe in practice due to the use of hydrocyclones within the grinding circuit, which will remove most of the mica material prior to further grinding.

Based on the results and an analysis of past grind vs recovery testwork data, 100 µm was selected as the target P_{80}. The results also indicated that there may be opportunities to increase grind size without loss of recovery.

In all tests it was noticed that there was a very fast floating copper sulphide component. Approximately 80% of the total copper was recovered into a concentrate stream with a grade of 18% to 20% Cu in the first minute of flotation. It was postulated that the bornite fraction floats quickly into a high-grade concentrate and that the chalcopyrite is slower floating and is recovered in the remaining rougher capacity.

13.4.2.2 Rougher Concentrate Mineralogy

Mineralogy and liberation analysis were completed on the rougher concentrate to better understand copper liberation and the minerals contaminating the copper concentrate.

A flotation test performed at 100 µm primary grind without any non-sulphide gangue depressants was completed to produce a concentrate for QEMSCAN and liberation analyses. The first three rougher concentrates were combined to make the sample, even though five rougher concentrates were taken in total. This was because 94% of the total copper reported to the first three concentrates. The results showed that chalcopyrite (7.2% mineral mass) and bornite (4% mineral mass) were the main copper sulphide minerals reporting to the rougher concentrate. The main contaminants in the rougher concentrate were non-sulphide gangue. Of the non-sulphide gangue, plagioclase and calcium–magnesium–iron silicates were each approximately 15% of the mineral mass. The main mineral contaminant was mica at 19%. Chlorites/clays (9.3%) and quartz (6%) were also significant contaminants.

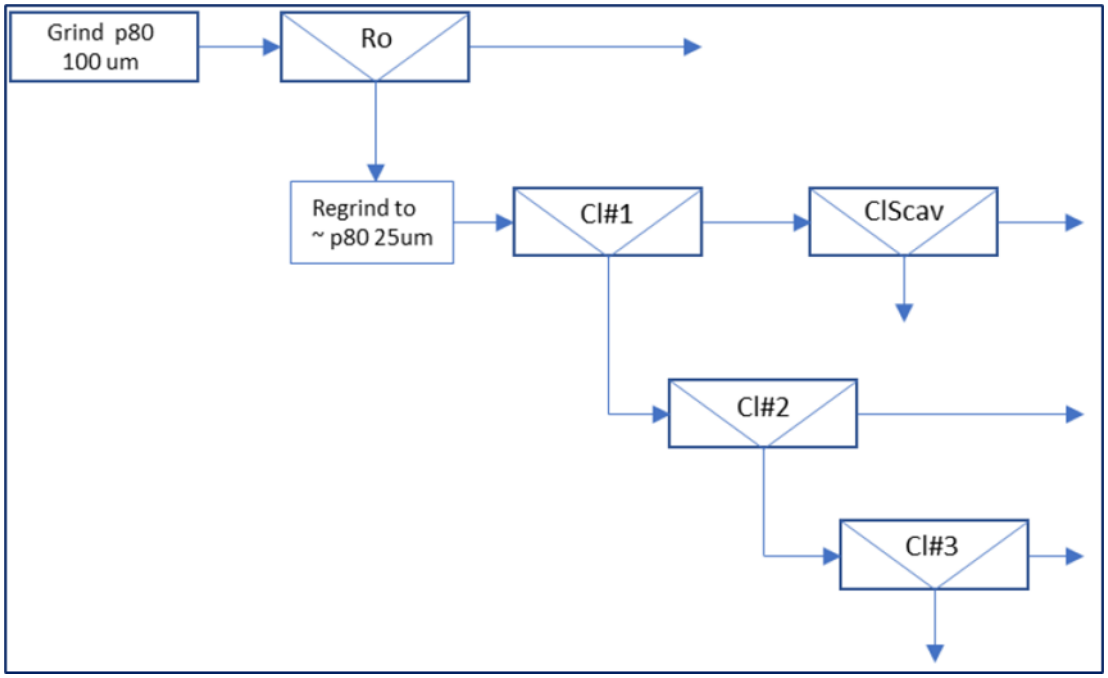
Liberation analysis showed that free copper sulphide (100% liberation) was approximately 75% of total copper sulphide present. Liberated (>80% surface exposed) was another 10% of the total copper sulphide mass. Approximately 80% is sufficient to produce an adequate rougher concentrate. The remaining copper sulphide was made up of particles locked with silicates, Fe-oxides, and feldspars. For the non-sulphide gangue, the majority was free (90%) or liberated. There was very little sign of

locked copper sulphide-silicate particles. This analysis showed that the main silicate contaminants are naturally floating minerals reporting to the concentrate, or minerals that are entrained with the concentrate.

Due to the high level of liberation, it may be possible to reduce this material with correct depressant usage, or if entrained, by using a froth washing mechanism (column/Jameson/direct flotation reactor (DFR) cells).

13.4.2.3 Open Circuit Cleaner Tests

Open circuit cleaning flotation tests were performed using a standard flowsheet that replicated the flowsheet for Serrote at that time (Figure 13-1). A number of variations were made to the flowsheet based on the metallurgical testwork results and the concentrate mineralogy to identify the optimal conditions.



Source: MVV, 2018.

Figure 13-1: Open Circuit Cleaner Test Flowsheet

The grade versus recovery curves for the tests were plotted for both copper and gold. The best performing tests fell on the same grade–recovery curve, indicating similar performance.

With respect to the copper recovery in the rougher circuit the following observations were made:

- Approximately 94% of the total copper can be recovered into the rougher concentrate at a concentrate grade of approximately 5% Cu to 6% Cu and a mass pull of 9% to 10% in approximately 7 min flotation time. This is much improved from the testwork completed in 2012, which recovered approximately 94% total copper at 2.6% Cu grade and 18.4% mass pull in approximately 15 to 17 min.
- The use of soda ash as a pH modifier had a negative effect on copper grade and recovery in the rougher circuit.
- There was little difference in non-sulphide gangue recovery to the rougher concentrate when operating at a lower rougher feed density. Low density rougher flotation is therefore not necessary.

- The use of sodium silicate and CMC depressants had little impact on grade vs recovery of the copper.
- A coarser primary grind of 120 µm did not significantly impact the grade-recovery curve of the rougher circuit. This may provide an opportunity to operate the mill at a slightly coarser grind than design (100 µm).

With respect to the three-stage cleaning circuit, there were a number of observations:

- The use of soda ash as a pH modifier in the cleaner circuit had the same negative effect on copper grade and recovery as observed in the rougher circuit. The use of soda ash in the rougher circuit also had a negative effect on the cleaner circuit.
- A higher pH (11.5) in the cleaner circuit produced one of the highest final copper concentrate grades (approximately 30% Cu); however, this was at the expense of copper recovery. The grade-recovery curve of this test was poorer than many of the other tests.
- The use of high dosage rates of Na-silicate in the cleaners produced similar grade-recovery impacts as lower dosages of CMC; however, the final concentrate grade was only 23% Cu compared to 29.5% Cu using CMC.
- To achieve a final copper concentrate grade above 22% Cu, a regrind to about 25 µm was required.
- The use of a silicate depressant (possibly in combination with CMC) will be needed in the cleaning stages to achieve copper concentrate grades >25% Cu.

Gold grade–recovery curves were more variable than those for copper. The gold grade vs recovery curve followed that of copper; however, it was obvious that the use of soda ash (in both the roughers and the cleaners) was detrimental to gold recovery. The relationship between iron and gold was examined to determine if there was gold associated with pyrite; however, the result was inconclusive.

13.4.2.4 Open Circuit Cleaner Tests – Flowsheet Development

Information obtained from the mineralogy and open circuit cleaning tests was used to design a variation of the existing flowsheet. The very fast flotation kinetics of the copper sulphide minerals in the first minute of rougher flotation, combined with mineralogical data indicated that the rougher concentrate contained fine, liberated non-sulphide gangue material. This led to the development of a split concentrate flowsheet. This flowsheet was investigated in the 2019 testwork.

13.5 2019 Metallurgical Testwork

13.5.1 2019 Samples

Much of the northern pit area (first four years of operation) had been sampled and tested; however, there was less variability testing performed on material for Year 5 onwards in the mine plan. To provide better information about the LOM material and its impact on the metallurgical performance, eight new metallurgical drill holes were completed. The drill hole locations were planned to intersect different mineral types and variations in lithology across areas of the pit not previously tested while also ensuring good spatial coverage over the LOM.

The results from the testwork with these samples were used to test the variability of the existing process flowsheet and provide more information for operations. Testwork using alternative flotation technology (including froth washing) was also completed to determine if any improvements in metallurgical performance could be obtained using other technologies.

13.5.2 2019 Testwork Plan

The 2019 metallurgical testwork was conducted at ALS Kamloops. The 2019 program was initially designed with the following aims:

- To improve understanding of the variability of the deposit, specifically the lithologies within the first three years of the LOM. The three main lithologies were:
  - Mano (magnetite norite)
  - GB (gabbronorite)
  - QFSG (quartz–feldspar–sillimanite gneiss)
- To assess opportunities for improving recovery and concentrate grade by optimising regrinding and use of special non-sulphide gangue depressant reagents.

Samples from the eight new metallurgical diamond drill holes were taken and a mining phase composite (PH0 – first year of operation) was created and the following tests were initially completed:

- Mineralogical studies
- Flotation testwork

During the testwork on this composite, it was observed that there would be issues in obtaining the modelled concentrate grade and recovery using the original flowsheet. The testwork program was modified to focus on regrind and cleaning flowsheet development. This revised program used the following composites:

- PH0 composite (first year of operation)
- PH1 composite (Year 2 to 3)
- PH2 composite (Year 4 to 7)

Head assay, mineralogy, and flotation testwork were performed on these composites in the revised regrind/cleaner flowsheet.

13.5.3 Sample Selection

Several drill core intercepts were provided for the preparation of the phase composites. The composites (PH0, PH1, and PH2) were prepared to provide representativity across several variables for the targeted mining periods. The targets for sample selection were based on:

- Copper feed grade
- Acid soluble copper feed grade
- Gold feed grades
- Lithology blend based on the updated mine plan
- Spatial representativity vertically and across all stages of the pit shell constraining the resource estimate

The average assays of the three composite head samples are shown in Table 13-3.

Table 13-3: Assays for PH0, PH1 and PH2
ACG Acquisition Company Limited – Serrote Mine

Phase	Cu (%)	CuOx (%)	Fe (%)	S (%)	MgO (%)	Si (%)	Ni (%)	Au (g/t)	Ag (g/t)
PH0	0.71	0.066	19.6	0.41	10.1	15.0	0.095	0.13	4

Phase	Cu (%)	CuOx (%)	Fe (%)	S (%)	MgO (%)	Si (%)	Ni (%)	Au (g/t)	Ag (g/t)
PH1	0.84	0.044	19.3	0.39	11.6	15.0	0.110	0.16	1
PH2	0.44	0.010	2.75	0.92	9.25	24.7	0.014	0.02	<1

The composites were analysed using QEMSCAN PMA (particle mineralogical analysis) supplemented by XRD (x-ray diffraction) analysis. The mineral content of the composites is shown in Table 13-4.

Composite PH2 consisted of GB material only, as there were minimal Mano lithology assays available at the time of compositing. PH2 was therefore classed as a GB variability composite for analysis. Further chemical analysis on other drill holes has shown that there is Mano material in PH2 of the mine plan and testwork on this lithology within PH2 was completed as part of the variability testwork completed in 2020.

Table 13-4: Mineral Content for PH0, PH1, and PH2
ACG Acquisition Company Limited – Serrote Mine

Mineral	PH0	PH1	PH2
Copper sulphides	1.1	1.5	1.1
Iron sulphides	0.2	<0.1	1.2
Pyroxene/amphibole	30.6	27.1	46.4
Feldspars	18.5	14.2	31.3
Micas	15.3	22.2	4.7
Iron oxides	13.1	13.6	0.1
Chlorite	6.9	6.3	2.4
Titanium minerals	4.1	4.7	1.1
Garnet	4.9	5.5	2.4
Quartz	1.6	0.4	7.5
Spinel	1.9	3.5	<0.1
Corundum diaspore	0.5	0.2	0.1
Apatite	0.1	0.1	0.4
Carbonates	0.1	0.2	0.7
Talc	0.4	0.3	0.1
Others	0.7	0.3	0.5
Total	**100**	**100**	**100**

13.5.4 Mineralogical Studies

Mineralogical studies were performed on head samples of PH0, PH1, PH2 and Flotation Test T28 streams of interest (bulk concentrate A, 1st cleaner tailings and regrind 2 discharge). The aim of the metallurgical production composite analysis was to establish the mineralogical characteristics of the samples, focusing on the major copper-hosting minerals. Information of interest included the speciation of major copper-hosting minerals, copper mineral grain size and associated phases (i.e., minerals that share a grain boundary contact with the copper minerals).

Bornite was typically the main copper sulphide mineral observed in PH0 and PH1 (average distribution ranging from 0.71%–1.11%), followed by chalcopyrite (average distribution 0.31%–0.35%). Minor amounts of chalcocite and covellite were also found. For PH2 (GB material), the majority of the copper-bearing sulphides was chalcopyrite. The main gangue minerals were pyroxene, feldspars, micas, and chlorites. PH2 contained higher levels of pyroxenes, feldspars and pyrrhotite than the other composites.

The key findings from the particle mineral analysis (PMA) on all composites included:

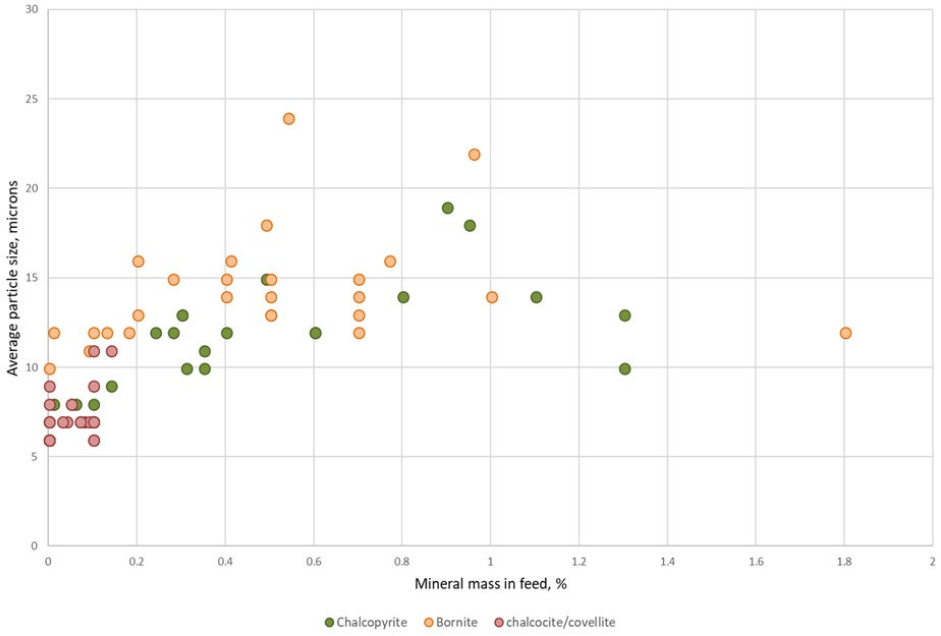
- Extreme difference in the nature of the chalcopyrite in the sample compared to that of the bornite, chalcocite, and covellite.
- The bornite mineral grain size is well liberated below 20 µm.
- The chalcopyrite mineral grain size is well liberated below 12 µm.
- Copper sulphides are predominantly associated with non-sulphide gangue minerals and to a lesser extent with pyrite.

Mineralogical limiting grade vs recovery curves show that based on the fine-grained nature of the chalcopyrite a fine grind of <20 µm is needed to produce a saleable concentrate. The graphs also show that the bornite mineralogy is coarser than the chalcopyrite, thus at a 20 µm grind size very good grades and recoveries can be achieved. The graphs also show the relationship between the copper concentrate grade and copper recovery. Regrinding the copper sulphide minerals to less than 20 µm will be required to achieve a saleable copper concentrate grade (i.e., >24.5% Cu) while achieving a cleaner stage recovery of >95%.

Photomicrographs of the rougher concentrate produced from batch flotation testwork conducted on the PH0 composite sample were taken. The analysis showed that the coarse-grained copper sulphides (mainly bornite) will be recovered in the first rougher concentrate; whereas the copper sulphides recovered in the subsequent concentrates will be very fine grained and poorly liberated. This emphasizes the need for finer regrinding to achieve a saleable copper concentrate grade.

A review of the 27 historical variability samples was conducted to determine the copper sulphide mineral grain size distribution. The copper sulphide mineral grain size for bornite, chalcopyrite and chalcocite/covellite versus distribution in feed are shown in Figure 13-2. This indicates that bornite has an average mineral particle size less than 15 µm, the chalcopyrite has an average mineral particle size less than 12 µm and the chalcocite/covellite has the finest average mineral particle size at less than 7 µm.

Head sample mineralogy was completed for variability testing in 2020 and mineralogy became a prerequisite for all geometallurgical work in order to better understand the copper and mineral distribution.



Source: MTS et al., 2019.

Figure 13-2: CuS Mineral Grain Size vs Distribution in Feed for Variability Samples

13.5.5 Laboratory Testwork Results

Laboratory testwork focussed on optimizing the flotation circuit, specifically the regrind and cleaner circuit to improve copper concentrate grade. This testwork included establishment of grind characteristics, rougher kinetics, regrind optimization and open circuit cleaner tests (Cleaner 1 kinetics and three stage cleaning) to assess reagent screening. The majority of the reagent screening tests were performed on the Cleaner 1 kinetic tests.

13.5.5.1 Cleaner 1 Kinetic Tests and Reagent Screening

Cleaner kinetics tests were conducted to determine the response of the 1st cleaner concentrate to various grind sizes and non-sulphide gangue depressant reagents. All tests were performed on the PH0 composite at a standard primary grind of 107 µm with standard rougher reagents and conditions.

The results show that both dextrin and guar did not assist in depressing non-sulphide gangue minerals. CMC was the preferred non-sulphide gangue depressant at 100 g/t dosage. Increasing the pH on the blended PH0 composite did not result in any significant difference to either grades or recoveries.

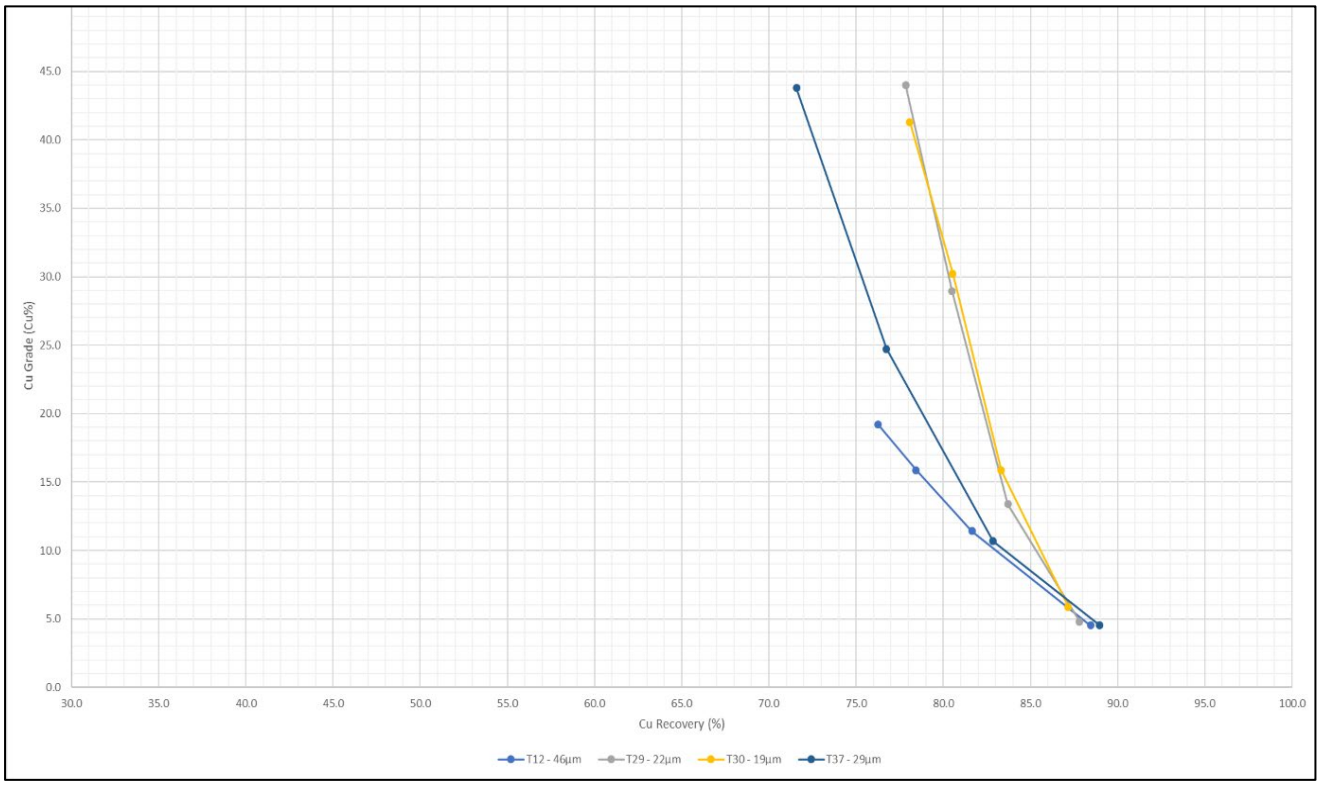
Changing the regrind from 27 µm to 19 µm showed a marked positive shift in the grade-recovery curve, with a 15% increase in recovery at the 25% Cu concentrate grade. These results suggested that a regrind to at least 19 µm is required, with CMC as a specific non-sulphide gangue depressant for future testwork.

13.5.5.2 Regrind Size Optimization

From the mineralogy of the PH0 composite and some of the previous testwork, opportunities were recognized to optimize the regrind size target. There was a need to regrind finer than the 38 µm used in the design criteria. Tests were performed at various regrind sizes to establish the likely recoveries obtained at a concentrate grade of 24.5% Cu.

Figure 13-3 compares coarse regrind (46 µm) and finer regrind targets (19, 22 and 29 µm); it can be seen that a coarse regrind of 46 µm (T12, light blue) will not achieve a 24.5% Cu concentrate grade.

Comparing a regrind size of approximately 30 µm and approximately 20 µm at 24.5% Cu concentrate grade (T37 in dark blue and T29 in grey, respectively) recovery increases from approximately 77% to 83%. The results indicate that a target regrind size of 20 µm (T30 in orange) is optimal for the project. This new target regrind size was used for further testwork.



Source: MTS et al., 2019.

Figure 13-3: Comparison Coarse Regrind (46 µm) vs Fine Regrind (19 µm, 22 µm and 29 µm)

13.5.5.3 Regrind Circuit Flowsheet Development

There is a distinct bimodal distribution to the grain size distribution for copper sulphide minerals. This flagged the possibility of whether a two-stage regrinding process should be implemented because of the following factors:

- Copper sulphide ores that are disseminated and require fine regrinding of the rougher concentrate (approximately 25 µm), result in fine copper minerals that have a slow rate of flotation which may result in losses in recovery.
- When the ore contains secondary copper minerals in addition to chalcopyrite, a two-stage regrinding flotation flowsheet should be used to avoid sliming of bornite and covellite minerals.
- The complexity of the copper–gold material rapidly increases when several copper minerals are present and there are more differences in liberation size. For example, bornite and covellite are brittle and tend to slime during grinding and regrinding of the bulk concentrate.

The split regrind circuit flotation circuit consists of a first regrind mill that regrinds all the rougher concentrate to a particle size P_{80} of 30 µm. The regrind mill discharge is then floated in a cleaner circuit. The tailings from the cleaner circuit are then floated in a bank of cleaner-scavenger cells. The concentrate from the cleaner-scavenger cells is then reground to a particle size P_{80} of 15 µm and floated in an additional cleaner flotation stage.

A program comparing the split regrind circuit vs the conventional bulk regrind circuit was performed. The split regrind circuit had a higher cleaner stage recovery at similar concentrate grades compared with the conventional regrind flowsheet.

The main results from the conventional and split regrind flowsheet include:

- The flotation tests results were normalized at a final concentrate grade of 25% Cu (i.e., to compare like for like recoveries).
- The split circuit achieves a higher cleaner stage recovery compared to the conventional circuit.
- The split circuit increased the overall copper recovery by more than 2% Cu compared to the conventional circuit.

13.5.5.4 Optimized Split Regrind Testwork

Additional testwork on the preferred split regrind flowsheet was performed to identify if any further optimizations could be made. Dosages of half the amount of PE26 (CMC) were tested. Mineralogy suggested that there could be depression of copper minerals associated with non-sulphide gangue due to the CMC. Results showed that for PH0 and PH1 there was negligible difference in results. PH2 (the GB material) showed a 4.5% overall copper recovery improvement.

The results confirmed that there is an opportunity to reduce the CMC to 50 g/t to reduce losses of copper associated with non-sulphide gangue. Further open circuit tests were completed as part of the 2020 program to investigate collector dosage rates and addition points.

Testwork aimed at removing some lower density non-sulphide gangue material prior to the second regrind did not show any benefit and was halted.

13.5.5.5 Variability Testwork

Drill core intercepts were carefully selected to make several variability samples for PH0. These samples were selected to ensure a range of variables were covered including:

- Copper feed grade
- Acid-soluble copper feed grade
- Lithology
- Down-hole to cover the layering effect of the deposit
- Cu/S ratio
- Ni/Cu ratio
- Fe/S ratio
- Spatial representativity vertically and across all stages of the Serrote pit shell

The PH2 composite was included in the list of variability samples even though it consisted only of GB material.

The target first regrind size of 20 µm was not achieved in the laboratory scale regrind mill on several of the variability samples. It is believed that poor liberation in the regrind circuit was the main reason why some of these variability samples provided less than 80% recovery. In practice, a controlled, closed circuit regrind/hydrocyclone circuit would enable good control of the particle size distribution and mitigate these effects. The other variability samples performed well, with over 85% recovery and 25% Cu concentrate grade.

These results were obtained in an open circuit laboratory test. The circuit design used for the initial operation had the second cleaner tailings recycled back to the regrind mill. In other copper flotation operations, this recirculating material typically increases overall recovery by 2%–3% without a

decrease in the concentrate grade. This flowsheet with recirculation was selected for Serrote. Locked cycle laboratory tests were carried out to verify these assumptions.

13.5.5.6 Locked Cycle Testwork

After the series of open circuit cleaning tests had been completed, the program moved into the LCT phase. Four 4 kg open circuit tests were performed prior to the LCTs to confirm testwork conditions and regrind times (two tests on PH0 and two tests on PH1). The PH2 composite was omitted because it was not representative of the PH2 mine plan.

Two LCTs were completed on the PH0 composite and one on the PH1 composite. Each LCT used five 4 kg samples. The flowsheet is provided as Figure 13-4.

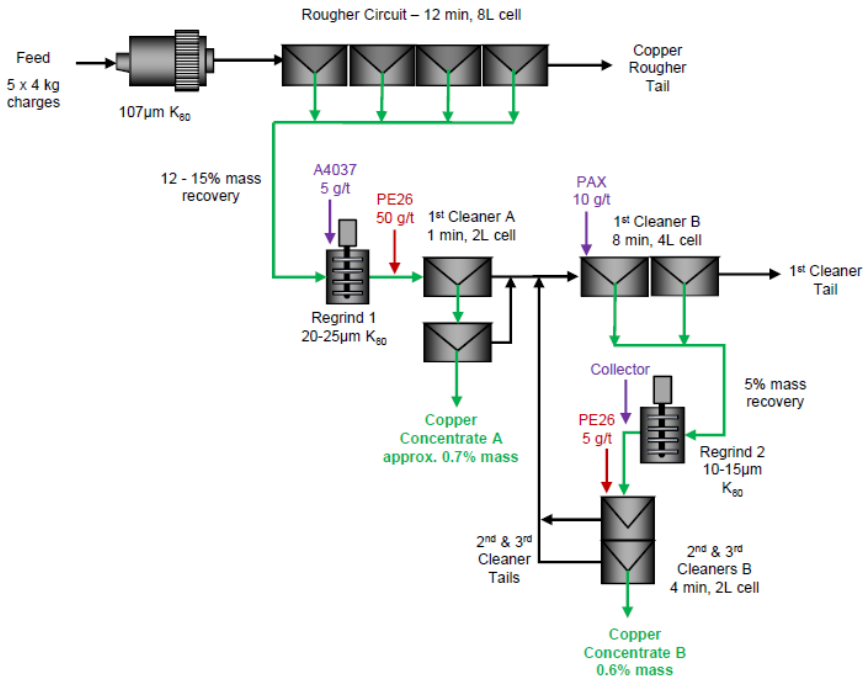
The work on PH0 with two regrind stages had consistent head grades (0.7% Cu similar to the open circuit testwork). Rougher recoveries were slightly lower than expected at 87.5%, primarily due to the lower mass recovery of 11.8% compared to the target 13% to 14%. The Cleaner A concentrate grade was very high at approximately 53% Cu. The stage recovery of this circuit was approximately 61%, slightly lower but in line with the open circuit tests. The Cleaner B concentrate grade was 27.5% Cu at a total copper recovery of approximately 30%. This is higher than the open circuit tests of approximately 23% Cu at 23% total copper recovery.

There was little evidence of large recirculating masses in the cleaner circuit indicating that the regrind size, liberation and subsequent flotation removal is optimal, and no build-up of middling material will occur.

The calculated cleaner circuit recovery was approximately 95%, in line with expectations.

Gold in the copper concentrate was approximately 6 g/t in the LCT, at a gold recovery of approximately 70%. The silver grade was 36 g/t.

The PH0 LCT with two regrinds showed that a high grade of approximately 40% Cu can be achieved at a recovery of 83.1%. This overall recovery would have likely increased by 1%–2% had the target rougher mass pull rates been achieved. The cleaner copper concentrate grade could then be lowered to increase the copper recovery based on the grade–recovery curve.



Source: MTS et al., 2019

Figure 13-4: LCT Flowsheet

The PH1 LCT also performed very well. This sample contained a higher copper head grade than PH0 (0.87% Cu). The overall recovery of this sample was 88.2% at a high concentrate grade of approximately 42% Cu. A cleaner recovery of 96% was achieved in this sample, similar to that of PH0. As for PH0, the gold grade and recovery were approximately 6 g/t and 71%, respectively, and the silver grade was 36 g/t.

The PH0 LCT with one regrind also showed consistent head grades as for the open circuit testwork (0.71% Cu). Rougher recovery of 85.64% was slightly lower than the two-regrind LCT (87.50%). The rougher mass recovery of 14.2% was in line with the target 13%–14%. The final concentrate grade of 30.19% Cu and the recovery of 80.16% were lower than the two-regrind LCT, 39.77% and 83.05%, respectively.

The LCTs with two regrinds performed very well with improved copper recoveries and concentrate grades compared to the open circuit cleaner test results, supporting the flowsheet used for the initial operation and the values used in the financial model.

13.5.5.7 Minor Elements in Concentrate

Selected assays were conducted on the copper concentrates from a range of tests, including the two LCTs with two regrind stages. Results of these assays are provided in Table 13-5. Gold in the concentrates was well above typical payment levels. Higher concentrate copper grades tend to have higher gold grades.

MgO may result in some smelting penalties, with levels above 5% commonly observed for MC-PH0 concentrates. Fluorine may also be high enough to be of concern to some smelters.

Table 13-5: Minor Elements in Concentrate
ACG Acquisition Company Limited – Serrote Mine

Element / Unit / Sample	Ag (g/t)	Al (%)	As (%)	Au (g/t)	Bi (g/t)	Cd (g/t)	Cl (g/t)	Co (g/t)	Cu (%)	F (g/t)	Fe (%)	Hg (g/t)	MgO (%)	Ni (g/t)	Pb (%)	S (%)	Sb (%)	Si (%)	Zn (%)
MC – PH0 Conc.																			
T36 High Grade	32	2.61	<0.002	5.86	<5	6	-	96	37.4	-	11.6	-	5.25	470	0.01	17.1	<0.002	7.0	0.04
T69 Med. Grade	26	3.32	0.002	9.56[1]	<5	6	-	92	27.2	-	10.7	-	7.23	510	0.01	13.1	0.002	10.1	0.06
T66 Low Grade	22	3.28	<0.002	3.83	<5	7	-	87	24.4	-	10.8	-	8.86	530	<0.01	11.3	0.002	11.2	0.03
T76 Con. Comp.	36	1.54	-	5.83	-	-	150	-	39.1	540	10.9	<1	5.84	-	-	17.4	-	7.25	-
MC – PH1 Conc.																			
T77 Con. Comp.	36	1.69	-	6.72	-	-	150	-	42.1	510	12.8	<1	4.51	-	-	18.2	-	5.72	-

Note:

1. Insufficient mass for re-assay

13.6 2020 Metallurgical Testwork

13.6.1 Testwork Summary

Testwork was carried out by ALS Kamloops with reports issued in August, October, and December 2020 to provide further confidence in the selected flowsheet and to provide additional mineralogical data.

13.6.1.1 August 2020

The objective of this work was to determine the metallurgical response of 31 variability samples not previously tested. Testing included:

- Head assays;
- Comminution testing on 13 selected samples through Bond ball mill work index (Bwi) tests;
- Mineralogical examination using bulk mineral analysis (BMA) with full PMA on four samples;
- Flotation response using the split cleaner circuit flowsheet;
- Gold assaying and metallurgical balances for gold;
- Silver assaying of concentrates produced during the program.

13.6.1.2 October 2020

This program was an extension of the August 2020 program. Mineralogical assessments, regrind energy studies and tailings characteristics determination were completed. Testing included:

- BMA using QEMSCAN on 11 samples and PMA on another 11 samples;
- Batch rougher tests to generate rougher concentrate for regrind energy studies and a tailings sample;
- IsaMill signature test plot and Eliason tests to estimate energy requirements for the target regrind discharge sizing.

13.6.1.3 December 2020

- This work was carried out on two composites, a blend of PH2 and PH3, and a PH4 composite. The program comprised an open circuit rougher/cleaner test and an LCT on each composite. The objective was to provide performance data on material to be processed later in the mine plan and, in the case of the LCTs, to provide tailings material for environmental testing.

13.6.2 Samples

13.6.2.1 August and October 2020

The same 31 variability samples were used for the August and October 2020 testwork. The copper content of the samples ranged from about 0.3%–1.2% and averaged about 0.7%. Between 1% and 19% of this copper was soluble in a weak sulphuric acid solution, indicating copper oxide minerals. However, other copper sulphide minerals, particularly secondary copper sulphide minerals, can partially dissolve in this assay as well.

Samples with a higher percentage of oxide copper would have lower copper recoveries in flotation. Between about 3% and 80% of the copper was soluble in a sodium cyanide solution, indicating copper within secondary copper sulphide minerals and bornite. Samples with high percentages of copper in

these minerals would produce higher copper grade concentrates as these minerals have a higher copper content.

Gold content ranged from 0.03–0.46 g/t, averaging about 0.13 g/t and silver content ranged from below the detection limit of 1 g/t to about 3 g/t.

Sulphur assayed between about 0.2% and 1.2%. The sulphur content was less than the copper content indicating low levels of other sulphide minerals and chalcopyrite compared to higher grade secondary copper sulphide minerals and bornite. Higher sulphur content than copper content indicates the presence of other sulphide minerals such as pyrite and possibly higher chalcopyrite content; this could result in lower copper grades in the concentrates.

13.6.2.2 December 2020

The lithological composition of the composites was:

- PH2+3; GB 27%, Mano 70%, QFPG 3%;
- PH4; Mano 56%, GB 44%.

The chemical analysis of the PH2+3 and PH4 composites are shown in Table 13-6.

About 9%–11% of the copper was soluble in weak sulphuric acid indicating the presence of oxide copper minerals. Between 47% and 56% of the copper was soluble in sodium cyanide solution indicating the presence of secondary copper minerals. This is supported by the Cu:S ratios of 1.3:1 for PH2+3, and 1.5:1 for PH4.

Table 13-6: Head Assay Summary
ACG Acquisition Company Limited – Serrote Mine

Assay Unit / Composite	Cu (%)	CuOx[1] (%)	CuCN[2] (%)	Fe[3] (%)	Fe(T)[4] (%)	S (%)	MgO (%)	Si (%)	Au g/t	Ag g/t	Cu:S Ratio
PH2+3	0.89	0.08	0.42	16.7	24.9	0.68	7.59	16.0	0.20	2	1.3
PH4	0.54	0.06	0.30	7.3	17.9	0.37	12.2	19.5	0.09	1	1.5

Note:

1. CuOx = Copper soluble in weak sulphuric acid solution
2. CuCN = Copper soluble in sodium cyanide solution
3. Fe = Iron assay using aqua regia digestion
4. Fe (T) = Total iron using 4 acid digestion.

13.6.3 Mineralogical Studies

13.6.3.1 August 2020

Twenty-seven of the variability samples in this program were analysed for mineral content using QEMSCAN BMA and four samples were analysed using the comprehensive PMA.

Copper-bearing minerals in the samples were primarily chalcopyrite and bornite. Traces of covellite and chalcocite were measured but do not contain a significant portion of the copper. In addition to copper sulphides the primary sulphur containing minerals were pyrrhotite and pyrite.

Talc measured between trace levels and about 0.9%. Samples with higher talc could result in dilution of the copper concentrate unless a talc depressant is used.

Micas measured between 1% and 43%. It is believed that in past testing the high mica content resulted in difficulty assessing the regrind discharge size using standard laser sizing due to the platey nature of mica.

13.6.3.2 October 2020

Eleven more variability samples were analysed using BMA, another 11 samples plus 4 samples previously tested were analysed using PMA and a mineralogical analysis using X-ray powder diffraction (XRD) was completed on a sample that contained a high amphibole content.

At a nominal primary grind K_{80} of 106 µm the copper sulphide mineral liberation ranged from approximately 44%–64%, averaging 53%. The non-liberated copper sulphide particles were mostly in binary form with non-sulphide gangue. Between 12% and 21% of the copper sulphide particles had <10% surface exposure; these will be difficult to recover in conventional flotation.

13.6.3.3 December 2020

The two composites were analysed for mineralogical content and liberation characteristics using QEMSCAN PMA. The mineral content is shown in Table 13-7.

Table 13-7: Mineral Content Summary
ACG Acquisition Company Limited – Serrote Mine

Mineral Content / Composite	Chalcopyrite (%)	Bornite (%)	Chalcocite (%)	Covellite (%)	Pyrite (%)	Pyrrhotite (%)	Micas (%)	Talc (%)	Other NSG (%)
PH2+3	1.1	0.7	<0.1	<0.1	<0.1	0.1	8.5	0.3	89.2
PH4	0.4	0.6	<0.1	<0.1	<0.1	<0.1	1.8	0.2	97.0

Note: Other NSG = Other non-sulphide gangue minerals including iron oxides, pyroxene/amphibole, feldspars, chlorite, titanium minerals, garnet, quartz, spinel, corundum, apatite, carbonates, barite, zircon and epidote, along with traces of galena, sphalerite, cuprite and iron nickel sulphide

For the PH2+3 composite chalcopyrite accounted for 59% of the copper and bornite contained 40%. The PH4 results were 42% in chalcopyrite and 58% in bornite. Copper minerals accounted for 90% of the sulphur in both composites with mainly pyrite and pyrrhotite making up the balance.

Micas and talc accounted for 8.5% and 0.3% of the mineral content in PH2+3, and 1.8% and 0.2% in PH4, respectively.

Estimates of copper liberation were carried out at a grind size K_{80} of 100 µm. This showed 47% liberation in the PH2+3 composite and 43% in PH4. A greater portion of the chalcopyrite was measured in binary with NSG compared to bornite. About 13%–14% of the copper sulphides showed <5% surface exposure and a further 15%–7% had exposures between 5% and 10%.

13.6.4 Comminution Test Results

13.6.4.1 August 2020

In the August 2020 testwork, 13 of the 31 variability samples from previous testwork that were not previously tested were subjected to Bond ball mill work index tests. The tests were completed at a 106 µm closing screen size. The Bwi ranged from 13.8 kWh/t to 21.6 kWh/t. This indicates that the

sample set ranges from moderately soft material to very hard material for ball milling. The average Bwi from this set of tests was about 16.3 kWh/t with a standard deviation of 2.2 kWh/t. This indicates that the average of this material is moderately hard.

13.6.4.2 December 2020

The Bond ball mill work indices for the PH2+3 composite and PH4 composite were 15.3 kWh/t and 14.9 kWh/t, which puts these materials at the lower end of the range above for the variability samples.

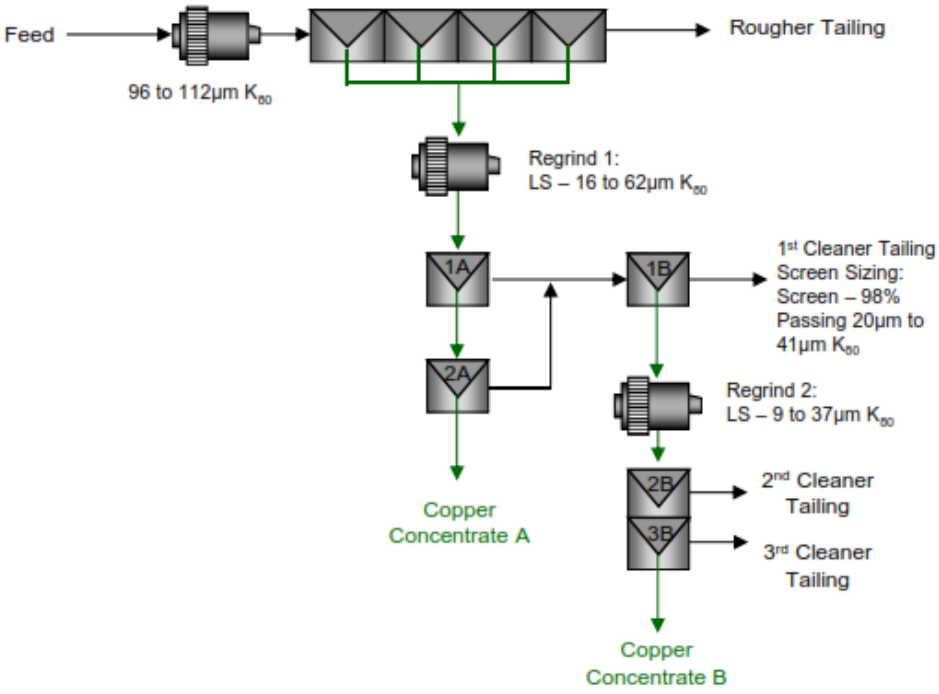
13.6.5 Flotation Test Results

13.6.5.1 August 2020

A single batch cleaner test was conducted on each of the 31 samples using the flowsheet and reagent regime developed in previous test programs (Figure 13-5).

Recovery of copper in the rougher circuit was between 84% and 97% of feed copper, averaging about 92%. Overall recovery of copper to both concentrate A and B ranged from about 66%–89%, averaging about 81%. The combined concentrates graded from about 20% Cu to just over 50% Cu and averaged about 36% Cu. Gold content in the combined concentrates averaged about 6 g/t, ranging from 0.6–16 g/t; recovery of gold to the concentrates was calculated to be between 30% and 85%. The silver content of the concentrates ranged from 13–56 g/t.

Between about 2% and 7% of the copper was lost to the 1st cleaner tailings stream, and between 3% and 13% of the copper was measured to be in the cleaner tailings 2B and 3B. Cleaner tailings 2B and 3B are not exit streams and would circulate to the 1st cleaner B feed. It is possible that some of this copper may be recoverable in a closed circuit. In past locked cycle testing, over two-thirds of the copper that had reported to the Cleaner 2B and 3B in open circuit tests was recovered to concentrate B.



Source: ALS Kamloops, 2020

Figure 13-5: Variability Testing Flowsheet

13.6.5.2 October 2020

A Master Composite weighing approximately 168 kg was prepared as feed for batch rougher tests to generate rougher concentrate for regrind energy studies. The average copper content was 0.74%, CuOx was 0.083%, MgO was 11% and Si was 14%. A bulk concentrate weighing approximately 25 kg was generated, indicating 15% mass recovery, with 89% copper recovery and 91% S recovery and a K_{80} of 95 µm. The tailings were used for environmental testing.

Eliason and IsaMill signature plot tests were completed to achieve a target regrind K_{80} of 20 µm. The results indicated a regrind energy of 33 kWh/t for the Eliason test and 45 kWh/t for the IsaMill signature plot.

13.6.5.3 December 2020

One batch cleaner test was carried on each of the PH2+3 and PH4 composites using the flowsheet and conditions shown in Figure 13-5. These tests were followed by an LCT on each composite using the flowsheet in Figure 13-4. The goal of the LCTs was to produce tailings for environmental testing; hence, it was not possible to weigh the tailings. Metallurgical balances for each test were produced using BILMAT software based on the feed and concentrate weights and the assays.

The results of the cleaner tests are shown in Table 13-8 and Table 13-9. Table 13-8 shows a copper recovery to cleaner concentrates A and B of 86.3% at a combined concentrate grade of 40.8% Cu, even though the cleaner tailings products were not recycled. The combined gold and silver recoveries were 51.8% and 61.1% respectively. The combined MgO content was 1.5%. Table 13-9 shows a copper recovery to cleaner concentrates A and B of 83.6% at a combined concentrate grade of 43.5% Cu. The combined gold and silver recoveries were 55.5% and 54.5% respectively. The combined MgO content was 1.9%.

Table 13-10 shows the results of the LCT on PH2+3 with a copper recovery to cleaner concentrates A and B of 89.7% at a combined concentrate grade of 38.0% Cu. The combined gold and silver recoveries were 65.8% and 69.1%, respectively. The combined MgO content was 0.4%.

Table 13-11 shows the results of the LCT on PH4 with a copper recovery to cleaner concentrates A and B of 87.8% at a combined concentrate grade of 39.6% Cu. The combined gold and silver recoveries were 58.4% and 60.5%, respectively. The combined MgO content was 0.1%.

Table 13-8: Open Circuit Cleaning Test on PH2+3
ACG Acquisition Company Limited – Serrote Mine

Product	Cu (%)	Au (g/t)	Ag (g/t)	Cu Recovery (%)	Au Recovery (%)	Ag Recovery (%)
Feed	0.90	0.22	0.7	100	100	100
Cleaner A conc.	43.4	5.65	24	67.5	36.8	47.0
Cleaner B conc.	33.6	6.40	20	18.8	15.0	14.1
3rd cleaner tailings	5.47	2.52	6	2.6	5.0	3.6
2nd cleaner tailings	1.43	0.63	2	3.2	5.9	5.7
1st cleaner tailings	0.27	0.24	1	3.9	14.4	18.1
Rougher tailings	0.05	0.06	0.1	4.1	23.0	11.6

Table 13-9: Open Circuit Cleaning Test on PH4
ACG Acquisition Company Limited – Serrote Mine

Product	Cu (%)	Au (g/t)	Ag (g/t)	Cu Recovery (%)	Au Recovery (%)	Ag Recovery (%)
Feed	0.53	0.12	0.8	100	100	100
Cleaner A conc.	44.9	6.39	44	67.2	41.1	43.5
Cleaner B conc.	38.5	6.00	44	16.4	12.4	11.0
3rd cleaner tailings	6.40	1.29	12	3.1	2.7	3.8
2nd cleaner tailings	1.31	0.35	10	3.4	3.9	17.2
1st cleaner tailings	0.26	0.25	1	4.8	19.8	12.1
Rougher tailings	0.03	0.03	0.1	5.2	21.5	11.0

Table 13-10: Results of LCT on PH2+3
ACG Acquisition Company Limited – Serrote Mine

Product	Cu (%)	Au (g/t)	Ag (g/t)	Cu Recovery (%)	Au Recovery (%)	Ag Recovery (%)
Feed	0.83	0.23	0.7	100	100	100
Cleaner A conc.	44.4	6.01	28	59.6	29.2	41.7
Cleaner B conc.	27.2	9.12	22	30.1	36.6	27.4
Cleaner tailings	0.31	0.27	1	5.3	16.5	19.3
Rougher tailings	0.05	0.05	0.1	5.1	17.7	11.5

Table 13-11: Results of LCT on PH4
ACG Acquisition Company Limited – Serrote Mine

Product	Cu (%)	Au (g/t)	Ag (g/t)	Cu Recovery (%)	Au Recovery (%)	Ag Recovery (%)
Feed	0.51	0.10	0.8	100	100	100
Cleaner A conc.	45.3	5.94	43	66.2	44.1	40.8
Cleaner B conc.	28.2	3.68	39	21.6	14.3	19.7
Cleaner tailings	0.28	0.16	2	5.7	16.3	28.0
Rougher tailings	0.04	0.03	n/d	6.4	25.3	11.5

13.7 Woodgrove Direct Flotation Reactor (DFR) Pilot Plant Testing

13.7.1 Objectives

Pilot plant testing of a Woodgrove DFR pilot flotation cell and a pilot scale Outotec high intensity grinding (HIG) mill was carried out between September and November 2020, at Atlantic Nickel's pilot plant in Itagibá, Bahia, Brazil.

The testwork objectives were:

- Test the split flotation/regrind circuit at a larger scale than bench testing;

- Validate the operational parameters of the DFR in the duties of Cleaner 1, Cleaner-Scavenger and Cleaner 2;
- Test the HIG mill to grind the rougher concentrate and the cleaner-scavenger concentrate to the required P80 sizes for the Cleaner 1 and Cleaner 2 flotation;
- Generate material for downstream testing (tailings thickening and concentrate thickening and filtration).

13.7.2 Feed Sample Characterization

The feed material for the tests was taken from a RC infill drilling program carried out in November 2019. The material lithology was reported as 90% Mano and the mineralisation was reported to be 89.7% sulphide (174 samples) and 10.3% mixed oxide/sulphide (17 samples). The grade of the material was 0.7% Cu and 0.3% S indicating significant presence of bornite. A total of 6.3 t was delivered to the pilot plant at a P_{80} size of 3 mm.

13.7.3 Rougher Flotation

The pilot plant was used to grind the material and produce a rougher concentrate. The throughput was 350 kg/h. Several problems were encountered in achieving a stable operation in grinding and flotation. The average P_{80} obtained was 83 µm compared to the target of 100 µm. The average grade of the rougher concentrate was 3.22% Cu compared to the target of 4.7% Cu; the recovery was 81.4% compared to the target of 90%. The P_{80} of the concentrate was 49 µm. The total mass of concentrate for DFR testing was 550 kg.

The rougher tailings averaged 0.16% Cu and 0.082% S. A copper sequential leach on the tailings showed that 53% were floatable sulphides, 23% were copper oxides and 24% were chalcopyrite locked with silicates.

13.7.4 Rougher Concentrate Regrinding

The HIG mill was operated continuously to produce sufficient concentrate at a P_{80} of 20 µm for two Cleaner 1 DFR tests.

13.7.5 Cleaner 1 and Cleaner-Scavenger Testing

The Cleaner 1 tests were carried out in three stages to simulate the three cells in the industrial plant. The tailings were then recycled to the DFR to simulate the five cells in the Cleaner-Scavenger circuit. Twenty-one Cleaner 1 tests were carried out to test variations in the aeration rate, wash water volume, gas hold up level and reagents.

The last three tests gave the best results with an average concentrate grade of 39.7% Cu at a stage recovery (from the rougher concentrate feed) of 65.9%.

A further 21 cleaner-scavenger tests were carried out. The average of the five best tests gave a concentrate grade of 6.3% Cu and 74.5% stage recovery.

13.7.6 Cleaner 2

The cleaner-scavenger concentrate mass was sufficient for four tests and was reground in the HIG mill to a P_{80} of 10 µm. The DFR tests were carried out in four stages to simulate the four cells in the Cleaner 2 circuit. Given the sequential nature of the cleaner-scavenger and Cleaner 2 tests it was not possible to recycle the Cleaner 2 tailings to the cleaner-scavenger feed. The four tests were carried out in one day, which did not allow time to review the results between one test and another to better optimize the parameters. The average concentrate grade was 29.1% Cu at a stage recovery of 77.4%.

13.7.7 Summary Metallurgical Balance

A summary of the mass balance produced by MVV for the above tests is shown in Table 13-12. For comparison, the Mine design values are provided.

Table 13-12: Summary Metallurgical Balance
ACG Acquisition Company Limited – Serrote Mine

Stream	% Cu (Tests)	% Recovery (Tests)	% Cu (Project)	% Recovery (Project)
Feed	0.72	100.0	0.73	100.0
Rougher concentrate	3.27	81.9	4.64	89.7
Rougher tailings	0.16	18.1	0.09	-
Cleaner 1 concentrate	38.44	46.6	39.10	65.5
Cleaner-scavenger concentrate	6.51	27.8	6.50	-
Cleaner-scavenger tailings	0.38	7.4	0.26	-
Cleaner 2 concentrate	29.69	22.6	34.68	19.0
Cleaner 2 tailings	1.50	5.3	1.26	-
Final concentrate	35.07	69.2	37.68	84.7
Final tailings	0.19	25.5	0.11	-

13.7.8 Conclusions

The tests proved the efficacy of the DFR cells and the HIG mill. Although the stage recovery in Cleaner 1 did not meet the project design criteria, the concentration ratio was superior at 11.8 compared to the criterion of 8.4. Cleaner 2 performed well with a concentration ratio of 4.6 compared to the criterion of 5.3, but with a slightly higher recovery. The lower than expected rougher concentrate grade was the main contributor to the lower than expected Cleaner 1 recovery. Insufficient rougher concentrate was available to fully optimize the DFR operation. Valuable information was gathered regarding the variables that impact DFR performance.

The characteristics of the feed material to the pilot plant were a key issue in the rougher performance with lower than expected rougher recovery and concentrate grade. The material contained 10% mixed oxide/sulphide material. The rougher tailings contained 23% oxides and 24% as chalcopyrite locked in silicates. An additional factor was the use of RC material drilled at the end of 2019; surface oxidation may have occurred.

13.8 Plant Performance from June 2021 to December 2022

The performance is shown in Section 17, Table 17-3. The design throughput of 342 kt/m (equivalent to 4.1 Mt/a) was achieved in September 2022 and was maintained through to December 2022 (the cut-off date for this CPR).

Design flotation concentrate grades and recoveries have still not been achieved although significant improvements have been made. After six months of operation, copper recovery was between 54% and 58% with concentrate grades between 20% and 25%. From August 2022 to December 2022, recoveries were between 81% and 84.5% with concentrate grades between 22% and 25%.

The flowsheet changes implemented in July 2022 resulted in an increase in recovery to the design levels; however, the concentrate grades continue to be lower than design (MVV prioritized recovery

over grade). The testwork carried out by SGS Geosol in 2022 (Section 13.10) showed the potential for significantly increasing concentrate grade and increasing recovery. The work also showed that an increase in the impeller tip speed in the conventional laboratory cells increased recovery.

13.9 2021/2022 Testwork

13.9.1 Woodgrove Pilot Scale Testing

Woodgrove carried out pilot plant tests in January/February 2022 and in June/July 2022 on several plant streams.

13.9.1.1 January/February 2022 Program

The pilot unit was set up to run in semi-continuous batch mode with four stages. Various conditions were tested including conditioning, frother dosage, and depressants that were applied to the feed of the following streams: cleaner 1, cleaner 1 plus cleaner-scavenger, cleaner-scavenger, cleaner 1 tailings, cleaner 2 tailings.

Woodgrove made the following observations:

- Batch pilot plant results are similar to the plant performance for cleaner 1.
- The chemistry and air rates seem to be the main performance drivers in both the pilot plant and the full-scale plant.
- Regrind has a positive effect on cleaner 2 grade but a P_{80} less than 25 µm reduces cleaner 2 recovery.
- Tests with higher air rates (1.6 L/min) gave better performance in cleaner 1.
- High wash water ratios (WWR) produced better quality concentrates in cleaner 1 tests and it was recommended the WWRs be increased in cleaner 1 and cleaner 2 cells in the full-scale plant.
- Gas hold up (GHU) can be used as an indication of DFR cell performance.
- The use of depressants helps to increase copper recovery and concentrate grade.

13.9.1.2 June/July 2022 Program

Pilot tests were conducted on cleaner 1 feed, cleaner 1 and cleaner-scavenger combined concentrate, cleaner-scavenger feed, cleaner 2 feed (cyclone 2 overflow only), and cleaner-scavenger tailings. The tests were carried out after several flowsheet changes had been made by MVV. The variables tested were impeller tip speed (4.2 m/s and 6.0 m/s) and replacing CMC_SENDEP 30F with PE26, an alternative CMC variant.

Woodgrove's observations were:

- In Cleaner 1, the increase in tip speed resulted in a 3.3% recovery increase and the depressant replacement of CMC_SENDEP 30F with PE26 gave an additional 2.4% recovery.
- For Cleaner 2 feed (cleaner 1 + cleaner-scavenger concentrates), the increase in tip speed gave 9.3% recovery improvement and a further 6.9% increase with the depressant replacement; the concentrate grade was 21% Cu.
- Cleaner 2 feed (cyclone 2 overflow only), the tip speed increase improved the recovery by 7.8%.
- Cleaner-scavenger feed, the tip speed increase gave a 5% recovery improvement, and the depressant replacement gave an additional 1.5% increase.

- For the Cleaner scavenger tailings (cyclone 2 overflow only), the tip speed increase gave a 12.7% recovery improvement but with a 4.9% drop in concentrate grade to 3.9%.

Woodgrove's recommendations were:

- Test increased tip speeds with tank cells on the same streams.
- Adjust the percentage solids of the cleaner 2 feed to 12%; the P_{80} of the cleaner 2 feed was very fine at 5 µm to 10 µm and at 8% solids.
- Carry out tests to optimize the PE26 dosage.
- Conduct a plant trial using PE26.

13.9.2 SGS Geosol Flotation Testwork

Laboratory scale testwork commenced in May 2022 on samples taken from the operating plant. At that time the plant was operating with the flowsheet shown in Figure 17-1. The following samples were sent to SGS Geosol:

- Fresh feed
- Rougher concentrate from cells 2 to 6
- Rougher concentrate from cell 1
- Rougher tailings
- Cleaner 1 concentrate
- Cleaner 1 tailings
- Cleaner-scavenger concentrate
- Cleaner-scavenger tailings
- Cleaner 2 concentrate
- Cleaner 2 tailings
- Final tailings
- Final concentrate

Batch testing and LCTs were carried out on cleaner-scavenger tailings and the concentrate from rougher cells 2 to 6. A summary of the findings is provided below:

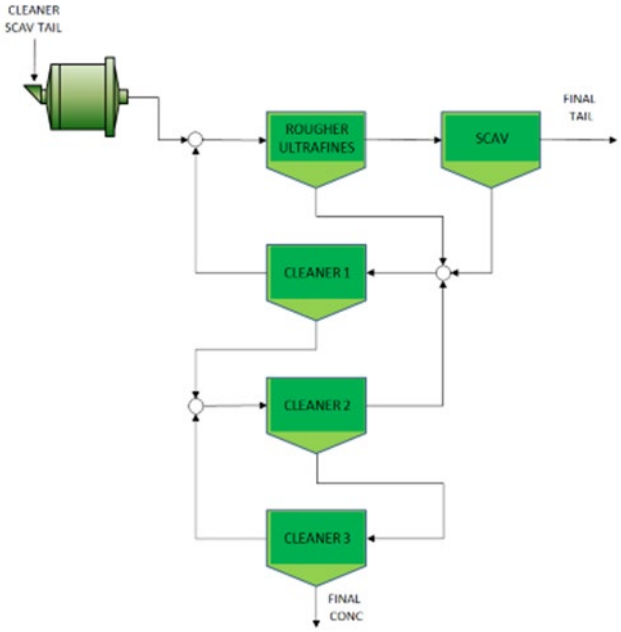
- Mass balancing of the Serrote plant data indicated major copper losses of 18.9% to the rougher tailings. Mineralogical analysis indicated that most of the copper in the rougher tailings was in the form of unliberated particles (complex particles) above 60 µm, as well as fully liberated particles below 10 µm (ultrafines). Both these types of particles may benefit from additional residence time in the rougher circuit.
- Copper losses to the cleaner-scavenger tailings were also very significant, at 11.9% of the copper in the plant feed. The losses were due mainly to ultrafine particles, despite those particles being fully liberated.
- The fully liberated particles exhibited near 100% recovery within the 5 µm to 20 µm range. Outside that range copper recovery dropped to less than 80% for particles finer than 5 µm and less than 40% for particles coarser than 40 µm.
- The main copper bearing minerals in the ore were bornite (0.75% assay in the feed, 27.9% in the final concentrate) and chalcopyrite (0.48% in the feed, 20.3% in the concentrate). Bornite and chalcopyrite recoveries were 67.9% and 76.6%, respectively.
- The predominant gangue minerals in the ore were hornblende (21.0% in feed, 17.8% in final concentrate), chlorite (17.3% in feed, 8.11% in final concentrate); feldspar (16.7% in feed,

5.25% in final concentrate), iron oxides (22.6% in feed, 4.12% in final concentrate) and biotite (14.0% in feed, 3.48% in final concentrate) demonstrating the poor selectivity obtained with the Woodgrove cells.

- Batch flotation tests on the cleaner-scavenger tailings indicated that the best regrind strategy is the one adopted in the plant; this is to regrind only the fraction above 20 µm and then re-combine the ground material with the fines for flotation.
- All column flotation tests using the cleaner-scavenger tailings produced poor results irrespective of testing several reagents schemes and different regrind targets. In contrast, most of the batch flotation tests were successful, providing that regrind was adequate.
- Increasing the flotation cell impeller speed in batch flotation tests yielded the best results on the cleaner-scavenger tailings, with the copper recovery reaching 92.2% with concentrate grades up to 25.5% Cu at 1,900 rpm in a 9 L cell. Increasing the impeller speed in batch tests using the rougher concentrate sample also yielded high copper recoveries, ranging from 86% to 96%, with concentrate grades between 14% Cu and 26% Cu.
- Increasing the impeller speed in a pilot scale mechanical cell yielded copper recoveries from 63% to 87% for the cleaner-scavenger tailing but the copper grade was low, ranging from 3% Cu to 6% Cu. These results were negatively affected by excessive frothing because the feed sample still contained the reagents from the plant.
- A locked cycle test conducted on the cleaner-scavenger tailings using a high impeller speed yielded a copper recovery of 82.7% and a concentrate grade of 32.4% Cu. The flowsheet used for this test is shown in Figure 13-6. A regrind to 20 µm was conducted on the +20 µm fraction of the feed, residence times were 8 minutes in rougher-scavenging and a total of 5 minutes in the three cleaner stages.
- Two locked cycle tests were conducted on the cell 2 to 6 rougher concentrate sample; the first with the regrind P80 at 10 µm and the second with a P80 of 20 µm (regrind carried out only on the coarse fractions). Both tests used a high impeller speed in all stages. The test at a regrind of 10 µm gave a copper recovery of 95.2% and concentrate grade of 45.5% Cu. The test at a regrind of 20 µm gave 95.4% recovery and concentrate grade of 37.3% Cu. The flowsheet used for these tests is shown in Figure 13-7. The residence times were 9 minutes for cleaner 1, 5 minutes for scavenging, 5 minutes for cleaner 2 and 3 minutes for cleaner 3.

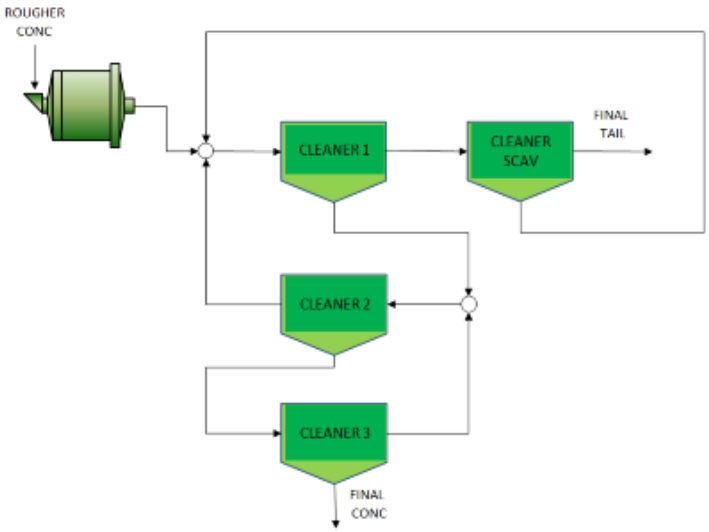
These results show that for cleaner-scavenger tailings a high recovery and concentrate grade can be achieved by regrinding to 20 µm followed by additional flotation residence time in conventional cells. This indicates that an open circuit could be feasible in the plant with additional equipment. Opening this circuit instead of recycling the material to the rougher circuit would provide additional rougher residence time.

The results also show that the cell 2 to 6 rougher concentrate can upgraded at a high recovery.



Source: SGS Geosol, 2022

Figure 13-6: Regrind/Rougher/Cleaner Testing on Cleaner-Scavenger Tailings



Source: SGS Geosol, 2022

Figure 13-7 : Regrind/Cleaner Testing Flowsheet on Rougher Cell 2 to 6 Concentrate

13.10 Future Testwork Plans

Work is continuing at SGS Geosol with LCTs to be carried out using four Serrote feed blends. The results are expected in February 2023.

MVV plans to carry out pilot plant testwork (at the MVV site with ATN equipment) in Q2 2023.

13.11 Caboclo Testwork

13.11.1 SGS 2011

SGS performed initial testwork on behalf of Aura Minerals on selected samples from the Caboclo exploration target in 2011 (SGS, 2011). Samples were sourced from drill core from the Rogério zone.

QEMSCAN results showed the major phases were Fe-oxides, plagioclase, pyroxene, amphibole and biotite. The dominant copper phase was bornite, followed by chalcopyrite. Covellite is also a significant copper phase for the Caboclo target, representing 8.4% of the copper.

A Master Composite of the sulphide mineralisation assaying 0.55% Cu and 0.20 g/t Au was tested along with samples of the gabbro (GB) and magnetitic norite (Mano) lithologies. Rougher and cleaner flotation tests were performed on the Master, GB, and Mano composites. A locked cycled test was performed on the Master Composite.

In terms of grindability, the Caboclo Master Composite had an A x b value of 35.7 and a Bond ball mill work index of 17.8 kWh/t. The A x b and Ta parameters indicate that the Caboclo mineralisation has a medium hardness for coarse grinding (SAG). The Bond BWi value is in the "hard" hardness range for fine grinding.

With a primary grind of 117 µm, the Caboclo Master Composite yielded a 3rd cleaner concentrate grading 27.4% Cu at a copper recovery of 83.7%. The gold assay of the 3rd cleaner concentrate was 7.5 g/t at a recovery of 69.4%.

Testwork was conducted using analogies with an earlier draft of the Serrote plant design and testwork parameters; those analogies are no longer current as the Serrote design and process parameters have been considerably modified since 2011. The Caboclo testwork as described in the 2011 report should be limited to the support of Inferred Mineral Resources only.

13.11.2 ALS 2022

13.11.2.1 Samples

ALS Canada issued a testwork report on 22 April 2022. The work comprised comminution tests, rougher and open circuit cleaning, and two locked cycle tests (LCTs). Eight samples were sent to ALS comprising seven from reverse circulation drilling and one quarter drill core sample. The two lithologies represented were gabbro and Mano. Two master composites were made from the eight samples, one representing the upper portion of the deposit and the other the lower portion. The ranges of the main elements are shown in Table 13-13.

Table 13-13: Sample Assay Ranges
ACG Acquisition Company Limited – Serrote Mine

Cu %	CuOx % of total Cu	CuCN % of total Cu	Ni %	S % total	Au g/t
0.6–1.0	5-10	5-67	0.09–0.13	0.26–4.9	0.05–0.24

13.11.2.2 Work Carried Out

The following work was completed:

- Comminution: the drill core was tested using the Bond protocols for abrasion (Ai) and the Bond ball mill work index (BWi).

- QEMSCAN mineralogical analysis on the eight samples and particle mineral analysis (PMA) on four size fractions from each sample.
- One rougher and one open circuit cleaner test on each sample using the Serrote testwork flowsheet shown in Figure 13-5.
- One LCT on each master composite using the using the LCT flowsheet shown in Figure 13-4.

13.11.2.3 Mineral Content

The mineral content is summarized below:

- Gabbro lithology: chalcopyrite is the main copper mineral with pyrite and pyrrhotite as the other principal sulphide minerals. The main gangue minerals are pyroxene/amphibole and feldspars.
- Mano lithology: there is more bornite than chalcopyrite, as reflected in the CuCN assay in Table 13-13, and only minor pyrite. The gangue minerals include micas (biotite/phlogopite).
- Other gangue minerals: the talc content varies from a trace up to 1.4% and iron oxides vary from 3% to 33%.

13.11.2.4 Mineral Liberation

Two samples showed that the copper minerals were 80% liberated; however, in the other six samples the copper mineral liberation was between 44% and 66%. The unliberated copper sulphides were mainly associated with non-sulphide gangue.

ALS considered that the 80% liberation could be misleading as the samples contained flaky mica and excessive grinding times were required to obtain the target grind size of 106 µm.

13.11.2.5 Comminution

The comminution test results are summarized below:

- The Bond Ai index was 0.08 which indicated low abrasivity.
- The Bond ball mill work index, BWi, was 23 kWh/t which indicates very hard ore for ball milling; however, ALS stated that the mica issue indicated above could have distorted the result.

13.11.2.6 Flotation

The rougher-cleaner tests were carried at a primary grind between 93 µm and 95 µm (see Figure 13-3). PAX and Aero 4037 collectors were used in rougher flotation at a pH of 9.3. The rougher concentrate was ground to between 42 µm to 56 µm, with more reagents added to the regrind mill and the pH raised to 10.5. The reground rougher concentrate was cleaned in two stages to produce bulk rougher concentrate A. The first cleaner tailings were passed to the cleaner-scavenger with the cleaner-scavenger tailings being the final tailings and the scavenger concentrate passing to a second regrind stage. The reground concentrate was cleaned in two stages to produce bulk concentrate B and second and third cleaner tailings.

The locked cycle flowsheet and conditions were similar but with the second and third cleaner tailings returned to the cleaner-scavenger feed (see Figure 13-4).

The rougher flotation tests on three gabbro and five Mano samples gave copper recoveries between 89% and 94% with mass pulls between 9% and 13% for gabbro and between 89% and 96% for Mano with mass pulls of between 12% and 24%. These recoveries are good considering that the copper oxide content in the samples varied between 5% and 10%.

For the gabbro samples, the combined A+B concentrate grades ranged between 23% and 30% Cu at open circuit cleaner recoveries between 73% and 88%.

For the Mano samples, the combined A+B concentrate grades ranged between 24% and 53% Cu at open circuit cleaner recoveries between 71% and 85%.

The LCT test on the composite designated "upper" gave 91.1% Cu recovery at a combined concentrate grade of 26.7% Cu; the "lower" composite gave 86.2% Cu recovery at 30.6% Cu grade.

The combined concentrate indicated payable gold and silver values with the open circuit cleaner concentrates containing between 3.5 g/t and 7.9 g/t gold and between 30 g/t and 70 g/t silver.

The “upper” LCT combined concentrate contained 3.5 g/t gold and 53 g/t silver and the “lower” concentrate contained 5.5 g/t gold and 33 g/t silver.

The LCT results show slightly higher recoveries than the equivalent Serrote LCTs but lower concentrate grades.

13.12 CP Comments on “Item 13: Mineral Processing and Metallurgical Testwork”

13.12.1 Comments

- The process plant has not been able to reproduce the copper recovery or concentrate grades in the metallurgical testwork carried out up to the end of 2020. The main reasons for this are:
    - The Woodgrove flotation cells have not delivered the copper recovery or concentrate grades shown in the Woodgrove pilot testing carried out in 2020.
    - A large proportion of the copper losses occur in liberated copper minerals <5 µm and >40 µm in size, and copper minerals locked in complex gangue particles. Laboratory testwork has shown high recoveries and concentrate grades can be achieved with selective regrinding and additional flotation residence time in conventional cells.
- Pilot scale testwork carried out by Woodgrove in 2022 showed the recovery could be improved by increasing the impeller tip speed and using a different gangue depressant; however, the improvement did not indicate that the design recovery or concentrate grades could be achieved.
- The flowsheet changes implemented in July 2022 resulted in an increase in recovery to the design levels; however, the concentrate grades continue to be lower than design. The testwork carried out by SGS Geosol in 2022 showed the potential for significantly increasing concentrate grade and increasing recovery. The work also showed that an increase in the impeller tip speed in the conventional laboratory cells increased recovery.
- The Caboclo material appears to be similar to the Serrote ore and responded well to the original flowsheet designed for Serrote. Future testwork should take into consideration the lessons learned in the Serrote plant.

13.12.2 Recommendations

The CP is in agreement with the testwork program that MVV proposes to carry out in 2023, including additional LCT testing at SGS Geosol and using the ATN pilot plant at Serrote. The ATN pilot plant should be used to test individual streams and the integrated circuit if regrinding equipment is available to do this. Increases in the cell impeller tip speed should also be tested. All work should be supported by mineralogical analysis.

14.0 MINERAL RESOURCE ESTIMATE

14.1 Introduction

The Mineral Resource estimate for the Serrote deposit, as of December 31, 2022, was completed by MVV. GeoEstima reviewed all the work developed by MVV and all procedures and parameters used for the estimation of the Mineral Resources.

The methodology used for the Serrote model included:

- Construction of a mineralized domain model
- Construction of a weathering surfaces to constrain mineralized domains
- Assign composite data prior to mineralized zones
- Exploratory data analysis by different mineralized zones
- Perform a variography analysis
- Estimate main variables (Cu, Au) according to mineralized zones
- Estimate density by mineralized domain zones
- Perform a block model validation

The geological model was constructed in Leapfrog Geo and the Mineral Resource was estimated using Vulcan software, and both were checked by the CP using Leapfrog Geo/Edge. The models include grade estimates for the three main variables (copper, gold, and density).

The estimate is constrained by an updated resource pit shell model. Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 14-1 presents the Mineral Resources, inclusive of Mineral Reserves, for the Serrote deposit.

Table 14-1: Summary of Mineral Resources – December 31, 2022
ACG Acquisition Company Limited – Serrote Mine

Category	Method	Tonnage (kt)	Grade		Contained Metal	
			Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
Measured	Oxide	8,744	0.48	0.11	42	30
	Sulphide	51,091	0.56	0.10	285	168
	Stockpile	1,580	0.61	0.10	10	5
	Sub-total	61,415	0.55	0.10	336	203
Indicated	Oxide	2,198	0.45	0.13	10	9
	Sulphide	33,056	0.53	0.08	175	87
	Stockpile	0	0.00	0.00	0	0
	Sub-total	35,254	0.53	0.08	185	96
Measured + Indicated	**Oxide**	**10,941**	**0.47**	**0.11**	**52**	**39**
	Sulphide	**84,148**	**0.55**	**0.09**	**460**	**255**
	Stockpile	**1,580**	**0.61**	**0.10**	**10**	**5**
	Sub-total	**96,669**	**0.54**	**0.10**	**521**	**299**

Category	Method	Tonnage (kt)	Grade		Contained Metal	
			Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
Inferred	Oxide	360	0.36	0.08	1	1
	Sulphide	4,524	0.53	0.07	24	11
	Stockpile	0	0.00	0.00	0	0
	Sub-total	4,883	0.52	0.07	25	12

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. The Competent Person for the Mineral Resources estimate is Orlando Rojas, B.Geo., AIG (nº5543), a GeoEstima SpA employee.
3. The Mineral Resource estimates have an effective date of December 31, 2022.
4. Mineral Resources are estimated at a copper cut-off above 0.15%.
5. Mineral Resources are estimated using metal prices of US$3.20/lb Cu and US$1,300/oz Au.
6. Open pit Mineral Resources are reported within a conceptual open pit.
7. Minimum width is 5 m.
8. The metallurgical recoveries used are 86% for Cu and 67% for Au.
9. Bulk density varies depending on mineralisation domain.
10. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves.
11. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
12. Numbers may not add due to rounding.

The CP reviewed the Mineral Resource assumptions, input parameters, geological interpretation, block modelling, and reporting procedures, and is of the opinion that the Mineral Resource estimate is appropriate for the style of mineralisation and that the block model is reasonable and acceptable to support the December 31, 2022, Mineral Resource estimate.

The CP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the Mineral Resource estimate.

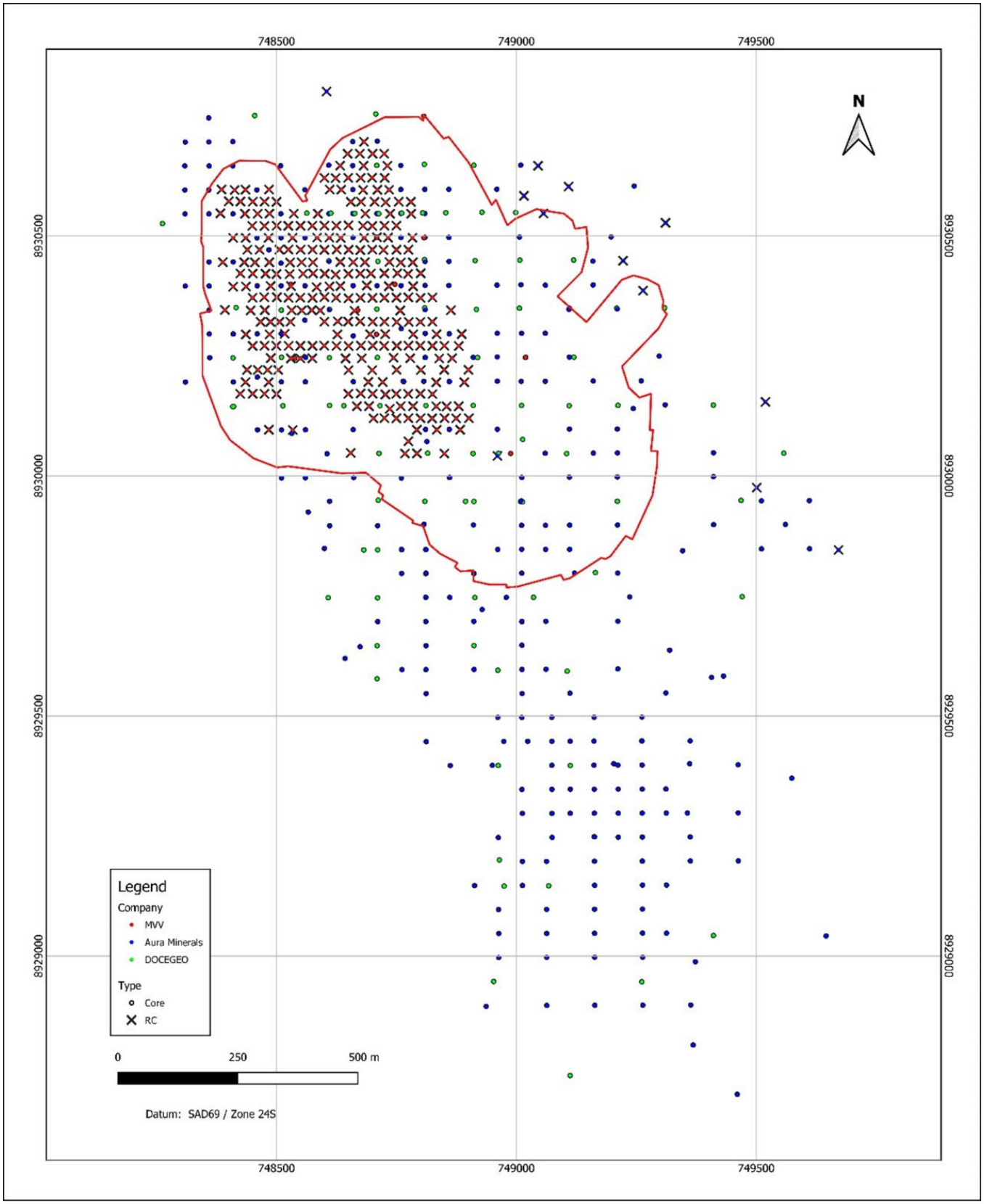
14.2 Resources Database

The resource database contains drilling information and analytical results up to May 10, 2021. Information received after this date was not included in the Mineral Resource estimate. For the purpose of the Mineral Resource estimate, the drill hole data were limited to those assays located inside the mineralisation wireframes. Drilling that supports the Mineral Resource estimate for Serrote is summarized in Table 14-2. Drill hole collar locations are provided in Figure 14-1.

Table 14-2: Drilling Supporting Serrote Mineral Resource Estimate
ACG Acquisition Company Limited – Serrote Mine

Year	Operator	Drill Type	Number of Drill Holes	Metreage (m)
1985	DOCEGEO	Core	37	8,504.90
1999	DOCEGEO	Core	11	1,301.20
2000	DOCEGEO	Core	13	3,272.10
2001	DOCEGEO	Core	28	3,821.00
2007	Aura Minerals	Core	104	18,334.40

Year	Operator	Drill Type	Number of Drill Holes	Metreage (m)
2008	Aura Minerals	Core	156	38,847.70
2008	Aura Minerals	RC	24	3,184.00
2008	Aura Minerals	Mixed	17	1,330.60
2008	Aura Minerals	Trench	18	1,817.80
2009	Aura Minerals	Core	22	3,695.60
2009	Aura Minerals	Mixed	4	700.4
2009	Aura Minerals	Trench	3	141.9
2010	Aura Minerals	Core	4	898
2018	MVV	Core	8	1,375.80
2019	MVV	RC	252	10,242.00
Total			**701**	**97,467.40**



Source: MTS et al., 2021

Figure 14-1: Drill Hole Collars Location

Figure 14-2 illustrates the drill hole locations in relation to the mineralized domains.

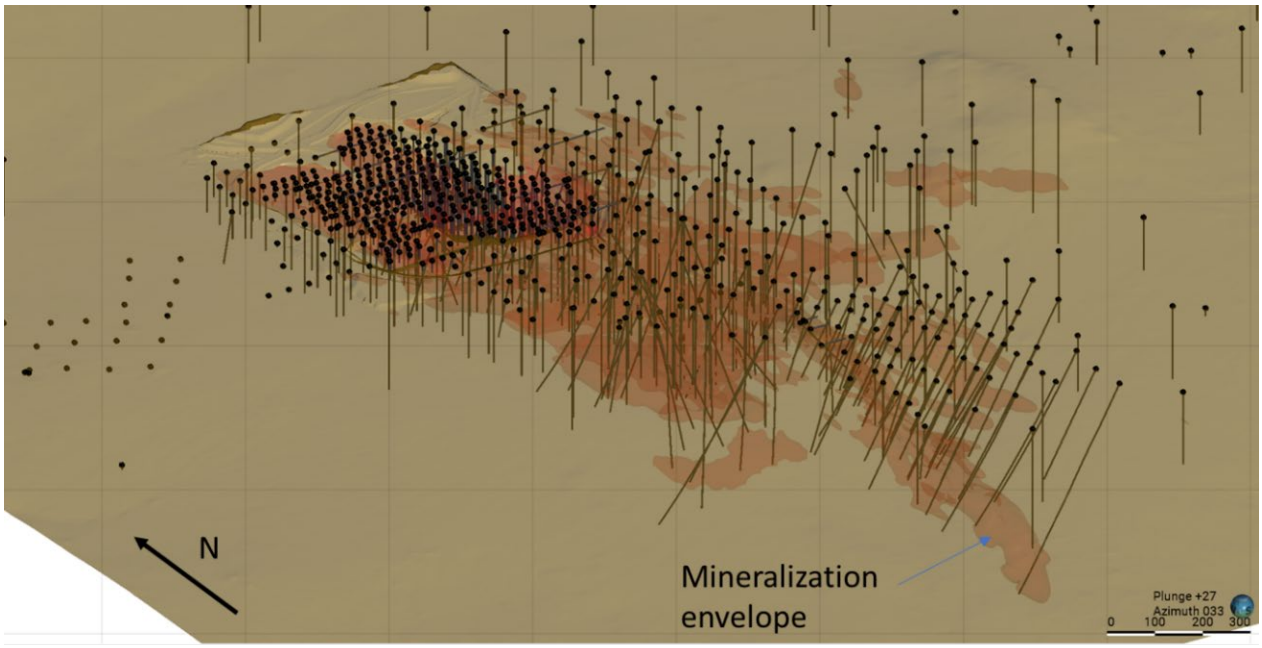


Figure 14-2: 3D View for Mineralized Zone and Drill Holes

GeoEstima received data from MVV in Microsoft Excel format and in CSV format. Data were amalgamated, parsed as required, and imported by GeoEstima into Leapfrog Geo software for review.

The drill hole database comprises coordinate, length, azimuth, dip, lithology, density, and assay data. For grade estimation, unsampled intervals within mineralisation wireframes were replaced with zero grades. Detection limit text values (e.g., "<0.05") were replaced with numerical values that were half of the analytical detection limit.

The CP conducted a number of checks on the Mineral Resource database as discussed in Section 12, Data Verification. The CP is of the opinion that the database is of high quality and in accordance with the industry standards and is appropriate to support Mineral Resource estimation.

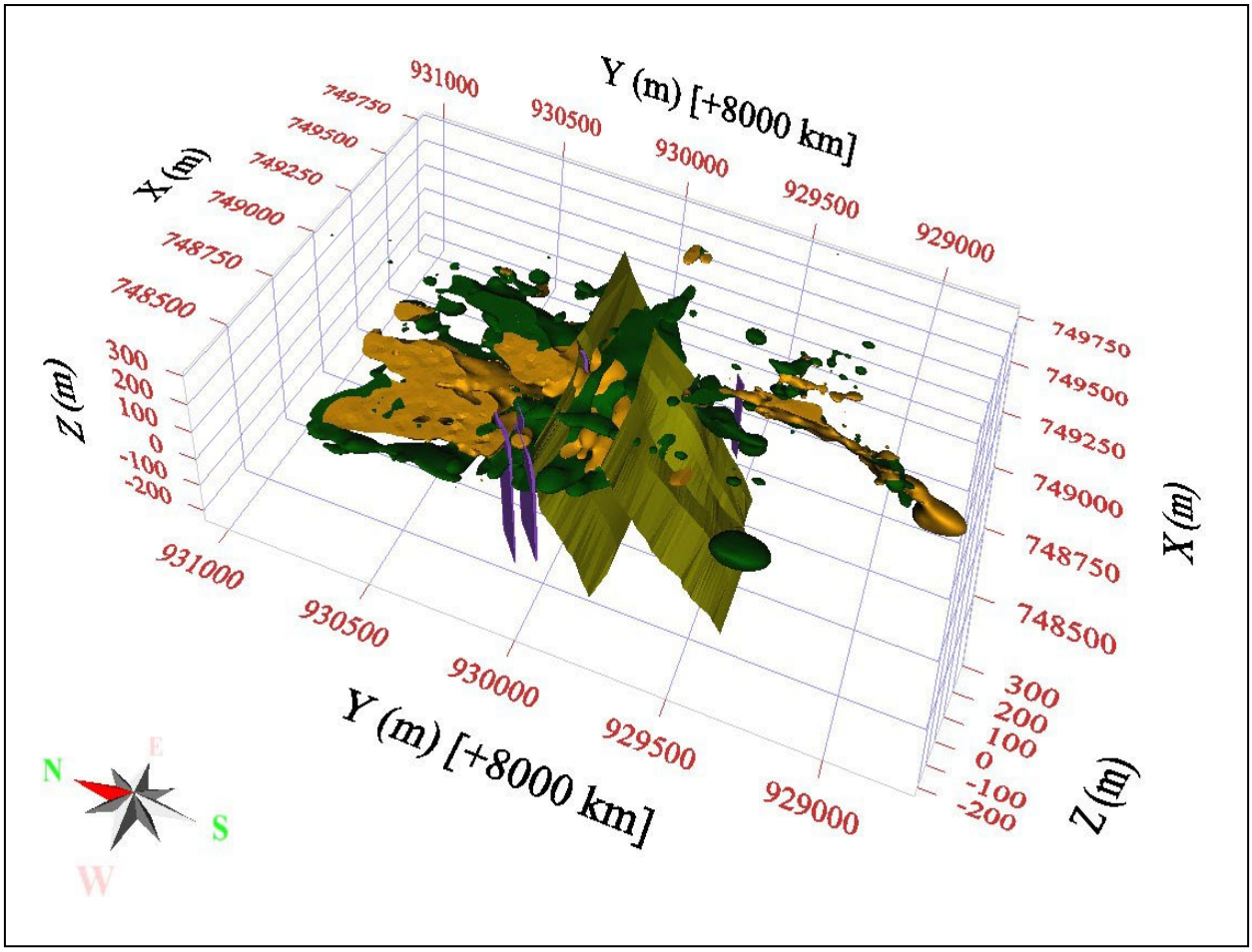
14.3 Geological Modelling

The resource models are constrained using mineralized wireframes. The mineralized wireframes were generated in Leapfrog Geo using lithology, alteration, and grade data as guidance, and then revised to generate 3D wireframe solids.

The lithological interpretation considered the mafic–ultramafic complex (CMU) which consists of the following lithology types: magnetite, magnetite norite, biotite, and gabbro.

The oxide/sulphide boundary was re-modelled incorporating the infill drill program and its associated sequential copper assays. Surfaces were generated using Leapfrog Geo modelling software.

The Serrote sequence is cut by post-mineralisation pegmatite dikes and by two faults which separate the CMU into a north, central, and south zone. Figure 14-3 shows the lithology model separated by the North and South fault, and Figure 14-4 illustrates the resulting mineralisation models. Figure 14-5 shows the interpreted oxide/sulphide boundary.

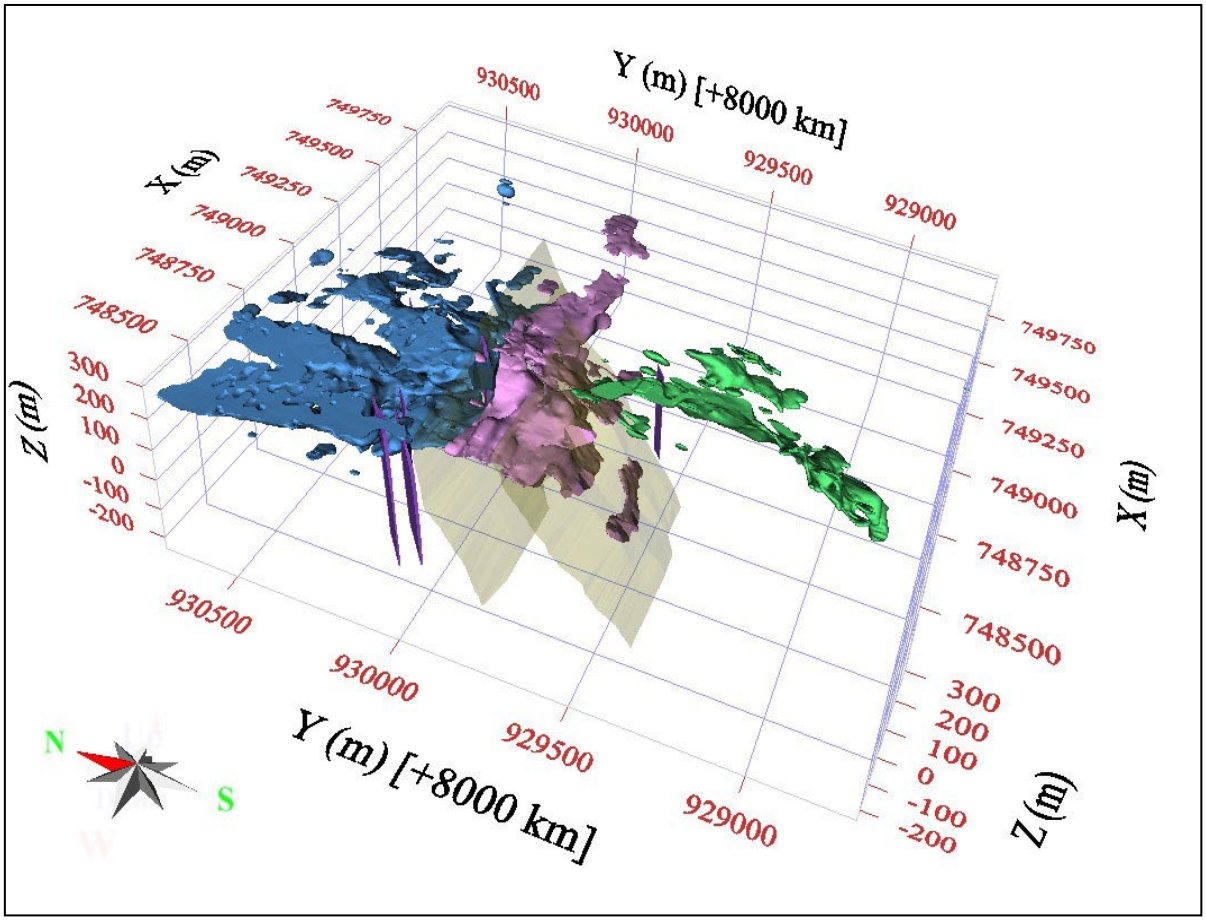


Source: MTS et al., 2021.

Notes: Lithology colour coding is listed:

1. Mano = golden
2. GB = green
3. PEGG (pegmatite dikes) = magenta
4. Faults = olive.

Figure 14-3: Serrote Lithology Model

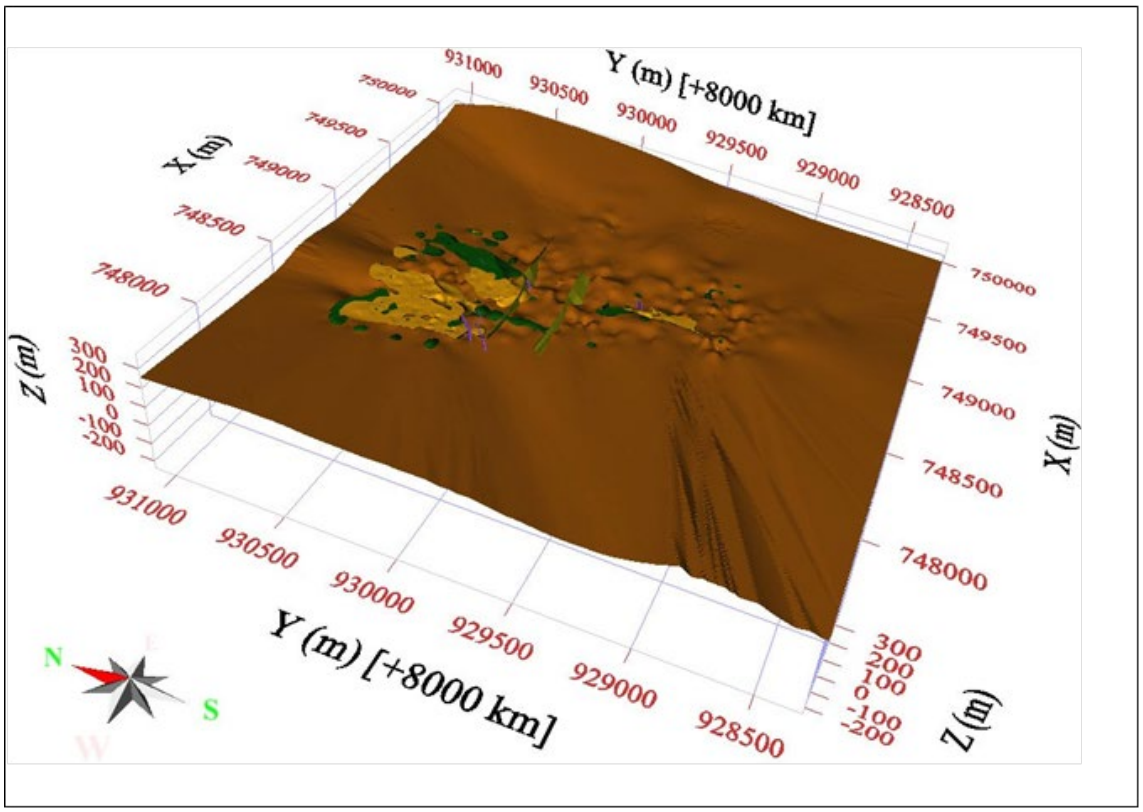


Source: MTS et al., 2021.

Notes: Mineral Domain colour-coding follows:

1. 100 (North) = blue
2. 200 (Central) = pink
3. 300 (South) = green

Figure 14-4: Serrote Mineralisation Model



Source: MTS et al., 2021.

Note: Oxide surface displayed on the Lithology model.

Figure 14-5: Serrote Oxide Surface Model

The mineral domains and associated codes are presented in Table 14-3.

Table 14-3: Summary Mineralized Domains Codes
ACG Acquisition Company Limited – Serrote Mine

Mineral Domains	Code
Dike	100
Gabbro	200
Orthopyroxene	300

14.4 Exploratory Data Analysis

Exploratory data analysis (EDA), in the form of summary statistics, correlation matrices, histograms, cumulative probability plots, and XY plots, were performed on both uncapped and capped samples and composites values for Au, Cu, Fe, density, core recovery, and sample length to determine suitable geological constraints to mineralisation.

Table 14-4 provides the summary statistics of the raw assay data (with backtagged mineral domain coding) for Serrote.

Table 14-4: Assay Statistics by Mineral Domain
ACG Acquisition Company Limited – Serrote Mine

Domain	Metal	Count	Minimum	Maximum	Mean	Std. Dev.	CV
100	Cu (%)	17,013	0	11.6	0.55	0.44	0.81
	Au (g/t)	17,001	0	1.45	0.09	0.082	0.89
	Fe (%)	15,197	0.38	66.55	18.03	8.38	0.46
200	Cu (%)	3,821	0	5.6	0.48	0.51	1.06
	Au (g/t)	3,815	0	20.15	0.082	0.39	4.75
	Fe (%)	3,472	0.07	50	12.96	8.09	0.62
300	Cu (%)	2,518	0.01	4.2	0.38	0.32	0.84
	Au (g/t)	2,489	0	0.97	0.15	0.11	0.73
	Fe (%)	2,382	0.35	57.1	23.82	13.79	0.58

14.5 Density Assignment

The original density database contains 45,749 density determinations as of May 10, 2021. Samples were flagged with the interpreted lithology and the densities were assigned in the block model using inverse distance cubed (ID^3) estimation. Table 14-5 summarizes the density statistics for the Serrote assigned raw samples.

The samples were composited to one metre lengths in order to better match with the geological interpretation. The estimation parameters considered a single search ellipse based on the direction of maximum continuity from the copper variogram. The search required a minimum of three and a maximum of 12 composites, with a maximum of three composites per drill hole. Blocks that were not estimated were assigned the mean of the density value per domain.

Table 14-5: Density Statistics Samples (t/m^3)
ACG Acquisition Company Limited – Serrote Mine

Lithology	Nº samples	Minimum	Maximum	Mean	Median	Std. Dev.	CV
GB	12,251	1.069	4.969	3.07	3.06	0.27	0.09
Mano	16,263	1.075	4.979	3.46	3.43	0.42	0.12
QFS	16,740	1.611	4.828	2.72	2.66	0.24	0.09
SOLO	432	1.494	3.444	1.99	1.98	0.18	0.09

14.6 Composites

The predominant sample length is 1.0 m (Figure 14-6). The Serrote drill hole samples were composited to 5.0 m regular length composites that honoured the geological mineralisation boundaries. The composites were then flagged with the CMU zone codes, and the dominant code was assigned to each composite. The statistical analysis was carried out on the composite data separated by the CMU zone codes.

The minimum composite interval length was half the composite length and remnants less than the minimum length, were added to the previous composite.

Composite statistics are provided in Table 14-6.

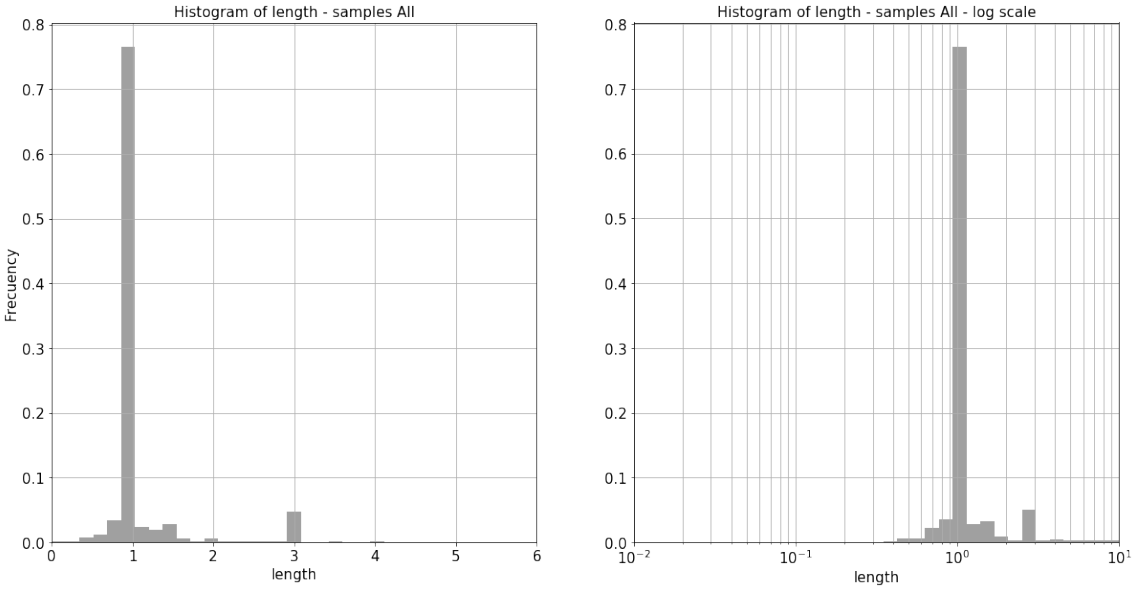


Figure 14-6: Histogram of Raw Data Sample – Length (m)

Table 14-6: Composites Statistics by Mineral Domain
ACG Acquisition Company Limited – Serrote Mine

Domain	Metal	Count	Min	Max	Mean	Std. Dev.	CV
100	Cu (%)	3,489	0.01	7.06	0.55	0.34	0.62
	Au (g/t)	3,489	0.00	0.78	0.09	0.06	0.66
	Fe (%)	3,489	0.68	46.49	17.97	6.71	0.37
200	Cu (%)	768	0.03	4.14	0.48	0.37	0.78
	Au (g/t)	768	0.00	5.74	0.08	0.22	2.73
	Fe (%)	768	1.03	40.86	13.27	6.66	0.50
300	Cu (%)	506	0.01	2.48	0.38	0.23	0.60
	Au (g/t)	506	0.00	0.40	0.15	0.08	0.54
	Fe (%)	506	0.46	54.50	23.18	11.12	0.48

14.7 Top Cut Analysis

Anomalous values were identified by reviewing the statistical and graphical summaries, including histograms, log-probability plots, indicator correlation plots, coefficient of variation plots, and a decile analysis for the 5.0 m composites. Plotting of the potential outliers confirmed a random distribution of these values in the deposit.

Figure 14-7 to Figure 14-9 show the probability plots of copper for the mineralized zones.

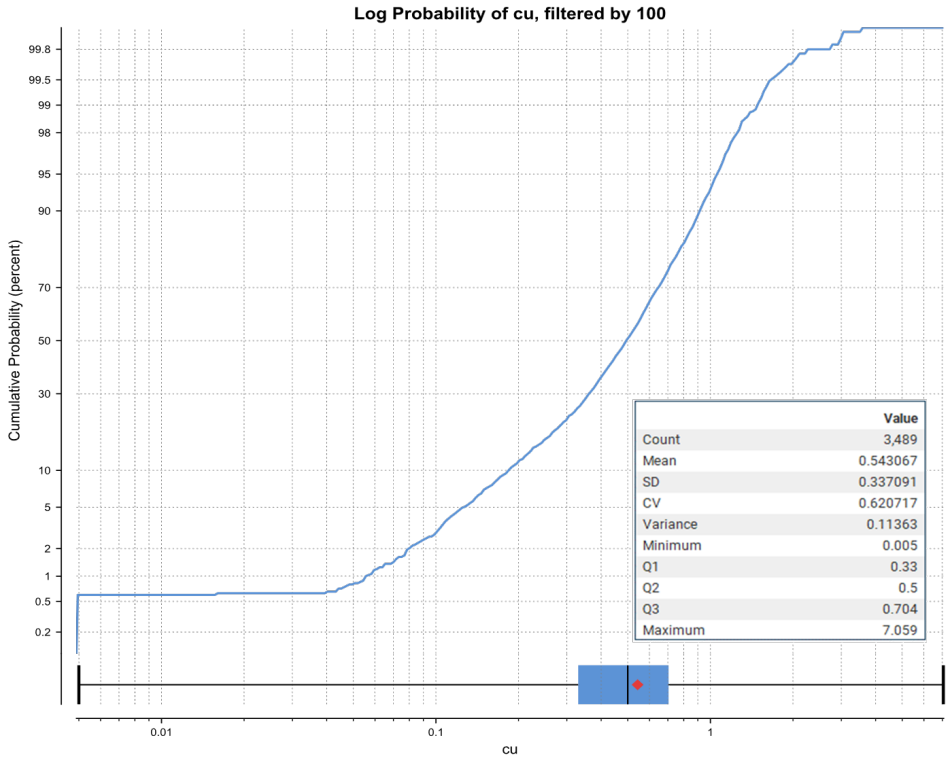


Figure 14-7: Capping Analysis for Cu – Mineralized North Zone

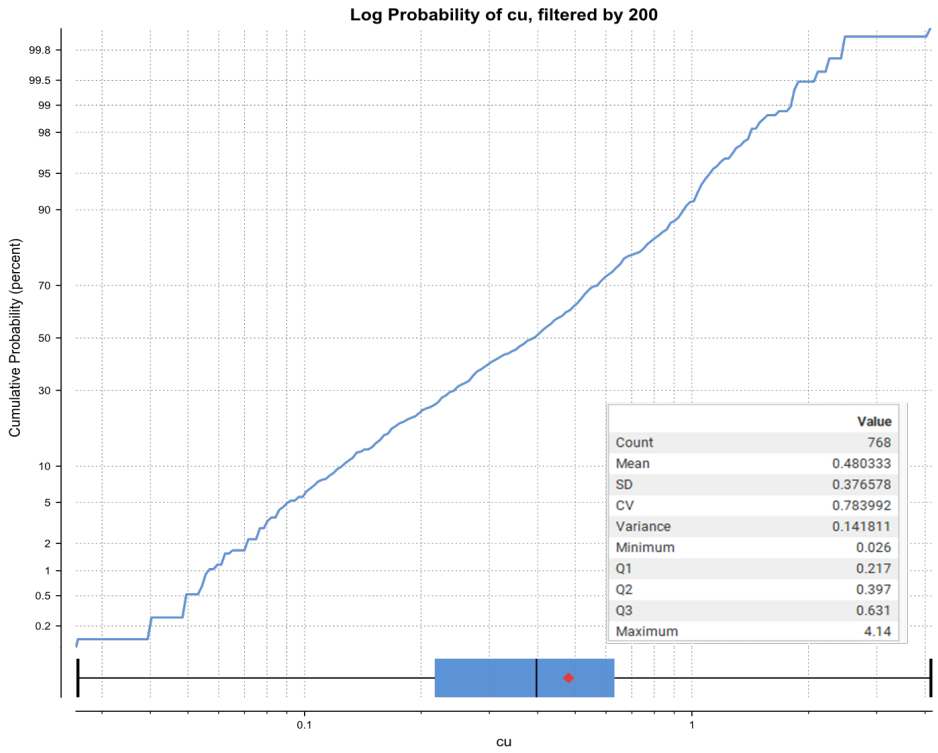


Figure 14-8: Capping Analysis for Cu – Mineralized Central Zone

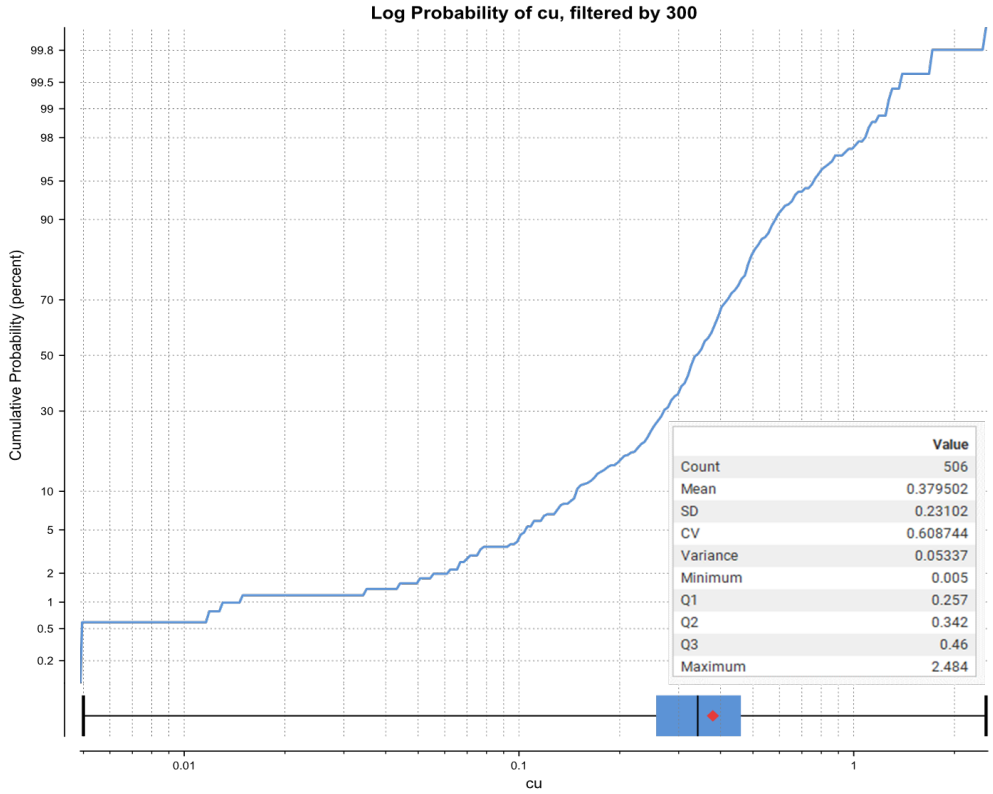


Figure 14-9: Capping Analysis for Cu – Mineralized South Zone

Table 14-7 summarizes the copper outlier values that were applied during the grade interpolation. These cap grades affected six composites. The capping for the mineralized zones is 3.0% Cu for the North Domain (100) and the Central Domain (200); no capping was required for the South Domain (300).

For gold, the analysis identified 11 outlier grades and all of the capped grades are in the un-mineralized CMU zones. That is, there was no capping of gold grades in the main mineralized domains (100, 200, and 300).

Table 14-7: Outlier Analysis for 5.0 m Composites – Copper
ACG Acquisition Company Limited – Serrote Mine

Mineralized Domains	Code	Cap Grade (%)	Mean (%)	CV	Capped Mean	Capped CV	No. of Capped Comps
Mineralized North Domain	100	3	0.54	0.62	0.54	0.58	5
Mineralized Central Domain	200	3	0.48	0.78	0.48	0.76	1
Mineralized South Domain	300	-	0.38	0.61	0.38	0.61	-

14.8 Variography

Correlograms were computed for copper and gold for each of the mineral domains. Down-the-hole correlograms were calculated to determine the nugget effect, and then correlogram maps were computed to determine the principal directions of grade continuity. Finally, directional correlograms were computed in the principal orthogonal directions obtained from the correlogram maps. The resulting experimental correlograms were modelled using a nugget effect and two spherical structures.

The resulting variogram models are summarized in Table 14-8.

Table 14-8: Variogram Models
ACG Acquisition Company Limited – Serrote Mine

Element	Domain	Nugget Effect	Rotation Angles[1] (°)			Sill	Ranges (m)			Sill	Ranges (m)		
			Z	Y	X	C1	X1	Y1	Z1	C2	X2	Y2	Z2
Cu	100	0.08	28	-16	0	0.55	39	48	15	0.37	200	350	93
	200	0.08	28	-16	0	0.55	39	48	15	0.37	200	350	93
	300	0.25	-20	-50	-10	0.4	27	20	8	0.35	100	68	25
Au	100	0.29	4	-24	0	0.45	7	45	11	0.26	215	250	95
	200	0.29	4	-24	0	0.45	7	45	11	0.26	215	250	95
	300	0.3	-20	-32	0	0.5	22	20	8	0.2	150	115	30

Note:

1. Rotations are specified as a left-hand rule about the Z, Y and X axis.

For copper, the nugget effects or random variation component tends to be low, representing 8% to 25% of the total variation or sill. MVV used two spherical structures to fit the experimental correlograms. The anisotropy between the two main directions was minimal. The first structures had a principal range of 39 m to 48 m, while the second structure had principal ranges of 200 m to 350 m. The ranges for copper show the most continuity down the dip of mineralisation, with the second most continuity along strike and the cross-dip direction being the shortest.

14.9 Block Model

The wireframes were filled with blocks in Vulcan. The block model parent cells measure 10 m by 10 m by 5 m and have no sub-cells. The block model set up is shown in Table 14-9.

Table 14-9: Block Model Set Up
ACG Acquisition Company Limited – Serrote Mine

Parameter	X	Y	Z
Origin (m)	747,635	8,928,295	-247.5
Extent (m)	2,560	2,800	620
Block Size (m)	10	10	5
Number of Blocks	256	280	124

14.10 Search Strategy and Grade Estimation Parameters

Copper and gold grades were interpolated in the blocks using the ordinary kriging (OK) based on 5.0 m capped composite values. Hard boundaries were used for the main mineralized zones.

The initial search was oriented along the direction of maximum continuity and the average drill hole spacing. The secondary search radius equates to approximately half the range of the second structure of the variogram model, and a third search equating to the full range of the variogram model. A final (fourth) pass was run to fill the blocks within the mineralized wireframe. The search parameters were equivalent for the three mineral domains and for both copper and gold.

Estimation parameters are summarized in Table 14-10.

Table 14-10: Block Model Estimation Parameters
ACG Acquisition Company Limited – Serrote Mine

Pass	Search Orientation[1]			Distance (m)			Max # per Hole	Min # Comp	Max # Comp
	Z	Y	X	X	Y	Z			
1	-50	-10	-30	40	40	15	3	4	7
2	-50	-10	-30	65	65	20	3	4	7
3	-50	-10	-30	175	175	50	3	4	6
4	-50	-10	-30	240	240	120	3	4	5

Note:

1. Rotations are specified as a left-hand rule about the Z, Y and X axis.
2. No octant constrain was used.

14.11 Mineral Resource Classification

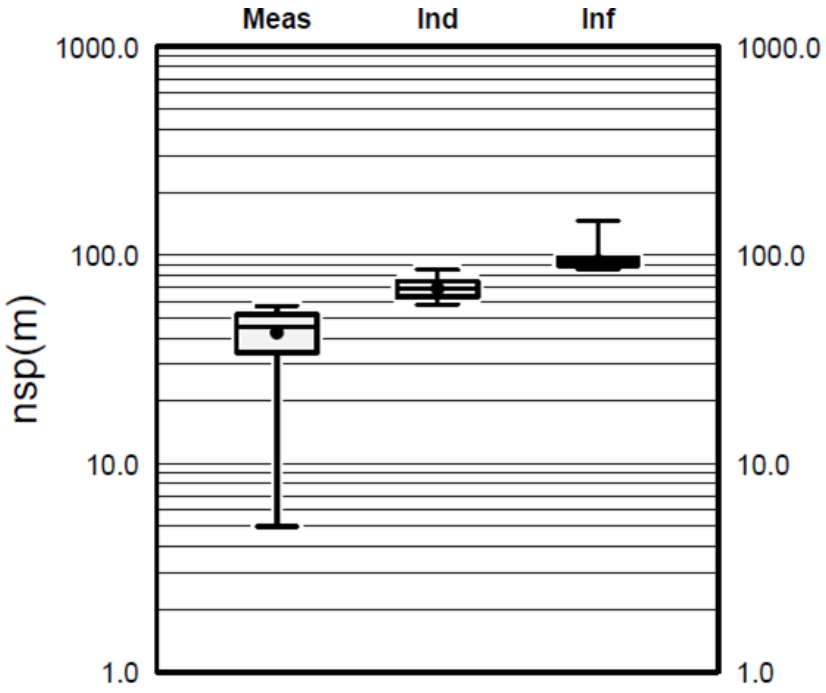
Definitions for resource categories used in this CPR are consistent with those defined by CIM (2014) and adopted by NI 43-101. In the CIM classification, a Mineral Resource is defined as "a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction". Mineral Resources are classified into Measured, Indicated, and Inferred categories. A Mineral Reserve is defined as the "economically mineable part of a Measured and/or Indicated Mineral Resource" demonstrated by studies at Pre-Feasibility or Feasibility level as appropriate. Mineral Reserves are classified into Proven and Probable categories.

The classification parameters consider the proximity and number of composite data, as well as the continuity of the mineralisation.

For Serrote operation, the results of a confidence limit assessment shows that drill hole data for North Domain 100 and South Domain 300 can be extended up to 70 m for Measured material and up to 110 m for Indicated material. Therefore, for a resource block of Domain 100 or 300 to be considered as a Measured block, there must be a drill hole within 70 m, and, for an Indicated resource block, there must be a drill hole within 110 m.

For the Central Domain 200, the confidence limit assessment shows that drill hole data can only be extended up to 35 m for Measured material and up to 80 m for Indicated material. Isolated lenses of mineralisation in the hanging wall or footwall of the main mineralized zones were re-classified as Inferred material. Lastly, block model grade estimates south of 8,928,880 N (block 58) were re-classified as Inferred material due to the limited amount of drilling in this area. Figure 14-10

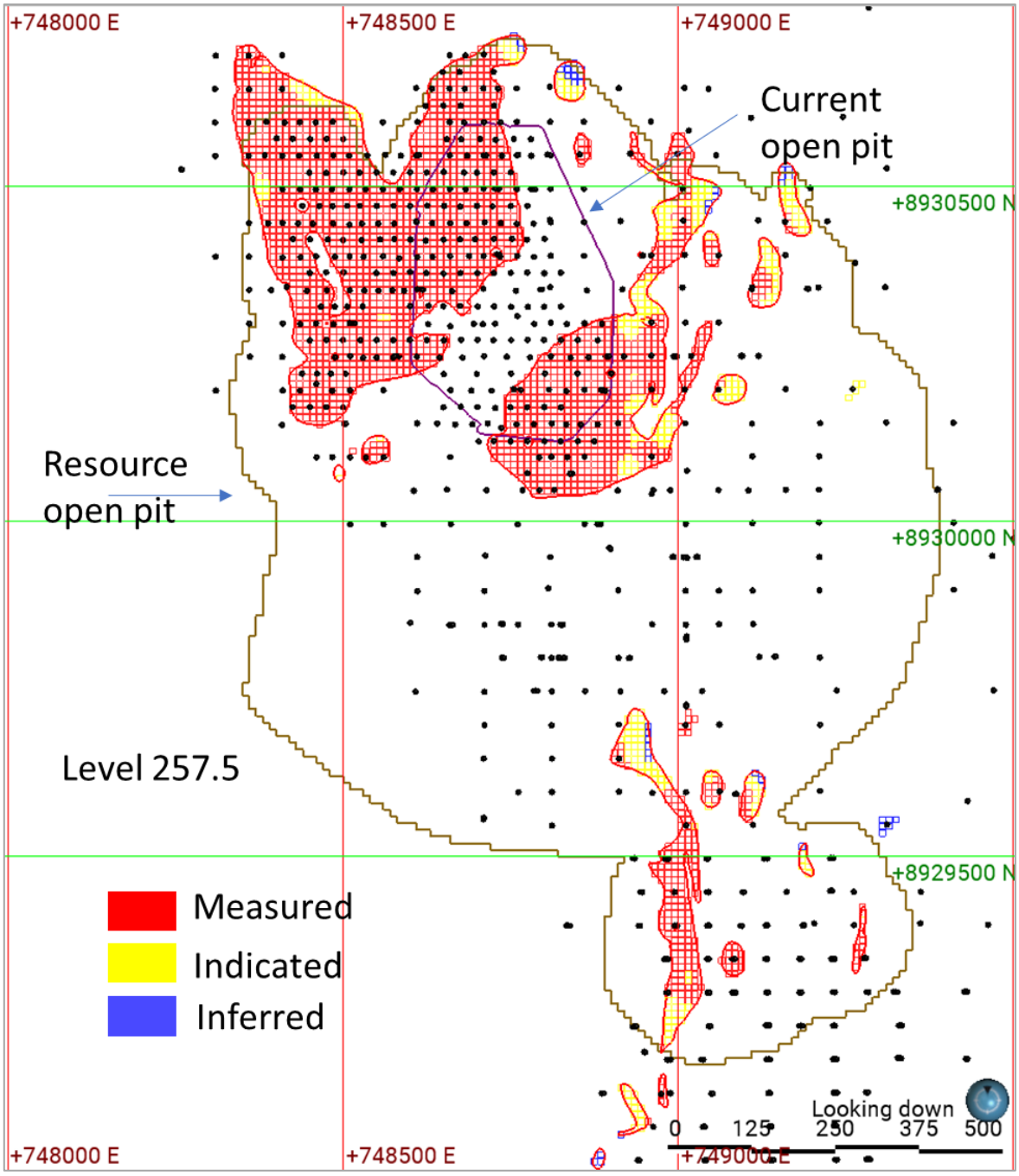
summarizes the nominal drill spacing by resource classification in the estimated blocks. Figure 14-11 shows the final results for mineral resources classification at Serrote.



	Meas	Ind	Inf	
No. of data	35339	21642	2974	No. of data
Mean	42.5	69.1	93.7	Mean
Maximum	57.0	85.0	146.0	Maximum
U.Quartile	52.0	75.0	97.0	U.Quartile
Median	45.0	69.0	92.0	Median
L.Quartile	34.0	63.0	89.0	L.Quartile
Minimum	5.0	58.0	86.0	Minimum
Variance	113.9	54.4	51.4	Variance
CV	0.3	0.1	0.1	CV
Skewness	-0.5	0.3	2.2	Skewness

Source: MTS et al., 2021.

Figure 14-10: Nominal Drill Spacing by Confidence Category



Source: GeoEstima, 2023.

Figure 14-11: Final Mineral Resources Classification, Serrote Operation

14.12 Block Model Validation

GeoEstima carried out a number of block model validation procedures including:

- Comparison between OK and nearest neighbour (NN) (Table 14-11)
- Swath Plots (Figure 14-12 to Figure 14-14)
- Visual inspection of composite versus block grades (Figure 14-15 and Figure 14-16)

Additionally, MVV previously performed a change-of-support analysis for copper estimates to validate the smoothing in the block estimates (from composite point data) with respect to the grade distribution, the selected mining unit size, and the cut-off of interest.

The summary block statistics for copper, gold, and iron are presented in Table 14-12. Examples of copper swath plots for different mineralized zones are presented in Figure 14-12 to Figure 14-14.

Table 14-11: Comparison between Estimates – OK and NN
ACG Acquisition Company Limited – Serrote Mine

Domain	Metal	OK			NN			Relative bias
		Mean	STD	CV	Mean	STD	CV	
100	Cu (%)	0.52	0.24	0.47	0.51	0.34	0.67	1.9%
	Au (g/t)	0.08	0.05	0.66	0.08	0.07	0.79	-1.9%
200	Cu (%)	0.51	0.27	0.52	0.50	0.38	0.77	2.4%
	Au (g/t)	0.08	0.07	0.90	0.09	0.19	2.17	-13.3%
300	Cu (%)	0.36	0.15	0.41	0.37	0.21	0.58	-1.7%
	Au (g/t)	0.14	0.06	0.40	0.14	0.08	0.57	-0.1%

Table 14-12: Block Model Statistics by Mineral Domain
ACG Acquisition Company Limited – Serrote Mine

Domain	Metal	Count	Min	Max	Mean	Std. Dev.	CV
100	Cu (%)	57,155	0.011	3	0.52	0.24	0.47
	Au (g/t)	57,155	0	0.493	0.08	0.05	0.65
200	Cu (%)	30,413	0.071	2.498	0.51	0.27	0.52
	Au (g/t)	30,413	0.001	0.54	0.08	0.07	0.9
300	Cu (%)	18,848	0.048	1.38	0.36	0.15	0.41
	Au (g/t)	18,848	0.007	0.325	0.14	0.05	0.39

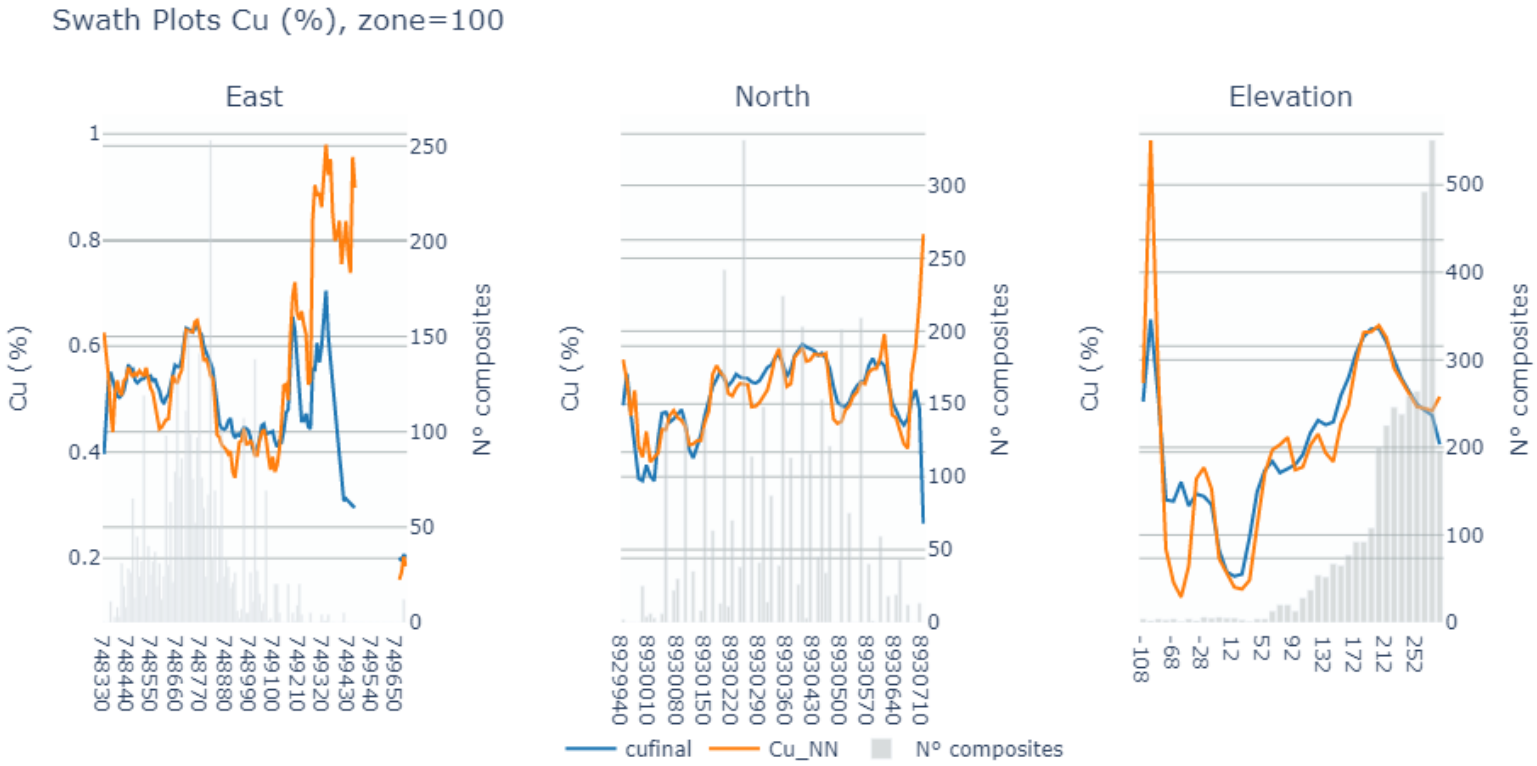


Figure 14-12: Serrote Cu Swath Plot – Domain 100 – X, Y and Z

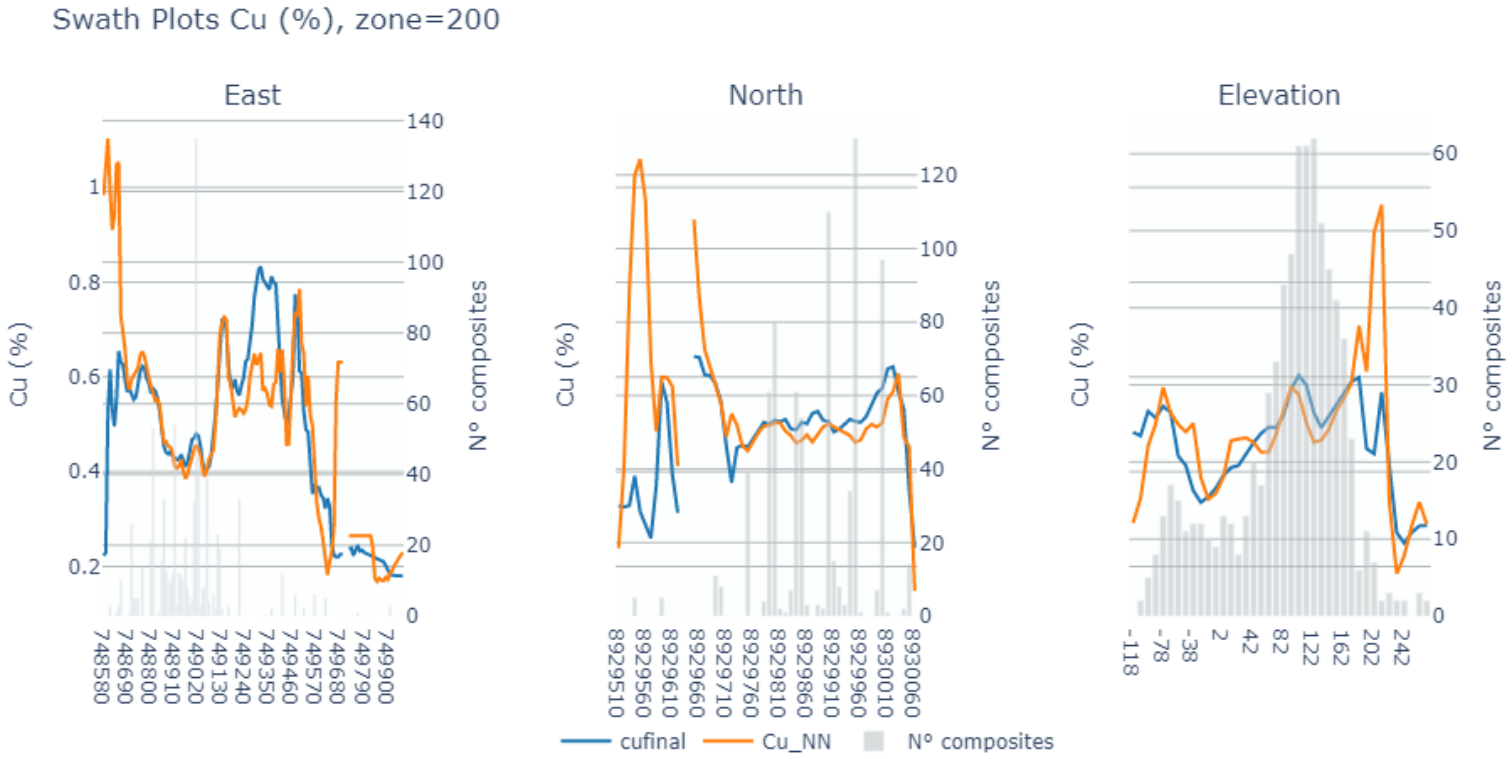


Figure 14-13: Serrote Cu Swath Plot – Domain 200 – X, Y and Z

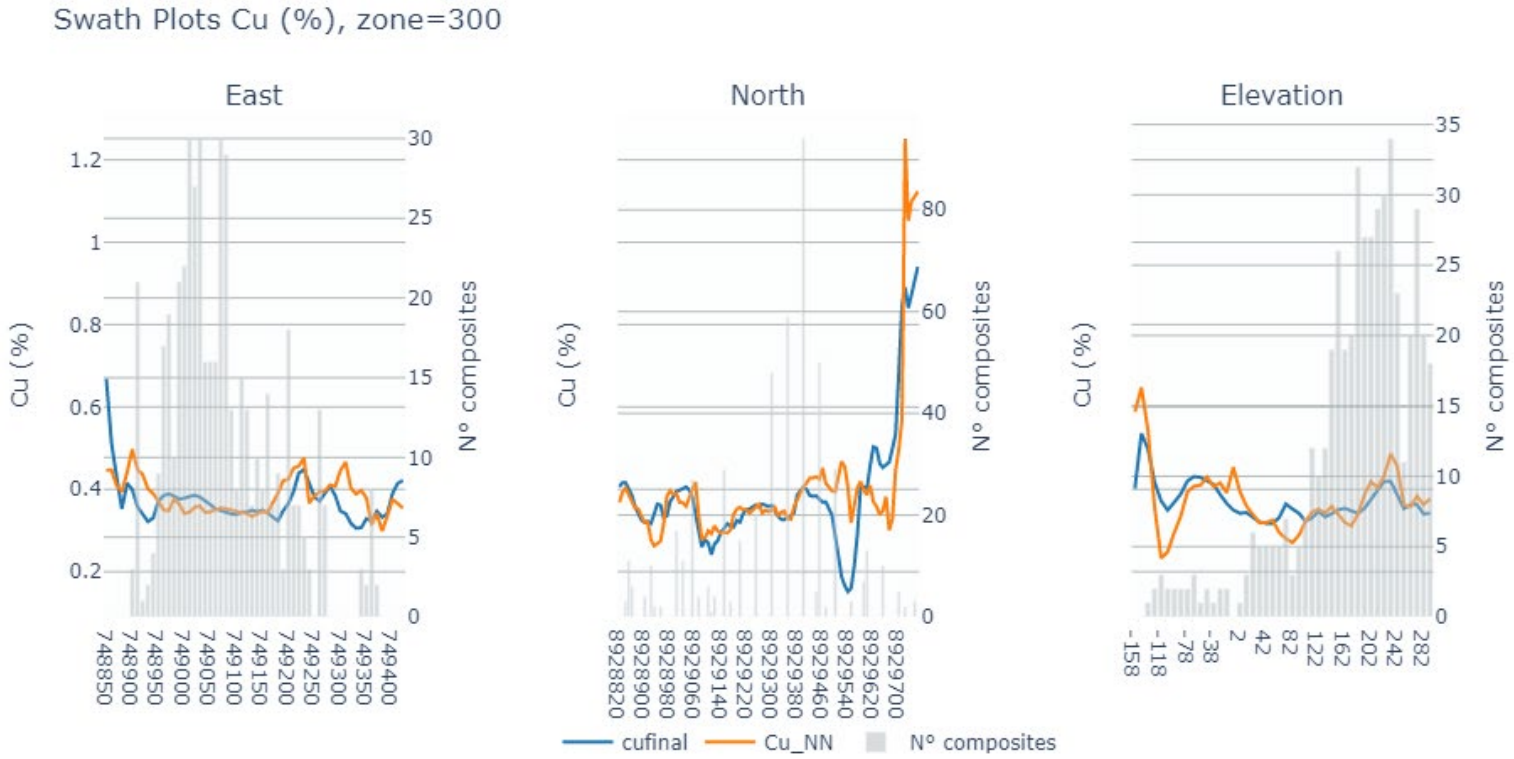


Figure 14-14: Serrote Cu Swath Plot – Domain 300 – X, Y and Z

The overestimation observed in blocks from zones 100 and 200 are located outside of the resource pit shell and were categorized as Inferred Mineral Resources.

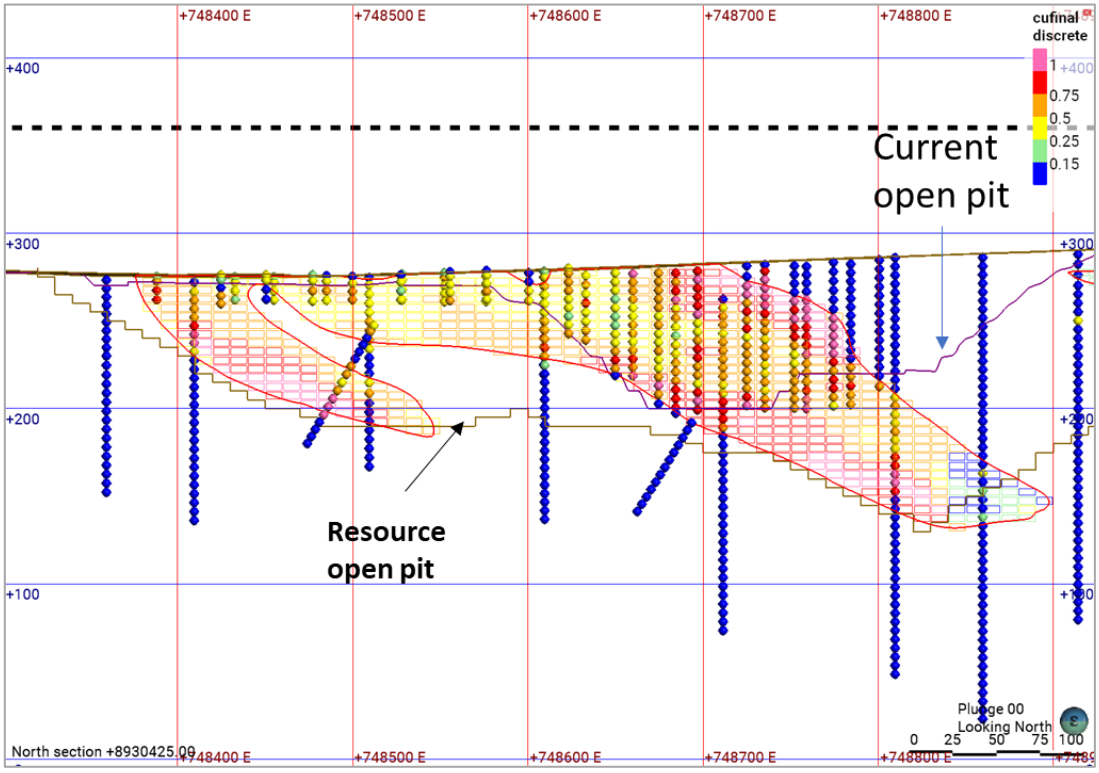


Figure 14-15: Cross-section Showing Cu Blocks *versus* Composite Grades

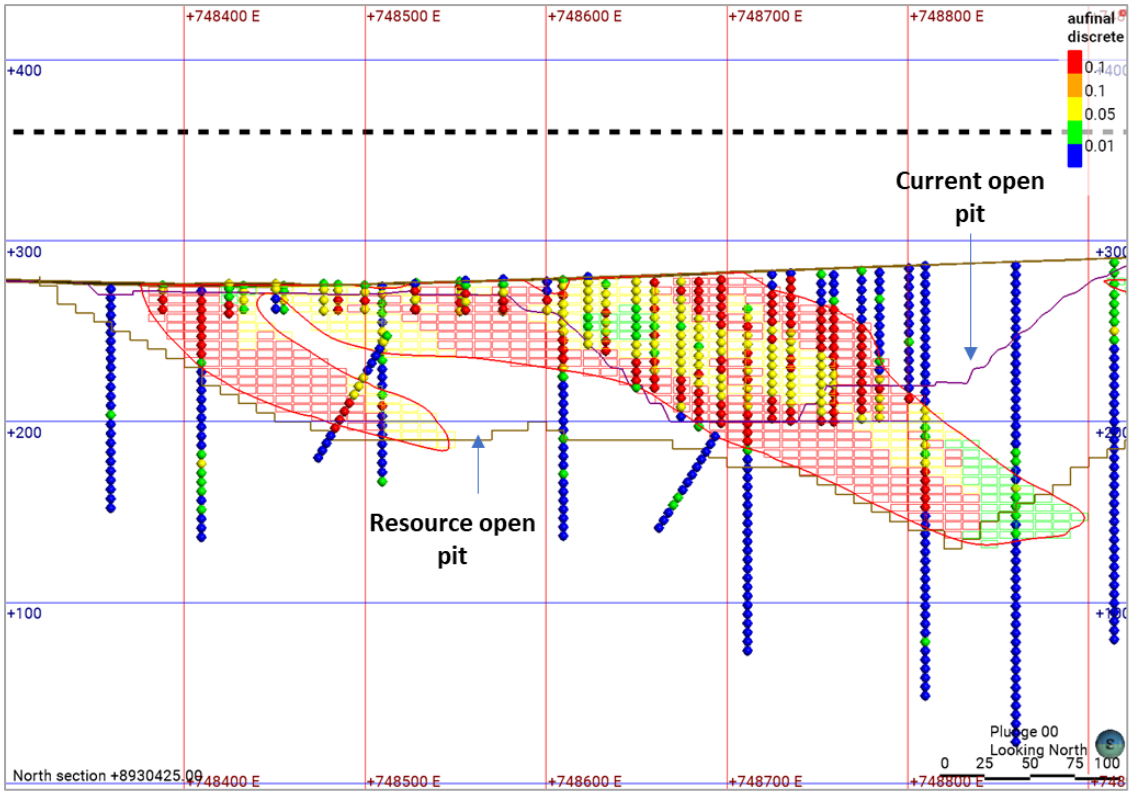


Figure 14-16: Cross-section Showing Au Blocks *versus* Composite Grades

14.13 Reasonable Prospects for Eventual Economic Extraction

The assessment of reasonable prospects for eventual economic extraction was based on the application of a pit shell obtained by Whittle. This pit-shell used metal prices of US$3.20/lb for copper and US$1,300/oz for gold and a metallurgical recovery of 86% for copper and 67% for gold processed, as defined in 2019.

It should be noted that the above resource metal prices and recoveries are different than those used for Mineral Reserves in Chapter 15. The pit optimization parameters for Mineral Reserves (Chapter 15) used metal prices of US$3.50/lb for copper and US$1,550/oz for gold, with process recoveries of 85% for copper and 65% for gold. The net smelter return (NSR) cut-off value was determined to be US$11.85/t.

Given the above differences, the resource pit shell was reviewed with respect to the reserve pit design. It was observed that, despite the different prices used, more than 98% of the Mineral Reserve pit design is situated within the resource pit shell (Figure 14-17).

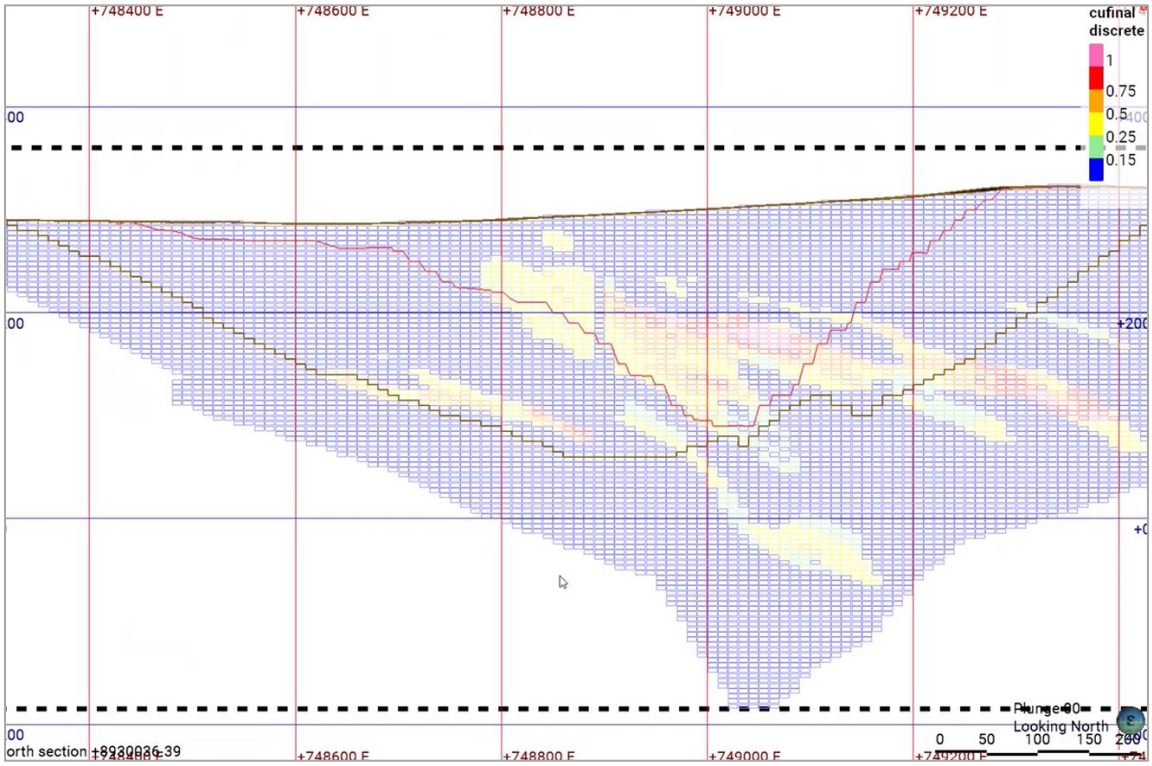


Figure 14-17: Comparison Between 2022 Mineral Reserve Pit Shell and 2019 Mineral Resource Pit Shell

GeoEstima also confirmed that the resource estimates remain essentially the same at higher metal prices and costs. The potential impact of higher prices and recoveries in the resource estimates was assessed by defining the Mineral Resource using the same pit shell as a constraint and applying the updated copper cut-off grade to blocks. The results show insignificant differences, as the higher metal prices and recoveries are offset by higher operating costs.

The detailed parameters used for the Mineral Resources pit shells are as presented in Table 14-13.

Table 14-13: Resource Pit Shell Parameters
ACG Acquisition Company Limited – Serrote Mine

Item	Parameters
Mining cost (US$/t)	2
Process cost (US$/t processed)	6.5
Sustaining capital costs (US$/t processed)	0.31
General and administrative (G&A) cost (US$/t processed)	0.94
Copper price (US$/lb)	3.20
Copper selling cost (US$/lb)	0.45
Copper metallurgical recovery (%)	86
Gold price (US$/oz troy)	1,300
Gold refining cost (US$/oz troy)	6
Gold metallurgical recovery (%)	67
Overall Pit slope angles (varies by rock-mass class)	28° to 40°

14.14 Mineral Resource Reporting

The Mineral Resources for the Serrote operation as of December 31, 2022, are summarized in Table 14-14. The Mineral Resource estimate is based on block models constructed by Aura Minerals and updated by MTS. The estimate is contained within an updated pit shell model run by MTS and depleted by GeoEstima based on topography dated from December 31, 2022. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Serrote Mineral Resources are in compliance with the CIM (2014) resource definition requirement of "reasonable prospects for eventual economic extraction".

Table 14-14: Mineral Resources Estimate by Mineral Type
ACG Acquisition Company Limited – Serrote Mine

Category	Type	Tonnage (kt)	Grade		Contained Metal	
			Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
Measured	Oxide	8,717	0.48	0.11	42	30
	Sulphide	50,861	0.56	0.10	284	168
	Sub-total	59,578	0.55	0.10	325	198
Indicated	Oxide	2,192	0.45	0.13	10	9
	Sulphide	32,924	0.53	0.08	175	86
	Sub-total	35,116	0.53	0.08	185	95
Measured + Indicated	**Oxide**	**10,909**	**0.47**	**0.11**	**52**	**39**
	Sulphide	**83,784**	**0.55**	**0.09**	**458**	**254**
	Sub-total	**94,693**	**0.54**	**0.10**	**510**	**293**

Category	Type	Tonnage (kt)	Grade		Contained Metal	
			Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
Inferred	Oxide	360	0.36	0.08	1	1
	Sulphide	4,515	0.53	0.07	24	11
	Sub-total	4,875	0.52	0.07	25	12

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. The Competent Person for the Mineral Resources estimate is Orlando Rojas, B.Geo., AIG (nº5543), a GeoEstima SpA employee.
3. The Mineral Resource estimates have an effective date of December 31, 2022.
4. Mineral Resources are estimated at a copper cut-off above 0.15%.
5. Mineral Resources are estimated using metal prices of US$3.20/lb Cu and US$1,300/oz Au.
6. Open pit Mineral Resources are reported within a constraining open pit shell.
7. Minimum width is 5 m.
8. The metallurgical recoveries used are 86% for Cu and 67% for Au.
9. Bulk density varies depending on mineralisation domain.
10. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves.
11. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
12. Numbers may not add due to rounding.

14.15 CP Comments on “Item 14: Mineral Resource Estimate”

The CP has the following recommendations:

- Update the Mineral Resource estimate with the results of the ongoing drilling program. The new drilling information may better define the limits of mineralisation, increase the volume of material in the deeper portion of the deposit, and upgrade the resource classification in some areas.
- Improve the modelling and knowledge of the copper oxide zone at Serrote and investigate process options.
- Build a detailed structural model and structural domains in order to customize local search anisotropies and directions.
- Update the Mineral Resource pit shell and cut-off inputs based on current economic parameters.
- Review cut-off input parameters to have a consistent baseline with the Mineral Reserve inputs in future resource updates.

15.0 MINERAL RESERVE ESTIMATE

15.1 Mineral Reserve Block Model

The diluted block model for the Serrote deposit was prepared by MVV using estimates based on a May 2021 update that incorporated an RC infill drilling campaign completed during 2019–2020. The block model, which has individual block size as 10 m x 10 m x 5 m (length x width x height), includes the following items:

- Copper grade (%) (diluted);
- Gold grade (g/t) (diluted);
- Iron grade (%) (diluted);
- Magnetite grade (%) (diluted);
- Mineral Resource classification (Measured, Indicated, Inferred);
- Process method classification code (oxide, sulphide);
- Lithological code;
- Geotechnical zone code, indicating the inter-ramp slope angle;
- In-situ bulk density (t/m³);
- Diluted block bulk density (t/m³).

In addition to the internal dilution inherent in the block modelling process, MVV introduced a block edge contact dilution in the block model and generated diluted copper, gold, iron, and magnetite block grades as well as a diluted bulk density. The block edge contact dilution broadly represents 0.875 m of each 10 m x 10 m x 5 m block shifted to the neighbouring block horizontally at each block edge and 0.25 m vertically to the top and bottom benches. This methodology results in a reduction of 0.8% of the Measured and Indicated (M+I) fraction of the in-pit Mineral Resource tonnage and a reduction of 3.4% and 2.7% in the copper and gold contained metals, respectively, compared with the quantities estimated on the basis of the block model prior to dilution.

15.2 Open Pit Mine Design Criteria

15.2.1 Material In-Situ Value Calculation Parameters

The open pit design and estimates of cut-off grades for the Mineral Reserve estimates are based on the material diluted in-situ value. The material in-situ value was estimated using the information in Table 15-1.

Pit optimization for the current pit design was prepared by mining consultants Q'Pit Inc. which added the following items to the block model:

- Concentrate yield: tonnes of concentrate per tonne ore
- Gold credit (US$/t): block by block gold credit
- Revenue (US$/t): expected revenue from the material, considering process costs and excluding mining costs

For the purposes of the pit limit analysis and design and the Mineral Reserve estimates, only blocks that were classified as Measured or Indicated and coded as sulphide were used. Inferred Mineral Resources coded as sulphide material and all material coded as oxide were considered waste.

Only copper and gold economic values were considered. Magnetite value was considered to be zero for the purposes of the pit limit design and Mineral Reserve estimates.

Table 15-1: 2019 Parameters for Estimating the Value of Material In-Situ
ACG Acquisition Company Limited – Serrote Mine

Parameter	Value	Units	Notes
Mining cost	2.00	US$/t mined	Used for pit limit design only
Mining cost tax credits	(n/a)	US$/t mined	
Processing cost total	7.00	US$/t ore	
Sustaining Capex	1.00	US$/t ore	
G&A cost	1.55	US$/t ore	
Process cost & G&A	9.55	US$/t ore	Used for cut-off grades, reserves, in-situ value calculation, and pit limit design
Process cost & G&A tax credits	(n/a)	US$/t ore	
Process Plant Recovery			
Cu	84.0	%	
Au	65.0	%	
Metal Prices			
Cu	3.00	US$/lb	
Au	1,250	US$/oz troy	
Royalties, % Net Smelter Return (NSR)			
Cu	3.75	% NSR	Government and landowners
Au	4.00	% NSR	Government and landowners
Concentrate Parameters and Costs			
Cu concentrate grade	24.5	%Cu	
Cu concentrate moisture	10.0	%	
Concentrate transport cost	63.84	US$/wmt	
Smelting cost	80.00	US$/dmt	
Smelting extra charges allowance	33	US$/dmt	Expected $0/t to $33/t, conservative
Smelter deduction (minimum)	1.00	Cu% Units	
Cu smelter payable (maximum)	96.52	%	For higher-grade concentrates
Cu smelter payable (typical)	95.92	%	Serrote, using 1% Cu deduction
Resulting from smelting metal unit costs	0.435	US$/lb	Using 95.92% Cu payable
Cu refining	0.08	US$/lb Cu	
Au refining	6.00	US$/oz troy	
Au smelter deduction (minimum)	1.0 g/t	%	
Au smelter payable	95.0	%	After Au deduction
Au payable	65.38	%	LOM average, varies by block

15.2.2 Cut-off Grade Calculation

The copper-only cut-off grade was determined to be 0.22% Cu and considers zero gold credit. The gold credit is estimated on a block-by-block basis for the purpose of the pit limit analysis. The resulting average gold credit over the remaining life of the mine is estimated at US$3.14/t ore.

For the purposes of the pit limit design and the cut-off grade calculations, the mine operating cost at Serrote for ore and waste were considered to be equal. The mining cost for the purposes of the pit limit design was estimated by MVV at US$2.00/t and considers direct tipping of ore to the primary crusher and stockpiled material re-handling costs.

15.2.3 Wall Slope Angles and Bench Configuration

Geotechnical investigations were conducted by Walm in June and October 2018 in preparation for the 2019 feasibility study. The slope angles for the pit limit design were derived as shown in Table 15-2.

Table 15-2: Slope Angles Used for Pit Limit Design
ACG Acquisition Company Limited – Serrote Mine

Geomechanical Class	Inter-Ramp Slope Angle (°)	Inter-Berm Height (m)	Berm Width (m)	Face Slope (°)
Class V	31.2	10	6.5	45
Class IV	36.5	10	6.5	55
Class III	41.9	10	6.5	65
Class I-II	55.3	20	8.5	75

The geotechnical investigation considered a 10 m operating bench height and double benching in fresh rock with a berm every 20 m vertically. The assumption was that drilling and blasting will take place on 10 m benches with a berm every 20 m. Loading operations in areas requiring enhanced selectivity will take place in 5 m flitches (half benches); however, this does not affect the wall configuration or any wall control drilling. The wall slope design parameters used are based on the geotechnical recommendations for inter-ramp slope angles.

The slopes used for the final pit limit and some of the intermediate phase wall inter-ramp slope angles range from 42° to 55° in the fresh rock zones and 31° to 37° in the fractured and altered zones. The rock mass Class IV does not appear to a significant extent in the final or interim pit limit walls. The slope angles were based on the available geotechnical recommendations at the time the pit limit design work was undertaken. A recent update of the geotechnical investigation recommends generally steeper slopes in Sector III with slopes ranging generally from 45° to 47° and minor adjustments to the extent and slope angles of Sector I-II (Geoestrutural, 2022).

Walm used the proposed slopes for final pit limit design as the reference for their latest geotechnical work and reviewed and confirmed conformance of the pit limit design with the geotechnical recommendations, with minor local adjustments recommended. The changes will have no material effect on the final pit limit shape and the overall Mineral Reserves reported within the pit limit. As a result of steepening Sector III in particular, upside can be expected when the final pit limit design is updated during future detail engineering.

The geotechnical study recommends the use of a double bench configuration in the fresh rock for geomechanical Class I - II and a single bench configuration in rock for all other geomechanical classes.

Ramp placement on the final pit limit and phase walls generally does not exceed the recommended uninterrupted inter-ramp wall height.

In 2022 MVV engaged the consulting firm Geoestrutural to perform a geotechnical review and develop a detailed geomechanical model. Findings confirmed that the criteria from the 2019 feasibility study criteria meet the required global safety factors for all sections analysed. Further work (drilling and lab testing) is being performed in 2023 to confirm the opportunity of steepening slope angles in some sections of the open pit.

15.2.4 Mining Cost for the 2019 Pit Limit Design

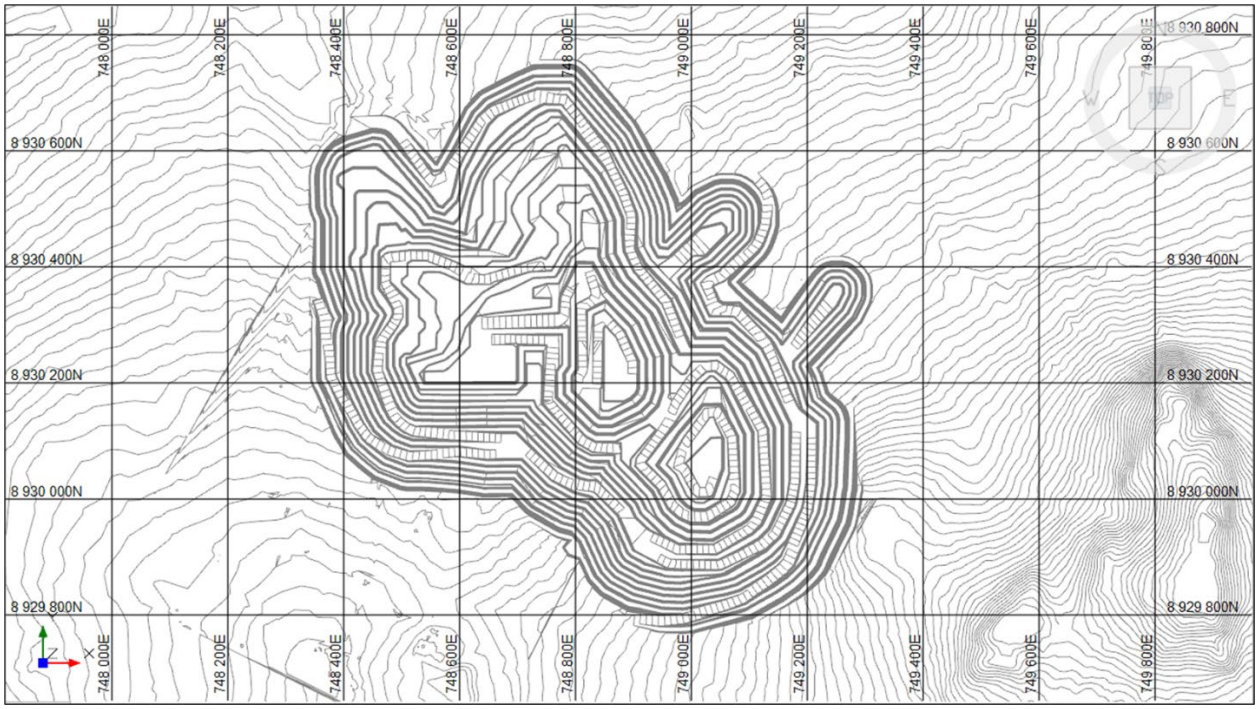
At Serrote the selection of the mining costs for the 2019 pit limit design was based on past studies as well as MVV's parent company experience at its Santa Rita Mine, which is of similar scale and scope. In addition, since MVV elected to develop a more robust subset of the Mineral Reserves, the selection of the initial mining cost was less critical. The US$2.00/t mining cost selected for the determination of the final pit limit design was appropriate and correlated well with the final mining operating cost estimated for the property after changes in US$:R$ exchange rates are taken into account.

15.2.5 Ramp Width and Grade

The pit limit design considers ramps with a total nominal ramp width of 15 m and a gradient of 10%. The pit limit design includes partial berm tapering where berms meet the haul roads. The ramp width is based on three times the width of the primary haul truck considered (an 8 x 4 truck such as the Mercedes Actros 4844 currently used at Serrote) with a nominal load capacity of 35 t.

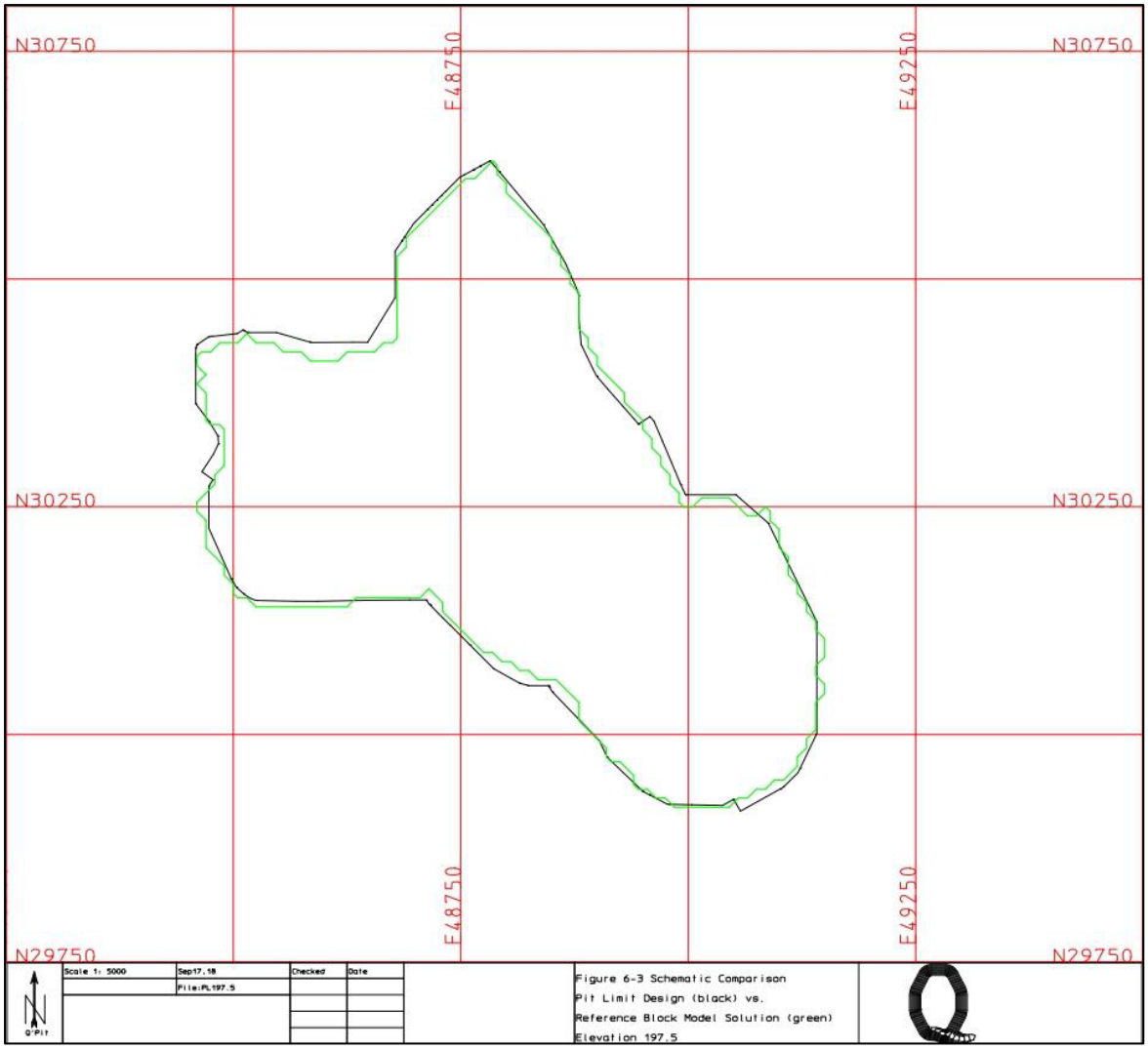
15.2.6 Detailed Pit Limit Design

The Serrote open pit limit design is significantly smaller than the excavation supported by the guide block model solution. Based on earlier sensitivity analyses, MVV decided to use the more robust subset of the Mineral Resource, defined by the Lerchs and Grossmann methodology solution at a copper metal price of US$2.70/lb Cu, as the basis for the final pit limit. The Base Case pit limit design is shown in Figure 15-1. A schematic comparison of the pit limit design with the reference block model solutions used as a guide for the design is shown in Figure 15-2. It can be seen that the guide block model solutions and the final pit limit design are in close agreement with the selected section.



Source: MVV, 2023

Figure 15-1: Pit Limit Design Used for 2019 Mineral Reserve Estimate



Source: MTS et al., 2019.

Note: Plan view EL197.5 m.

Figure 15-2: Comparison of 2019 Pit Limit Design versus Reference Block Model Solution

15.3 Detailed Open Pit Mine Design

The Mineral Reserve estimate is based on detailed pit limit designs, which were validated by a LOM mine plan. The pit limit analysis and detailed pit limit design were originally carried out by Q'Pit and later updated by MVV.

15.3.1 Methodology and Software

Q'Pit used its proprietary software for modelling and analysis of the open pit limit location and to determine the sensitivity by deriving a set of block model solutions, employing a network formulation of the Lerchs and Grossmann methodology. The following information was considered for the pit limit analysis:

- Measured and Indicated Mineral Resources from the Mineral Resource block models
- The parameters for the in-situ diluted material valuation
- The geometrical parameters for slope angles, ramp width, grade, and mining widths as well as a model of the ramp configurations within the open pit limit

The detailed pit limit design and phasing were carried out using Q'Pit's mine planning software on mid-bench contour representation. The designs were then converted by Q'Pit to toe and crest representation.

15.4 2023 Validation of Open Pit Mine Design Limit

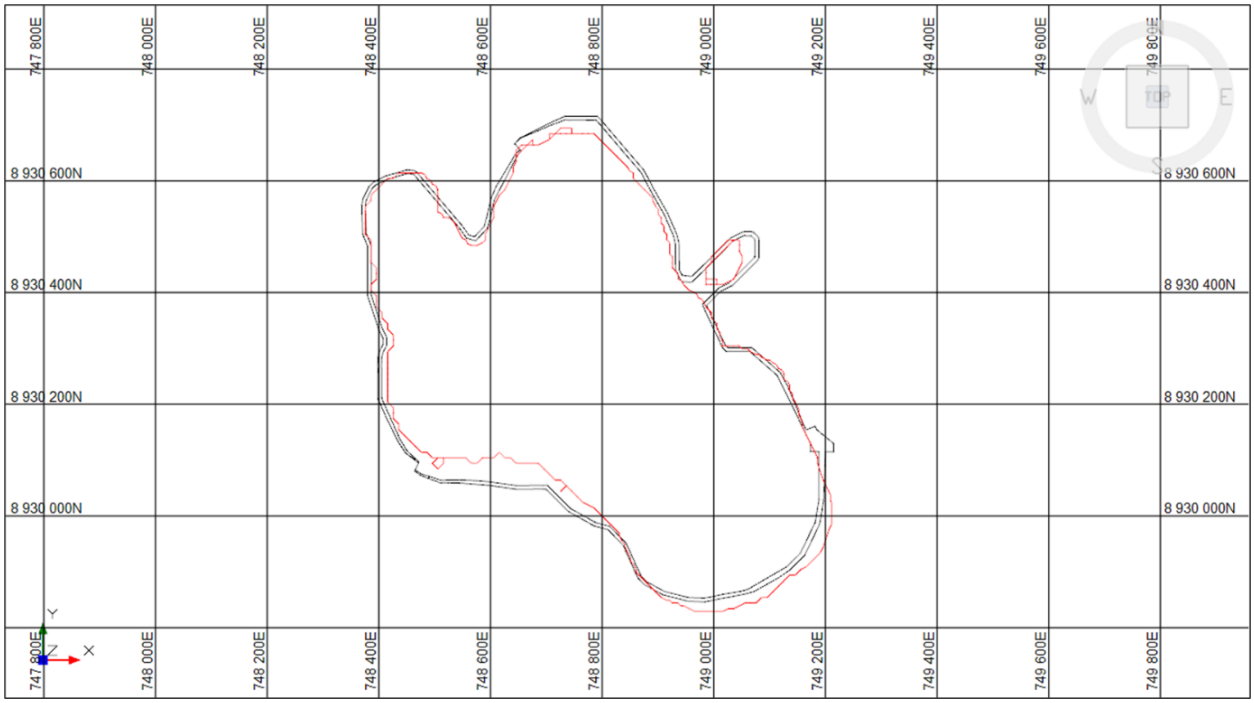
The Serrote pit optimization was studied in early 2023 to verify that the pit design limit remained valid given increased mine operating costs, metal prices, and changes to the offtake parameters when compared to those used in 2019. An updated NSR calculation was estimated with the parameters listed in Table 15-3. For ore type Mano the average NSR is estimated at $34.47/t after royalties, and Gabbro is estimated at $35.47/t after royalties.

An optimal pit shell was selected and is compared to the current pit design limits, as presented in Figure 15-3. As seen from the figure, the two sets of limits compare well, and therefore the current pit design remains valid.

Table 15-3: 2023 Parameters for Estimating the Value of Material In-Situ
ACG Acquisition Company Limited – Serrote Mine

Parameter	Value	Units	Notes
Mining cost	2.47	US$/t mined	Updated to average from LOM financial model
Processing cost total	6.98	US$/t ore	
Sustaining Capex	2.43	US$/t ore	
G&A cost	2.44	US$/t ore	
Process cost & G&A	11.85	US$/t ore	Used for cut-off grades, reserves, in-situ value calculation, and pit limit design
		Process Plant Recovery	
Cu	84.6 Mano 86.8 Gabbro	%	
Au	65.0	%	
		Metal Prices	
Cu	3.50	US$/lb	
Au	1,550	US$/oz troy	
		Royalties, Net Smelter Return (NSR)	
Cu	2.00 0.85	% NSR % Gross revenue	Government and landowners
Au	35.00	% Payable Au	ACA
		Concentrate Parameters and Costs	
Cu concentrate grade	40	%Cu	
Cu concentrate moisture	9.4	%	
Concentrate transport cost	144.7	US$/wmt	
Smelting cost	48.8	US$/dmt	
Smelter deduction	1	Cu% Units	

Parameter	Value	Units	Notes
Cu smelter payable	96.8	%	
MgO Penalty	6.0	US$/dmt	
Cu refining	0.05	US$/lb Cu	
Au refining	4.0	US$/oz troy	
Au smelter deduction	0	g/t	
Au smelter payable	92	%	



Note: Elevation is at 180 m RL. Pit design is black line, 2023 optimal pit shell #61 is red line.

Figure 15-3: Comparison of Pit Limit Design to 2023 Optimal Pit Shell

15.5 Mineral Reserves Estimate

The Mineral Reserves were audited by the CP using two methodologies.

The first was depletion of the 2019 feasibility study Mineral Reserve with actual mining from the start of production in December 2020 to the end of 2022. In the 2019 study, Q'Pit estimated the Mineral Reserves based on the Measured and Indicated Mineral Resources in the block model supplied by MVV and the detailed final pit limit design carried out by Q'Pit using the mine design criteria presented in Table 15-1. The design criteria included metal prices of US$3.00/lb Cu and US$1,250/Au oz, 84% Cu recovery and 65% Au recovery. The Proven and Probable Mineral Reserves were estimated using the in-pit Measured and Indicated Mineral Resources, respectively, and the cut-off grade from a contained in-situ mineralisation value (NSR) of US$9.55/t. The resulting tonnage of sulphide ore was 45.14 Mt at a grade of 0.58% Cu and 0.10 g/t Au.

The second method involved updating the block model with the 2023 parameters presented in Table 15-3 and determining the Mineral Reserve contained within the pit design using January 1, 2023, starting bench face topography. The design criteria included metal prices of US$3.50/lb Cu and US$1,550/Au oz, 85% Cu recovery in Mano type mineralisation, 87% Cu recovery in Gabbro, and 65%

Au recovery. The cut-off value NSR was US$11.85/t and the resulting tonnage of sulphide ore was 45.17 Mt at a grade of 0.58% Cu and 0.10 g/t Au.

Both methods resulted in essentially the same tonnes and grades. The increase in metal prices from 2019 to 2023 has been offset by the increase in operating costs, resulting in no material change to the original 2019 Mineral Reserve Estimate except for depletion due to mining.

As of January 1, 2023, an ore stockpile of 1.58 Mt at 0.61% Cu and 0.10 g/t Au has been established during mining operations at Serrote.

The Mineral Reserves for the Serrote Mine, with an effective date of December 31, 2022, are listed in Table 15-4. The estimates of the copper and gold grades in Table 15-4 are based on the diluted grades of the deposit block model for material coded as sulphide. The Competent Person for the estimate is Mr. Andrew Bradfield, P.Eng., of P&E Mining Consultants Inc.

Table 15-4: Serrote Mineral Reserve Estimate
ACG Acquisition Company Limited – Serrote Mine

Classification	Quantity (Mt)	Diluted Grades		Contained Metals		
		Cu (%)	Au (g/t)	Cu (kt)	Cu (Mlb)	Au (koz)
Proven	41.17	0.59	0.10	243.8	537.5	134.9
Probable	5.56	0.54	0.08	29.9	65.8	13.8
Total Mineral Reserves	**46.73**	**0.58**	**0.10**	**273.7**	**603.3**	**148.6**

Notes to the Mineral Reserve Estimate:

1. The Competent Person for the Mineral Reserve Estimate is Andrew Bradfield, P.Eng., of P&E Mining Consultants Inc.
2. Mineral Reserves are reported using the 2014 CIM Definition Standards, 2019 CIM Best Practices, and have an effective date of December 31, 2022.
3. The Mineral Reserve is estimated using metal prices of US$3.50/lb Cu and US$1,550/Au oz, 85% Cu processing recovery in Mano mineralisation and 87% Cu processing recovery in Gabbro mineralisation, and 65% Au processing recovery.
4. The estimates were carried out using an NSR cut-off value of US$11.85/t.
5. Proven Reserves include stockpiled ore of 1.58 Mt at 0.61% Cu and 0.10 g/t Au.
6. Totals may not add due to rounding.

The mine plan includes an estimate of 76.1 Mt of waste rock to be mined. Inferred Mineral Resources were set as waste in the pit optimizations and mine plans. The waste rock tonnage includes an estimate of 6.3 Mt of oxide material that contains mineralisation. This material is currently not planned to be processed and is stockpiled separately as a potential future heap leach opportunity. As of the effective date of this CPR, a stockpile of approximately 7.7 Mt of oxide material exists at the Serrote Mine.

15.5.1 Sensitivity of the Mineral Reserves to the Open Pit Geometry and Size

A sensitivity analysis established that the Serrote open pit limit geometry is robust in the north, east and west parts of the open pit for a wide variation of the design parameters, due to the orebody geometry. These parts of the orebody are higher grade and have a lower stripping ratio than the south part. The geometry of the south part of the pit is more sensitive to changes in the design parameters. In 2019 MVV elected to set the south part of the final pit limit using a revenue factor of 0.9. This broadly corresponded to a copper price of US$2.70/lb Cu and also introduced a measurable level of robustness in the pit limit in the south part of the pit.

The final pit limit design is considered conservative, and it will potentially remain valid for substantial adverse changes in the design parameters. The pit limit can be reviewed in future studies, particularly the south part, to determine if it should be adjusted according to updated economic parameters, such as metal prices and mining costs.

15.5.2 Sensitivity of the Mineral Reserves to Changes in Cut-off Grades

Information that affects the cut-off grades used for estimating the Mineral Reserves include the copper and gold metal prices, exchange rates, overall mine and process variable and fixed costs, and copper concentrate transport, smelting, refining, and processing costs.

15.6 CP Comments on "Item 15: Mineral Reserve Estimate"

The CP considers that the open pit methodologies, design criteria and parameters used are appropriate. The CP is not aware of any other factors that could materially impact the estimate of the Minerals Reserves for Serrote that are not presented in this CPR.

16.0 MINING METHODS

16.1 Open Pit Mining Methodology

16.1.1 Introduction

The Serrote Mine has been developed as a conventional open pit operation using hydraulic excavators in backhoe configuration, rigid body trucks and top hammer drills as the primary mining equipment. The mine plan is based on a peak total ore and waste rock production rate of 12.7 Mt/a and an operating life of 12 years. Ore will be delivered to the crusher pad adjacent to the process plant site at an average rate of 11,390 t/d or 4.1 Mt/a.

Several pads have been constructed for contractor laydown areas, construction materials storage yards, and stockpile pads, in addition to the preparation of platforms at the plant site. A number of stockpile areas were established during the pre-production period, including areas for topsoil, oxide material, low grade sulphide material, and operating stockpiles for management of the mill feed. The pre-production period was completed in March 2021. The overall site plan is shown in Figure 16-1.

The final pit will have a elevation of 325 masl and a pit bottom elevation of 75 masl, a total depth of 250 m.

Mining is carried out by a contractor that supplies its own equipment fleet, equipment maintenance, and personnel, including a subcontract for explosives services. MVV plans to purchase its own mining equipment and Serrote will become an Owner-operated mine in 2025.

The Base Case operating model is the basis for the operating and capital cost estimates.

16.1.2 Mine Operations by MVV

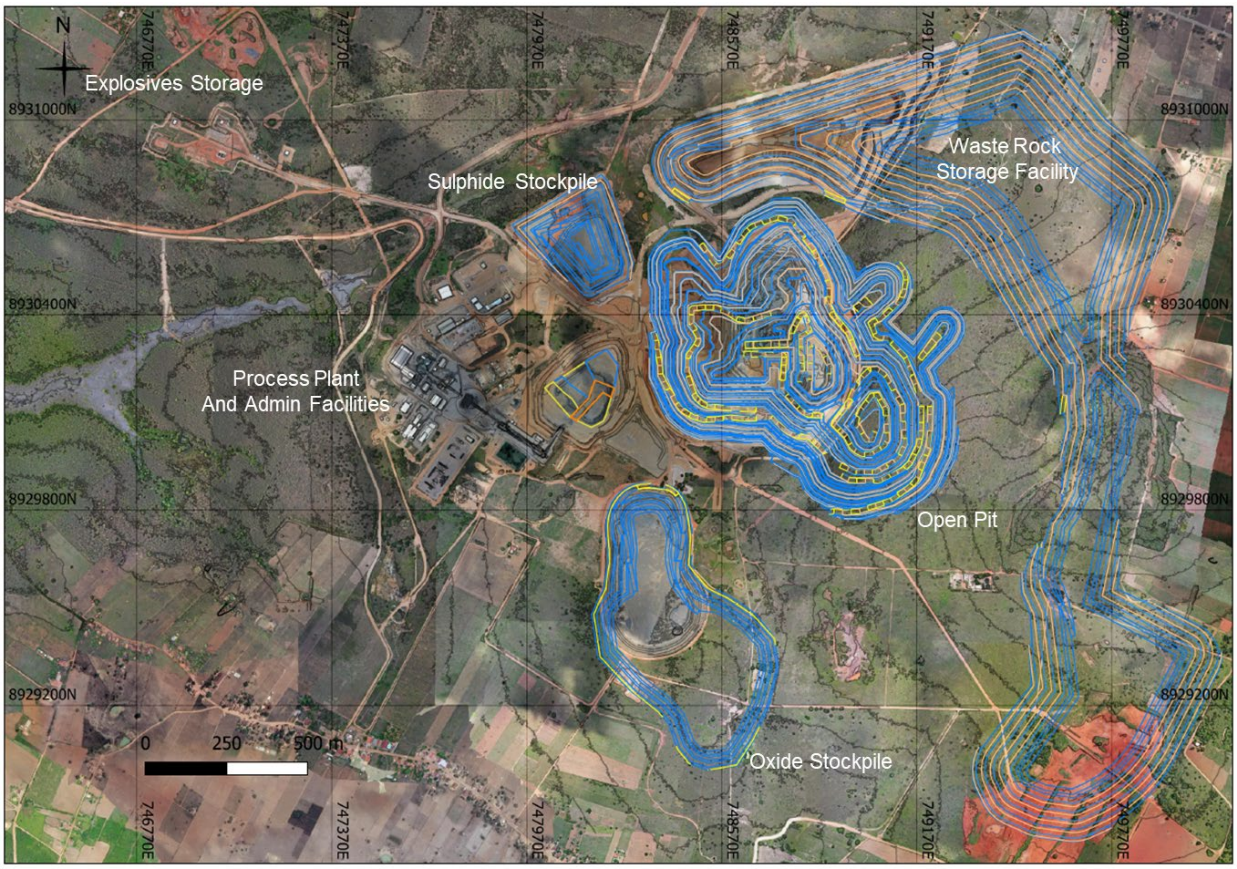
The mine plan is based on contractor mining to the end of 2024, then using MVV's equipment, personnel, and facilities for the mine operations as of 2025.

16.1.3 Overview of the Planned Open Pit Operating Environment

The bedrock at Serrote is overlain by saprolite from 0 m to 20.5 m thick (average 8.2 m). This layer contains the oxide Mineral Resource (considered as a separately managed waste material in the mine plan). The mineralized zone sub-crops at the saprolite/rock contact. There is only one outcrop of the orebody (the discovery outcrop).

The open pit area is overlain by a thin topsoil layer of varying thickness, typically 0.25–1.0 m. When possible, the topsoil is delivered directly to reclamation areas. The remainder of the topsoil is stored for use during reclamation activities later in the mine life.

Below the topsoil and above the saprolite is a layer of overburden material, with varying thickness from 0 m to 18 m (average 4.2 m).



Source: MVV, 2023.

Figure 16-1: Serrote Mine Site Plan

Top hammer drills are utilized on 10 m operating benches. Ore is mined in two 5-m flitches (half benches). The blast hole diameter for the ore zone is 127 mm and for waste and oxide zones is 140 mm. A wider drill pattern is used for the waste rock and oxide zones compared to ore zones. Ore and waste zones are outlined based on exploration drilling, infill drilling when required, and mining information from overlying benches. Drill holes in the ore zone and a percentage of the drill holes in the adjacent waste rock are assayed to provide information for grade control. Once final pit walls are encountered a wall control program will be implemented utilizing primarily buffer blasting and, when required, pre-splitting.

Blasting is by emulsion explosive, provided by a mixing facility operated by the blasting contractor who provides down-the-hole service. The blasting contractor subcontracts to the main mining contractor. Crushed rock for blast hole stemming is provided by a contractor as needed.

The primary loading and hauling equipment are 3.7 m^3 and 4.6 m^3 hydraulic excavators supported by 4.0 m^3 front-end loaders and 8x4, 35 t rigid body trucks. This equipment is used for primary mining operations, removal of saprolite and topsoil, and for stockpile re-handling.

Mine haul roads are designed at a nominal 15 m width with a typical maximum gradient of 10%. Some out-of-pit roads, including roads to the topsoil stockpiles are designed at an 8% gradient.

Tracked dozers are used to maintain the waste rock storage facility (WRSF) surfaces and berm maintenance, as well as maintenance of the open pit mine primary truck loading areas. Road maintenance is carried out by graders, a small front-end loader and water trucks.

Photographs of the Serrote open pit taken in March 2023 are presented in Figure 16-2.

Source: MVV, 2023

Note: Top photograph is looking west, bottom photograph is looking east.

Figure 16-2: Serrote Open Pit Photographs

16.1.4 Selectivity, Mining Recovery and Dilution

Selectivity, mining recovery and dilution of the Mineral Resource are inter-related factors. Selectivity is the intentional separation during the truck loading process of materials of different characteristics e.g., waste from ore; low grade material to be routed to the stockpile being separated from high grade material to be routed to the primary crusher. The measure of better selectivity achieved with the mining operation is the lower dilution of the ore with waste materials and higher Mineral Reserve recovery from the mine. The ore loss is the difference between the in-situ Mineral Reserve and the quantity delivered to the process plant by the mine. Dilution is sometimes separated into internal and edge dilution. Internal dilution refers to grade adjustments within mining boundaries or ore domains, and edge dilution refers to the ore loss and dilution by waste in the ore/waste contact.

Selectivity depends on the characteristics and the geological complexity of the deposit, the bench height, the capacity of the equipment and the mine operating methods, specifically the operating methods related to blasting, assaying and ore domain definition.

The current resource model estimation methodology (ordinary kriging) inherently introduces dilution in the estimate of the block grades. The selective mining unit is equal to the individual block size of 10 m x 10 m x 5 m. Studies estimated the internal dilution for selective mining units of 10 m x10 m x 10 m at 10%.

In addition to the dilution inherent in the block modelling process, MVV introduced a block edge contact dilution in the block model and generated diluted copper and gold block grades as well as a diluted bulk density. The block edge contact dilution broadly represents 0.875 m of each 10 x 10 x 5 m block shifted to the neighbouring block horizontally at each block edge and 0.25 m vertically to the top and bottom benches. This methodology results in a reduction of 0.8% of the Measured and Indicated fraction of the in-pit Mineral Resource tonnage and a reduction of 3.4% and 2.7% in the copper and gold contained metals, respectively, compared with the quantities estimated on the basis of the block model prior to dilution.

The CP considers that the dilution introduced into the Serrote block model is appropriate, and is conservative due to the following:

- The Serrote orebody consists of a compact mineralized zone of significant extent. The first ore zone that is being mined has sectional dimensions of 425 m x 70 m. Earlier studies noted that over 75% of the Mineral Resource is contained within well-defined ore zones with good continuity along and across strike;
- The ore has physical characteristics that significantly enhance selectivity:
- The mineralisation colour is quite distinct, black versus a pink-grey for the majority of the waste rock;
- The ore bulk density is 3.3 t/m³ versus 2.7 t/m³ typically for the majority of the waste rock, a difference that is substantial enough to be noticeable by the excavator operators and the truck operators based on machine performance;
- Grade control procedures and domain flagging are enhanced by the simplicity of the identification of magnetite in the ore zones;
- The operating bench considered for the operations. Generally, the lower the operating height the better the selectivity. Ore is blasted using 10 m high benches that are excavated in two 5 m high flitches;
- The type and the size of the loading equipment selected. The primary loading equipment unit is a hydraulic excavator with a 4.6 m^3 bucket supported by a 4.2 m^3 front-end loader. Hydraulic excavators and front-end loaders are two of the most efficient loading units with

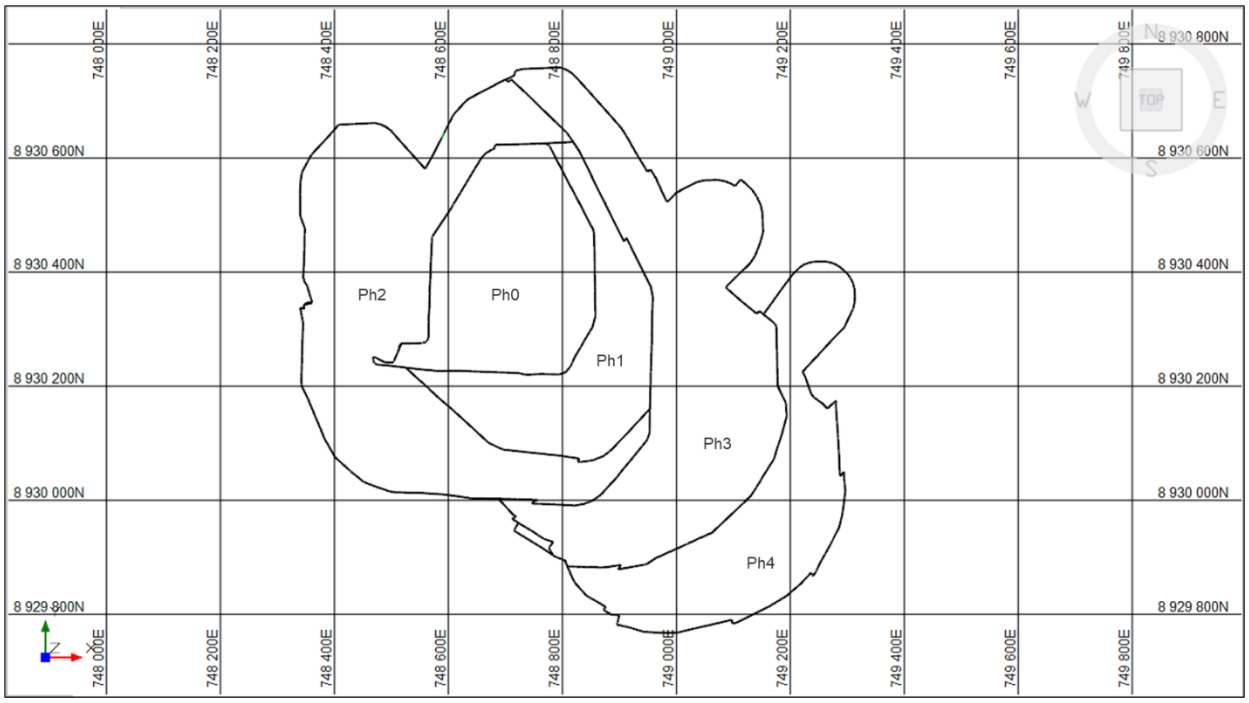
respect to selectivity. The typical width of the loading unit bucket ranges from 2.15 m to 2.55 m.

- MVV applies operating practices to enhance selectivity, including minimization of blast movement by using specialized blasting techniques, and proven grade control practices.

16.2 Mine Planning

16.2.1 Phasing

A phased development is planned for the Serrote deposit. Open pit mining phases are feasible mining shapes used as guides for the generation of long-term mine plans at varying level of detail, typically in annual increments. Figure 16-3 shows a schematic of the open pit mining phase layout.



Source: MVV, 2023.

Figure 16-3: Plan View of Serrote Phase Layout

The long-term mine plan contains sufficient detail to be used as the basis for the estimates of equipment requirements and capital and operating costs.

The following were considered for the design of the mining phase pit designs:

- A target minimum mining width of sustained mining in phases of 60 m;
- The specified minimum localized mining width of 30 m;
- The requirement to reach a sustainable ore face as early as possible within each phase, and to minimize waste rock stripping;
- Operational aspects, including active mining area interaction, phase re-entry angles, ramp placement and ramp connections as well as the efficiency of ramp exits with respect to the primary crusher, the WRSF, and stockpile locations;
- For the security of ore supply, double ramp access to the pit bottom is established from Phase 3 onwards. For Phases 0 to 2, ramp placement considers minimizing interaction of operations

with the primary haulage ramp. In addition, pit wall slope angles of 42º in single-bench configuration are used in nearly all temporary phase walls;

- The overall phase size in terms of total tonnes and the relation to the number of annual vertical bench advances, the required annual production and the overall mine life;
- The start of operations in the north area of the pit with two preliminary phases prior to the final pit phases;
- The use of single benches, shallower slopes and wider ramps for internal phase walls, to reduce operational interference due to over-bench spillage;
- The target of a higher-grade and lower stripping ratio part of the Mineral Reserve as early as possible. This was realized by developing the phases based on an incremental analysis of the Mineral Reserve with respect to the expected cost of the primary metal presented by each phase.

The Serrote open pit will be developed in five phases (0 to 4). The open pit development benefits from the low depth of saprolite on top of the orebody and the limited quantity of oxide mineralisation overlying the sulphide ore.

The locations of Phase 0 and Phase 1 target the development of the part of the orebody that constitutes the highest grade, lower stripping ratio part of the Mineral Reserve which is currently being mined. In addition, these phases target the development of an orebody zone with good, well defined continuity along and across strike as well as vertically. It is expected that this will provide time to develop good on-site grade control procedures.

Phases 2 and 3 deplete the northwest and northeast parts of the deposit. Phase 2 establishes the preferred route in terms of haulage efficiency access to the primary crusher, which is used for the remainder of the mine life for the majority of the ore in Phases 2 to 4.

The southern end of the deposit is depleted by Phase 4.

16.2.2 Mine Production Plan

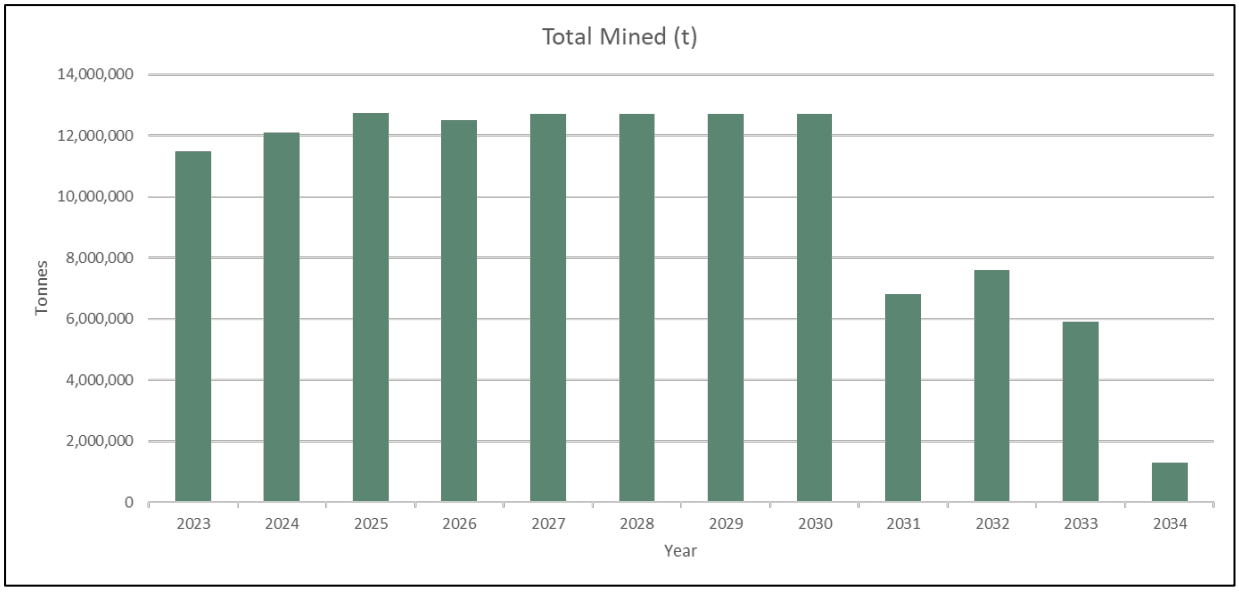
The rate of maximum vertical advance per phase is limited to 50 m/a, which is equivalent to five 10 m benches for the drilling and blasting operation or ten 5 m flitches for loading operations. The vertical advance constraint is active in the later years of operations, supporting the use of a stockpile to meet the constraint of feeding the process plant at its nominal capacity.

Table 16-1 shows the main quantities estimated in the Base Case mine plan in annual increments.

Figure 16-4 presents the total material mined per year. The process plant feed copper and gold grade profile by period is shown in Figure 16-5.

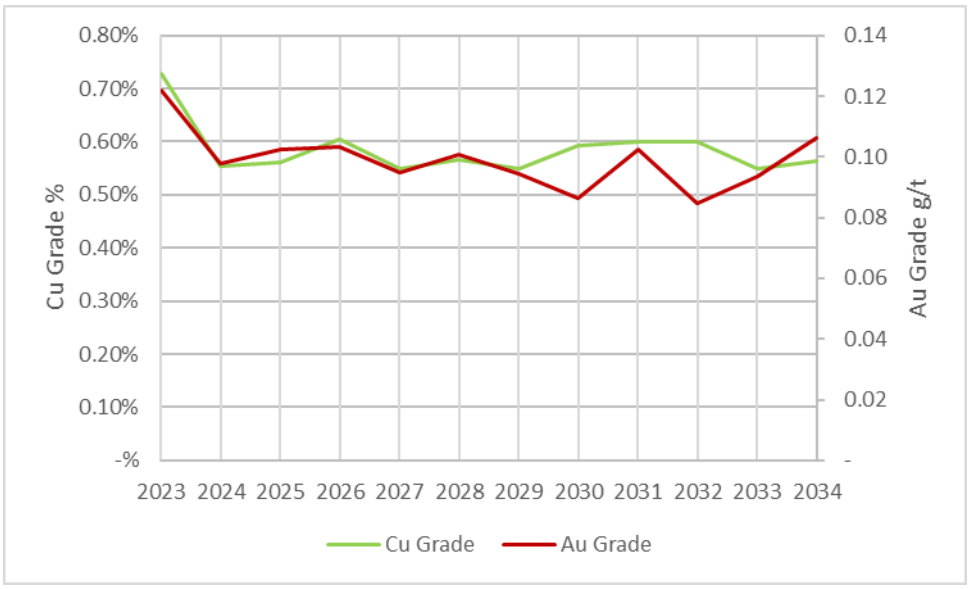
Table 16-1: Mine Production Plan
ACG Acquisition Company Limited – Serrote Mine

Period	Units	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	*Total*
Total tonnes	Mt	11.5	12.1	12.7	12.5	12.7	12.7	12.7	12.7	6.8	7.6	5.9	1.3	***121.2***
Waste rock mined	Mt	7.7	8.0	8.7	8.5	8.7	8.6	8.6	8.7	2.7	3.5	1.8	0.6	***76.1***
Ore mined	Mt	3.7	4.1	4.1	4.0	4.0	4.1	4.1	4.0	4.1	4.1	4.1	0.7	***45.2***
Strip ratio	w:o	2.07	1.94	2.12	2.13	2.18	2.10	2.10	2.15	0.67	0.87	0.44	0.77	***1.69***
Ore processed	Mt	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	1.5	***46.9***
Cu grade	%	0.73	0.55	0.56	0.60	0.55	0.57	0.55	0.59	0.60	0.60	0.55	0.56	***0.59***
Au grade	g/t	0.12	0.10	0.10	0.10	0.09	0.10	0.09	0.09	0.10	0.08	0.09	0.11	***0.10***



Source: MVV, 2023

Figure 16-4: Total Material Mined by Year



Source: MVV, 2023

Figure 16-5: Cu and Au Grade Profile

16.2.3 Waste Handling

The Serrote final open pit design is estimated to contain 76.1 Mt of waste rock which consists of fresh rock, saprolite, overburden and topsoil. Past studies, summarized in Section 20.2.3, established that potential for acid rock drainage generation from material stored in the WRSF is unlikely.

The oxide material stockpile has a minimum capacity of 15 Mt. No economic value is placed on this material for the purposes of the pit limit design and mine planning. As haulage distances to the WRSF and the oxide stockpile are approximately the same, there is no significant additional expense incurred in stockpiling the oxides. MVV maintains the option of potentially processing the oxides at a later stage.

16.2.4 Sulphide Stockpiles

A sulphide ore stockpile is maintained to ensure constant process plant feed and to maximize head grade. The stockpiled ores are re-handled during periods when process plant feed from the open pit is less than the process plant capacity. Stockpiled ore will also be treated at the end of the mine life.

16.3 Mining Equipment

It is planned that the mining contractor will supply and operate its own fleet of mining equipment up to the end of 2024, and from 2025 onwards MVV will own and operate a new fleet. The equipment type and size selection were carried out by MVV, and both the contractor and MVV fleets will be of compatible sizes. Key considerations for the selection of the primary and secondary equipment unit type and size included:

- Safe operation, taking into account the site specific operating conditions;
- Location of the mine site and the limited existing mining infrastructure and experience in the mine vicinity;
- Relative scale of the mining operations for total tonnes and ore tonnes mined per year;
- Type of the rock to be mined, which includes competent and highly abrasive materials;
- Selectivity requirements;
- Impact on the overall operating and capital costs.

The equipment fleet currently in operation is listed in Table 16-2.

Table 16-2: Equipment List by Application
ACG Acquisition Company Limited – Serrote Mine

Equipment	Model	Capacity/Class	Fleet	Application
		Primary Equipment		
Hydraulic Excavator	Cat 374	75 t / 4.6 m^3	2	Production loading - All units as backhoe.
Hydraulic Excavator	Liebherr R954 CSME	60 t / 3.7 m_3	3	Production loading - All units as backhoe.
Hydraulic Excavator	Cat 320D	20 t / 1.9 m^3	1	Mine infrastructure
Front-End Loader	Liebherr L966	23 t / 4.2 m^3	1	Production loading
Haul Trucks	Mercedes Benz Actros 4844K	35 t / 20 m^3	22	Production haulage
Blast Hole Drill	Sandvik Pantera DP 1500i	4 – 5.5”	4	Production drilling - wall control drilling
		Secondary Equipment		
Grader	Cat 140K	16 t	2	Road/bench/dump/access road
Track Dozer	Cat D7	30 t	1	Loading and dump areas
Track Dozer	Cat D6T	21 t	2	Loading and dump areas
Water Truck	Mercedes Benz MB 3344	20,000 L	2	Road/pad maintenance
		Ancillary Equipment		

Equipment	Model	Capacity/Class	Fleet	Application
Maintenance and Support Truck	Accelo 1016/39	4 t	1	Equipment maintenance
Fuel/Lube truck	Mercedes Benz Atego 1726	6,000 L	2	Field maintenance
Crane Truck	Mercedes Benz Atego 2426	7 t	1	Field maintenance
Portable Lights	Atlas Copco M20	4,000 W	8	Work area lighting

Studies based on the production schedule indicate that 20 to 22 haul trucks will be required until 2030 when the requirements will decrease to 15, then to 10 for the last two years of mine life. The seven loading units will be required to 2030 and will subsequently decrease to four for the remaining mine life.

16.4 Work Schedule

MVV is operating Serrote using three 8-hour shifts for the mine operating personnel and hourly maintenance personnel. Crew lead hands and supervisors are scheduled to work on the same rotation as the operating personnel.

Mine management and most supervisory, engineering, and office personnel work on a five days per week, eight hours per day schedule, typically Monday to Friday, with two days off.

16.5 Blasting

MVV uses an explosives contractor to provide down-the-hole service for blasting. Emulsion explosives are utilized at powder factors of 0.51 kg/t for ore, 0.24 kg/t for waste rock and 0.20 kg/t for oxide material. The ore powder factor is high to maximize feed through the primary crusher. The grizzly at the primary crusher has an opening size of 700 mm x 1,000 mm, therefore a P_{80} target of 700 mm has been set, requiring a high powder factor.

MVV supplies the designs for the blast patterns. The contractor supplies the explosive agents and accessories, stems the holes, and ties in and initiates the blasts. Current drill and blast parameters are presented in Table 16-3.

Table 16-3: Drill and Blast Parameters
ACG Acquisition Company Limited – Serrote Mine

Parameter	Ore	Waste	Oxide
Burden (m)	2.55	4.20	5.10
Spacing (m)	3.00	4.80	5.30
Sub-drilling (m)	0.70	0.70	0.70
Powder factor (kg/t)	0.51	0.24	0.20
Bench height (m)	10.0	10.0	10.0
Hole diameter (cm)	127 (5”)	140 (5.5”)	140 (5.5”)

Optimizations and adjustments to blast design parameters such as the mass and number of blast holes per delay and the blast tie in patterns to control blast vibration and improve efficiency are undertaken by MVV and the blasting contractor.

16.6 Geotechnical Evaluation

The initial geotechnical design of the open pit mine was developed by VOGBR (2010) and included recommendations for the geotechnical parameters and stability analyses. Walm reviewed the 2019 feasibility study open pit limit design in 2018, updated the geotechnical studies for the 2019 feasibility study optimized pit, and validated the geotechnical parameters for the geometrical design of the open pit.

The review of the geotechnical and geometrical design of the final pit was based on geotechnical data in the VOGBR (2010) report, structural data obtained from drill holes using a high-resolution optical televiewer (Hi-OPTV) operated by the Instituto de Pesquisas Tecnológicas and the database containing geotechnical descriptions of the drill holes prepared by MVV. Walm's 2018 geotechnical analysis included:

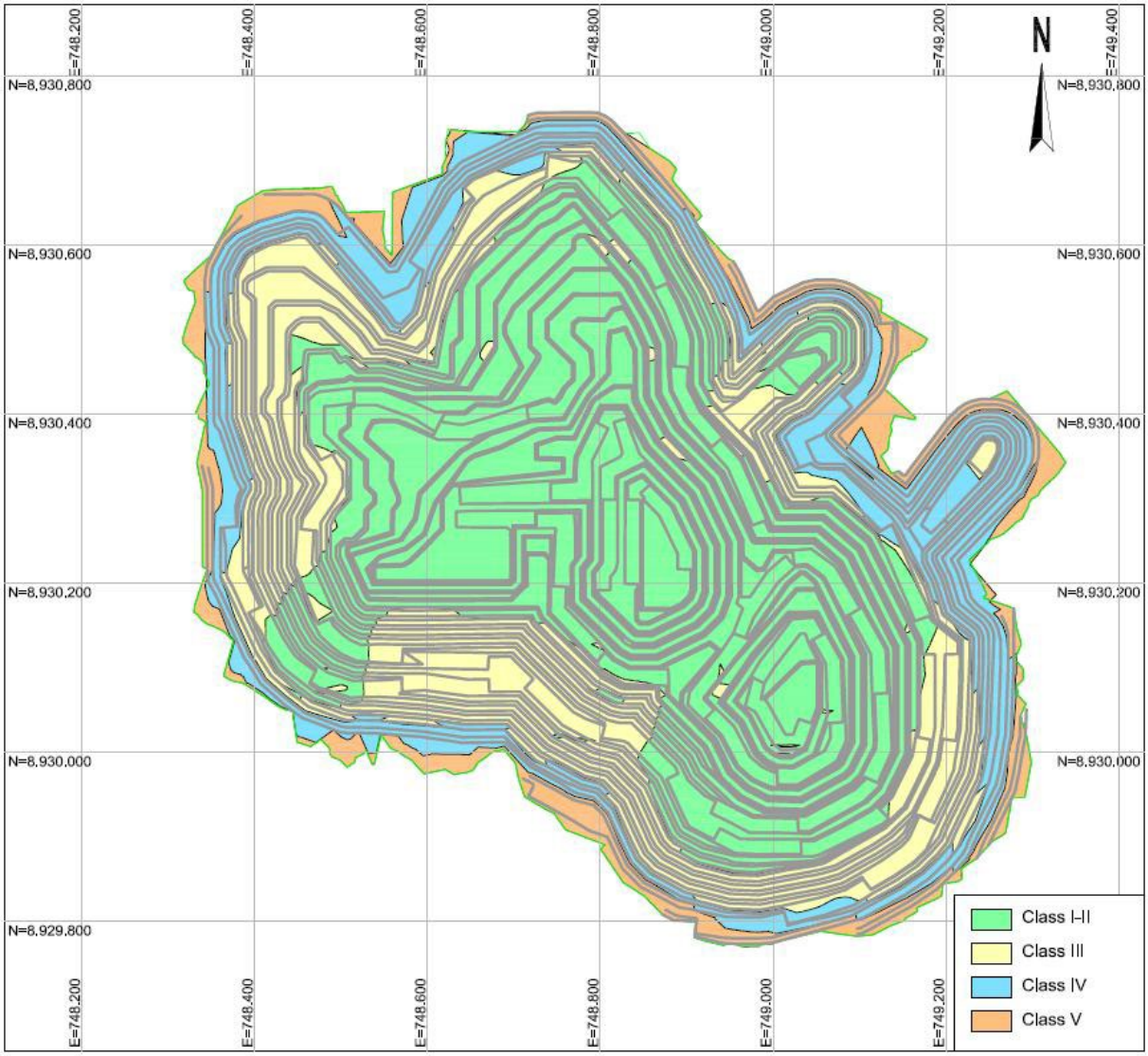
- Analysis and consolidation of the data;
- Development of 19 vertical geomechanical cross-sections (geomechanical 2D model);
- Development of the 3D geomechanical model;
- Definition of the structural domains using data obtained from the Hi-OPTV filming of the drill holes;
- Review of the geotechnical and geometrical design of the final pit, with updated recommendations for the slope angles for bench, inter-ramp and overall;
- Hydrological studies for the design of the surface drainage of the final pit.

The geomechanical classification was carried out based on the geomechanical descriptions developed by VOGBR and the adjusted geomechanical descriptions by MVV based on the drill hole photos. The classification was based on the RMR system (Rock Mass Rating) of Bieniawski (1989).

For the development of the geomechanical models (2D and 3D), 19 geomechanical cross-sections were prepared, coinciding with the directions of the sections that made up the geological model supplied by MVV. These cross-sections were interpreted on the basis of the geomechanical information from the drill holes. The rock masses present in the Mine area are classified as follows (Figure 16-6):

- Rock Mass Classification V: this is a poor to very poor rock mass, consisting of soil and saprolite. Class V rock mass has a thickness between 5 m to 25 m and covers the entire area of the Mine. It is not present in the final pit design. There are some lenses of this class of rock mass at shallow depth;
- Rock Mass Classification IV: this is a poor gneiss rock mass, consisting of very altered and fractured rock. The thickness varies from 6-60 m. Class IV rock mass occurs as a continuous layer below Class V and as lenses within rock mass Classes V, III and I-II in areas that present a high degree of fracturing. In the final pit, it occurs significantly only in the east and northwest regions of the pit.
- Rock Mass Classification III: this is a fractured rock mass with a moderate to high compressive strength and low degree of fracturing. In general, Class III rock mass is a continuous layer under Class IV with thickness between 15 m to 160 m, as well as lenses within the Class I-II rock mass, which can reach 60 m thick. Rock mass Class III outcrops in the northwest and south–southeast portions of the final pit limit walls.

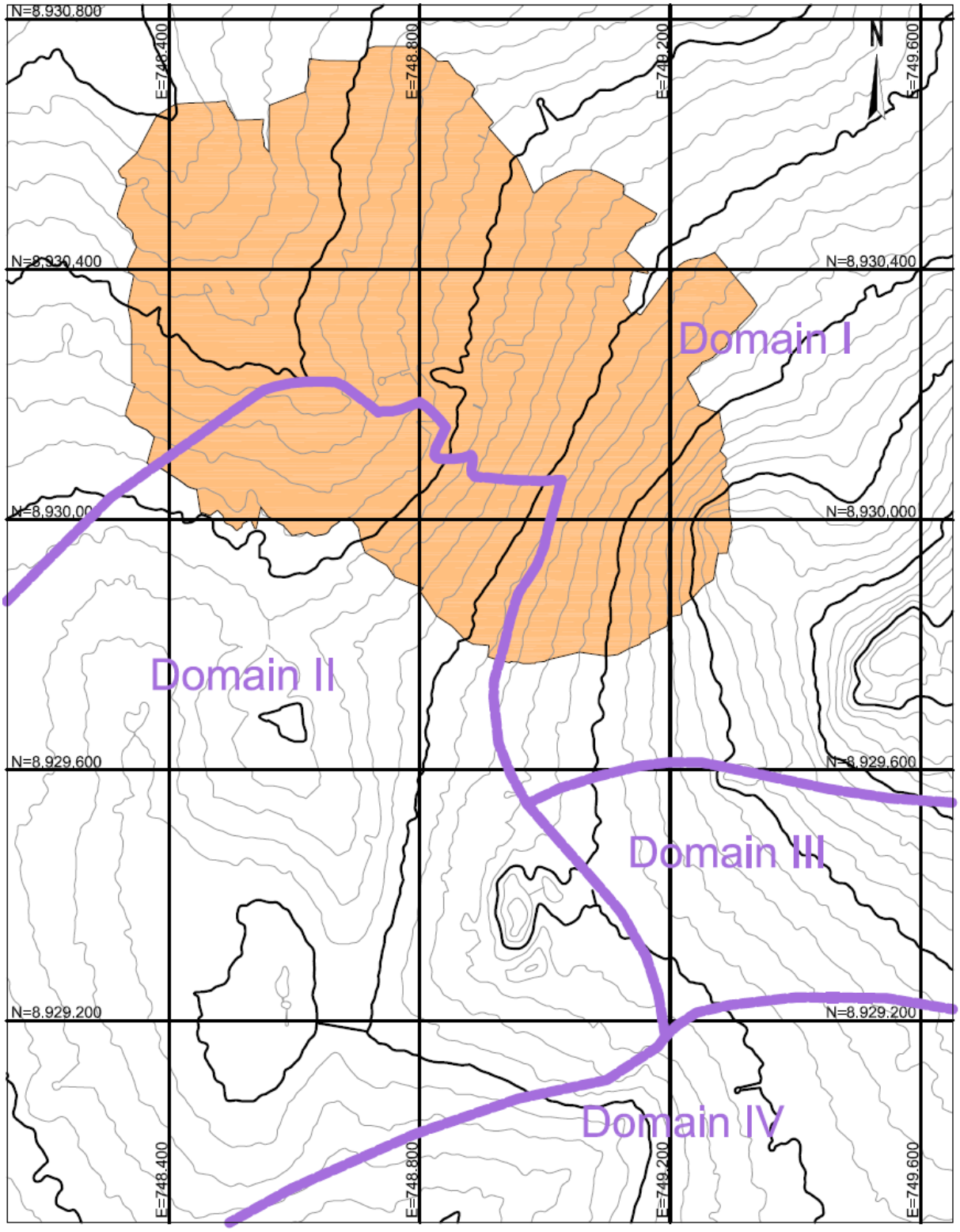
- Rock Mass Classification I-II: this is a rock mass of good geomechanical quality, with high compressive strength, without alteration and little fracturing. Class I-II rock mass is found immediately under the Class III and is present at the base of all the sections. It also occurs as small lenses in the middle of Class III. Class I-II occurs extensively in practically all of the final pit limit walls.



Source: Walm, 2018

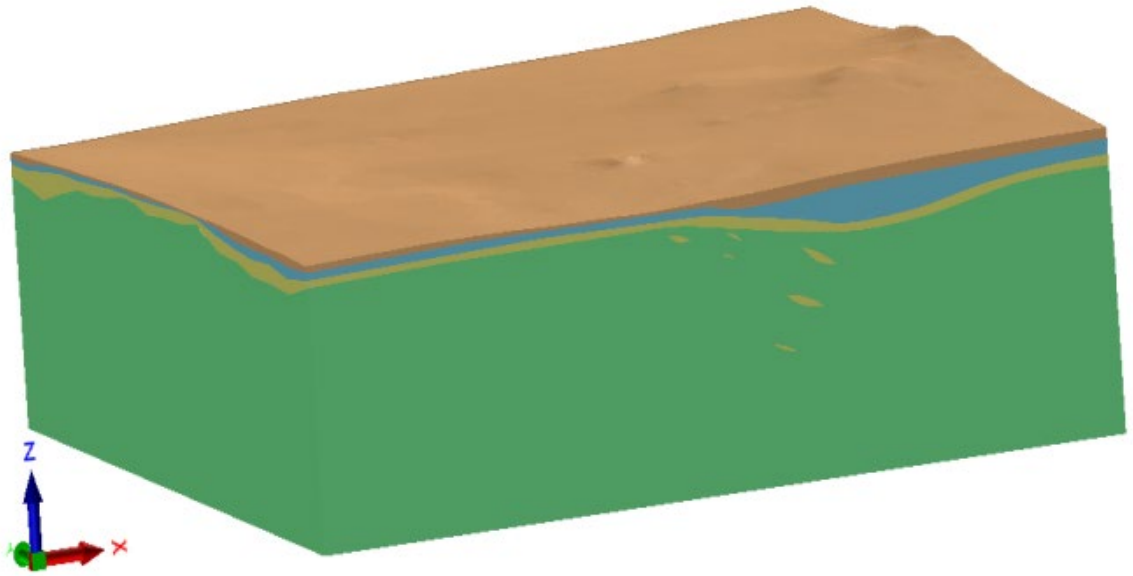
Figure 16-6: Rock Mass Classes in the Final Open Pit

The analysis of the structural data was performed using data from Hi-OPTV filming of 20 drill holes. A total of 3,146 structural measurements (foliations and fractures) were obtained. These data were analysed and compiled, seeking to define the geological/ structural factors in the area of the final pit. The first step was to develop stereograms for the foliation and fractures, using the measurements from each drill hole separately. After analysing the trends, it was possible to identify four structural domains (Figure 16-7), differentiated by the predominant direction of foliation. The discontinuity families were also separated for each domain. Figure 16-8 presents an overview of the 3D geomechanical model for the Serrote Deposit.



Source: Walm, 2018

Figure 16-7: Structural Domains



Source: Walm, 2018.

Notes:

1. Classification by colour as follows: Class V beige, Class IV blue, Class III yellow, and Class I-II green.

Figure 16-8: Overview of the 3D Geomechanical Model

With the structural domains defined, the next step was the geometric compartmentalization of the pit to define possible failure modes. The combination of the main families of discontinuities with the direction/inclination of the walls was used to determine geometric/kinematic failures of different types.

The proposed final open pit limit, supplied by MVV in August 2018, was sub-divided into 21 areas that have wall slopes with an approximately similar direction. Based on the directions of the compartments and the structural domains determined, it was possible to define the failure modes that could occur in each geometric compartment of the pit.

Once the types of failure (planar, wedge, toppling or circular) that could occur in each sector of the final pit were defined, stability analyses were carried out using the limit equilibrium method for the final wall slopes at bench, inter-ramp and global level. The results define the open pit slope geometry.

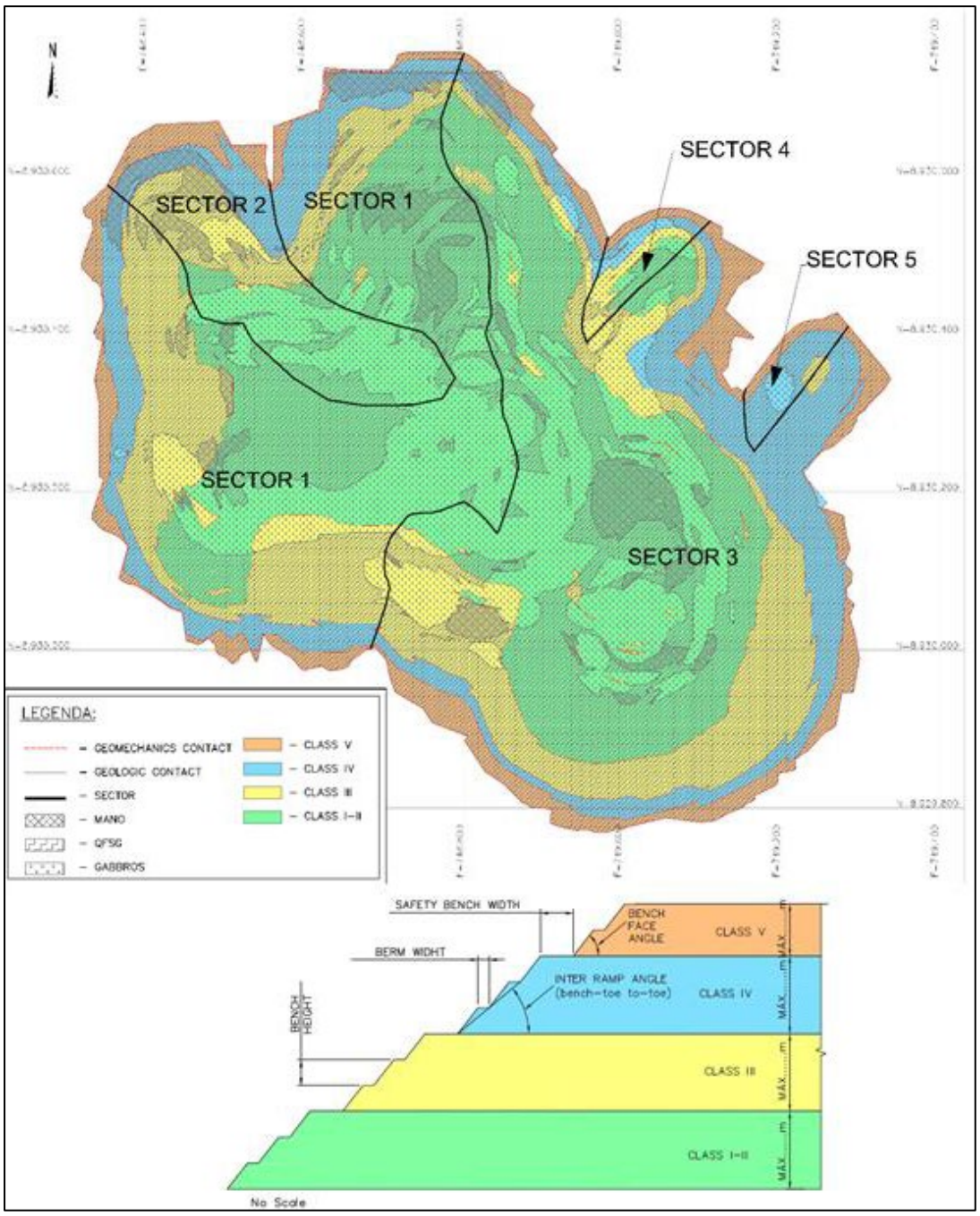
16.6.1 Summary of Recommended Slope Designs

Based on the results of the studies performed, including the stability analyses using the limit equilibrium method the geometrical parameters presented in Table 16-4 and Figure 16-9 were adopted for the final open pit limit wall slopes.

Table 16-4: Final Pit Slope Geometry
ACG Acquisition Company Limited – Serrote Mine

Rock Types	Mass Class	Sector	Bench			Inter-Ramp Angle (bench toe to toe)		Safety Bench Width (m)
			Height (m)	Berm Width (m)	Maximum Angle (°)	Maximum Height (m)	Maximum Angle (°)	
Mano	V	All	10	6.5	45	30	31	15
	IV	All			60	150	39	

Rock Types	Mass Class	Sector	Bench		Inter-Ramp Angle (bench toe to toe)			Safety Bench Width (m)
			Height (m)	Berm Width (m)	Maximum Angle (°)	Maximum Height (m)	Maximum Angle (°)	
	III	1, 4 and 5			70		45	
		2 and 3			75		47	
		All			80	300	50	
	I-II	1, 4 and 5	20	8.5	65		48	
		2 and 3			75		55	
QFSG and Gabbros	V	All	10	6.5	45	30	31	15
	IV	All			60	150	39	
	III	All			75		47	
	I-II	All			80	300	50	
		All	20	8.5	75		55	



Source: Walm, 2018

Figure 16-9: Final Sectors for Slopes in the Final Open Pit

16.6.2 2022 Geotechnical Study

A geotechnical study was completed by Geoestrutural in 2022 based on new geotechnical drill holes and reinterpretation of previous drill hole logs. New design sectors were created and open pit wall slopes were determined within each sector. The study indicated that certain sectors have potential for steeper pit slopes compared to the 2019 feasibility study inputs. MVV plan to evaluate the Geoestrutural study, and complete further geotechnical drill holes to guide an update of the open pit design later in 2023.

16.6.3 Hydrogeology

The hydrogeological characteristics of the mine were developed by VOGBR (2008), VOGBR (2011) and reviewed by Micon (2012). The region has a semi-arid climate, with low rainfall (approximately 700 mm/year) and high evaporation (approximately 1,760 mm/year). The inflow of ground water into the open pit is not anticipated to be significant. The pit walls are composed of fresh or nearly fresh rock, with relatively low estimated water storage and conveyance potential. The saturated soil layer is relatively thin, leading to the presence of a small amount of water (primary storage).

The ground water stored in the materials to be excavated should not affect the mining activities given the slow evolution of the excavations and high rate of potential evapotranspiration. It is anticipated that a significant portion of this ground water will evaporate before it builds up at the bottom of the pit.

The effective ground water recharge to the aquifer system in the Mine area is low (estimated to be 80 mm/year), as a result of the low rainfall and high evaporation. Recharge is only effective during intense rainfall events and periods of reduced evaporation (a condition that only occurs during the wet season).

The ground water levels in the area were monitored using 15 drill holes from October 2007 to December 2009. From July 2008 the monitoring also included eight water level indicators in the area.

Considering the open pit boundaries, wall slope geometry and the amount of material to be excavated, the estimate of the total ground water volume stored in the primary (intergranular) and secondary (fissure) porosity systems of these materials amounts to 9 x 106 m^3. It is estimated that the ground water would need to be continuously pumped at an approximate average rate of 100 m^3/h to draw the water table down.

The average annual recharge contribution, estimated to be 80 mm/year, must be applied to a catchment basin of approximately 250 ha (2.5 km^2). This results in an average flow into the catchment basin of 23 m^3/h. Thus, the average total ground water inflow (gross, conservative value) is estimated to be 123 m^3/h over the LOM. Effectively, this value could be lower, due to some of the ground water being removed as moisture with the material excavated and some will evaporate when the ground water is exposed to the atmosphere (high rate of evaporation). Therefore, the ground water flow is not included in the water balance. However, given the final open pit bottom level below the surface, it is likely that ground water inflow into the pit will occur from occasional hydraulic connections. These could be established with areas distant from the pit by interception of lineaments and hydrogeologically active fractures as mining progresses. These occasional hydraulic connections might bring in water from the Salgado Stream and, more probably, from the creek that runs north of the open pit area.

Based on this information the mine dewatering system has been designed for 200 m^3/h of water with a small amount of suspended solids. The system is planned to consist of four submersible pumps in series to transfer water to the tailings thickener.

16.6.4 2022 Hydrogeology Study

In 2022 a hydrogeology study was completed by MDGeo. MVV plans to evaluate the MDGeo study, and complete further water well drill holes to guide an update of the open pit design later in 2023, with special regard for dewatering requirements – which MDGeo indicated to average approximately 50 m^3/h (lower than 2019 feasibility study estimate of 200 m^3/h). The dewatering pumps currently operate six to eight hours/day.

16.7 Mine Waste Rock Storage Facility Design

The mining activities generate four types of overburden/waste materials: topsoil, saprolite (overburden), transitional weathered rock, and waste rock. Topsoil is stored separately from the other materials. The other three overburden/waste materials extracted from the open pit are disposed of in one WRSF. This is located along the southeast, east, and northeastern areas of the pit, as illustrated in Figure 16-1.

16.7.1 Criteria and Assumptions

The WRSF design was developed according to the Associação Brasileira de Normas Técnicas (ABNT) NBR 13029/2017 technical standard, which recommends the stability analysis of the placement slopes of the stockpile meet the factors of safety (FoS) listed in Table 16-5.

Hydrological studies were developed with the following objectives:

- Characterization of the rainfall regime in the Mine area;
- Establishment of the design flow rates for sizing of the hydraulic structures for surface drainage.

The sizing of the surface drainage structures considered the following minimum return periods recommended by the ABNT NBR 13029/2017 technical standard for design rainfall:

- 100 years for structures with a low flow rate, such as berms, protection channels and collection channels between embankments;
- 100 years for temporary peripheral channels for surface waters;
- 500 years for the definitive peripheral channels for surface waters.

The following assumptions were adopted in the design of the WRSF:

- The material that will form the WRSF has no potential for generating acid drainage, i.e., it is classified as inert and non-hazardous, according to ABNT NBR 10004/2004.
- The disposal of the waste in the WRSF will be from the bottom up, according to the annual production from the open pit.
- Production of waste, mineralized oxide material, sulphide ore to be stockpiled, and topsoil for three periods (pre-stripping, Year 3, Final) is presented in Table 16-6, which shows the production by weight, volume (in-situ), and bulk density of the material in-situ estimated at the time of the 2019 feasibility study.
- Final volumes for disposal, based on the data in Table 16-6, swell factor, and specific weights in the structure after disposal are presented in Table 16-7. For the design of the WRSF, two stages were considered: Production up to Year 3 and Final.

Table 16-5: Factors of Safety for WRSF Design
ACG Acquisition Company Limited – Serrote Mine

Condition	Analysis	Factor of Safety
Normal	General slope	1.50
Critical		1.30
Predominant face of soil	Slope between berms	1.50
Predominant face of rock		1.30

Source: Information from ABNT NBR 13029/2017

Table 16-6: Topsoil, Oxide, Overburden and Stockpiled Sulphide Ore Production
ACG Acquisition Company Limited – Serrote Mine

Scenario	Material		Production In-situ (t)	Volume In-Situ (m^3)	Bulk Density in-situ (t/m^3)
Period 1: Pre-stripping	Topsoil		—	53,424	—
	Oxide		3,382,788	1,221,885	2.77
	Plant and construction	Overburden	1,604,491	600,000	2.67
	Overburden	Overburden + transitional	1,038,701	367,127	2.83
		Waste	2,397,584	802,604	2.9
	Total Overburden		3,436,285	1,169,731	2.94
Period 2: Year 3 accumulated	Topsoil		—	109,125	—
	Oxide Stockpile		12,228,220	4,290,249	2.85
	Overburden	Overburden	2,085,970	749,569	2.78
		Transitional	1,677,591	604,484	2.78
		Waste	14,217,040	4,941,872	2.88
	Total Overburden		17,980,601	6,295,925	2.86
Period 3: final accumulated	Topsoil		—	195,245	—
	Oxide Stockpile		13,640,601	4,799,643	2.84
	Overburden	Overburden	2,085,970	749,569	2.78
		Transitional	1,677,591	604,484	2.78
		Waste	79,446,482	27,772,382	2.86
	Total Overburden		83,210,043	29,126,435	2.86
Sulphide ore	Max. size low-grade stockpile (<0.5% CuEq)		1,663,792	526,607	3.16
	Max. size high-grade stockpile (>=0.5% CuEq)		562,106	171,956	3.27

Table 16-7: Volume of Material Criteria for WRSF and Stockpile Design
ACG Acquisition Company Limited – Serrote Mine

Structure		Production In-situ (Mt)	Volume In-situ (Mm^3)	Bulk Density In-situ (t/m^3)	Swell Factor	Final Volume (Mm^3)
WRSF	Period 2: Year 3 (capital cost estimate)	17.98	6.30	2.78	1.40	8.99
	Final	83.21	29.13	2.79	1.40	41.61

Structure		Production In-situ (Mt)	Volume In-situ (Mm^3)	Bulk Density In-situ (t/m^3)	Swell Factor	Final Volume (Mm^3)
Oxide stockpile	—	13.64	4.80	2.84	1.50	7.18
Temporary sulphide stockpile	Low-grade	1.66	0.53	3.16	1.58	0.83
	High-grade	0.56	0.17	3.27	1.65	0.28
	Total	2.23	0.70	3.19	1.59	1.11

- The saprolite (overburden) extracted from the open pit during pre- stripping was not disposed of in WRSF; it was used as fill for construction;
- Remaining operating life of WRSF design is 13 years;
- Pile sediment generation rate of 60 m^3/ha/a
- Rate of generation of sediments for natural areas of 10 m^3/ha/a
- The physical rates, geotechnical parameters for drained and non-drained resistance, compressibility and permeability of the waste were obtained from laboratory and field testing;
- In the absence of hydrological information at the studied points, the studies for the determination of the design flow rates were developed using techniques of transformation rain/flow rate, using records from rainfall stations in the study area.

16.7.2 Geometric and Geotechnical Design of the WRSF Phases

The current geometric design adopted for the WRSF includes the following:

- Embankments with slopes of 1.33H:1.0V;
- Bench heights equal to 10.0 m;
- Berm widths equal to 12.0 m;
- Access ramp widths equal 12.5 m;
- Access ramp slopes equal to 10%.

The WRSF has been designed in two stages: the first stage up to the end of 2023, and the second stage to the end of the operating life. The main components of the structure are listed below:

- The WRSF is composed of an uncontrolled compacted fill made up of waste rock material, highly permeable;
- Internal drainage system (underdrains) consisting of permeable materials to collect the percolated flows and direct them to the toe of the pile;
- Surface drainage system consisting of peripheral channels;
- Instrumentation: water level indicators installed in the body of the structure, as well as surface markers and flow meters;
- Sediment containment sump: a structure to contain the sediment generated by the WRSF (and the oxide stockpile).

The main characteristics of the WRSF are shown in Table 16-8. The sediments generated in the northern and central portions are directed via drainage channels to the TSF. A sediment containment

sump will be located in the southwest portion of the final WRSF to contain the sediments generated by the southern portion of the WRSF.

Table 16-8: WRSF Characteristics
ACG Acquisition Company Limited – Serrote Mine

Characteristics	Phase II – Final
Maximum height (m)	89.51
Slope	1.33H:1.0V
Height of the banks (m)	10.0
Width of the berms (m)	12.0
Crest maximum elevation (m)	360.0
Road width (m)	12.5
Road slope (%)	10.0
WRSF area (m^2)	965,623
WRSF total volume (Mm^3)	42.3

16.7.3 Hydraulic Design of the WRSF Surface Drainage System

The surface drainage system of the WRSF consists of peripheral channels at the contact between the WRSF and the natural ground profile. A dissipation basin and sump will be installed to contain the sediments.

16.8 Sulphide and Oxide Stockpile Design and Management

Mining will generate sulphide ore and oxide material to be stockpiled in separate stockpiles:

- The sulphide stockpile, which is located to the northwest of the pit, is divided into two parts depending on the ore grade. This is a temporary structure; the stockpiled ore will be re-handled and processed during the life of the mine;
- The oxide stockpile, which is located to the southwest of the open pit; currently this material will not be processed.

16.8.1 Criteria and Assumptions

There is no specific technical standard for the design of ore stockpiles, therefore, the stockpiles were designed in accordance with the ABNT NBR 13029/2017 technical standard, which is for the design of stockpiles for waste/overburden. The criteria adopted were the same as those adopted for the design of the WRSF for geotechnical and hydrological–hydraulic.

The assumptions adopted for the design of the sulphide and oxide stockpiles are summarized as follows:

- The oxide material has minimal potential for generating acid drainage and is classified as an II-A residue (i.e., non-inert and non-hazardous). The sulphide ore has potential for generation of acid drainage (based on the ABA-M tests carried out) and is classified as an II-A residue (not inert).
- The stockpiles are built using the bottom-up method.

- The design criterium of oxide material and sulphide ore considered in the structures are presented in Table 16-9.

Table 16-9: Characteristics of the Oxide and Sulphide Stockpiles
ACG Acquisition Company Limited – Serrote Mine

Characteristics	Oxide Stockpile	Sulphide Ore Stockpile
Maximum height (m)	38.00	38.00
Slope	1.33H:1.0V	1.33H:1.0V
Height of the banks (m)	20.00	20.00
Width of the berms (m)	13.50	13.50
Crest maximum elevation (m)	330.00	304.00
Road width (m)	12.50	12.50
Road slope (%)	10.0	10.0
Storage area (m²)	300,688	86,424
Storage total volume (Mm³)	7.54	0.88 – high grade 0.60 – low grade

Note: The design height of 20 m was adjusted to a construction height of 10 m.

- Operating life of 14 years.
- The physical and geotechnical parameters for drained and non-drained strength, compressibility and permeability of the materials were obtained from laboratory and field tests.
- Since there was no hydrological information at the studied points, the studies for the determination of the design flow rates were developed based on techniques of transformation rain/flow rate, using the records from the rainfall stations in the area.
- For the oxide stockpile, where elevated dissolved metals concentrations in seepage is possible (see Section 20.2.4.2), a low permeability 0.5 m compacted soil layer is incorporated in the foundation design, grading to a collection channel.
- For the sulphide stockpile, where there is potential for acid drainage, the following assumptions were made:
    - This is a temporary ore stockpile and the geological/geotechnical investigations performed around and under the stockpile area showed that the ground water level is deep and the permeability of the material in the foundations is low; an impermeable liner system in the foundation is constructed consisting of a 0.50 m layer of compacted clay soil.
    - The compacted foundation is sloped to direct the water drainage to a limestone lined basin where the potential acid drainage is neutralized.
    - The water quality is monitored.

The geometric concept adopted for the design of the stockpiles is the same as that adopted for the WRSF.

The surface drainage system of the stockpiles consists of peripheral channels at the toe of the piles on the natural ground profile, a dissipation basin and sumps for the containment of sediments.

16.9 CP Comments on "Item 16: Mining Methods"

The mine plan is based on contractor mining to the end of 2024, and will transition to MVV's equipment, personnel and facilities for the mine operations as of 2025. The mine has been in production since Q4 2021 and has gained experience and efficiency. The CP is not aware of any issues that could materially impact mine production at Serrote.

17.0 RECOVERY METHODS

17.1 Summary

In July 2013, AMEC completed basic engineering services for the sulphide ore processing plant to treat 7.1 Mt/a of copper sulphide feed, with a single grinding line (ball mill) and flotation, producing a filtered copper concentrate product. In 2014 the implementation strategy was changed, and process optimization was carried out. The main changes were:

- Processing of the oxidized ore, previously treated as waste, in a leaching, solvent extraction and electro-winning circuit to produce copper cathode;
- Implementation of a lower capacity sulphide beneficiation plant (4.1 Mt/a), expandable;
- Optimization of the open pit, with more selective reserves (higher grade, lower volume, lower stripping ratio).

These adjustments resulted in significant technical, economic and socio-environmental gains over the previous design, and also provided a longer operating life.

In 2015 engineering was started for the optimized design with the engineering company ECM Projetos Industriais. At this stage process flowsheets, definition of capacities and equipment, and mechanical arrangements were developed. However, the project was put on hold by MVV. Although not complete, the process flowsheets, re-sizing of the process equipment, load study, single line diagrams, mechanical arrangements and other documents were issued.

In December 2017 Aura Minerals announced the sale of MVV to a new controlling group. Project activities resumed in 2018, keeping the 2015 strategy but focusing only on the sulphide beneficiation plant, leaving space for a future oxide plant and expansion of the sulphide plant.

In 2018 Ausenco was contracted to develop basic engineering with design criteria based on testwork results obtained in 2018. Ausenco completed the detail design in 2020 for a process plant to treat 4.1 Mt/a of ore from the Serrote pit. The location of the process plant is as close as practical to the mine.

At a feed rate of 4.1 Mt/a and average grades of 0.59% Cu and 0.1 g/t Au, 84% copper recovery, 65% gold recovery and plant utilization of 91.7%, the plant was expected to process an average of 12,250 t/d (dry basis). The average production rate of copper concentrate was estimated to be approximately 46,000 t/a at a minimum grade of 40.5% Cu. The mine life was estimated to be 14 years. Figure 17-1 shows the simplified flowsheet used for the initial plant operations.

The plant construction was completed in May 2021 and plant operations started in June 2021. Ramp-up was completed in Q4 2022 when steady state operations were achieved at the design throughput.

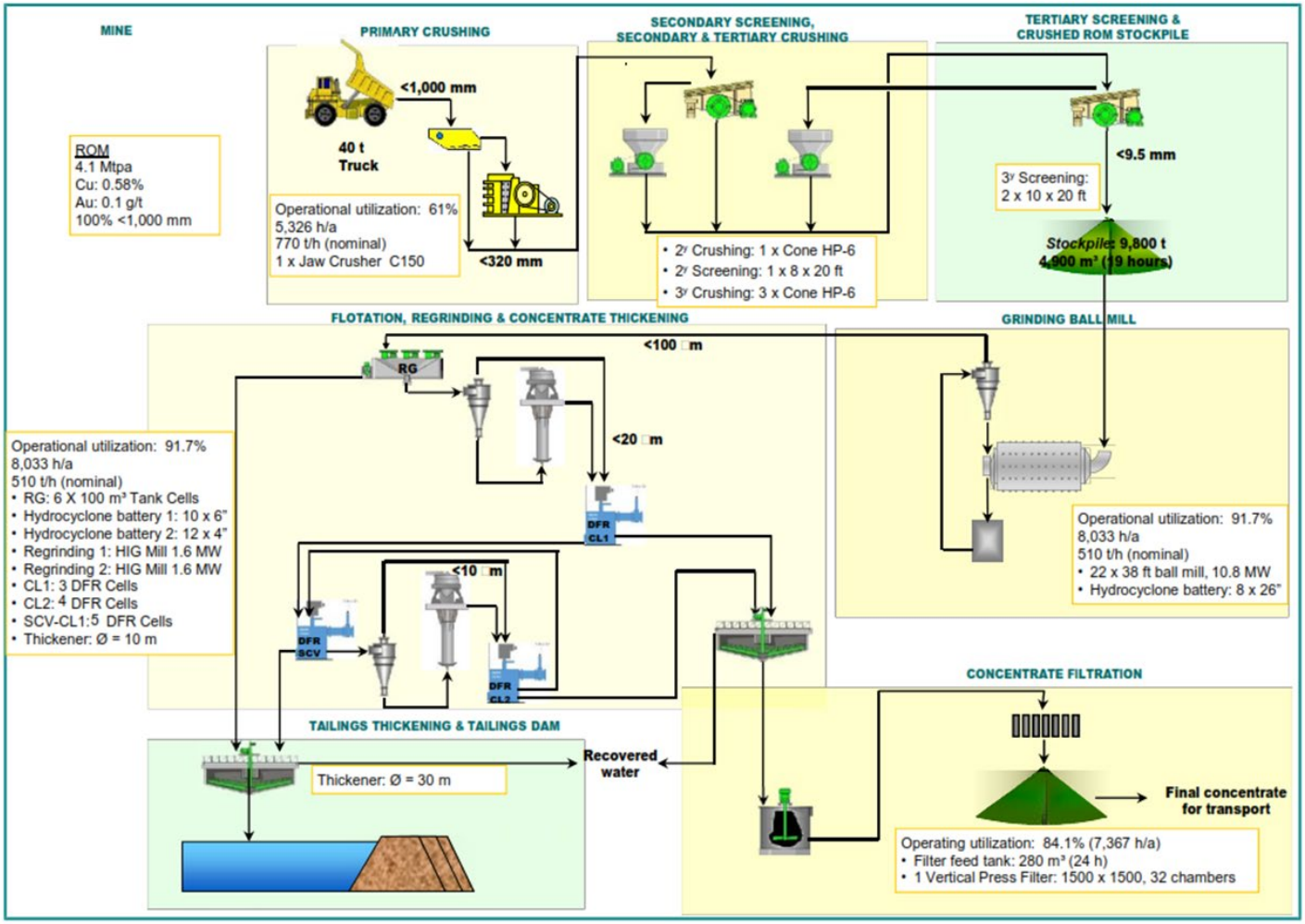
Both the copper recovery and concentrate grades were low over the first 6 months of operation (54% to 58% recovery at grades of 20% to 25% Cu). Improvements have been made and in November 2022 the plant achieved the design recovery of 84.5% although the concentrate grade remained between 22% and 25% Cu (MVV prioritised recovery over grade). As discussed in Section 13.10, testwork carried out by SGS Geosol in 2022 showed the potential for significantly increasing concentrate grade and increasing recovery. Testwork also showed that an increase in the impeller tip speed in the conventional laboratory cells increased recovery.

In July 2022 the flowsheet was changed to that shown in Figure 17-2. This flowsheet was being used at the time of this CPR in December 2022.

Comminution is carried out in three crushing stages as in the original flowsheet (no changes have been made to the crushing circuit). There is a single stage of ball milling, and two regrinding stages within the cleaner and cleaner-scavenger flotation circuit. Rougher flotation is carried out in conventional

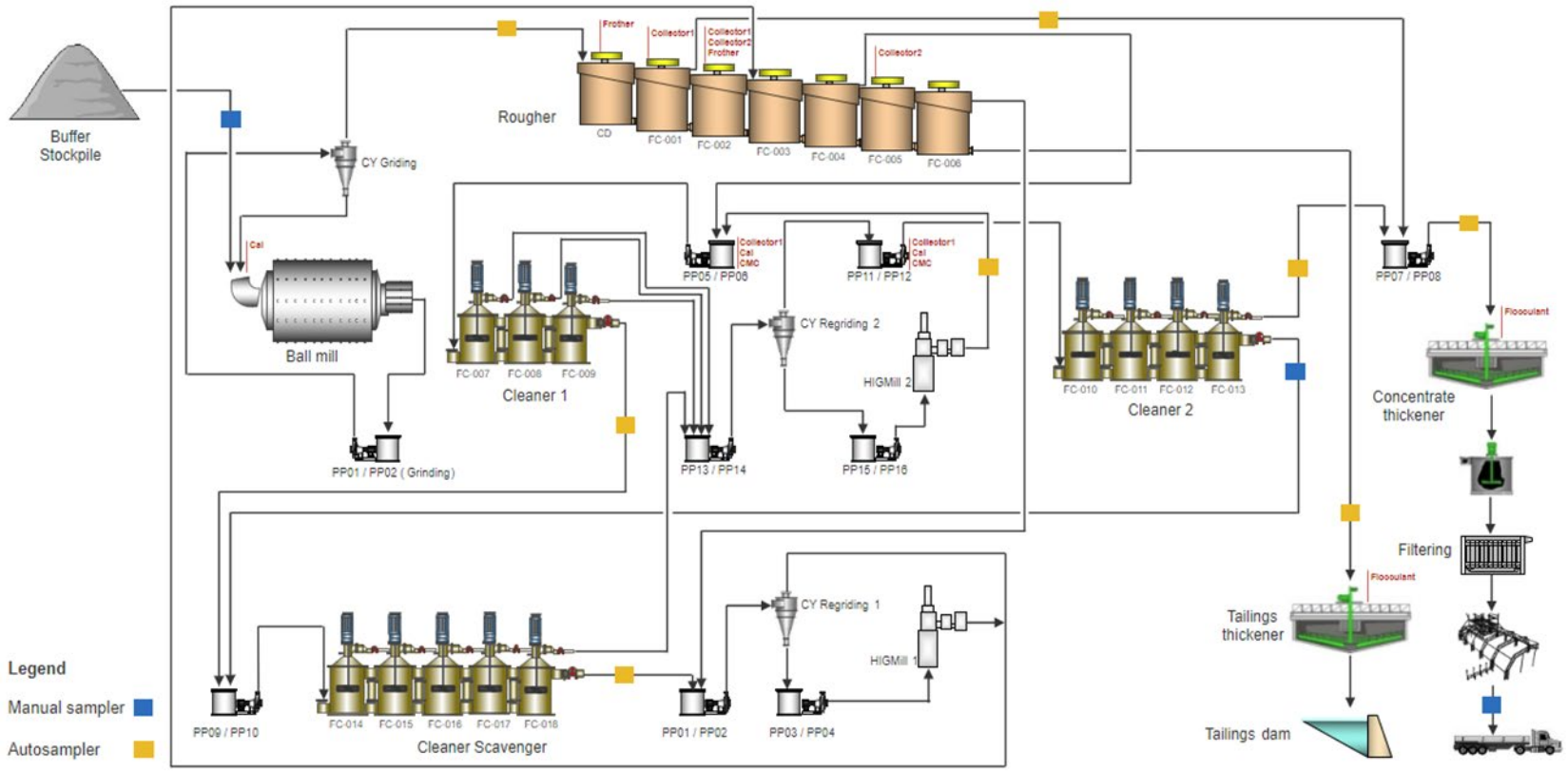
tank cells, there are two stages of cleaning and a cleaner-scavenger stage carried out in Woodgrove direct flotation reactor (DFR) cells. Flotation tailings are directed to the TSF. Final concentrate, planned to be at around 1.3% mass recovery, is currently around 2.1% mass recovery for the operating period. This is thickened and then filtered in a vertical press filter for shipment to smelters.

MVV has indicated that they are planning more changes to the flowsheet in 2023 to improve plant performance, particularly the concentrate grade.



Source: MTS et al., 2019.

Figure 17-1: Simplified Initial Process Flowsheet



Source: MVV, 2022.

Figure 17-2: Simplified Process Flowsheet July 2022 to November 2022

17.2 Process Design Criteria

The following main process design criteria were consolidated based on the following:

- Testwork completed prior to start up;
- Experience based on design, construction and operation of similar process plants;
- Information from similar operations in Brazil and worldwide.

The following summarizes the initial recommended parameters:

- Copper recovery: a model was developed to estimate copper recovery as a function of the head grade and lithology. Overall Cu recovery (average LOM) was 84.5%;
- For the current LOM production plan the following recovery equation has been used:
- Copper recovery = 0.95*(LN % Cu head grade) + 92.172
- This equation gives results that are in line with current plant recoveries; however, the plant metallurgical team has compiled a database that is being used to identify correlations between plant feed characteristics and metallurgical performance;
- Gold recovery: recovery was confirmed by LCT results: 65%;
- Copper grade in concentrate: a model was developed to estimate the copper concentrate grade based on the copper/sulphur ratio (Cu/S) of each lithology. The block model lacked extensive sulphur assays to support a sound estimate of the Cu/S ratio, therefore, a decision was made to adopt the same values obtained in the LCT results for the PH0 composite (Year 1 = 40% Cu), PH1 composite (Year 2 and Year 3 = 42% Cu) and Year 4 on (40% Cu). Sulphur assays using Laboratory Equipment Company (LECO) analysers and sequential copper assays are now being carried out as part of the infill drilling program to support further development of the short-term mine plan;
- Silver grade in concentrate: the LCT results showed silver grades from 25 g/t to 40 g/t;
- Copper concentrate specification: a model was developed to estimate the MgO and SiO2 contents supported by a full suite analysis of the concentrate produced in the PH0 and PH1 LCTs. The results showed a clean concentrate with low levels of deleterious elements and minimal MgO penalties.

The process design criteria are summarized in Table 17-1. Plant operating results have not been as expected from the testwork. Improvements have been made and further flowsheet changes are planned in 2023 and onwards up to 2026.

MVV has indicated that it will update the design criteria in 2023 based on recent testwork results and plant performance.

Table 17-1: Process Design Criteria
ACG Acquisition Company Limited – Serrote Mine

Description	Unit	Value
Primary, secondary and tertiary crushing operating availability (basis – 365 d/y)	%	60.8
Primary, secondary and tertiary crushing operating hours	h/a	5,326
Milling operating availability (basis – 365 d/a)	%	91.7
Milling operating hours	h/a	8,033
Ore Nominal Throughputs		

Description	Unit	Value
Yearly	Mt/a	4.1
Daily crushing rate	t/d	18,480
Daily milling rate	t/d	12,250
Hourly milling rate	t/h	510.4
Head Grades		
Copper, average	%	0.59
Copper, average for first 3 years of operation	%	0.71
Copper, maximum for design	%	0.95
Gold, average (LOM)	g/t	0.1
Recoveries (LOM average)		
Copper	%	84.5 (*)
Gold	%	65.0
Concentrate Grades (LOM average)		
Copper	%	40.5
Gold	g/t	5.26
Concentrate Production		
Copper concentrate (at average grade)	t/a	50,470
Copper concentrate (2021–2023) considers ramp-up	t/a	44,996
Copper content (based on average grade)	t/a	20,440
Gold in copper concentrate	oz/a	8,400
ROM Characteristics		
Specific gravity	t/m^3	3.30
Moisture	%	5.0
Bond low energy impact work index (CWI)	kWh/t	18.6 to 24.1
Abrasion index (Ai)	g	0.386
Top size	mm	1,000
Particle size distribution (PSD)		
Passing 800 mm	%	100
Passing 750 mm	%	98
Passing 500 mm	%	88
Passing 250 mm	%	68
Passing 100 mm	%	40
Passing 50 mm	%	22
Passing 25 mm	%	13
Passing 10 mm	%	10
Passing 5 mm	%	6

Description	Unit	Value
Primary Crushing (Jaw Crusher)		
Truck type		Actros 4844K – 38 t or similar
Closed side setting (CSS)	mm	160
F_{80} (before scalping)	mm	400
P_{80} (grizzly passing + crusher discharge)	mm	150
Secondary Crushing (Cone Crusher)		
Closed side setting (CSS)	mm	38
Product size (crusher discharge)	mm	80% <50
Tertiary Crushing (Cone Crusher)		
Closed side setting (CSS)	mm	15
Product size (tertiary screening US)	mm	80% <8.7
Ball Mill Circuit		
Circuit type		Closed with cyclones
Bond work index (BWI)	kWh/t	16.9
Specific energy	kWh/t	18.25
F_{80}	mm	8.5
P_{80}	µm	100
Circulating load	%	350
Media diameter	mm	75
Media addition	kg/t	1.0
Copper Rougher Flotation		
Feed pulp density (solids content)	%	30
Pulp pH	-	9.5
Laboratory effective residence time	min	10
Adopted residence time	min	25
Stage copper recovery (maximum for design)	%	94
Stage mass recovery (maximum for design)	%	14
Concentrate copper grade	%	4.6 to 6.1
Concentrate solids percentage	%	25
Cu Rougher Concentrate Regrinding		
Circuit type		Open with cyclone scalping
Specific energy	kWh/t	17.2
Mill type		HIG Mill, Outotec
F_{80}	um	71
P_{80}	µm	20

Description	Unit	Value
Media diameter	mm	4
Media addition	kg/t	0.032
Copper First Cleaner Flotation		
Reactor type		DFR, Woodgrove
Feed pulp density (solids content)	%	20
pH	-	10.5
Adopted residence time	min	5.0
Stage copper recovery	%	65
Concentrate copper grade	%	39.1
Concentrate solids percentage	%	25
Copper Cleaner-Scavenger Flotation		
Reactor type		DFR, Woodgrove
Feed pulp density (solids content)	%	15
pH	-	10.5
Adopted residence time	min	7.2
Stage copper recovery	%	87.8
Concentrate copper grade	%	13.0
Concentrate solids percentage	%	25.0
Copper Second Cleaner Flotation		
Reactor type		DFR, Woodgrove
Feed pulp density (solids content)	%	15
Pulp pH	—	10.5
Adopted residence time	min	7.9
Stage copper recovery	%	83.6
Concentrate copper grade	%	34.7
Concentrate solids percentage	%	25.0
Copper Concentrate Dewatering: Thickening		
Unit area	$m^2/t/d$	0.125
Unit area (design)	$t/m^2/h$	0.21
Thickener underflow	%	65
Copper Concentrate Dewatering: Filtration		
Filter type		Pressure Filter
Filter cake moisture	%	9.2
Feed tank residence time, at nominal rate	h	24
Copper Tailings Dewatering: Thickening		
Unit area	$m^2/t/d$	4.5

Description	Unit	Value
Unit area (design)	t/m²/h	1.034
Thickener underflow	%	66
Reagent: Lime		
Dosage at ball mill pump box	g/t plant feed	175
Dosage at rougher feed	g/t plant feed	35
Dosage at 1st regrind	g/t plant feed	250
Dosage at 2nd regrind	g/t plant feed	100
Reagent: Collector 1 (AP 4037 or similar)		
Dosage at rougher	g/t plant feed	15
Dosage at cleaner 1	g/t plant feed	5
Dosage at cleaner 2	g/t plant feed	5
Reagent: Collector 2 (PAX or similar)		
Dosage at rougher	g/t plant feed	15
Dosage at cleaner 1	g/t plant feed	5
Dosage at cleaner 2	g/t plant feed	15
Reagent: Frother 1 (MIBC or similar)		
Dosage at conditioning	g/t plant feed	50
Dosage at rougher	g/t plant feed	50
Dosage at cleaner 1	g/t plant feed	50
Dosage at cleaner 2	g/t plant feed	60
Reagent: Depressant (CMC 7LT or similar)		
Dosage at cleaner 1	g/t plant feed	50
Dosage at cleaner 2	g/t plant feed	10
Dosage at cleaner–scavenger	g/t plant feed	10
Reagent: Flocculant (anionic polyacrylamide)		
Dosage at concentrate thickener	g/t thickener feed	10
Dosage at Tailings thickener	g/t thickener feed	25

Notes:

1. (*) Cu recovery varies with sulphide ore content.
2. (**) Average consumption. For design purposes, the handling system will be sized for 210 g/t total MIBC dosing rate.

17.3 Process Plant Description

17.3.1 Introduction

The plant layout is designed to take advantage of the natural ground slopes and maximize gravity flow of the pulp through the process. This required platforms at different elevations for the unit processes. The aim of the design was to optimize operability of the plant and reduce materials costs.

In Q4 2018, MVV started additional process studies, including new metallurgical testwork at ALS Kamloops in Canada, to confirm the regrind P_{80} and to optimize the flotation circuit in terms of reagents and froth washing. In late June 2019 Ausenco proposed, in agreement with MVV/Appian, a process flowsheet and technology for regrinding and cleaner flotation, which gave flexibility and improvements in the copper concentrate quality (approximately 40% Cu grades, at similar recovery levels, 84.5%).

In July 2019 the regrinding and cleaner flotation flowsheet and technology were defined following completion of a workshop involving MVV, consultants, Appian and Ausenco. Ausenco updated the mass balance, flowsheet and layout for the new concept.

Due to the finely disseminated nature of the Serrote copper and gold minerals, fine grinding is required to liberate the minerals from iron and gangue minerals. The most economic flowsheet for this type of material usually requires floating a low grade bulk rougher concentrate containing locked middling particles. The rougher concentrate is then reground prior to the cleaner flotation circuit.

Secondary copper minerals are present in the Serrote deposit including bornite, chalcocite and covellite. The floatability of these minerals depends on particle size. Fine bornite (<20 µm) does not float readily using conventional equipment (columns) and recovery could be affected.

To address the issue of finer particles, the Serrote flotation circuit incorporates Woodgrove DFR cells. Figure 17-1 shows the flowsheet developed in December 2019 and used for initial operations. The flowsheet has two regrind stages with high intensity grinding (HIG) Mills (P_{80} = 20 µm and 12 µm) and DFR cells (2 cleaner stages and 1 cleaner-scavenger stage).

The plant feed rate is 4.1 Mt/a at an average Cu feed grade of 0.71% Cu for the first three years and 0.59% Cu for the remaining years, with plant utilization of 91.7%. The mine life is estimated to be 14 years, and the plant is expected to process an average of 12,250 t/d (dry basis). The average production rate of copper concentrate was estimated to be approximately 50,300 t/a (dry basis) at an average grade of 40.5% Cu.

Comminution consists of three crushing stages, a single stage of ball milling and two regrind stages. This circuit has not been changed.

Flotation is carried out in four stages: roughing in conventional tank cells and two cleaning stages and one cleaner-scavenger stage in DFR cells with two classification and regrind circuits. The circuit has been changed by changing piping and flows but the equipment is the same.

Flotation tailings are directed to the TSF. Final concentrate, at a planned 1.3% mass recovery but an actual 2.1% for the operating period June 2021 to November 2022, is thickened and then filtered in a horizontal press filter for shipment to smelters.

The main plant areas are:

- Crushing and screening:
- Primary crushing;
    - Secondary crushing and screening
- Tertiary crushing and screening;

- Crushed ore stockpile;

- Concentrator:
  - Grinding;
  - Flotation;
  - Regrinding and cleaner and cleaner-scavenger flotation;
  - Tailings thickening;
  - Copper concentrate thickening;
  - Concentrate filtration and storage;
  - Reagents.

The crushing and screening circuit nominal capacity is 770 t/h; the concentrator nominal capacity is 510 t/h. A description of the areas is provided in the following sub-sections.

A study completed by Ausenco in March 2021 showed that the crushing and grinding circuits have the capacity to increase throughput by up to 10% with the existing equipment.

17.3.2 Primary Crushing

The primary crushing circuit is fed by 38 t capacity trucks. The run of mine (ROM) ore is dumped into a 50 m^3 bin, which can be fed from two sides simultaneously. The top of the bin is fitted with a static grizzly with spacing of 1 m between the bars to provide protection from oversize rocks. Ore passes from the bin over a 1.5 m x 6.2 m vibrating grizzly feeder. Undersize falls onto an 800 mm wide belt conveyor and the oversize passes to a Metso C150 jaw crusher. The crushed product discharges onto the same belt conveyor that receives the vibrating grizzly undersize. The combined products are conveyed to the secondary screen.

A rock breaker is installed at the side of the jaw crusher to break any large rocks that jam in the crusher feed. Dust suppression systems are installed at critical material transfer points.

The primary crushing building is three storeys and has a footprint of 86 m^2; it is a steel structure with no roof or side sheeting.

An electric hoist is provided for routine jaw crusher maintenance; a manual hoist is provided for conveyor maintenance. Other equipment maintenance is carried out using a mobile crane.

Primary crusher product is transported by a belt conveyor equipped with a weightometer, a metal detector and a metal extraction magnet for protection of the secondary screen and secondary crusher.

17.3.3 Secondary Screening and Crushing and Tertiary Crushing

The belt conveyor from primary crushing feeds a 2.4 m x 6.1 m (8 ft x 20 ft) double-deck secondary screen. The screen oversize passes to a Metso HP-6 secondary cone crusher, and the undersize passes to an 800 mm wide belt conveyor. The secondary crusher discharge drops onto a belt conveyor equipped with a weightometer which feeds the tertiary screen feed bin.

Tertiary crushing consists of three Metso HP-6 cone crushers. Each crusher is fed by a 1,000 mm wide belt feeder located below the tertiary crusher feed bin. The crushed ore falls onto the 1,000 mm wide belt conveyor that feeds the tertiary screen feed bin.

Tertiary screen undersize is conveyed to the crushed ore stockpile and the screen oversize is returned to the tertiary crusher feed bin.

A dust suppression system is fitted at the critical material transfer points.

The secondary and tertiary crushers and secondary screen are located in the same building, which is a steel structure with no roof or side sheeting. It has four storeys and the footprint is 450 m².

An overhead crane is provided for routine maintenance of the cone crushers, the belt feeder drive pulleys and the secondary screen. Other equipment maintenance is carried out using a mobile crane.

17.3.4 Tertiary Screening

The tertiary screen feed bins are fed by the secondary and tertiary crushing product collection conveyor. This conveyor has a mobile head pulley to ensure that material of the same size distribution is delivered to each bin. The capacity of each bin is 120 m³.

The ore is reclaimed from the bins by two 1,600 mm wide belt feeders. Each one feeds a 2.4 m x 6.1 m (10 ft x 20 ft) double-deck banana screen. The oversize from the tertiary screens falls onto the 800 mm wide tertiary screen oversize belt conveyor, equipped with a metal detector and metal extraction magnet. This conveyor has a mobile head pulley to distribute the material evenly to the three tertiary crusher feed bins. The undersize from the screens discharges to the 800 mm wide fine ore stockpile feed conveyor which is equipped with a weightometer.

A dust suppression system is installed at critical material transfer points.

The tertiary screening building is a four storey steel structure with no roof or siding; the footprint is 350 m^2.

An overhead crane is provided for routine maintenance of the belt feeder drive pulleys and screens. Other equipment maintenance is done using a mobile crane.

17.3.5 Crushed Ore Stockpile

Crushing circuit product is stored in the crushed ore stockpile which has a total capacity of 36,570 t and a live capacity of 9,800 t (68 hours and 18 hours, respectively, of plant operation). The live capacity is the capacity that can be reclaimed by the belt feeders without using a bulldozer. The total capacity can only be reclaimed by pushing ore to the belt feeder chutes.

Ore from the 28.5 m diameter stockpile is reclaimed by two belt feeders (two operating). Both feeders are sized for the overall reclaiming capacity and, in an emergency situation, each feeder can operate alone at the full reclaiming capacity. The reclaimed material discharges onto the 800 mm wide ball mill feed conveyor, equipped with a weightometer.

Dust suppression systems are installed at critical material transfer points.

The belt feeders and ball mill feed conveyor are located inside a 76 m long concrete tunnel under the stockpile. This tunnel is equipped with a forced air ventilation system and two exits (to meet Brazilian safety regulations).

An electrical hoist is provided for routine maintenance of the belt feeder and the ball mill feed conveyor pulleys.

17.3.6 Grinding

The grinding circuit consists of one FLSmidth 22 ft diameter x 38 ft long ball mill with a 10.8 MW dual pinion drive, operating in closed circuit with a cyclone cluster containing eight 26 in diameter cyclones (5 operating and 3 stand-by). The cyclone cluster is fed by two pumps (one operational and one stand-by), MillMAX 18 x 16-44 MMD manufactured by FLSmidth.

The ball mill is fed by the ball mill feed conveyor and the underflow from the cyclone cluster. Water and milk of lime are introduced into the ball mill feed chute (spout feeder). The mill discharge passes through a trommel, to remove ball chips and coarse particles, and gravitates to the 30 m^3 cyclone feed

pump box. Ball chips and coarse material (scats) are collected periodically. The cyclone overflow feeds the flotation circuit.

In the future, if required, a magnetic separation circuit could be installed to remove magnetite from the grinding circuit circulating load. The current design does not include magnetic separation. This facility would be installed next to the grinding building to facilitate the return of the non-magnetic material to the grinding circuit.

The grinding building is a steel structure with four storeys, no roof and no siding. Maintenance is carried out on the ball mill and slurry pumps using a mobile crane. A jib crane is provided for cyclone maintenance.

Mill balls are stored in bags in the grinding building. A jib crane is used to unload the bags from the truck and move them to the storage area. An electrical hoist is used to discharge the bags into the ball feed bucket (the jib crane can also be used). The bucket is hoisted up to discharge the balls into the mill feed chute. The ball diameter is 76 mm.

The grinding substation is positioned to take advantage of routing the cables on the pipe rack. The regrind equipment (HIG mills, cyclones) is located attached to the grinding building.

Spillage from the grinding circuit is collected in a floor sump and returned to the cyclone feed pump box by a vertical pump. The spillage storage volume in the grinding building is 358 m^3. The vertical pump directs the recovered material to the cyclone feed pump box. There is also access for clean-up for a small front-end loader.

17.3.7 Flotation and Regrinding

The ball mill cyclone overflow feeds the rougher flotation circuit. The rougher flotation has seven Outotec 100 m^3 tank cells in series. The rougher concentrate from the first and second cells is pumped directly to the concentrate thickener. The rougher concentrate from the third, fourth, and fifth cells is pumped to the cleaner 1 cells. The rougher concentrate from the sixth and seventh cells is pumped to the HIG mill 1 circuit (10 x 6” cyclones and a HIG mill) at the cleaner-scavengers. The tailings from the rougher cells flows by gravity to the final tailings thickener

The concentrate from the three cleaner 1 cells (3 Woodgrove DFR cells) is pumped to the HIG mill 2 circuit (12 x 4” cyclones and a HIG mill). The cyclone overflow is pumped to the cleaner 2 feed and the underflow passes through the HIG mill and is returned to the cleaner 1 feed. The tailings from the cleaner 1 cells pass to the cleaner-scavenger circuit.

The cleaner 2 circuit consists of 4 Woodgrove DFR cells. The cleaner 2 concentrate is pumped to the concentrate thickener and the tailings are pumped to the cleaner-scavenger circuit. The cleaner-scavenger circuit consists of 5 Woodgrove DFR cells. The concentrate from the cleaner-scavenger circuit is returned to the HIG mill 2 cyclone feed with the cleaner 1 concentrate. Cleaner scavenger tailings and the concentrate from rougher cells 6 and 7 are pumped to the HIG mill 1 circuit. Underflow from cyclone 1 passes through HIG mill 1 and is pumped together with the cyclone overflow to the fourth cell in the rougher circuit.

The regrind mills are Outotec HIG mills, each with a 1,600-kW variable speed motor.

The flotation building has a total area of 800 m^2 and is a steel structure with no roof or siding. The blowers that provide air for the rougher flotation cells are located near the flotation area. The cleaners and cleaner-scavengers are placed on concrete structures. The compressed air for these cells is provided from the compressed air central building.

Equipment maintenance is carried out using a mobile crane.

Spillage from this area is collected in a floor sump and pumped back to the first rougher cell.

17.3.8 Tailings Thickener

The rougher flotation tailings flow by gravity to the tailings thickener. The tailings thickener is a hi-rate thickener (30 m diameter) with a steel tank elevated on steel legs. Flocculant is added to the thickener feed. The thickener overflow reclaimed water passes to the process water tank.

Thickener underflow at approximately 65% solid by weight, is pumped to the TSF by two Warman 8/6 AHPP pumps (one operating and one stand-by). In the future, as the tailings discharge point at the TSF changes, it will be necessary to install two more pumps and a pipeline in series with the existing line, to form two trains (one train operating and one stand-by).

Thickener maintenance is done using a mobile crane. Pump maintenance uses a manual hoist. If there is a power outage, the stand-by generator will automatically start to provide power for the thickener drive mechanism.

17.3.9 Copper Concentrate Thickening and Storage

The final copper concentrate is fed to a 10 m diameter conventional thickener with a metal tank elevated on steel legs. Flocculant is added to the feed. The thickener underflow, at 65% solids by weight, is pumped to the agitated 220 m^3 filter feed tank. Clarified overflow from the thickener is pumped to the process water tank.

Thickener maintenance is done using a mobile crane. A hoist is provided for the pump maintenance. If it is necessary to drain the thickener or the concentrate tank, the concentrate is collected in a bunded area under the thickener. A mobile pump is used to return it to the thickener. If there is a power outage, the stand-by generator will automatically start to provide power for the thickener drive mechanism.

17.3.10 Filtration and Storage

The concentrate is pumped from the filter feed tank to the pressure filter (1,500 mm x 1,500 mm with 32 plates) to reduce the moisture content to approximately 9%. The filter cake from the pressure filter discharges by gravity to the floor to form a stockpile.

Filter feed pumps (Warman 6/4 AH, one operating and one stand-by), pump concentrate from the filtration feed tank to the filter press and recirculate concentrate back to the feed tank as required by the filter operating cycle. During the pressing and drying steps, the feed pulp is recirculated to the filtration storage tank to prevent sedimentation in the line.

The filtrate reports to the filtrate pump box, from which it is pumped (Warman 3/2 AH, one operating and one stand-by) back to the concentrate thickener.

The concentrate is stockpiled below the filters. The concentrate is then stored in a shed that has sufficient volume for one shipload (approximately 11,000 t). When Serrote is advised of the shipping schedule at the Maceio port the concentrate is loaded by wheel loaders into road trucks at the concentrate shed at Serrote and trucked to the port. The trucks are covered for transport. After loading, the wheels of the trucks are washed to remove concentrate. The trucks then pass to the weigh scale at the Serrote main gate. Spillage from the truck wash water is returned to the concentrate thickener.

The filtration equipment and the copper concentrate stockpile are enclosed in a 920 m^2 steel building with roofing and siding.

If there is a power outage, the stand-by generator will automatically start to provide power for the filter feed tank agitator motor.

An overhead crane is provided for routine maintenance of the filter. Other equipment maintenance is carried out using a mobile crane.

17.3.11 Reagents

The reagents plant consists of receiving/storage, preparation and distribution facilities for the following flotation and thickening reagents:

- Depressant (CMC);
- Collector 1;
- Collector 2;
- Frother;
- Flocculant;
- Lime.

The collector 1 and frother are used as received, with no preparation/dilution. Collector 1 is received in drums or isotanks, and frother is received in 22 m^3 isotanks.

Other reagents need preparation/dilution using water. They are received in maxi-sacs (around 625 kg each). The collector 2 (PAX) is stored and handled separately from other reagents because of the smell and explosion risk (if there is a high concentration of fine solid particles suspended in a confined area).

Three separate buildings are used for reagents storage: one for frother; one for depressant, collector 1, CMC, flocculant and lime; and one for collector 2. The frother storage building is close to the reagent preparation building. There is a firefighting system in this building because the frother is flammable. Collector 2 is stored close to the open pit in a separate building. The other reagents are stored in the main reagent storage, preparation and distribution building.

The reagent facilities are enclosed in a steel building with roofing and half siding. An overhead crane is provided for routine operation and maintenance of reagent area.

17.4 Plant Control, Instrumentation and Communication

The automation system supports the operations and administration areas.

Data communication in the automation system is by a fibre optic backbone. The backbone consists of single-mode fibre optic cable (24 fibres, 12 pairs).

The plant areas are connected using ring topology. For remote areas, star or tree topology is used.

17.4.1 Main Operational Controls

The process control supervisory system and the electrical control supervisory system are designed and programmed to provide operating control for all plant areas.

17.5 Production Schedule

Plant operations started in June 2021, the ramp-up phase was estimated to be 18 months; and the plant achieved the nominal design production rate in Q4 2022. The ramp-up targets for ore throughput and copper recovery and the actual data are shown in Table 17-2.

The actual plant throughput achieved the target within the target timeframe; however, the build-up was slower than predicted. In part, this was due to the downtime required to make the circuit changes necessary to improve the copper recovery and concentrate grade. These changes were successful in

achieving close to the target copper recovery in Q4 2022. More changes are planned in 2023 and onwards.

Table 17-2: Ramp-Up Table
ACG Acquisition Company Limited – Serrote Mine

Month	Target % of Nominal Ore Throughput (%)	Target Plant Ore Throughput (kt/m)	Target Copper Recovery (%)	Actual Plant Ore Throughput (kt/m)	Actual Copper Recovery (%)
1	13	44	42.9	63.6	26.12
2	26	90	64.2	169.3	24.25
3	41	144	72.9	174.6	36.68
4	51	170	78.1	143.6	39.98
5	69	240	79.2	181.7	54.51
6	67	225	80.6	191.4	57.63
7	79	276	81.1	230.8	58.01
8	93	325	82.0	190.2	54.02
9	89	281	82.8	169.0	65.07
10	94	328	83.8	280.2	71.95
11	96	325	84.8	285.9	73.12
12	96	335	85.1	289.1	78.68
13	97	327	85.9	313.6	77.56
14	99	345	85.4	252.9	79.30
15	82	286	85.6	281.9	80.69
16	100	335	85.7	358.7	81.70
17	100	347	85.9	359.3	81.79
18	96	322	86.2	344.1	84.47

17.6 Plant Operations June 2021 to December 2022

The plant production results for June 2021 to December 2022 are shown in Table 17-3.

Table 17-3: Plant Production Results – June 2021 to December 2022
ACG Acquisition Company Limited – Serrote Mine

Month/Year	Feed (t)	Cu in Feed (%)	Cu in Concentrate (%)	Cu Recovery (%)	Conc. Produced (t)	Cu in Conc. (t)	Cu in Tailings (%)
Jun-21	63,583.2	0.579	16.04	26.12	284.0	45.6	0.432
Jul-21	169,336.5	0.715	20.03	24.25	1,467.1	293.9	0.547
Aug-21	174,620.5	0.713	22.07	36.68	2,053.0	453.1	0.457
Sept-21	143,618.0	0.767	22.73	39.98	1,936.7	440.3	0.466
Oct-21	181,717.0	0.698	22.47	54.51	3,079.6	691.9	0.323
Nov-21	191,400.7	0.585	20.10	57.63	3,209.7	645.1	0.252
Dec-21	230,757.0	0.588	20.55	58.01	3,830.9	787.4	0.251
Jan-22	190,163.6	0.711	24.63	54.02	2,965.0	730.4	0.332
Feb-22	169,026.4	0.710	24.22	65.07	3,226.5	781.3	0.253
Mar-22	280,152.0	0.710	23.36	71.95	6,126.7	1,431.2	0.204
Apr-22	285,948.0	0.697	22.97	73.12	6,344.9	1,457.2	0.192
May-22	289,096.1	0.701	26.88	78.68	5,932.1	1,594.6	0.153
Jun-22	313,640.4	0.701	22.35	77.56	7,626.0	1,704.4	0.161
Jul-22	252,942.4	0.694	23.93	79.30	5,815.5	1,391.5	0.147
Aug-22	281,860.6	0.738	22.37	80.69	7,505.6	1,679.4	0.146
Sept-22	358,654.9	0.811	23.20	81.70	10,251.3	2,377.8	0.153
Oct-22	359,273.6	0.742	22.84	81.79	9,551.4	2,181.3	0.139
Nov-22	344,088.8	0.730	23.56	84.47	9,006.0	2,121.8	0.116
Dec-22	376,223.5	0.750	22.74	82.04	10,178.3	2,315,0	0.138

Initially the plant did not reach the planned production because of poor performance in the cleaner circuit (low enrichment and low recovery). It was also determined that there was an opportunity for flash flotation (to quickly recover a high grade concentrate at the start of the rougher circuit) and testwork demonstrated the ability to scalp the concentrate from the first rougher cell. Adjustments were made to reagent dosages (significant reduction in frother, collector 2 was changed to SEX-SIBX/50:50 blend, and addition of CMC gangue depressant) to the roughers) which improved results and plant stability. Operations focused on recovery, with an acceptable quality concentrate.

The conditioner cell ahead of the roughers was converted to a flotation cell leading to an increase of 17% in overall residence time and allowing flash flotation in the first two of the now seven rougher cells. The target rougher recovery downstream in the remaining five rougher cells was maintained. Rougher recovery is now between 85% and 90%. Two-thirds of the final concentrate is now recovered from the first two rougher cells significantly reducing the load on the cleaners. These changes were implemented between February 2022 and July 2022 leading to an improvement in recovery from 54% (January 2022) to 84% (November 2022).

The operations team is working on the following areas to improve and stabilize plant operations and performance:

- Fine tuning of plant controls;
- Operating the HIG mills at the optimum point (including classification effectiveness);
- Improving understanding of the geometallurgy of the feed and the metallurgical response of each lithology type and head grade;
- In 2023, improving the copper grade in the concentrate by installing a dedicated cleaner cell (tank cells in the range between 20 m^3 and 50 m^3 are available) for enrichment of the first rougher 1 concentrate (from around 24% Cu to >35%Cu with 90% recovery in the stage). This will increase the overall copper grade in the concentrate to 30% when combined with the cleaner 2 concentrate;
- In 2024 and 2025, the addition of one additional cleaner tank cell to improve the overall concentrate grade to 32% Cu;
- In 2026, the installation of a four stage cleaner circuit (similar to the SGS Geosol flowsheet shown in Figure 13-7) using tank cells with impellors with higher tip speeds to produce a 40% Cu concentrate;
- Carry out LCT and pilot plant testwork to further investigate the optimum cleaner circuit configuration and test higher flotation cell impeller tip speeds. The latter has been tested on conventional cells in the laboratory and at pilot scale for the Woodgrove cells with encouraging results. The goal is to produce a final concentrate of around 40% Cu, while maintaining recovery between 84% and 85%.

17.7 CP Comments on "Item 17: Recovery Methods"

17.7.1 CP's Comments

- The plant has achieved the design ore throughput.
- The plant has had difficulty in achieving the expected copper recovery and concentrate grade. Mineralogical analysis has shown that this due to the inability of the Woodgrove cells to effectively upgrade the rougher concentrate and achieve an adequate cleaner circuit recovery with the Serrote ore. This is discussed in Section 13.
- The flowsheet changes carried out by the Serrote operations team have successfully increased the plant recovery to the design level.

17.7.2 Recommendations

- The CP is in agreement with the plan to install a tank cell to upgrade the rougher flash concentrate.
- The CP is in agreement with the testwork and improvement plan outlined in paragraph 17.6.

18.0 PROJECT INFRASTRUCTURE

18.1 Introduction

The key infrastructure areas for the Serrote Mine are shown in Figure 18-1. All necessary infrastructure for the current operation has been completed and is sufficient for the LOM plan. Surface rights for infrastructure and mining are discussed in Section 4.5. Serrote operates year-round.

18.2 Roads and Logistics

18.2.1 Site Access

The access road to the Serrote Mine is at a junction from Alagoas State road AL-486, which links the city of Craíbas to route AL-115. An intersection was built to link route AL-486 to a 500 m access road that leads to the Serrote Mine gatehouse. The road from the main gate to the process plant and administration facilities is approximately 1,500 m long and 13 m wide. Other internal roads at the site are 8 or 10 m wide. There are existing roads throughout the site area that were established during mine construction.

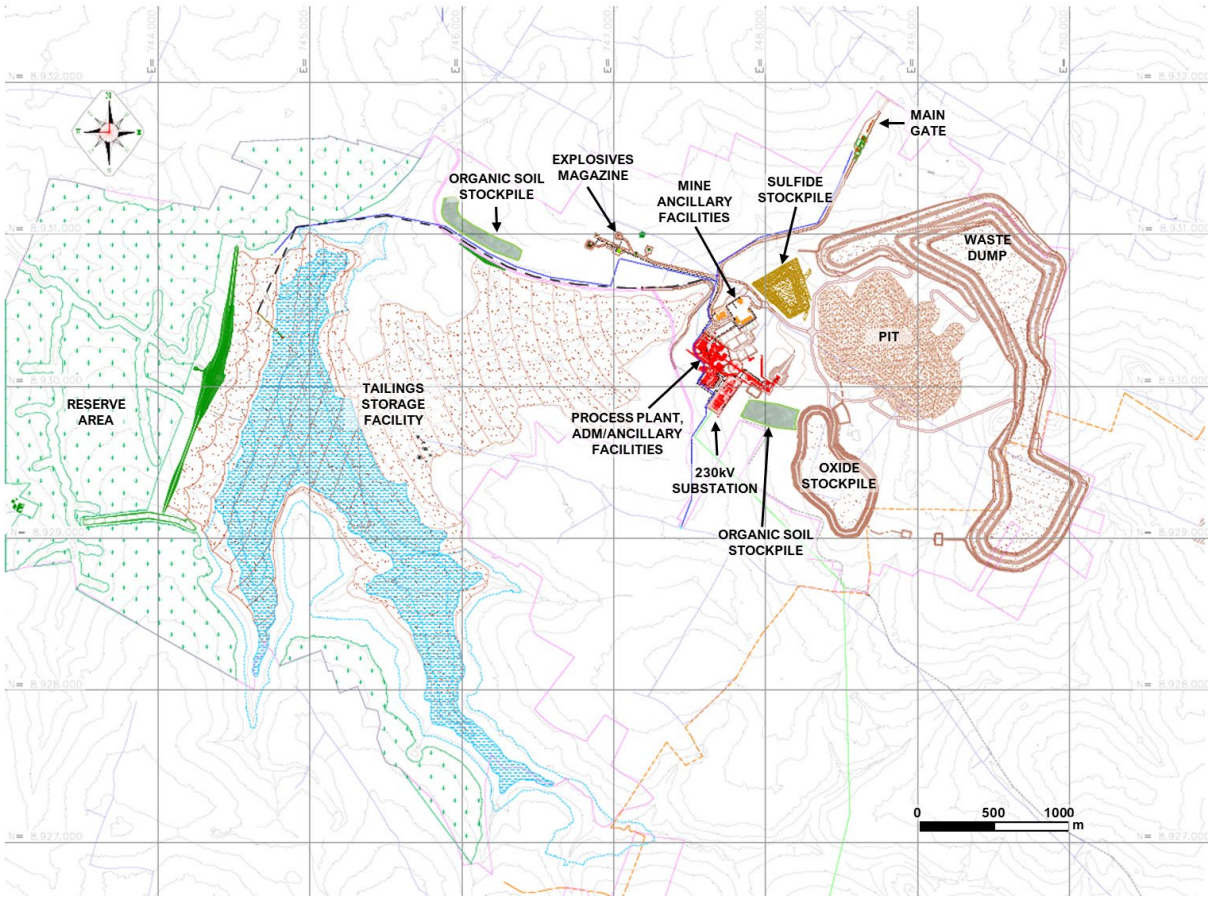
Road access is used for the supply of materials and equipment to the mine site and for transporting concentrate to the port of Maceió.

18.2.2 Ports

The concentrate production rate is approximately 260-300 dmt/d and is stored in a 10,000 dmt capacity storage shed next to the concentrate filtering facility at the mine.

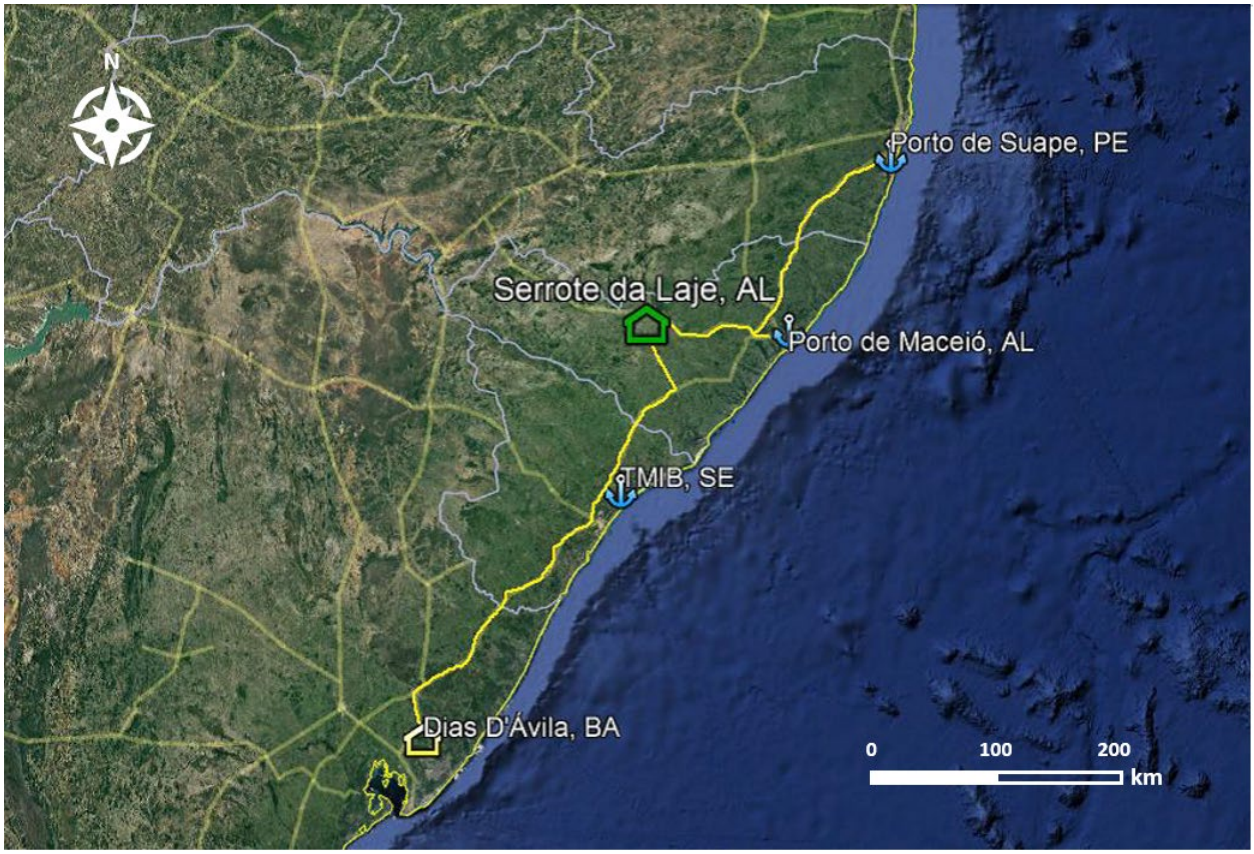
Concentrate has been transported to port of Maceió in Alagoas State since the first shipment in Q4 2021. There are two alternative ports in the northeast region of Brazil that potentially could meet the Mine's requirements for the importation of equipment and materials and the export of copper concentrate: Suape which is a public port, and TMIB which is private (Figure 18-2).

The port of Maceió is located within the city of Maceió, approximately 140 km from the site. The population is accustomed to truck movements in and out of the port. The port has several available areas for rent, most of them on unused land. There are existing covered warehouses which MVV is using through a spot use contract. Studies for long term rental are being developed and a definitive contract is expected in 2023.



Source: MTS et al., 2021.

Figure 18-1: Infrastructure Site Plan



Source: MVV, 2021, on Google Earth backdrop.

Figure 18-2: Port Locations

18.3 Stockpiles

Stockpiles are discussed in Section 16.8.

18.4 Waste Rock Storage Facilities

The WRSF is discussed in Section 16.7.

18.5 Tailings Storage Facilities

The TSF design is discussed in Section 20.6.

18.6 Camps and Accommodation

No on-site accommodation has been constructed. Employees and contractors reside in Arapiraca, Craíbas and surrounding communities. Arapiraca is the second largest city in Alagoas and had an estimated population of 233,000 inhabitants in 2020.

18.7 Built Infrastructure

18.7.1 Administrative Ancillary Buildings

Administrative ancillary buildings were constructed as precast concrete structures with concrete block walls on cast-in-place concrete floors. A sewage collection and treatment system was installed. Rainwater is collected in an independent system and directed to a tank for water re-use.

The administration infrastructure includes:

- Gatehouse: reception, security, information technology (IT), and weighscale controller rooms; the latter with a view of the access road and the weighscale. Two automatic boom barriers and two manual boom barriers (controlled by a guard) are used to control vehicle access. Access to the waste management centre is also through the boom barriers.
- Trucker support: adjacent the gatehouse; used for deliveries and concentrate transport.
- Change house: located next to the canteen on the upper pad of the administration area; 60-person capacity.
- Administration office: reception area, offices for management, administration, human resources (HR), purchasing, legal, IT, engineering inspection and contractors. Located near first aid post, on the lower pad of the administration support area; can accommodate 103 persons per shift. An access control system and security TV cameras are installed in the administration areas and substations to provide security for these areas.
- First aid post: adjacent administration offices; has independent access for an ambulance and also houses the fire truck. The building has a reception area, doctor's office, observation room, pharmacy, first aid room, storage area for safety equipment, male and female toilets and change rooms.
- Kitchen/canteen: can accommodate 96 people. The cooking facilities have additional capacity to work as a central kitchen preparing meals to be distributed to the contractor sites where required.

18.7.2 Operational Ancillary Buildings

The operational ancillary buildings are situated near the process plant and the open pit. They include:

- Process plant workshop: a 720 m² metallic structure with masonry lower walls and metal cladding above the masonry; located at the grinding area.
- Laboratory: 600 m^2; designed to handle 90 samples per day from the Geology Department, Mining Department and the process plant.
- Control room: positioned close to the process plant to view and monitor all process plant operations, including crushing, grinding and flotation.

18.7.3 Mine Ancillary Facilities

The facilities to support mine operations are sited over an 18,676 m² dedicated area. The complex includes a main workshop building, tire shop, welding area, drilling maintenance bay, fuel station, washing bay, offices, change room, cafeteria and other structures. The floor area of the buildings is 2,791 m².

The main workshop building has six bays, including one lubrication bay. The building has also oil storage, a warehouse and offices.

There is a second workshop building with a tire shop, welding area and a dedicated drill maintenance bay and warehouse.

The wash bay and the fuel station are located at the entrance.

Other support facilities are located in two separate buildings including mine management, geology and planning offices, dispatch system room, and training room. A new office facility for mine operations is currently being constructed.

18.8 Electric Power

The electrical power supply to the south–central area of the State of Alagoas, where the Serrote Mine is located, is provided by the Arapiraca III substation, which is fed by the 230 kV Rio Largo II, Arapiraca III and Arapiraca III-Penedo transmission lines. The system is also connected to the Penedo-N. S. Socorro-Jardim substations by a 230 kV transmission line. Companhia Hidro Elétrica do São Francisco (CHESF) is the concessionaire of this system.

The electrical supply system consists of an exit bay in the Arapiraca III substation and a 230 kV transmission line (approximately 21 km long) to the 230/13.8 kV stepdown Serrote substation. The Serrote substation has two incoming 230 kV bays, two 25/30 MVA transformer sections and one 13.8 kV distribution switchgear.

Electrical power is distributed from the mine's main substation via 13.8 kV overhead distribution lines. The area substations close to the main substation are supplied through 13.8 kV lines and underground ducts. Administration areas and low electrical power requirement areas have power supplied at 380/220 V.

Plant emergency electrical power is provided by a 480 V packaged diesel generator located in the thickening and filtration substation. Emergency power supports critical loads only and does not maintain production.

The plant estimated electrical power load consists of:

- Total installed: 36 MW;
- Maximum demand: 24 MW;
- Average demand: 20 MW;
- Annual consumption: 155,000 MWh.

18.9 Water Supply

The Arapiraca water supply is provided by the state water utility company CASAL. This water is sourced from the São Francisco River via a pipeline to the CASAL reservoir. MVV tied into the CASAL pipeline via a 7 km long pipeline to connect to MVV's freshwater reservoir on site. Water is exclusively sourced from the São Francisco River.

The 1,450 m^3 capacity recycled water tank has approximately one hour live capacity, and is currently fed from the TSF and thickener overflow. Water pumped from the open pit is disposed upstream in the TSF, filling its reservoir.

The water is used as follows:

- Fresh water:
  - Dust suppression system for crusher and coarse ore stockpile;
  - Process plant water storage tank;
  - Make-up water to recovered water tank;
  - Make-up water to closed circuit oil cooling system;
  - Flushing of on-stream analysers and cooling system to compensate for evaporation from the cooling tower;
  - Reagent preparation;
  - Explosives magazine;

- Slurry pump seal water system;

- Recycled water:
  - Dust suppression on roads;
  - Plant nursery;
  - Process make-up;
  - Process plant services;
  - Filter plant.

18.10 Water Management

18.10.1 Hydrological System

The Serrote Mine lies almost entirely within the Salgado River sub-catchment. The Salgado River is a tributary on the left bank of the Traipú River basin, which is in turn a tributary on the left bank of the São Francisco River, which is the largest and most important river in northeast Brazil. The dendritic drainage pattern is generally oriented southeast–northwest.

Figure 18-3 shows the hydrographic Salgado River basin, showing the limits of the drainage area upstream of the TSF. The TSF will be the main water reservoir for the Mine.

A climate study was undertaken to assess the design rainfall in the Mine area for hydrological assessments and for the of water management designs.

Fluviometric stations operated by MVV in the Salgado Stream sub-basin were used to estimate a runoff coefficient of 3.5%. This coefficient was used to estimate mean flows within the Mine area. The coefficient was low, despite the nearly 300 water retention structures such as dams that are visible on satellite imagery upstream of the Mine, which significantly impact surface runoff, reducing stream flow. The recent rainy season resulted in a runoff coefficient of approximately 15%. Studies to update water balance predictions are ongoing. There are likely two primary contributors to the discrepancy in runoff coefficients:

- Previous studies have not adequately included extremely wet years, when the catchment is saturated, increasing runoff.
- Many small dams have been constructed by farmers and small communities upstream of Serrote. During normal precipitation years, these significantly attenuate flows into the downstream catchment. However, during wet years when they fill up, that attenuation is reduced significantly. Ongoing designs should assume that these dams are not present.

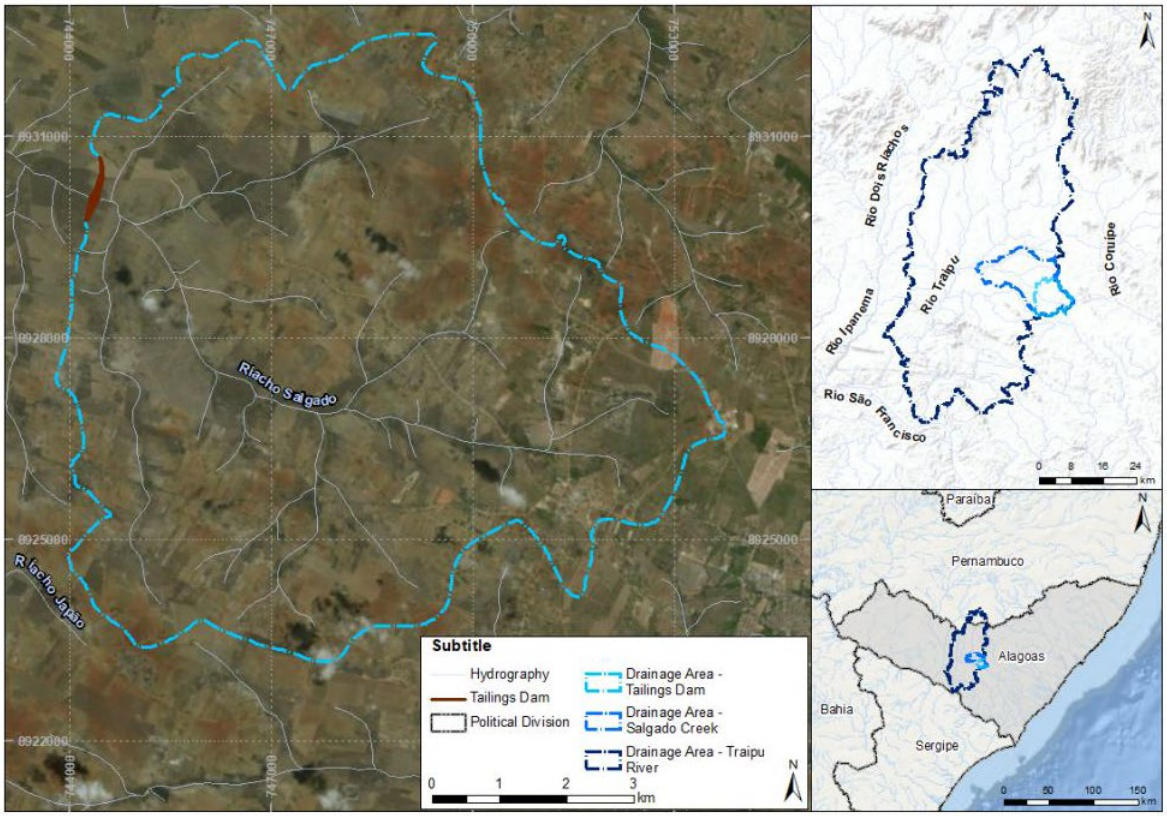
The past few years at Serrote have been extremely wet, possibly as a result of global climate change. Future designs should therefore be based on more conservative assumptions related to the degree of saturation of the upstream catchment, and the storage in the small dams located upstream of the TSF.

18.10.2 Groundwater

There are at least three wells within the Mine area. While the operating characteristics of these wells have been investigated, MVV has no current plans to exploit this water source.

Groundwater is expected to infiltrate the pit at a flow rate of up to 200 m^3/h. As there are uncertainties as to the flow rate, in relation to seasonal variations, the in-pit flows were not included in the Mine water balance. As mentioned in 18.10.1, studies are ongoing. In the last rainy season, a peak of up to 1,000 m^3/h was observed. The current open pit dewatering system can manage this flow.

During operation, it has also been noted that the catchment immediately downstream of the Serrote TSF has a high-water table, with water seeping from the ground surface in the places. While the phreatic surface was likely high historically, it is in part being exacerbated by the water level in the TSF which is increasing groundwater levels. The tailings deposition plan calls for tailings to be deposited from the TSF embankment which should help to reduce seepage into the ground below the TSF. This might be offset somewhat by increasing tailings and water levels, but overall seepage should reduce over time once deposition starts from the TSF embankment. Existing downstream groundwater monitoring data indicate water quality currently meets environmental discharge requirements and is allowed to discharge to the downstream drainage. It is important to note that instrumentation is showing that the internal drains are controlling the phreatic surface in the TSF embankment, and that the embankment is stable.



Source: Walm, 2018.

Figure 18-3: Hydrographic Sub-Basin of the Salgado Stream

18.10.3 Surface Water Quality

The monitoring of surface water quality in the area began in 2007. Subsequent programs were undertaken to generate a database of baseline water characteristics. There are three data collection periods, September 2007 to May 2008, November 2009 to March 2014, and 2018 to date. Samples were only taken when water was available to sample; much of the year, there is no flow to sample.

Sample results indicate that the waters have high dissolved solid levels and electrical conductivity. Calcium, copper, iron, manganese, phosphorus, chloride, magnesium, sulphate and sodium were reported, with the copper, iron and manganese most likely due to soil geochemistry.

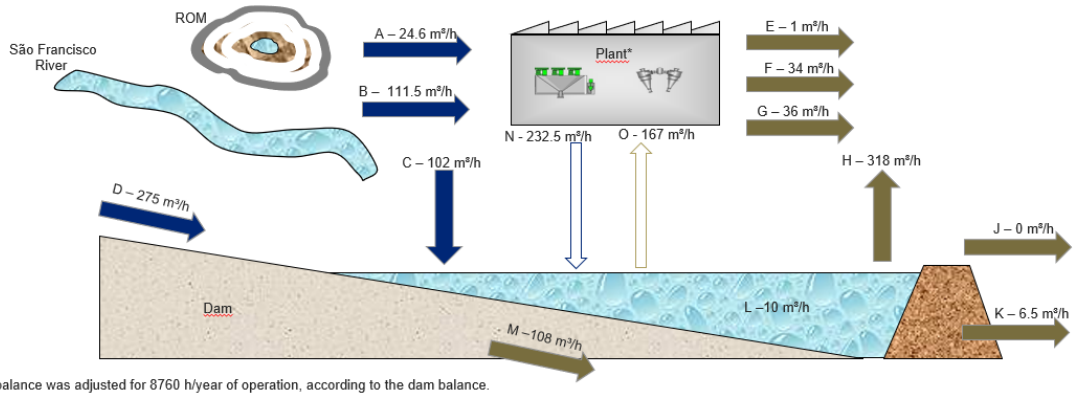
Some variability in the dissolved oxygen, biological oxygen demand and chemical oxygen demand parameters was observed. There were low bacteriological parameters, with higher levels being observed on limited occasions.

18.10.4 Water Balance Modelling

The overall water balance included the process plant and TSF, based on an operational throughput rate of 8,760 t/d. The average water balance is summarized in Figure 18-4. Seasonal and climatic variations are to be expected that will deviate from this average.

The total average freshwater demand is estimated to be approximately 112 m^3/h (shown as the freshwater demand (Stream B) in Figure 18-4). The total process plant water demand is estimated at about 1,700.3 m^3/h, including 1,396.8 m^3/h recirculated from the thickeners, 167 m^3/h of water reclaimed from the TSF, 111.9 m^3/h of fresh water and 24.6 m^3/h of water contained in the run-of-mine (ROM) material.

Two water reservoirs were provided to supply process water demand (see Section 18.9). As mentioned in section 18.10.1 the water balance is being revisited to consider actual data during mine operations.



*Water balance was adjusted for 8760 h/year of operation, according to the dam balance.

PLANT*				TSD			
Inputs	**Flow Rate (m^3/h)**	**Outputs**	**Flow Rate (m^3/h)**	**Inputs**	**Flow Rate (m^3/h)**	**Outputs**	**Flow Rate (m^3/h)**
A – ROM	24.6	E – Product (concentrate)	1	C – Precipitation	102	H – Evaporation	318
B – São Francisco River Water Intake	111.9	F – Plant Losses	34	D – Run off	275	J – Overflow	0
O – Reclaimed water from the TSF	167	G – Uses/ Services	36	N – Tailings water	232.5	K – Percolation	6.5
		N – Tailings water	232.5			L – Volume variation	10
						M – Retained water	108
						O – Reclaimed water from the TSF	167
TOTAL	**303.5**	**TOTAL**	**303.5**	**TOTAL**	**609.5**	**TOTAL**	**609.5**

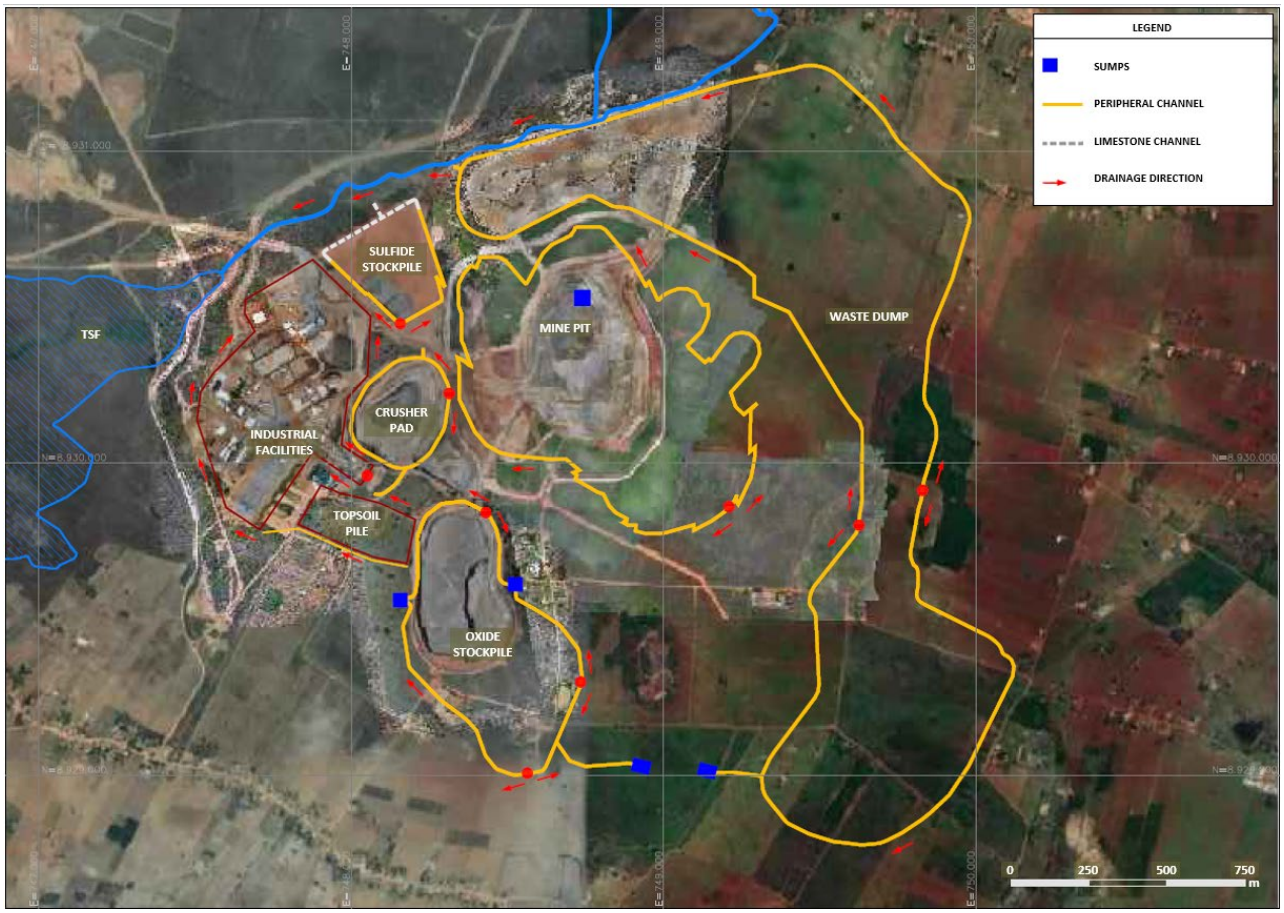
Source: Wood, 2020.

Figure 18-4: Water Balance (average)

18.10.5 Water Management Infrastructure

All surface drainage structures were sized based on ABNT technical standards. The standard prescribes the 24-hour 500-year return period storm for the design of peripheral channels used to collect and convey surface drainage. Structures specifically requiring diversion drainage management are the sulphide and oxide stockpiles, the WRSF, and the open pit.

Figure 18-5 shows the locations of the various surface drainage infrastructure.



Source: MVV, 2020.

Note: Figure north is to top of page.

Figure 18-5: Proposed Surface Drainage Structures

18.11 Communications and Information Management Systems

These include:

- Supervision and control system (SSCP)
- Electrical supervision and control system (SSCE)
- Data network and telephony system
- Access control system
- Closed circuit television
- Fire detection and suppression system

18.12 Waste Management

Waste is temporarily stored at the waste management centre, except for organic waste that is sent for composting. The waste management centre has a security post, administration area, observation post, areas for reception and sorting of recyclable waste and hazardous waste, storage yard for inert waste, and storage yard for empty barrels.

After checking the waste type, the waste is weighed on the weigh-scale at the gate house and recorded.

A contractor is responsible for the final disposal of waste and maintains records and documentation related to the service. For all hazardous waste sent to final disposal, a certificate of destruction must be issued.

18.13 CP Comments on "Item 18: Project Infrastructure"

As of Q1 2023 all key mine site infrastructure is in place.

19.0 MARKET STUDIES AND CONTRACTS

19.1 Metal Prices and Exchange Rate

The commodity prices used in the financial analysis of the open pit base case are derived from the consensus median of leading banks and financial institutions as of January 2023, and are presented in Table 19-1. A portion of copper production is subject to hedging agreements. 6,066 t of copper have been hedged up to Q1 2024. Otherwise, copper metal prices are subject to spot market conditions. Gold metal prices are subject to spot market conditions. There are no metal streaming agreements in place. A portion of R$ is subject to a US$:R$ exchange rate hedge at rates ranging from 5.56 to 5.74 up to the end of September 2023. Afterwards the exchange rate is subject to spot market conditions.

Table 19-1: Commodity Price and Exchange Rate Forecasts
ACG Acquisition Company Limited – Serrote Mine

Item	2023	2024	2025	2026	Long-Term
Copper (US$/lb)	3.55	3.82	3.94	3.89	3.59
Gold (US$/oz)	1,753	1,719	1,654	1,593	1,615
Exchange Rate US$:R$	5.39	5.44	5.66	5.55	5.55

19.2 Market Outlook and Concentrate Sales Terms

19.2.1 Market Outlook for Metals

19.2.1.1 Copper

Copper is a 'through-the-cycle' commodity with applications across many industries such as: electrical, energy, communications, transport, infrastructure and industrial equipment. Over the long term, an additional 6 Mt of copper globally by 2032 is required to meet the rising intensity of use per capita and continued population growth to continue to support historical growth rates. An incentive price of the magnitude US$3.50/lb Cu is required to incentivize the pipeline of lower quality projects to meet the projected demand deficit of refined copper.

19.2.1.2 Gold

Gold has firmly established price levels of approximately US$1,800/oz over the past three years. The need to de-carbonize mines, longer permitting cycles, and the lack of development projects with in-situ infrastructure all contribute to sustained commodity price forecasts over the long term.

19.3 Concentrate Sales

MVV has a single contract in place with a large global trader covering 100% of the copper concentrate production for export from Brazil. The contract is effective until December 31, 2025, or until 160,000 dry metric tonnes of concentrate have been delivered, whichever is later. The contract can be extended. Concentrate is typically shipped in batches of 10,000 tonnes with a target of monthly shipments. The offtake contract and terms are proprietary. Benchmark treatment charges/refining charges are updated annually. The CP has reviewed the contract and has confirmed that the terms are appropriately included in the financial model.

At projected 24–40% copper, the Serrote concentrate is considered a high-grade concentrate and has attracted good terms from the off-taker. At projected 2.5 g/t to 5.75 g/t Au, the gold content in the Serrote concentrate is relatively low and is suitable for all smelters/refineries.

MgO is the only impurity in the concentrate and incurs a minor penalty charge.

19.4 Contracts

MVV has entered into an agreement for all aspects of open pit mining with Fagundes Construção e Mineração S/A. The contract includes activities such as drilling, loading and hauling of ore and waste rock, and operation of support equipment such as dozers and graders. ENAEX Brasil, through subsidiary IBQ – Industrias Quimicas S/A, has been subcontracted for supply and loading of explosives in drill holes and blasting.

The CP has reviewed the mining contracts and has confirmed that the terms are appropriately included in the financial model. MVV is planning to transition from open pit contractor mining to Owner-operated mining starting in Q1 2025. Downpayments and acquisition of mining equipment will take place from Q3 2024 to Q3 2027.

20.0 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

20.1 Introduction

The environmental impacts of the Serrote mining operations were identified and evaluated in the Environmental and Social Impact Assessment dated June 2022. This document identified and evaluated the impacts from the construction, operation, and closure stages of the operation, along with recommendations for control, mitigation, monitoring and environmental compensation actions.

The communities surrounding Serrote mining operations currently have economic, cultural, technical, and structural dynamics typical of rural areas, particularly related to the cultivation and preparation of tobacco. Many of the significant impacts to the local communities of the Serrote mining operations include relocations of residents within the Serrote mining operations footprint and alterations to the landscape. One significant residual physical impact associated with post-closure land use includes the alteration of the landscape during construction and operation of the mine. Design and operational practices along with surveillance programs are fundamental in controlling, mitigating, and monitoring the effects of the operations to ensure that the environmental standards set out in the laws, licences, and permits are met and respected.

Positive changes can be expected, particularly for the Craíbas municipality, from the increase in income generated by taxes collected during the construction (Imposto Sobre Serviços de Qualquer Natureza or ISSQN (municipal tax on services) and Imposto Sobre Circulação de Mercadorias e Serviços or ICMS (essentially a value-added tax)) and operation (CFEM, ISSQN and ICMS) phases. The Serrote mining operations has created and diversified employment and training opportunities for the residents of the local municipalities. Direct job opportunities are an important positive effect, particularly those jobs generated by operations; these are of higher quality than those generated during the construction phase because they are long term and require higher vocational qualifications.

The Environmental Plans, Projects and Programs aim to mitigate, monitor, and compensate for the impacts identified in the construction, operation, and closure stages, thus ensuring environmental viability. In order to achieve this viability, the construction of the Mine and operation activities were effectively managed, and preventive measures implemented to reduce the social and environmental impacts, at the same time enhancing the positive impacts.

This section presents a broad evaluation and review of the following factors for the Mine:

- Project design, construction and operation:
  - Production plan;
  - Mining, ore and waste rock handling and storage;
  - Water management and water balance;
  - Ore processing;
  - Tailings management and storage;
  - Other infrastructure and emissions;
  - Employment;
  - Waste management;
- Closure and rehabilitation;
- Permitting and regulatory requirements;

- Environmental management programs;
- Community and government relations.

20.2 Project Considerations

Aspects of Project design and operation relevant to environmental and socioeconomic performance are discussed in the following sections.

20.2.1 Mining and Resource to be Mined

The mine is a single open pit, with a maximum depth of 220 m occupying an area of 65 ha. The projected lifespan of the Mine is 14 years; the LOM material movement is discussed in Section 16 as part of the production plan.

The mine plan calls for pre-stripping of the organic cover soil, waste rock and oxide mineralized material. Organic cover soil (termed "topsoil" in Section 16) will be extracted and stored in piles for later use in rehabilitation. MVV advised on May 12, 2021, that approximately 258,000 m^3 of organic cover soil has been salvaged and stored in several sites within the Mine area.

The waste rock is currently placed external to the pit. The oxide mineralized material will be placed in a separate pile until a treatment and processing method is defined. Mixed material contains both oxide and sulphide copper minerals and will be placed with the sulphide ore, in a dedicated portion of that stockpile, pending metallurgical testwork to determine if the material can be ROM feed. Neither the mixed nor the oxide material is included in the current mine plan.

Groundwater is expected to be intercepted in the pit at approximately 280 masl (VOGBR, 2007). Based on 2007–2009 studies, inflow of groundwater into the pit is estimated to be 123 m^3/h over the LOM. The mine dewatering system is designed for 200 m^3/h to manage water accumulations from both groundwater inflow and precipitation events (see Section 16.5.2) and transfer water to the tailings thickener.

20.2.2 Waste Rock Management

Waste rock is placed in the WRSF. On completion the waste rock storage facility will be almost 90 m in height and a prominent geographical feature where local terrain is only slightly undulating with relatively little topographic relief.

Some of the mined waste rock will be used elsewhere in the Mine. Approximately 1.6 Mt of overburden (saprolite) mined from the pit was allocated for Project construction purposes. The TSF design calls for approximately 400,000 m^3 rockfill for the Phase 2 downstream shell.

A water quality effects assessment study underway (see Section 20.3.5.2) has identified the need for a plan to ensure that all mine rock and overburden used elsewhere in the Mine be carefully evaluated for geochemical suitability, and that quality control procedures be implemented to: i) prevent contamination with unsuitable rock and ii) track the use of these materials. Additional recommendations for implementing this plan are discussed in Section 26.

20.2.3 Waste Rock Geochemistry

Serrote waste rock is classified as Class II-A (non-inert and non-hazardous) according to ABNT NBR 10004/2004, based on 2008 analysis of three waste rock drill core composites.

Serrote waste rock consists predominantly of quartz–potassium feldspar–sillimanite gneiss, with lesser quantities of garnet biotite gneiss, granite gneiss, gabbro and pegmatites, and very minor amounts of mafic dike material.

A total of 56 modified acid base accounting tests were carried out in 2008 on waste rock drill core samples to evaluate the possibility of generating acid drainage from the material. The results determined that potential for acid drainage generation from the waste rock was "unlikely"; however, the tests indicated low availability of neutralizing potential. Therefore, drainage quality could be sensitive to the presence of rock containing sulphide, metal oxide constituents, and other similar materials. The gabbro unit, in particular, is a relatively minor waste rock unit but has a greater tendency to contain disseminated sulphide minerals than the other waste rock units and has been identified for additional characterization. An important operational aspect of waste rock management will be good control of ore and waste rock segregation, including procedures that prevent the deposition of sulphide-rich or other mineralized material on the WRSF. Since the geological contact between barren waste rock and mineralisation tends to be extremely sharp and visually discernible, following a simple, consistent visual criteria procedure should be an effective day-to-day tool for segregation.

Additional waste rock geochemical characterization will be carried out as part of the water quality effects assessment program discussed in Section 20.3.5.2. The work will augment the existing understanding, characterize metal solubilization aspects of the waste rock units, and inform mine rock management strategies.

20.2.4 Ore Handling and Processing

20.2.4.1 Material Handling and Storage

MVV identified four main mineralized material types:

- Sulphide ore;
- Oxide mineralized material;
- Mixed mineralized material;
- Refractory mineralized material.

Depending on grade and scheduling, sulphide ore may be directly fed into the primary crusher, placed in the ROM stockpile, or stored in the sulphide stockpile. These piles will be fully depleted by the end of the Mine life. As described in Section 20.2.1, mixed material will be placed with the sulphide ore in a dedicated portion of that stockpile. Oxide material will be stored in a separate oxide stockpile, will remain at the end of Project life, and the costs of reclamation are included in the closure plan.

The sulphide and oxide stockpiles are designed with a low permeability base to direct infiltrating water towards a subdrain and drainage collection system, to allow for routine monitoring and management if required.

Approximately 0.4 Mt of refractory mineralized material mined as of early April 2021 is stored in a discrete pile located between the oxide stockpile and ROM stockpile, and additional volumes have subsequently been stored in a segregated area in the WRSF. MVV advised on April 9, 2021, that this material will remain at these locations until additional characterization and a long-term management plan are completed.

20.2.4.2 Mineralisation Geochemistry

A total of 18 modified acid base accounting tests were carried out in 2008 on mineralized drill core samples to evaluate the possibility of generating acid drainage from the material. Approximately 30–40% of samples tested showed 'uncertain' to 'likely' acid generation potential, and thus, stockpiles of this material should be managed assuming that seepage and runoff could contain elevated levels of metals, possibly with net acidity.

Oxide material samples (saprock and saprolite categories) showed virtually complete oxidation of sulphide to sulphate. Samples tested returned neutral to alkaline paste pH, indicating no net acidity production. Nonetheless, sulphur and metals are in a relatively soluble form, and the boundary between oxide and sulphide material is gradational. Thus, metal mobilization is assumed to be possible, and stockpiles should be managed accordingly.

Additional geochemical characterization is planned as part of the water quality effects assessment program discussed in Section 20.3.5.2. Similar to the planned waste rock studies, the additional studies will augment the existing understanding, characterize metal solubilization aspects of the mineralized units, and inform mine rock management strategies.

20.2.4.3 Processing

The process uses conventional froth flotation reagents and associated flocculants and will optimize water recycle to minimize freshwater requirements. Critical transfer points where dust may be generated will be provided with dust suppression systems.

20.2.5 Water Management

Water management, water balance and surface and ground water quality are discussed in Section 18.10.

The overall site water balance is negative due to the regionally high evaporation rates and moderate to low precipitation. MVV will operate, maintain and optimize, whenever possible, the water management system to maximize the reuse of effluents and the recirculation of water. Fresh water needs are estimated to average 112 m^3/h over the life of the Mine. Approximately 167 m^3/h will be reclaimed from the TSF supernatant ponds.

The Project is mostly situated within a single drainage basin (the intermittently flowing Salgado Creek), and net surface drainage from Project areas will ultimately report to the TSF. The waste rock pile, oxide stockpile and sulphide stockpiles will have peripheral channels and collection sumps to capture surface and underdrain water.

Since fresh water is purchased from CASAL, MVV does not require a specific water use licence for its fresh water needs. A water licence is required to capture water from the Salgado stream in the TSF, which has been obtained.

MVV is permitted to release excess tailings dam seepage downstream provided that applicable water quality criteria are met. Existing water quality monitoring indicates seepage flows meet regulatory discharge requirements and are currently being discharged downstream of the TSF.

20.2.6 Tailings Management

The TSF design satisfies Brazil regulatory requirements and guidelines and the requirements of the Canadian Dam Association (CDA) Application of Dam Safety Guidelines to Mining Dams (2014), considered international best practice.

In accordance with CDA guidelines and current Brazil regulations, the Serrote TSF has an “Extreme” hazard classification, and as a result has been designed to store or pass, via the spillway, the 24-hour duration probable maximum precipitation event (PMP). The TSF was designed considering a wet freeboard of 2 m, at an elevation of 242.0 m. However, it was suggested by Tellus in the Regular Safety Inspection Report (RISR) (Tellus, 2022) that a dry freeboard of 1 m (at elevation of 243.0 m) be used to eliminate the potential risk for wind-generated waves to overtop the dam and align with the most recent Brazilian regulatory framework. To accommodate this requirement, MVV executed in Q1 2023

an enlargement of the spillway, as per SAFF Consultants' design. Serrote TSF has been fully compliant within CDA and Brazilian standards.

A dam break analysis was conducted by Tellus in support of the RISR (Tellus, 2022) and to be used in Emergency Action Plans. The analysis was conducted as a "rainy day" event, to simulate the potential of a failure which would occur as a result of overtopping due to an extreme flood event. Maps showing the extent of estimating flooding, flood wave arrival distance and time, impacted residential housing, and impacted community infrastructure due to a dam break scenario are presented in the RISR (2022). This information has been provided to the local communities through MVV's "open door" (Portas Abertas) community outreach program and local stakeholder communications. In addition to storing tailings, the TSF will receive drainage from much of the Mine area and adjacent surroundings (approximately 61.6 km2), and thus will also serve as an important water management structure for the Mine. Storage capacity of the impoundment versus elevation is presented in Figure 20-1.

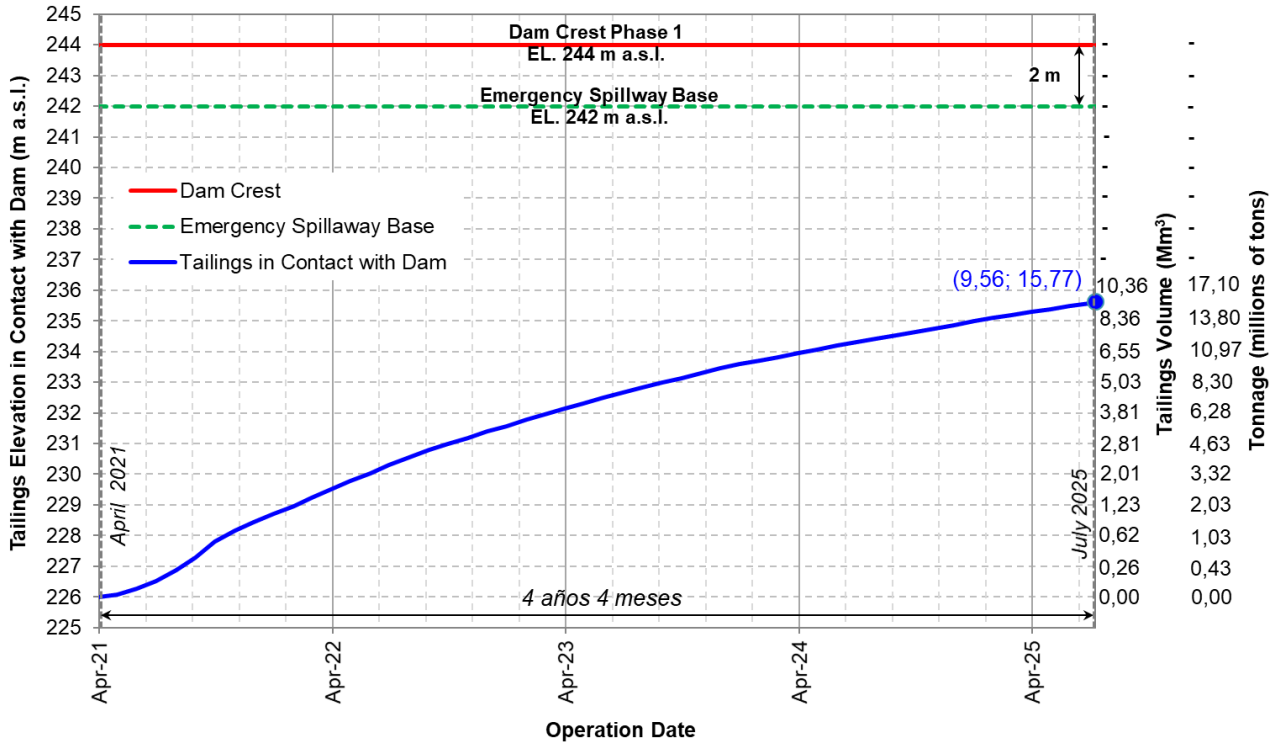


Figure 20-1: Stored Tailings Over Time

Seepage through the dam is managed through the internal drain system and is designed to route flows to the seepage collection pond downstream of the dam. The existing seepage collection pond, however, was damaged due to seepage from the surrounding catchment which caused the HDPE liner to uplift. Due to the elevated water surface level of the downstream creek, it is not possible to construct a gravity flowing drain to alleviate the uplift on the liner, thus a sump and pumping system would be required to allow for a fully functioning seepage collection pond. As seepage water currently meets standards to allow for discharge to the environment, it was recommended that the pond be removed, and seepage flows directly discharged. The water quality continues to be monitored and MVV ensures preparedness to return dam seepage to the TSF supernatant pond at all times. The new design for the seepage collection will be executed as part of the Phase 2 raise scope (by December 2024).

20.2.6.1 Tailings Geochemistry

The tailings are classified as Class II-A (non-inert and non-hazardous) according to ABNT-NBR 10004/2004, based on the 2008 analysis of a composite locked cycle test product (considered representative of the sulphide ore and of the process circuit design at that time).

Serrote tailings are low sulphide (typically<0.1%) but have a low proportion of carbonate minerals. Modified acid base accounting and net acid generation testing carried out in 2010 by SGS Canada Inc. on 15 tailings samples from metallurgical testing indicated that 10 of the samples were highly unlikely to generate acidity (SGS Canada, 2011). The other five samples reported a lower proportion of carbonate to sulphide minerals suggesting uncertainty as to whether these samples will be able to sufficiently neutralize the minor quantities of acid that may be produced in an oxidizing environment. Net acid generating testing of these samples, reported near neutral to alkaline final pH values and no net acidity was generated. The testwork also indicated an elevated level of total iron in the decant solutions, attributed to the suspended solid load in the samples.

In 2008, a 1 kg composite sample of tailings was tested in a 15-week long humidity cell test program, designed to assess longer term leaching characteristics of the material. The results of the weekly leachate analysis supported the conclusion that the tailings are unlikely to generate net acidity. Leachate maintained an alkaline pH throughout the test. Concentrations of most metals demonstrated stable to slightly fluctuating concentrations during the test period, with the exception of selenium, which showed a distinct increasing trend, although at trace concentrations, during weeks six to 15.

The earlier testwork is augmented by longer term kinetic testing (over 50 weeks duration) under subaerial and saturated conditions being carried out by Lorax Environmental Services, Canada. Work was completed on a Phase 0/1 tailings composite from late 2019 through early 2021, and tests evaluating a Phase 2/3 and a Phase 4 tailings composite were initiated during December 2020 and January 2021 and completed in a draft report in May 2022. Acid base accounting indicates that the tailings composites are not potentially acid generating. To date, all kinetic tests have yielded neutral to slightly alkaline pH leachate, and thus indicating that metal loadings in the TSF will be governed by metal leaching processes occurring at neutral pH. Laboratory test results are screened against selected water quality guidelines and norms (British Columbia Canada, Brazil Freshwater Class 2, and IFC Effluent Guidelines) to identify “Parameters of interest”. These parameters will be closely tracked during the next study phases of water quality effects modelling, where the loading rates of tailings will be derived and integrated into a water balance model extending site-wide and into the receiving environment. The parameters of interest based on results to March 2021 are shown in Table 20-1.

Table 20-1: Parameters of Interest in Tailings Geochemical Kinetic Test Work
ACG Acquisition Company Limited – Serrote Mine

Tailings Composite	Parameters of Interest – Dissolved Metals (as of March 2021)	
	Saturated Kinetic Test (Saturated Column)	Unsaturated Kinetic Test (Humidity Cell)
Phase 0/1	Phosphorus, fluoride, aluminium, molybdenum, tungsten	Aluminium, arsenic, copper, fluoride, phosphorus, selenium
Phase 2/3	Phosphorus, fluoride, aluminium, cadmium, molybdenum, tungsten	Selenium
Phase 4	Not evaluated	No parameters of interest identified to date

20.2.6.2 TSF Governance

MVV has put in place a strong governance program to ensure compliance with dam safety standards in order to prevent accidents, ensure the safety of the public, and avoid environmental consequences. MVV is required to meet the safety standards and regulations of dams, in particular, the ones defined by the national dam policy of the Ministry of the Environment (Law 12.334/2010) and the laws and regulations of the Agência Nacional de Mineração (ANM): DNPM No. 416/2012 (dam registration) & Resolution No. 95/2022; Ordinance No. 14/2016 and Ordinance No. 70.389 / 2017 (PAEBM Actions – Emergency Plan for Mining Dams); Associação Brasileira de Normas Técnicas (ABNT) NBR No. 13028/2017. The TSF operations, maintenance, and surveillance manual and Emergency Action Plan were developed to conform with Brazil requirements and international best practice, with the most recent versions issued 20 June 2022. The facility is duly registered with the National Mining Agency ANM as “In Operation” as of 15 July 2021.

Under best management practices, responsible parties for the permitting, operation, and maintenance of the dam have been accordingly defined by MVV. The responsible executive for the TSF is Paulo Castellari of MVV. The role of engineer of record for the TSF has been filled by Rogerio Cyrillo of WSP, and independent third-party reviews for dam safety and compliance have been conducted by Tellus.

It is understood that the TSF does not currently meet the Global Industry Standard on Tailings Management (GISTM) that has been internationally adopted, however, plans for adoption and implementation of the GISTM are underway and are anticipated to be incorporated into future TSF designs and operations.

20.2.7 Other Infrastructure and Emissions

20.2.7.1 Atmospheric Emissions

Atmospheric emissions from fugitive dust sources generated during the construction, operation and closure phases and are primarily produced by equipment and vehicular traffic, earthworks, and excavation and dumping of mine rock. Dust are generated at point sources by the primary and secondary crushing plants, conveyor belts and mill feeders.

MVV uses fixed sprinklers/misters and water trucks to control the fugitive atmospheric emissions, especially those generated in the various stockpiles and WRSFs, roads, and in the dry phase of processing. At the process plant, water spray systems are installed at ore transfer points and at the crusher feed and outlet points.

Under Operation Licences No 2021.27051149681.EXP.LON and No 2021.27051149786.EXP.LON, the operator must submit reports regarding compliance with the Air Quality Management Plan. As part of this compliance, air quality monitoring is conducted and reported. With the last report dated November 2022 (Qualitex, 2022). Air quality monitoring included analysis of total suspended particles, PM-10, PM-2.5, and sulphur dioxide from six monitoring points near the mine and in the surrounding areas. Results of the air quality monitoring reported in the November 2022 document indicate parameters monitored are within the required air quality standards set by CONAMA Resolution No. 491/2018.

20.2.7.2 Vibration

Ground vibration due to blasting in the open pit regularly occurs as part of normal mining activities. MVV uses emulsion and electronic fuses for blasting, which enhances vibration management, MVV controls the explosive charges in compliance with the legal vibration standards established by the Brazilian ABNT NBR 9653/2018 technical standard, which is the guide for evaluation of the effects

caused by the use of explosives in mines near urban areas. This standard specifies the methodology for reducing the risks inherent in the use of explosives for rock fragmentation in the mining and general construction industry. The standard establishes parameters compatible with available technology, for the safety of neighbouring populations.

Damping systems are installed on crushers and ball mills to minimize the generation of vibration.

Vibration monitoring was conducted in November 2022 (Technoblast, 2022). The results of the November 2022 vibration monitoring indicate that both vibration and acoustic pressure were within the recommended safety limits provided in ABNT NBR 9653/2018.

20.2.7.3 Noise

Noise emissions come from construction and operations phases including haulage and dumping of ore and waste rock, ore processing (crushers, ball mills and conveyor belts), and equipment and vehicle operation.

In October 2022, Technoblast prepared a study for MVV on a level of noise generated by Serrote. The results of this study concluded that the Company generated lower level of noise than the limits established by NBR 10151. Where possible, noise will be mitigated by control measures including preventive maintenance of stationary and mobile equipment to maintain exhaust and mechanical systems in optimal condition, consideration of noise attenuation in equipment selection and installation, and topographic and vegetative buffer zones.

20.2.7.4 Liquid Effluents

Liquid effluents will be generated throughout Project life including domestic (e.g., sewage) effluent from sanitary and cafeteria facilities; industrial effluents from the maintenance facilities (mainly hydrocarbon-contaminated water); industrial effluent (tailings) from the process plant; and effluents generated in the laboratory. Domestic effluents are treated at the Mine's wastewater treatment plant and discharged via infiltration field; the monitoring of the effluent discharge parameters are below the limits established by CONAMA 430/11. Hydrocarbon-contaminated effluents are treated within oil–water separator systems, and water will be re-circulated and reused in the maintenance shop. Industrial effluents from the process plant and laboratory are neutralized and reused in the process circuit.

20.2.7.5 Solid Waste

There is no on-site landfilling of solid waste. MVV contracts a company to manage the Serrote's solid waste facility, where wastes are centralized, segregated and shipped off site. Recyclable plastic, paper, and wood are donated to a waste collection association in Craíbas, and metal is stockpiled to be sent to a scrap-metal facility. Fruit and vegetable organic waste is composted on site. Non-recyclable and non-hazardous waste are transported to the regional Agreste landfill. The Agreste facility meets state environmental and waste management requirements and is located less than 10 km from the Mine.

Wastes designated by national criteria as hazardous (Class 1) are segregated, temporarily stored, and disposed of in accordance with regulations. Some categories of hazardous waste can be landfilled in a dedicated area of the Agreste landfill facility.

20.2.7.6 Vegetation Removal

The Serrote mining operation requires vegetation removal which can result in associated fauna habitat loss; this process and the handling of vegetation material is carefully controlled and requires a distinct permit issued by the state environmental agency (IMA).

The vegetation removal activities use methods that favour the spontaneous escape of the fauna species in the area, with rescue and relocation of the fauna only if needed. During vegetation removal, as many plant propagules as possible (seeds, fruits, seedlings, cacti) are collected and sent to the MVV nursery for future introduction in the revegetation areas. In accordance with permit requirements trees greater than 10 cm diameter are stockpiled in a designated area within MVV's Fazenda Uruçu property. Small trees, shrubs, and grasses are incorporated into organic cover soil stockpiles for future revegetation.

20.2.8 Employment

The Project's peak direct labour for construction was approximately 2,500 workers.

Section 24 shows that the Mine's Operations phase requires approximately 940 full-time workers. As discussed in Section 16, the first four years of mine operation and mine fleet maintenance is executed by a contractor, who is responsible for approximately 300 of the on-site workers.

20.3 Environmental-Socioeconomic Management and Effects

MVV has implemented its Environmental and Social Management Program to manage all aspects and environmental impacts related to the Serrote operation such as vegetation removal, changes in land use and landscape, and effects to surrounding communities (vehicular traffic, air emissions, noise and vibrations).

Aiming at controlling, mitigating, monitoring and compensating, the Environmental and Social Management System incorporates environmental education for employees and surrounding communities, compensation, monitoring, and controls.

20.3.1 Environmental and Community Relations Personnel for Project

The Project has a Permit & Environment team consisting of a coordinator, three analysts, and two environmental technicians, along with subcontracted personnel as required for monitoring, revegetation, and other activities. The Social & Community team consists of a coordinator and six analysts.

The Permit & Environment teams report to local HSE manager and Social & Community team reports to ESG corporate manager.

20.3.2 Regulatory Affairs and Environmental Management System

20.3.2.1 Environmental Control Plans

The environmental and social management of the Serrote Mine follows the actions established in the Environmental Control Plans (PCAs) submitted to IMA as part of the environmental permitting processes (Construction Licence and renewals) from 2008 to present and the actual Operation Licence.

Table 20-2 describes the 17 PCA documents. These PCAs define MVV's environmental and social control plan, and commitments to regulators and other stakeholders. Under the mine operating licence, MVV is required to annually report on compliance with these plans.

Table 20-2: Environmental Control Plans
ACG Acquisition Company Limited – Serrote Mine

Program	Content
RT-02 Environmental Management for the Implementation of Works (PGAO)	Describes environmental management and monitoring required during construction of the Mine
RT-03 Water Resource Management Program (PGRH)	Guidelines and procedures to minimize the impact on water resources during construction and operations
RT-04 Air Quality Management Program	Requirements for monitoring and reporting air quality
RT-05 Industrial Waste Management Program	Program to facilitate management of waste through well-defined procedures to reduce, recycle or reuse materials during construction and operations
RT-06 Emergency Response Plan and Risk Management Program	Mechanisms for effective management of risks and accidents associated with the Mine to protect the integrity of the environment, health and safety of personnel and local communities
RT-07 Noise and Vibration Monitoring Program	Program to monitor noise during the Mine life cycle so that prompt corrective action can be taken if necessary
RT-08 Meteorological Monitoring Program	The collection of weather and climate data to facilitate decision making
RT-09 Conceptual Mine Closure Program	A program that shows, in concept, guidelines for closing the mine, plant and auxiliary facilities. The program will be updated periodically as operating experience is gained.
RT-10 Program for Rehabilitation of Degraded Areas (PRAD)	Methods for environmental remediation through the stages of construction and operation of the Mine
RT-11 Fauna Monitoring and Protection Program	Details the rescue plan for fauna impacted by the Mine
RT-12 Flora Monitoring and Protection Program	Program to minimize Project impact on flora and habitats
RT-13 Environmental Compensation Program	Establishes a conservation unit in conformance with Law No. 6948, 15 May 2009
RT-14 Resettlement Program	Actions for planning, implementing and monitoring the relocation of people who are currently established or living in the LSA
RT-15 Environmental Education Program	Outlines the commitment by MVV to environmental education
RT-16 Labour Qualification Program	Program implemented to assist in the education and qualification of the local population, facilitating access to a greater number of jobs
RT-17 Communication Program	Guidelines to effective communication about the Mine to the local communities and other stakeholders
RT-18 Archaeological Monitoring Program	Guidelines for effective management of areas of potential interest discovered during construction and operation

20.3.2.2 Regulatory Affairs and Environmental and Social Management System (SGAS)

Since 2021, MVV has utilized an internal Environmental and Social Management System (SGAS), and the Permit & Environment team are responsible for maintaining the system. Key documents and processes are defined to carry out the following functions:

- Overseeing the preparation of documents for the SGAS;
- Providing resources for the administration of the SGAS, together with General Management;
- Preparing internal and external reports on environmental issues;
- Monitoring and executing actions to respond to the environmental agencies: compliance and follow-up of environmental programs and conditions, attending to environmental interests such as agreements, Terms of Conduct Adjustment (TAC);
- Analysing the causes of non-conformities, recording the results and proposing corrective and preventive actions;
- Environmental inspections;
- Monitoring and collaborating with senior management for continuous improvement of the SGAS;
- Managing actions to be taken in the event of an environmental emergency.

20.3.3 Auditing and Due Diligence

20.3.3.1 Environmental and Social Due Diligence

An Environmental and Social Due Diligence review carried out by ERM Consultants Canada, required for the Project Financing, was the key driver in refining the understanding and enhancing the management of the Mine's environmental and socioeconomic effects (ERM, 2019). The review assessed compliance against national legislation, international standards (including International Finance Corporation (IFC) Performance Standards (2012), World Bank Group Environmental, Health, and Safety Guidelines (2007), World Bank Group Environmental, Health, and Safety Guidelines for Mining (2007) and the Equator Principles (2013), and Good International Industry Practice (GIIP) guidance.

The review identified environmental, health and safety (EHS) risk areas and/or gaps considered to be in the moderate or low category. In general, low category risks were related to adaptation needs to the systems, procedures, and policies, while moderate category risks were areas requiring additional effort such as implementation of a program or assessment.

ERM prepared a monitoring report for the fourth quarter of 2022 (ERM, 2023), which indicated the project is making progress with Environmental and Social Action Plan (ESAP) actions and are generally in-line with applicable Lender standards. The report indicates 19 actions of the project in compliance with 25 gaps and corrective actions being forward to the next monitoring phase. Delivery of hydrogeological studies, development of management plans, supply chain audits, waste management, and management systems were identified as the main items required for full compliance with ESAP commitments and Lender standards.

20.3.3.2 Internal Inspections and Audits

MVV has developed an internal environmental inspection system as part of its SGAS. This plan includes quarterly monitoring to assess actions toward full compliance with the ESAP.

20.3.4 Permit Management

MVV advised on 21 May 2021 that Project permitting is up to date with most major permits for the operations phase obtained. The state environmental agency (IMA) issued two Operating Licences on May 27, 2021, to cover Project works and activities: i) Open Pit, Waste Rock Storage Facility and Operational Support Areas, and ii) Processing Plant, Sulphide Stockpile, Phase 1 and 2 Tailings Storage

Facility and Administrative Support Areas. The licences are valid for four years, with the renewal request to be submitted at least 120 days prior to 27 May 2025. Table 20-3 lists the status of major permits required for the operations phase.

Table 20-3: Status of Permits for Operations Phase
ACG Acquisition Company Limited – Serrote Mine

Order	Enterprise	Type Of Licence	Organ	Process No.	Licence No.	Issue	Maturity	Observation
1	Adductor	IPHAN consent	IPHAN	01403.000442/2018-13	Official Letter No. 213/2019/DIVTEC IPHAN-AL/IPHAN-AL-IPHAN	10/29/2019	-	-
2	Transmission Line 230 kV	IPHAN consent	IPHAN	01403.000443/2018-68	Official Letter No. 745/2019/DIVTEC IPHAN-AL/IPHAN-AL-IPHAN	12/10/2019	-	-
3	Mine	Cadastral Registration Certificate	Federal police	202,010,230,914,294,000	2020-00575606	11/9/2020	-	-
5	Serrote Mine	IPHAN consent	IPHAN	01403.000327/2008-77	Letter No. 024/2009	8/24/2009	-	-
6		Mining Concession Ordinance	ANM	840,235/1982	Ordinance No. 597	10/19/2011	-	-
7	Serrote mine	Craft	IMA/AL	4903-8482/2018	Official Letter No. 034-2019-GDP-IMA-AL	1/10/2019	-	-
8	Serrote mine	Land Use and Occupation	City Hall of Craíbas	AT	AT	5/7/2019	-	-
9	Distribution Line 13 kV	Land Use and Occupation	City Hall of Arapiraca	9675/2019	AT	5/8/2019	-	-
11	Serrote mine	settle in	City Hall of Craíbas	AT	No. 8/2020	8/11/2020	-	-
12	Tailings dam	Concession of Water Works	SEMARH/AL	23010.0000002889/2019	ORDINANCE No. 0049/2020 – SRH/SEMARH	1/22/2020	1/21/2024	-
13	Tailings dam	Effluent Release Grant	SEMARH/AL	23010.0000001984/2020	ORDINANCE No. 0750/2020 – SRH/SEMARH	12/17/2020	12/15/2028	-
15	Tailings dam	Grant of Superficial Capitation	SEMARH/AL	23010.0000000188/2020	ORDINANCE/SEMARH No. SRH – 0079/2021	4/12/2021	3/30/2025	-
16	Plant	Operating licence	IMA/AL	2020.14092649797.LO.IMA	2021.27051149681.EXP.LON	5/31/2021	5/27/2025	-

Order	Enterprise	Type Of Licence	Organ	Process No.	Licence No.	Issue	Maturity	Observation
17	Serrote mine	Federal Technical Registration	IBAMA	AT	6201946	7/4/2018	-	-
18	Serrote mine	Notice of Imission of Possession	ANM	840,235/1982	No. 16/2012	7/4/2012	-	-
19	Serrote mine	FUNAI consent	FUNAI	08620.005648/2020-39	Official Letter No. 918/2020/CGLIC/DPDS/FUNAI	6/28/2020	-	-
22	Well 01	Concession of Water Works	SEMARH/AL	23010.0000001295/2021	ORDINANCE – SEMARH No. SRH – 0297-2021	9/8/2021	-	-
23	Well 02	Concession of Water Works	SEMARH/AL	23010.0000001317/2021	ORDINANCE – SEMARH No. SRH – 0311-2021	9/14/2021	-	-
24	Well 03	Concession of Water Works	SEMARH/AL	23010.0000001316/2021	ORDINANCE – SEMARH No. 0733 – SRH-2022	8/11/2022	-	-
25	Well 04	Concession of Water Works	SEMARH/AL	23010.0000001334/2021	ORDINANCE – SEMARH No. 0732 – SRH-2022	8/11/2022	-	-
26	Explosives Store	Registration certificate	Army	2021-24078	301719	10/22/2021	8/21/2023	-
27	Fuel station	Operating licence	IMA/AL	2021.11064498071.LO.IMA	2021.19111200845.EXP.LO	11/19/2021	11/19/2023	-
28	Mine	Operating licence	IMA/AL	2021.10050861353.LO.IMA	2021.27051149786.EXP.LON	5/27/2021	5/27/2025	-
29	Adductor	Operating licence	IMA/AL	2021.25104214342.RLO.IMA	2022.05011214339.EXP.LON	1/5/2022	1/5/2024	-
30	Manhole 01	Grant Exemption	SEMARH/AL	23010.0000002863/2021	-	05/10/2022	-	-
31	Manhole 02	Grant Exemption	SEMARH/AL	23010.0000002864/2021	-	05/10/2022	-	-
32	Manhole 03	Grant Exemption	SEMARH/AL	23010.0000002865/2021	-	05/10/2022	-	-
33	Manhole 04	Grant Exemption	SEMARH/AL	23010.0000002866/2021	-	05/10/2022	-	-
34	Manhole 05	Grant Exemption	SEMARH/AL	23010.0000002867/2021	-	05/10/2022	-	-
35	Cupira Bridge	Grant Exemption	SEMARH/AL	23010.0000002869/2021	-	05/10/2022	-	-

Order	Enterprise	Type Of Licence	Organ	Process No.	Licence No.	Issue	Maturity	Observation
36	Fuel station	Supply Point Operation Authorization Certificate	ANP	-	D3D8.BC5E.5E32.3219	5/18/2022	8/16/2022	ANP's systems suffered a cyber-attack, so MVV is unable to access the systems to update the Licence. In folder 02 we present the statement issued by the ANP and the link to access the statement.
38	Soil borrowing area	Environmental Authorization	IMA/AL	2021.17124794481.AUT.IMA	2022.02050317247.EXP.AUT	5/2/2022	5/2/2023	-
39	Serrote mine	Permit for Location and Operation	City Hall of Craíbas	-	598	02/06/2023	12/31/2023	Document can only be renewed after it has expired,
40	Transmission Line 230 kV	Authorization for Cutting Isolated Trees	IMA/AL	22718480	2027.4.2022.74272	4/13/2022	4/13/2023	-
41	Transmission Line 230 kV	Operating licence	IMA/AL	2022.07035287916.RLO.IMA	2022.03051262451.EXP.LON	5/3/2022	5/3/2024	-
42	Acoustic Barrier	Environmental Authorization	IMA/AL	2021.24110833037.AUTO.IMA	2022.29040316978.EXP.AUT	4/29/2022	4/29/2023	-
43	Adductor	Land Use and Occupation	City Hall of Arapiraca	28931-2018	28931-2018	11/26/2018	-	-
44	Adductor	Land Use and Occupation	City Hall of Craíbas	-	-	11/23/2018	-	-
45	Transmission Line 230 kV	Land Use and Occupation	City Hall of Arapiraca	17252-2018	17252-2018	7/31/2018	-	-

Order	Enterprise	Type Of Licence	Organ	Process No.	Licence No.	Issue	Maturity	Observation
46	Transmission Line 230 kV	Land Use and Occupation	City Hall of Craíbas	-	-	12/10/2018	-	-
48	Tailings dam	Granting of Waste Disposal	SEMARH/AL	2.301E+18	ORDINANCE/SEMARH No. 0557/2022	4/1/2022	3/31/2026	-
49	Serrote mine	Environmental Authorization (In situ management)	IMA/AL	2022.06072579174.AUTF.IMA	2022.08090346777.EXP.AUT	9/8/2022	9/9/2023	-
50	Explosives Store	Business Blaster Permit	PC/AL	20105012497/2022	00292-301719-2022	8/1/2022	8/1/2023	-
51	Serrote mine	Authorization for Alternative Land Use	IMA/AL	22718461	2027.5.2022.51975	11/9/2022	1/17/2024	-
52	Explosives Store	Individual Blaster Permit	PC/AL	20105.0000019457/2022	00295_301719-2022	10/21/2022	10/21/2023	-
53	Tailings dam	Granting of Water Works	SEMARH/AL	23010.0000003108/2022	-	-	-	Application made on 09/22/2022, for grant to raise the tailings dam

20.3.5 Environmental Effects

20.3.5.1 Updated Environmental and Social Impact Assessment

The Project's PCAs for construction and operation licensing are based on an environmental impact assessment completed in 2009. MVV commissioned the consulting firm Ferreira Rocha to prepare an updated ESIA in 2020. The updated ESIA, completed in 2022, did not uncover any major additional impacts beyond what had already been identified in the initial studies developed during the previous licensing process. During the development of the ESIA, gaps were identified in meeting compliance with IFC Performance Standards. As part of the ESIA process, an Environmental and Social Management/Action Plan was prepared and included in the ESIA. This plan addresses the measures needed to manage impacts in accordance with international standards and guidance documents and through the adoption of the best international industry.

20.3.5.2 Water Quality Effects Assessment

Lorax Environmental Services of Vancouver, Canada, was contracted to carry out a comprehensive water quality effects assessment for the Mine. The work was initiated in June 2019 to address information gaps identified during due diligence auditing for further assessment of potential Project effects to the downstream receiving environment (water quality and aquatic biota). There are several components and phases to complete the full assessment which will be integrated with ore, waste rock and tailings management plans as well as the site water balance.

To date the work has identified the need for additional geochemical characterization of all mine wastes. To this end, laboratory-based kinetic tests to assess water quality effects under saturated and unsaturated conditions were carried out on a Phase 0/1 tailings composite from late 2019 to late 2020 (50+ weeks). Tests evaluating a phase 2/3 and a phase 4 tailings composite were initiated during December 2020 and January 2021. Results are provided in the Lorax report (Lorax, 2022), and conclusions indicate that Phase 2/3 and Phase 4 tailings are non-acid generating and have a low potential for metal leaching, consistent with Phase 0/1 tailings.

A mine rock characterization program (waste rock and ore) to augment existing data was carried out during 2021, including laboratory and field-based testing.

Additional water quality monitoring was conducted at additional stations downstream from the Mine to establish a wider base of characterization of the receiving environment. Water quality monitoring has continued through 2022 (MVV, 2022). Aquatic biota assessments to supplement the existing baseline data has also occurred into 2022 (MVV, 2022a).

Results of the tailings and mine rock characterization and additional receiving environment monitoring will be integrated into a water balance and water quality effects model extending site- wide and into the receiving environment.

The assessment has also identified the need for a metal leaching/acid rock drainage management plan to: i) manage potential effects from mine waste solids, stockpiled ore, as well as exposed pit walls, and ii) ensure appropriate planning, tracking, and categorization of mine rock and its use and storage throughout the Mine. MVV has included provision for routine acid base accounting of mine rock as part of its mine and processing operations laboratory contract with SGS Geosol.

20.3.6 Monitoring

MVV has legal requirements for monitoring air quality, climate, ambient noise and vibration, water quality, and flora and fauna. The monitoring programs are stipulated in the Mine's PCAs, described in

Section 20.3.2.1. MVV and designated subcontractors are responsible for monitoring, reporting, and implementing corrective measures as required.

MVV established internal procedures for the required monitoring programs, and is carrying out the monitoring, with no issues of note observed in results (MVV, 2022, MVV 2022a).

20.3.7 Revegetation

Revegetation measures for the Mine are defined in the Plan for Rehabilitation of Degraded Areas (PRAD), submitted to the state environmental agency (IMA) as part of the Mine's environmental control plans for Project construction approval. MVV last updated its PRAD in April 2021, including aspects to conform to International Finance Corporation standards. The Project's Operating Licence issued May 27, 2021, stipulates that an updated PRAD shall be submitted at the time of licence renewal in early 2025.

Throughout the Mine's construction and operating phases, organic cover soil (termed topsoil in Section 16) will be stripped from new work areas and stored for future use for revegetation.

Many areas exposed during the construction phase have been replanted with grasses to minimize erosion and dust generation and improve the visual landscape. Similar work was executed for lower slopes of the WRSF (currently 'final slopes' as WRSF limits) as a pilot / initial investigation with satisfactory results.

Revegetation activities will emphasize use of native species when possible and avoid the use of any species recognized as invasive. MVV's Permit & Environment team operates a plant propagation and nursery facility and where possible salvages live plant material for transplant in other Project areas. During the Mine's construction phase the team has been active in overseeing vegetation removal, plant salvage and transplanting, seedling production, and fauna management as required.

MVV advised on 20 Mar 2023 that near 140,000 seedlings have been produced at their site propagation facilities since January 2019. Over 11,000 cactus propagules were salvaged from Project areas and planted as part of the "Tree Fence" along the limits of the site. Approximately 258,000 m^3 of organic cover soil had been salvaged from construction areas and stockpiled for future use.

20.3.8 Environmental Conservation Program

The Project is obligated to support the implementation and maintenance of conservation units in Brazil in accordance with Federal Law No. 9.985 (July 18, 2000). As of September 2018, MVV had expended R$0.5 million towards studies related to the creation of the Serra da Mão conservation unit, with an additional R$3.5 million allocated in Project costs towards this initiative. Although MVV and state agencies have held several meetings over the last two years, no further progress has been made by the state towards an action plan for the remaining funds.

20.4 Closure

The most recent site-wide update of the Mine's conceptual closure plan and associated cost estimate was carried out in 2023 (Arcadis, 2023). Per the Mine's Operating Licence issued May 27, 2021, a stipulation in the permit requires submittal of an updated closure plan at the time of licence renewal in early 2025.

20.4.1 Closure Schedule and Actions

The current closure plan indicates a five-year closure period, with two additional years prior to the start of closure where preparations begin for closure. The post-closure phase will see maintenance and monitoring carried out over a five-year period.

The basic closure actions for each operations area used for costing purposes are summarized in Table 20-4.

Table 20-4: Basic Closure Actions for Each Operational Area
ACG Acquisition Company Limited – Serrote Mine

Operational Area	Closure Actions
Pit	Perimeter fencing Revegetation of the upper portion Implementation of a drainage system Geotechnical monitoring
Waste Pile, Oxidized Pile and Crushing Plateau	Implementation of a drainage system Revegetation Geotechnical monitoring
Tailings facilities	Implementation of drainage systems, Covering and revegetation of the beach portion, Geotechnical monitoring Perimeter fencing
Process plant and support facilities (maintenance shop complex, fuel stations, explosive storage magazines)	Dismantling and removal of equipment Demolition of metal, concrete and masonry structures Removal of structures topographic reconfiguration Re-contouring, drainage system construction and revegetation, where applicable
Administration areas and gate house	Demolition and removal of structures Revegetation where applicable Due to the proximity to the local communities, the buildings may be maintained for use as educational institutions, headquarters of associations and municipal bodies.
Water supply system	Demolition and removal of structures/revegetation (*)

Note: *If there is demand from public water and energy distribution agencies for existing structures, MVV has the option to negotiate with interested parties for reuse of those structures to serve local and regional communities.

20.4.2 Closure Costs

A total of US$18.8 million (R$98.1 million at an exchange rate of R$5.21 per US$1) is assumed in the cost model for closure, including US$0.6 million for pre-closure updates and studies and preparation of the detailed mine closure plan, US$17.5 million for closure activities, and US$0.7 million for monitoring, inspections, and maintenance during post-closure. No contingency is considered in the estimate nor potential salvage value of components. There are no specific legislated requirements in Brazil for reclamation or closure bonding for mining projects.

20.5 Community Affairs and Government Relations

20.5.1 Communities in the Area of Direct Influence of the Serrote Mine

There are 14 communities within the area of direct influence of the Mine. MVV is in constant communication with the residents, and holds regular community meetings, under the company's Social Dialogue Initiative. Topics that have been raised in the community forums include mining-related items such as blasting, TSF operations, global issues such as human rights, and fire prevention. The forums are intended to be flexible, with topics discussed as they are raised. The meetings are held monthly in public spaces, to ensure that each attendee can make comments.

At the end of each meeting, MVV requests that attendees participate in a confidential satisfaction survey, and responses are placed into a suggestions box. MVV reviews these documents and incorporates the comments and suggestions into future meeting agendas to ensure community concerns and comments are addressed.

MVV uses the WhatsApp messaging application as a tool to support communications between the communities and MVV's community relations team.

20.5.2 Grievance Mechanism

In addition to the Social Dialogue Initiative, MVV developed its "Contact Us" (Fale Conosco) program, which currently uses WhatsApp, 'call free' phone number and email, to receive, register, resolve, respond to, and manage any communications (e.g., praise, complaints, information, requests and suggestions) from external stakeholders. The "Contact Us" program was established to ensure that external stakeholders have access to MVV and can provide feedback or ask questions.

MVV has a contract with a specialized third-party, which guarantees confidential treatment of information. The system records information in a database, and monitors the stakeholder communications and MVV's responses, agreements and commitments adopted.

The "Contact Us" program is currently being updated to incorporate the most recent industry grievance mechanism guidelines.

20.5.3 Resettlement of Families

A resettlement program was undertaken from 2012 to 2020 that affected 213 properties and 153 landholding families. The relocation process was performed in line with IFC PS5 (Land Acquisition and Involuntary Resettlement), including a proper compensation for the assets and a livelihood restoration plan. The Resettlement Action Plan was assessed by ERM during the ESIA and no issues were raised.

To the Effective Date of the CPR, MVV has no record of complaints in the Grievance Mechanism in relation to the resettlement process.

MVV maintains an ongoing social dialogue with the resettled families, including regular meetings.

20.5.4 Stakeholder Engagement Plan

MVV has a Stakeholder Engagement Plan in place that set out the company's guidelines for addressing stakeholder concerns, stakeholder communications, and stakeholder relationships. The plan is constantly updated to reflect the Mine development stage, scenario changes, stakeholder profiles, and the type and nature of stakeholder feedback.

The initiatives presented in the plan are in full compliance with MVV's Code of Ethical Conduct, corporate policies and international standards, such as the Equator Principles and the International Finance Corporation's 2012 guideline. The initiatives also comply with human rights standards, such as

the Universal Declaration of Human Rights (1948), the Sustainable Development Goals for 2030, and International Labour Organization (ILO) Convention 169.

MVV has a dedicated Social and Community team in place to manage and monitor the plan.

20.5.5 Regional Political Context

The current State Governor of Alagoas, Mr. Paulo Dantas, was elected in 2022, becoming effective in January 2023. He was supported by the previous Governor Mr Renan Filho (currently National Minister of Transport), who has a good relationship with MVV, having visited the site on several occasions.

During the most recent elections in late 2022, the former vice-governor was elected Mayor of Arapiraca - the second biggest city in Alagoas state.

Craíbas also had a change of mayor in the elections, with Mr. Teófilo Pereira elected to the position. Mr. Pereira is well-connected within the state, and has good relationships with State officials.

Craíbas also had a change at the City Hall in the elections, being Mr. Teófilo Pereira elected to the position of Mayor. Mr. Pereira is well-connected within the Alagoas politicians, and has also good relationships with Federal officials

20.5.6 MVV Institutional Program "Portas Abertas"

MVV instituted, after Covid-19 restrictions ceased, an "Open Doors" (portas abertas) program which consists of personal guided tours of the Mine that provided external stakeholders with Project-specific information, in particular on aspects of the environmental and engineering disciplines. A particular focus of the Open Doors program is communication around the TSF. The Social and Community team maintains a constant schedule of door-to-door technical visits to all stakeholders within the designated TSF Self-Rescue Zone. The teams explained the TSF construction process, and outlined how the TSF is operated during the LOM.

MVV also maintains regular communication to external stakeholders by way of general community-related information updates on the Mine, weekly information emails, and monthly newsletters on social and environmental actions. MVV is also active in the press and social media spheres.

20.5.7 Social Projects

MVV has developed a portfolio of social projects in conjunction with communities in the area of direct Project influence, which focus on the areas of social entrepreneurship, environmental education, science and technology. In 2022 a total of six projects were supported, and in 2023 another seven projects will be supported.

In the following sections can be found a summary of MVV initiatives on social projects in the territory.

20.5.7.1 "The Caatinga Guardians"

The Caatinga is a biome that is characterized by a type of desert vegetation. The training was designed to provide participants with a course-completion certificate of "Botanical Identifier and Guide".

The course included modules such as environmental education, botany, Caatinga flora and fauna, how to identify animals that pose a risk to human health, waste treatment and disposal, recycling, and discusses the various government bodies tasked with biome conservation.

20.5.7.2 Teacher Training Initiative

MVV partnered with Educando, a non-governmental organization that has been operating since 2009 to provide support for teacher training initiatives in the science, technology, environment, arts and mathematics areas (the "STEM" initiative). The program focuses on complementary teacher training, such as active learning in classes, improving student outcomes, supporting teaching students as to how social and emotional skills can be integrated with natural sciences and mathematics, and providing teachers with a means to expand students' horizons and choices in technical and scientific careers.

Educando operates in 14 Brazilian states and abroad; and has supported training 6,533 teachers from 768 schools, which ultimately benefitted more than 570,000 students.

20.5.7.3 Poultry Farming Initiative

A poultry-farming initiative has been in place since 2014. The initiative includes provision technical assistance with poultry raising. The initiative is partnered with Brazil's Micro and Small Business Support Service (SEBRAE).

20.5.7.4 Female Entrepreneurs

The Female Entrepreneurship project aims to develop economic alternatives for women within the communities surrounding the Mine. The intent of the program is to increase family income, identify areas where production volumes could be increased, revenue generated, or profit margins be improved. The program has included support for women to have stalls at local food fairs.

20.5.7.5 Local Suppliers Development Program

The Brazilian Support Service for Micro & Small Businesses in Arapiraca is supporting MVV's efforts to leverage business opportunities in the region. The initiative focuses on local traders and potential service providers.

20.5.7.6 Covid-19 Support

MVV provided significant support to local municipalities in support of the efforts to face the Covid-19 pandemic, including:

- Donation of hundreds of grocery baskets to citizens in Craíbas and Arapiraca, at the request of local councillors and the State Public Ministry;
- Donations of cleaning products (bleach, detergent and paper towels), supporting donations from local suppliers (alcohol gel, masks and thermometers) to health departments in Arapiraca, and Craíbas, and to the state police;
- Donation of thousands of rapid Covid-19 tests to hospitals.

20.5.7.7 Social Dialogue Initiative

The Social Dialogue initiative was implemented in April 2019. Under this program, all 14 communities within the Mine area of influence are visited on a monthly basis. The communities are divided into four groups, so that one community group meets each week. As of the Effective Date of the CPR, the Mine approval rate is >90%.

20.6 Tailings Storage Facility (TSF)

20.6.1 Introduction

Tailings from the process plant are conveyed via a slurry pipeline to a conventional cross-valley TSF. During the first phase of operations, the TSF consists of a zoned earthfill embankment comprising an upstream low permeability compacted earthfill shell, a central chimney drain, and a downstream compacted earthfill embankment underlain by a blanket drain and associated filter zones. The planned Phase 2 downstream raise will consist of an upstream core and filter zones, and a downstream rockfill zone overlying the Phase 1 embankment.

The TSF location is shown in Figure 20-1, showing the final Phase 2 configuration with a crest elevation of 251.0 masl.

Both stages of the TSF will be provided with a spillway system on the left abutment capable of discharging the routed probable maximum flood (PMF).

The tailings are classified as Class II-A, i.e., non-hazardous and non-inert waste, based on the ABNT NBR 10004/2004 technical standard. The dam reservoir area is unlined.

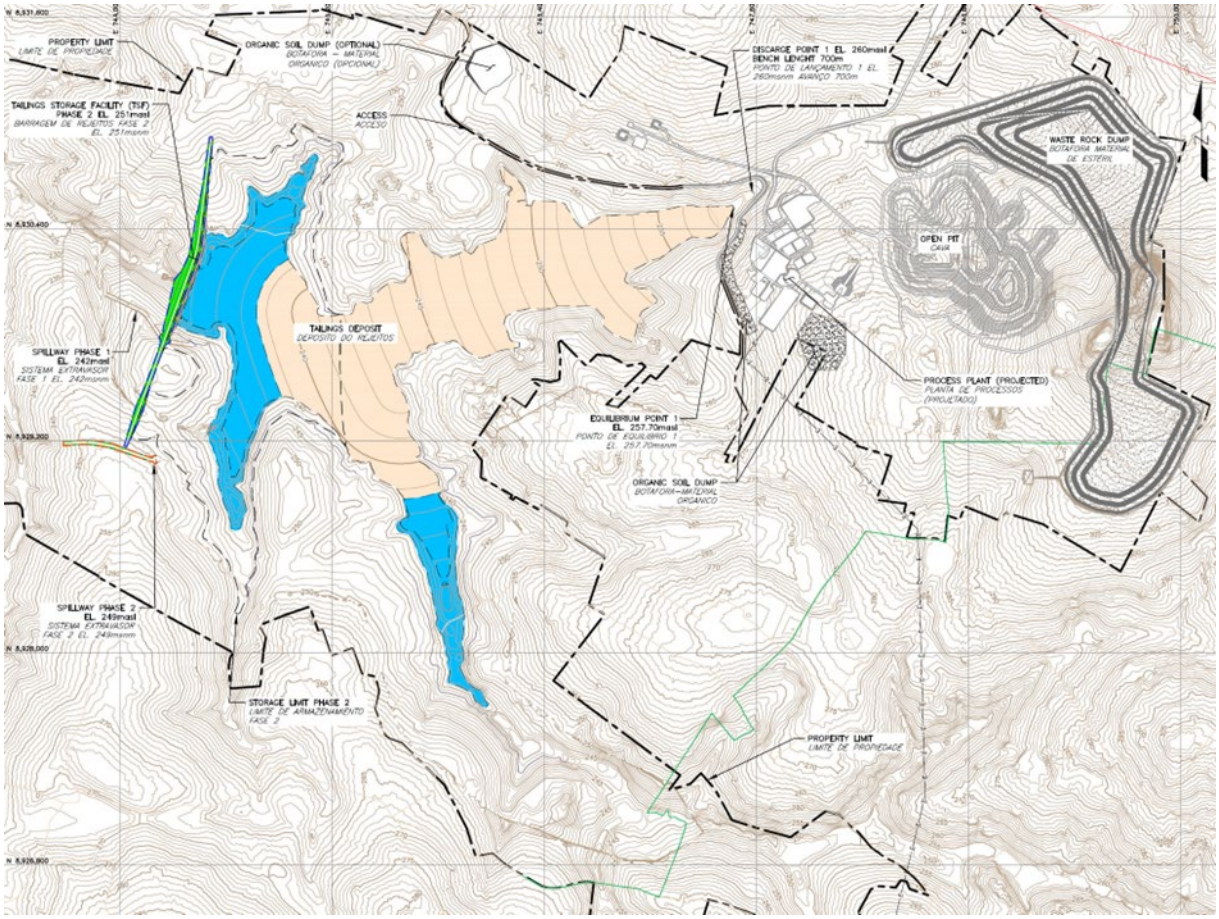
The Project will produce approximately 51 Mt of ore over the 14-year mine life, and the TSF (Phase 2) was designed to contain the LOM tailings volume. However, it is anticipated that additional reserves will be discovered that will significantly extend the LOM, which will require additional tailings storage capacity. The tailings is thickened to a solids content of approximately 50% before being deposited in the TSF. Water released from the slurry following tailings deposition is reclaimed and returned to the process plant.

Construction of Phase 1 of the TSF, to a crest elevation of 244.0 masl was competed 27 January 2021. As-Built “Construction Quality Guarantee of Serrote Starting Dike – Phase 1 Final Report” was submitted by WSP (Formerly Wood E&I) on March 15, 2021. The “As-Built” plan view of the Serrote TSF embankment is presented in Figure 20-2. Operation of the TSF began in mid-June 2021.

Production through the first year of operations slowly ramped up from initial production rates averaging approximately 4,000 t/day, to an average of 12,000 t/day at the end of December 2022.

Phase 2 of the TSF was originally intended to be to be single seven-meter raise to an elevation of 251.0 masl. It has since been split into two additional raises (4 m followed by 3 m) to achieve the same final crest elevation of 251 masl. Detailed designs for Phase 2 are anticipated to be completed in mid-2023 for the initial Phase 2 (4 m) downstream TSF raise.

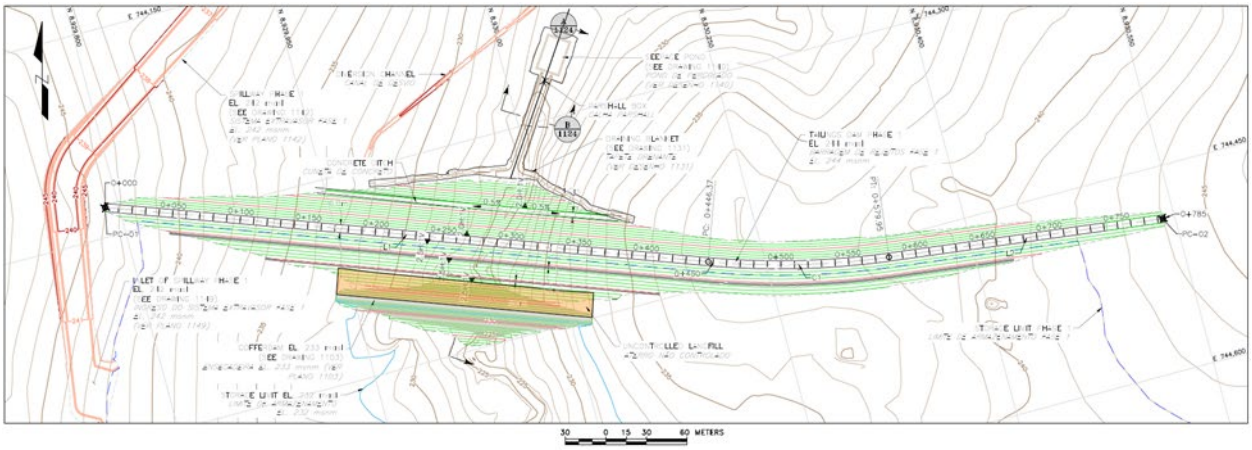
The Brazilian Standards for Mining Tailings Dams (ABNT NBR 13028/2017) and Canadian Dam Association (CDA) recommendations were used to define acceptable factors of safety (FOS) for the TSF embankment. Pseudo-static conditions were modelled using a horizontal ground acceleration of 0.2 g, corresponding to an event having a 10,000-year return interval in line with the CDA consequence classification of extreme. All factors of safety obtained from the slope stability analyses for Phases 1 and 2 significantly exceeded the values required by the Brazilian and Canadian standards/recommendations.



Source: Wood, 2020.

Note: Grid shows scale. Figure north is to top of page.

Figure 20-2: SF Location Showing TSF Phase 2 Embankment



Source: Wood, 2021.

Note: Scale presented in figure. Figure north is top of page.

Figure 20-3: Phase 1 TSF Embankment "As-Built" Plan View

20.6.2 Site Conditions and Investigations

Several site investigations were conducted in the TSF location by VOGBR (2008 and 2012) and Wood (2019). Work conducted included geological and geotechnical mapping, rotary percussive and auger drilling, test pitting, and standard penetration, Lugeon packer, and LeFranc tests. This work identified suitable borrow areas for embankment construction and provided geotechnical and geological data for foundation preparation.

The first annual dam safety inspection (DSI) was completed by WSP on 31 August 2022 and 1 September 2022. Personnel from WSP including Rogerio Cyrillo (the EOR), and Daniel Servigna conducted the site inspections and provided a close out meeting to site personnel. Key observations/recommendations of the site inspections included:

- The dam is in good condition with no signs of cracking, distress or concerning deformation.
- Slopes are in generally good condition, with minor repairs required including establishing a new hydroseed layer due to current hydroseed being insufficient, riprap on the upstream face to be completed during dry season in February 2023), minor erosional features on the upstream, and downstream slopes should be monitored and repaired.
- The spillway is in generally good condition. The spillway slab is starting to become undercut from discharge flows, this should be repaired by grouting cavities and constructing a sloping apron to direct flows into the channel. Additionally, some erosion occurred within the discharge channel causing minor damage to the reno mattresses, and channel bottom. However, bedrock is shallow in the area and will provide sufficient erosion protection in the future.
- The seepage collection pond has become damaged due to uplift of the HDPE liner from surrounding seepage forces. Due to the elevation of the downstream river, it is not possible to construct a gravity drain beneath the pond liner, thus a sump and pumping system would be required to maintain the seepage collection pond. Since seepage water currently meets regulatory standards for discharge to the environment it has been recommended that the pond be abandoned, and seepage flows should be allowed to flow directly to the downstream environment. Seepage flow rates and water quality should continue to be monitored throughout the life of the TSF.

Monthly monitoring reports for the dam have been produced throughout operation of the TSF. The monitoring reports show geotechnical instrumentation records of the dam are within the expected parameters. Increases in piezometric levels were recorded on the upstream slope and no piezometric levels were recorded on the downstream slope. The dam inclinometers did not register displacements above safety levels and the seepage flow remained constant throughout the year, indicating a good functioning of the internal drainage system.

20.6.3 Tailings Characteristics

Solid–liquid separation and rheological tests, conducted by Pocock and SGS in 2010, were used for tailings characterization. Tailings characteristics and assumptions included:

- Tailings have a specific gravity of 3.2.
- Tailings would be thickened to 65% prior to deposition in the TSF.
- TSF sizing was based on a short- to medium-term tailings solids content of 77%;
- The final tailings solids content after consolidation was assumed to be 80%.
- The material sizing would be 77.46% passing 200#, with no material fraction >212 µm;
- Tailings solids contents were 20–30%, to provide an underflow solids content of 66–70%;

- Water will be rapidly released from the discharged tailings. Sedimentation ratios will vary from 578 cm/h (tailings with more than 20% solids content) to 2,193 cm/h (tailings with less than 20% solids content).
- Survey of the already disposed tailings material show that the tailings are behaving as originally anticipated. Current deposition shows the dry beach area is settling at an approximate slope of 0.8% and wet tailings beneath the supernatant pool are settling at an approximate slope of 1.0%.

20.6.4 TSF Design Criteria

The TSF design is conventional in terms of configuration, safety and containment of slurry tailings, and is typical of those used in mining operations around the world for containing water and tailings.

A diversion channel was constructed on the right abutment, and a coffer dam was provided upstream of the Phase 1 embankment to facilitate construction.

The dam body consists of an engineered compacted fill, comprising selected material from borrow areas and drains and filters sourced from external suppliers. The dam spillway is on the left abutment of the TSF, in a topographical saddle. The spillway channel width is to be expanded in 2023 from the original design dimensions by four meters along its entire length to provide better flow conveyance.

The upstream embankment slope is lined with reno mattresses in the lower section and riprap in the upper section to protect from wave action. The remaining sections of the upstream slope have yet to be fully lined with riprap as originally designed. The downstream slopes are grassed to limit erosion, however initial hydroseeding applications have not fully vegetated the slope so additional hydroseeding applications are to be completed. Instrumentation consists of Casagrande type open tube and vibrating wire piezometers that are installed in the foundation, water level indicators installed upstream of the TSF, survey monuments constructed on the downstream embankment surface, inclinometers installed in the downstream embankment shell, and a flow meter installed downstream of the TSF to measure seepage flows.

The design can be summarized as:

Phase 1: maximum height of 16 m, crest of 6 m in width and 785 m in length. Internal drainage system consisting of a central chimney drain and blanket drain. Upstream slope protection using a reno mattress underlain by a geotextile. A seepage collection pond downstream.

Phase 2: maximum dam height of 23 m, crest of 10 m width, and 1,850 m in length. Benches of 4 m width located every 10 m in vertical height. As the Phase 2 downstream shell will consist of high permeability rockfill, the blanket drain will not need to be extended below the Phase 2 downstream embankment shell. The volume of rockfill used for the downstream shell will be approximately 400,000 m3, sourced from waste rock generated during mining activities.

The spillway was designed to discharge the routed probable maximum flood (PMF) resulting from the 24-hour probable maximum precipitation (PMP) (Table 20-5).

Table 20-5: PMP Discharge Parameters
ACG Acquisition Company Limited – Serrote Mine

Parameter	Units	PMP
Design precipitation	mm	367.8
Maximum incoming flow rate	m^3/sec	325.0
Maximum outgoing flow rate	m^3/sec	125.3

Parameter	Units	PMP
Water level at start of PMP event	m	238.70
Maximum water level	m	243.70
Freeboard	m	0.30

A single discharge point will be used for first stage of the TSF and will be located in the northern portion of the reservoir adjacent to the process plant. Tailings will flow by gravity to the TSF. During Phase 2, deposition will initially take place from the TSF embankment crest to displace the pond away from the embankment, after which deposition will again take place from the deposition point used for the first phase.

Return water supply assurance assumes a return water pumping rate of 200 m^3/hour for the initial tailings density of 1.65 t/m^3 and the final tailings density of 1.78 t/m^3.

20.6.5 TSF Operating Philosophy

An operating manual was prepared for the TSF providing guidelines to be followed during operations. These guidelines will help maintain the physical, geotechnical and hydraulic safety of the structure. The operations manual has been currently developed to meet guidance from the CDA for a dam with and “extreme” classification rating. All features of the Dam have been design accordingly and meet international industry standards. Guidelines for periodic safety inspections and maintenance practices were also included.

Dam break analyses have been conducted by Tellus to aid in development of the sites ERP which have also been provided to the community through their community outreach and communication programs. These programs are in place to ensure the safety of the downstream population.

According to Brazilian legislation an MVV geotechnician is designated as responsible for the dam and submits bi-weekly reports to the ANM indicating the operational condition of the dam, piezometric levels and structural conditions.

20.6.6 Tailings Storage Facility (Costs)

TSF sustaining capital costs were estimated based on the quantities of earthworks, vegetation removal, equipment and piping associated with the dam raising, water reservoir expansion and tailings transport requirements over the LOM. The dam raising and reservoir expansion were estimated based on Wood’s design and the tailings disposal plan. The equipment and pipeline costs were based on Ausenco’s design.

21.0 CAPITAL AND OPERATING COSTS

21.1 Capital Costs

21.1.1 Capital Cost Summary

The Serrote Mine was built from 2019 to the end of 2021 at an estimated capital cost of US$194.5 million with all taxes included. The cost accounts for all infrastructure necessary to begin operations such as the processing plant, initial tailings dam facility, mining pre-production, administration buildings and warehouse, plus Owner's costs and commissioning. Process plant capacity was designed at 4.1 Mt/a. Up to the end of 2018 sunk costs were incurred for Project development and early construction expenditures, such as land acquisition, geological exploration, geotechnical investigations, permitting, process testwork, engineering and site infrastructure. The estimated value of previous sunk costs for the Mine is approximately US$94 million. Financing and legal costs are not included in the initial capital costs.

MVV declared commercial production on December 27, 2021, and the mine has been operating continuously since then. This CPR considers a mine plan with a start date of January 1, 2023. All capital costs in the LOM plan are considered as sustaining capital.

The Serrote Mine has continued operations during the COVID-19 pandemic without major impact on production. Concentrate shipments have been dispatched according to contract. New health and safety protocols have been put in place to mitigate COVID-19 issues and to track follow-up actions.

All cost estimates in this section of the CPR are expressed in Q1 2023 US$. Unless otherwise indicated, all costs in this section of the CPR are expressed without allowance for escalation or interest rates. The currency exchange rates used in the estimate are based on forecast rates of R$5.39 per US$1.00 for 2023, and a long term rate of R$5.55 per US$1.00.

21.1.2 Sustaining Cost Estimate

Sustaining capital costs over the open pit LOM are estimated at US$132 million (Table 21-1).

Table 21-1: LOM Sustaining Capital Cost Estimate
ACG Acquisition Company Limited – Serrote Mine

Item	Sustaining Capital (US$M)
Tailings dam	24.4
Mine and mining equipment	33.7
Process plant	18.6
Capitalized deferred waste stripping	37.2
Closure cost	17.7
Total	**131.6**

The accuracy of the sustaining capital cost estimate is supported by the design and engineering carried out by MVV and Appian Capital Advisory for the process plant, mine and mining equipment, and capitalized deferred waste stripping; WSP for the tailings dam; and Arcadis for the closure cost. Input to the sustaining capital cost estimate is appropriate to a feasibility study level. Given the detailed

design level and pricing basis, the overall estimated accuracy is expected to be ±15% of the final sustaining capital costs.

21.1.2.1 Tailings Dam

The tailings dam design was completed by WSP for the open pit LOM. Based on the construction quantities required for upcoming raises, MVV completed a cost estimate based on quotations for the work planned. Embankment construction materials are initially from nearby borrow pits, and later are mainly ROM waste rock. Tailings dam sustaining capital costs were estimated based on the quantities of earthworks, vegetation removal, equipment and piping associated with embankment raising, water reservoir expansion and tailings transport requirements over the LOM.

21.1.2.2 Mining Equipment

Mine sustaining capital includes the purchase of new equipment required over the LOM to meet the mine production variations and fleet renewal, according to the mine plan. MVV plans to convert from contractor open pit mining to Owner operations starting in Q1 2025. New mining equipment will be purchased with 20% down payment and 80% financing. The costs are based on quotations. A residual value of 15% to 40%, depending on the type of equipment, is expected as a salvage value at the end of the open pit life.

21.1.2.3 Process Plant and Site

The process plant and site costs were calculated by the processing team at MVV based on historical replacement and/or refurbishing costs for the processing plant equipment and associated infrastructure. Quotes were obtained on new items for process optimization and to improve maintenance and operability.

21.1.2.4 Capitalized Deferred Waste Stripping

For each year in the mine plan, if the waste to ore strip ratio is greater than the LOM average ratio, then the mining cost of the excess amount of waste rock is capitalized.

21.1.2.5 Closure

Arcadis completed an updated closure cost estimate for the LOM plan, taking into account decommissioning of the site, tailings storage facility maintenance, and monitoring.

21.2 Operating Costs

21.2.1 Operating Cost Summary

The all-in sustaining operating cost (AISC) for the Serrote Mine is estimated to average $19.74/t processed over the open pit LOM, equivalent to $1.85/lb Cu payable. Table 21-2 summarizes the operating cost breakdown by activity and Table 21-3 presents the LOM plan.

Table 21-2: Base Case Operating Cost Summary
ACG Acquisition Company Limited – Serrote Mine

Item	Units (US$/t)	Unit Cost (US$/t)	LOM Total (US$M)
Open pit mining costs	$/t mined	1.84	
Open pit mining costs	$/t processed	4.77	223
Processing costs	$/t processed	7.01	328
Site G&A	$/t processed	2.69	126
Smelting and freight	$/t processed	3.23	151
Au By-product credits	$/t processed	(3.10)	(145)
C1 cost [1]	**$/t processed**	**14.60**	**682**
Royalties	$/t processed	2.33	109
Sustaining capital costs	$/t processed	2.82	132
All-In Sustaining Cost [2]	**$/t processed**	**19.74**	**923**

Notes:

1. C1 cost is cash operating costs less net by-product credits.
2. All-in sustaining cost (AISC) is C1 cost plus royalties and sustaining capital expenditures.

Table 21-3: Serrote Annual Production
ACG Acquisition Company Limited – Serrote Mine

Parameter/Year	Unit	LOM	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Waste rock mined	Mt	**76.1**	7.7	8.0	8.7	8.5	8.7	8.6	8.6	8.7	2.7	3.5	1.8	0.6
Ore mined	Mt	**45.2**	3.7	4.1	4.1	4.0	4.0	4.1	4.1	4.0	4.1	4.1	4.1	0.7
Strip ratio	w:o	**1.69**	2.07	1.94	2.12	2.13	2.18	2.10	2.10	2.15	0.67	0.87	0.44	0.77
Mine movement	Mt	**121.2**	11.5	12.1	12.7	12.5	12.7	12.7	12.7	12.7	6.8	7.6	5.9	1.3
Ore processed	Mt	**46.7**	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	1.6
Concentrate	dmt kt	**638.8**	97.4	60.1	61.0	52.7	47.7	49.3	47.7	51.6	52.3	52.3	47.7	18.8
Cu production	Mlb	**510.9**	54.9	42.4	43.1	46.5	42.1	43.5	42.1	45.5	46.1	46.1	42.1	16.6
Cu production	kt	**231.8**	24.9	19.2	19.5	21.1	19.1	19.7	19.1	20.6	20.9	20.9	19.1	7.5
Cu payable	Mlb	**498.0**	51.6	43.7	44.2	45.0	37.2	45.6	37.2	46.5	45.7	37.2	46.5	17.7
Cu payable	kt	**225.9**	23.4	19.8	20.0	20.4	16.9	20.7	16.9	21.1	20.7	16.9	21.1	8.0
Au production	koz	**94.9**	9.1	8.4	8.8	8.8	8.1	8.6	8.1	7.4	8.8	7.2	8.0	3.5
Au payable	koz	**88.5**	8.1	8.2	8.6	8.2	6.9	8.7	6.9	7.3	8.3	5.6	8.3	3.5

21.2.2 Basis of Estimate

21.2.2.1 Wages and Salaries

Salary and wage rates are based on current labour rates. The calculation of all-in labour cost included burdens to cover all statutory payments, Company sponsored benefit plans and programs, and costs associated with vacation, insurance, retirement plan, sick leave, and absenteeism. Site personnel are expected to reside in the city of Arapiraca and in the general vicinity of the mine and commute by bus.

21.2.2.2 Work Schedule

The work schedule assumes production will operate 24 hr/day, seven days/week, 365 days/year.

21.2.2.3 Energy Costs

A diesel fuel price of R$6.50/litre (US$1.21/litre in Q1 2023) has been used for estimation of operating costs. Electrical power costs for the Mine were calculated to average R$341/MWh, (US$0.063/kWh in Q1 2023) over the LOM, inclusive of taxes.

21.2.2.4 Freight

Freight costs are based on executed contracts for port operations and land freight, and quotes for the other types of freight, in line with historical costs.

21.2.2.5 Tax Rebates

MVV accumulates credits for PIS (social integration program) and COFINS (social security financing contribution), both value-added federal taxes, and ICMS (value-added state taxes on sales and services) from the acquisition of services and goods within Brazil. As MVV is a 100% exporting company, it is allowed to recover a portion of the value-added taxes during production. The recovered taxes are shown as a tax rebate in the operating costs. The recovery rates are specified in a tax report by KPMG Assessores Ltda. (2020).

21.2.3 Mining

MVV has entered into an agreement with a contractor, Fagundes Construção e Mineração S/A., for open pit mining at the Serrote Mine. The contract includes all open pit mining activities, such as drilling, blasting, loading and hauling of ore and waste rock. Explosives and blasting services are subcontracted to ENAEX Brasil, through subsidiary IBQ - Industrias Quimicas S/A.

Mining costs for 2023 and 2024 are based on the executed contracts plus Owner's costs for technical staff and support. As of 2025, mining equipment will be supplied and operated by MVV. New equipment will be phased in to replace contractor equipment, and some contractor equipment may be purchased by MVV. The unit mining operating cost over the LOM is estimated to average $1.84/t material mined and is presented in Table 21-4. The inclusion of tax rebates and allocating expenses to waste rock capitalized deferred waste stripping have reduced the unit mining cost.

Unit mining costs have been estimated to reduce from an average of $2.05/t mined during the contractor years to an average of $1.51/t mined during the Owner-operated years of 2025 through 2030, before the strip ratio decreases appreciably as of 2031.

Table 21-4: Base Case Unit Mining Operating Cost
ACG Acquisition Company Limited – Serrote Mine

Item	Unit Cost (US$/t mined)	LOM Total (US$M)
Loading	0.28	34
Hauling	0.69	84
Drilling and blasting	0.70	85
Support	0.57	69
Mine management	0.15	18
Tax credits	(0.25)	(31)
Capitalized deferred stripping	(0.31)	(37)
Total Mining Costs	***1.84***	***223***

21.2.4 Processing

Process plant operating costs include the costs for operating and maintaining the processing facilities, from the primary crusher through to concentrate loadout, as well as process and reclaim water pumping, and operating the tailings storage facility. The processing costs account for the expenses associated with purchasing consumables, equipment maintenance, personnel, and power consumption.

Consumable costs include items such as crusher liners, mill liners, grinding media, all chemical reagents, and an allocated cost for office/laboratory supplies.

Electrical power consumption was derived from the estimated electrical load of individual pieces of equipment on the equipment list.

The average LOM unit processing cost is estimated at $7.01/t and is presented in Table 21-5.

Table 21-5: Base Case Unit Processing Operating Cost
ACG Acquisition Company Limited – Serrote Mine

Item	Unit Cost (US$/t processed)	LOM Total (US$M)
Materials	0.48	22
Fuel and lube	0.01	0
Consumables	2.75	129
Laboratory	0.20	9
Water	0.32	15
Labour and G&A	1.26	59
Electrical power	1.82	86
Tailings storage facility	0.03	1
Services	0.86	40
Tax credits	(0.75)	(35)
Total Processing Costs	**7.01**	**328**

21.2.5 Site General and Administrative

The general and administrative (G&A) operating costs are the expenses for cost centres that are not directly linked to the mining and process disciplines, and include labour and overhead costs.

The G&A unit operating cost is estimated to average $2.69/t over the LOM and is presented in Table 21-6.

Table 21-6: Base Case G&A LOM Cost Estimate
ACG Acquisition Company Limited – Serrote Mine

Item	Unit Cost (US$/t processed)	LOM Total (US$M)
Health, safety and environmental	0.39	18
Administration - site	1.55	73
Labour - site	0.77	36
Tax credits	(0.02)	(1)
Total G&A Costs	**2.69**	**126**

21.3 Manpower

Table 21-7 presents a summary of open pit, process plant, and G&A manpower per annum. The mine plans to transition from contractor mining to Owner-operated mining in 2025.

Table 21-7: Manpower Summary
ACG Acquisition Company Limited – Serrote Mine

Item	With Mining Contractor	Owner-Operated
	Owner	
Mining	45	382
Processing	156	156
Admin	103	103
Sub-Total	**304**	**641**
	Contractor	
Mining	285	20
Processing	182	182
Admin	336	336
Sub-Total	**803**	**538**
	Total Mine	
Mining	330	402
Processing	338	338
Admin	439	439
Total	**1,107**	**1,179**

21.4 CP Comments on "Item 21: Capital and Operating Costs"

21.4.1 Mining Costs

The CP notes:

- Initial capital costs have been spent and are considered as sunk costs; all ongoing capital costs are sustaining capital costs.
- The mine operating costs were based on the mine plan.
- Mining up to the end of 2024 will be done by a contractor; an agreement has been signed and the contractor is currently operating at site.
- MVV will purchase its own equipment fleet in 2024 and will conduct Owner operations as of 2025.

21.4.2 Processing, Infrastructure and G&A Costs

The CP notes:

- Initial capital costs have been spent and are considered as sunk costs.
- Process plant operating costs were calculated by MVV and reviewed by MM Consultores; quotations were obtained for electrical power, water, reagents, material and consumables; labour costs were based on a detailed organization chart and actual payroll costs.
- Concentrate transport costs were based on the ten shipments to date.

22.0 ECONOMIC ANALYSIS

22.1 Cautionary Statement

The results of the economic analyses discussed in this section represent forward-looking information. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here. Information that is forward-looking includes:

- Mineral Reserve estimates;
- Commodity prices and exchange rates;
- Mine production plan;
- Mining and process recovery rates;
- Mining dilution and mining recovery;
- Sustaining costs and operating costs;
- Closure costs and closure requirements;
- Environmental, permitting and social risks.

Additional risks to the forward-looking information include:

- Changes to costs of production from what is assumed;
- Unrecognized environmental risks;
- Unanticipated reclamation expenses;
- Unexpected variations in quantity of mineralized material, grade or recovery rates;
- Geotechnical or hydrogeological considerations during mining being different from what was assumed;
- Failure of mining methods to continue to operate as anticipated;
- Failure of process plant, equipment or processes to operate as anticipated;
- Changes to assumptions as to the availability of electrical power, and the power rates used in the operating cost estimates and financial analysis;
- Ability to maintain the social licence to operate;
- Accidents, labour disputes and other risks of the mining industry;
- Changes to interest rates;
- Changes to tax rates.

22.2 Basis of Evaluation

A financial model was developed to estimate the Serrote Mine base case open pit LOM plan comprised of mining the Proven and Probable Mineral Reserve within the open pit. The LOM plan covers a period of 12 years beginning Q1 2023. Financial evaluation of the Mine was based on a discounted cash flow model, from which net present value (NPV) was determined. A measure of the internal rate of return (IRR) is not possible in this case since the initial capital costs have been expended and are considered sunk costs as of December 27, 2021, when commercial production was declared. The sensitivity of the NPV to changes in the base case assumptions was also examined.

22.3 Financial Model Parameters

22.3.1 Exchange Rate, Inflation and Discount Rate

The financial analysis was prepared on a real currency basis with all cash flows expressed in Q1 2023 US$ terms. Project revenues are determined by metal prices in US$ and capital expenditures and operating costs are denominated in R$ and US$. For the Mine base case, the exchange rates used for expenditures denominated are shown in Table 19-1, with a long term exchange rate of R$5.55 = US$1, reflecting consensus rates as of January 2023.

The discount rate in the financial model is 8%.

22.3.2 Consensus Metal Prices

Financial modelling of the base case used the metal prices shown in Table 19-1, with long term prices of US$3.59/lb copper and US$1,615/oz gold. As part of the sensitivity analysis, a range of metal prices 20% above and below the base case values were tested.

22.3.3 Tax Regime

The financial analysis includes provisions for Brazilian taxes applicable to the Serrote Mine. Taxable income is subject to federal income tax of 34% consisting of 25% base rate (*Imposto de Renda - Pessoa Jurídica*, IRPJ) and a 9% social contribution (*Contribuição Social sobre o Lucro Líquido,* CSLL). Capital and operating expenditures are subject to a state value added tax (*Imposto sobre Circulação de Mercadorias e Serviços*, ICMS) and federal tax (*Programa de Integração Social/Contribuição para o Financiamento da Seguridade Social*, PIS/COFINS), which are recovered in full through other federal taxes (withholding tax, income tax and social contribution). Due to limitations on recoverability for exporting companies, only 10% of ICMS credits generated are treated as recoverable.

The base case assumes that the Serrote Mine is eligible for the *SUDENE* program, which encourages economic development in Northeast Brazil. This incentive program provides for a 75% reduction in the base income tax rate, for a period of 10 years from the start of operations.

The base case also includes the Drawback Regime consisting of the deferral of the taxes generated by products that are used in the production process of exported goods (copper concentrate). The Drawback Regime is designed to stimulate exports by exemption of taxes related to imports and acquisitions in the internal market (PIS/COFINS for domestic purchases). The most relevant goods that will be purchased under the Drawback Regime are explosives, reagents, mill liners and mill balls. The recovered taxes are shown as a tax rebate in the operating costs. The recovery rates are specified in a tax report by KPMG Assessores Ltda. (2020).

The base case also includes benefits from the Alagoas State integrated development program (*Programa de Desenvolvimento Integrado*, Prodesin) into which MVV was accepted on 22 May 2012. Among others benefits, this allows the deferral of the ICMS on imports and domestic acquisitions related to MVV's capital expenditure.

An interstate tax is due to the state of origin, which is not covered by the Prodesin (this can be converted into a tax credit), and the difference between what would be due in an internal purchase and what was paid to the other state, should be paid by the state of Alagoas. This difference is also deferred by the Prodesin Regime.

22.3.4 Royalties and Surface Rights

Brazilian Mineral Resources are property of the Federal Union, and the exploitation of Mineral Resources requires financial compensation to the Federal Union, the States, the Federal District and

the Municipalities. Surface ownership does not imply rights over the mineral product, however, the landowner is ensured participation in the results of mining activities.

During the mining operation, the main financial obligation arising from mineral rights is the Compensação Financeira pela Exploração de Recursos Minerais (CFEM, Financial Compensation for the Exploitation of Mineral Resources). The CFEM is a royalty payment levied on the economic use of Mineral Resources and is payable on the value of the sale of the mined product. For MVV the CFEM rate is 2% NSR for copper and gold.

According to Brazilian mining legislation, mineral rights holders have the right to use and access the areas to be explored and mined. This includes rights of way and easements over public and private lands. The landowner or any other holder of the surface rights where the mineral deposit is located is entitled to a royalty equivalent to 50% of the CFEM paid (for MVV 1% NSR for copper and gold).

The instrument established by the Mining Code to establish surface rights for mining companies is the Servidão Mineral (mining easement or right of way). MVV applied for the Servidão Mineral in September 2018. The owner of a mining concession must apply for the area deemed necessary to conduct its business, and the application is reviewed by the National Mining Agency. The Servidão Mineral provides undisputable access to the land required for use by a mining project, including the mine and plant area, all ancillary facilities and infrastructure and areas outside the mineral concession itself.

Funds managed by Appian Capital have acquired a 35% gross revenue royalty on all proceeds from gold sales as part of the funding for the construction of the Mine, effective throughout the LOM.

22.4 Economic Analysis

The unleveraged LOM base case Project cash flow is presented in Table 22-1. The NPV at an 8% discount rate is estimated at US$540 million. Copper revenue represents 93% of metal revenue, and gold revenue is estimated to be 7% of metal revenue.

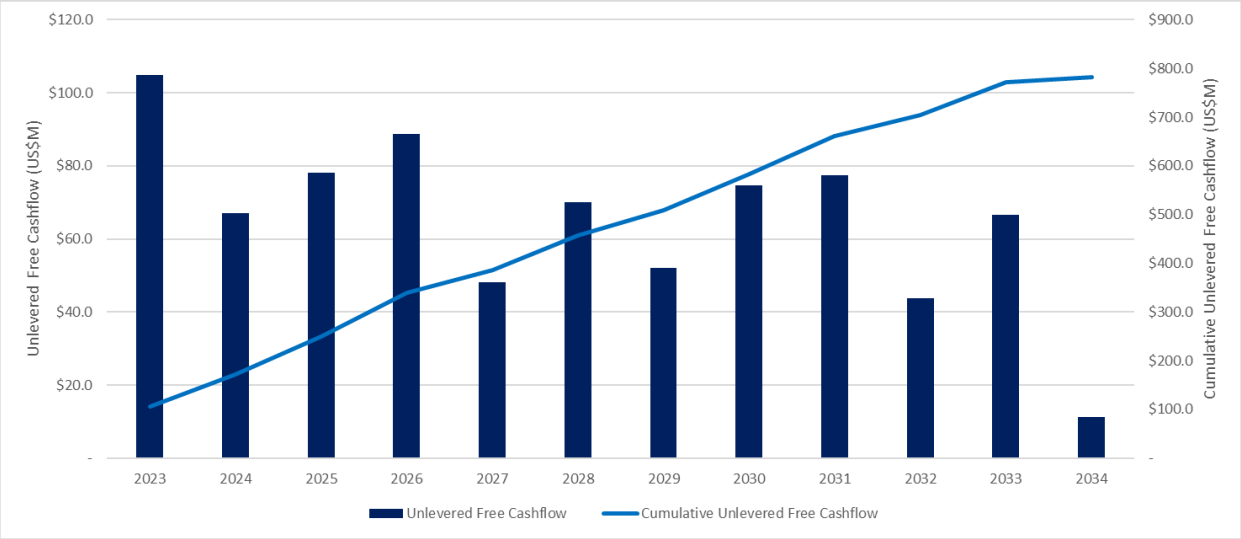
The annual base case cash flows are shown in Figure 22-1 and Table 22-2.

Internal rate of return (IRR) and Project payback years are not applicable in this case since the initial capital costs have been expended and are considered sunk costs.

Table 22-1: LOM Unlevered Free Cash Flow Summary
ACG Acquisition Company Limited – Serrote Mine

Item	LOM Total (US$M)
Copper revenue	1,825.5
Gold revenue	145.0
Hedges	9.6
Royalties	(108.7)
Smelting and freight	(151.0)
Net Smelter Return	1,720.4
Mining	(222.9)
Processing	(327.6)
General and administration	(125.9)

Item	LOM Total (US$M)
Pre-Tax Cash Earnings	1,044.0
Income taxes	(138.4)
After-Tax Cash Earnings	905.6
Sustaining capital and closure	(131.6)
Working capital	6.7
Unlevered Free Cash Flow	**780.7**
Net Present Value After Tax at Discount Rate of 8%	**540.3**



Source: MVV, 2023.

Figure 22-1: LOM Unlevered Free Cash Flow

Table 22-2: Base Case Life-of-mine Annual Cash Flow
ACG Acquisition Company Limited – Serrote Mine

	LOM Total	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Statistics													
Total ore and waste mined (Mt)	**121.2**	11.5	12.1	12.7	12.5	12.7	12.7	12.7	12.7	6.8	7.6	5.9	1.3
Ore processed (Mt)	**46.7**	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	1.6
Copper grade (%)	**0.59**	0.73	0.55	0.56	0.60	0.55	0.57	0.55	0.59	0.60	0.60	0.55	0.56
Gold grade (g/t)	**0.10**	0.12	0.10	0.10	0.10	0.09	0.10	0.09	0.09	0.10	0.08	0.09	0.11
Copper conc. produced (k dmt)	**638.8**	97.4	60.1	61.0	52.7	47.7	49.3	47.7	51.6	52.3	52.3	47.7	18.8
Copper, payable (Mlb)	**498.0**	51.6	43.7	44.2	45.0	37.2	45.6	37.2	46.5	45.7	37.2	46.5	17.7
Gold, payable (koz)	**88.5**	8.1	8.2	8.6	8.2	6.9	8.7	6.9	7.3	8.3	5.6	8.3	3.5
Cash Flows (US$M)													
Copper revenue	**1,825.5**	179.8	168.7	172.5	174.5	137.0	163.8	133.6	167.0	164.2	133.6	167.0	63.6
Gold revenue	**145.0**	13.9	14.2	14.0	13.1	11.4	14.0	11.1	11.8	13.5	9.0	13.4	5.7
Hedges	**9.6**	9.1	0.5	-	-	-	-	-	-	-	-	-	-
Royalties	**(108.7)**	(10.5)	(10.3)	(10.4)	(10.1)	(8.3)	(10.1)	(8.1)	(9.4)	(9.9)	(7.3)	(10.0)	(4.0)
Smelting and refining	**(151.0)**	(22.3)	(14.8)	(14.6)	(12.5)	(10.4)	(12.6)	(10.3)	(12.8)	(12.7)	(10.3)	(12.9)	(4.9)
Net Smelter Return	**1,720.4**	169.9	158.3	161.6	165.0	129.6	155.0	126.3	156.6	155.1	125.0	157.6	60.4
Mining costs	**(222.9)**	(22.8)	(25.5)	(18.4)	(18.7)	(18.3)	(19.3)	(19.5)	(20.4)	(16.9)	(18.4)	(16.9)	(7.9)
Processing costs	**(327.6)**	(29.5)	(30.3)	(28.0)	(27.8)	(27.8)	(27.9)	(27.7)	(27.7)	(27.5)	(27.5)	(27.3)	(18.5)
General and administrative costs	**(125.9)**	(14.1)	(12.1)	(11.0)	(11.2)	(11.2)	(10.7)	(10.7)	(10.7)	(10.1)	(10.1)	(10.1)	(3.7)
C1 cash cost (US$/lb Cu)[1]	**1.37**	1.45	1.57	1.31	1.27	1.51	1.24	1.53	1.29	1.17	1.54	1.16	1.65

	LOM Total	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
C1 cash cost	**682.4**	74.9	68.5	58.1	57.0	56.3	56.5	57.0	59.9	53.7	57.4	53.8	29.3
EBITDA[3]	**1,044.0**	103.5	90.5	104.1	107.4	72.3	97.1	68.4	97.8	100.6	68.9	103.2	30.3
EBITDA margin (%)	***53***	*51*	*49*	*56*	*57*	*49*	*55*	*47*	*55*	*57*	*48*	*57*	*44*
Income taxes	**(138.4)**	(6.4)	(5.6)	(4.5)	(4.1)	(5.9)	(14.8)	(10.7)	(15.2)	(14.8)	(19.0)	(31.3)	(6.1)
Working capital	**6.7**	15.2	0.2	(0.8)	(0.4)	0.1	0.0	0.0	0.3	(1.2)	0.2	(0.2)	(6.6)
Sustaining capital	**(131.6)**	(18.3)	(14.4)	(16.9)	(12.0)	(16.0)	(12.6)	(5.9)	(8.8)	(6.9)	(5.8)	(4.6)	(9.3)
AISC (US$/lb Cu)[2]	**1.85**	2.01	2.13	1.93	1.76	2.17	1.74	1.91	1.68	1.54	1.90	1.47	2.41
AISC	**922.7**	103.7	93.2	85.3	79.1	80.7	79.3	71.1	78.0	70.6	70.5	68.4	42.6
Unlevered Free Cash Flow	**780.7**	**94.0**	**70.7**	**81.9**	**90.9**	**50.5**	**69.7**	**51.8**	**74.1**	**77.6**	**44.3**	**67.1**	**8.2**
Cumulative Cash Flow		94.0	164.6	246.5	337.4	387.9	457.6	509.4	583.5	661.2	705.4	772.5	780.7
NPV @ 8% discount rate	**540.3**												

Note:

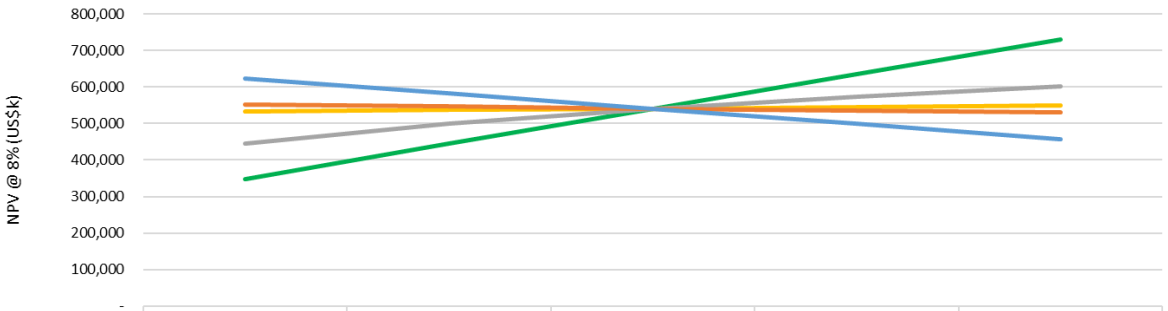
1. C1 cash cost = cash operating costs less net by-product credits.
2. AISC = all-in sustaining costs, which are C1 cash cost plus royalties and sustaining capital expenditures.
3. EBITDA = earnings before interest, taxation, depreciation, and amortization.

22.5 Sensitivity Analysis

The sensitivity of the Mine to changes in metal prices, exchange rate, sustaining capital costs and operating cost assumptions was tested using a range of 20% above and below the Base Case values.

22.5.1 NPV Sensitivity

The sensitivity to NPV is shown in Figure 22-2. The Serrote Project is most sensitive to the copper price, followed by operating costs. Sensitivity to grade is the same as for price because of the relationship between the grade, the product and the metal price.



	-20%	-10.0%	0.0%	10.0%	20.0%
Copper price	$347,911	$444,760	$540,300	$635,229	$729,840
Gold price	$532,224	$536,463	$540,300	$544,830	$548,948
FX	$445,659	$498,850	$540,300	$574,038	$601,891
Sust. capex	$551,662	$546,155	$540,300	$535,141	$529,617
Opex	$622,733	$581,663	$540,300	$498,993	$457,297

Source: MVV, 2023.

Figure 22-2: NPV Sensitivity

22.5.2 Discount Rate Sensitivity

The sensitivity of the Mine NPV to the cost of capital was tested using discount rates of 5% and 10% (Base Case discount rate, 8%). Table 22-3 shows the impact of these discount rates.

Table 22-3: Discount Rate Sensitivity
ACG Acquisition Company Limited – Serrote Mine

Discount Rate	NPV After Tax (US$M)
Cumulative net cash flow	781
5% discount rate	614
8% discount rate (Base Case)	**540**
10% discount rate	500

Note: Base case is bolded.

22.6 CP Comments on "Item 22: Economic Analysis"

Financial analysis on the Serrote Mine demonstrates positive economics and Project viability. The Serrote Mine is most sensitive to the copper price, followed by the operating costs. Sensitivity to grade is the same as for price because of the relationship between the grade, the product, and the metal price.

23.0 ADJACENT PROPERTIES

There are no adjacent properties to report in this section.

24.0 OTHER RELEVANT DATA AND INFORMATION

No additional information or explanation is necessary to make this CPR understandable and not misleading.

25.0 INTERPRETATION AND CONCLUSIONS

25.1 Geology and Mineral Resources

- As of December 31, 2022, inclusive of Mineral Reserves, Measured Mineral Resources for open pit operations are estimated to total 61,415 thousand tonnes (kt) at 0.55% copper (Cu) and 0.10 g/t gold (Au), and Indicated Mineral Resources are estimated to total 35,254 kt at 0.53% Cu and 0.08 g/t Au. In addition, Inferred Mineral Resources are estimated to total 4,883 kt at 0.52% Cu and 0.07 g/t Au.
- Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (CIM (2014) definitions were followed for Mineral Resources.
- The Serrote deposit and Caboclo exploration target are examples of mafic–ultramafic magmatic copper sulphide deposits and are very well understood by the MVV staff. Caboclo is located approximately 20 km from the Serrote processing facilities.
- Protocols for drilling, sampling preparation and analysis, verification, and security meet industry standard practices and are appropriate for the purposes of a Mineral Resource estimate.
- Drill programs included insertion of blank, duplicate, and standard reference material samples.
- The QA/QC program as designed and implemented by Serrote and Caboclo is adequate, and the assays values are suitable for use in Mineral Resources estimate.
- Data have been validated using numerous checks that are appropriate and consistent with industry standards.
- Database construction and security were adequate.
- The geological models are reasonably constructed using available geological information and are appropriate for Mineral Resource estimation.
- The assumptions, parameters, and methodology used for the Serrote Mineral Resource estimate are appropriate for the style of mineralisation and proposed mining methods.
- Drilling was completed at regularly spaced intervals over the mineralisation and is considered representative of the deposits.
- Sample collection, preparation, analysis and security for reverse circulation (RC) and core drill programs are in line with industry-standard methods for copper–gold deposits.
- The use of wet samples for density measures is acceptable because the Mine rock types typically have <1% porosity when fresh, thus the wet and dry densities are very much the same.
- Exploration completed to date is appropriate and has been adapted to the local regolith development. The programs have identified the Serrote deposit and Caboclo exploration target and most of the exploration results have been followed up with drilling.
- Queimada Bonita prospect has anomalous copper, gold, and nickel values that warrant additional investigation.
- The Caboclo area presents a reasonable potential that should be considered for further exploration, such as the Rogério, Petrúcio, and Zezé targets.

25.2 Mining and Mineral Reserves

- As of December 31, 2022, the Mineral Reserves were estimated as:
  - Proven Mineral Reserves: 41.17 million tonnes (Mt) at 0.59% Cu and 0.10 g/t Au
  - Probable Mineral Reserves: 5.56 Mt at 0.54% Cu and 0.08 g/t Au
  - Total Mineral Reserves: 46.73 Mt at 0.58% Cu and 0.10 g/t Au
- The Mineral Reserve estimation for the Mine incorporates industry-accepted practices and is reported using CIM (2014) definitions.
- Measured and Indicated Mineral Resources that were classified by material type as sulphide were converted to Mineral Reserves. Inferred Mineral Resources in sulphide and material classified as oxide were considered as waste. Only copper and gold economic values were considered.
- The Mineral Reserve estimates are based on detailed pit limit designs, which were validated by a life-of-mine (LOM) mine plan.
- A sensitivity analysis established that the Serrote open pit limit geometry is robust in the north, east, and west parts of the open pit for a wide variation of the design parameters, due to the orebody geometry. This part of the orebody is higher grade and has a lower stripping ratio. In contrast, the geometry of the south part of the pit is more sensitive to changes in the design parameters.
- Information that affects the cut-off grades used for estimating the Mineral Reserves include the copper and gold metal prices, exchange rates, overall mine and process plant variable and fixed costs, and copper concentrate transport, smelting, refining, and processing costs.
- The CP is not aware of any other factors that could materially impact the estimate of the Mineral Reserves for Serrote that are not presented in this CPR.
- Mining operations are conducted year-round. The Serrote Mine has been developed as a conventional open pit operation using conventional equipment. The Serrote pit will be developed in five phases. The current mine plan was prepared using a peak mine production rate of 12.7 million tonnes per annum (Mt/a) and a mine operating life of 12 years. Ore is delivered to the crusher pad adjacent to the process plant at an average rate of 11,390 tonnes per day (t/d) or 4.1 Mt/a.
- Mining is carried out by a contractor that supplies its own fleet of mining equipment up to the end of 2024; from 2025 onwards, MVV will own and operate a new fleet. The equipment type and size selection were carried out by MVV, and both the contractor and MVV fleets will be of compatible sizes.
- Mining activities will generate four types of overburden/waste materials: topsoil, saprolite (overburden), transitional weathered rock, and waste rock. There will be one waste rock storage facility (WRSF), an oxide material stockpile, and a temporary sulphide ore stockpile.

25.3 Mineral Processing

- The process plant using Woodgrove flotation cells, until recently, had not been able to reproduce the copper recovery or concentrate grades achieved in the metallurgical testwork that was carried out up to the end of 2020. The flowsheet changes implemented in July 2022 resulted in an increase in recovery to the design levels; however, the concentrate grades continue to be lower than design.

- The testwork carried out by SGS Geosol in 2022 showed the potential for significantly increasing concentrate grade and increasing recovery. The work also showed that an increase in the impeller tip speed in the conventional laboratory cells increased recovery.
- Pilot scale testwork carried out by Woodgrove in 2022 showed the recovery could be improved by increasing the impeller tip speed and using a different gangue depressant; however, the improvement did not indicate that the design recovery or concentrate grades could be achieved.
- A large proportion of the copper losses occur in liberated copper minerals <5 µm and >40 µm in size and copper minerals locked in complex gangue particles. Laboratory testwork has shown high recoveries and concentrate grades can be achieved with selective regrinding and additional flotation residence time in conventional cells.
- The Caboclo material appears to be similar to the Serrote ore and responded well to the original flowsheet designed for Serrote. Future testwork should take into consideration the lessons learned in the Serrote plant.
- In spite of lower copper recoveries during Serrote's ramp-up period, copper in concentrate production has been either in line or above plan.

25.4 Infrastructure

- The Serrote Mine is accessed via paved roads from the cities of Craíbas and Arapiraca. Road access is used for the supply of materials and equipment to the mine site and for transporting concentrate to the port of Maceió approximately 140 km from the Mine site. Concentrate has been transported to the port of Maceió since the first shipment in Q4 2021.
- Existing infrastructure includes the gatehouse, trucker support building, change house, administration offices, workshop offices, first aid post, kitchen/canteens, process plant with workshop, laboratory, process control room, main workshop building, tire shop, welding area, drilling maintenance bay, fuel station, wash bay, and power sub-station. All infrastructure construction necessary for the Serrote Mine operations was completed by the end of 2021.
- No on-site accommodation is available. Employees and contractors reside in Arapiraca, Craíbas and surrounding communities. Arapiraca is the second largest city in Alagoas and had an estimated population of 233,000 inhabitants in 2020.
- Electrical power is supplied via a 21 km long powerline that connects the Serrote sub-station with the national grid at the Arapiraca III substation. Plant emergency power is provided by a 480 V packaged diesel generator located in the thickening and filtration substation. Emergency power supports critical loads only, and does not maintain production.
- MVV is tied into the CASAL (the Alagoas state water utility) pipeline that provides the water supply for Arapiraca. The pipeline feeds a freshwater reservoir on site. Process water is supplied from a combination of recirculated flow from the thickeners, water reclaimed from the tailings storage facility (TSF), and water contained in the run-of-mine (ROM) material. Fresh water is used to top up this supply when required.
- Water management infrastructure was designed to Brazilian standards. Structures specifically requiring diversion drainage management are the sulphide and oxide stockpiles, the WRSF and the open pit.

25.5 Environment

25.5.1 Environmental

- The environmental impacts of the Serrote Mine were identified and evaluated for the construction, operation and closure stages, along with proposals for control, mitigation, monitoring and environmental compensation actions.
- The Mine has undergone an independent Environment and Social Due Diligence review process against national legislation and international standards (including IFC Performance Standards, Equator Principles, and Good International Industry Practice). MVV has implemented an action plan to address the findings which includes quarterly audits to assess status of actions identified in the Environmental and Social Action Plan (ESAP).
- Tailings geochemistry studies to date indicate Phase 2/3 and Phase 4 tailings are non-acid-generating and have a low potential for metal leaching, consistent with Phase 0/1 tailings. Additional geochemical characterization is ongoing to augment the existing understanding, characterize metal solubilization aspects of the mine rock, pit walls, and tailings, and inform management strategies. Results will be integrated into a water balance and water quality effects model extending site-wide and into the receiving environment.
- MVV commissioned the consulting group Ferreira Rocha to prepare an updated Environmental and Social Impact Assessment (ESIA) and Environmental Social Management Plan, who then completed the document in June 2022. MVV is using the updated ESIA to guide development of ongoing environmental and social management plans.
- MVV has legal requirements for monitoring air quality, climate, ambient noise and vibration, water quality, and flora and fauna. The monitoring programs are stipulated in the Mine's Environmental Control Plans (PCAs); these documents were submitted to the state environmental agency during the Mine's installation licence permitting process.

25.5.2 Permitting

- MVV advised on May 21, 2021, that Project permitting is up to date with all permits for the operations phase obtained. The Operating Licences for the Operations Phase of the Mine and for Mineral Processing and Tailings Management were issued by the state environmental agency on May 27, 2021, and will be due for renewal in May 2025.

25.5.3 Closure

- The most recent site-wide update of the Mine's conceptual closure plan and associated cost estimate was carried out in January 2023. Per the Project's Operating Licence issued May 27, 2021, an updated closure plan shall be submitted at the time of licence renewal in early 2025.
- A total of US$18.8 million (R$98.1 million at an exchange rate of R$5.21 per US$1) is assumed in the cost model for closure.

25.5.4 Social

- There are 14 communities within the area of direct Project influence. MVV is in constant communication with the residents, and holds regular community meetings, under the company's Social Dialogue Initiative. MVV uses the WhatsApp messaging application as a tool to support communications between the communities and MVV's community relations team.
- A resettlement program was undertaken from 2012 to 2020, under which 153 families residing in the area needed for the mining operations were resettled. To the Effective Date of the CPR,

MVV has no record of complaints and/or complaints lodged using the Grievance Mechanism in relation to the resettlement process. MVV maintains an ongoing social dialogue with the resettled families including regular meetings.

- A Grievance Mechanism is in place. MVV has a contract with a specialized third-party, which guarantees confidential treatment of information. A computer database records and monitors the stakeholder communications, and MVV's responses, agreements and commitments adopted.
- MVV has a Stakeholder Engagement Plan in place that set out the company's guidelines for addressing stakeholder concerns, stakeholder communications, and stakeholder relationships. The plan is constantly updated to reflect the Mine development stage, scenario changes, stakeholder profiles, and the type and nature of stakeholder feedback.
- MVV instituted an "Open Doors" (Portas Abertas) program which consisted of guided tours of the Mine that provided external stakeholders with Project-specific information, in particular, on aspects of the environmental and engineering disciplines. The Open Doors program extends to general community-related information updates on the Mine. These include individualized information provision to stakeholders, weekly information emails, and monthly newsletters on social and environmental actions. MVV is also active in the print and social media spheres to ensure that all stakeholders remain informed as to MVV's activities.
- MVV developed a portfolio of social projects in conjunction with communities in the area of direct Project influence, which focused on the areas of social entrepreneurship, environmental education, science and technology.

25.5.5 TSF

- The TSF is a conventional cross-valley TSF to be constructed in two phases. Construction of the TSF first phase was competed during January 2021. Operations at the TSF began in mid-June 2021 and are ongoing. Phase 1 will operate for four years from the commencement of operations in June 2021; Phase 2 will operate for the remaining LOM and will require a dam raise, which is anticipated to be completed in two raises, one 4 m raise and a final 3 m raise.
- The Mine will produce approximately 54 Mt of ore over the 14-year mine life, and the TSF was designed to contain the LOM tailings volume. However, if additional resources are discovered during the LOM, additional tailings storage capacity may be required beyond the currently proposed final TSF design.
- The TSF has been designed and operated in accordance with all applicable Brazilian regulations, as well as to meet the Canadian Dam Association (CDA0 guidelines considered international standard. Operations at the TSF follow the strict governance framework put in place by MVV, which meet regulations defined by the national dam policy of the Ministry of the Environment, and the laws and regulations of the Agência Nacional de Mineração (ANM0. Operating permits for Tailings Management were issued by the state environmental agency on May 27, 2021, and will be due for renewal in May 2025. The facility is currently registered as "In Operation" as of June 20, 2022, with ANM. Application for "Granting of Water Works" required for the TSF Phase 2 raise was submitted on September 22, 2022; the permit is currently in processing.
- Geotechnical instrumentation records of the dam are within the expected parameters. Increases in piezometric levels were recorded on the upstream slope and no piezometric levels were recorded on the downstream slope. The dam inclinometers did not register displacements above safety levels and the seepage flow remained constant throughout the year, indicating a good functioning of the internal drainage system. Water quality monitoring

indicate that seepage flows downstream of the dam meet environmental discharge regulations. Seepage flows are currently directly discharged to the downstream environment.

- Annual dam safety inspections indicate that the dam is performing well with minor damages to ancillary TSF features due to the major storm events that occurred at the site. Minor repairs include minor erosional damage repair on embankment slopes, finishing upstream riprap placement, establishing full vegetative cover on the downstream slope, minor repairs to the spillway, and abandonment of the seepage collection pond.

25.6 Markets and Contracts

- MVV has a single contract in place with a large global trader covering 100% of the copper concentrate production.
- Copper and gold are payable in the concentrates. At a projected 24% to 40% copper the Serrote concentrate is considered a high-grade concentrate and has attracted good terms from the off-taker. At a projected 2.55 g/t to 5.75 g/t Au, the gold content in the Serrote concentrates is relatively low and is suitable for all smelters/refineries.
- MVV's base case metal price assumptions are considered to be in line with the periodic forecasts of future copper and gold prices prepared by several banking institutions and research analysts. The forecasts used vary for the period 2023–2026, reverting to long-term pricing in 2027. The long-term prices include US$3.59/lb Cu and US$1,615/oz Au. The long-term Brazilian reais to US$ exchange rate forecast used in the economic analysis is 5.55.
- The open pit mining contract is with Fagundes Construção e Mineração S/A.

25.7 Costs and Economics

The Serrote Mine was built from 2019 to the end of 2021 at an estimated capital cost of $194.5 million with all taxes included. The cost accounts for all infrastructure necessary to begin operations such as the processing plant, initial tailings dam facility, mining pre-production, administration buildings and warehouse, plus Owner's costs and commissioning. Process plant capacity was designed at 4.1 Mt/a.

MVV declared commercial production on December 27, 2021, and the mine has been operating continuously since then. This CPR considers a mine plan with a start date of January 1, 2023. All capital costs in the LOM plan are considered as sustaining capital.

- The sustaining capital cost over the LOM is estimated to be US$132 million, including costs related to mining, process plant, tailings storage facility expansion, and mine closure.
- The LOM operating cash cost is estimated to be US$14.60/t ore processed, and the all-in sustaining cost (AISC) is estimated at US$19.74/t ore processed which is equivalent to $1.85/lb Cu payable.
- Annual operating costs range from US$59 million to US$74 million for full years of operation with variations in costs mainly attributable to mining costs, which vary due to strip ratios and equipment life cycles.

The cash outflows and inflows for the base case were estimated to calculate the NPV.

- The undiscounted unlevered free cash flow is estimated at US$781 million. The NPV after tax at a discount rate of 8% is estimated at US$540 million. IRR and Project payback years are not applicable in this case since the initial capital costs have been expended and are considered sunk costs as of Q4 2021.
- The Serrote Project is most sensitive to the copper price, followed by exchange rate. Sensitivity to grade is the same as for price because of the relationship between the grade, the product, and the metal price.

25.8 Risks and Opportunities

25.8.1 Risks

The CPs have assessed critical areas of the Mine and identified risks associated with the technical and cost assumptions used. These are summarized in Table 25-1.

Table 25-1: Risk Analysis Summary
ACG Acquisition Company Limited – Serrote Mine

Project Element	Issue	Mitigation
Geology and Mineral Resources	Tonnage and grade variation	Improve the mineralized wireframes, and knowledge of the structural geology and include major features in the 3D geological model.
Mining	Lower grades or tonnages mined	Expert mining contractor; backup equipment; time usage models; dispatch monitoring; experienced management team.
Processing	The proposed flowsheet changes do not provide the expected improvements in copper recovery and increased concentrate grades.	Continue laboratory and in-plant testwork. Consider future replacement of the Woodgrove cells with conventional tank cells.
TSF	Failure / Instability	Expert third-party design engineer of record appointed; downstream construction method; instrumentation in place; inspection/monitoring routines; seismology controls.
	Uncontrolled release of contact water during wet years due to emergency spillway capacity	Phase 2 TSF expansion design currently under way - emergency spillway capacity design is based on conservative assumptions to account for the unusual wet years plus very large storm events.
	Stopped production due to insufficient storage capacity	Phase 2 expansion design to be completed in Q3 2023. Completion of Phase 2-A (to crest elev. 248 masl) construction expected in Q2 2024. Construction of Phase 2B (to crest elev. 251 masl) is expected to be completed in 2027 and it will be able to store the expected LOM production of 54Mt.
	Compliance with new regulations and industry standards, including GISTM	Early planning in future designs; currently working toward compliance with GISTM.

25.8.2 Opportunities

A summary of the Mine related opportunities identified by the CPs in their review is shown in Table 25-2.

Table 25-2: Opportunities
ACG Acquisition Company Limited – Serrote Mine

Area	Opportunity	Comment
Geology and Mineral Resources	Update metal prices	The metal prices used to constrain Mineral Resources could be updated with higher prices which could enlarge the resource pit-shell.
	Caboclo	This project is in the advanced exploration stage, and future Mineral Resources estimates should add resources.
Mining and Mineral Reserves	Pit layback	Potential exists to capture additional mineralisation, currently outside the Mineral Reserves pit boundary by reviewing the mine design to incorporate additional pit laybacks.
	Oxide material	Oxide mineralisation is estimated as part of the Mineral Resources but is not included in the current mine plan. This material has potential to be included in the mine plan if studies support that oxide leaching and solvent extraction/electrowin cathode production on-site is economic.
	Caboclo	Mineralisation at the Caboclo exploration target is not included in the current mine plan. There is potential, with additional metallurgical testwork and technical studies to incorporate this mineralisation into mine planning.
Metallurgy and Processing	Magnetite recovery	Magnetite within the tailings represents a potentially saleable product that should be investigated with testwork and technical studies.
	Accelerate program of flowsheet improvements to bring earlier copper recovery and concentrate grade improvements.	This will require a more aggressive testwork and capital expenditure program.

26.0 RECOMMENDATIONS

26.1 Geology and Mineral Resources

GeoEstima has the following recommendations for Geology and Mineral Resources

1. Update the Mineral Resource estimate with the results of the ongoing drilling program. The new drilling information may better define the limits of mineralisation, increase the volume of material in the deeper portion of the deposit, and upgrade the resource classification in some areas, thus increasing the life of the mine.
2. Improve the modelling and knowledge of the copper oxide zone at Serrote and investigate process options.
3. Build a detailed structural model and structural domains in order to customize local search anisotropies and directions.
4. Review the existing geochemical data in the Caboclo area to confirm lateral extents of mineralized bodies and infill the existing drill spacing gaps. The review should include the new data from the 2021 up to 2022 drilling campaign.
5. Develop metallurgical testwork program to check the Caboclo recovery assumptions.
6. Estimate Mineral Resources for the Caboclo area, which has good potential to extend the Serrote Operation.
7. Update the Mineral Resource pit shell and cut-off inputs based on current economic parameters.
8. Review cut-off input parameters to have a consistent baseline with the Mineral Reserve inputs in future resource updates.
9. Investigate the potential contamination observed in some blank samples for copper at ALS Chemex.

26.2 Mining and Mineral Reserves

1. The Serrote Mine is in the process of compiling updated geotechnical and hydrogeological information and studies. Geotechnical drill holes and Mineral Resource drill holes have been completed and further holes are planned. Once these studies are complete new open pit optimizations can be reviewed, using applicable long-term projections for input parameters such as metal prices, exchange rates and operating costs. A new mine plan and processing schedule would then be generated for input to a revised financial model for the Mine. The objective would be to review whether a substantial pushback to the south end of the open pit is justified. This study is estimated at US$3 million to complete, including drilling.

26.3 Mineral Processing

The CP is in agreement with the MVV testwork program and plan to improve and stabilize plant operations and performance, which includes the following components:

1. Fine tune plant controls.
2. Operate the high intensity grinding (HIG) mills at the optimum point (including classification effectiveness).
3. Improve understanding of the geometallurgy of the feed and the metallurgical response of each lithology type and head grade.

4. In 2023, to improve the copper grade in the concentrate, install a dedicated cleaner cell (tank cells in the range between 20 m^3 and 50 m^3 are available) for enrichment of the first rougher 1 concentrate (from around 24% Cu to >35%Cu with 90% recovery in the stage). This will increase the overall copper grade in the concentrate to 30% when combined with the cleaner 2 concentrate.
5. In 2024 and 2025, install one additional cleaner tank cell to improve the overall concentrate grade to 32% Cu.
6. In 2026, install a four stage cleaner circuit using tank cells with impellers with higher tip speeds to produce a 40% Cu concentrate.
7. Carry out locked cycle tests (LCT) and pilot plant testwork to further investigate the optimum cleaner circuit configuration and test higher flotation cell impeller tip speeds. The latter has been tested on conventional cells in the laboratory and at pilot scale for the Woodgrove cells with encouraging results. The goal is to produce a final concentrate of around 40% Cu, while maintaining recovery between 84% and 85%.

26.4 Infrastructure

There are no recommendations related to infrastructure.

26.5 Environment

1. Start the TSF Phase 2 embankment raise to crest elevation 254 masl construction in Q4 2023, so it is complete on or before the end of Q3 2024. The TSF embankment raise design should be based on conservative assumptions related to the upstream catchment's degree of saturation and should include a spillway design that adheres the updated Brazilian regulations (ANM, 2022), the relocation of the discharge system (i.e., spigots) to the crest of the embankment, and the development of a tailings beach over water. The design of this phase is underway, and completion is expected by Q3 2023.
2. Keep the water licence (required to capture fresh water from the Salgado stream in the TSF) active in case demand for fresh water cannot be met by CASAL at any point in time.
3. For the next closure cost revision, which must be reviewed and updated every five years, incorporate borrow and organic soil cover requirements and sourcing to assess the need to extend post-closure activities beyond five years for certain facilities such as the TSF.
4. Based on climate data, is it reasonable to assume a large portion of the TSF will remain inundated with only the outer edges requiring cover material placement. Once a quantitative water balance is completed to confirm this assumption, conduct a review of the closure plan and adjust the cost estimate accordingly.

27.0 REFERENCES

ALS Metallurgy, 2020a: Metallurgical Testing for the Serrote Project: Report prepared by ALS Metallurgy for Appian Capital Advisory LLP, February 21, 2020

ALS Metallurgy, 2020b: Metallurgical Testing for the Serrote Project – Variability Testing, Report KM6062, Revision 2: Report prepared by ALS Metallurgy for Appian Capital Advisory LLP, August 5, 2020

ALS Metallurgy, 2020c: Metallurgical Testing for the Serrote Project – Addendum Report, KM6062 Addendum: report prepared by ALS Metallurgy for Appian Capital Advisory LLP, October 20, 2020.

ALS Metallurgy, 2020d: Metallurgical Testing for the Serrote Project – Tailings Generation, Report KM6241: report prepared by ALS Metallurgy for Appian Capital Advisory LLP, December 22, 2020.

Amorim, J.L., 1995: Programa Levantamentos Geológicos Básicos do Brasil. Arapiraca, Folha SC.24-X-D-V. Estado de Alagoas. Escala 1:100.000, Brasília, CPRM.

Arcadis, 2022: Closure Plan Serrote Mine, Mineracao Vale Verde, 1.08.01.35898-FM-RT-0003-Rev.2, October 2022.

Beaudry, C., 2008: Arapiraca Project: Review of QAQC Procedures and Results and Proposal for the Manufacture of Project Pulp Standards: internal report prepared for Aura Minerals Inc., Mineração Vale Verde Ltda, 12 May 2008, 65 p.

Berrocal J., Assumpçao M. ,Antezana R., Dias Neto C. M., Ortega R., França H., and Veloso J.A.V., 1984: Sismicidade do Brasil: Institute Astronômico e Geofísico, São Paulo, Brazil.

Bieniawski, Z.T., 1989: Engineering Rock Mass Classifications: A Complete Manual for Engineers and Geologists in Mining, Civil, and Petroleum Engineering: Wiley, 1989.

Brito, R.S.C., Amorim, J.L., Macambira, M.J.B., Leal, E.D., Pimentel, M.M., Silva Filho, M.A., Torres, H.H.F., Gioia, S.M.L. and Junges, S.L., 2003: Preliminary Sm-Nd and Pb-Pb isotopic data of the Fe-Cu-Au-bearing Serrote Da Laje Complex, Arapiraca, Alagoas, Brazil: Short Papers – IV South American Symposium on Isotope Geology, pp. 720–723.

Canadian Dam Association, 2014: Application of Dam Safety Guidelines to Mining Dams.

Canadian Institute of Mining, Metallurgy and Petroleum (CIM), 2014: CIM Definition Standards for Mineral Resources and Mineral Reserves, prepared by the CIM Standing Committee on Reserve Definitions: adopted by the CIM Council, May 2014.

Canadian Securities Administrators (CSA), 2011: National Instrument 43-101, Standards of Disclosure for Mineral Projects, Canadian Securities Administrators.

Canedo, G., 2009: Cobre Solúvel Relações com Demais Dados Analíticos e Descritivos e Sus Implicações – Serrote da Laje: internal report to MVV, 13 February 2009, 8p.

Canedo, G.F., 2016: Os depósitos Serrote da Laje e Caboclo (CU-au), Nordeste do Brasil: Sulfetos Magmáticos Hospedados em Rochas Ricas em Magnetita e Ilmenita Associadas a Intrusões Máficas-Ultramáficas: Masters thesis, University of Brasília.

Cawthorn, R.G., and Meyer, F.M., 1993: Petrochemistry of the O'Kiep Copper District Basic Intrusive Bodies, Northwestern Cape Province, South Africa: Economic Geology, v. 88, pp. 590–605.

CIMVAL, 2019: The CIMVal Code for Valuation of Mineral Properties, prepared by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) on the Valuation of Mineral Properties (CIMVAL), November 29, 2019.

Davis, B., 1995: Statistical Control for the Production of Assay Laboratory Standards: SME Preprint Number 95-17, 5 p.

Eckstrand, O.R., and Hulbert, L.J., 2007: Magmatic Nickel-Copper-Platinum Group Element Deposits: in Goodfellow, W.D., ed., Mineral Deposits of Canada: A Synthesis of Major Deposit Types, District Metallogeny, the Evolution of Geological Provinces, and Exploration Methods; Geological Association of Canada, Mineral Deposits Division, Special Publication No. 5, pp. 205–222.

ERM Consultants Canada Ltd (ERM), 2019: Serrote da Laje Copper Project, ESDD Report: report prepared by ERM for Endeavour Financial, dated 5 March 2019, 81 p.

ERM, 2020: Serrote da Laje Copper Project, ESDD Report: report prepared by ERM for Endeavour Financial, dated 15 Nov 2020, 91 p.

ERM, 2022. Serrote de Laje Monioring Report, Q4 2022 Monitoring Report; 16 February 2023.

Ferreira F., 2008: Projecto Serrote da Lage – Arapiraca Relatório de Avaialção do Model Metalogenético: internal report, Aura Minerals Inc. May 2008, 23 p.

Ferreira, G., 2016: Dissertacao Depositos de Cobre e Ouro do Serrote da Laje e Caboclo: Masters Thesis No. 370, University of Brasilia.

Ferreira Rocha, 2020: Environmental and Social Impact Assessment (ESIA) and Social Management Plan (ESMP): report prepared by Ferreira Rocha for MVV, dated 23 Dec 2020, in draft, 529 p.

Financial Conduct Authority, 2022: Primary Market Technical Note 619.1 Guidelines on disclosure requirements under the Prospectus Regulation and Guidance on specialist issuers, May 2022.

Foo, B., Jacobs, C., Spooner, J., Lewis, W.J., Major, K.W., and Lister, D., 2012: NI 43-101 Technical Report on the Feasibility Study for the Serrote da Laje Project, Alagoas State, Brazil: Report prepared by Micon International Limited for Aura Minerals Inc., effective date 15 October 2012, 314 p.

Gaspar, J.C., 2008: Cu-Au Ore from the Serrote da Laje Deposit: Chemical Composition and Ni Content in Minerals from Assay Products: report prepared by Serviços Geológicos e Representações Ltda. for Vale Verde Mineração, 9 p.

General Assembly of the United Nations, 1948: Universal Declaration of Human Rights, 10 December 1948.

Geoestrutural, 2022. Stability and Sizing Studies of Short, Medium and Long Term Wall Slopes of the Serrote Mine. 30 August 2022.

Horbach, R., 2007: Ore Resources of the Serrote da Laje Copper-Gold Deposit, A Review. v. I Text, pp. 1–57, v. II Annexes 1 to 16, and v. III Annexes 17 to 30.

Horbach, R. and Marimon, M.P.C., 1988: O depósito de Cobre de Serrote da Laje: Anais do XXXV Cogr. Brás. de Geol., Belém, Pará, V.1, pp. 1–15.

KPMG Assessores Ltda., 2020: Mineração Vale Verde Ltda., Serrote da Laje Project, Financial Model Tax Review, 3 April 2020.

Leal, E.D., Santana, R.R., Lira, M.B., Silva, J.J., 2002: O Deposito de Cobre do Serrote da Laje, Relatório Final de Avaliação GAVAK: Gerencia Técnica de Avaliação, Belo Horizonte, DOCEGEO.

Lorax, 2022: Technical Memorandum, Serrote -Phase 2/3 and Phase 4 Tailings Kinetic Study Update, Lorax Environmental, 17 May 2022.

Maier, W.D., and Barnes, S.J., 1999: The origin of Cu Sulphide Deposits in the Curaçá Valley, Bahia, Brazil: Evidence from Cu, Ni, Se, and Platinum-Group Element Concentrations: Economic Geology, v. 94, pp. 165–183.

McNulty, T, 1998: Developing Innovative Technology: Mining Engineering Magazine Society for Mining, Metallurgy & Exploration, October 1998, 6 p.

McNulty, T. 2014: Plant Ramp-Up Profiles an Update with Emphasis on Process Development: Canadian Institute of Mining, Metallurgy and Petroleum; Proceedings of the 2014 Conference of Metallurgists, 9 p.

MDGeo, 2022. Conceptual Hydrogeological Model Report of the Serrote Mine. August 29, 2022.

MTS et al., 2019: Serrote Project Alagoas State, Brazil, Technical Report: report prepared in NI 43-101 technical report format, prepared by I. Crundwell, T. Eggleston, E. Koniaris, D. Lister, A. Maycock, and J.C. Virgili on behalf of Crundwell Mineral Resource Consultants Inc., Mine Technical Services Ltd., Q'Pit Inc., Altura Environmental Consulting, MM Consultores Ltda., and Walm Engenharia e Tecnologia Ambiental for Mineração Vale Verde Ltda, effective date 17 January 2019

MTS et al., 2021: Serrote Operation, Bahia State, Brazil, NI 43-101 Technical Report, unpublished report prepared by T. Eggleston, I. Crundwell, A. Bradfield, A. Maycock, D. Lister, and D. Servigna for MVV, July 2021, 357 p.

MVV, 2018: Serrote da Laje and Caboclo Deposits: internal Mineração Vale Verde presentation, September 2018, 37 p.

MVV, 2022: Serrote Mine, Technical Request – Environmental Report – Water Resources Analysis, SR-0000-MAB-RT-0030, 1 December 2022.

MVV, 2022a: Serrote Project, Conditioning Services Report, Operation License No. 2021.27051149786.EXP.LON Serrote Mine, SR-0000-MAB-RL-9086, 26 May 2022.

MVV, 2023a: Legal Opinion – NI 43-101, provided by Bichara Advogados, 7 March 2023.

Oliveira, E.P., and Tarney, J., 1995: Genesis of Precambrian Copper-Rich Caraíba Hypersthenite- Norite Complex, Brazil: Mineral. Deposita, v. 30, pp. 351–373.

Qualitex Engenharia E Servicos, 2021. Relatorio Tecnico R. 12725.2021.V0 – Rejeito. Prepared for Mineracao Vale Verde LTDA, November 2021.

Qualitex, 2022: Mining Vale Verde Do Brazil LTDA, Technical Report 3751.2022, Ambient Air Quality Monitoring, Qualitex Engenharia E Servicos, February 2022.

Roscoe, W.E., 2007: Valuation of Non-Producing Mineral Properties Using Market Comparables: Proceedings of the Sixth Joint Business Valuation Conference of the Canadian Institute of Business Valuators and the American Society of Appraisers, Toronto, October 19-20, 2006; The Journal of Business Valuation 2007, pp. 207-231.

Roscoe, W.E., 2012: Metal Transaction Ratio Analysis – A Market Approach for Valuation of Non-Producing Properties with Mineral Resources. VALMIN Seminar Series Proceedings. The Australasian Institute of Mining and Metallurgy Publication Series No. 3/2012, pp. 85-94.

SCAN, 2007: Levantamento Magnetométrico Projeto Arapiraca Alvos Caboclo e Serrote Da Laje, prepared by SCAN – Consultoria e Projetos Ltda, Rio de Janeiro, Agosto 2007.

SGS Geosol, Flotation Testwork on Samples From The Serrote Industrial Plant Final Report 0788-2202 – 27 December 2022

SGS Minerals, 2011: An Investigation into the Recovery of Copper, Gold and Magnetite from Samples of the Caboclo Deposit: report prepared by SGS Minerals for Aura Minerals, July 8, 2011, 26 p.

SGS Canada, 2011: An Investigation into Geochemical Characterisation of Aura Serrote Tailings: SGS Canada Inc., 93 p.

Simpson, R.G., 2008: Mineral Resource Update, Serrote da Laje Copper-Gold Deposit, State of Alagoas, Brazil: Geosim Services Inc.

Simpson, R., 2009: Mineral Resource Update Serrote da Laje and Caboclo Deposits of the Arapiraca Copper-Gold-Iron Ore Project, State of Alagoas, Brazil: Geosim Services Inc., April 2009,

Spring, V. and el-Rassi, D., 2007: Technical Due Diligence on The Arapiraca Copper-Gold Property, State of Alagoas, Brazil: report prepared by Watts, Griffis And McOuat Limited for Aura Gold Inc., 69 p.

Technoblast, 2022. Technical Report, Seismographic Monitoring, R-166/22, Mineracao Vale Verde Do Brasil LTDA, Technoblast Detonation and Seismography Services Ltd., October 2022.

VOGBR, 2007: Scoping Study (FEL 1) Estudos Geológico-Geotécnicos Dos Taludes Da Cava Do Alvo Serrote Da Laje: report prepared by VOGBR for DOCEGEO, 04AURA001-1-GL- RTE-0001 Rev 01.

VOGBR, 2008: Modelo Hidrogeológico Conceitual, Projeto Serrote da Laje: report prepared by VOGBR for DOCEGEO, relatório técnico nº 558-VO-200-222-002, Versão 00:

VOGBR, 2010: Estudos de viabilidade Bancável – Avaliação Geoténica dos Taludes da Cava, Volume II, Document no 4MVVL003-1-GT-RTE-0001, Version 00

VOGBR, 2011: Report Feasibility Study for Serrote da Laje Project: FEL II, document number VG11-142-1-GT-RTE-0002

VOGBR, 2012a: Recursos Hídricos & Geotecnia, Relatório Técnico Barragem de Rejeitos: report # SL-4120-CIV-RL-0101, prepared for Aura Minerals Inc., July 2012

VOGBR, 2012b: Recursos Hídricos & Geotecnia July 2012, Technical Report on Water Balance and Tailings Deposition Plan (Relatório Técnico Balanço Hídrico e Plano de Disposição de Rejeitos): report # SL-4120-CIV-RL-0102, prepared for Aura Minerals Inc.

Walm Engenharia e Tecnologia Ambiental, 2018a: Relatório Técnico de Revisão / Validação do Projeto Geotécnico da Cava a Céu Aberto, doc nº SR-1101-GEO-RL-0100

Walm Engenharia e Tecnologia Ambiental, 2018b: Plano de Gestão de Recursos Hídricos: documento nº SR-0000-GTC-RL-0100 Wood 2019: Relatório De Investigação Geotécnica: documento nº SR-3002-GTC-RL-1101: report prepared by Wood plc for MVV.

Wood, 2020: Tailings Deposition and Water Balance Modelling, SR-3002-CIV-RL-1102, Rev 4: report prepared by Wood plc for MVV.

WSP, 2021: Serrote EOR Dam Safety Inspection, internal Technical Memorandum prepared by WSP USA Environmental & Infrastructure Solutions, Inc. for MVV, 28 December 2022.

28.0 DATE AND SIGNATURE PAGE

This report titled "Competent Person's Report on the Serrote Mine, Alagoas, Brazil" with an effective date of December 31, 2022, was prepared and signed by the following authors:

(Signed & Sealed) ***David J.F. Smith***

Dated at Toronto, ON
June 12, 2023

David J.F. Smith, CEng, FIMMM
SLR Consulting (Canada) Ltd.

(Signed & Sealed) ***Orlando Rojas***

Dated at Santiago, Chile
June 12, 2023

Orlando Rojas, AIG
GeoEstima SpA

(Signed & Sealed) ***Andrew Bradfield***

Dated at Toronto, ON
June 12, 2023

Andrew Bradfield, P.Eng.
P&E Mining Consultants Inc.

(Signed & Sealed) ***Anthony Maycock***

Dated at Santiago, Chile
June 12, 2023

Anthony Maycock, P.Eng.
MM Consultores SpA

(Signed & Sealed) ***Daniel Servigna***

Dated at Denver, CO
June 12, 2023

Daniel Servigna, P.E.
WSP USA Environment & Infrastructure Inc.

29.0 CERTIFICATE OF COMPETENT PERSON

29.1 David J.F. Smith

I, David J.F. Smith, CEng, FIMMM, as an author of this report entitled "Competent Person's Report on the Serrote Mine, Alagoas, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Global Technical Director – Mining, Mining Advisory with SLR Consulting (Canada) Ltd of 55 University Avenue, Suite 501, Toronto, Ontario, M5J 2H7, Canada.
2. I am a graduate of the University of Newcastle upon Tyne, United Kingdom with a BSc (Eng) in Mining Engineering.
3. I am registered as a Chartered Engineer in the UK with the Engineering Council and am a Fellow of Institute of Materials, Minerals and Mining (Membership #43860). I have worked as a mining engineer for over 40 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Review and report as a mining consultant involved in numerous consulting and engineering assignments including; project technical evaluations, technical report preparation for project financing and fund-raisings, IPOs, merger and acquisitions, due diligence reviews and engineering studies from scoping to basic engineering
    - Numerous consulting assignments on gold and base metal mine development projects and operating mines
    - Senior positions with a leading international mining and tunnelling contractor, managing international mine and tunnel construction projects as well as developing a successful engineering consulting business.
    - Former Board director for an international mining consulting firm, responsible for leading the UK technical staff, and ensuring the technical quality of the firm's consulting assignments across the consulting division.
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I have not visited the Serrote Mine.
6. I am responsible for overall preparation of the CPR, including Sections 2, 3, 23, and 24.
7. I am independent of ACG Acquisition Company Limited.
8. I have had no prior involvement with the property that is the subject of the CPR.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, the CPR contains all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June 2023

(Signed & Sealed) ***David J.F. Smith***

David J.F. Smith, CEng, FIMMM

29.2 Orlando Rojas

I, Orlando Rojas, AIG, as an author of this report entitled "Competent Person's Report on the Serrote Mine, Alagoas, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Director and Principal Consultant with GeoEstima SpA, of Floor 19, Edificio Parque Oriente, 5320 Alonso de Cordova, Las Condes Santiago, Chile.
2. I graduated from Universidad de Chile, Chile, in 1993 with a BSc (Science) in Geologist and from Ecole des Mines de Paris in 2001 with a Specialist in Geostatistics diploma (CFSG).
3. I am registered as a Geologist in Australia and Chile with the Australian Institute of Geoscientists (Membership #5543) and Comision Minera Chile (#285). I have worked as a geologist consultant for a total of over 30 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Numerous consulting assignments related to mineral resources evaluation and geometallurgy on base metal and gold for exploration projects, mine development projects, and operating mines.
    - Senior position in a large mining company and executive positions in a mining corporation
    - Experience in mineral resource evaluation in other similar mineral deposits to Serrote
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I visited the Serrote Mine on November 14 to 16, 2022.
6. I am responsible for Sections 1.1.1.1, 1.1.2.1, 1.3.1 to 1.3.5, 4.1 to 4.8, 4.10, 5 to 12, 14, 25.1, 26.1, and related disclosure (pertaining to Geology and Mineral Resources) in Sections 1.4, 25.8, and 27 of the CPR.
7. I am independent of ACG Acquisition Company Limited.
8. I have had no prior involvement with the property that is the subject of the CPR.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.1.1, 1.1.2.1, 1.3.1 to 1.3.5, 4.1 to 4.8, 4.10, 5 to 12, 14, 25.1, 26.1, and related disclosure (pertaining to Geology and Mineral Resources) in Sections 1.4, 25.8, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June 2023

(Signed & Sealed) ***Orlando Rojas***

Orlando Rojas, AIG

29.3 Andrew Bradfield

I, Andrew Bradfield, P.Eng., as an author of this report entitled "Competent Person's Report on the Serrote Mine, Alagoas, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am the Chief Operating Officer of P&E Mining Consultants Inc., of Suite 304, 201 County Court Blvd, Brampton, Ontario, Canada, L6W4L2.
2. I am a graduate of Queen's University, Kingston, Ontario, Canada, with an honours B.Sc. degree in Mining Engineering in 1982.
3. I have practiced my profession continuously since 1982. I am a Professional Engineer of Ontario (License No.4894507). I am also a member of the National CIM. My relevant experience for the purpose of the CPR is:
    - 13 years as the COO or VP Operations of junior mining companies, primarily gold, also base metals and diamonds, open pit and underground operations.
    - 15 years as a GM or COO of several consulting companies. Numerous technical reports and various assignments, scoping to feasibility study, due diligence and royalty reviews, mergers and acquisitions.
    - 7 years as a mining engineer at a senior level for various consulting companies.
    - 6 years as a mining engineer at open pit and underground mining operations
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I visited the Serrote Mine on February 16, 2023.
6. I am responsible for Sections 1.1.1.2, 1.1.1.4, 1.1.1.6, 1.1.1.7, 1.1.2.2, 1.1.2.4, 1.2, 1.3.6, 1.3.7, 1.3.10, 1.3.12, 1.3.13, 15, 16, 18, 19, 21, 22, 25.2, 25.4, 25.6, 25.7, 26.2, 26.4, and related disclosure (pertaining to Mining and Mineral Reserves) in Sections 1.4, 25.8, and 27 of the CPR.
7. I am independent of ACG Acquisition Company Limited.
8. I have had prior involvement with the property that is the subject of the CPR since 2019 including acting as a QP on two internal Technical Reports.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.1.2, 1.1.1.4, 1.1.1.6, 1.1.1.7, 1.1.2.2, 1.1.2.4, 1.2, 1.3.6, 1.3.7, 1.3.10, 1.3.12, 1.3.13, 15, 16, 18, 19, 21, 22, 25.2, 25.4, 25.6, 25.7, 26.2, 26.4, and related disclosure (pertaining to Mining and Mineral Reserves) in Sections 1.4, 25.8, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June 2023

(Signed & Sealed) *Andrew Bradfield*

Andrew Bradfield, P.Eng.

29.4 Anthony Maycock

I, Anthony Maycock, P.Eng., as an author of this report entitled "Competent Person's Report on the Serrote Mine, Alagoas, Brazil" with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Principal of MM Consultores SpA, of Monjitas 550, Oficina 19, Santiago, Chile.
2. I am a graduate of the University of London (Royal School of Mines), London in 1969 with a BSc Degree in Mineral Technology.
3. I am registered as a Professional Engineer in the Province of British Columbia, Canada (Reg.# 13275). I have worked as metallurgist and Senior Consultant for a total of 53 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Plant Manager and metallurgist in copper concentrators in Zambia
    - General Manager and Senior Metallurgist for two international engineering companies in the mining industry
    - Project Manager and Senior Metallurgist on many copper, gold and base metals projects
    - Author of the metallurgical sections for several Canadian NI 43-101 reports.
4. I have read the definition of "Competent Person" set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
5. I visited the Serrote Mine on June 28, 2018, and February 5, 2020.
6. I am responsible for Sections 1.1.1.3, 1.1.2.3, 1.3.8, 1.3.9, 13, 17, 25.3, 26.3, and related disclosure (Mineral Processing) in Sections 1.4, 25.8, and 27 of the CPR.
7. I am independent of ACG Acquisition Company Limited.
8. I provided independent metallurgical consulting services to the Serrote project during the metallurgical testing and engineering design phases.
9. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
10. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.1.3, 1.1.2.3, 1.3.8, 1.3.9, 13, 17, 25.3, 26.3, and related disclosure (Mineral Processing) in Sections 1.4, 25.8, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June 2023

(Signed & Sealed) ***Anthony Maycock***

Anthony Maycock, P.Eng.

29.5 Daniel Servigna

I, Daniel Servigna, PE, MBA, as an author of this report entitled “Competent Person’s Report on the Serrote Mine, Alagoas, Brazil” with an effective date of December 31, 2022 (the CPR), prepared for ACG Acquisition Company Limited, do hereby certify that:

1. I am Principal Geotechnical Engineer, Mine Waste with WSP USA Environment & Infrastructure Inc., 2000 S. Colorado Blvd. Suite #2-1000. Denver, CO 80222.
2. I am a graduate of:
    a. Universidad del Zulia (Venezuela) in 2001 with a Bachelor of Science in Civil Engineering,
    b. University of Illinois at Urbana-Champaign (USA) in 2006 with a Master of Science in Civil/Geotechnical Engineering, and
    c. University of Denver (USA) in 2016 with a Master of Business Administration
3. I am registered as a Professional Engineer in the following US states:
    a. Colorado/USA (PE# 47859),
    b. Nevada/USA (PE# 22873),
    c. Utah/USA (PE# 974831-2202), and
    d. New Mexico/USA (PE# 23610).
4. I have worked as a geotechnical engineering consultant in the mining industry for a total of 17 years since my graduation. My relevant experience for the purpose of the CPR is:
    - Designer of tailings storage facilities in various environmental settings, including tropical climate,
    - Principal geotechnical engineer with emphasis in management of tailings storage facilities, and
    - Engineering consultant for surface mining infrastructure design and operation.
5. I have read the definition of "Competent Person” set out in the Financial Conduct Authority (FCA) Primary Market Technical Note 619.1 (FCA Technical Note) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfil the requirements to be a Competent Person for the purposes of the FCA Technical Note.
6. I visited the Serrote Mine from August 31 to September 1, 2022.
7. I am responsible for Sections 1.1.1.5, 1.1.2.5, 1.3.11, 4.9, 20, 25.5, 26.5, and related disclosure (pertaining to Environment and TSF) in Sections 1.4, 25.8, and 27 of the CPR.
8. I am independent of ACG Acquisition Company Limited.
9. I have had prior involvement with the property that is the subject of the CPR as the Engineer of Record of the Tailings Storage Facility (TSF).
10. I have read CIM (2014) definitions and the FCA Technical Note, and the CPR has been prepared in compliance with these guidelines.
11. At the effective date of the CPR, to the best of my knowledge, information, and belief, Sections 1.1.1.5, 1.1.2.5, 1.3.11, 4.9, 20, 25.5, 26.5, and related disclosure (pertaining to Environment and TSF) in Sections 1.4, 25.8, and 27 of the CPR for which I am responsible contain all scientific and technical information that is required to be disclosed to make the CPR not misleading.

Dated this 12th day of June 2023

(Signed & Sealed) ***Daniel Servigna***

Daniel Servigna, PE, MBA

30.0 APPENDIX 1 - FCA PRIMARY MARKET TECHNICAL NOTE 619.1 APPENDIX II MINING COMPETENT PERSON'S REPORT – RECOMMENDED CONTENT

Competent persons should provide competent person's reports structured in accordance with either the model content recommended under the code, statute or regulation the company is reporting under or, where there no such model content is set out in the code, the competent person should address the information set out in this appendix. Where it would be appropriate to adapt these contents for the circumstances of the issuer, we ask the competent person to draw this to the attention of, and discuss with, the FCA before the report is finalised.

(i) Legal and Geological Overview – a description of:

(1) the nature and extent of the company's rights of exploration and extraction and a description of the properties to which the rights attach, with details of the duration and other principal terms and conditions of these rights including environmental obligations, and any necessary licences and consents including planning permission;

(2) any other material terms and conditions of exploration and extraction including host government rights and arrangements with partner companies;

(ii) Geological Overview – a description of the geological characteristics of the properties, the type of deposit, its physical characteristics, style of mineralisation, including a discussion of any material geotechnical, hydrogeological/hydrological and geotechnical engineering issues;

(iii) Resources and reserves

(1) a table providing data on (to the extent applicable): exploration results inclusive of commentary on the quantity and quality of this, inferred, indicated/measured resources, and proved/probable reserves and a statement regarding the internationally recognised reporting standard used;

(2) a description of the process followed by the competent person in arriving at the published statements and a statement indicating whether the competent person has audited and reproduced the statements, what additional modifications have been included, or whether the authors have reverted to a fundamental re-calculation;

(3) a statement as to whether mineral resources are reported inclusive or exclusive of reserves;

(4) supporting assumptions used in ensuring that mineral resource statements are deemed to be 'potentially economically mineable';

(5) supporting assumptions including commodity prices, operating cost assumptions and other modifying factors used to derive reserve statements;

(6) reconciliations between the proposed and last historic statement;

(7) a statement of when and for how long a competent person last visited the properties (or a statement that no visit has been made if that is the case);

(8) for proved and probable reserves (if any) a discussion of the assumed:

(a) mining method, metallurgical processes and production forecast;

(b) markets for the company's production and commodity price forecasts;

(c) mine life;

(d) capital and operating cost estimates;

(iv) Valuation of reserves – taking consideration of internationally recognised valuation codes a valuation of reserves comprising:

(1) an estimate of net present value (or a valuation arrived at on an alternative basis, with an explanation of the basis and of the reasons for adopting it) of reserves;

(2) the principal assumptions on which the valuation of proved and probable reserves is based including those relating to discount factors, commodity prices, exchange rates, realised prices, local fiscal terms and other key economic parameters;

(3) information to demonstrate the sensitivity to changes in the principal assumptions; (or a statement that the valuation of reserves is omitted).

(v) Environmental, Social and Facilities – an assessment of

(1) environmental closure liabilities inclusive of biophysical and social aspects, including (if appropriate) specific assumptions regarding sale of equipment and/or recovery of commodities on closure, separately identified;

(2) environmental permits and their status including where areas of material non-compliance occur;

(3) commentary on facilities which are of material significance;

(vi) Historic Production/Expenditures – an appropriate selection of historic production statistics and operating expenditures over a minimum of a three year period;

(vii) Infrastructure – a discussion of location and accessibility of the properties, availability of power, water, tailings storage facilities, human resources, occupational health and safety;

(viii) Maps etc. – maps, plans and diagrams showing material details featured in the text; and

(ix) Special factors – if applicable a statement setting out any additional information required for a proper appraisal of any special factors affecting the exploration or extraction businesses of the company (for example in the polar regions where seasonality is a special factor).

31.0 APPENDIX 2 – VALUATION OF THE SERROTE PROPERTY

This valuation prepared by SLR follows in general the CIMVAL Standards and Guidelines for Valuation of Mineral Properties dated November 29, 2019 (2019 CIMVAL Code). It relies on information in the body of this CPR and a site visit has been undertaken. The basis of value used is Market Value which means the highest price, expressed in terms of money or money's worth, obtainable in an open and unrestricted market between knowledgeable, informed and prudent parties, acting at arm's length, neither party being under any compulsion to transact, as at a given point in time (CIMVAL 2019 Definitions). The effective valuation date is December 31, 2022.

31.1 Valuation Approaches and Methods – Serrote

The objective of this Valuation Section is to estimate a range of Market Values for the Serrote Property. Most of the value lies in the Mineral Reserves and Mineral Resources of the Serrote Mine, but some value accrues to the exploration ground held outside the mine area. There are two main categories of mineral properties, which require different approaches to valuation. These are exploration properties and development properties. This subdivision is based on technical information rather than on the type of mineral tenure.

Development properties are those on which an economically viable mineral deposit has been demonstrated to exist. Such properties are at a sufficiently advanced stage that adequate reliable information exists to value the property by Discounted Cash Flow (DCF) Analysis, with a reasonable degree of confidence. The value of a development property is the net present value (NPV) of a stream of estimated cash flows, discounted at an appropriate rate to reflect the risk of the mining project. Development properties include producing mines as well as properties on which development of an economically viable operation is planned.

Exploration properties are those on which an economically viable mineral deposit has not yet been demonstrated to exist. The real value of an exploration property lies in the potential for the existence and discovery of an economically viable deposit. Only a small number of exploration properties will ultimately become properties with operating mines, however, they have value until such time as exploration work has been sufficient and justified to test the potential. In the mineral industry, exploration properties are optioned, joint ventured, bought, sold, and traded on the basis of perceived exploration potential. The probability of a mineral exploration property becoming a mine is extremely low.

Typically, classifying mineral properties as exploration and development properties is relatively straightforward. There are some properties, however, which lie in a grey area between the two groups. These marginal properties contain well defined Mineral Resources, which could become economically viable at higher commodity prices or lower production costs but have marginal economics at the prices at the time of valuation.

31.1.1 General Considerations

Primary considerations in the valuation of mineral exploration properties include geological setting and potential, in addition to location with respect to established infrastructure, most notably permitted processing plants, and permitted tailings areas. Standalone, isolated projects in non-producing jurisdictions will likely face prolonged scrutiny and extensive pre-production periods. Exploration properties in established mining areas and within known productive geological environments often have a premium value due to the higher perceived potential for discovery of a mineral deposit and because of developed infrastructure. Alternatively, mineral properties remote from areas of infrastructure but within a good geological environment often have lower values. Political stability and the rule of law in a jurisdiction directly impact property values.

The three main approaches to the valuation of mineral properties are Market, Income, and Cost approaches. Different valuation approaches and methods are appropriate for mineral properties at different stages of exploration and development. The 2019 CIMVAL Code summarizes industry practice for appropriate valuation approaches for projects at different stages (Table 31-1).

Table 31-1: Valuation Approaches for Different Types of Mineral Properties[1]
ACG Acquisition Company Limited – Serrote Mine

Valuation Approach	Exploration Properties	Mineral Resource Properties	Development Properties	Production Properties
Income	No	In some cases	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases	No	No

For the purposes of this valuation, SLR divided the Property into two portions: a Mine Portion which hosts the Mineral Resources and Mineral Reserves and site infrastructure on a Mining Concession (400 ha), and an Exploration Portion which has exploration potential for Cu-Au mineralisation similar to that at the Serrote Mine (11,105 ha). Of this exploration land, 1,998 ha is under Application for Mining Concession and contains the Caboclo Exploration Target, expressed as a range of tonnes and grade.

For the Mine Portion, SLR relied on Discounted Cash Flow (DCF) Analysis (an Income Approach) as the primary method for valuation of the Mineral Reserves and Mineral Resources. Comparable Transactions Analysis (a Market Approach) was used as a second method for valuation of the Mineral Resources inclusive of the Mineral Reserves. Metal Transaction Ratio (MTR) was used as a metric for the Comparable Transactions Analysis: the method is described below and can be used effectively for comparison of polymetallic properties.

For the Exploration Portion, SLR used Comparable Transactions Analysis using unit value per hectare ($/ha) as a comparison metric. The MTR method was also used for the Caboclo Exploration Target.

Various mineral property valuation approaches and methods are described in Roscoe (2007 and 2012).

The following sections summarize the methods used.

31.1.2 Discounted Cash Flow Analysis

DCF Analysis is used for the valuation of advanced projects with Mineral Resources and/or Mineral Reserves, development projects, and operating mines, where sufficient reliable information exists to value the property by DCF Analysis with a reasonable degree of confidence. DCF Analysis is used to determine the Net Present Value (NPV) of a stream of estimated future cash flows from an operation, based on reasonable estimates of input parameters, which include workable mine plans and production rates, Mineral Resources and/or Mineral Reserves, process recovery, commodity price projections or sales contracts, initial and ongoing capital costs, operating costs, environmental and reclamation costs, royalties, taxes, status of permitting, and an appropriate discount rate.

31.1.3 Comparable Transactions Analysis

Comparable Transactions Analysis uses the transaction price of a comparable mineral property to establish a value for the subject property. The method is described in Roscoe (2007).

[1] CIMVAL Code, 2019 (Table 1)

A challenge posed by using the Comparable Transactions Method in the mining industry is that there are no true comparable transactions, unlike in real estate or oil and gas, each mineral property is unique with regard to key factors such as geology, mineralisation, costs, exploration stage, location, and infrastructure. In addition, there are relatively few transactions for mineral properties compared to the frequency of real estate transactions in general. When mineral property transactions do occur, they rarely involve strictly cash, leaving the valuator the task of converting blocks of shares, royalties, or option terms into monetary equivalents. Nonetheless, transaction prices of similar properties can indicate a range of values for a particular mineral property.

Exploration property transactions also give an indication of how active the market may be at any given time. As in the case for most valuations of real estate properties, the reliability of the valuation depends on an active market in comparable properties. Mineral properties differ from real estate properties in several ways. There are no true comparable transactions in the valuation of mineral properties, since each property is considered unique, as noted above. Mineral properties, which are at different stages of exploration or development, and have different geological and related attributes, including perceived exploration potential, may have considerably different values. This is due to the potential for cash flow from an identified mineral deposit, or the potential for discovery of a deposit. Another reason for the large differences in mineral property values, often an order of magnitude or more, is the small volume of mineral property transactions compared to the real estate market.

As with real estate properties, the location of a mineral property may also have a significant impact on its value. Exploration properties in established mining areas often have a premium value because of the higher perceived potential for discovery of a mineral deposit, and because of developed infrastructure. On the other hand, mineral properties remote from areas of infrastructure often have lower values.

For non-resource properties, SLR identifies market transactions on exploration properties comparable to the subject properties and analyses them in terms of total property value and $/ha. An appropriate range of $/ha values is determined and applied to the subject property.

For properties with Mineral Resources, SLR identifies market transactions on properties with Mineral Resources that are similar to the subject properties and analyses them in terms of total property value and value per unit metal contained in the Mineral Resources. For Mineral Resources with more than one metal, SLR uses MTR as a comparison metric, as described below. An appropriate range of values is then determined and applied to the subject property.

31.1.4 Option Agreement Terms Analysis

The Option Agreement Terms Analysis Method was utilized to value many of the properties used as market comparable transactions at the exploration stage without mineral resources.

Most market transactions on non-producing mineral exploration properties are not straightforward cash or share deals, but rather are typically option, earn-in, or JV agreements whereby one party obtains the right to earn an interest in the property from another party by fulfilling certain commitments over a period of time. The terms of the option or earn-in agreement must be analysed to estimate the value of the property being transacted.

In a typical option agreement, a schedule of firm and optional commitments must be fulfilled to earn an interest in the property. Commitments may include payment of cash, issuance of shares by the earn-in party, expenditures on mineral exploration, and royalties on production. In general, the commitments are firm in the first year and optional in subsequent years. Option Agreement Terms Analysis considers the firm commitments to contribute 100% to the value of the property. The optional commitments are assigned a subjective probability based on a prediction of the earn-in party fulfilling each of the annual commitments in the subsequent years of the agreement. The optional

commitments multiplied by the probability factor for each year are considered to be the contribution to value. The transaction value is the sum of the firm commitment values and the probability-weighted optional commitment values. If the transaction is for a partial interest in the property, the value is adjusted to a 100% interest in the property.

31.1.5 Metal Transaction Ratio Analysis

For market transactions on Mineral Resource properties with a single metal, a value per unit metal can be calculated from the value of the transaction and the ounces or pounds of metal in the Mineral Resource estimate. The value per unit metal can also be expressed as a percentage of the metal price at the time of the transaction. For properties with more than one metal reported in the Mineral Resources, such as the Serrote Property, an MTR can be calculated which is analogous to the value per unit metal as a percentage of metal price (Roscoe, 2012). The total in situ dollar content of the metals contained in the Mineral Resource is calculated for the property using metal prices as of the date of the transaction. The MTR is the ratio of the transaction value to the in-situ dollar metal content of the Mineral Resources transacted, expressed as a percentage. An appropriate range of MTR values to apply to the Mineral Resources of the subject property is derived from the MTRs of the comparable transactions.

31.2 Valuation of the Serrote Property

As noted previously, SLR divided the Property into a Mine Portion and an Exploration Portion for valuation purposes. SLR valued the Mine Portion using DCF Analysis as the primary valuation method for the Mineral Reserves in the open pit operation. As an additional method, SLR used Comparable Transactions Analysis (MTR method) for Mineral Resources in the Mine Portion. Results of the two methods were compared and weighted to derive a range of Market Values for the Mine Portion.

The Exploration Portion was valued using Comparable Transactions Analysis on copper-dominant exploration properties without Mineral Resources based on $/ha values. The MTR method was also used for the Caboclo Exploration Target.

31.2.1 Income Approach – DCF Analysis

For the purposes of this valuation, SLR relied on the DCF models in the Serrote CPR: Economic Analysis chapter for the open pit operation. A description of the key criteria and assumptions used to create the DCF Models is provided in various sections of the Serrote CPR, including physical, revenue, costs, and economic metrics. The NPV for the Serrote Mine is listed in Table 31-2. An 8% discount rate was used for the Serrote open pit since it is an operating base metal mine. The total after-tax NPV for the Serrote Mine Portion is US$540 million.

Table 31-2: Net Present Value of Serrote Mine
ACG Acquisition Company Limited – Serrote Mine

Operation	Discount Rate	NPV (US$M)
Open Pit	8% after-tax	540

31.2.2 Market Approach – Mineral Resources Inclusive of Mineral Reserves

SLR compiled data on producing mineral properties similar to the Serrote Mine Portion of the Property and on non-producing mineral properties similar to the Caboclo Exploration Target on which transactions have taken place within a reasonable time period of the valuation date using the following criteria:

- Transactions on properties with sulphide copper-dominant deposits hosted by intrusive rocks.
- Transactions with dates from 2018 to 2022 for the December 31, 2022, Valuation Date.
- Comparable transactions were sought for producing and non-producing properties with Mineral Resources and/or Mineral Reserves.
- Numerous properties were identified in North and South America.
- Transactions selected were all arm's length, to the best of SLR's knowledge.

The terms of each transaction, as disclosed in press releases and other publicly available company information, were analysed to derive a value for each transacted property. If the deal was for less than a 100% interest, the value was adjusted to a 100% interest. If shares were used as firm commitments, SLR used the closing share price on the date of the announcement of the transaction.

Two transaction datasets were compiled: one for producing properties and one for non-producing properties. All categories of Mineral Resources for each property were totalled and the in-situ dollar content of the contained metals was calculated using metal prices at the date of the announcement of the transaction. MTR, expressed as a percentage, was derived for each transacted property by dividing the property value by the in situ dollar content.

The MTR values were further analysed to derive a range to apply to the total in situ dollar content of the Serrote Mineral Resources. Considerations in choosing an appropriate range of MTR values to apply to the subject property included:

- Examining mean and median values as well as the overall range of values.
- Considering the variability of values as measured by the coefficient of variation (CV), which is the standard deviation divided by the average.
- Eliminating outliers at the high and/or low end of the value range.
- Considering which properties are more similar to the subject property.
- Rounding derived values appropriately.

Table 31-3 lists details for four transactions on producing copper-dominant properties as of the date of the announcement of the transaction. Comments on the MTR values are:

- MTR values range from 1.80% to 4.62%, with mean and median values of 2.99% and 2.78%, respectively, and a CV of 39%.
- There do not appear to be any outlier MTR values.

Considering the average and median values and its overall range, SLR recommends an MTR range of 2.0% to 4.0% be used for producing properties.

Table 31-3: Comparable Transactions Analysis - Producing Copper Properties in South America
AGC Acquisition Company Limited – Serrote Mine

Property	Location	Transaction Date	Equity Earned	Buyer	Seller	Deal Value 100% Basis (US$)	TOTAL RESERVES & RESOURCES					CuEq Grade (%)	Total In Situ $ Content (US$)	MTR
							Tonnes	Cu Grade (%)	Mo Grade (%)	Au Grade (g/t)	Ag Grade (g/t)			
Sierra Gorda	Chile	14-Oct-21	45%	South 32 Limited	Sumitomo	3,444,444,444	1,786,374,000	0.397	0.019	0.057		0.428	$74,583,027,392	4.62%
Quebrada Blanca	Chile	4-Dec-18	30%	Sumitomo	Teck Resources	4,000,000,000	4,740,340,000	0.399	0.017			0.479	$141,052,496,920	2.84%
Chapada	Brazil	15-Apr-19	100%	Lundin Mining	Yamana Gold	816,326,531	1,403,607,000	0.213		0.192		0.332	$30,034,578,496	2.72%
Red Chris	Canada	3-Oct-19	70%	Newcrest Mining	Imperial Metals	1,148,571,429	1,821,800,000	0.320		0.340	1.090	0.622	$63,893,440,876	1.80%
				All transactions	Average	2,352,335,601	2,438,030,250	0.332	0.018	0.196	1.090	0.465	77,390,885,921	2.99%
					Median	2,296,507,937	1,804,087,000	0.359	0.018	0.192	1.090	0.453	69,238,234,134	2.78%
					Std Dev	1,603,732,287	1,546,507,596	0.088	0.001	0.142		0.121	46,495,468,095	1.18%
					CV	68%	63%	0.264	0.079	0.721		0.260	60%	39%

Recommended Range of MTR Values **2.0% to 4.0%**

Table 31-4 lists details for 35 transactions on non-producing copper-dominant properties as of the date of the announcement of the transaction. Comments on the comparable transactions are summarized below. None of the MTR values appear to be outliers and high, medium, and low groups of MTR values were considered:

- MTR values range from 0.02% to 2.90%, with mean and median values of 0.76% and 0.39%, respectively, and a CV of 116%.
- The MTR values were considered in three groups of highest, middle, and lowest values, as follows.
- The 14 highest MTR values have mean and median values of 1.62% and 1.70%, respectively, with a CV of 48%.
- The next 12 highest MTRs have mean and median values of 0.29% and 0.26%, respectively, and the CV is 46%.
- The lowest group of nine MTRs have mean and median values of 0.04% and 0.02%, respectively, and a CV of 58%.

Considering the average and median values and its overall range, SLR recommends an MTR range of 1.0% to 2.0% for the copper-dominant MTR range for non-producing properties. This range is derived from the highest group of MTR values, based on its overall range and the mean and median values. The highest range is chosen for Mineral Resources because of the presence of the Serrote Mine.

Table 31-4: Comparable Transactions Analysis - Non-Producing Copper Dominant Properties with Resources in South America

AGC Acquisition Company Limited – Serrote Mine

Property	Location	Transaction Date	Equity Earned	Buyer	Seller	Deal Value 100% Basis (US$)	TOTAL RESERVES & RESOURCES Tonnes	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	CuEq Grade (%)	Total In Situ $ Content (US$)	MTR
Rosemont	USA	13-Mar-19	7.95%	Hudbay Minerals	Investor Group	943,396,226	1,135,700,000	0.366	0.011		3.499	0.438	32,482,614,645	2.90%
Stardust (Corporate)	Canada	20-Dec-18	13.8%	Teck Resoiurces	Sun Metals Corp.	13,754,960	2,970,000	1.270		1.680	32.59	2.795	496,258,322	2.77%
Oracle Ridge	USA	30-Apr-21	20%	Eagle Mountain Mining	Vincere Resource Holdings	48,807,360	12,200,000	1.508		0.186	16.268	1.751	2,123,941,274	2.30%
Mina Justa	Peru	23-Apr-18	40%	Inversiones Alxar	Minsur	500,000,000	431,900,000	0.748				0.748	22,584,930,564	2.21%
Quellaveco	Peru	14-Jun-18	21.9%	Mitsibishi Corp.	AngloAmerican plc	2,283,105,023	2,960,100,000	0.460	0.015			0.514	108,666,637,632	2.10%
New York Canyon 2	USA	11-Feb-20	75%	Kennecott Exploration	Emgold Mining	7,634,266	17,370,000	0.410				0.410	404,976,202	1.89%
Rosita	Nicaragua	30-Jul-18	75%	Century Mining	Investor Group	11,333,333	11,853,000	0.483		0.478	8.095	0.867	613,793,722	1.85%
Berta	Chile	19-Feb-19	100%	Santiago Metals	Coro Mining Corp.	8,500,000	29,995,000	0.291				0.289	550,024,800	1.55%
Tatogga (corporate)	Canada	10-Mar-21	85.1%	Newmont Mining	GT Gold Corp.	364,405,163	841,000,000	0.258		0.330	0.711	0.469	35,266,998,411	1.03%
MARA Project	Argentina	23-Sep-22	18.75%	Glencore International	Newmont Corporation	666,133,333	2,107,000,000	0.370		0.150	2.280	0.499	78,985,713,852	0.84%
Black Pine	USA	1-Nov-21	100%	Koba Resources	Jervois Global	1,403,061	800,000	1.823		0.413		2.091	167,202,686	0.84%
Michiquillay	Peru	21-Feb-18	100%	Southern Copper Corp.	Undisclosed	400,000,000	1,150,000,000	0.630				0.630	50,951,723,130	0.79%
Minto	Canada	3-Jun-19	100%	Pembridge Resources	Capstone Mining	20,000,000	23,500,000	1.400		0.540	4.800	1.859	2,557,436,172	0.78%
Chita Valley	Argentina	4-Nov-19	49.91%	South 32 Limited	Minsud Resources	10,666,219	41,610,572	0.430	0.017	0.700	2.170	0.559	1,364,848,046	0.78%
Galore Creek/Copper Canyon	Canada	26-Jul-18	50%	Newmont Mining	Novagold Resources	288,991,284	1,161,300,000	0.475		0.284	4.913	0.699	50,871,390,719	0.57%
Stardust, Lorraine, Okeover 2 (corpor	Canada	30-Nov-20	100%	Northwest Copper	Sun Metals	18,467,064	125,012,000	0.381	0.006	0.095	0.774	0.475	4,558,712,363	0.41%
Stardust, Lorraine, Okeover 1 (corpor	Canada	4-Feb-19	100%	Sun Metals	Lorraine Copper	11,981,659	107,038,580	0.364	0.007	0.078	0.904	0.456	2,963,228,035	0.40%
North Rok	Canada	29-Mar-22	100%	Newmont Mining	QuestEx	21,584,459	142,300,000	0.220		0.260		0.374	5,512,384,706	0.39%
Gaspe	Canada	28-Mar-22	100%	Osisko Metals	Glencore	46,997,364	456,000,000	0.310				0.310	14,471,588,000	0.32%
Carmacks 2 (70%) (corporate)	Canada	31-Aug-20	70%	Granite Creek Copper	Copper North Mining	6,233,210	33,095,000	0.784		0.266	3.009	1.072	2,386,439,883	0.26%
Jasperoide (Corporate)	Peru	26-Aug-19	100%	Carube Copper Corp.	Latin America Res. Group	2,741,170	12,187,270	1.320		0.320		1.601	1,095,439,250	0.25%
Kwanika 2021	Canada	28-Dec-21	31%	NorthWest Copper	POSCO	27,695,246	347,300,000	0.266		0.213	0.874	0.401	13,345,359,811	0.21%
Jasperoid	Peru	15-Jul-21	49%	C3 Metals	Hochschild Mining	3,500,462	12,187,270	1.320		0.320		1.522	1,725,698,000	0.20%
Lorraine	Canada	29-Oct-20	51%	Sun Metals	Teck Resources	2,435,802	35,242,000	0.479		0.197		0.656	1,548,085,900	0.16%
New York Canyon 1	USA	28-May-19	100%	Emgold Mining	Searchlight Resources	599,650	17,370,000	0.410				0.410	423,812,304	0.14%
Carmacks 1 (30%) (corporate)	Canada	21-Nov-19	30%	Granite Creek Copper	Undisclosed	2,645,593	33,095,000	0.784		0.266	3.009	1.028	1,977,569,816	0.13%
Okeover	Canada	14-Jan-22	100%	Alpha Copper Corp.	Northwest Copper Corp.	2,541,869	86,800,000	0.310	0.009			0.356	3,056,113,753	0.08%
Berg	Canada	15-Dec-20	70%	Surge Copper Corp.	Centerra Gold	9,746,895	410,650,000	0.307	0.033		3.096	0.427	13,582,025,814	0.07%
Ann Mason (corporate)	USA	31-Oct-18	86.1%	Hudbay Minerals	Mason Resources	18,794,704	2,033,000,000	0.311	0.006	0.029	0.657	0.361	44,271,300,642	0.04%
Axe	Canada	19-Apr-21	100%	Kodiak Copper Corp.	Orogen Royalties	1,061,570	71,100,000	0.380				0.379	2,540,167,000	0.04%
Copper Creek (corporate)	USA	25-Jun-18	100%	Copperbank Resources	Redhawk Resources	3,103,017	186,980,754	0.770				0.768	10,132,313,434	0.03%
Rosita	Nicaragua	28-Jun-21	17.5%	Mark X Ventures	King Global Ventures	232,793	11,853,195	0.486		0.477	8.087	0.847	942,447,156	0.02%
Escalones	Chile	4-Dec-18	100%	Wealth Copper	TriMetals Mining	4,386,454	760,228,000	0.332	0.007	0.045	0.788	0.396	18,572,886,362	0.02%
Big Onion	Canada	7-Dec-21	100%	Gama Exploration	Blue Lagoon Resources	754,938	126,000,000	0.267	0.009			0.305	3,702,975,759	0.02%
Mocoa	Colombia	9-May-18	100%	Libero Copper	B2Gold	4,096,327	636,000,000	0.328	0.036			0.466	20,332,276,164	0.02%
				All transactions	Average	164,506,585	444,878,218	0.602	0.014	0.349	5.363	0.778	15,863,694,695	0.76%
					Median	10,666,219	107,038,580	0.410	0.009	0.266	3.009	0.499	3,056,113,753	0.39%
					Std Dev	428,172,157	704,204,717	0.422	0.011	0.349	7.825	0.596	24,701,646,527	0.87%
					CV	260%	158%	70%	76%	100%	146%	77%	156%	115%
				Highest to 14th highest MTR	Average	377,081,353	626,142,755	0.746	0.014	0.560	8.802	0.994	24,086,935,676	1.62%
					Median	34,403,680	35,802,786	0.472	0.015	0.446	4.150	0.595	2,340,688,723	1.70%
					Std Dev	626,453,445	929,134,896	0.523	0.003	0.487	10.812	0.788	34,355,298,633	0.78%
					CV	166%	148%	70%	20%	87%	123%	79%	143%	48%
				15th to 26th highest MTR	Average	36,156,080	206,843,927	0.593	0.007	0.230	2.247	0.750	8,406,642,399	0.29%
					Median	9,107,435	71,140,290	0.442	0.007	0.263	1.957	0.566	2,674,833,959	0.26%
					Std Dev	80,806,722	332,363,976	0.383	0.001	0.085	1.681	0.452	14,153,937,112	0.13%
					CV	223%	161%	65%	11%	37%	75%	60%	168%	46%
				27th to 35th highest MTR	Average	4,968,730	480,290,217	0.388	0.017	0.184	3.157	0.478	13,014,722,898	0.04%
					Median	3,103,017	186,980,754	0.328	0.009	0.045	1.942	0.396	10,132,313,434	0.03%
					Std Dev	5,915,130	639,494,386	0.156	0.014	0.254	3.472	0.193	13,744,918,287	0.02%
					CV	119%	133%	40%	85%	138%	110%	40%	106%	58%
										Recommended Range of MTR Values Highest MTR Grouping	**1.0% to 2.0%**			

Table 31-5 shows the derivation of the in situ dollar content of the Serrote Mineral Resources, which totals US$5,137 million for open pit resources. Table 31-5 also shows the derivation of the in situ dollar content of the Caboclo Exploration Target which totals US$1,033 million. The potential tonnage and grade of mineralisation at the Caboclo exploration target ranges from 10 Mt to 25 Mt grading from 0.3% Cu to 0.7% Cu, and from 0.1 g/t Au to 0.2 g/t Au. The target is expressed as a range of tonnes and grade for five mineralized zones. The midpoint of the tonnes and grade range is used.

Table 31-5: In situ Dollar Content of the Serrote Mineral Resources
ACG Acquisition Company Limited – Serrote Mine

Area	Metal	Grade	Contained Metal	Unit Price (US$)[1]	In Situ $ Content
Serrote Open Pit - all Mineral Resources Inclusive of Mineral Reserves					
	Cu (%, tonnes)	0.54	546,735	8,365	4,573,304,853
	Au (g/t, oz)	0.10	310,619	1,816	563,972,327
Total					5,137,277,180
Caboclo - Mid-point of Exploration Target Range of Tonnes and Grade					
	Cu (%, tonnes)	0.59	102,500	8,365	857,386,875
	Au (g/t, oz)	0.17	96,452	1,816	175,122,639
Total					**1,032,509,514**

Notes:

1. Metal prices as per the Valuation Date.

Table 31-6 shows the application of the recommended MTR range of 2.0% to 4.0% to the Serrote in situ dollar content. The total value range for Serrote open pit Mineral Resources is US$103 million to US$205 million. Table 31-6 also shows the application of an MTR range for non-producing properties to the Caboclo Exploration Target. A range of 0.5% to 1.0% has been used, which is 50% of the recommended range for the Serrote Mineral Resources because the target is not currently a Mineral Resource.

Table 31-6: Serrote Valuation by Comparable Transactions Analysis
ACG Acquisition Company Limited – Serrote Mine

Item	In Situ $ Content	Range of MTR Values		Range of Values (US$M)	
		Low End	High End	Low End	High End
Serrote Open Pit Resources	5,137,277,180	2.00%	4.00%	103	205
Cabolco Exploration Target	1,032,509,514	0.50%	1.00%	5	10

31.2.3 Market Approach - Exploration Properties Without Resources

Three groupings of Exploration Permits are held as the Exploration Portion of the Serrote Property. SLR has used Comparable Transactions Analysis to value these exploration properties. From information in the CPR, it is apparent that the properties are at various stages of exploration for sulphide copper-dominant deposits similar to that at the Serrote Mine. For valuation purposes, SLR reviewed information in the CPR to infer exploration potential on each of the property groupings as to high, moderate, or low.

SLR searched for sulphide copper-dominant exploration properties without Mineral Resources or Mineral Reserves in South America on which transactions have taken place within a reasonable time period of the Valuation Date using the following criteria:

- Transactions on properties without Mineral Resources being explored for copper and copper-gold.
- Transactions with dates from 2018 to 2022 inclusive for the December 31, 2022, Valuation Date.
- Market transacted properties were identified in Chile, Argentina, Peru, Ecuador, and Brazil.
- Transactions selected were all arm's length, to the best of SLR's knowledge.

The terms of each transaction, as disclosed in press releases and other publicly available company information, were analysed to derive a value for each transacted property. If the deal was for less than a 100% interest, the value was adjusted to a 100% interest. If shares were used as firm commitments, SLR used the closing share price on the date of the announcement of the transaction. Some of the transactions were option deals, for which Option Agreement Transactions Analysis was used to derive a property value.

Details of 31 transacted copper and copper-gold properties are listed in Table 31-7 as of the date of the announcement of the transaction. A property value was derived for each transaction and divided by the property size to obtain a dollar per hectare ($/ha) value. The $/ha values were further analysed to derive a range to apply to the areas of the exploration properties that are part of the Exploration Portion of the Serrote Property. Considerations in choosing an appropriate range of MTR values to apply to the subject property included:

- Examining mean and median values as well as the overall range of values.
- Considering the variability of values as measured by the coefficient of variation (CV), which is the standard deviation divided by the average.
- Eliminating outliers at the high and/or low end of the value range.
- Considering which properties are more similar to the subject property.
- Rounding derived values appropriately.

In Table 31-7, SLR notes the following in its analysis of the $/ha values:

- $/ha values range from $54 to $16,154, with mean and median values of $2,166 and $732, respectively, with a CV of 158%.
- SLR notes that, in general, larger properties tend to have lower values per hectare and smaller properties tend to have higher values per hectare.
- It is apparent that the four smallest properties, less than 600 ha, have much higher $/ha values than the other properties and are not considered further in this analysis.
- Because of the above-noted property size effect, the properties were divided into three groups: 600 to 1,500 ha, 1,500 to 8,000 ha, and larger than 8,000 ha.
- Within each of these groups, some apparent outliers were identified and not included in further analysis. These are the highest and lowest $/ha values in the 1,500 to 8,000 ha group and the two lowest $/ha values in the larger than 8,000 ha group.
- Each of the three size groups was further subdivided into three groups, assumed to represent properties with high, moderate, and low exploration potential.

- For the 600 to 1,500 ha group, the highest three $/ha values have average and median values of $2,814 and $2,481 respectively, with a CV of 29%. The middle two $/ha values have average and median values both of $1,333 and CV of 22%. The lowest four $/ha values have average and median values of $768 and $779, respectively, and CV of 15%.
- For 1,500 to 8,000 ha group, the highest three $/ha values have average and median values of $2,186 and $2,478 respectively, with a CV of 32%. The middle three $/ha values have average and median values of $571 and $565, respectively, and CV of 22%. The lowest two $/ha values have average and median values both of $314 and CV of 2%.
- The properties larger than 8,000 ha are not subdivided and have average and median values of $200 and $186, respectively, and CV of 16%.

Considering the average and median values of each group and its overall range, SLR recommends $/ha ranges for the various property size groups and assumed exploration potential as follow:

Recommended range of $/ha values for properties 600 ha to 1,500 ha

High exploration potential	$2,000 to $3,000
Moderate exploration potential	$1,000 to $2,000
Low exploration potential	$500 to $1,000

Recommended range of $/ha values for properties 1,500 ha to 8,000 ha

High exploration potential	$1,500 to $3,000
Moderate exploration potential	$400 to $800
Low exploration potential	$200 to $400

Recommended range of $/ha values for properties larger than 8,000 ha

Moderate exploration potential	$150 to $300

Table 31-7: Comparable Transactions on Copper Properties in South America without Resources
AGC Acquisition Company Limited – Serrote Mine

Property	Location	Transaction Date	Equity Earned	Buyer	Seller	Area (ha)	Deal Value 100% Basis	Value US$/ha
Sierra Miranda	Chile	3-Aug-18	100	Coro Mining	Capex S.A.	379	6,122,449	16,154
Esperenza	Argentina	26-Jan-21	80	Libero Copper & Gold	Latin Metals	462	3,984,286	8,624
Lana Corina	Chile	21-Mar-22	80	Culpeo Minerals	SCM Antares	550	4,400,000	8,000
Sombrero	Peru	19-Dec-18	80	Auryn Resources	Corporacion Aceros Arequipa	520	2,628,750	5,055
Margarita & Cotatuda	Chile	8-Mar-21	100	Torq Resources	Undisclosed	1,045	3,904,040	3,736
Sarita Este	Argentina	3-Dec-19	51	Golden Minerals	Cascadero Copper	830	2,058,824	2,481
Cristal 2	Chile	4-Dec-18	70	Wealth Minerals	New Energy Metals	900	2,001,809	2,224
Mollecruz	Peru	250Jun-18	100	Auryn Resources	Undisclosed	1,000	1,537,688	1,538
Cristal 1	Chile	1-Mar-18	100	Darien Res. Dev. Corp.	Undisclosed	900	1,016,162	1,129
Llanos & Mercedes	Chile	14-May-19	100	Coro Mining	Undisclosed	667	593,434	890
10 Mining Concessions	Peru	1-Apr-18	100	Chakana Copper	Private Vendor	631	520,408	825
El Palmar	Ecuador	12-Aug-20	100	Sunstone Metals	Undisclosed	800	585,859	732
Porphyritic Copper Project	Peru	29-Apr-19	100	Fidelity Minerals Corp.	Undisclosed	1,200	750,163	625
Tarqui	Ecuador	19-Mar-19	70	BHP Group	Luminex Resources	4,817	22,942,857	4,763
Arikepay	Chile	16-Oct-21	70	Gold Fields	Candente Copper	1,800	4,864,706	2,703
Valeriano	Chile	23-Sep-19	100	ATEX Resources	Investoir Group	3,705	9,182,076	2,478
Planalto	Brazil	5-Nov-18	49	Capstone Mining	Lara Exploration	4,726	6,510,204	1,378
Nord	Chile	31-Oct-19	100	Encantada SpA	Mirasol Resources	1,967	1,372,449	698
Tamarugo	Chile	3-Jul-19	51	Solaris Resources	Freeport-McMoran	5,100	2,882,353	565
Don Enrique	Peru	28-Feb-22	100	EV Resources	Private Vendor	1,800	808,081	449
Panteria	Peru	23-Nov-21	100	Gold Stare Resources	Peruvian Metals	2,000	635,151	318
El Camino II	Argentina	27-May-22	100	NOA Lithium Brines	Aldebaran Resources	2,750	853,535	310
Resguardo	Chile	29-Jun-22	100	Alturas Minerals	Minera Resguardo	3,891	497,462	128
Mogote	Argentina	11-May-22	85	Syndicate Minerals	Golden Arrow Resources	8,000	1,935,928	242
San Martin	Peru	30-Nov-20	51	JOGMEC	Hannan Metals	32,900	7,843,137	238
Cerro Blanco & Morros Blancos	Chile	14-Apr-21	80	Austral Gold	Pampa Metals	13,800	2,635,714	191
San Pietro	Chile	17-Mar-22	100	Golden Exploration	Sumitomo Metal Mining	18,448	3,356,000	182
Arcas	Chile	11-Sep-19	75	Rio Tinto Mining	Aethon Minerals	51,600	8,993,197	174
Caballos	Argentina	9-Mar-21	70	Hanaq Argentina	Golden Arrow Resources	12,000	2,042,857	170
Santa Gracia	Chile	6-Jan-21	90	Stuve Gold	Undisclosed	11,500	1,083,333	94
La Poncha	Argentina	22-Mar-21	100	Sable Resources	Undisclosed	18,114	971,717	54

All transactions	Average	6,736	3,532,730	2,166
	Median	1,967	2,042,857	732
	Std Dev	11,058	4,399,832	3,416
	CV	164%	125%	158%
Properties 600 ha to 1,500 ha	Average	925	2,654,891	2,814
Fifth to 7th highest $/ha	Median	900	2,058,824	2,481
	Std Dev	110	1,082,170	809
	CV	12%	41%	29%
Properties 600 ha to 1,500 ha	Average	950	1,276,925	1,333
Eighth to 9th highest $/ha	Median	950	1,276,925	1,333
	Std Dev	71	368,775	289
	CV	7%	29%	22%
Properties 600 ha to 1,500 ha	Average	824	612,466	768
Tenth to 13th highest $/ha	Median	734	589,647	779
	Std Dev	261	97,477	115
	CV	32%	16%	15%
Properties 1,500 ha to 8,000 ha	Average	3,410	6,852,329	2,186
Fifteenth to 17th highest $/ha	Median	3,705	6,510,204	2,478
	Std Dev	1,485	2,178,924	709
	CV	44%	32%	32%
Properties 1,500 ha to 8,000 ha	Average	2,956	1,687,628	571
Eighteenth to 20th highest $/ha	Median	1,967	1,372,449	565
	Std Dev	1,859	1,072,452	124
	CV	63%	64%	22%
Properties 1,500 ha to 8,000 ha	Average	2,375	744,343	314
Twenty-first to 22nd highest $/ha	Median	2,375	744,343	314
	Std Dev	530	154,421	5
	CV	22%	21%	2%
Properties larger than 8,000 ha	Average	20,795	3,607,735	168
	Median	15,957	2,339,286	178
	Std Dev	14,563	3,082,555	65
	CV	70%	85%	39%
Properties larger than 8,000 ha	Average	22,791	4,467,806	200
without 2 lowest $/ha	Median	16,124	2,995,857	186
	Std Dev	16,535	3,122,675	32
	CV	73%	70%	16%

Racommended Range of $/ha Values - Properties 600 ha to 1,500 ha	
High Exploration Potential	**$2,000 to $3,000**
Moderate Exploration Potential	**$1,000 to $2,000**
Low Exploration Potential	**$500 to $1,000**
Racommended Range of $/ha Values - Properties 1,500 ha to 8,000 ha	
High Exploration Potential	**$1,500 to $3,000**
Moderate Exploration Potential	**$400 to $800**
Low Exploration Potential	**$200 to $400**
Racommended Range of $/ha Values - Properties Larger than 8,000 ha	
Moderate Exploration Potential	**$150 to $300**

Table 31-8 shows the application of these $/ha ranges to the Serrote exploration properties outside of the Serrote Mining Concession where the operations and infrastructure are located and not including the Mining Concession Applications (1,998 ha) on which the Cabolco Exploration Target is located.

Table 31-8: Valuation of Serrote Exploration Properties
ACG Acquisition Company Limited – Serrote Mine

Property Name	Stage	Area (ha)	Exploration Potential	Recommended $/ha Range		Property Value Range (US$)	
				Low End	High End	Low End	High End
Caboclo	Exploration Licence	1,587	High	1,500	3,000	2,380,080	4,760,160
Standalone	Exploration Licence	1,976	Moderate	400	800	790,484	1,580,968
Queimada Bonita	Exploration Licence	5,544	Moderate	400	800	2,217,436	4,434,872
Total		**9,107**				**5,388,000**	**10,776,000**
Total rounded						**5,000,000**	**11,000,000**

Notes: Serrote Mining Concession and Caboclo Mining Concession Application not included.

31.3 Valuation Summary

In Table 31-9, SLR presents the results of the two valuation methods: DCF Analysis and Comparable Transactions Analysis. SLR has applied weightings to the values derived by each method to derive a Market Value for the Serrote Property. The weightings are based on SLR's view on the confidence that can be placed in each method. For the Serrote open pit, the NPV is weighted 75% and 25% to Comparables because the Mine is in the early stages of operation. The Market Value of the Serrote Mine Portion is in the range of US$431 million to US$456 million. To this range is added the value of the Caboclo Exploration Target and the other exploration properties to derive a total Serrote Market Value range of US$441 million to US$477 million with a mid-point of US$459 million as of the Valuation Date of December 31, 2022.

Table 31-9: Valuation Summary of the Serrote Property
ACG Acquisition Company Limited – Serrote Mine

Area	NPV (US$M)	Weight	Comparables Analysis Range (US$M)		Weight	Weighted Value Range (US$M)		
			Low	High		Low	High	Mid-Point
Serrote Open Pit	540	75%	103	205	25%	431	456	444
Caboclo Exploration Target			5	10	100%	5	10	8
Serrote Exploration			5	11	100%	5	11	8
Total Serrote	**540**		**113**	**226**		**441**	**477**	**459**

31.4 Key Assumptions, Risks, and Limitations

For the purposes of this valuation, SLR has made a number of additional assumptions and estimates.

- SLR has relied on technical information in the CPR, including that supporting the DCF analysis.

- SLR has relied upon the list of exploration properties listed in the CPR.
- SLR has used information in the public domain and in the proprietary S&P Global Market Intelligence (S&P) database that SLR subscribes to.
- For this valuation, SLR has assumed that the properties outside of the Mining Concession could be explored and that any economic deposits delineated on them could be permitted for development.

Highest and Best Use (HBU) is a valuation concept that would produce the highest value for an asset. The HBU must be physically possible, financially feasible, legally allowed, and result in the highest value (International Valuation Standards 140). For this valuation, SLR has considered only the value of mineral rights or subsurface rights that adhere to the mineral claims and has not considered other possible uses or values such as surface rights, water rights, timber rights, and the like that may also be vested in the Property or parts of the Property.

PART XVIII

DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise:

2014 CIM Definition Standards	means CIM Definition Standards for Mineral Resource and Mineral Reserve (May 2014);
2019 Trafigura Nickel Offtake Agreement	means the purchase contract between Atlantic Nickel and Trafigura Pte. Ltd. with respect to the sale of nisckel sulphide concentrate by Atlantic Nickel to Trafigura entered into on 29 November 2019, as amended;
2020 Boliden Offtake Agreement	means the nickel concentrate sale agreement between Atlantic Nickel and Boliden Commercial AB with respect to the sales of nickel sulphide concentrate by Atlantic Nickel to Boliden entered into on 15 July 2020;
2020 Trafigura Copper Concentrate Offtake Agreement	means the purchase contract between MVV and Trafigura with respect to the sale of copper concentrate by MVV to Trafigura entered into on 24 December 2020;
2022 Boliden Offtake Agreement	means the nickel concentrate sale agreement between Atlantic Nickel and Boliden with respect to the sales of nickel sulphide concentrate by Atlantic Nickel to Boliden entered into on 13 May 2022;
4,373 Holder	means a Non-Brazilian Holder that invests in common shares under Resolution 4,373, of September 2014, of the National Monetary Council of Brazil;
AA	means atomic absorption;
ACG Sponsor	means ACG Mining Limited;
ACP Sponsor	means Argentem Creek Partners LP;
ACP Sponsor Director	means the director appointed to the Board by the ACP Sponsor;
Acceptance Period	means the period from the day of the convocation of the Acquisition EGM ending on the second Trading Day preceding the Acquisition EGM;
Acquisition	means the proposed acquisition of the Target Entities by the Company;
Acquisition Agreement	has the meaning given to it on page 9 herein;
Acquisition Date	means that date on which the Acquisition will be complete;
Acquisition Deadline	means that date ending 12 months after the IPO Closing Date by which the Company must complete an acquisition;
Acquisition EGM	means the general meeting that the Company must convene in order to complete the Acquisition, by proposing the Acquisition to be considered by the Public Shareholders;
Additional Co-Sponsor Overfunding	means, to the extent that the Acquisition Deadline is extended for an extension period upon agreement among the Company and the Co-Sponsors, the further additional funds that the Co-Sponsors will commit to the Company through the subscription of further Sponsor Warrants, in the Existing Proportions, at the commencement of each extension period;
Adjusted EBITDA	means profit before taxation, finance income/expense, depreciation and amortisation and the exclusion of the impact of certain items due to their materiality and nature, to aid comparability, by excluding the impact of liquidated call options related to the Trafigura offtake agreement;
Admission	means the original admission of the Company to the Official List, which occurred on 12 October 2022;
Admitted Institution	means an institutions admitted to the London Stock Exchange;
Advisor	means Robert Friedland;
AISC	means all C1 costs as well as allocated corporate general and administrative expenses, royalty payments and sustaining capital expenditure;
Alternative Issuance	has the meaning given to it on page 282 herein;
Anchor Investment Agreements	means certain anchor investment agreements entered into by the Company and the Anchor Investors in connection with the Acquisition;
Anchor Investors	means certain institutional investors who have entered into Anchor Investment Agreements in connection with the Acquisition;
Anchor Subscription	means the placing of the Anchor Subscription Shares;

Anchor Subscription Shares	means up to 30,000,000 Class A Ordinary Shares, in aggregate, to be issued pursuant to the terms of the Anchor Investment Agreements;
ANM	means the Brazilian National Mining Agency;
Annual Return	has the meaning given to it on page 316 herein;
Appian Capital	means Appian Capital Advisory LLP;
Appian Funds I	means Appian Natural Resources Fund L.P., Appian Natural Resources (UST) Fund L.P. and Appian Natural Resources (NV) Fund L.P.;
Appian Funds II	means Appian Natural Resources Fund LP, Appian Natural Resources (UST) Fund II LP, Appian Natural Resources Fund I LP, Appian Natural Resources (UST) Fund I LP and Appian Natural Resources Fund I LP (NV);
Applicable Laws	has the meaning given to it on page 34 herein;
Assay	means a chemical analysis to determine the amount or proportion of the element of interest contained within a sample of ore;
Assessment	means the Environmental Impact Assessment and respective Environmental Impact Report (Estudo de Impacto Ambiental e respectivo Relatório de Impacto Ambiental) drafted by the entrepreneur and subject to the approval of the competent environmental authority;
Atlantic Nickel	means Atlantic Nickel Mineração Ltda;
Au	means gold
Audit Committee	means the Company's audit committee;
Aura Minerals	means Aura Minerals Ltd.;
Australian Federal Court	has the meaning given to it on page 28 herein;
BACEN	means the Central Bank of Brazil;
Backstop Subscription Agreement	has the meaning given to it on page 300 herein;
Barra Bonita	means Mineração Barra Bonita;
BMO	means BMO Capital Markets Limited;
Board	means the board of directors of the Company;
BR	means Brazilian Real;
Brazil	means the Federative Republic of Brazil;
Brazilian Constitution	means the Brazilian Federal Constitution of 1988;
Brazilian IRS	means the *Receita Federal do Brasil*;
Brazilian Mining Code	means Federal Decree No. 9,406/2018;
Brazilian Mining Code Regulation	means Federal Decree No. 9,406/2018;
BVI	means the British Virgin Islands;
BVI Companies Act	means the BVI Business Companies Act, 2004, as amended;
By-product	means all metals other than the core metal of each entity (nickel for Atlantic Nickel and copper for MVV);
By-product credits	means the credits related to all metals other than the core metal of each entity (nickel for Atlantic Nickel and copper for MVV);
C1 costs	means direct costs, which include costs incurred in mining and processing, plus site general and administrative expenses, transportation and shipping costs and treatment charges and refining charges, net of by-product credits;
CBPM	means Companhia Baiana de Pesquisa Mineral;
CBPM Exploration Agreement	means the exploration agreement entered into by Mirabela Brazil on 17 October 2003, named *Contrato de Pesquisa Complementar e Promessa de Arrendamento de Direitos Minerários Nº 038/2003*;
CBPM Lease Agreement	means the mineral rights lease agreement named Contrato de Arrendamento de Direitos Minerários Nº 008/2022 entered into by Mirabela Brazil and CBPM on 3 March 2008;
CDA	means Canadian Dam Association;
CFEM	means the Financial Compensation for Mineral Exploration;
CFO Consultancy Agreement	Has the meaning given to it on page 227 herein;
CIF basis	Means on a cost, insurance and freight basis;
CIF FO basis	CIF free out basis;
Citibank	means Banco Citibank S.A.;

Citigroup	means Citigroup Global Markets Limited;
City Code	means the City Code on Takeovers and Mergers;
Class A Ordinary Shareholders	means holders of Class A Ordinary Shares;
Class A Ordinary Shares	means the class A ordinary shares of the Company;
Class B Shares	means the class B ordinary shares of the Company;
closure costs	means the cost of reclamation plus other costs, including without limitation certain personnel costs, insurance, property holding costs such as taxes, rental and claim fees and community programmes associated with closing an operating mine;
Co	means cobalt;
Commodity Offtake Agreement	has the meaning given to it on page 301 herein;
Company	means ACG Acquisition Company Limited;
Competent Persons' Reports	means the competent persons' reports set out in Part XVII of this Document;
Completion	means the completion of the Acquisition;
Co-Sponsors	means ACG Mining Limited, De Heerd Investments Limited and Argentem Creek Partners LP;
Credit Agreement	means a credit agreement dated 23 December 2020;
CREST Regulations	means the Uncertified Securities Regulations 2001 (SI 2001 No.3755), as amended;
CREST or CREST System	means the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations), in accordance with which securities may be held in uncertificated form;
Cu	means copper;
Cu/S	means the copper to sulphur ratio;
cut-off grade	means a calculated minimum metal grade at which material can be mined and processed at break-even cost;
CVRD	means Companhia Vale do Rio Doce;
DCE	means the Dam Safety Statement (*Declaração de Condição de Estabilidade da Barragem*);
DFR	means Woodgrove direct flotation reactor cells;
DNPM	means the National Department of Mineral Production (now the ANM);
De Heerd Sponsor	means De Heerd Investments Limited;
De Heerd Sponsor Director	means the director who may be appointed to the Board pursuant to the right of the De Heerd Sponsor to appoint one such director;
de-SPAC Investors	means the Anchor Investors and the Placing Investors;
Depositary	means Link Market Services Trustees Limited;
Depositary Interests	means the dematerialised depositary interests in respect of the Class A Ordinary Shares and Warrants issued or to be issued by the Depositary;
diamond drilling	means a method of drilling that uses a diamond bit, which rotates at the end of a drill rod or pipe. The opening at the end of the diamond bit allows a solid column of rock to move up into the drill pipe and be recovered at the surface. This column of rock is named drill core and is used for geological, geotechnical logging and for sampling for chemical analysis to define the metal content of the rock or mineralised material;
dilution	means the effect of waste or low-grade ore which is unavoidably included in mined ore.
Directors	means the directors of the Company, whose names appear on page 73 of this Document, or the board of directors from time to time of the Company, as the context requires, and "Director" is to be construed accordingly;
dmt	means dry metric tonne;
Document	means this prospectus dated 30 June 2023;
EEA	means the European Economic Area;
EEA States	means the member states of the European Union and the European Economic Area (each, an "**EEA State**");
EEA Product Governance Requirements	means MiFID II local implementing measures;
EIA	means environmental impact assessment;

EIP	means the ACG Equity Incentive Plan as further described on page 229 herein;
Effective Sterling Price	has the meaning given to it on page 246 herein;
EY Brazil	means Ernst & Young Auditores Independentes S.S. Ltda.;
EY Canada	means Ernst & Young LLP, Chartered Professional Accountants;
Enlarged Group	means the post-Acquisition entity, structured as set out in Part III of this Document, comprising the Company and the Target Entities;
Enlarged Ordinary Share Capital	means the Existing Class A Shares and the Placing Shares;
Escrow Account	means the escrow account opened by the Company in connection with the IPO and held with Citibank N.A. London;
Escrow Agent	means Citibank N.A. London;
Escrow Agreement	has the meaning given to it on page 272 herein;
ESIA	means Environmental and Social Impact Assessment;
Euroclear	means Euroclear UK & International Limited;
EUWA	means the UK European Union (Withdrawal) Act 2018;
Exchange Act	means the US Securities Exchange Act of 1934, as amended;
Exercise Price	means the price at which the relevant warrants can be exercised;
Existing Class A Shares	means the listing of all the issued Class A Ordinary Shares of the Company;
Existing Proportions	means the proportions in which the Co-Sponsors subscribed for Class B Shares and Sponsor Warrants prior to the IPO Closing Date;
exploration	means the process of ascertaining the existence, location, extent or quality of a mineral deposit;
Extraordinary Dividend	has the meaning given to it on page 270 herein;
fair market value	means the volume-weighted average price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the Company publishes the Redemption Notice;
FCA	means the UK Financial Conduct Authority;
FCI	means foreign credit investment;
FDI	means foreign direct investment;
Financial Instruments	means the Credit Agreement together with certain hedge and swap agreements;
FPIC	means Free Prior Informed Consent;
FSMA	means the Financial Services and Markets Act 2000;
g	means gram;
g/t	means grams per tonne;
GHG Protocol	means the Greenhouse Gas Protocol standard as set by the World Resources Institute and the World Business Council for Sustainable Development;
Glencore	means Glencore International AG;
Glencore AIA	has the meaning given to it on page 299 herein;
Global Placing	means the Placing and the Retail Offer;
GPS	means global positioning system;
grade	means the concentration of an element of interest expressed as relative mass units (percentage, parts per million, ounces per tonne, etc.);
Guarantor	means ANRH Cooperatief U.A.;
ha	means hectare;
h/a	means hours per year;
historical fair market value	means the volume weighted average price of the Class A Ordinary Shares as reported during the 10 Trading Day period ending on the Trading Day prior to the first date on which the Class A Ordinary Shares trade on the applicable exchange or in the applicable market without the right to receive such rights (the ex-rights trading date);
Historical Financial Statements	means (i) the audited combined historical financial information of the Mining Entities as at and for the years ended 31 December 2020, 2021 and 2022 and the unaudited interim condensed combined financial information as at and for the three months ended 31 March 2023; (ii) the audited financial statements of the AMH (Jersey) Limited as at and for the year ended 31 December 2022 and the unaudited interim financial

	statements as at and for the three months ended 31 March 2023; (iii) the audited financial statements of AMH 2 (Jersey) Limited as at and for the year ended 31 December 2022 and the unaudited interim financial statements as at and for the three months ended 31 March 2023; and (iv) the unaudited interim financial statements of the Company as at and for the six months ended 31 December 2022 and the audited financial statements of the Company for the period 22 June 2021 (its date of incorporation) to 30 June 2022, together;
HPX	means High Power Exploration;
IBORs	means interbank offered rates;
IFC	means the performance standards of the International Finance Corporation;
INEMA	means the Bahia State Environmental Agency;
Independent Chairman	means Peter Whelan, who is considered by the Board to be independent for the purposes of the UK Corporate Governance Code;
Independent Directors	means Mark Cutis, Warren Gilman, Hendrik Johannes Faul and Fiona Paulus (who are considered by the Board to be independent for the purposes of the UK Corporate Governance Code) and the Independent Chairman;
Independent Directors' Letters of Appointment	means the Independent Director Letters of Appointment entered into between the Independent Directors, respectively, and the Company;
Independent Non-Executive Director	means Mark Cutis, Warren Gilman, Hendrik Johannes Faul and Fiona Paulus who are Independent Directors and are also non-executive directors;
Initial Co-Sponsor Overfunding	means the additional funds committed by the Co-Sponsors to the Company through subscription for 4,062,500 Sponsor Warrants at a price of $1.00 per Sponsor Warrant;
Insurance Distribution Directive	means EU Directive 2016/97/EU;
Intermediary Application	means an application to PrimaryBid on behalf of a prospective retail investor resident in the UK wishing to subscribe for Class A Ordinary Shares pursuant to the Retail Offer with a view to holding any depositary interest representing such Class A Ordinary Shares in an ISA, SIPP or GIA;
IPO	means the Company's initial public offering of the Warrants and Class A Ordinary Shares;
IPO Closing Date	means 12 October 2022;
IPO Directors	means the directors of the Company at the time of the IPO, including: Artem Volynets, Mark Cutis, Hendrik Johannes Faul, Warren Gilman and Peter Whelan;
IPO Institutional Investors	means the means Aristeia, Cladrius, HGC, LMR, Millais, Mint Tower and Radcliffe (each, an "**Anchor Investor**") and the cornerstone investor, System 2 Master Fund Limited, an institutional investor incorporated in the Cayman Islands with registered number 350895;
IPO Investment Agreements	means the agreements between the Company and each Anchor Investor dated 5 October 2022, and the agreement between the Company and System 2 Master Fund Limited dated 5 October 2022;
IPO Prospectus	means the prospectus relating to the admission to the Official List of all Class A Ordinary Shares and Warrants of the Company, dated 7 October 2022;
IPO Sponsor Insider Letter	means the sponsor insider letter entered into by the Co-Sponsors, the IPO Directors and the Company on 5 October 2022;
IPO Underwriting Agreement	means the underwriting agreement dated 7 October 2022 between the Company, the **Co-Sponsors,** the IPO Directors, and the IPO underwriter, pursuant to which the Underwriter agreed, subject to certain conditions, to use reasonable endeavours to procure investors to purchase 12,500,000 Class A Ordinary Shares (together with ½ of a Warrant per Class A Ordinary Share) in the IPO, failing which the Underwriter would purchase the here-defined Existing Class A Ordinary Shares and Warrants;

ISC	means the Archean–Paleoproterozoic Itabuna–Salvador–Curaça orogenic belt;
Ivanhoe Capital	means Ivanhoe Capital Corporation;
Ivanhoe Mines	means Ivanhoe Mines Ltd.;
Jersey Entities	means 100% interests in AMH (Jersey) Limited and AMH 2 (Jersey) Limited;
km	means kilometre;
KPIs	means key performance indicators;
kt	means a thousand tonnes;
KV	means a thousand volts;
kVA	means a thousand volt amps;
KWM	means King & Wood Mallesons;
lb	means pound;
LCTs	means the locked cycle tests;
LEI	means Legal Entity Identification;
LGPD	means the Brazilian General Data Protection Law (*Lei Geral de Proteção de Dados Pessoais*);
LIBOR	means the London Interbank Offered Rate;
Link	means Link Market Services Limited and Link Market Services Trustees Limited;
Listing Rules	means the listing rules published by the FCA under section 73A of FSMA, as amended from time to time;
Low or Nil Tax Jurisdictions	has the meaning given to it on page 150 herein;
LOM	means life of mine;
London Bullion Market Association or LBMA	means the London Bullion Market Association (LBMA), an international trade association which represents the London market for gold and silver bullion;
LSE	means the London Stock Exchange plc;
m	means metre;
m^3	means cubic metre;
m^3/h	means cubic metres per hour;
Market Value	has the meaning given to it on page 271 herein;
masl	means metres above sea level;
Material	has the meaning given to it on page 301 herein;
MBI	means Mirabela Investments Pty Ltd;
MBN	means Mirabela Nickel Limited;
Memorandum and Articles	means the Company's memorandum and articles of association as in force at the date of Admission and at the date of this Document;
MgO	means magnesium oxide;
MiFID II	means EU Directive 2014/65/EU on markets in financial instruments, as amended;
mill	means a facility where ore is finely ground and where ore undergoes physical or chemical treatment to extract the valuable metals;
mineralisation	means the process or processes by which a mineral or minerals are introduced into a rock, resulting in a potentially valuable deposit;
Mineral Reserve	means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study, which studies must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined. The following are different types of Mineral Reserve: "*Probable Mineral Reserve*" means the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other

relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

"*Proven Mineral Reserve*" means the economically mineable part of a measured mineral resource. A proven mineral reserve implies a high degree of confidence in the modifying factors;

Mineral Resource	means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. The following are different types of Mineral Resource:

"*Inferred Mineral Resource*" means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

"*Indicated Mineral Resource*" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

"*Measured Mineral Resource*" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity;

Mines	means the Santa Rita mine and the Serrote mine;
mine site	means an economic unit comprised of an underground and/or open pit mine, a mill and equipment and other facilities necessary to produce metal concentrates, in existence at a certain location;
Mining Entities	means MVV, Mirabela, Atlantic Nickel and Serrote, collectively;
Mirabela	means Mirabela Participações S.A.;
Mirabela Brazil	means Mirabela Mineração do Brasil Ltda;
Mirabela Nickel	means Mirabela Nickel Ltd.;
MME	means the Brazilian Ministry of Mines and Energy;
MSI	means Mining Standards International Pty Ltd;
MSI ASA	means the asset sale agreement for the purchase by MSI of Atlantic Nickel;
Mt	means million tonnes;
Mtpa	means million tonnes per annum;
MVV	means Mineração Vale Verde do Brasil Ltda.;
MW	means megawatt;

MWh	means megawatt hour;
New Shares	means the PIPE Shares, the Anchor Subscription Shares, the Sponsor Loan Shares, the Converted Shares, the Placing Shares, the Retail Shares and the Employee Shares, together;
Newly Issued Price	has the meaning given to it on page 271 herein;
Ni	means nickel;
NiEq	means nickel equivalent; NiEq is determined by dividing the revenue from payable copper, cobalt, gold, platinum and palladium by the price of nickel to calculate equivalent pounds of nickel, then adding the payable Ni pounds to sum to the total NiEq pounds;
Nil Rate Amount	means a nil rate of income tax which applies to the first £1,000 of dividend income received by an individual Shareholder in the tax year 2023/24;
NiS	means sulphide nickel;
New Brazilian Tax Regime	means the new set of tax rules introduced by Law No. 12,973, dated 13 May, 2014;
Non-Brazilian Holder	means a non-Brazilian holder of common shares;
Notice of Warrant Exercise	has the meaning given to it on page 269 herein;
NPV	means net present value;
NSR	means net smelter return;
OECD	means the Organization of Economic Co-operation and Development;
OEM Offtake Agreement	has the meaning given to it on page 302 herein;
OK	means ordinary kriging estimation methodology;
Official List	means the Official List of the FCA;
Online Application	means an application to PrimaryBid made directly by a prospective retail investor resident in the UK wishing to subscribe for Class A Ordinary Shares pursuant to the Retail Offer;
open pit	means the use of surface mining to extract ore from an open pit. The geometry of the open pit may vary with the characteristics of the ore;
Opinion CGU/AGU	means legal opinion LA-CGU/AGU-01/2008, issued by the General Counsel to the Federal Government on 22 August 2010;
Order	means the BVI Business Companies (Financial Return) Order 2023;
Ordinary Cash Dividends	has the meaning given to it on page 270 herein;
ore	means a mineral or aggregate of minerals from which metal can be economically mined or extracted;
orebody	means a sufficiently large amount of ore that is contiguous and can be mined economically;
Overfunding	means the Initial Co-Sponsor Overfunding and the Additional Co-Sponsor Overfunding;
oz	means ounce;
PFIC	means passive foreign investment company;
PAE	means *Plano de Aproveitamento Econômico;*
PAEBM	means the Emergency Action Plan (*Plano de Ação Emergencial*);
PCAs	means Environmental Control Plans;
PEA	means preliminary economic assessment;
Pd	means palladium;
Permitted Transferees	has the meaning given to it on page 269 herein;
PGMs	means platinum group metals;
PGRBM	means Programa de Gestão de Risco para Barragem de Mineração;
pH	is a measure of hydrogen ion concentration, a measure of the acidity or alkalinity of a solution;
PIPE Investors	means certain institutional investors who have entered into PIPE Subscription Agreements;
PIPE	means the private placement of PIPE Shares to certain investors pursuant to the PIPE subscription agreements;
PIPE Shares	means 30,100,000 Class A Ordinary Shares, in aggregate, to be issued pursuant to the terms of the PIPE subscription agreements entered into by the Company and certain investors;
PIPE Subscription Agreements	means the PIPE subscription entered into by the Company and certain institutional investors;

Placement Agents and Joint Bookrunners	means BMO, Citigroup and RBC, together;
Placing	means the placing of the Placing Shares;
Placing Investors	means certain institutional investors subscribing for Placing Shares;
Placing Shares	means up to 30,100,000 Class A Ordinary Shares, in aggregate, to be issued to the Placing Investors pursuant to this Document;
PrimaryBid	PrimaryBid Limited;
PNSB	means the National Dams Safety Policy;
PRIIPS Regulation	means Regulation (EU) no 1286/2014;
Product Offtake Agreement	has the meaning given to it on page 301 herein;
Product Governance Requirements	means the EEA Product Governance Requirements and the UK Product Governance Requirements;
Primary Nickel	means refined nickel metal;
Private Placement Warrants	has the meaning given to it on page 269 herein;
Privileged Tax Regime	has the meaning given by Brazilian Law No. 11,727/08;
Prospectus Regulation	means Regulation (EU) 2017/1129;
Promote Security Holders	means all holders of Class B Shares, Sponsor Warrants and Private Placement Warrants, with respect to their holdings of Class B Shares, Sponsor Warrants and Private Placement Warrants;
Prospectus Regulation Rules	means the prospectus regulation rules of the UK Financial Conduct Authority made under section 73A of FSMA;
Public Shareholder	means Class A Ordinary Shareholders who are not the Co-Sponsors, the Directors or the Advisor and the founding shareholders;
PSB	means Plano de Segurança de Barragens;
PSP	means Profit-Sharing Plan;
Pt	means platinum;
QIB	has the meaning given by Rule 144A;
QP	means quotational period;
Qualified Investor	means persons who are ‘‘qualified investors’’ within the meaning of Article 2(e) of regulation (EU) 2017/1129;
R$	means the Brazilian real, the lawful currency of the Federative Republic of Brazil
RBC	means RBC Europe Limited;
RC	means reverse circulation;
Re-Admission	means the expected admission of the Warrants and Enlarged Ordinary Share Capital to the Standard Segment of the Official List of the FCA (by way of a standard listing under Chapter 14 of the Listing Rules) and to the LSE for such Warrants and Enlarged Ordinary Share Capital to be admitted to trading on the LSE’s Main Market;
Receivers	has the meaning given to it on page 28 herein;
Receiving Agent	means both Link Market Services Limited and Link Market Services Trustees Limited (together, “**Link**”);
reclamation	means the process of stabilising, contouring, maintaining, conditioning and/or reconstructing the surface of land used or affected by mining activities to a state of equivalent land capability. Reclamation standards vary widely, but usually address issues of ground and surface water, topsoil, final slope gradients, overburden and revegetation;
Redeeming Shareholder	means each Public Shareholder who elects to have their Class A Ordinary Shares redeemed;
Redemption Arrangements	means the arrangements pursuant to which the Company will redeem the Class A Ordinary Shares held by the Redeeming Shareholders;
Redemption Date	means the date set by the Board for the redemption of the relevant Class A Ordinary Shares;
Redemption Notice	means written notice of redemption;
Reference Value	means the closing price of the Class A Ordinary Shares for any 20 Trading Days within a 30-day trading period ending on the third Trading Day prior to the date on which the Company publishes the prior written notice of redemption of the Warrants;
refining	means the process of purifying an impure metal;

Registered Holder	means a person in whose name a Warrant is registered in the Warrant Register;
Remaining Costs Cover	means the Company's funds in the amount of $2,813,000 held outside of the Escrow Account;
Remuneration and Nomination Committee	means the Company's remuneration and nomination committee;
reserve	means the part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination;
Restated Articles	means the Company's amended and restated memorandum and articles of association, to be adopted on or as soon as practicable following Re-Admission;
Restricted Jurisdiction	has the meaning given to it on page 5 herein;
Retail Offer	means the offer of Class A Ordinary Shares to retail investors resident and physically located in the United Kingdom through PrimaryBid's online platform, mobile app and network of retail brokers, wealth managers and investment platforms;
Retail Shares	has the meaning given to it on page 1 herein;
RIS	means a primary information provider, approved by the FCA under section 89P of FSMA;
RSM	means RSM UK Corporate Finance LLP;
Scope 1	means corporate emissions including direct emissions from sources owned or controlled by the company, such as transport and premises, as classified by the GHG Protocol;
Scope 2	means corporate emissions including indirect emissions from purchased electricity, heating and cooling, as classified by the GHG Protocol;
SDRT	means UK stamp duty reserve tax;
Securities Act	means the U.S. Securities Act of 1933, as amended;
Sellers	means certain entities controlled and/or managed by Appian Capital Advisory LLP;
Serrote	means Serrote Participações S.A.;
Serrote dam	means the dam at Salgado stream;
SES	means SES AI Corporation;
Shares	means the shares of the Company outstanding from time to time and including the Class A Ordinary Shares and the Class B Shares, if any;
Shareholders	means holders of the Shares;
Side Deed	means the side deed entered into by the Co-Sponsors and the Company on 19 January 2023;
SLC	means sublevel caving;
Solvency Test	has the meaning given to it on page 315 herein;
SPAC	means a special purpose acquisition company;
Sponsor Director Consultancy Agreement	has the meaning given to it on page 225 herein;
Sponsor fair market value	means the average reported closing price of the Class A Ordinary Shares for the 10 Trading Days ending on the third Trading Day prior to the date on which the notice of warrant exercise is sent to the Receiving Agent;
Sponsor Funding Agreement	means the sponsor funding agreement dated 5 October 2022 between the Co-Sponsors and the Company;
Sponsor Loans	means the additional funding in the form of loans for an aggregate amount of US$4,700,000 provided by the Co-Sponsors;
Sponsor Loan Warrants	means any warrants issued to the Co-Sponsors after the IPO by the Company to repay the Sponsor Loans;
Sponsor Warrants	means the warrants issued to the Co-Sponsors and IPO Institutional Investors prior to the IPO and excludes Sponsor Loan Warrants;
Sterling Application Amount	has the meaning given to it on page 246 herein;
Sustainability and Technical Committee	means the Company's sustainability and technical committee;
t or tonne	means a measure of weight equal to 1,000 kilograms or 2,204 pounds;
TAH	means the annual exploration fee per hectare to be paid by the holder of an exploration licence to the ANM;

tailings	means the finely ground rock from which valuable minerals have been extracted from concentration;
Target Entities	means the Jersey Entities and the Mining Entities;
Target Market Assessment	has the meaning given to it on page 6 herein;
Trading Day	means a day on which the main market of the London Stock Exchange (or such other applicable securities exchange or quotation system on which the Class A Ordinary Shares or Warrants are listed) is open for business (other than a day on which the main market of the London Stock Exchange (or such other applicable securities exchange or quotation system) is scheduled to or does close prior to its regular weekday closing time);
TSF	means the tailings storage facility;
UK	means the United Kingdom;
UK Corporate Governance Code	means the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time;
UK Product Governance Requirements	means Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook;
UK Prospectus Regulation	means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018;
UK PRIIPs Regulation	means regulation (EU) 1286/2014, as amended (including such provisions as they form part of UK domestic law by virtue of the EUWA);
Unaudited Interim Condensed Combined Financial Information	has the meaning given to it on page 169 herein;
U.S. Dollar Application Amount	has the meaning given to it on page 246 herein;
U.S. Dollar Conversion Amount	has the meaning given to it on page 246 herein;
U.S. Investment Company Act	means the Investment Company Act of 1940, as amended;
VCP	means the ACG Value Creation Plan as further described on page 229 herein;
Warrant Registrar	has the meaning given to it on page 276 herein;
Warrants	means the 6,250,000 public warrants of the Company in issue admitted to the Official List and to trading on the LSE main market for listed securities on 12 October 2022 which, for the avoidance of doubt, do not include the Private Placement Warrants, the Sponsor Warrants or the Sponsor Loan Warrants;
Warrant T&Cs	means the terms and conditions attaching to the Warrants;
waste	means barren rock in a mine, or mineralised material that is too low in grade to be mined and milled at a profit;
WHT	Means Brazilian withholding income tax;
WRSF	means waste rock storage facility;

APPENDIX I – HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

SECTION A

The unaudited interim financial statements of the Company as at and for the nine months ended 31 March 2023

ACG ACQUISITION COMPANY LIMITED

INTERIM REPORT & FINANCIAL STATEMENTS

For the three-and nine-month periods ending 31 March 2023

ACG ACQUISITION COMPANY LIMITED

CONTENTS

MANAGEMENT SUMMARY....2

CHAIRMAN'S STATEMENT....4

DIRECTORS' RESPONSIBILITIES STATEMENT....5

INDEPENDENT REVIEW REPORT TO ACG ACQUISITION COMPANY LIMITED....6

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME....8

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION....9

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY....10

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS....11

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS....12

MANAGEMENT SUMMARY

Principal activity

ACG Acquisition Company Limited (the "Company") was incorporated and registered in the British Virgin Islands under the BVI Business Companies Act 2004 with a registration number 2067083. The Company is a Special Purpose Acquisition Company ("SPAC") incorporated for the purpose of acquiring a majority (or otherwise controlling) stake in a company or operating business through a merger, demerger, share exchange, asset acquisition, share purchase, reorganisation or similar transaction. The Company intends to focus on the metals and mining sector globally (excluding Russia) with a particular focus on emerging markets.

The Company's main objective is to undertake an acquisition of a target company or business within an initial period of 12 months from 12 October 2022 (the "Initial Acquisition Deadline"), subject to an initial three-month extension period (the "First Extension Period") and a further three-month extension period (the "Second Extension Period"). If the Company is unable to complete an acquisition before the Acquisition Deadline (subject to being extended for any Extension Period), it will either (i) seek Public Shareholder approval for a further extension of six (6) months to the Acquisition Deadline, in accordance with Chapter 5 of the Listing Rules or (ii) liquidate, in each case pursuant to the terms of the Company's Memorandum and Articles. If the Company intends to complete an acquisition, it will, in addition to obtaining majority approval from the board of directors (the "Board") for the acquisition, convene a general meeting and propose the acquisition to be considered by the Public Shareholders.

On 12 June 2023, the Company announced that it had agreed the acquisition of two cash-generative mining operations in Brazil, producing nickel sulphide and copper concentrates with low carbon emissions, from funds advised by Appian Capital Advisory LLP ("Appian"). Critical minerals mined at the Brazilian sites will be refined in Europe and North America and then supplied to car manufacturers, fortifying the EV supply chain in western countries. The Atlantic Nickel nickel sulphide mine in Santa Rita and the Mineraçao Vale Verde ("MVV") copper mine in Serrote will be acquired on a cash- and debt-free basis for an enterprise value of $1.0 billion plus $65 million associated with Appian's contemplated gold royalty on MVV, for a total enterprise value of $1.065 billion, which is subject to a $100 million enterprise value to equity value bridge (the "Acquisition"). It is anticipated that this transaction will complete prior to the Initial Acquisition Deadline, subject to the approvals noted above.

In executing the Acquisition, the Company will acquire (i) a 100% interest in Mirabela Participações S.A., which holds a 100% interest in Atlantic Nickel Mineração Ltda., the company operating the Santa Rita mine, (ii) a 100% interest in Serrote Participações S.A, which holds a 100% interest in Mineração Vale Verde do Brasil Ltda., the company operating the Serrote mine, (iii) 100% interests in AMH (Jersey) Limited and AMH 2 (Jersey) Limited, which are parties to certain intragroup loans and royalties (collectively, the "Targets") and (iv) certain shareholder loans granted to the Targets by Appian entities. The purchase price for the Acquisition will be paid in cash and will reflect certain adjustments from the effective locked box date of 31 December 2022, until closing.

The acquisition process

In evaluating prospective acquisition targets, the Company conducted thorough due diligence which encompassed, among other things, meetings with incumbent management and key employees, document reviews, interviews of customers and suppliers, inspection of facilities, as well as a review of financial, operational, legal and other information that is made available to the Company. The Company also utilised the Directors' operational and capital planning experience.

The Company has secured the following funding sources for the Acquisition:

i. $250 million in binding royalty finance commitments from Royal Gold, a leading global royalty company (subject to customary closing conditions).
ii. $225 million in committed senior debt, underwritten by a syndicate led by Citigroup, ING and Societe Generale, who have also agreed to provide a $75 million revolving credit facility.
iii. $100 million in the form of a binding prepayment commitment from PowerCo, a subsidiary of Volkswagen AG, for equivalent nickel units to the tonnage contained in a portion of the concentrates produced by the Atlantic Nickel mine at Santa Rita.
iv. $100 million in ACG equity from Glencore as anchor investor (subject to customary closing conditions), with Glencore agreeing to a six-month lock-up, subject to certain customary exemptions.
v. $100 million in ACG equity from Stellantis as anchor investor (subject to customary closing conditions), with Stellantis agreeing to a six-month lock-up, subject to certain customary exemptions.
vi. $100 million in ACG equity from La Mancha Resource Fund ("La Mancha") as anchor investor (subject to

customary closing conditions), with La Mancha agreeing to a six-month lock-up, subject to certain customary exemptions.

vii. ACG will conduct a c.$300 million equity offering (the "Equity Offering") to fund the balance of the Acquisition consideration, repayment of certain MVV debt obligations and certain transaction costs. Up to $50 million of the planned Equity Offering is subject to a backstop by Appian. The planned Equity Offering is planned to commence in late June 2023 and complete in mid-July 2023.

These funding sources do not include any excess cash in the Targets, which may also be used to fund the Acquisition. They also exclude the proceeds of ACG's initial public offering that are currently held in escrow (of $125 million). Those proceeds will only be used to fund the Acquisition and other corporate purchases to the extent not needed to finance the redemptions of ACG's class A ordinary shares by its existing public shareholders (as defined in the UK Financial Conduct Authority's (the "FCA") Listing Rules).

Principal risks and uncertainties

The following is a summary of key risks that, alone or in combination with other events or circumstances, the Board has determined could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In making the selection, the Company has considered circumstances such as the probability of the risk of their occurrence, the potential impact on the business, and the level of attention that management would have to devote in order to mitigate any potential impact:

- There is no assurance that the Company will be able to complete the Acquisition as announced on 12 June 2023 or at all, which could result in a loss of part of the Shareholders' investment;
- Any due diligence conducted by the Company in connection with the Acquisition may not have revealed all relevant considerations or liabilities of the Targets, which could have a material adverse effect on the Company's financial condition or results of operations;
- The Company is dependent upon the Co-Sponsors and/or the Sponsor Director to execute the Acquisition, and the loss of the services of such parties could materially adversely affect the Company; and
- Even if the Company is able to complete the Acquisition as announced, there can be no assurance that the Company will be successful in executing its strategy or business plan in the future, which could materially adversely affect the Company and its Shareholders.

To help address the above risks, the Company has retained the services of consultants and third party advisors who are, together with the Directors and management, working to negotiate and execute the Acquisition in an effective manner, with the aim of minimising these concerns.

In respect of the Company's system of internal controls and its effectiveness, the Directors:

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

Emerging risks

The Board on an ongoing basis identifies and monitors emerging risks. The Board will then assess the likelihood and impact of any such emerging risks and will discuss and agree appropriate strategies to mitigate and/or manage the identified risks. Emerging risks are managed through discussion of their likelihood and impact at each quarterly Board meeting. Should an emerging risk be determined to have any potential impact on the Company, appropriate mitigating controls and processes are implemented in response.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is with pleasure that I present the interim financial statements of ACG Acquisition Company Limited ("ACG" or the "Company") for the three and nine-month periods ended 31 March 2023.

ACG was admitted to trading on the main market of the London Stock Exchange on 12 October 2022, having raised $125 million from an offer of new shares. On 12 June 2023 the Company announced the acquisition of the Atlantic Nickel and MVV operations from Appian, which will establish ACG as a premier supplier of critical metals into the western EV value chain, with best-in-class ESG characteristics and minimal CO_2 emissions. We are delighted to be working with our strategic partners Glencore, Stellantis, La Mancha, PowerCo and Royal Gold, as well as senior debt providers Citigroup, ING and Societe Generale, and look forward to finalising the Acquisition.

On behalf of the Board, I thank you for your continued and valued support.

Mr. Peter Whelan

Chairman
30 June 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

Each of the Directors confirms that to the best of their knowledge:

- The condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as contained in UK-adopted International Accounting Standards.

- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first nine months of the financial year and their impact on the condensed financial statements and description of principal risks and uncertainties for the remaining three months of the financial year); and

- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosures about related parties transactions during the first nine months of the financial year that materially affected the financial position or performance in that period and changes in related parties transactions described in the annual report that could materially affect the financial position or performance in that period).

Principal Risks and Uncertainties

The principal risks and uncertainties of the Company for the remaining three months of the annual reporting period are described in the Management Summary above. The Directors monitor and update their assessment of principal risks and uncertainties on an ongoing basis in the context of economic landscape and global geo-political events.

The current expectation is that the principal risks and uncertainties as outlined above will remain prevalent for the remainder of the year as the Company continues to focus on securing the Acquisition.

Signed on behalf of the Board by:

Mr. Peter Whelan

Director
30 June 2023

ACG ACQUISITION COMPANY LIMITED

INDEPENDENT REVIEW REPORT TO ACG ACQUISITION COMPANY LIMITED

Conclusion

We have been engaged by ACG Acquisition Company Limited ('the Company') to review the condensed set of financial statements of the Company in the interim financial report for the three and nine months ended 31 March 2023 which comprises the Unaudited Condensed Statement of Comprehensive Income, the Unaudited Condensed Statement of Financial Position, the Unaudited Condensed Statement of Changes in Equity, the Unaudited Condensed Statement of Cash Flows and notes to the Unaudited Condensed Financial Statements. We have read the other information contained in the interim financial report and considered whether it contains any apparent material misstatements of fact or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the three and nine months ended 31 March 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ('ISRE (UK) 2410') issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards.

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the financial statements, which indicates that in order to have adequate resources to continue in operational existence for the foreseeable future and in the absence of the completion of an acquisition, the Company is likely to require additional cash contributions from Co-Sponsors, which they are not obliged to provide. As stated in note 2, this lack of obligation indicates a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Company to cease to continue as a going concern.

Responsibilities of Directors

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the interim financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Review of the Financial Information

In reviewing the interim financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the interim financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

INDEPENDENT REVIEW REPORT TO ACG ACQUISITION COMPANY LIMITED, continued

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity”. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30 June 2023

ACG ACQUISITION COMPANY LIMITED

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 July 2022 to 31 March 2023

	Notes	3 months ended 31 Mar 2023 (unaudited) $	3 months ended 31 Mar 2022 (unaudited) $	9 months ended 31 Mar 2023 (unaudited) $	For the period 21 Jun 2021 to 31 Mar 2022 (audited) $
Administrative expenses	9	(8,852,420)	(550,690)	(12,303,876)	(2,310,868)
Operating loss		**(8,852,420)**	**(550,690)**	**(12,303,876)**	**(2,310,868)**
Finance (expense)/ income		(1,711,416)	-	(3,134,413)	495
Gain/(loss) on derivatives	5	1,064,212	-	(801,589)	-
Loss for the period before tax		**(9,499,624)**	**(550,690)**	**(16,239,878)**	**(2,310,373)**
Current income tax expense		-	-	-	-
Total comprehensive loss for the period		**(9,499,624)**	**(550,690)**	**(16,239,878)**	**(2,310,373)**
Loss per share					
Basic loss per share	8	**(3.04)**	**(2,753.45)**	**(8.33)**	**(11,551.87)**
Diluted loss per share	8	**(3.04)**	**(2,753.45)**	**(8.33)**	**(11,551.87)**

All items in the above statement derive from continuing operations.

The accompanying notes on pages 12 to 25 form an integral part of these Condensed Interim Financial Statements.

ACG ACQUISITION COMPANY LIMITED

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Notes	31 Mar 2023 (unaudited)	30 June 2022 (audited)
		$	$
Current assets			
Restricted cash	3	131,574,145	-
Cash and cash equivalents		4,370,499	4,539,407
Prepayments & other receivables		330,392	47,074
Total assets		**136,275,036**	**4,586,481**
Current liabilities			
Redeemable Public Share liabilities	4	124,223,418	-
Derivative financial instruments	5	4,303,886	-
Trade and other payables	6	3,075,710	50,125
Accruals	6	7,945,341	1,025,796
Total liabilities		**139,548,355**	**1,075,921**
Net (liabilities)/assets		**(3,273,319)**	**3,510,560**
Capital and reserves			
Called up share capital	4	31,171	-
Share/Warrant subscription reserve		4,700,500	6,239,000
Warrant reserve		10,963,328	-
Accumulated losses		(18,968,318)	(2,728,440)
Total shareholders' funds		**(3,273,319)**	**3,510,560**

The Condensed Interim Financial Statements on pages 8 to 25 were approved and authorised for issue by the Board of Directors on 30 June 2023 and signed on its behalf by:

Mr. Artem Volynets
Director

Company number: 2067083

The accompanying notes on pages 12 to 25 form an integral part of these Condensed Interim Financial Statements.

ACG ACQUISITION COMPANY LIMITED
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period from 1 July 2022 to 31 March 2023

	Share capital	Share/warrant subscription reserve	Warrant reserve	Accumulated losses	Total
	$	$	$	$	$
1 July 2022	**-**	**6,239,000**	**-**	**(2,728,440)**	**3,510,560**
Total comprehensive loss for the period	-	-	-	(16,239,878)	(16,239,878)
	-	**6,239,000**	**-**	**(18,968,318)**	**(12,729,318)**
Transactions with owners recorded directly in equity					
Repayment of share subscription advances	-	(2,000,000)	-	-	(2,000,000)
Transfer on issue of share capital and sponsor warrants	-	(4,239,000)	4,239,000	-	-
Sponsor loan and warrant subscription advances	-	4,700,500	-	-	4,700,500
Issue of share capital and sponsor warrants	31,171	-	6,724,328	-	6,755,499
31 March 2023 (unaudited)	**31,171**	**4,700,500**	**10,963,328**	**(18,968,318)**	**(3,273,319)**

For the period from 21 June 2021 to 31 March 2022

	Share capital	Share/warrant subscription reserve	Warrant reserve	Accumulated losses	Total
	$	$	$	$	$
21 June 2021	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	-	-	-	(2,310,373)	(2,310,373)
	-	**-**	**-**	**(2,310,373)**	**(2,310,373)**
Transactions with owners recorded directly in equity					
Share subscription advances	-	6,239,000	-	-	6,239,000
31 March 2022 (unaudited)	**-**	**6,239,000**	**-**	**(2,310,373)**	**3,928,627**

The accompanying notes on pages 12 to 25 form an integral part of these Condensed Interim Financial Statements.

ACG ACQUISITION COMPANY LIMITED

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
For the period from 1 July 2022 to 31 March 2023

	Note	3 months ended 31 Mar 2023 (unaudited) $	3 months ended 31 Mar 2022 (unaudited) $	9 months ended 31 Mar 2023 (unaudited) $	For the period 21 Jun 2021 to 31 Mar 2022 (audited) $
Cash flows from operating activities					
Loss for the period		**(9,499,624)**	**(550,690)**	**(16,239,878)**	**(2,310,373)**
Adjustments for:					
(Gain)/loss on derivatives	5	(1,064,212)	-	801,589	-
Finance expense		1,711,419	-	3,134,413	495
Decrease/(increase) in other receivables		103,607	(13,138)	(283,318)	- (62,052)
Increase/(decrease) in other payables		6,419,871	(31,613)	7,355,390	1,258,696
Net cash outflows from operating activities		**(2,328,939)**	**(595,441)**	**(5,231,804)**	**(1,113,234)**
Cash flows from investing activities					
Interest income		48,222	-	100,985	-
Net cash inflows from investing activities		**48,222**	**-**	**100,985**	**-**
Cash flows from financing activities					
Issue of Public Shares	4	-	-	125,000,000	-
Issue of Sponsor Shares	4	-	-	31,250	-
Issue of Sponsor Warrants		-	-	9,109,750	-
Share issue costs settled during the period		-	-	(2,817,090)	-
Restricted cash	3	(1,449,545)	-	(131,574,145)	-
Interest on restricted funds		1,449,545	-	2,511,646	-
Sponsor loans and advance share/warrant subscriptions received		4,700,500	6,000,000	2,700,500	6,239,000
Loan repayment		-	(600,000)	-	-
Net cash inflows from financing activities		**4,700,500**	**5,400,000**	**4,961,911**	**6,239,000**
Net increase/(decrease) in cash and cash equivalents		**2,419,783**	**4,804,559**	**(168,909)**	**5,125,766**
Cash and cash equivalents, beginning of period		**1,950,716**	**321,207**	**4,539,407**	**-**
Cash and cash equivalents, end of period		**4,370,499**	**5,125,766**	**4,370,499**	**5,125,766**

The accompanying notes on pages 12 to 25 form an integral part of these Condensed Interim Financial Statements

ACG ACQUISITION COMPANY LIMITED

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
For the three and nine month periods ended 31 March 2023

1. Corporate information

These interim financial statements represent the results of the Company for the three and nine month periods ended 31 March 2023. ACG Acquisition Company Limited is a company limited by shares incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 (as amended) (the "BVI Companies Act").

The Company is a Special Purpose Acquisition Company ("SPAC") formed for the purpose of effecting a merger, demerger, share exchange, asset acquisition, share purchase, reorganisation or similar business combination with, or acquisition of, a business or company operating in the metals and mining sector globally (excluding Russia) with a particular focus on emerging markets.

These interim financial statements have been reviewed by the Company's auditors, RSM UK Audit LLP.

2. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared on a historical cost basis, as modified by the revaluation of financial instruments measured at fair value through profit or loss, or otherwise noted.

The Condensed Interim Financial Statements have been prepared in accordance with UK-adopted international accounting standards.

These Condensed Interim Financial Statements included in this quarterly report have been prepared in accordance with IAS 34, "Interim Financial Reporting". The same accounting policies and methods of computation are followed in the Condensed Interim Financial Statements as compared with previous financial statements released by the Company, along with any additional accounting policies required as a result of transactions related to the IPO in the period. These Condensed Interim Financial Statements do not include all information and disclosures required in the annual financial statements.

The Company is not presently engaged in any activities other than those which are required in connection with the selection, structuring and completion of an acquisition in a target business by means of a merger, share exchange, share purchase, contribution in kind, asset acquisition or combination of these methods.

The Condensed Interim Financial Statements are presented in US Dollars ("USD"), which is the Company's functional and presentational currency, and have been prepared under the historical cost convention, with the exception of certain balances held at fair value, rounded to the nearest whole USD. The Company considers the USD to be the currency of the primary economic environment in which the Company incurs the majority of its costs and the one that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Company had no operations and therefore no segmental information is presented.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements.

Going Concern

The Board has assessed the Company's financial position as at 31 March 2023 and the factors that may impact the Company for a period of 12 months from the date of signing these Condensed Interim Financial Statements.

At 31 March 2023, the Company had net liabilities of $(3,273,319). As at 31 March 2023, the Company had a cash and cash equivalents balance of $4,370,499, and post-period end received a further $3,018,050 from Co-Sponsors. If no acquisition is completed by the earlier of (i) 12 October 2023 and (ii) the date that the board of directors of the Company resolves to wind up the Company, the Co-Sponsors have acknowledged and agreed that, to the extent not repaid or paid by the Company (acting in its sole and absolute discretion) within five business days following the above long stop date, the outstanding principal amount of the additional funding and any accrued interest will be then capitalised and deemed to be contributed to equity or assets of the Company. As at the date of approval of these interim financial statements, the Company's cash and cash equivalents balance was $3,473,007.

Going Concern (continued)

The Company has 12 months from IPO to complete an acquisition (the "Acquisition Deadline") subject to an initial three-month extension period (the "First Extension Period") and a second three-month extension period (the "Second Extension Period" and, together with the First Extension Period, the "Extension Periods"). Any extension of the Acquisition Deadline for an Extension Period will be decided in the Company's discretion (subject to agreement with the Co-Sponsors) and will not require shareholder approval, and will be announced at least one month prior to the Acquisition Deadline. If the Company is unable to complete an acquisition before the Acquisition Deadline (subject to being extended for any Extension Period), it will either (i) seek Public Shareholder approval for a further extension of six months to the Acquisition Deadline, in accordance with Chapter 5 of the Listing Rules or (ii) liquidate, in each case pursuant to the terms of the Company's Memorandum and Articles. If the Company intends to complete an acquisition, it will, in addition to obtaining majority approval from the board of directors (the "Board") for the acquisition, convene a general meeting and propose the acquisition to be considered by the Public Shareholders.

On 12 June 2023, the Company announced that it had agreed the acquisition of two cash-generative mining operations in Brazil, producing nickel sulphide and copper concentrates with low carbon emissions, from funds advised by Appian Capital Advisory LLP. The Atlantic Nickel nickel sulphide mine in Santa Rita and the Mineraçao Vale Verde copper mine in Serrote will be acquired on a cash- and debt-free basis for an enterprise value of $1.0 billion plus $65 million associated with Appian's contemplated gold royalty on MVV, for a total enterprise value of $1.065 billion, which is subject to a $100 million enterprise value to equity value bridge. It is anticipated that this transaction will complete prior to the Initial Acquisition Deadline, subject to the approvals noted above.

The Company has incurred and expects to continue to incur costs in pursuit of its financing and acquisition plans.

The Directors have reviewed the Company's cash flow projections, both with and without the completion of the Acquisition. In order to complete the Acquisition, the Company will need to raise funds from a combination of sources including equity from anchor investors and from the Equity Offering, and senior debt, royalty and prepayment financing, as currently contemplated. The cash flow projections in the Acquisition completion scenario show that the Company will have adequate resources to continue in operational existence for the foreseeable future.

In the event that the Acquisition does not complete, the cash flow projections show that the Company is likely to require additional cash contributions from Co-Sponsors. Co-Sponsors are not obliged to provide such contributions and there is therefore a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in the event that the Acquisition is not completed. The Board has assessed the Company is expected to continue as a going concern for a period of 12 months from the date of signing these Condensed Interim Financial Statements to the extent that the Company completes the Acquisition or Co-Sponsors continue to support the Company during this period.

Fair value measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy which consists of the following 3 levels:

- Level 1 - unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities.
- Level 2 - quoted prices in markets that are not active, or financial instruments for which all significant inputs are observable from the market, either directly (as prices) or indirectly (as derived from prices); and
- Level 3 - prices or valuations that require inputs that are not based on observable market data (unobservable inputs).

The Board considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below analyses within the fair value hierarchy the Company's financial liabilities measured at fair value on an ongoing basis:

Fair value measurement (continued)

31 March 2023	Level 1	Level 2	Level 3	Total
	$	$	$	$
Derivative liabilities	-	-	4,303,886	**4,303,886**

Financial instruments whose values are based simply on quoted market prices in active markets are classified within level 1. At 31 March 2023, it was the opinion of the Board that the Public Shares admitted to the London Stock Exchange ("LSE") in October 2022 should be categorised as Level 1, as there is a quoted market price available for them. These are not included above as they have been subsequently measured at amortised cost in the Statement of Financial Position. The equity-linked Public Warrants admitted to the LSE along with the Public Shares have been classified as level 3.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs would be classified within level 2. As level 2 instruments include positions that are not traded in active markets, and/or are subject to transfer restrictions, valuations are discounted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Financial instruments classified within level 3 have significant unobservable inputs as they trade infrequently. As observable prices are not available for the investments, the Company uses valuation techniques to derive their fair value. At 31 March 2023 it was the opinion of the Board that Sponsor Warrants should be categorised as level 3.

The Company had no financial assets measured on a fair value basis. No reclassifications between the three fair value categories took place during the period as this was the first period that the Company recognised and subsequently measured any financial instruments at fair value.

The following summarises the valuation methodologies and inputs used for derivative liabilities categorised in Level 3 at 31 March 2023.

Financial Liability	Fair Value USD	Valuation Method	Unobservable Inputs
Derivatives (Warrants)	4,303,886	Monis SPAC	Volatility
			Years to expiration

Unlike traditional warrant valuation models, the "Monis SPAC" model takes into account the complexity in SPAC warrants, which may be redeemed by the issuer once the linked shares exceed a trigger price. The method is derived from a Monte Carlo simulation adapted specifically for SPAC warrants with this "soft-call" feature, resulting in more accurate modelling.

New and amended standards and interpretations applied

The following accounting standards and updates were applicable in the reporting period but did not have a material impact on the Company:

- Amendments to IFRS 1 and IFRS 9 Annual Improvements to IFRS 2018-2020
- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 16: Property, Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

New and amended standards and interpretations not applied

The following new and amended standards and interpretations in issue are applicable to the Company and are not expected to have any material impact on the financial statements when assessed in full for annual reporting purposes:

- IFRS 17: Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 17: Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2023)
- Amendments to IAS 12: Income Taxes (effective 1 January 2023)
- Amendments to IAS 1: Presentation of Financial Statements (effective 1 January 2023)

Financial assets

Initial recognition

Financial assets at amortised cost, which includes other receivables, amounts held in escrow and cash and bank balances, are initially recognised at their fair value at the date of the transaction and are subsequently measured at amortised cost using the effective interest rate method. Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents consist of cash at bank and deposits with a maturity of less than three months at the date of inception.

Amounts held in escrow are made up of the proceeds of the listing, and the Co-Sponsor Overfunding Subscription (being additional funds committed by the Company's Co-Sponsors through subscription of a further 4,062,500 Warrants at $1.00 per Warrant). Any interest earned is also included. Pursuant to the terms of the Escrow Agreement (being an agreement entered into with Citibank N.A. London to ensure sums committed by Class A Shareholders are used for no other purpose than those described in the Company's prospectus), and in accordance with the requirements set out in Listing Rule 5.6.18A(2), the Company may only direct the release of funds upon the occurrence of certain events as outlined in the Company's prospectus, and these amounts are therefore classified as restricted cash in the Statement of Financial Position.

Subsequent measurement

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest rate method. The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any allowance for expected credit losses where relevant.

Cash and bank balances and other receivables are undiscounted. Due to their short-term nature the discounting impact is not regarded as material.

Allowances for expected credit losses are recognised in profit or loss in the Statement of Comprehensive Income.

Financial liabilities

Initial recognition

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. At initial recognition financial liabilities (trade and other payables) are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability.

The Company's financial liabilities during the period are comprised of liabilities related to the redeemable Public Shares, trade and other payables and derivative liabilities related to the Public and Sponsor Warrants.

Subsequent measurement

The redeemable Public Shares and trade and other payables are classified as financial liabilities at amortised cost and are measured at amortised cost using the effective interest rate. The amortised cost of a financial liability is the amount at which the financial liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount. Such amortisation amounts are recognised in the Statement of Comprehensive Income. Due to the short-term nature of the trade and other payables, they are stated at their nominal value, which approximates their fair value.

Public Warrants and Sponsor Warrants are derivative liabilities, which are classified as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, the Public and Sponsor Warrants are measured at fair value and changes thereto are recognised in the Statement of Comprehensive Income.

The Company determines the classification of its financial liabilities at initial recognition and re-evaluates the designation at each financial period end.

IAS 32 provides that the Company's financial instruments shall be classified on initial recognition in accordance with the substance of the contractual arrangement and the definitions of a financial liability or an equity instrument.

Derecognition
Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, and deposits held with banks.

Restricted cash
Restricted cash represents amounts held in escrow and is made up of the proceeds of the listing, and the Co-Sponsor Overfunding Subscription, and any interest earned. The Company may only direct the release of funds upon the occurrence of certain events as outlined in the Company's prospectus. See note 3 for further details.

Expenses
All expenses are accounted for on an accruals basis and are presented as expense items, except for expenses that are incidental to the disposal of an investment which are deducted from the disposal proceeds, and expenses related to the issue of financial instruments which are netted against the financial instruments they are allocated to. For equity instruments, these reduce share capital, for derivative liabilities these are expensed immediately and for liabilities these initially reduce the liability and are subsequently accreted to the Statement of Comprehensive Income over time.

Prepayments
Prepayments are expenses paid in advance that are amortised on a straight-line basis over the period to which they are applicable.

Share capital and reserves
Ordinary shares are classified as equity. The Company had issued shares with no par or nominal value. Equity represents the residual interest in the assets of the Company after deducting all of its liabilities. The Share subscription reserve represents consideration received in advance of issue of shares and warrants. The Warrant reserve represents the surplus arising on the fair value of Sponsor Warrants on the date of issuance.

Equity
Equity is classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity is recorded at the amount of proceeds received, net of issue costs. Class B ordinary shares ("Sponsor Shares") are classified as equity in accordance with IAS 32 – "Financial Instruments: Presentation" as these instruments include no contractual obligation to deliver cash and the redemption mechanism is not mandatory.

Share issue costs
Share issue cost have been incurred in relation to the issue of the Sponsor Shares, Public Shares and Warrants. Where shares are classified as equity, share issue costs are recognised in equity. Share issue costs attributed to the Public shares financial liability are amortised to the Statement of Comprehensive Income using the effective interest method. For Warrants measured at fair value through profit or loss, share issue costs are recognised immediately in the Statement of Comprehensive Income.

Share-based payments (equity-settled)

The grants of certain Sponsor Shares are recognised as equity-settled share-based payments under IFRS 2. Services received in exchange for the grant of any share-based payments are measured by reference to the fair value of the instruments at the grant date, which is determined to be the date of completion of an acquisition. This is on the basis that there is no clarity as to the nature and value of the instruments until the acquisition is finally approved, as they are effectively an economic interest in the acquired business. Share-based payments are recognised as an expense in the Statement of Comprehensive Income. Any Sponsor Shares issued for which a service is not received represent a shareholder transaction (in their capacity as shareholders), and is therefore classified as equity under IAS 32.

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a bi-annual basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The principal judgements and estimates are as follows:

Critical accounting judgements

Sponsor Shares
On 12 October 2022, the Company admitted to trading on the London Stock Exchange 12,500,000 redeemable Class A Ordinary Shares ("Public Shares") of no par value, together with 6,250,000 warrants ("Public Warrants"), on the basis of ½ of a redeemable warrant per Class A Ordinary Share, to investors at a price of $10.00 per Class A Ordinary Share.

The company further issued 3,125,000 Class B shares with no par value at a price of $0.01 per share to Sponsors. Of these Class B Shares, anchor and cornerstone investors subscribed to 832,813 and 365,625 shares, respectively, at $0.01 per share ("Sponsor Shares").

In addition to the Class B shares, Sponsors also subscribed to 9,286,250 warrants and provided additional funding through subscription of a further 4,062,500 warrants ("Sponsor Warrants"). All Sponsor Warrants were issued at $1.00 per warrant and are exercisable at a price of $11.50 per Public Share, following completion of an acquisition.

The Company has exercised an accounting judgement in determining whether the Sponsor Shares and Warrants are accounted for in accordance with IFRS 2 Share Based Payments, or IAS 32 Financial Instruments: Presentation. Careful consideration was afforded to the fact patterns and various rights, duties and conditions attaching to each class of the share and warrant in issue.

Upon successful completion of an acquisition, each Class B Share issued at $0.01 per share will automatically be converted into Public Shares (Class A Shares), representing a significant discount to the $10.00 per share paid by Public shareholders.

In relation to certain Sponsor Shares, where the recipient is providing services in an equivalent capacity as an employee, the Board's judgement is that these fall under the scope of IFRS 2 to be treated as equity-settled share-based payments.

IFRS 2 requires an expense to be recognised at the grant date fair value, with a corresponding increase in equity over the vesting period. IFRS 2 will therefore apply at and from the deemed grant date of the shares. The Company has determined that the grant date of the shares will be on completion of an acquisition. This is on the basis that there is no clarity as to the nature and value of the instruments until the acquisition is finally approved, as they are effectively an economic interest in the acquired business.

The conversion of Sponsor Shares to Public Shares is contingent on the successful completion of an acquisition of a target business. No reward will accrue to the holders of Class B Shares until such time as this takes place.

Where the holder of a Sponsor Share has not provided the Company with services, these shares are accounted for as equity under IAS 32. It had previously been judged that all Class B shares would be within the scope of IFRS 2. The change in judgement has been made following updated consideration of the facts and circumstances of the issue of the Class B shares.

Critical accounting estimates and judgements (continued)

There is no contractual obligation to deliver any financial compensation to holders of the Sponsor Shares until such time that an acquisition of a target business is completed.

Holders of B Class Shares subject to IFRS 2 treatment did not commence the provision of any services related to target screening, searching out, identifying and evaluating potential target acquisitions until after the admission of the public shares and warrants on 12 October 2022. And as set out above, no charge is recognised in the current period as the grant date has not yet been reached.

Sponsor Warrants

A similar judgement is required in accounting for the Sponsor Warrants. Depending on the facts and circumstances these could be treated as financial instruments under IAS 32, or share-based payments, under IFRS 2. The Board determined that in this case IFRS 2 was not relevant, and therefore it is correct to account for the Sponsor Warrants as financial instruments under IAS 32. In forming this judgement, the following factors are taken into account:

- Sponsor Warrant holders have not been treated preferentially to Public Warrant Holders who received ½ of one redeemable warrant per one Class A share subscribed. Both the Public and Sponsor Warrants are exercisable at the same price of $11.50 per share, at any time 30 days after an acquisition date;
- No further Sponsor Warrants are receivable for nil or discounted consideration, and there are no service conditions attached to the Sponsor Warrants;
- The commercial basis for the issue of Sponsor Warrants is to provide sufficient capital to cover the Company's listing costs and operating expenses until the completion of an acquisition, without diluting the Public Shareholdings;
- Sponsor Warrant holders have no different rights from Public Warrant holders in the event of a successful acquisition or the failure to achieve such a combination; and
- The Sponsor Warrants do not entitle the holder to a pro rata share of the entity's assets in the event of the entity's liquidation.

Taking the above factors into consideration, it is the Board's judgement that Sponsor Warrants are financial instruments that includes a contractual obligation for the issuer to redeem that instrument for cash or another financial asset (in this case, a Public Share) upon exercise, therefore the relevant accounting treatment is determined by IAS 32.

Classification of transaction costs associated with issue of shares

The Group incurred various costs in issuing its own equity instruments, most of which are transaction costs. Transaction costs are incremental costs that are directly attributable to the equity transaction that otherwise would have been avoided if the equity instruments had not been issued. Transaction costs of an equity transaction should be accounted for as a deduction from equity.

Incremental costs that are directly attributable to the equity transaction that otherwise would have been avoided if the equity instruments had not been issued include registration and other regulatory fees, underwriting costs and brokerage fees, amounts paid to lawyers, accountants, investment bankers and other professional advisers, fees and commissions paid to agents, brokers and dealers, printing costs and stamp duties.

Costs for marketing the IPO, including the 'road show', do not meet the definition of a transaction cost and therefore have been accounted for in the statement of comprehensive income. Overall, out of a total cost of $3.7m, $2.8m has been deducted from the amount recognised in relation to shares issued and remaining accounted in the statement of comprehensive income for an amount of $0.9m.

Transaction costs have been allocated to the debt or equity instrument to which they are directly attributable where possible. Where directly attributable costs could not be directly allocated to a debt or equity instrument, they have been apportioned based on the gross proceeds raised by each instrument.

Critical accounting estimates and judgements (continued)

Classification of transaction costs associated with issue of shares (continued)
Citigroup Global Markets Limited ("the Underwriter" of the Company's listing) is potentially entitled to a deferred underwriting commission representing up to 3.5% of the gross proceeds of the offering. This commission is only payable on the completion of an acquisition and will be paid from the funds held in escrow. The Board has exercised judgement in determining that no liability in relation to this fee exists at the reporting period end, as it is contingent on completion of an acquisition. Further details on this are included in Note 9.

Key sources of estimation uncertainty

Fair value of derivative financial instruments at fair value through profit or loss
The Company recognises its derivative instruments (Public Warrants and Sponsor Warrants) initially at fair value at date of issuance with any subsequent movement in fair value between the issuance date and the reporting date being recognised as a fair value movement through profit and loss.

As at 31 March 2023 a third party valued the Warrants using an appropriate valuation model and determined the fair value at the date of issuance to be $0.18 per warrant and the fair value at the period-end date to be $0.22 per warrant. As at 31 March 2023, judgements were required for the inputs into the valuation model specifically volatility rates of suitable comparable companies and estimated life of the warrants.

3. Restricted cash

	31 March 2023 (unaudited)	30 June 2022 (audited)
	$	$
Restricted cash	131,574,145	-
Total	**131,574,145**	**-**

4. Issued share capital

The following summarises the issued share capital as at 31 March 2023 and 30 June 2022.

Share Capital as at 31 March 2023

	No. of shares	$
Redeemable Class A ordinary shares of no par value ("Public Shares")	12,500,000	125,000,000
Class B ordinary shares of no par value ("Sponsor Shares")	3,125,000	31,250
	15,625,000	**125,031,250**

Share Capital as at 30 June 2022

	No. of shares	$
Ordinary shares	200	-
	200	**-**

*Ordinary shares issued at no par or nominal value and redesignated as Class B ordinary shares on 28 January 2022.

Financial liabilities – Public Shares	**31 March 2023 (unaudited)**	**30 June 2022 (audited)**
	$	**$**
Opening balance	**-**	**-**
Proceeds of issue of Public Shares	125,000,000	-
Less: initial recognition of Public Warrants	(1,116,875)	-
Less: share issue costs	(2,817,011)	-
Effective interest accretion	3,157,304	-
	124,223,418	**-**

Class B ordinary shares ("Sponsor Shares")
During the prior period, the Sponsors and the Directors subscribed to a total of 3,125,000 Sponsor Shares at a price of $0.01 per share. As at 31 March 2023, the total number of Sponsor Shares in issue was 3,125,000.

Upon completion of an acquisition, the Sponsor Shares will convert on the trading day following the consummation of the acquisition into 3,125,000 Public Shares.

Subject to the variation of certain voting rights and powers in respect of the acquisition, Sponsor Shares carry the same shareholder rights as Public Shares. However, the Company's Sponsor and Directors have entered into a lock-up arrangement with the Company, under which they have agreed to waive their redemption rights in respect of the Sponsor Shares or any Public Shares acquired as a result of conversion in connection with the acquisition. Accordingly, the Sponsor Shares are classified as equity in the Company's Statement of Financial Position.

5. Derivative financial liabilities - Warrants

Public Warrants

Public Warrants are classified as derivative liabilities and were initially recognised at their fair value of $0.18 per warrant at the issuance date of 12 October 2022.

As at 31 March 2023, the Public Warrants fair value had increased to $0.22 per Warrant and are recognised in these financial statements at a total value of $1,372,500. For the 9-month period, a fair value movement of $(255,625) was recognised through profit and loss.

Sponsor Warrants

During the period, sponsors subscribed to a total of 13,348,750 Sponsor Warrants at a price of $1 per warrant. Of the $13,348,750 raised from the issue of the Sponsor Warrants, a derivative liability was recognised at the fair value of $2,385,422 at the issuance date of 12 October 2022. The remainder was allocated to the Warrant reserve as a capital contribution to the Company.

As at 31 March 2023, the Sponsor Warrants have been valued at $0.22 per warrant and are recognised in these financial statements at a total value of $2,931,386. For the 9-month period, a fair value movement of $(545,964) was recognised through profit and loss.

6. Trade & other payables

	31 March 2023 (unaudited)	30 June 2022 (audited)
	$	$
Trade payables	564,065	50,125
Interest on restricted cash	2,511,645	-
Total	**3,075,710**	**50,125**

In addition to the above, accruals of $7,945,341 (30 June 2022: $1,025,796) have been recognised in respect of legal and professional, and other consultancy fees.

7. Sponsor Loans

In January 2023, the Company and its Co-Sponsors entered a side deed to the sponsor funding agreement whereby Co-Sponsors agreed to advance further funding in the form of loans totalling $4,700,500.

This additional funding was received during the period and attracts interest at 10% per annum compounding semi-annually. The principal amount along with any accrued interest is repayable upon completion of the acquisition.

Of the additional funding received,$2,000,000 will be repaid in the form of Sponsor Warrants to be issued upon completion of an Acquisition.

The Sponsor loans has been classified within the advance share/warrant subscription reserve within equity as there is no requirement to repay the loans unless and until completion of an Acquisition.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS, continued
For the three and nine month periods ended 31 March 2023

8. Loss per share

The calculation of basic and diluted earnings per share has been based on the following loss attributable to shareholders and weighted-average number of ordinary shares outstanding at the year end.

For the 9-month period ended 31 March 2023	**Basic (unaudited)**	**Diluted (unaudited)**
Loss for the period	$(16,239,878)	$(16,239,878)
Weighted average number of shares	1,950,572	1,950,572
Loss per share	**$(8.33)**	**$(8.33)**

For the period 21 June 2021 to 31 March 2022	**Basic (unaudited)**	**Diluted (unaudited)**
Loss for the period	$(2,310,373)	$(2,310,373)
Weighted average number of shares	200	200
Loss per share	**$(11,551.87)**	**$(11,551.87)**

For the 3-month period ended 31 March 2023	**Basic (unaudited)**	**Diluted (unaudited)**
Loss for the period	$(9,499,624)	$(9,499,624)
Weighted average number of shares	3,125,000	3,125,000
Loss per share	**$(3.04)**	**$(3.04)**

For the 3-month period ended 31 March 2022	**Basic (unaudited)**	**Diluted (unaudited)**
Loss for the period	$(550,690)	$(550,690)
Weighted average number of shares	200	200
Loss per share	**$(2,753.45)**	**$(2,753.45)**

The weighted average number of ordinary shares is determined by reference to the Class B Ordinary shares. Public and Sponsor Warrants are deemed to be anti-dilutive as the average market price of ordinary shares during the period did not exceed the $11.50 exercise price of the Warrants and they are therefore out of the money and excluded from the diluted earnings per share calculation. The 12,500,000 redeemable Public Shares under IAS 33 are deemed to be contingently issuable shares issuable only upon an acquisition so under IAS 33.24 will be excluded from the earnings per share calculations until the acquisition has occurred.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS, continued
For the three and nine month periods ended 31 March 2023

9. Administration expenses

Administration expenses consist of:	3 months ended 31 Mar 2023	3 months ended 31 Mar 2022	9 months ended 31 Mar 2023	For the period 21 Jun 2021 to 31 Mar 2022
	$	$	$	$
Legal costs	11,263	218,339	1,198,458	1,316,125
Professional & other costs	8,524,610	60,932	10,381,644	490,821
Personnel & consultant costs	316,547	271,419	723,774	503,922
	8,852,420	**550,690**	**12,303,876**	**2,310,868**

10. Related party transactions

The Company's key management personnel include its directors and external consultants providing key management personnel services to the Company. Each director was appointed pursuant to a letter of appointment between the respective director and the Company dated on each director's respective appointment date.

Under the terms of the letters of appointment the Company's independent directors each receive a fee of $80,000 per annum and will be reimbursed for any out-of-pocket expenses incurred in connection with activities on the Company's behalf, such as identifying and researching potential target businesses. Additional fees are payable to independent directors who have taken on additional board responsibilities.

During the nine month period ended 31 March 2023, total remuneration payable to directors was $419,852. Fees payable to consultants providing key management personnel services for the nine month period totalled $185,798.

3,125,000 Class B shares with a $0.01 nominal value and 13,348,750 $1.00 warrants have been issued to Co-Sponsors. Of these 172,115 Class B shares and 1,252,660 sponsor warrants were issued to the Sponsor Director.

There were no related party transactions other than those with key management personnel described above.

11. Contingencies and commitments

Subject to the completion of an acquisition, the underwriter of the Company's placing is entitled to a deferred commission of 3.5% ($4,375,000) of the gross proceeds of the public (Class A) share offering together with any VAT chargeable thereon, provided that 2% ($2,500,000) of the 3.5% shall be determined at the sole discretion of the Company. As discussed in Note 2, other committed costs associated with pursuing the Company's acquisition strategy have been incurred, and further fees including success fees would be incurred on completion of an acquisition.

12. Subsequent events

On 12 June 2023, the Company announced that it had agreed the acquisition of two cash-generative mining operations in Brazil, producing nickel sulphide and copper concentrates with low carbon emissions, from funds advised by Appian Capital Advisory LLP. The Atlantic Nickel nickel sulphide mine in Santa Rita and the Mineraçao Vale Verde copper mine in Serrote will be acquired on a cash- and debt-free basis for an enterprise value of $1.0 billion plus $65 million associated with Appian's contemplated gold royalty on MVV, for a total enterprise value of $1.065 billion, which is subject to a $100 million enterprise value to equity value bridge. It is anticipated that this transaction will complete prior to the Initial Acquisition Deadline, subject to the required approvals.

SECTION B

Report of the auditors of the Company for the period from 22 June 2021 (its date of incorporation) to 30 June 2022

SECTION C

The audited financial statements of the Company for the period from 22 June 2021 (its date of incorporation) to 30 June 2022.

RSM UK Corporate Finance LLP

25 Farringdon Street
London
EC4A 4AB
T +44 (0)20 3201 8000
F +44 (0)20 3201 8001
rsmuk.com

The Directors
ACG Acquisition Company Limited
Craigmuir Chambers
PO Box 71, Road Town
Tortola, British Virgin Islands

7 October 2022

Dear Sirs

ACG Acquisition Company Limited (the "Company")

We report on the historical financial information of the Company for the period ended 30 June 2022 set out in Section B of Part of the prospectus dated 7 October 2022 (the "Prospectus") of the Company.

Opinion

In our opinion, the historical financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at the dates stated and of its results, cash flows and changes in equity for the period then ended in accordance with UK-adopted international accounting standards.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the historical financial information in accordance with UK-adopted international accounting standards.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 (the "Prospectus Delegated Regulation"), consenting to its inclusion in the Prospectus.

Basis of preparation

This historical financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out at note 2 to the historical financial information.

This report is required by Item 18.3.1 of Annex 1 of the Prospectus Delegated Regulation and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent from the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the historical financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the historical financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Conclusions relating to going concern

We have not identified a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Company to continue as a going concern for a period of at least twelve months from the date of the Prospectus. We conclude that the Directors' use of the going concern basis of accounting in the preparation of the historical financial information is appropriate.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex 1 and Item 1.2 of Annex 11 of the Prospectus Delegated Regulation.

Yours faithfully

RSM UK Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION B - HISTORICAL FINANCIAL INFORMATION OF ACG ACQUISITION COMPANY LIMITED

Statement of comprehensive income
for the period from the date of incorporation on 22 June 2021 to 30 June 2022

	Notes	Period ended 30 June 2022 USD
Revenue		-
Cost of sales		-
Gross profit		-
Administrative expenses	4	(2,736,912)
Operating loss		**(2,736,912)**
Finance income		8,472
Loss before tax		**(2,728,440)**
Taxation		-
Loss for the period		**(2,728,440)**
Other comprehensive income		-
Total comprehensive loss for the period		**(2,728,440)**

Statement of changes in equity
for the period from the date of incorporation on 22 June 2021 to 30 June 2022

	Share capital* USD	Share subscription reserve USD	Accumulated losses USD	Total USD
Opening balance as at 22 June 2021 (date of incorporation)	-	-	-	-
Comprehensive income				
Loss for the period	-	-	(2,728,440)	(2,728,440)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(2,728,440)**	**(2,728,440)**
Transactions with owners, recorded directly in equity				
Issuance of ordinary shares	-	-	-	-
Share subscription advances	-	6,239,000	-	6,239,000
Balance as at 30 June 2022	**-**	**6,239,000**	**(2,728,440)**	**3,510,560**

* The Company issued 200 B ordinary shares with no par or nominal value, see note 5.

Statement of financial position
as at 30 June 2022

	Note	30 June 2022 USD
Assets		
Current assets		
Prepayments		47,074
Cash and cash equivalents		4,539,407
Total assets		**4,586,481**
Liabilities		
Current liabilities		
Trade and other payables		(50,125)
Accruals		(1,025,796)
Total liabilities		**(1,075,921)**
Net assets		**3,510,560**
Capital and reserves		
Called up share capital	5	-
Share subscription reserve	6	6,239,000
Accumulated losses	6	(2,728,440)
Total equity attributable to owners of the company		**3,510,560**

Statement of cash flows
for the period from the date of incorporation on 22 June 2021 to 30 June 2022

	Period ended 30 June 2022 US$
Cash flows from operating activities	
Loss before tax for the period	(2,728,440)
Adjustments for:	
Finance income	(8,472)
Increase in prepayments	(47,074)
Increase in trade and other payables and accruals	1,075,921
Net cash used in operating activities	(1,708,065)
Cash flows from investing activities	
Interest received	8,472
Net cash generated from investing activities	8,472
Cash flows from financing activities	
Amounts received from co-sponsors	6,239,000
Net cash generated from financing activities	6,239,000
Net increase in cash and cash equivalents	**4,539,407**
Cash and cash equivalents as at 22 June 2021 (date of incorporation)	-
Cash and cash equivalents as at 30 June 2022	**4,539,407**

1. Corporate Information

ACG Acquisition Company Limited (the “Company”) is a Special Purpose Acquisition Company (SPAC) with the purpose of effecting a merger, demerger, share exchange, asset acquisition, share purchase, reorganisation or similar business combination with, or acquisition of, a business or company (a “Target”) (an “Acquisition”) operating in the metals and mining sector globally (excluding Russia) with a particular focus on emerging markets.

2. Accounting policies

Basis of preparation

The historical financial information provided for the Company is for the period between from 22 June 2021 (date of incorporation) to 30 June 2022 and is prepared for the purposes of admission of the Company to the Main Market of London Stock Exchange. The Company is a company limited by shares and is incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 (as amended) (the "BVI Companies Act").

The historical financial information is prepared using the historical cost convention, except where otherwise noted.

The historical financial information is prepared in accordance with UK-adopted international accounting standards.

The Company is planning to list on the main market of the London Stock Exchange. The capital raised in the IPO will be denominated in United States Dollars (USD). The performance of the Company is measured and reported to the shareholders in USD, which is the Company's functional currency. The Company considered the USD as the currency of the primary economic environment in which the Company incurs the majority of its costs and the one that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The historical financial information is presented in US Dollars (USD).

Going concern

At 30 June 2022, the Company had net assets of USD 3,510,560. The Company has incurred and expects to continue to incur costs in pursuit of its financing and acquisition plans. As at 30 June 2022, the Company had a cash and cash equivalents balance of USD 4,539,407, which is expected to be sufficient to allow the Company to continue in existence up to the point of an IPO or for at least 12 months from the date of approval of this document.

The Directors have therefore prepared the historical financial information on the going concern basis which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company will have 12 months from Admission to complete an Acquisition (the “Acquisition Deadline”) subject to an initial three-month extension period (the “First Extension Period”) and a second three-month extension period (the “Second Extension Period” and, together with the First Extension Period, the “Extension Periods”). Any extension of the Acquisition Deadline for an Extension Period will be decided in the Company's discretion (subject to agreement with the Co-Sponsors) and will not require shareholder approval, and will be announced at least one (1) month prior to the Acquisition Deadline (as extended). If the Company is unable to complete an Acquisition before the Acquisition Deadline (subject to being extended for any Extension Period), it will either (i) seek Public Shareholder approval for a further extension of six (6) months to the Acquisition Deadline, in accordance with Chapter 5 of the Listing Rules or (ii) liquidate, in each case pursuant to the terms of the Company’s Memorandum and Articles. If the Company intends to complete an Acquisition, it will, in addition to obtaining majority approval from the board of directors (the “Board”) for the Acquisition, convene a general meeting and propose the Acquisition to be considered by the Public Shareholders.

Consequently, the Directors have reviewed the cash flow projections taking into account:

- The arrangement with the sponsors of the planned IPO to provide working capital as required;
- The position post IPO.

Whilst the Company is in a loss-making position with no income, as a result of the review, and having made appropriate enquiries of sponsors, the Company has a reasonable expectation that sufficient funds will be available to meet the Company's funding requirements, based on arrangements with the sponsors and the subscriptions performed by Co-Sponsors for Class B Shares and Sponsor Warrants, as described in Notes 7&9.

Based on the above, there is no material uncertainty regarding the Company's ability to continue as a going concern for the going concern assessment period, which is 12 months from the date of approval of this document. The historical financial information is prepared based on the going concern assumption.

New standards, interpretations, and amendments not yet effective and not adopted by the Company

The Company applied all applicable standards and applicable interpretations published by the IASB for the period ended 30 June 2022. The Company has adopted all standards or interpretations published by the IASB for which the mandatory application date is on or after 1 January 2021.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation, where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in Other Comprehensive Income as qualifying cash flow hedges and qualifying net investment hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevalent at the date of the transactions.

Foreign currency gains and losses are reported on a net basis.

Foreign exchange gains and losses are presented in the statement of comprehensive income within finance income and costs.

Segment reporting

The Company has one segment at the date of approval of this document reflecting the single cost centre of the Company, as the Company has not yet commenced business.

Financial assets

On initial recognition, the Company classifies its financial assets as either financial assets at fair value through profit or loss, at amortised cost or fair value through comprehensive income, as appropriate. The classification depends on the purpose for which the financial assets were acquired.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument.

At initial recognition financial liabilities (trade and other payables) are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost using the effective interest method.

The Company determines the classification of its financial liabilities at initial recognition and re-evaluates the designation at each financial period end.

IAS 32 provides that the Company's financial instruments shall be classified on initial recognition in accordance with the substance of the contractual arrangement and the definitions of a financial liability or an equity instrument.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, and deposits held with banks.

Share capital and reserves

Ordinary shares are classified as equity. The Company had issued shares with no par or nominal value. Equity represents the residual interest in the assets of the Company after deducting all of its liabilities. The share subscription reserve represents consideration received in advance of issue of shares on IPO.

Critical accounting estimates and judgements

The preparation of the historical financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The resulting accounting estimates will, by definition, seldom equate to the related actual results.

There were no critical accounting estimates and judgements that significantly impact the historical financial information.

3. Financial instruments – risk management

The Company's financial risk management objectives are going to evolve as the activities increase and it prepares for a business combination. The risk management policy is set out below:

The Company reports in US Dollars. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board.

The Company is expected to be exposed to the following financial risks:

- Market risk
- Interest rate risk
- Credit risk
- Liquidity risk

- Foreign exchange risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade, other payables and accrued liabilities

To the extent financial instruments are not carried at fair value, book value approximates to fair value at 30 June 2022.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the statement of comprehensive income in the relevant period. As at 30 June 2022, there were no trade receivables.

Trade and other payables are measured at amortised cost.

The financial liabilities were USD 1,075,921 in respect of trade payables and accruals.

The management of risk is a fundamental concern of the Company's management. This note summarises the key risks to the Company and the policies and procedures put in place by management to manage it.

a) Market risk

Market risk arises from the Company's use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (foreign exchange risk).

b) Interest rate risk

Interest rate risk arises from increases in market interest rates and could potentially arise from the use of bank overdrafts. The Company had no exposure to interest rate risk at 30 June 2022. The Company relies on sponsors for funding needs.

c) Foreign exchange risk

Foreign exchange risk arises from adverse movements in currency exchange rates.

The Company, which has as its functional currency US Dollars, was exposed to minimal levels of foreign exchange risk during the period as it did not generate any revenue and there was an immaterial cost in Pound Sterling.

d) Credit risk

Credit risk arises from cash and cash equivalents and deposits maintained with banks and financial institutions with credit ratings acceptable to the management, as well as credit exposures with customers, including outstanding receivables and committed transactions. The company had low exposure to credit risk as its cash and cash equivalents are held in a bank with strong credit ratings.

e) Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company has in place arrangements with its sponsors to provide funding as required for working capital purposes.

f) Capital management

The Company's capital is made up as follows:

	30 June 2022 USD
Called up share capital*	-
Share subscription reserve	6,239,000
Accumulated losses	(2,728,440)
	3,510,560

* Company issued 200 ordinary shares with no par or nominal value, see note 5.

The Company's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to carry on its normal activities.

4. Administrative expenses

The administrative expense consists of:

	Period ended 30 June 2022 USD
Legal costs	1,365,803
Professional and other costs	669,563
Personnel and consultant costs	701,546
Total administrative expenses	**2,736,912**

5. Share capital

The Company's issued share capital as at 30 June 2022 is summarised in the table below:

	B ordinary shares	
	Number	Nominal USD
At 30 June 2022	200	-

*****The ordinary shares were issued with no par or nominal value**.**

200 ordinary shares were issued on 22 June 2021. These were re-designated as B ordinary shares on 28 January 2022.

6. Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital	B ordinary shares are classified as equity. The issued share capital has no nominal value.
Share subscription reserve	The share subscription reserve represents consideration received in advance of issue of shares on IPO.
Accumulated losses	Accumulated losses represent all other net gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.

7. Commitments and contingencies

Commitments arising on IPO

The Company is making the necessary preparations for the IPO and as at the date of approval of this document, the IPO on the main market of the London Stock Exchange is anticipated to take place in October 2022, and the Company will be offering 12,500,000 Class A Ordinary Shares together with 6,250,000 warrants on the basis of ½ of a redeemable warrant per Class A Ordinary Share, to investors, at a price of USD 10.00 per Class A Ordinary Share (the "Offering"). There will be no public offering in any other jurisdiction.

The Class B Shares and the Sponsor Warrants, described in Note 9, will not be admitted to listing and trading on any trading platform and they shall not be admitted to trading until conversion into Class A Ordinary Shares. Each Class B Share will automatically convert into Class A Ordinary Shares at the time of the Acquisition, or earlier at the option of the holder thereof, at a ratio such that the number of Class A Ordinary Shares issuable upon conversion of all Class B Shares will equal, in the aggregate, 20% of the total number of Class A Ordinary Shares in issue upon the completion of the Offering (assuming all Class B Shares had converted into Class A Ordinary Shares as of the completion of the Offering).

Class A Ordinary Shareholders may exercise their rights to request redemption as described in this document (the "Prospectus"). Class A Ordinary Shares who validly exercise their redemption rights may receive USD 10.00 per Class A Ordinary Share representing the amount subscribed for by Class A Ordinary Shareholders in the Offering together with Class A Ordinary Shareholders' pro rata entitlement to the Escrow Account Overfunding and any Additional Escrow Account Overfunding.

During the exercise period described in the Prospectus, each whole Warrant will entitle the holders of Warrants (the "Warrantholders") to purchase one Class A Ordinary Share, at the exercise price of USD 11.50 per share, subject to adjustments pursuant to the Warrant Terms and Conditions (Warrant T&Cs). Pursuant to the Warrant T&Cs, a Warrantholder may exercise only whole Warrants. The Warrants will expire upon the earliest of: five years after the date on which they first became exercisable, their redemption by the Company and the liquidation of the Company should an acquisition of an interest in an operating company or business not have been concluded. Any Warrants not exercised in that period of time will thereafter become void and any holder thereof will no longer have any rights thereunder.

Once the Warrants become exercisable (and prior to their expiration), the Company may redeem all issued and outstanding Warrants at a price of USD 0.01 per Warrant upon not less than 30 days' prior written notice of redemption (a "Redemption Notice"), if the Reference Value (i.e. the closing price of the Class A Ordinary Shares for any 20 Trading Days within a 30-day trading period ending on the third Trading Day prior to the date on which the Company publishes the Redemption Notice) equals or exceeds USD 18.00 per Class A Ordinary Share (as adjusted for changes to the number of shares issuable upon exercise or the exercise price of a Warrant). Furthermore, once the Warrants become exercisable (and prior to their expiration), the Company has the ability to redeem the outstanding Warrants (excluding Sponsor Warrants), at a price of USD 0.10 per Warrant if, among other things, the Reference Value per Class A Ordinary Share equals or exceeds USD 10.00 but is less than USD 18.00.

The Warrants will be issued in registered form, and capable of being held in certificated or uncertificated form (in the form of Depositary Interests).

8. Related party transactions

Remuneration entitled to the Directors for the period between date of incorporation 22 June 2021 to 30 June 2022 was USD 270,835 and has been accounted for in the historical financial information. Further other key management personnel remuneration of USD 334,371 has also been accounted for in the historical financial information.

USD 239,000 was received from ACG Mining Ltd, which is the parent company, during the period to 30 June 2022. This amount was consideration in advance of issue of shares on IPO. The payment is included in the share subscription reserve.

There were no other related party transactions in the period from 22 June 2021 to 30 June 2022.

9. Subsequent events

The Co-sponsors, together with certain anchor and cornerstone investors, have subscribed for, in aggregate, 3,125,000 Class B Shares at a price of USD 0.01 and for, in aggregate, 13,348,750 Sponsor Warrants (including the additional funds committed to the Company through subscriptions for an aggregate of 4,062,500 Sponsor Warrants ("Overfunding")) at a price of USD 1.00. As at 30 June 2022, the Co-sponsors had pre-funded these subscriptions by way of an aggregate payment of USD 6,239,000 to the Company, which is presented in the historical financial information as share subscription reserve. On 1 September 2022, an agreement with a sponsor was terminated and USD 2,000,000 was repaid, thereby reducing the amount of pre-funded subscriptions to USD 4,239,000 as at that date. The remaining aggregate payment of USD 9,141,000, as referenced in subscription agreements, has been received as at the date of approval of this document.

Class B Shares do not form part of the proposed offering of the Class A Ordinary Shares. Each Class B Share will automatically convert into Class A Ordinary Shares at the time of Acquisition, or earlier at the option of the holder thereof. Sponsor Warrants do not form part of the Offering. Each Sponsor Warrant entitles the holder thereof to subscribe for one Class A Ordinary Share at a price of USD 11.50 per share, subject to adjustment as set out in the Prospectus, at any time commencing 30 days following the Acquisition Date.

Subject to approval from the FCA, the Class A Ordinary Shares and Warrants of the Company will be admitted to the London Stock Exchange. The Company is making the necessary preparations for the IPO by entering into agreements with various parties and advisors. Subsequent to 30 June 2022 to the date of the approval of this document approximately USD 780,000 in expenditures have either been incurred or committed to be incurred as part of these preparations.

10. Controlling party

The Parent company as at 30 June 2022 was ACG Mining Limited, a private company limited by shares incorporated in the British Virgin Islands, whose ultimate controlling party was Artem Volynets by virtue of his control of 100% of the shares of the Parent company. As at the date of approval of this document, ACG Mining Limited held 19.3% of the voting rights in the Company and the ACP Sponsor and the De Heerd Sponsor each held 40.4% of the voting rights in the Company. As at the date of Admission, it is expected that there will be no individual controlling shareholder of the Company.

SECTION D

The unaudited condensed financial statements of the Company for the six months ended 31 December 2022 are incorporated by reference herein, and are available on the Company's website and on the National Storage Mechanism.

APPENDIX II - HISTORICAL FINANCIAL INFORMATION OF THE MINING ENTITIES

SECTION A

Report of the auditors of the Mining Entities for the three year period ended 31 December 2022

SECTION B

The audited combined historical financial information of the Mining Entities as at and for the years ended 31 December 2020, 2021 and 2022

Combined Historical Financial Information

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

As at and for the years ended 31 December 2022, 2021 and 2020
with Independent Auditor's Report

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Combined historical financial information

As at and for the years ended 31 December 2022, 2021 and 2020

Contents

Independent auditor's report on combined historical financial information 1

Combined historical financial information

Interim condensed combined statements of financial position 5
Interim condensed combined statements of profit or loss and other comprehensive income 6
Interim condensed combined statements of changes in net parent investment 7
Interim condensed combined statements of cash flows 8
Notes to the combined historical financial information 9

Edifício Statement
Avenida do Contorno, 5.800
17º andar - Savassi
30112-042 - Belo Horizonte - MG - Brasil
Tel: +55 31 3232-2100
Fax: +55 31 3232-2106
ey.com.br

Independent auditor's report

To: the Directors of ACG Acquisition Company Limited.

Report on the combined historical financial information included in the prospectus

Our opinion

We have audited the combined historical financial information of Mirabela Participações S.A. ("Mirabela"), Atlantic Nickel Mineração do Brasil Ltda. ("ATN"), Serrote Participações S.A. ("Serrote") and Mineração Vale Verde Ltda. ("MVV") (hereinafter: the "Mining Entities"), which comprise the combined statement of financial position as at 31 December 2022, 2021 and 2020, and the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the three years period then ended, and notes to the combined historical financial information, including a summary of significant accounting policies, as included in Appendix II of the prospectus dated 30 June 2023 issued by ACG Acquisition Company Limited (hereinafter: the combined historical financial information).

In our opinion, the accompanying combined historical financial information give a true and fair view for the purposes of the prospectus of the combined historical financial position of the Mining Entities as at 31 December 2022, 2021 and 2020 and its combined financial performance and its combined cash flows for the three years period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the combined historical financial information section of our report. We are independent of the Mining Entities and ACG Acquisition Company Limited in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of preparation and restriction on use

We draw attention to note 2.1, which describes the basis of preparation of the combined historical financial information. The combined historical financial information are prepared for the purpose of inclusion in the prospectus in order for the company to comply with the requirements for historical financial information pursuant to the UK version of Regulation (EU) 2017/1129. Our opinion is not modified in respect of this matter.

Building a better working world

Our independent auditor's report is required by Annex 1 item 18.3.1 of the UK version of the Commission delegated regulation (EU) No 2019/980 supplementing Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Therefore, our auditor's report should not be used for another purpose. Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the prospectus.

Description of responsibilities regarding the combined historical financial information

Responsibilities of the board of directors and the supervisory board for the combined historical financial information

The board of directors is responsible for the preparation and fair presentation of the combined historical financial information in accordance with IFRS. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the combined historical financial information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the combined historical financial information, the board of directors of ACG Acquisition Company Limited is responsible for assessing the Mining Entities' ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the combined historical financial information using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the combined historical financial information.

The board of directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the combined historical financial information

Our objectives are to obtain reasonable assurance about whether the combined historical financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined historical financial information.

Building a better working world

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mining Entities' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mining Entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mining Entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined historical financial information, including the disclosures, and whether the combined historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Mining Entities to express an opinion on the combined historical financial information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

Report on other legal and regulatory requirements

Declaration

For the purposes of Prospectus Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and this report contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980 supplementing the UK version of Regulation (EU) 2017/1129.

30 June 2023

Ernst & Young Auditores Independentes S.S. Ltda.

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Combined statements of financial position
As at 31 December 2022, 2021 and 2020
(In thousands of US$)

	Notes	2022	2021	2020
Assets				
Current assets				
Cash and cash equivalents	4	**31,992**	57,660	20,058
Short-term investments	5	**10,596**	811	248
Trade receivables	6	**35,329**	10,866	4,508
Inventories	7	**87,597**	53,273	25,534
Recoverable taxes	9	**19,199**	15,543	11,008
Derivative financial asset	8	**3,075**	-	1,005
Other assets		**3,852**	2,843	7,565
Total current assets		**191,640**	140,996	69,926
Non-current assets				
Deferred tax asset	10	**98,041**	-	-
Recoverable taxes	9	**9,170**	5,381	7,704
Property, plant and equipment	11	**201,640**	195,817	210,118
Mineral properties	12	**388,596**	339,863	355,038
Intangible assets		**1,523**	1,664	1,221
Other assets		**1,146**	667	648
Total non-current assets		**700,116**	543,392	574,729
Total assets		**891,756**	684,388	644,655
Liabilities				
Current liabilities				
Trade and other payables	13	**46,677**	21,612	36,140
Labour and social obligations		**8,048**	4,112	4,086
Borrowings	14	**37,595**	29,508	5,544
Amounts payable to related parties	15	**-**	-	101,265
Taxes payable		**10,120**	5,747	1,759
Royalties payable	16	**5,029**	2,681	1,815
Derivative financial liabilites	8	**43,476**	17,016	4,410
Provisions	17	**-**	1,868	-
Other liabilities		**723**	405	431
Total current liabilities		**151,668**	82,949	155,450
Non-current liabilities				
Borrowings	14	**82,937**	128,344	36,820
Derivative financial liabilites	8	**-**	13,791	19,524
Amounts payable to related parties	15	**47,139**	96,975	79,916
Deferred tax liabilities	10	**42,836**	48,827	60,327
Promissory Note	22	**11,238**	10,466	10,000
Provisions	17	**22,016**	20,968	23,373
Other liabilities		**386**	263	1,177
Total non-current liabilities		**206,552**	319,634	231,137
Total liabilities		**358,220**	402,583	386,587
Net parent investment	18	**533,536**	281,805	258,068

The accompanying notes are an integral part of the combined historical financial information.

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Combined statements of profit or loss and other comprehensive income
For the years ended 31 December 2022, 2021 and 2020
(In thousands of US$)

	Notes	2022	2021	2020
Revenue	19	**477,899**	276,204	115,604
Cost of products sold	20	**(272,390)**	(160,761)	(76,506)
Gross profit		**205,509**	115,443	39,098
General and administrative expenses	20	**(71,482)**	(59,702)	(42,928)
Other (expenses)/income	20	**(2,469)**	(5,408)	8,406
Operating income		**131,558**	50,333	4,576
Net finance income/(expense)	21	**5,637**	(43,136)	(57,637)
Profit/(loss) before taxation		**137,195**	7,197	(53,061)
Tax income	10	**101,955**	4,649	5,001
Net profit/(loss) for the financial year		**239,150**	11,846	(48,060)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods				
Currency translation adjustment		**12,581**	(15,625)	(92,483)
Total comprehensive income/(loss)		**251,731**	(3,779)	(140,543)

The accompanying notes are an integral part of the combined historical financial information.

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Combined statements of changes in net parent investment
For the years ended 31 December 2022, 2021 and 2020
(In thousands of US$)

	2022	2021	2020
Net parent investment as at 1 January	**281,805**	258,068	376,051
Contributions from parent	**-**	27,516	22,560
Income/(loss) for the year	**239,150**	11,846	(48,060)
Other comprehensive income/(loss)	**12,581**	(15,625)	(92,483)
Net parent investment as at 31 December	**533,536**	281,805	258,068

The accompanying notes are an integral part of the combined historical financial information.

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Combined statements of cash flows
For the years ended 31 December 2022, 2021 and 2020
(In thousands of US$)

	Notes	2022	2021	2020
Operating activities				
Income/(loss) before tax (expense)/income		**137,195**	7,197	(53,061)
Adjustments to reconcile income/(loss) for the financial year				
Net foreign exchange	21	**(12,305)**	15,126	28,556
Interest expense	21	**16,798**	12,159	4,227
Net change in fair value of derivatives	8	**(12,091)**	10,804	26,295
Depreciation and amortization	20	**88,132**	59,999	35,788
Environmental and legal proceedings provisions	17	**(1,943)**	1,834	(1,546)
Net (gain)/loss on disposal of property, plant and equipment		**(279)**	4,319	(1,874)
Impairment/(reversal of impairment) of VAT credit	9	**3,427**	6,543	(5,201)
Changes in assets and liabilities				
Trade receivables		**(37,122)**	(4,389)	(3,388)
Inventories		**(39,478)**	(19,944)	(10,463)
Recoverable taxes		**(12,676)**	(3,006)	(5,279)
Other assets		**(2,146)**	3,626	6,386
Trade payables		**27,654**	(9,758)	(24,832)
Taxes payable		**8,007**	1,127	2,134
Other liabilities		**8,350**	2,333	(3,084)
Net cash flows from operations		**171,523**	87,970	(5,342)
Investing activities				
Acquisition of property, plant and equipment	11	**(12,333)**	(20,018)	(72,285)
Acquisition of intangible assets		**(204)**	(846)	(729)
Acquisition of mineral properties	12	**(93,860)**	(55,878)	(45,324)
Proceeds from sale of property, plant and equipment	11	**98**	1,135	1,922
(Investment in)/receipts from short-term investments		**(11,075)**	(486)	139
Net cash flows used in investing activities		**(117,374)**	(76,093)	(116,277)
Financing activities				
Contributions from parent	18	**-**	151	22,560
Proceeds from related party borrowings	22	**10,209**	19,291	115,170
Proceeds from third-party borrowings	22	**-**	137,845	16,321
Repayment of related party borrowings	22	**(66,495)**	(107,839)	(14,149)
Repayment of third-party borrowings	22	**(48,514)**	(24,636)	(6,063)
Net cash inflow/(outflow) from derivatives	8	**19,619**	1,101	(1,078)
Net cash flows (used in)/from financing activities		**(85,181)**	25,913	132,761
Net (decrease)/increase in cash and cash equivalents		**(31,032)**	37,790	11,142
Cash and cash equivalents at the beginning of the period	4	**57,660**	20,058	8,219
Effect of exchange rate changes on cash and cash equivalents		**5,364**	(188)	697
Cash and cash equivalents at the end of the period	4	**31,992**	57,660	20,058

The accompanying notes are an integral part of the combined historical financial information.

1. Corporate information

The Combined Historical Financial Information consists of the Combined Statements of Financial Position, Combined Statements of Profit or Loss and Other Comprehensive Income, Combined Statements of Cash Flows, Combined Statements of Changes in Net Parent Investment and Notes to the Combined Financial Historical Financial Information of Mirabela Participações S.A. ("Mirabela"), Atlantic Nickel Mineração do Brasil Ltda, ("ATN"), Serrote Participações S.A. ("Serrote") and Mineração Vale Verde Ltda. ("MVV") (collectively, "the Mining Entities" or the "Group") for the years ended 31 December 2022, 2021 and 2020 (collectively referred to hereafter as "Combined Historical Financial Information").

Definition of the Group' business

The Mining Entities primarily consists of two mining operations in Brazil, ATN and MVV. Mirabela holds a 100% interest in ATN and Serrote holds a 100% interest in MVV. All companies were under common control during the three years as presented in the Combined Historical Financial Information, being the common control parent ANRH Coöperatief U.A., a Company managed by the Board of Appian Capital Advisory LLP ("Appian").

Common control

The Group will be part of an acquisition in which 100% of the issued share capital of Mirabela, Serrote, ATN and MVV will be acquired by ACG.

Mineração Vale Verde Ltda.

MVV holds a 100% interest in the Serrote Project, a copper-gold mining project located in the municipality of Craíbas, Alagoas, with an Installation License issued by the Institute of Environment of the State of Alagoas. MVV made its first shipment of metal concentrate in November 2021.

Atlantic Nickel Mineração Ltda.

ATN's main project is the Santa Rita nickel sulphide mining operation located in the municipality of Itagibá (360 kilometres southwest of Salvador and six kilometres from the city of Ipiaú), State of Bahia. Santa Rita production is currently from an open pit, with future potential for underground mining. ATN also has a portfolio of nickel and other base metals in Brazil. ATN was previously under care and maintenance, however production resumed in 2019 with metal concentrate shipments restarting in in February 2020.

2. Significant accounting policies

2.1. Basis of preparation

The Mining Entities' Combined Historical Financial Information has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The Combined Historical Financial Information has been prepared solely for the purpose of the Group's proposed acquisition by ACG Acquisition Company Limited ("ACG" or the "Company") and the inclusion of such Combined Historical Financial Information in the Prospectus of ACG in connection with placement of Class A Ordinary Shares and Re-Admission of Class A Ordinary Shares and Warrants to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities (the "Transaction").

The Group's Combined Historical Financial Information represents the combined financial position, combined financial performance and combined cash flows for the three year period ended 31 December 2022. The Combined Historical Financial Information has been prepared from the accounting records of Mirabela, ATN, Serrote and MVV and reflects the combined cash flows, revenues, expenses, assets, and liabilities of these individual legal entities. There was no change in control or ownership interest during the three year period ended 31 December 2022. All transactions and balances between the individual legal entities within the Group have been eliminated on combination, in accordance with the principles of IFRS 10 *Consolidated Financial Statements*.

Given there is no group tax consolidation in the country where the entities forming the Group operates, each entity is assessed as a stand-alone taxpayer and thus the income tax balances (current and deferred) are presented on an entity by entity basis.

Because the separate legal entities that comprise the Group were not and are not held by a single legal entity, net parent investment is shown in lieu of shareholders' equity in the Combined Historical Financial Information. Net parent investment represents the cumulative net investment by the common control shareholder, ANRH Coöperatief U.A., during the periods presented. The impact of transactions between the Group and the common control shareholder that were not historically settled in cash, including certain intercompany borrowings, are also included in net parent investment (see note 14).

2. Significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

As the Group did not operate as a standalone Group in the past, the Combined Historical Financial Information may not be indicative of the Group's future performance and does not necessarily reflect what the combined results of operations, financial position and cash flows would have been had the Group operated as a standalone Group during the periods presented.

The accounting policies and measurement principles that have been applied in preparing the Combined Historical Financial Information are those that reflect the operational businesses of the Group most appropriately and have been consistently applied for all periods presented.

The Combined Historical Financial Information of the Group as at and for the years ended 31 December 2022, 2021 and 2020 was authorized for issue in accordance with a resolution of the Directors of ACG Acquisition Company Limited on 30 June 2023.

Going concern

The Combined Historical Financial Information has been prepared on the going concern basis, which contemplates the continuity of business activity and the realisation of assets and the settlement of liabilities in the normal course of business, taking into account assessment made by the Directors of ACG.

After making appropriate enquiries, the Directors of ACG have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Combined Historical Financial Information. For these reasons the Directors of ACG continue to adopt the going concern basis in preparing the Group's Combined Historical Financial Information.

The cash flow projections are the sole responsibility of the Directors based upon their present plans, expectations and intentions. In this context, the Directors have prepared and considered cash flow projections for the Group for a period extending one year from the date of approval of this historical financial information.

Based on these cash flows, and having regard to the repayment of the financial liabilities as described in Note 22 to this Combined Historical Financial Information, the Directors are satisfied that the Group is able to meet its liabilities as and when they fall due for the foreseeable future and for a minimum period of twelve months from the date of approval of this Combined Historical Financial Information.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies

a) Functional and presentation currency

The Combined Historical Financial Information of the Group is measured using the currency of the primary economic environment in which the Group's entities operate ("functional currency"), which is the Brazilian real ("R$"). For presentation purposes, this Combined Historical Financial Information is presented in United States dollars ("US$").

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the combined statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

The results and financial position of the Group from the functional currency (R$) are translated into the presentation currency (US$) as follows:

- assets and liabilities, are translated into US$ at foreign exchange rates ruling at the combined statement of financial position date;
- and the income and expenses of the Group are translated into US$ at average exchange rates unless these do not approximate the foreign exchange rates ruling at the dates of the transactions, in which case, income and expenses are translated at the dates of the transactions.

All resulting exchange differences are recognized in other comprehensive income, within the combined statement of profit or loss and other comprehensive income

b) Segment information

Mirabela's and Serrote's sources of income are derived from ATN's and MVV's operations. The Group's Chief Operating Decision Maker ("CODM") for the purpose of making decisions about resource allocation and performance assessment is the Officers of ATN and MVV. The operating results of ATN and MVV are monitored separately.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

b) Segment information (Continued)

The Group has two reportable segments, being: i) Santa Rita: production and sale of nickel and secondary metals concentrate (metal in concentrate); and ii) Serrote: production and sale of copper and secondary metals concentrate (metal in concentrate).

c) Current versus non-current classification

The Group presents assets and liabilities in the combined statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Combined Historical Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

d) Fair value measurement (Continued)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

e) Financial instruments - initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) *Financial assets*

Initial recognition and measurement

The Group measures derivative financial instruments at fair value at each combined statement of financial position date.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). The Group's financial assets at amortized cost include other receivables. Refer below to 'Financial assets at fair value through profit or loss' for a discussion of trade receivables that are subject to provisional pricing.

Subsequent measurement

For purposes of subsequent measurement, financial assets held by the Group are classified as: financial assets at amortized cost, financial assets at FVTPL, or financial assets at FVOCI.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

e) Financial instruments - initial recognition and measurement (Continued)

i) *Financial assets* (Continued)

Subsequent measurement (Continued)

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding; and
- Financial assets at amortized cost are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gains and losses are recognized in the combined statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives are classified as held for trading and measured at fair value through profit or loss. No derivatives have been designated for hedge accounting purposes. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. They are presented as current assets or liabilities to the extent that they are expected to be settled within 12 months after the end of the reporting period

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

e) Financial instruments - initial recognition and measurement (Continued)

i) *Financial assets* (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

As IFRS 9 *Financial Instruments* ("IFRS 9") has the SPPI test for financial assets, trade receivables subject to provisional pricing fail the SPPI test and therefore are measured at FVTPL. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at FVTPL in its entirety. This is applicable to the Group's trade receivables that are subject to provisional pricing. These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price per the relevant quotational period stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at FVTPL from the date of recognition of the corresponding sale, with subsequent movements being recognized in revenue in the combined statement of profit or loss and other comprehensive income.

Financial assets at FVTPL are carried in the combined statement of financial position at fair value with changes in fair value recognized in the combined statements of profit or loss and other comprehensive income. The Group's financial assets at FVTPL category includes derivatives and trade receivables subject to provisional pricing. The Group does not have financial assets at Fair Value through Other Comprehensive Income ("FVOCI").

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's combined statement of financial position) when:

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

e) Financial instruments - initial recognition and measurement (Continued)

i) *Financial assets* (Continued)

Derecognition (Continued)

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

The Group recognizes an allowance for Expected Credit Losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at FVTPL, when such financial liabilities meet the definition of held for trading and are designated at fair value. This category also includes derivatives entered into by the Group that are not designated for hedge accounting purposes.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, are net of directly attributable transaction costs.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

e) Financial instruments - initial recognition and measurement (Continued)

ii) *Financial liabilities* (Continued)

Initial recognition and measurement

The Group's financial liabilities at amortized cost include trade payables, borrowings and amounts payable to related parties. The Group's financial liabilities at FVTPL include derivatives.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Gains or losses on liabilities at FVTPL are recognized in the combined statements of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at FTVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortized cost

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the combined statement of profit or loss and other comprehensive income when the liabilities are derecognized, as well as through EIR amortization. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance expense in the combined statement of profit or loss and other comprehensive income.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

e) Financial instruments - initial recognition and measurement (Continued)

ii) *Financial liabilities* (Continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, is cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the combined statement of profit or loss and other comprehensive income.

iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, and to realize the assets and settle the liabilities simultaneously.

f) Cash and cash equivalents

Cash and cash equivalents in the combined statements of financial position comprise cash at bank and on hand, and short-term financial investments with a remaining maturity at acquisition of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the combined statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as they are considered an integral part of the Group's cash management.

g) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and amortization, and accumulated impairment losses. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

g) Property, plant and equipment (Continued)

Depreciation

Property, plant and equipment items are depreciated using the straight-line method in the combined statement of profit or loss and other comprehensive income for the period based on the estimated useful lives of each component, as below. Land is not depreciated. Property, plant and equipment items are depreciated from the date on which the assets are operating under the conditions intended by management.

Description	Depreciation method	Useful life
Buildings	Straight-line	20 years
Machinery and equipment	Straight-line	3 to 24 years
Vehicles	Straight-line	3 to 8 years
Installations	Straight-line	10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the combined statement of profit or loss and other comprehensive income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

h) Mineral properties

The cost of mineral properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination, deferred stripping and capitalized exploration and evaluation costs. If a mineable ore body is discovered, such costs are amortized when commercial production commences, using the units-of-production ("UOP") method, based on estimated proven and probable mineral reserves and the mineral resources included in the current life of mine plan. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined that the property has no future economic value. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

Stripping (waste) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of constructing the mine and subsequently amortised over its useful life using a UOP method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

h) Mineral properties (Continued)

Stripping (waste) costs

- The portion that benefits future ore extraction is capitalised as a “mine in production” within ‘mineral properties’ line item in the statement of combined statement of financial position.This is classified as stripping and development capital expenditure within investing cash flows. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine’s design and life of mine plan and therefore changes to the design or life of mine plan will result in changes to these estimates. Identification of the components of a mine’s orebody is made by reference to the life of mine plan. The assessment depends on a range of factors including each mine’s specific operational features (such as mining sequence, investment decision and orebodies used in extraction) and materiality.

- Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore plus an allocation of directly attributable overhead costs.

Where stripping constitutes waste removal activity on a non-production area, the corresponding cost is not capitalized, instead being expensed in the period in which it is incurred.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

h) Mineral properties (Continued)

Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the initial search for mineral deposits with economic potential, or in the process of obtaining more information about existing mineral deposits. Exploration expenditure typically includes costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition.

Exploration expenditure is expensed as incurred.

Evaluation expenditure is expensed as incurred, unless it is associated with a project that has been identified as having economic potential. When it is determined that a project can generate future economic benefit the costs are capitalized in the mineral properties line item in the statement of financial position.

The exploration and evaluation phase ends when the technical feasibility and commercial viability of extracting the mineral is demonstrable.

Mine in development

When a mine development project moves into the production phase, the capitalization of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation and amortization commences.

Amortization

Amortization is calculated based on the cost of an asset, less the residual value.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

h) Mineral properties (Continued)

Amortization (Continued)

Amortization is recognized in the combined statement of profit or loss and other comprehensive income based on the straight-line method or UOP method in relation to the estimated useful lives of mineral properties and exploration and evaluation assets from the date they are available for use, which is the beginning of the production phase. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

i) Intangible assets

Intangible assets that are acquired by the Group and that have finite useful lives are measured at cost, less accumulated amortization and impairment losses.

Amortization

Amortization is calculated based on the cost of an asset less the residual value.

Amortization is recognized in the combined statement of profit or loss and other comprehensive income based on the straight-line method in relation to the estimated useful lives of intangible assets from the date they are available for use. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Description	Useful life
Software	5 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

j) Impairment of non-financial assets

In accordance with its accounting policies and processes, each asset or cash-generating unit ("CGU") is evaluated at each reporting period to determine whether there are any indicators of impairment. If any such indicators of impairment exist, management determines the extent to which an impairment is required. In relation to the Group, each mine is deemed a separate CGU.

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal ("FVLCD") and value in use ("VIU"). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the FVLCD for each CGU is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the CGU's latest life of mine ("LOM") plans. These cash flows were discounted using a real pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

Value in use ("VIU") is the present value of the cash flows an entity expects to arise from the continuing use of an asset and from its disposal at the end of its useful life or expects to incur when settling a liability.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements and sourced from the planning process, including the LOM plans, one-year budgets and CGU-specific studies.

The determination of FVLCD for the CGU constitutes a Level 3 fair value measurement, as it is derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Impairment losses of continuing operations are recognized in the combined statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

j) Impairment of non-financial assets (Continued)

When there is any indication that an impairment loss may no longer exist or may have decreased, the Group reassesses the recoverable amount of the CGU. Any reversal of a previously recognised impairment is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversals are recognized in the combined statement of profit or loss and other comprehensive income.

k) Inventories

Inventories consist of ore stockpiles (“work-in-progress”), concentrates (“finished products”) and supplies & consumables. Inventories are carried at the lower of cost and net realizable value (‘‘NRV’’). Cost is determined using the weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories includes direct costs of materials and labour related directly to mining and processing activities, including production phase stripping costs, amortization of property, plant and mineral properties directly involved in the related mining and production process, amortization of any stripping costs previously capitalized and directly attributable overhead costs. When interruptions to production occur, an adjustment is made to the costs included in inventories, such that they reflect normal capacity. Abnormal costs are expensed in the period they are incurred.

NRV is estimated by calculating the net selling price less costs to be incurred in converting the relevant inventories to saleable product and delivering it to a customer. These costs to complete are based on management’s best estimate as at the combined statement of financial position date. An NRV impairment may be reversed in a subsequent period if the circumstances that triggered the impairment no longer exist.

Provision for obsolescence of supplies is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence according to the following parameters:

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

k) Inventories (Continued)

- 100% provision for items without movement in the last 24 months;
- 50% provision for items that haven't moved in the last 18 months but did within the last 24 months;
- No provision is recorded for items recognized in the last 18 months.

l) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the combined statement of profit or loss and other comprehensive income, net of any reimbursement, when applicable.

Asset retirement obligation and environmental provision

The provision for asset retirement obligation ("ARO") includes estimated costs for closing operations and restoring the area used, which include the costs of dismantling and demolishing infrastructure, removing residual material and rehabilitating areas disturbed by the operation.

The provision is the best estimate, at the statement of financial position date, of the present value of future cash flows necessary to settle the restoration obligation, based on current legal standards and available technology. At the end of each the year, future restoration costs are estimated. These costs are estimated in Brazilian reais, since services will be provided by domestic suppliers. The future restorarion costs are reviewed and all changes are reflected in the present value of the ARO, discounted at the risk-free Brazilian rate. The risk-free rate applied by the Group was determined based on SELIC (Special System for Settlement and Custody or Sistema Especial de Liquidação e Custódia), which is the Brazilian federal funds rate.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

l) Provisions (Continued)

Asset retirement obligation and environmental provision (Continued)

The amount of the ARO and eventual changes in the cost estimates to cover it are capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine, being amortized over the useful life of the mine. The effects of discount rates used to update the provision are recognized as a finance expense.

m) Revenue

The Group is principally engaged in the production of nickel and copper concentrate. For most nickel, copper and secondary metals concentrate (metal in concentrate) sales, the enforceable contract is each purchase order, which is an individual short-term contract. For cases where the terms of the sales contract provide for the definition of the price based on a survey of the products (for example, a sample for the mineral content) contained in the concentrate, the recognition of the sales revenue is based on the most recent analysis available to determine concentrate specifications.

Revenue from metal in concentrate is recognised when the Group's contractual obligations have been satisfied, when control passes to the customer, which occurs at a point in time, generally when the vessel is completely loaded followed by the issuance of the bill of lading ("BL"). The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods before transferring them to the customer. The Group usually provides shipping services and insurance after the date at which control of goods passes to the customer at the loading port in relation to its CIF (Cost, Insurance, Freight) Incoterms. This means that the Group is responsible (acts as principal) for providing these services. The Group therefore has separate performance obligations for freight and insurance services that are provided solely to facilitate sale of the commodities it produces, which is recognised over time as this obligation is fulfilled, along with the associated cost.

The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the quotational period ("QP"), i.e. the forward price, and a corresponding trade receivable is recognised.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

m) Revenue (Continued)

The selling price of the payable metals (quantity of metal in concentrate payable to the Group after deduction of treatment and refinement costs) contained in the concentrate is determined at the date of the sale on a provisional basis. Subsequently, adjustments in the sale price occur based on the fluctuation of the price of said metal on the market until the date of the final pricing. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the final price is normally between three and six months. Revenue related to provisional billing is recognized based on the estimated fair value of the total receivable. The revenue adjustment mechanism, which is embedded within the provisionally priced sales arrangements, has the character of an embedded commodity derivative.

Therefore, the fair value of the final sale price adjustment is estimated at the end of each period and any changes in fair value are recognized in the combined statement of profit or loss and other comprehensive income in each period as part of revenue. In all cases, the fair value is estimated in order to reflect market prices. Such amounts are then presented separately in the notes from revenue from contracts with customers as 'Revenue from unrealized price adjustments'.

n) Employee benefits

Labour and social obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

o) Taxes

Tax expense comprises both current and deferred tax expense for the period. Tax expense is recognized in the combined statements of profit or loss and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

2. Significant accounting policies (Continued)

2.2. Summary of significant accounting policies (Continued)

o) Taxes (Continued)

Current tax expense is the tax expected to be payable on the taxable income for the year calculated using rates (and laws) that have been enacted or substantively enacted at the combined statement of financial position date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the Combined Historical Financial Information. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the combined statement of financial position date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that they will be realized in the future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecasts from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management activities). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

2. Significant accounting policies (Continued)

2.3. New standards and interpretations

The Group applied for the first-time certain standards amendments and interpretations, which were effective for annual periods beginning on or after 1 January 2020, 2021 and 2022, as described below:

Amendments / standards	Description	Period first adopted	Impact
Amendments to IFRS 3: Definition of a Business	Clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.	1 January 2020	These amendments had no impact on the Combined Historical Financial Information of the Group but may impact future periods should the Group enter into any business combinations.
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	Provides a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.	1 January 2020	These amendments have no impact on the Combined Historical Financial Information of the Group as it does not have any interest rate hedge relationships.
Amendments to IFRS 16 Covid-19 Related Rent Concessions	The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.	1 January 2020	This amendment had no impact on the Combined Historical Financial Information of the Group.
Amendments to IAS 1: Definition of material	These provide a new definition of material that states: The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 January 2020	These amendments have no significant impact on the Combined Historical Financial Information.

2. Significant accounting policies (Continued)

2.3. New standards and interpretations (Continued)

Amendments / standards	Description	Period first adopted	Impact
Amendments to IFRS 16 and IFRS 9: Interest Rate Benchmark Reform	These amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.	1 January 2021	These amendments had no impact on the Combined Historical Financial Information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.
Amendments to IFRS 16: Covid-19 Related Rent Concessions	The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification when accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.	Extended period from the Amendment to IFRS 16 issued on 28 May 2020.	These amendments have no significant impact on the Combined Historical Financial Information.
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	Specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.	1 January 2022	These amendments have no significant impact on the Combined Historical Financial Information.
Reference to the Conceptual Framework - Amendments to IFRS 3	The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.	1 January 2022	These amendments had no impact on the Combined Historical Financial Information of the Group.

2. Significant accounting policies (Continued)

2.3. New standards and interpretations (Continued)

Amendments / standards	Description	Period first adopted	Impact
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 Leases	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.	1 January 2022	These amendments had no impact on the Combined Historical Financial Information of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are presented below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments / standards	Description	Period first adopted	Impact
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	The amendments clarify: i) what is meant by a right to defer settlement; ii) that a right to defer must exist at the end of the reporting period; iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right; iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification The amendments must be applied retrospectively.	1 January 2023	These amendments are not expected to have significant impact on the Group's Combined Historical Financial Information.
Definition of Accounting Estimates - Amendments to IAS 8	The IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments when effective apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.	1 January 2023	These amendments are not expected to have significant impact on the Group's Combined Historical Financial Information.

2. Significant accounting policies (Continued)

2.3. New standards and interpretations (Continued)

Amendments / standards	Description	Period first adopted	Impact
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requireement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.	1 January 2023	The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	The Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.	1 January 2023	The Group is currently assessing the impact of the amendments

3. Significant accounting judgements, estimates and assumptions

The preparation of the Combined Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, and the disclosure at the date of the Combined Historical Financial Information. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required, as described below.

These include:

Judgements:

- Stripping (waste) costs (2.2 (h))
- Production start date (3.1)
- Functional currency (2.2.(a))

Estimates and assumptions:

- Ore reserve and mineral resource estimates (3.2)
- Asset retirement obligation (2.2 (l))
- Impairment of non-financial assets (2.2 (j))
- Recoverability of deferred tax assets (2.2 (o))
- Fair value measurement (2.2 (d))
- Provisional pricing (2.2 (m))
- Derivatives (2.2 (e))

3. Significant accounting judgements, estimates and assumptions (Continued)

3.1. Significant accounting judgements

Production start date

The Group assesses the stage of the mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced.

Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate;
- Majority of the assets making up the mining project are substantially complete and ready for use;
- Completion of a reasonable period of testing of the mine plant and equipment;
- A specified percentage of design capacity for the mine;
- The percentage grade (metal content) of ore being mined is sufficiently economic and consistent with the overall mine plan;
- Ability to produce metal in saleable form (within specifications); and
- Ability to sustain ongoing production of metal.

3.2. Key accounting estimates and assumptions

The Group has based its key estimates and assumptions and estimates on parameters available when the Combined Historical Financial Information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements, estimates and assumptions (Continued)

3.2. Key accounting estimates and assumptions (Continued)

Ore reserve and mineral resource estimates

Ore reserve and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserve and mineral resource estimates and changes to them may impact the Group's reported financial position and results, in the following way:

- The carrying value of mineral properties, property, plant and equipment may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charges in the combined statement of profit or loss and other comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change;
- Capitalized stripping costs recognized in the combined statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to variations in stripping ratios;
- Provisions for ARO may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities; and
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

3. Significant accounting judgements, estimates and assumptions (Continued)

3.2. Key accounting estimates and assumptions (Continued)

Recoverability of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, defined as the higher of its FVLCD and its VIU. The FVLCD calculation is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the CGU's latest LOM plans. The recoverable amount is sensitive to the discount rate used for the discounted cash-flow ("DCF") model as well as to expected future cash-inflows.

4. Cash and cash equivalents

	2022	2021	2020
Cash at bank and on hand	**1,229**	6,402	3,163
Short-term deposits in R$	**7,884**	2,069	1,383
Short-term deposits in US$	**22,879**	49,189	15,512
Total cash and cash equivalents	**31,992**	57,660	20,058

Short-term deposits in R$ are financial investments in Bank Certificates of Deposit (Certificado de Depósito Bancário, CDBs), with highly-rated financial institutions. In 2022, the average interest rate was 14% (8% in 2021 and 5% in 2020).

Short-term deposits in US$ are bank deposits in foreign countries. In 2022, the average interest rate was 3% (1% in 2021 and 2020).

These CDBs and bank deposits in US$ are available for immediate use and have an insignificant risk of changes in value with maturity date of less than 90 days.

5. Short-term investments

	2022	2021	2020
Restricted cash	**10,596**	811	248
Total short-term investments	**10,596**	811	248

Short-term investments include restricted-liquidity funds. Most of the balance (US$10,289) is held as cash collateral for the nickel and copper non-deliverable forwards (see note 8).

In 2022, the average interest rate for the short-term investments was 13% (4% in 2021 and 3% in 2020).

6. Trade receivables

	2022	2021	2020
Export sales (subject to provisional pricing)	**35,329**	7,734	4,508
Export sales (not subject to provisional pricing)	**-**	3,132	-
Total trade receivables	**35,329**	10,866	4,508

Trade receivables are initially recognized at the time of sale on a provisional basis and subsequently adjusted based on changes in market prices until the date of issue of the final sale invoice. The mark-to-market these of trade receivables is recorded as an adjustment to sales revenue.

The general terms of the receivables are as follows:

- 90 or 95% (depending on the contract with the customer) of the sales value of the provisional invoice is receivable between 5 and 20 days after the date of the Bill of Lading;
- The remaining 10% or 5% of the sales value is receivable in approximately 10 days from the presentation of the final invoice following the quotational period (usually 3 to 6 months after the month of the sale, per contract). Changes in commodity prices may have an impact on the final sales price.

7. Inventories

	2022	2021	2020
Finished product - nickel concentrate	**10,838**	9,125	10,513
Finished product - copper concentrate	**6,018**	6,990	-
Work-in-progress - mined ore stockpiles	**19,741**	14,600	6,318
Consumable stores (a)	**45,144**	19,361	7,197
Imports in transit	**5,856**	3,197	1,506
Total inventories	**87,597**	53,273	25,534

(a) Consumable stores - refers to warehouse, comprise items of maintenance, fuels, lubricants, consumables and reagents, and other similar items. The increase as at 31 December 2022 refers to purchase of consumables deemed strategic to enable sustainability of production levels.

8. Derivatives

	Nickel options (i)	Nickel and copper NDF (ii)	FX options (iii)	FX NDF (iv)	Total
Balance as at 31 December 2019	2,898	-	-	-	2,898
Acquired premium	-	-	1,078	-	1,078
Change in fair value	(6,254)	-	(65)	-	(6,319)
Settlement of put options	(19,976)	-	-	-	(19,976)
Translation adjustments	(602)	-	(8)	-	(610)
Balance as at 31 December 2020	(23,934)	-	1,005	-	(22,929)
Cash effect of operations with derivatives	-	-	-	(1,101)	(1,101)
Impact of liquidated call options	5,361	-	-	-	5,361
Change in fair value	(15,461)	-	(968)	264	(16,165)
Translation adjustments	4,037	-	(37)	27	4,027
Balance as at 31 December 2021	(29,997)	-	-	(810)	(30,807)
Cash effect of operations with derivatives	**-**	**(17,458)**	**-**	**(2,161)**	**(19,619)**
Impact of liquidated call options	**40,301**	**-**	**-**	**-**	**40,301**
Change in fair value	**(47,345)**	**14,796**	**-**	**4,339**	**(28,210)**
Translation adjustments	**(2,016)**	**27**	**-**	**(77)**	**(2,066)**
Balance as at 31 December 2022	**(39,057)**	**(2,635)**	**-**	**1,291**	**(40,401)**

Presented as:	2022	2021	2020
Current assets	**3,075**	-	1,005
Current liabilities	**(43,476)**	(17,016)	(4,410)
Non-current liabilities	**-**	(13,791)	(19,524)
Net derivative liability	**(40,401)**	(30,807)	(22,929)

8. Derivatives (Continued)

The Group does not apply hedge accounting to its derivative transactions. The types of derivative financial instruments are described below:

i) Nickel options

On November 30, 2019, the Group signed an offtake sale agreement with Trafigura PTE Ltd ("Trafigura"). The offtake agreement includes certain put and call options linked to the underlying nickel price.

The options represent fixed-quantity tranches each with a set expiry date. The first tranche expired in October 2020 and last tranche will expire in July 2023.

The options are linked to the global nickel price and are characterised as:

(i) Put options with a strike price of US$13,000/t and;

(ii) Call options with a strike price of US$17,000/t.

In June 2020 the Group negotiated an amendment to the offtake agreement with Trafigura that eliminated the put options, resulting in a settlement of US$19,976.

The options are treated as a derivative measured at fair value through profit or loss. The fair value measurement of the derivative is based on the forward nickel price at each period end. The unrealised mark-to-market impact of this is recognised as a change in fair value of derivatives under net finance income/(expense).

The Group recognises the liquidation of the outstanding call options in one of two ways:

(i) Upon sale of nickel concentrate, where the corresponding call option is simultaneously exercised by Trafigura. This results in the realised nickel price of the sale being the strike price of the call option;

(ii) Through a separate cash settlement with Trafigura.

Since the commencement of the agreement, to the extent that the call options are in the money at the time of settlement, the Group has settled these options concurrently with the sale of nickel concentrate. The Group, therefore, records the revenue from these sales net of the realised derivative position and, in turn, the associated liability is decreased through profit or loss as finance income under net finance income/(expense), given the obligation to settle the option is liquidated upon sale.

8. Derivatives (Continued)

i) Nickel options (Continued)

The impact of the liquidation of the call options by concentrate sales was US$40,301 in 2022, US$5,361 in 2021 and Nil in 2020.

As at 31 December 2022, the outstanding balance of the nickel call options recorded at fair value was a liability of US$39,057 (2021: US$29,997, 2020: US$23,934), comprising tranches with maturities between January 2023 and July 2023.

For the year ended 31 December 2022, the effect of these derivatives on profit or loss was a loss of US$7,044 (2021: US$10,100, 2020: US$26,230).

See below the summary of the main contract details:

Year	Product	Total volume (MT)	Average strike price	Average future market price assumption	Fair value
2020	Nickel	12,012	US$17,000/t	US$18,993/t	US$(23,934)
2021	Nickel	7,644	US$17,000/t	US$20,924/t	US$(29,997)
2022	**Nickel**	**3,276**	**US$17,000/t**	**US$28,922/t**	**US$(39,057)**

ii) Nickel and copper NDF:

In 2021, the Group entered into derivative financial instrument transactions to reduce its exposure to the nickel and copper prices through non-deliverable forwards ("NDF").

As at 31 December 2022, the outstanding balance recorded at fair value was a liability of US$2,635 (2021: Nil, 2020: Nil), comprising tranches with maturities until July 2023, for a notional amount of US$131,430 (2021: Nil, 2020: Nil). The notional is the amount covered by the derivative, which is the commodity volume multiplied by the fixed price.

For the year ended 31 December 2022, the effect of this derivative on profit or loss was a gain of US$14,796 (2021: Nil, 2020: Nil), and the cash impact of the derivative was a receipt of US$17,458 (2021: Nil, 2020: Nil).

8. Derivatives (Continued)

ii) Nickel and copper NDF (Continued)

See below the summary of the main contract details:

Year	Product	Total volume (MT)	Average strike price	Average future market price assumption	Fair value
2022	**Copper**	**1,400**	**US$9,643/t**	**US$8,373/t**	**US$1,785**
2022	**Nickel**	**4,100**	**US$28,763/t**	**US$29,843/t**	**US$(4,420)**
Total					**US$(2,635)**

iii) Foreign exchange (FX) options:

In 2020, the Group entered into derivative instrument transactions to reduce its exposure to the US$ using European-style put options (which can only be exercised at expiry), which had maturities between January 2021 and May 2021. The premium paid (notional) in relation to such options was US$2,054.

For the year ended 31 December 2022, the effect of this derivative on profit or loss was Nil (2021: loss of US$968, 2020: loss of US$65).

See below the summary of the main contract details:

Year	Product	Total volume (USD)	Average strike price (BRL:USD)	Average future market price assumption (BRL:USD)	Fair value
2020	USD	5,560	5.30	5.12	$1,005

iv) FX NDF

In 2021, the Group entered into derivative financial instrument transactions to reduce its exposure to the US dollar through non-deliverable forwards ("NDF").

As at 31 December 2022, the outstanding balance recorded at fair value was an asset of US$1,291 (2021: a liability of US$810, 2020: Nil), comprising tranches with maturities between January 2022 and September 2023, for a notional amount of US$34,421 (2021: US$22,224, 2020: Nil).

8. Derivatives (Continued)

iv) FX NDF (Continued)

For the year ended 31 December 2022, the effect of this derivative on profit or loss was a gain of US$4,295 (2021: US$264, 2020: Nil), and the cash effect of the derivative was a receipt of US$2,139 (2021: US$1,101, 2020: Nil).

See below the summary of the main contract details:

Year	Product	Total volume (USD)	Average strike price (BRL:USD)	Average future market price assumption (BRL:USD)	Fair value
2021	USD	22,224	5.57	5.61	US$(810)
2022	**USD**	**34,421**	**5.63**	**5.59**	**US$1,291**

9. Recoverable taxes

State value added tax - ICMS (tax on services and circulation of goods)

ICMS is a state indirect tax and refers to the tax amounts in respect to purchase of goods and fixed assets which are available for offset against ICMS payable.

The Group has recognized an impairment for the portion of ICMS tax credits deemed not recoverable. Management continues to assess opportunities offered by legislation and alternative solutions for realizing these credits.

Federal value added tax - PIS (Contribution to the Social Integration Plan) and COFINS (Contribution for Social Security Financing)

PIS and COFINS are federal indirect taxes. The balances consist of VAT credits from purchase transactions and also those arising from the acquisition of fixed assets.

The Group may request the offsetting or reimbursement of PIS and COFINS from the Federal Revenue Service of Brazil.

9. Recoverable taxes (Continued)

	2022	2021	2020
State value added tax - ICMS	**20,577**	15,991	15,339
Less: impairment of ICMS credit	**(18,723)**	(14,334)	(11,493)
Net state value added tax - ICMS (i)	**1,854**	1,657	3,846
Federal value added tax - PIS and COFINS credit	**29,487**	22,105	17,939
Less: impairment of PIS and COFINS credits (ii)	**(3,317)**	(3,102)	(3,331)
Net federal value added tax - PIS and COFINS credit	**26,170**	19,003	14,608
Other recoverable taxes	**345**	264	258
Total recoverable taxes	**28,369**	20,924	18,712
Expected to be realized within the next 12 months	**19,199**	15,543	11,008
Not expected to be realized within the next 12 months	**9,170**	5,381	7,704

(i) The Group accumulates ICMS VAT credits as it exports its products. The Group accumulates ICMS VAT credits as it exports its products. Amounts relating to purchases of machinery and tax credit sales are deemed recoverable. A provision has been recorded for the portion for which recoverability is not considered probable.

(ii) During the year ended 31 December 2018, the Group recorded an impairment of a portion of its PIS and COFINS. In 2020, following tax determinations in its favour, the Group reversed US$7,683 of this impairments. Following the determination, the Group received US$7,043 of tax reimbursement in cash (US$2,097 of which was interest).

Changes in the impairment of recoverable taxes are as follows:

	PIS and COFINS	ICMS	Total
Balance as at 1 January 2020	(13,890)	(11,559)	(25,449)
Reversal of provision/(provision recognised)	7,683	(2,482)	5,201
Write-off of accrued tax credits	(184)	(64)	(248)
Currency translation adjustments	3,060	2,612	5,672
Balance as at 31 December 2020	(3,331)	(11,493)	(14,824)
Provision recognised	-	(6,543)	(6,543)
Recovery of accrued tax credits	-	2,749	2,749
Currency translation adjustments	229	953	1,182
Balance as at 31 December 2021	(3,102)	(14,334)	(17,436)
Provision recognised	**-**	**(3,427)**	**(3,427)**
Currency translation adjustments	**(215)**	**(962)**	**(1,177)**
Balance as at 31 December 2022	**(3,317)**	**(18,723)**	**(22,040)**

10. Tax (expense)/income

Deferred tax assets and liabilites

Deferred tax balances relate to the following:

	31 December 2022	31 December 2021	31 December 2020
Accumulated corporate income tax losses (i)	**80,815**	83,830	82,294
Unrealized foreign exchange losses (ii)	**(7,820)**	820	(17)
Property, plant and equipment and mineral properties ("fixed assets") (iii)	**(42,836)**	(48,827)	(60,327)
Derivatives	**13,736**	10,474	7,045
Other temporary differences	**11,310**	6,701	2,870
Impairment of deferred tax assets	**-**	(101,825)	(92,192)
	55,205	(48,827)	(60,327)
Long term assets (iv)	**98,041**	**-**	**-**
Long term liabilities (iv)	**(42,836)**	(48,827)	(60,327)

(i) In accordance with tax legislation in Brazil, these corporation tax losses do not expire.

(ii) Unrealized foreign exchange losses are driven by related party, intercompany and third-party borrowings denominated in US$, which are deducted for tax purposes upon settlement.

(iii) Deferred tax liability arises as result of fair value measurement from acquisition of ATN and MVV from Mirabela and Serrote.

(iv) The Group offsets deferred tax assets and deferred tax liabilities levied by the same taxation authority on an entity by entity basis.

Movements in deferred tax are shown below:

	2022	2021	2020
Balance as at 1 January	**(48,827)**	(60,327)	(84,553)
Accumulated corporate tax losses	**81,632**	-	-
Unrealized foreign exchange	**(7,898)**	-	-
Fixed assets	**9,481**	7,603	5,295
Derivatives	**13,875**	-	-
Other temporary differences	**11,423**	-	-
Translation adjustments	**(4,481)**	3,897	18,931
Balance as at 31 December	**55,205**	(48,827)	(60,327)

10. Tax (expense)/income (Continued)

Tax (expense) income for the period

A reconciliation between tax expense and accounting profit multiplied by the nominal tax rate for the years ended 31 December 2022, 2021 and 2020 is shown below:

	2022	2021	2020
Income/(loss) before tax (expense) income	**137,195**	7,197	(53,061)
Combined Brazilian statutory tax expense rate - %	**34%**	34%	34%
Tax (expense) income at statutory rates	**(46,646)**	(2,447)	18,041
Reconciliation adjustments:			
Tax benefit from Sudene (i)	**15,514**	7,102	742
Recognized/(unrecognized) deferred tax assets	**119,205**	566	(11,470)
Offset tax losses	**9,611**	-	-
Excess capitalization of intergroup borrowing interest	**(1,629)**	(572)	(2,312)
Permanent adjustments	**5,900**	-	-
Tax income	**101,955**	4,649	5,001
Effective rate	**74%**	65%	-9%
Current tax expense	**(6,558)**	(2,957)	(294)
Deferred tax income	**108,513**	7,606	5,295

(i) The tax benefit from the Superintendency for the Development of the Northeast (Sudene) refers to a government grant for the areas where Sudene operates, granting the right to a 75% reduction in tax expense, including the surcharge, on profit from tax incentive activities ("*lucro da exploração*") in the area entitled to the incentive. This tax benefit applies to both ATN and MVV.

In 2022, the Group has recognized net deferred tax assets on carried-forward corporation tax losses and temporary differences of US$98,041, split into US$82,010 recognised at ATN and US$16,031 recognised at MVV. Management assessed the potential utilisation of brought-forward tax losses and temporary differences and concluded that based on the current life-of-mine plans, it is probable that taxable profits will be available in the future against which the unused tax losses can be utilised, as set out below. The assessment of deferred tax asset recoverability is based on reserves and mineral resources, together with economic factors such as commodity forward prices, exchange rates and production costs.

ATN came out of care and maintenance in 2020, and MVV completed construction in 2021. Following ramp-up phases, the Group was considered fully operational in 2022.

10. Tax (expense)/income (Continued)

Tax (expense) income for the period (Continued)

With increased profitability due to steady production and a strong nickel price environment, R$32,609 (US$6,313) of ATN's brought-forward tax losses were utilised against taxable profit in the year ended 31 December 2022. Management has concluded that with current forecast nickel prices and steady-state production and other costs, ATN will generate sufficient future taxable income to fully utilise brought-forward tax losses and temporary differences in approximately six years, in line with the current open pit life-of-mine. In addition, ATN is currently at an advanced stage of the evaluation of an underground mine development, which will increase the total life-of-mine once in production, offering additional flexibility to utilise brought-forward tax losses.

At MVV, following ramp-up completion in 2022, R$17,038 (US$3,298) of brought-forward tax losses were utilised against taxable profit in the year ended 31 December 2022. Management has concluded that with current forecast copper prices and steady-state production and other costs, MVV will generate sufficient future taxable income to fully utilise brought-forward tax losses and temporary differences in approximately three years, within the current open pit life-of-mine which will operate until 2033.

Key estimate - Recoverability of deferred tax assets

The assessment of deferred tax assets recoverability is based on:

- Production volumes: The production profiles used were based on the reserves and resource volumes approved by management as part of the Group's detailed life-of-mine planning process. Production volumes are dependent on a number of variables, such as: recoverable quantities; production profiles; the cost of the infrastructure and plant necessary to extract the reserves and production costs. As each producing mine has specific reserve characteristics and economic circumstances, these projections are made using individual economic models with key assumptions established by management.

- Commodity prices: Forecast commodity prices are based on consensus pricing from external sources. These prices, shown below, were adjusted by management to arrive at appropriate price assumptions for the different commodities and specifications and, where relevant, contracted prices and terms were applied.

Assumptions	2023	2024	2025	2026	2027	2028 onwards
Nickel price - US$/lb	$9.87	$9.46	$9.61	$9.13	$8.46	$8.46
Copper price - US$/lb	$3.55	$3.82	$3.94	$3.89	$3.59	$3.59

10. Tax (expense)/income (Continued)

Key estimate - Recoverability of deferred tax assets (Continued)

Exchange rates: Foreign exchange rates are estimated with reference to external market forecasts. The rates applied for the first five years of the assessment are based on observable market data. The assumed long-term US dollar/Brazilian Real exchange rate is estimated to range between US$/R$5.33 and R$5.66.

Management's base case forecast demonstrated that the deferred tax assets for both ATN and MVV are recoverable. A sensitivity analysis was also modelled, which demonstrated that a decrease in 10% of the forecast nickel and copper prices would result in the recoverability period being extended to seven years at ATN and four years at MVV. In this scenario, the respective deferred tax assets would remain fully utilised.

In 2022, the Group did not to recognise US$51,397 of deferred tax assets predominantly associated with foreign exchange losses on borrowings, due to uncertainty over both the timing of the realisation for tax purposes, and the quantum that may be realised given forecast exchange rate volatility.

11. Property, plant and equipment

	Land	Buildings (i)	Machinery and equipment (ii)	Facilities (iii)	AUC (iv)	Other (v)	Total
Cost							
As at 1 January 2022	**18,228**	**54,179**	**94,935**	**42,986**	**4,935**	**12,525**	**227,788**
Additions	**191**	**994**	**4,384**	**3,998**	**401**	**2,365**	**12,333**
Write-offs	**-**	**-**	**(129)**	**-**	**(598)**	**(3,114)**	**(3,841)**
Transfers	**-**	**491**	**58**	**4,260**	**(4,851)**	**42**	**-**
Translation adjustments	**1,262**	**6,532**	**8,740**	**3,904**	**392**	**1,101**	**21,931**
As at 31 December 2022	**19,681**	**62,196**	**107,988**	**55,148**	**279**	**12,919**	**258,211**
Depreciation							
As at 1 January 2022	**-**	**(10,922)**	**(14,709)**	**(3,626)**	**-**	**(2,714)**	**(31,971)**
Additions	**-**	**(5,327)**	**(8,887)**	**(3,760)**	**-**	**(2,505)**	**(20,479)**
Write-offs	**-**	**264**	**930**	**1**	**-**	**2,925**	**4,120**
Translation adjustments	**-**	**(3,486)**	**(3,127)**	**(1,212)**	**-**	**(416)**	**(8,241)**
As at 31 December 2022	**-**	**(19,471)**	**(25,793)**	**(8,597)**	**-**	**(2,710)**	**(56,571)**
Net book value as at 31 December 2022	**19,681**	**42,725**	**82,195**	**46,551**	**279**	**10,209**	**201,640**

Cost	Land	Buildings (i)	Machinery and equipment (ii)	Facilities (iii)	AUC (iv)	Other (v)	Total
As at 1 January 2021	17,851	46,303	64,401	10,289	81,252	16,810	236,906
Additions	1,661	635	4,187	7,412	4,100	2,746	20,741
Write-offs	-	(8)	(1,224)	(12)	(1,297)	(1,570)	(4,111)
Transfers	-	12,706	34,726	28,111	(73,619)	(2,252)	(328)
Translation adjustments	(1,284)	(5,457)	(7,155)	(2,814)	(5,501)	(3,209)	(25,420)
As at 31 December 2021	18,228	54,179	94,935	42,986	4,935	12,525	227,788
Depreciation							
As at 1 January 2021	-	(9,660)	(10,889)	(3,103)	-	(3,136)	(26,788)
Additions	-	(4,434)	(6,248)	(1,723)	-	(2,859)	(15,264)
Write-offs	-	-	1	-	-	1,315	1,316
Translation adjustments	-	3,172	2,427	1,200	-	1,966	8,765
As at 31 December 2021	-	(10,922)	(14,709)	(3,626)	-	(2,714)	(31,971)
Net book value as at 31 December 2021	18,228	43,257	80,226	39,360	4,935	9,811	195,817

11. Property, plant and equipment (Continued)

	Land	Buildings (i)	Machinery and equipment (ii)	Facilities (iii)	AUC (iv)	Other (v)	Total
Cost							
As at 1 January 2020	21,592	59,118	78,056	12,919	14,695	22,445	208,825
Additions	1,103	22	3,405	268	71,568	4,180	80,546
Write-offs	-	-	-	-	-	(4,817)	(4,817)
Transfers	-	428	455	-	(1,714)	-	(831)
Translation adjustments	(4,844)	(13,265)	(17,515)	(2,898)	(3,297)	(4,998)	(46,817)
As at 31 December 2020	17,851	46,303	64,401	10,289	81,252	16,810	236,906
Depreciation							
As at 1 January 2020	-	(7,313)	(7,616)	(3,426)	-	(6,304)	(24,659)
Additions	-	(4,039)	(5,022)	(450)	-	(2,964)	(12,475)
Write-offs	-	-	-	-	-	4,757	4,757
Translation adjustments	-	1,692	1,749	773	-	1,375	5,589
As at 31 December 2020	-	(9,660)	(10,889)	(3,103)	-	(3,136)	(26,788)
Net book value as at 31 December 2020	17,851	36,643	53,512	7,186	81,252	13,674	210,118

(i) Buildings: comprise administrative and operational buildings, supply warehouses, laboratory, dispatch shed, water intake, electrical substation, explosives warehouse, cafeteria, infirmary, workshop, concierge, among others.

(ii) Machinery and equipment: comprises machinery and equipment used in the transport and production processes of crushing, grinding, flotation, decanting and drying.

(iii) Facilities: comprise facilities used in the administrative and operational facilities of the Group's buildings in Itagibá, Craíbas and Belo Horizonte.

(iv) Assets under construction: assets that are in the assembly phase, which are not depreciated. Among the additions during the year ended 31 December 2021, US$535 was capitalized interest on borrowings (Nil in 2022 and 2020), and US$189 from capitalization of financial charges on borrowings (Nil in 2022 and 2020). MVV finished its pre-operational phase in June 2021. As such, costs previously classified as assets under construction were transferred to buildings, facilities, machinery and equipment, and depreciated in the accordance with the relevant accounting policy.

(v) Other: comprises vehicles, leasehold improvements, IT equipment, furniture and components for vehicles and machines.

12. Mineral properties

	Mine in production (i)	Mine in construction (ii)	Mineral rights (iii)	Others (iv)	Total
Cost					
As at 1 January 2022	246,178	-	150,309	8,923	405,410
Additions	**79,821**	**-**	**-**	**14,039**	**93,860**
Changes in ARO	**(341)**	**-**	**-**	**-**	**(341)**
Currency translation adjustments	**16,369**	**-**	**10,452**	**480**	**27,301**
As at 31 December 2022	**342,027**	**-**	**160,761**	**23,442**	**526,230**
Amortization					
As at 1 January 2022	**(37,227)**	**-**	**(27,690)**	**(630)**	**(65,547)**
Additions	**(43,778)**	**-**	**(23,871)**	**(558)**	**(68,207)**
Currency translation adjustments	**(2,152)**	**-**	**(1,688)**	**(40)**	**(3,880)**
As at 31 December 2022	**(83,157)**	**-**	**(53,249)**	**(1,228)**	**(137,634)**
Net book value as at 31 December 2022	**258,870**	**-**	**107,512**	**22,214**	**388,596**

	Mine in production (i)	Mine in construction (ii)	Mineral rights (iii)	Others (iv)	Total
Cost					
As at 1 January 2021	164,469	48,246	161,385	5,213	379,313
Additions	26,786	25,143	-	4,210	56,139
Transfers	73,695	(73,389)	-	-	306
Disposals	(1,522)	-	-	-	(1,522)
Changes in ARO	(727)	-	-	-	(727)
Currency translation adjustments	(16,523)	**-**	(11,076)	(500)	(28,099)
As at 31 December 2021	246,178	-	150,309	8,923	405,410
Amortization					
As at 1 January 2021	(12,689)	-	(11,320)	(267)	(24,276)
Additions	(26,281)	**-**	(17,737)	(395)	(44,413)
Currency translation adjustments	1,743	**-**	1,367	32	3,142
As at 31 December 2021	(37,227)	-	(27,690)	(630)	(65,547)
Net book value as at 31 December 2021	208,951	-	122,619	8,293	339,863

12. Mineral properties (Continued)

	Mine in production (i)	Mine in construction (ii)	Mineral rights (iii)	Others (iv)	Total
Cost					
As at 1 January 2020	176,953	25,066	208,073	4,477	414,569
Additions	19,693	28,801	1	1,743	50,238
Transfers	473	-	-	-	473
Changes in ARO	7,037	-	-	-	7,037
Currency translation adjustments	(39,685)	(5,621)	(46,689)	(1,007)	(93,002)
As at 31 December 2020	164,471	48,246	161,385	5,213	379,315
Amortization					
As at 1 January 2020	(1,035)	**-**	(1,056)	(24)	(2,115)
Additions	(11,976)	**-**	(10,584)	(250)	(22,810)
Currency translation adjustments	321	**-**	320	7	648
As at 31 December 2020	(12,690)	-	(11,320)	(267)	(24,277)
Net book value as at 31 December 2020	151,781	48,246	150,065	4,946	355,038

(i) Mine in production: includes mine stripping assets of US$89,080 in 2022 (2021: US$37,215, 2020: US$38,514).

(ii) Mine in construction: MVV finished its pre-operational phase in June 2021, with costs transferred to mine in production at that time.

(iii) Mineral rights: Refers mainly to the fair value of mineral properties acquired through business combinations, accounted for in accordance with IFRS 3 *Business Combinations* as result of the acquisition of ATN and MVV by Mirabela and Serrote, respectively.

(iv) Other: comprises environmental licencing fees, opportunity cost CBPM, and exploration/evaluation preoperational costs for both Underground and Open pit.

13. Trade and other payables

	2022	2021	2020
Trade payables - internal market	**13,367**	9,608	25,465
Trade payables - imports (i)	**2,939**	75	2,765
Trade payables - supply chain financing (ii)	**5,083**	-	-
Accruals	**25,288**	11,929	7,910
Total trade payables	**46,677**	21,612	36,140

(i) The Group's exposure to currency and liquidity risks related to trade payables to suppliers and other amounts payable is disclosed in Note 22.

(ii) Amounts payable to financial institutions that have advanced payments to the Group's suppliers. Suppliers elect to receive these advances and all related fees are charged directly to the suppliers by the financial institutions.

14. Borrowings

This note provides information on the terms of interest-bearing borrowing agreements, which are stated at amortized cost. For further information on the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 22.

Borrowings	Effective interest rate	Maturity	2022	2021	2020
Bradesco (i)	1.5% + LIBOR (p.a.)	2026	**-**	22,736	42,364
Project Finance (ii)	5% + LIBOR (p.a.)	2028	**120,532**	135,116	-
Total borrowings			**120,532**	157,852	42,364
Current			**37,595**	29,508	5,544
Non-current			**82,937**	128,344	36,820

(i) In 2022, the Group early settled the remaining balance of its borrowing with Bradesco voluntarily.

(ii) In February 2021, the Group successfully obtained senior financing to commence operations at MVV. The amount totalled US$140 million, at an average interest rate of LIBOR plus 5%. The maturities are divided into 25 instalments commencing in September 2022, through to September 2028. Borrowings changes and movements during the periods stated above and maturity analysis are shown in Note 23.

The Project Finance has financial covenants that are constantly assessed by the Group. Since inception, all covenants have met its requirements under the agreement conditions. To acquire the debt, the company Serrote was pledged as collateral.

15. Related parties

Related party transactions include borrowing agreements and other trade payables/receivables, as shown below:

	2022	2021	2020
Borrowings - AMH (Jersey) Limited (i)	**-**	64,525	79,916
Borrowings - ANRH Coöperatief UA (ii)	**11,197**	11,197	73,900
Borrowings - AMH 2 (Jersey) Limited (iii)	**35,942**	21,253	-
Other liabilities (iv)	**-**	-	27,365
Total liabilities with related parties	**47,139**	96,975	181,181
Current liabilities	**-**	-	101,265
Non-current liabilities	**47,139**	96,975	79,916

15. Related parties (Continued)

As described in Note 1 to the Combined Historical Financial Information, the Mining Entities are part of a contemplated sale and purchase transaction. In addition to the Mining Entities, Appian holds interests in AMH (Jersey) Limited and AMH2 (Jersey) Limited, which will also be sold to ACG as part of the transaction. AMH (Jersey) Limited and AMH2 (Jersey) Limited are parties to certain borrowings with ATN and MVV, respectively.

i) Borrowings AMH (Jersey) Limited

The borrowings with AMH as at 31 December 2021 and 2020 are derived from the transfer of the creditor's ownership of the debt from Mirabela Nickel Limited (former parent entity of ATN) to AMH. The borrowing amounts as shown above for all reporting periods represent the fair value of the borrowings acquired by AMH from Mirabela Nickel Limited, as at 31 July 2018, and subsequently measured at amortized cost, reflecting the amounts expected to be charged by AMH to ATN. Borrowings changes and movements during the periods stated above are shown in Note 22.

These borrowings have been transferred to AMH as part of the acquisition of ATN by the Group. Each borrowing is subject to specific interest rates (LIBOR + 2%-3%; 8.5% or 15% per year).

ii) Borrowings ANRH Coöperatief UA

The Group obtained borrowings from ANRH Coöperatief UA in order to complete the construction of production facilities and/or for working capital purposes. During 2021 an amendment to the agreement was made deferring its maturity to May 2027. There is no interest charge associated with this arrangement. Borrowing changes are shown in Note 22.

iii) Borrowings AMH 2 (Jersey) Limited

In the year ended 31 December 2021, the Group entered into another related party US$-denominated borrowing agreement with AMH (Jersey) 2 Limited for up to US$20,000, which was increased to up to US$30,000 in 2022. The maturity of this contract is linked to the repayment of project finance advanced, followed by future gold revenues and then the Group’s cash availability. For the year ended 31 December 2022, this contract was classified as a non-current liability. The interest rate applicable to this contract is fixed at 16% per year. For further information on the Group’s exposure to interest rate, foreign currency and liquidity risks, see Note 22.

iv) The amount received in 2020 of US$27,365 from the Group’s shareholder was converted into Net parent investment in 2021.

15. Related parties (Continued)

Remuneration of key management personnel

For the year ended 31 December 2022, the remuneration of the Group's key management personnel (officers) amounted to US$2,809 (2021: US$1,540, 2020: US$1,325).

16. Royalties payable

These refer to the charges on the Group's revenue due to Bahia State Group of Mineral Research ("CBPM"), the National Mining Agency ("ANM") and the former owners of the land acquired by the Group, which are recorded as costs in the combined statement of profit or loss, as shown below:

	2022	2021	2020
CBPM Royalties payable	**1,127**	471	224
Landowners Royalty payable	**1,652**	578	390
ANM Royalties payable	**2,250**	1,632	1,201
Total royalties payable	**5,029**	2,681	1,815

17. Provisions

Provisions are recorded for legal proceedings involving labour, tax and civil matters, and for the ARO, as follows:

	2022	2021	2020
Labour (i)	**342**	386	664
Tax/civil (i)	**667**	2,412	584
ARO (ii)	**21,007**	20,038	22,125
Total provisions	**22,016**	22,836	23,373
Current	**-**	1,868	-
Non-current	**22,016**	20,968	23,373

17. Provisions (Continued)

Changes in provisions are as follows:

	Labour	Tax/civil	ARO	Total
As at 1 January 2020	1,052	754	19,452	21,258
Additions	-	-	1,918	1,918
Change in estimates	-	-	5,119	5,119
Reversal	(153)	-	-	(153)
Currency translation adjustments	(235)	(170)	(4,364)	(4,769)
As at 31 December 2020	664	584	22,125	23,373
Additions	-	1,932	5,715	7,647
Unwinding effect	-	-	143	143
Change in estimates	-	-	(6,442)	(6,442)
Reversal	(241)	-	-	(241)
Currency translation adjustments	(37)	(104)	(1,503)	(1,644)
As at 31 December 2021	386	2,412	20,038	22,836
Unwinding effect	**-**	**-**	**(84)**	**(84)**
Change in estimates	**-**	**-**	**(341)**	**(341)**
Reversal	**(71)**	**(1,788)**	**-**	**(1,859)**
Currency translation adjustments	**27**	**43**	**1,394**	**1,464**
As at 31 December 2022	**342**	**667**	**21,007**	**22,016**

i) Provisions for legal proceedings

The Group is a party to lawsuits before the courts predominantly labour issues, for joint liability, and civil matters related to its operating assets.

Based on internal and external legal advice, management has recognized a provision for legal claims amounting to US$1,009 as at 31 December 2022 (2021: US$2,798, 2020: US$1,248).

As at 31 December 2022, contingencies, for which no provision was recorded given that the likelihood of loss is only considered possible, amounted to approximately US$3,198 (2021: US$346, 2020: US$85).

ii) ARO

As at 31 December 2022, the amount recorded for this provision is US$21,007 (2021: US$20,038, 2020: US$22,125). The ARO provision represents the present value of costs relating to mine sites (dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas), which are expected to be incurred up to 2029 for ATN and 2034 for MVV, following the cessation of mining operations.

17. Provisions (Continued)

ii) ARO (Continued)

The provision has been based on the Group's internal estimates, which have been developed with the assistance of external experts where necessary, and using appropriate assumptions. These estimates are reviewed regularly to take into account any material changes to assumptions. However, actual costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is uncertain as changes to mine plans may take place in the future.

Changes in ARO provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates. The discount rate used in the calculation of the provision as at 31 December 2022 was 13.1% (2021: 11.5%, 2020: 4.5%).

18. Net parent investment

Contributions from parent

The Group is not a legal entity for the purposes of IFRS 10, in the periods presented.

In the Combined Historical Financial Information, the line item "Contributions from parent", as included in the Combined Statements of Changes in Net Parent Investment, shows the inflow of economic benefit to the Group from other entities under the common control of Appian at the time such transfers occurred.

Net contributions from parent during 2022 were nil (2021: US$27.516, 2020: US$22,560).

Other comprehensive income

Refers to the currency translation adjustments from the Group's functional currency (R$) into the presentation currency (US$). The amount may be reclassified to combined statement of profit or loss. The currency translation adjustment does not result in the recognition of deferred tax.

19. Revenue

Revenue from contracts with customers comprise the sale of nickel and copper concentrate according to the quotation of the commodities on the LME (London Metal Exchange) and secondary metals such as cobalt, gold, platinum and palladium. The Group's revenue is concentrated in three customers. The transaction price is determined by the prevailing commodity price discounted by onward treatment and refining, given the Group is not responsible for such services:

	2022	2021	2020
Revenue from contracts with customers			
Revenue from sale of Nickel	**348,549**	237,353	97,442
Revenue from sale of Copper	**170,684**	50,165	11,406
Revenue from sale of Gold	**13,946**	4,545	1,025
Revenue from sale of Cobalt	**7,176**	6,243	2,376
Revenue from sale of Platinum	**4,411**	5,545	2,451
Revenue from sale of Palladium	**3,808**	7,358	3,250
Unrealized price adjustments	**7,972**	(2,599)	352
Less: cost of treatment and refinement deductible on sales (i)	**(78,647)**	(32,406)	(2,698)
Net revenue from contracts with customers	**477,899**	276,204	115,604

(i) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

Revenue from concentrate is recognised at the point in time when control transfers (see Note 2.3.m for further details).

The period between provisional invoicing and the end of the Quotational Period can be between one and three months.

Revenue from the provision of services is recognised over time but does not represent a significant proportion of total revenue and is included with the respective concentrate sales revenue for disclosure purposes, as it does not consider that this is necessary in order to understand the impact of economic factors on the Group; as such information specifically assessed by the CODM when evaluating the operating segments performance.

20. Cost and expenses by nature

Costs, general and administrative expenses, tax expenses and other operating expenses, presented in the Group's statement of profit or loss and other comprehensive income, are classified according to their nature.

	2022	2021	2020
Depreciation and amortization	**(88,132)**	(59,999)	(35,778)
Raw materials, consumables, repairs and maintenance	**(75,843)**	(47,893)	(20,367)
Mine operations services	**(68,515)**	(46,436)	(19,960)
Shipping and other freight costs	**(29,804)**	(17,038)	(6,655)
Employment costs	**(29,217)**	(23,569)	(14,580)
External services	**(27,549)**	(22,226)	(18,810)
Royalties	**(23,631)**	(14,285)	(5,786)
(Impairment)/reversal of impairment of VAT credit (note 9)	**(3,427)**	(6,543)	5,201
Decrease in finished goods and work in progress	**3,785**	15,558	3,223
Other	**(4,008)**	(3,440)	2,484
Total costs and expenses	**(346,341)**	(225,871)	(111,028)
Cost of products sold	**(272,390)**	(160,761)	(76,506)
General and administrative expenses	**(71,482)**	(59,702)	(42,928)
Other (expense)/income, net	**(2,469)**	(5,408)	8,406
Total costs and expenses	**(346,341)**	(225,871)	(111,028)

21. Net finance income/(expense)

Net finance income/(expense) mainly refers to expenses arising from borrowings and financing (with related companies and financial institutions), in addition to foreign exchange variations on contracts in currencies other than the R$.

21. Net finance income/(expense) (Continued)

	2022	2021	2020
Finance income			
Short-term investments	**1,075**	212	292
Change in fair value of derivative instruments	**12,092**	-	-
Other	**1,157**	1,087	3,713
	14,324	1,299	4,005
Foreign exchange gains			
Foreign bank deposit accounts, trade receivables and payables	**5,456**	959	1,660
Borrowings	**17,818**	-	-
	23,274	959	1,660
Total finance income	**37,598**	2,258	5,665
Finance costs			
Change in fair value of derivative instruments	**-**	(10,804)	(7,303)
Bank expenses	**(2,139)**	(1,177)	(166)
Commission on borrowings	**(1,812)**	(2,059)	(377)
Financial charges on foreign exchange contracts	**-**	(1,731)	-
Interest on related party borrowings	**(6,497)**	(6,399)	(2,261)
Interest on third-party borrowings	**(9,531)**	(6,280)	(1,966)
Interest on promissory note	**(770)**	(464)	-
Settlement of put options	**-**	-	(19,976)
Other	**(243)**	(395)	(1,037)
	(20,992)	(29,309)	(33,086)
Foreign exchange losses			
Trade receivables	**(10,969)**	(344)	-
Borrowings	**-**	(15,741)	(28,550)
Other	**-**	-	(1,666)
	(10,969)	(16,085)	(30,216)
Total finance costs	**(31,961)**	(45,394)	(63,302)
Net finance income/(expense)	**5,637**	(43,136)	(57,637)

22. Financial instruments

The Group is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;

22. Financial instruments (Continued)

- Currency risk; and
- Interest rate risk.

This note provides information on the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing such risks, as well as capital management. Additional quantitative disclosures are included in the notes.

Risk management framework

The Group's officers together with the parent Group's corporate management are in charge of setting up and supervising the Group's risk management framework. These officers are in charge of developing and monitoring the Group's risk management policies.

The Group's risk management policies are established in order to identify and assess the risks faced by the Group, to set appropriate limits and risk controls, and to monitor risks and adherence to limits. Risk management policies and systems are frequently reviewed in order to reflect changes in market conditions and the Group's activities. The purpose of the Group's training and management standards and procedures is to develop a disciplined and constructive environment in which all employees understand their roles and obligations. The Group's management ensures compliance with risk management policies and procedures and reviews the adequacy of the risk management framework for addressing the risks faced by the Group. Management is also in charge of regularly supervising and reviewing internal controls and risk management procedures, whose results are reported to other officers in their regular meetings.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from trade receivable and investment securities.

Credit risk exposure	2022	2021	2020
Cash and cash equivalents	**31,992**	57,660	20,058
Short-term investments	**10,596**	811	248
Trade receivables	**35,329**	10,866	4,508
Derivatives	**3,075**	-	1,005
Total credit risk exposure	**80,992**	69,337	25,819

22. Financial instruments (Continued)

Credit risk (Continued)

Cash and cash equivalents

The Group has cash and cash equivalents held in banks and financial institutions that have credit ratings between AA and AAA.

Short term investments

The Group has short term investments held in banks and financial institutions that have AAA credit ratings.

Trade receivables

Trade receivables from long term agreements with a limited number of customers (three customers at ATN and one customer at MVV), each of which is considered to be of sound financial standing. There is no track record of losses with these customers.

Derivatives

The Group has derivatives arrangements with banks and financial institutions that have AAA credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will face difficulties in complying with obligations associated with financial liabilities that are settled with cash payments or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, sufficient liquidity to meet its obligations when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Below are the financial liabilities according to their related contractual maturities, including estimated interest payments and excluding possible netting arrangements:

22. Financial instruments (Continued)

Liquidity risk (Continued)

In 2022	Carrying amount	Total cash flows	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
Related parties	**47,139**	**72,352**	**649**	**-**	**-**	**-**	**71,703**
Borrowings	**120,532**	**133,710**	**12,023**	**12,023**	**22,920**	**75,457**	**11,287**
Promissory note	**11,238**	**14,332**	**-**	**-**	**-**	**-**	**14,332**
Derivatives	**43,476**	**43,476**	**28,892**	**14,584**	**-**	**-**	**-**
Trade and other payables	**46,677**	**46,677**	**46,677**	**-**	**-**	**-**	**-**
Total liquidity risk	**269,062**	**310,547**	**88,241**	**26,607**	**22,920**	**75,457**	**97,322**

In 2021	Carrying amount	Total cash flows	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
Related parties	96,975	129,127	11,611	11,611	22,134	72,871	10,900
Borrowings	157,852	211,658	19,032	19,032	36,281	119,446	17,867
Promissory note	10,466	14,049	-	-	-	-	14,049
Derivatives	30,807	30,807	20,473	10,334	-	-	-
Trade and other payables	21,612	21,612	21,612	-	-	-	-
Total liquidity risk	317,712	407,253	72,728	40,977	58,415	192,317	42,816

In 2020	Carrying amount	Total cash flows	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
Related parties	181,181	177,121	15,926	15,926	30,361	99,955	14,953
Borrowings	42,364	45,695	3,029	2,676	7,631	28,981	3,378
Promissory note	10,000	14,228	-	-	-	-	14,228
Derivatives	23,934	23,934	1,194	3,217	9,775	9,748	-
Trade and other payables	36,140	36,140	11,156	24,984	-	-	-
Total liquidity risk	293,619	297,118	31,305	46,803	47,768	138,684	32,599

Market risk

Market risk is the risk that changes in market conditions, such as commodity prices and currency and interest rates, may impact the Group's profitability or the value of its financial instruments. Market risk management consists of the monitoring and control of market risk exposures within acceptable parameters in order to optimize returns.

The Group is exposed to fluctuations in metal prices, fluctuations in foreign currency and interest rates. The Group's sales within the quotational period are measured at fair value and were exposed to fluctuations in metal prices.

The Group continuously monitors the prices of commodities and foreign currency fluctuations.

22. Financial instruments (Continued)

Market risk (Continued)

Assuming that expected metal production and sales are achieved, that tax rates are unchanged, and giving no effect to potential hedging programs, metal price sensitivity factors would indicate the following change in profit or loss resulting from metal price changes. The impact of a 10% increase or decrease in nickel and copper prices is shown below:

	Nickel	Copper
Change in metal price (%)	+/- 10.0%	+/- 10.0%
Change in trade receivables	US$1,575	US$1,784

Currency risk

The Group is subject to currency risk on sales and borrowings that are denominated in a currency other than the Group's functional currency (R$). The currency in which these transactions are primarily denominated is the US$. The Group's purchases in US$ are currently limited.

Interest on borrowings is denominated in the currency of the borrowing. In general, borrowings are denominated in currencies that are equivalent to the cash flows generated from the Group's basic operations, especially in US$. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The following tables show the sensitivity analysis of the balance of liabilities from third parties and related parties in a currency different from the Group's functional currency (R$) outstanding as at 31 December 2022. There are no significant assets in a different currency from R$.

US$ operations transactions	Exposure balance
US$ rate x R$ rate	5.22
Bank deposits in US$	22,879
Trade accounts receivable in US$	35,329
Trade accounts payable in US$	(2,939)
Related parties' transactions in US$	(47,139)
Borrowings and financing in US$	(120,532)
Promissory note in US$	(11,238)
Derivatives in US$	(43,476)
Net exposure	(167,116)

22. Financial instruments (Continued)

Currency risk (Continued)

US$ operations transactions	5% (increase)	25% (increase)	50% (increase)
Effect on profit before tax	US$(8,357)	US$(41,780)	US$(83,558)

Interest rate risk

The Group's short-term investments are subject to fluctuations in the Interbank Deposit Certificate ("CDI") rate. The Group calculated interest differences for each of the estimated scenarios according to the balances of exposed amounts and assuming that they remain constant.

When valuing the amounts exposed to interest rate risk, the Group considered the risks only for financial statements, i.e. the transactions subject to fixed-rate interest were not included.

The probable scenario is based on the Group's expectations for each of the variables, and negative and positive fluctuations of 25% and 50% were applied to the rates in effect on the Combined Historical Financial Information reporting date (all shown in US$k):

Instruments	Risk factor	Amount exposed	Probable scenario	25%	50%
Cash and cash equivalents and short-term investments	CDI	(19,709)	2,440	610	1,220
Borrowings and financing	LIBOR	120,532	(6,608)	(1,652)	(3,304)
Promissory note	LIBOR	11,238	(616)	(154)	(308)
Related party transactions	LIBOR	35,942	(1,970)	(493)	(985)

(*) Positive and negative variations of 25% and 50% were applied to the rates in effect as at 31 December 2022.

Capital management

Capital management consists of having a strong capital base to retain the confidence of investors, creditors and the market, and to support future business development, monitoring the returns on invested capital.

Management seeks to strike an appropriate balance between the highest possible yields with appropriate levels of borrowing and the advantages and security afforded by a sound capital position.

22. Financial instruments (Continued)

Capital management (Continued)

In 2022, the Group was engaged in transactions involving financial instruments. These instruments are managed through operational strategies and internal controls aiming at ensuring liquidity, profitability and safety. Financial instruments are used in view of the risk exposure management intends to cover, as agreed with its parent Group.

The control policy consists of continuously monitoring the agreed upon conditions versus the conditions prevailing in the market.

The Group does not make any speculative investments in derivatives or other risky assets.

The results obtained from these transactions are consistent with the policies and strategies defined by Group management.

The Group monitors capital using a gearing ratio, which is net debt divided by the aggregate of equity and net debt.

Fair value

The fair values of financial assets and liabilities, together with the carrying amounts presented in the Combined Historical Financial Information, are as follows:

			2022		2021		2020	
Financial instruments	**Note**	**Classification of financial instrument**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables	6	FVTPL	**35,329**	**35,329**	10,866	10,866	4,508	4,508
Derivatives (assets)	8	FVTPL	**3,075**	**3,075**	-	-	1,005	1,005
Derivatives (liabilities)	8	FVTPL	**(43,476)**	**(43,476)**	(30,807)	(30,807)	(23,934)	(23,934)
Promissory Note	25	FVTPL	**(11,238)**	**(11,238)**	(10,466)	(10,466)	(10,000)	(10,000)
Borrowings	14	Amortized cost	**(120,532)**	**(120,532)**	(157,852)	(157,852)	(42,364)	(42,364)
Related party borrowings	15	Amortized cost	**(47,139)**	**(54,308)**	(96,975)	(106,210)	(181,181)	(171,330)

The Group assesses that the fair values of cash and cash equivalents, restricted cash, trade receivable, trade payables and other liabilities due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

22. Financial instruments (Continued)

Classification

The Group considers fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy as at 31 December 2022, 2021 and 2020. The Group's evaluation of the significance of certain information is subjective and may affect the valuation of assets and liabilities at fair value and their measurements in the different levels of the fair value hierarchy.

	Valuation of fair value hierarchy levels as at 31 December 2022		
	Quoted prices in active markets for identical assets (Level 1)	**Other significant unobservable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value			
Trade receivables	**-**	**35,329**	**-**
Derivatives	**-**	**3,075**	**-**
Liabilities measured at fair value			
Derivatives	**-**	**(43,476)**	**-**
Liabilities for which fair values are disclosed			
Borrowings	**-**	**(120,532)**	**-**
Related party borrowings	**-**	**(47,139)**	**-**
Promissory Note	**-**	**(11,238)**	**-**
Total	**-**	**(183,981)**	**-**

	Valuation of fair value hierarchy levels as at 31 December 2021		
	Quoted prices in active markets for identical assets (Level 1)	**Other significant unobservable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value			
Trade receivables	-	10,866	-
Liabilities measured at fair values			
Derivatives	-	(30,807)	-
Liabilities for which fair values are disclosed			
Borrowings	-	(157,852)	-
Related party borrowings	-	(96,975)	-
Promissory Note	-	(10,466)	-
Total	-	(285,234)	-

	Valuation of fair value hierarchy levels as at 31 December 2020		
	Quoted prices in active markets for identical assets (Level 1)	**Other significant unobservable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value			
Trade receivables	-	4,508	-
Derivatives	-	1,005	-
Liabilities measured at fair values			
Derivatives	-	(23,934)	-
Liabilities for which fair values are disclosed			
Borrowings	-	(42,364)	-
Related party borrowings	-	(153,816)	-
Other financing liabilities due to related parties	-	(27,365)	-
Promissory Note	-	(10,000)	-
Total	-	(251,966)	-

22. Financial instruments (Continued)

Classification (Continued)

Changes in liabilities arising from financing activities are as follows:

	31 December 2021	Additions	Repayments	Interest	Foreign exchange	Other	Currency translation adjustment	31 December 2022
Borrowings	(157,852)	**-**	**48,514**	**(9,531)**	**9,801**	**-**	**(11,464)**	**(120,532)**
Related party borrowings	(96,975)	**(10,209)**	**66,495**	**(6,497)**	**7,361**	**-**	**(7,314)**	**(47,139)**
Promissory note	(10,466)	**-**	**-**	**(770)**	**656**	**-**	**(658)**	**(11,238)**
Derivatives	(30,807)	**-**	**20,682**	**-**	**-**	**(28,210)**	**(2,066)**	**(40,401)**
Total	(296,100)	**(10,209)**	**135,691**	**(16,798)**	**17,818**	**(28,210)**	**(21,502)**	**(219,310)**

	31 December 2020	Additions	Repayments	Interest	Foreign exchange	Other	Currency translation adjustment	31 December 2021
Borrowings	(42,364)	(137,845)	24,636	(6,280)	(2,970)	-	6,971	(157,852)
Related party borrowings	(153,806)	(19,291)	80,474	(6,399)	(12,041)	-	14,088	(96,975)
Promissory note	(10,000)	-	-	(464)	(730)	-	728	(10,466)
Other financing liabilities due to related parties	(27,365)	-	-	-	-	27,365	-	-
Derivatives	(22,929)	-	-	-	-	(11,905)	4,027	(30,807)
Total	(256,464)	(157,136)	105,110	(13,143)	(15,741)	15,460	25,814	(296,100)

	31 December 2019	Additions	Repayments	Interest	Foreign exchange	Other	Currency translation adjustment	31 December 2020
Borrowings	(68,588)	(16,321)	6,063	(1,966)	(13,353)	36,297	15,504	(42,364)
Related party borrowings	(68,138)	(87,805)	14,149	(2,261)	(12,584)	(15,933)	18,766	(153,806)
Promissory note	(10,000)	-	-	-	(2,613)	-	2,613	(10,000)
Other financing liabilities due to related parties	(367)	(27,365)	-	-	-	367	-	(27,365)
Derivatives	2,898	-	2,054	-	-	(27,250)	(631)	(22,929)
Total	(144,195)	(131,491)	22,266	(4,227)	(28,550)	(6,519)	36,252	(256,464)

23. Segment information

The Group's assets and operations are located in Bahia and Alagoas, Brazil. For management purposes, the Group is organised into business units based on each location and metals contained in the concentrated ore, and has two reportable operating segments, as follows:

- Santa Rita develops and mines nickel that is sold as nickel concentrate.
- Serrote segment develops and mines copper that is sold as copper concentrate.

Officers of the Group monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment and is considered to be the Group's Chief Operating Decision Maker (CODM). Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Combined Historical Financial Information.

	2022			
	Santa Rita	**Serrote**	**Eliminations (i)**	**Combined**
Revenue from external customers	**329,595**	**148,304**	**-**	**477,899**
Cost of products sold	**(185,686)**	**(86,704)**	**-**	**(272,390)**
Gross profit	**143,909**	**61,600**	**-**	**205,509**
General and administrative expenses	**(50,731)**	**(20,751)**	**-**	**(71,482)**
Other income/(expense), net	**1,143**	**(3,612)**	**-**	**(2,469)**
Operating income	**94,321**	**37,237**	**-**	**131,558**
Net finance income	**4,804**	**833**	**-**	**5,637**
Profit before taxation	**99,125**	**38,070**	**-**	**137,195**
Tax income	**87,469**	**14,486**	**-**	**101,955**
Net profit for the year	**186,594**	**52,556**	**-**	**239,150**
Currency translation adjustments	**11,515**	**1,066**	**-**	**12,581**
Total comprehensive income	**198,109**	**53,622**	**-**	**251,731**
Additions to property, plant and equipment, mineral properties and intangible assets	**97,358**	**9,039**	**-**	**106,397**
Total assets	**608,769**	**283,634**	**(647)**	**891,756**
Total liabilities	**(151,479)**	**(207,388)**	**647**	**(358,220)**

(i) Shared services amounts payable and receivable between related parties.

23. Segment information (Continued)

	2021			
	Santa Rita	**Serrote**	**Elimination**	**Combined**
Revenue from external customers	256,276	19,928	-	276,204
Cost of products sold	(144,818)	(15,943)	-	(160,761)
Gross profit	111,458	3,985	-	115,443
General and administrative expenses	(42,559)	(17,143)		(59,702)
Other expense, net	(2,711)	(2,697)		(5,408)
Operating income	66,188	(15,855)	-	50,333
Net finance expense	(22,434)	(20,702)		(43,136)
Profit/(loss) before taxation	43,754	(36,557)	-	7,197
Tax income	4,495	154		4,649
Net profit/(loss) for the year	48,249	(36,403)	-	11,846
Currency translation adjustments	(12,556)	(3,069)	-	(15,625)
Total comprehensive loss	35,693	(39,472)	-	(3,779)
Additions to property, plant and equipment, mineral properties and intangible assets	34,095	42,647	-	76,742
Total assets	458,534	226,292	(438)	684,388
Total liabilities	(199,351)	(203,668)	438	(402,581)

(i) Shared services amounts payable and receivable between related parties.

23. Segment information (Continued)

	For the year ended December 31,2020			
	Santa Rita	**Serrote**	**Eliminations (i)**	**Combined**
Revenue from external customers	115,604	-	-	115,604
Cost of products sold	(76,506)	-	-	(76,506)
Gross profit	39,098	-	-	39,098
General and administrative expenses	(34,208)	(8,720)	-	(42,928)
Other income, net	8,392	14	-	8,406
Operating income	13,282	(8,706)	-	4,576
Net finance expense	(56,375)	(1,262)	-	(57,637)
Loss before taxation	(43,093)	(9,968)	-	(53,061)
Tax income	5,000	1	-	5,001
Net loss for the year	(38,093)	(9,967)	-	(48,060)
Currency translation adjustments	(109,007)	16,524	-	(92,483)
Total comprehensive loss	(147,100)	6,557	-	(140,543)
Additions to property, plant and equipment, mineral properties and intangible assets	25,140	93,198	-	118,338
Total assets	467,179	178,334	(858)	644,655
Total liabilities	(271,119)	(116,327)	858	(386,588)

(i) Shared services amounts payable and receivable between related parties.

Adjusted EBITDA

For the purposes of the measurement of performance of segment operations the CODM assess "Adjusted EBITDA" which represents profit before taxation, finance income/expense, depreciation and amortisation and the exclusion of the impact of certain items due to their materiality and nature, to aid comparability.

As disclosed in note 8, in November 2019 the Group entered into an offtake agreement with Trafigura that included call options, the last of which expires in July 2023. The adjusted EBITDA presented in the table below excludes the impact of liquidated call options related to the Trafigura offtake agreement as these items have a material impact on revenue and adjusting for them aids comparability across the periods presented.

23. Segment information (Continued)

Adjusted EBITDA (Continued)

It is the Group's view that adjusted EBITDA constitutes useful information, but that this measure should not be considered as substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

	31 December 2022			31 December 2021			31 December 2020		
	Santa Rita	**Serrote**	**Total**	**Santa Rita**	**Serrote**	**Total**	**Santa Rita**	**Serrote**	**Total**
Net profit (loss) for the year	**186,594**	**52,556**	**239,150**	48,249	(36,403)	11,846	(38,093)	(9,967)	(48,060)
Income tax	**(87,469)**	**(14,486)**	**(101,955)**	(4,495)	(154)	(4,649)	(5,000)	(1)	(5,001)
Net finance income (expense)	**(4,804)**	**(833)**	**(5,637)**	22,434	20,702	43,136	56,375	1,262	57,637
Depreciation and amortization	**73,030**	**15,102**	**88,132**	52,967	7,032	59,999	35,399	379	35,778
Impact of liquidated call options	**40,301**	**-**	**40,301**	5,361	-	5,361	-	-	-
Adjusted EBITDA	**207,652**	**52,339**	**259,991**	124,516	(8,823)	115,693	48,681	(8,327)	40,354

Geographic information

The operations of the Group are located in the states of Bahia and Alagoas, Brazil. Revenue from external customers (three customers at Santa Rita and one customer at Serrote) was generated from customers in the locations shown below:

	2022		
	Santa Rita	**Serrote**	**Combined**
Finland	**152,348**	**110,553**	**262,901**
China	**105,950**	**36,670**	**142,620**
Canada	**71,296**	**-**	**71,296**
Poland	**-**	**1,082**	**1,082**
	329,594	**148,305**	**477,899**

	2021		
	Santa Rita	**Serrote**	**Combined**
China	177,637	-	177,637
Finland	78,640	-	78,640
Poland	-	19,927	19,927
	256,277	19,927	276,204

	2020		
	Santa Rita	**Serrote**	**Combined**
China	115,604	-	115,604
	115,604	-	115,604

24. Non-cash transactions

During the years ended 31 December 2022, 2021 and 2020, the Group had non-cash transactions which are not reflected in the combined statements of cash flows. The main non-cash transactions were:

Noncash transactions	2022	2021	2020
Settlement of pre-export prepayment (i)	**-**	-	36,297
Change in decommissioning of assets and environmental restoration and impact to mineral properties arising from capitalization	**(341)**	(727)	5,119
Additions to mineral properties arising from capitalizations	**61,359**	4,440	14,598
Capitalization of interest on borrowings - PP&E	**-**	724	-
Capitalization of interest on borrowings - intangible assets	**-**	3	-
Capitalization of interest on borrowings - mineral properties	**-**	261	-

(i) Refers to a debt repurchase by Appian, through its subsidiary AMH, as a result of which the debt was transferred from Trafigura to AMH.

25. Promissory Note

The Group has a US$10,000 of vendor financing liability in connection with the acquisition of MVV. Under the terms of the transaction, the liability only accrued interest from February 2021.

Promissory note	Effective interest rate	Maturity	2022	2021	2020
Clearwater Holdings Fund LLC	LIBOR + 5.0% (p.a.)	2028	**(11,238)**	(10,466)	(10,000)
Total Promissory note			**(11,238)**	(10,466)	(10,000)
Current			**-**	-	-
Non-current			**(11,238)**	(10,466)	(10,000)

26. Commitments and contingencies

The Group has a commitment of US$62,500 less any Royalty payments made by the grantor and received by the Royalty holder as termination amount relating to the Royalty Agreement between AMH (Jersey) Limited (the “Grantor”), Appian Natural Resources Fund II LP and Appian Natural Resources (UST) Fund II LP (the “Royalty Holder”), both of which are related parties. Pursuant to this agreement, ATN will be jointly and severally liable for the payment of royalties owed by the Grantor to the Royalty Holder in any event of default. No liability has been recognized to date.

27. Subsequent events

a) Derivative financial instrument

In January 2023, the Group entered into new derivative financial instruments. These derivatives are Commodity Swap Transaction (cash settlement) for copper prices, priced on the London Metal Exchange ("LME").

Altogether, the swap covers 6,066 thousand tonnes of copper, with maturities starting in March 2023 and ending in February 2024. The fixed price is US$9,200.00 per Metric Tonne. The Group elected not to apply hedge accounting.

b) Sale and purchase of shares agreement

On 12 June 2023, funds advised by Appian Capital Advisory LLP agreed the sale to ACG Acquisition Company Limited of (i) 100% interest in Mirabela, which holds a 100% interest in Atlantic Nickel, (ii) a 100% interest in Serrote, which holds a 100% interest in MVV, and together with Mirabela, Atlantic Nickel and Serrote, the "Group"), on a cash and debt-free basis for an enterprise value of $1.0 billion plus $65 million associated with Appian's contemplated gold royalty on MVV, for a total enterprise value of $1.065 billion, which is subject to a $100 million enterprise value to equity value bridge. The Transaction is expected to close in the third quarter of 2023 and is subject to the customary shareholder consents and conditions precedent.

ACG is a company with a vision to consolidate the critical metals industry. On 12 October 2022, ACG successfully raised proceeds of approximately US$125 million in its initial public offering, and listed on the London Stock Exchange (symbols: ACG and ACGW).

SECTION C

The unaudited interim condensed financial statements of the Mining Entities for the three months ended 31 March 2023

Unaudited Interim Condensed Combined Financial Information

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

For the three-month period ended 31 March 2023

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Interim condensed combined statements of financial position
For the three-month periods ended 31 March 2023 and 31 December 2022
(In thousands of US$)

	Notes	31 March 2023	31 December 2022
Assets		(unaudited)	
Current assets			
Cash and cash equivalents	3	**47,071**	31,992
Short-term investments	4	**11,247**	10,596
Trade receivables		**15,599**	35,329
Inventories		**97,297**	87,597
Recoverable taxes		**19,692**	19,199
Derivative financial asset	5	**32,918**	3,075
Other assets		**4,050**	3,852
Total current assets		**227,874**	191,640
Non-current assets			
Deferred taxes	6	**74,341**	98,041
Recoverable taxes		**9,043**	9,170
Property, plant and equipment	7	**205,772**	201,640
Mineral properties	8	**407,751**	388,596
Intangible assets		**1,462**	1,523
Other assets		**900**	1,146
Total non-current assets		**699,269**	700,116
Total assets		**927,143**	891,756
Liabilities			
Current liabilities			
Trade payables		**36,819**	46,677
Labour and social obligations		**4,237**	8,048
Borrowings		**31,279**	37,595
Taxes payable		**6,403**	10,120
Royalties payable		**4,045**	5,029
Derivatives	5	**13,122**	43,476
Other liabilities		**779**	723
Total current liabilities		**96,684**	151,668
Non-current liabilities			
Borrowings		**82,254**	82,937
Accounts payable to related parties	9	**48,339**	47,139
Deferred taxes	6	**42,047**	42,836
Promissory note		**11,512**	11,238
Provisions		**22,684**	22,016
Other liabilities		**277**	386
Total non-current liabilities		**207,113**	206,552
Total liabilities		**303,797**	358,220
Net parent investment		**623,346**	533,536

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Interim condensed combined statements of profit or loss and other comprehensive income
For the three-month periods ended 31 March 2023 and 2022
(In thousands of US$)

	Notes	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Revenue	10	**126,750**	102,776
Cost of products sold	11	**(63,500)**	(43,601)
Gross profit		**63,250**	59,175
General and administrative expenses	11	**(17,747)**	(14,427)
Other (expenses) income, net	11	**1,972**	1,356
Operating income		**47,475**	46,104
Net finance income (expense)	12	**60,116**	(45,142)
Profit (loss) before taxation		**107,591**	962
Tax income (expense)	6	**(25,486)**	772
Net profit (loss) for the financial year		**82,105**	1,734
Currency translation adjustment		**16,103**	39,477
Total comprehensive income (loss)		**98,208**	41,211

The accompanying notes are an integral part of the interim condensed combined financial information.

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Interim condensed combined statements of changes in net parent investment
For the three-month periods ended 31 March 2023 and 2022
(In thousands of US$)

	2023 (unaudited)	2022 (unaudited)
Balance as of 1 January	**533,536**	281,805
Contributions to parent	**(8,398)**	-
Income (loss) for the year	**82,105**	1,734
Other comprehensive income	**16,103**	39,477
Balance as of 31 March	**623,346**	323,016

The accompanying notes are an integral part of the interim condensed combined financial information.

Atlantic Nickel Mineração do Brasil Ltda., Mineração Vale Verde Ltda., Mirabela Participações S.A. and Serrote Participações S.A.

Interim condensed combined statements of cash flows
For the three-month periods ended 31 March 2023 and 2022
(In thousands of US$)

	Notes	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Operating activities			
Income/(loss) before tax (expense) income		**107,591**	962
Adjustments to reconcile income/(loss) for the financial year			
Net foreign exchange	12	**(3,412)**	(30,668)
Interest expense	12	**4,737**	3,515
Net change in fair value of derivatives	5	**(62,432)**	71,842
Depreciation and amortization	11	**23,028**	18,875
Environmental and legal proceedings provisions		**71**	(21)
Net loss/(gain) on disposal of property, plant and equipment		**337**	550
Impairment/(reversal of impairment) of VAT credit	11	**(1,231)**	212
Changes in assets and liabilities			
Trade receivables		**19,282**	(55,417)
Inventories		**(7,685)**	(20,260)
Recoverable taxes - ST		**1,487**	(941)
Other assets		**(121)**	(1,520)
Trade payables		**(10,354)**	3,573
Taxes payable		**(3,804)**	219
Other liabilities		**(5,104)**	7,058
Net cash flows from operations		**62,390**	(2,021)
Investing activities			
Acquisition of property, plant and equipment	7	**(3,590)**	(1,782)
Acquisition of intangible assets		**(20)**	(25)
Acquisition of mineral properties	8	**(26,622)**	(12,181)
(Investment in)/receipts from short-term investments		**(401)**	(5,053)
Net cash flows used in investing activities		**(30,633)**	(19,041)
Financing activities			
Contributions from (to) parent		**(8,398)**	-
Proceeds from related party borrowings	9	**-**	10,083
Repayment of related party borrowings	9	**(228)**	(4,050)
Repayment of third-party borrowings		**(9,880)**	(25,062)
Net cash (outflow)/inflow from derivatives	5	**2,510**	376
Net cash flows from/(used in) financing activities		**(15,996)**	(18,653)
Net (decrease)/increase in cash and cash equivalents		**15,761**	(39,715)
Cash and cash equivalents at the beginning of the period		**31,992**	57,660
Effect of exchange rate changes on cash and cash equivalents		**(682)**	(4,396)
Cash and cash equivalents at the end of the period		**47,071**	13,549

The accompanying notes are an integral part of the interim condensed combined financial information.

1. Corporate information

The Interim condensed combined financial information consists of Interim Condensed Combined Statements of Financial Position, Interim Condensed Combined Statement of Profit or Loss and Other Comprehensive Income, Interim Condensed Combined Statements of Cash Flows, Interim Condensed Combined Statements of Changes in Net Parent Investment and Notes to the Interim Condensed Combined Financial Information in respect to Mirabela Participações S.A. ("Mirabela"), Atlantic Nickel Mineração do Brasil Ltda, ("ATN"), Serrote Participações S.A. ("Serrote") and Mineração Vale Verde Ltda. ("MVV") (collectively, "the Mining Entities" or the "Group") for the three month period ended 31 March 2023 (collectively referred to hereafter as "Interim condensed combined financial information").

Definition of the Group' business

The Mining Entities primarily consists of two mining operations in Brazil, ATN and MVV. Mirabela holds a 100% interest in ATN and Serrote holds a 100% interest in MVV. All companies are under common control during the three years as presented in the interim condensed combined financial information, being the common control parent ANRH Coöperatief U.A., a Company managed by the Board of Appian Capital Advisory LLP ("Appian").

Common control

The Group will be part of an acquisition, whereby 100% of the issued share capital of Mirabela, Serrote, ATN and MVV will be acquired by ACG.

Mineração Vale Verde Ltda. (MVV)

MVV holds a 100% interest in the Serrote Project, a copper-gold mining project located in the municipality of Craíbas, Alagoas, with an Installation License issued by the Institute of Environment of the State Alagoas. MVV made its first shipment of metal concentrate in November 2021.

Atlantic Nickel Mineração Ltda. (ATN)

ATN's main project is the Santa Rita nickel sulphide mining operation located in the municipality of Itagibá (360 kilometres southwest of Salvador and six kilometres from the city of Ipiaú), State of Bahia. Santa Rita production is current from an open pit, with future potential for underground mining.

ATN also has a portfolio of nickel and other base metals in Brazil. ATN was previously under care and maintenance, however production resumed in 2019 with metal concentrate shipments restarting in in February 2020.

2. Basis of preparation

The Interim condensed combined financial information for the three-month period ended 31 March 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim condensed combined financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual combined historical financial information as at 31 December 2022.

The Combined Historical Financial Information has been prepared solely for the purpose of the Group's proposed acquisition by ACG Acquisition Company Limited ("ACG" or the "Company") and the inclusion of such Combined Historical Financial Information in the Prospectus of ACG in connection with placement of Class A Ordinary Shares and Re-Admission of Class A Ordinary Shares and Warrants to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities (the "Transaction").

The Group's Combined Historical Financial Information represents the combined financial position, combined financial performance and combined cash flows for the period ended 31 March 2023. The financial information with respect to the Group is derived from the individual legal entities that comprise the Group, all of which were under common control for each period presented. The Interim condensed combined financial information has been prepared from the accounting records of Mirabela, ATN, Serrote and MVV and reflects the combined cash flows, revenues, expenses, assets, and liabilities of the individual legal entities. There was no change in control or ownership interest during the period ended 31 March 2023. All transactions and balances between the individual legal entities within the Group have been eliminated on combination, in accordance with the principles of IFRS 10 *Consolidated Financial Statements*.

Given there is no group tax consolidation in the country where the entities forming the group operates, each entity is assessed as a stand-alone taxpayer and thus the income tax balances (current and deferred) are presented on an entity-by-entity basis.

Because the separate legal entities that comprise the Group were not and are not held by a single legal entity, net parent investment is shown in lieu of shareholders' equity in the Interim condensed combined financial information.

Net parent investment represents the cumulative net investment by the common control shareholder during the periods presented. The impact of transactions between the Group and the common control shareholder that were not historically settled in cash, including certain intercompany borrowings, are also included in net parent investment.

2. Basis of preparation (Continued)

As the Group did not operate as a stand-alone Group in the past, the Interim condensed combined financial information may not be indicative of the Group's future performance and does not necessarily reflect what the combined results of operations, financial position and cash flows would have been had the Group operated as a separate Group during the periods presented.

The accounting policies and measurement principles have been applied in preparing the Interim condensed combined financial information that reflect the operational businesses of the Mining Entities most appropriately and have been consistently applied for the period.

The accounting policies adopted in the preparation of the Interim condensed combined financial information are consistent with those followed in the preparation of the Group's annual combined historical financial information for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the Interim condensed combined financial information of the Group.

The Interim condensed combined financial information of the Mining Entities as of and for the three-month period ended 31 March 2023 was authorized for issue in accordance with a resolution of the directors of ACG Acquisition Company Limited on 30 June 2023.

Going concern

The Interim condensed combined financial information has been prepared on the going concern basis, which contemplates the continuity of business activity and the realisation of assets and the settlement of liabilities in the normal course of business, taking into account assessment made by the Directors of ACG.

After making appropriate enquiries, the Directors of ACG have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Interim condensed combined financial information. For these reasons the Directors of ACG continue to adopt the going concern basis in preparing the Group's Interim condensed combined financial information.

The cash flow projections are the sole responsibility of the Directors based upon their present plans, expectations and intentions. In this context, the Directors have prepared and considered cash flow projections for the Group for a period extending one year from the date of approval of this Interim condensed combined financial information.

2. Basis of preparation (Continued)

Going concern (Continued)

Based on these cash flows, the Directors are satisfied that the Group is able to meet its liabilities as and when they fall due for the foreseeable future and for a minimum period of twelve months from the date of approval of this Interim condensed combined financial information.

Functional and presentation currency

The Interim condensed combined financial information of the Group is measured using the currency of the primary economic environment in which the entities and their subsidiaries operate ("functional currency"), which is the Brazilian real ("R$"). For presentation purposes, this Interim condensed combined financial information is presented in United States dollar ("US$").

3. Cash and cash equivalents

Cash and cash equivalents balances as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023 (unaudited)	31 December 2022
Cash and bank deposits	**14,233**	1,229
Cash equivalents in R$	**-**	7,884
Cash equivalents in US$	**32,838**	22,879
Total cash and cash equivalents	**47,071**	31,992

4. Short-term investments

Short-term investments balances as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023 (unaudited)	31 December 2022
Restricted cash in R$	**11,247**	10,596
Total Short-term investments	**11,247**	10,596

5. Derivatives

Movements in derivatives for the three-month periods ended in 31 March 2023 and 2022 are as follows:

	Nickel options	Nickel and Copper NDF	FX NDF	Copper SWAP (i)	Total
Balance as of 31 December 2022	(39,057)	(2,635)	1,291	-	(40,401)
Cash effect of operations with derivatives	**-**	**(1,401)**	**(944)**	**(165)**	**(2,510)**
Impact of liquidated call options	**8,896**	**-**	**-**	**-**	**8,896**
Change in the fair value (ii)	**17,492**	**32,849**	**1,853**	**1,342**	**53,536**
Translation adjustments	**(453)**	**646**	**56**	**26**	**275**
Balance as of 31 March 2023 (unaudited)	**(13,122)**	**29,459**	**2,256**	**1,203**	**19,796**

	Nickel options	Nickel and copper NDF	FX NDF	Copper SWAP (i)	Total
Balance as of 31 December 2021	(29,997)	-	(810)	-	(30,807)
Cash effect of operations with derivatives	-	-	(376)	-	(376)
Impact of liquidated call options	4,789	-	-	-	4,789
Change in the fair value (ii)	(62,817)	(17,019)	3,205	-	(76,631)
Translation adjustments	(11,364)	(1,768)	150	-	(12,982)
Balance as of 31 March 2022 (unaudited)	(99,389)	(18,787)	2,169	-	(116,007)

(i) The group entered in a new derivative contract in the first quarter of 2023. Details are disclosed on the subsequent events note in the annual combined historical financial information.

(ii) The US$53,536 change in the fair value of the derivatives for the three months ended 31 March 2023 ((US$76,631) for the three months ended 31 March 2022) was primarily driven by the change in nickel price on the London Metal Exchange ("LME") during the period. At the beginning of the period, as of 1 January 2023, the nickel price on LME was US$30,400 (US$20,900/t as of 1 January 2022), and at the end of the period, as of 31 March 2023 the nickel price on LME was US$23,100 (US$33,375/t as of 31 March 2022).

Derivative balances as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
	(unaudited)	
Current assets	**32,918**	3,075
Current liabilities	**(13,122)**	(43,476)
Net derivative asset (liability)	**19,796**	(40,401)

6. Income taxes

Deferred tax balances as of 31 March 2023 and 2022 are as follows:

	31 March 2023	31 December 2022
	(unaudited)	
Accumulated tax losses (i)	**80,304**	80,815
Unrealized foreign exchange loss (ii)	**(9,384)**	(7,820)
Property, plant and equipment and mineral properties ("fixed assets") (iii)	**(42,048)**	(42,836)
Derivatives	**(6,731)**	13,736
Other temporary differences	**10,153**	11,310
Total deferred tax assets and liabilities	**32,294**	55,205
Long term assets (iv)	**74,341**	98,041
Long term liabilities (iv)	**(42,047)**	(42,836)

(i) In accordance with tax legislation in Brazil the tax losses do not expire.

(ii) The unrealized foreign exchange losses are driven by related party, intercompany and third-party borrowings, which are deducted for tax purposes upon settlement.

(iii) Deferred tax liability as result of fair value measurement at business combination.

(iv) The Group offsets deferred income tax assets and deferred levied by the same taxation authority on an entity-by-entity bases.

A reconciliation between tax expense and accounting profit multiplied by the nominal tax rate for the three-month periods ended 31 March 2023 and 2022 is shown below:

	31 March, 2023	31 March, 2022
	(unaudited)	(unaudited)
Income/(loss) before tax (expense) income	**107,591**	962
Combined Brazilian statutory tax expense rate - %	**34%**	34%
Tax (expense) income at statutory rates	**(36,581)**	(327)
Reconciliation adjustments:		
Tax benefit from Sudene	**4,518**	4,138
Recognized/(unrecognized) deferred tax assets (i)	**7,441**	(5,325)
Offset tax losses	**-**	2,413
Excess capitalization of intergroup borrowing interest	**(226)**	(397)
Permanent adjustments	**(638)**	270
Tax income / (expense)	**(25,486)**	772
Effective rate	**-24%**	80%
Current tax expense	**(36,739)**	(1,490)
Deferred tax income	**11,253**	2,262

(i) On 31 March 2022, the Group had unrecognized deferred taxes assets on carried-forward corporation tax losses and temporary differences, which have been recognized as of 31 March 2023.

7. Property, plant and equipment

Movements in property, plant and equipment for the three-month periods ended in 31 March 2023 and 2022 are as follows:

	Lands	Buildings	Machinery and equipment	Facilities	AUC (i)	Other (ii)	Total
Net book value as of 1 January, 2023	**19,681**	**42,725**	**82,195**	**46,551**	**279**	**10,209**	**201,640**
Additions	**1,189**	**192**	**708**	**620**	**58**	**823**	**3,590**
Disposals	**-**	**-**	**-**	**(5)**	**(244)**	**(88)**	**(337)**
Depreciation	**-**	**(1,257)**	**(2,011)**	**(896)**	**-**	**(380)**	**(4,544)**
Currency translation adjustment	**564**	**(294)**	**2,247**	**2,947**	**2**	**(43)**	**5,423**
Net book value as of 31 March 2023 (unaudited)	**21,434**	**41,366**	**83,139**	**49,217**	**95**	**10,521**	**205,772**

	Lands	Buildings	Machinery and equipment	Facilities	AUC (i)	Other (ii)	Total
Net book value as of 1 January, 2022	18,228	43,257	80,226	39,360	4,935	9,811	195,817
Additions	-	246	787	493	40	216	1,782
Disposals	-	-	-	-	(549)	(1)	(550)
Transfers	-	376	19	4,208	(4,682)	79	-
Depreciation	-	(1,230)	(1,938)	(804)	-	(868)	(4,840)
Currency translation adjustment	3,243	6,658	14,164	8,804	290	1,251	34,410
Net book value as of 31 March 2022 (unaudited)	21,471	49,307	93,258	52,061	34	10,488	226,619

(i) Assets under construction: assets that are in the assembly phase, not depreciable.

(ii) Other: comprise vehicles, leasehold improvements, IT equipment, furniture and components for vehicles and machines.

8. Mineral properties

Movements in mineral properties for the three-month periods ended 31 March 2023 and 2022 are as follows:

	Mine in production	Mineral rights	Others	Total
Net book value as of 1 January, 2023	**258,870**	**107,512**	**22,214**	**388,596**
Additions	**24,473**	**-**	**2,149**	**26,622**
Amortization	**(12,520)**	**(5,519)**	**(123)**	**(18,162)**
Currency translation adjustment	**7,224**	**2,824**	**647**	**10,695**
Net book value as of 31 March 2023 (unaudited)	**278,047**	**104,817**	**24,887**	**407,751**

	Mine in production	Mineral rights	Others	Total
Net book value as of 1 January, 2022	208,951	122,619	8,293	339,863
Additions	11,468	-	713	12,181
Amortization	(8,322)	(5,395)	(154)	(13,871)
Currency translation adjustment	37,491	21,250	1,534	60,275
Net book value as of 31 March 2022 (unaudited)	249,588	138,474	10,386	398,448

No indicators of impairment or reversal of impairment were identified in the CGUs.

9. Related parties

Related party transactions include borrowing agreements and other liabilities, as shown below:

	31 March 2023	31 December 2022
	(unaudited)	
Borrowings - ANRH Coöperatief UA	**(11,197)**	(11,197)
Borrowings - AMH 2 (Jersey) Limited	**(37,142)**	(35,942)
Total liabilities	**(48,339)**	(47,139)

Proceeds from related parties in the first quarter of 2023 were nil (US$10,083 in the first quarter of 2022), and payments were US$228 in the first quarter of 2023 (US$4,050 in the first quarter of 2022).

There were no significant changes to terms, maturities and nature of related parties' transactions during the three-month period ended 31 March 2023, when compared to the 31 December 2022.

10. Revenue

Net revenue from contracts with customers for the three-month periods ended in 31 March 2023 and 31 March 2022 are as follows:

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Revenue from sale of Nickel	**90,372**	68,332
Revenue from sale of Copper	**54,789**	24,976
Revenue from sale of Gold	**4,979**	1,557
Revenue from sale of Cobalt	**777**	2,048
Revenue from sale of Platinum	**1,253**	843
Revenue from sale of Palladium	**888**	1,187
Unrealized price adjustments	**(8,407)**	14,043
Less: cost of treatment and refinement deductible on sales (i)	**(17,901)**	(10,210)
Net revenue from contracts with customers	**126,750**	102,776

(i) This refers to the deductions from revenue in the invoices issued to customers in accordance with the contract, providing for changes in the amounts billed and subsequently received. The cost of treatment and refinement comprises a common formula in transactions involving ore concentrates, in which there is a deduction in the invoice amounts, given that the product sold is not the metal in its total purity.

Geographic information

The operations of the Group are located in the states of Bahia and Alagoas, Brazil. Revenue from external customers (three customers at Santa Rita and one customer at Serrote) was generated from customers in the locations shown below:

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Finland	**56,159**	40,440
Canada	**46,068**	19,493
China	**24,523**	40,475
Poland	**-**	2,368
Net revenue by geographic location	**126,750**	102,776

11. Costs and expenses by nature

Costs, general and administrative expenses, tax expenses and other operating expenses, presented in the Company's statement of profit or loss, are classified according to their nature.

For the three-month periods ended in 31 March 2023 and 31 March 2022, they are as follows:

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Mine operations services	**(18,202)**	(13,847)
Depreciation and amortization	**(23,028)**	(18,875)
Raw materials, consumables, repairs and maintenance	**(16,626)**	(17,763)
Employment costs	**(5,325)**	(5,616)
Royalties	**(6,089)**	(4,037)
Shipping and other freight costs	**(6,078)**	(5,510)
External services	**(6,987)**	(2,550)
(Impairment) reversal of VAT tax credits (i)	**1,231**	(212)
Decrease in finished goods and work in progress	**1,961**	10,960
Other	**(132)**	778
Total costs and expenses	**(79,275)**	(56,672)
Cost of products sold	**(63,500)**	(43,601)
General and administrative expenses	**(17,747)**	(14,427)
Other income (expenses), net	**1,972**	1,356
Total costs and expenses	**(79,275)**	(56,672)

(i) During the first quarter of 2023 the Group has obtained approval from the Bahia State tax authorities for the offset of US$2,158 ICMS tax credits against ICMS tax liabilities.

12. Net finance income (expense)

Financial result, net mainly refers to expenses arising from loans and financing (with related companies and financial institutions), in addition to foreign exchange variations on their contracts in currencies other than the R$.

12. Net finance income (expense) (Continued)

Net finance income (expenses) for the three-month periods ended in 31 March 2023 and 31 March 2022 are as follows:

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Short-term investments	**401**	53
Change in fair value of derivative instruments	**62,431**	-
Other	**154**	177
Finance income	**62,986**	230
Change in fair value of derivative instruments	**-**	(71,842)
Bank expenses	**(506)**	(594)
Interest expenses	**(4,737)**	(3,515)
Other	**(1,039)**	(89)
Finance expenses	**(6,282)**	(76,040)
Net foreign exchange gains (losses)	**3,412**	30,668
Net finance (expenses) income	**60,116**	(45,142)

13. Financial instruments

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk; and
- Interest rate risk.

The details of each risk assessed are disclosed on the Combined Historical Financial Information of 31 December 2022. There were no significant changes in the risks the Group is exposed to, the associated mitigations, or to the financial instruments used as part of the risk mitigations between 31 December 2022 and 31 March 2023. Moreover, there has been no reclassification or changes in levels of fair value hierarchy from 31 December 2022.

13. Financial instruments (Continued)

The fair values of financial assets and liabilities, together with the carrying amounts presented in the interim condensed combined historical financial Information, are as follows:

			31 March 2023 (unaudited)		31 December 2022	
Financial instruments	**Note**	**Classification of financial instrument**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables		FVTPL	**15,599**	**15,599**	35,329	35,329
Derivatives (assets)	5	FVTPL	**32,918**	**32,918**	3,075	3,075
Derivatives (liabilities)	5	FVTPL	**(13,122)**	**(13,122)**	(43,476)	(43,476)
Promissory Note		FVTPL	**(11,512)**	**(11,512)**	(11,238)	(11,238)
Borrowings		Amortized cost	**(113,533)**	**(113,533)**	(120,532)	(120,532)
Related party borrowings	9	Amortized cost	**(48,339)**	**(55,614)**	(47,139)	(54,308)

The Group assesses that the fair values of cash and cash equivalents, restricted cash, trade receivable, trade payables and other liabilities due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group is subject to market risk, specially on commodity price. An impact of a 10% increase or decrease in nickel and copper prices is shown below:

	Nickel	**Copper**
Change in metal price (in percentage)	**+/- 10.0%**	**+/- 10.0%**
Quarterly change in gross margin	**1,355**	**674**

14. Segment information

The Group's assets and operations are located in Bahia and Alagoas, Brazil. For management purposes, the Group is organised into business units based on each location and metals contained in the concentrated ore, and has two reportable operating segments, as follows:

- Santa Rita develops and mines nickel that is sold as nickel concentrate.
- Serrote segment develops and mines copper that is sold as copper concentrate.

Officers of the Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment and is considered to be the Group's Chief Operating Decision Maker (CODM).

14. Segment information (Continued)

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Interim condensed combined financial information.

	31 March 2023 (unaudited)			31 March 2022 (unaudited)		
	Santa Rita	**Serrote**	**Total**	**Santa Rita**	**Serrote**	**Total**
Revenue	**76,268**	**50,482**	**126,750**	79,802	22,974	102,776
Cost of products sold	**(44,369)**	**(19,131)**	**(63,500)**	(30,487)	(13,114)	(43,601)
Gross profit	**31,899**	**31,351**	**63,250**	49,315	9,860	59,175
General and administrative expenses	**(11,489)**	**(6,258)**	**(17,747)**	(10,716)	(3,711)	(14,427)
Other (expenses) income, net	**2,611**	**(639)**	**1,972**	1,823	(467)	1,356
Operating income	**23,021**	**24,454**	**47,475**	40,422	5,682	46,104
Net finance income (expense)	**57,334**	**2,782**	**60,116**	(73,708)	28,566	(45,142)
Profit (loss) before taxation	**80,355**	**27,236**	**107,591**	(33,286)	34,248	962
Tax income (expense)	**(19,826)**	**(5,660)**	**(25,486)**	784	(12)	772
Net profit (loss) for the financial year	**60,529**	**21,576**	**82,105**	(32,502)	34,236	1,734
Currency translation adjustment	**13,548**	**2,555**	**16,103**	31,897	7,580	39,477
Total comprehensive income (loss)	**74,077**	**24,131**	**98,208**	(605)	41,816	41,211
Additions to Property, plant and equipment, Mineral properties and Intangible assets	**23,698**	**6,534**	**30,232**	10,902	3,086	13,988

	Santa Rita	**Serrote**	**Eliminations (i)**	**31 March 2023**
Total assets (unaudited)	**625,866**	**301,771**	**(494)**	**927,143**
Total liabilities (unaudited)	**102,897**	**201,394**	**(494)**	**303,797**

	Santa Rita	**Serrote**	**Eliminations (i)**	**31 December 2022**
Total assets	608,769	283,634	(647)	891,756
Total liabilities	151,479	207,388	(647)	358,220

(i) Shared services accounts payable and receivable between related parties.

14. Segment information (Continued)

Adjusted EBITDA

For the purposes of the measurement of performance of segment operations the CODM assess "Adjusted EBITDA" which represents profit before taxation, finance income/expense, depreciation and amortisation and exclusion of the impact of certain items due to their materiality and nature to aid comparability.

As disclosed in note 5, in November 2019 the Group entered into an offtake agreement with Trafigura that included call options, the last of which expires in July 2023. The adjusted EBITDA presented in the table below excludes the impact of liquidated call options related to the Trafigura offtake agreement as these items have a material impact on revenue and adjusting for them aids comparability across the periods presented.

It is the Group's view that adjusted EBITDA provide useful information, but that these measures should not be considered as substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

	31 March 2023 (unaudited)			**31 March 2022 (unaudited)**		
	Santa Rita	**Serrote**	**Total**	**Santa Rita**	**Serrote**	**Total**
Net profit (loss) for the year	**60,529**	**21,576**	**82,105**	(32,502)	34,236	1,734
Income tax	**19,826**	**5,660**	**25,486**	(784)	12	(772)
Net finance income (expense)	**(57,334)**	**(2,782)**	**(60,116)**	73,708	(28,566)	45,142
Depreciation and amortization	**19,321**	**3,707**	**23,028**	15,469	3,406	18,875
Impact of liquidated call options	**8,896**	**-**	**8,896**	4,789	-	4,789
Adjusted EBITDA	**51,238**	**28,161**	**79,399**	60,680	9,088	69,768

15. Subsequent events

On 12 June 2023, funds advised by Appian Capital Advisory LLP agreed the sale to ACG Acquisition Company Limited of (i) 100% interest in Mirabela, which holds a 100% interest in Atlantic Nickel, (ii) a 100% interest in Serrote, which holds a 100% interest in MVV, and together with Mirabela, Atlantic Nickel and Serrote, the “Group”), on a cash- and debt-free basis for an enterprise value of $1.0 billion plus $65 million associated with Appian’s contemplated gold royalty on MVV, for a total enterprise value of $1.065 billion, which is subject to a $100 million enterprise value to equity value bridge. The Transaction is expected to close in the third quarter of 2023 and is subject to the customary shareholder consents and conditions precedent.

ACG is a company with a vision to consolidate the critical metals industry. On 12 October 2022, ACG successfully raised proceeds of approximately US$125 million in its initial public offering, and listed on the London Stock Exchange (symbols: ACG and ACGW).

APPENDIX III - HISTORICAL FINANCIAL INFORMATION OF AMH (JERSEY) LIMITED

SECTION A

Report of the auditors of AMH (Jersey) Limited for the years ended 31 December 2022 and 2021

SECTION B

The audited financial statements of AMH (Jersey) Limited as at and for the year ended 31 December 2022

AMH (Jersey) Limited
Audited financial statements for the year ended 31 December 2022

REGISTRATION NUMBER 126865

Ernst & Young LLP
EY Tower
100 Adelaide Street West, PO Box 1
Toronto, ON M5H 0B3

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Directors of AMH (Jersey) Limited,

Opinion

We have audited the financial statements of AMH (Jersey) Limited (the "Company"), which comprise the statement of financial position as at December 31, 2022 and December 31, 2021, and the statement of income/(loss) and comprehensive income/(loss), statement of changes in deficit and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Restriction on use

Our independent auditor's report is required by Annex 1 item 18.3.1 of the UK version of the Commission delegated regulation (EU) No 2019/980 supplementing Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Therefore, our auditor's report should not be used for another purpose. Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the prospectus.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Declaration
For the purposes of Prospectus Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and this report contains no omission likely to affect its import. This declaration is Delegated Regulation (EU) 2019/980 supplementing the UK version of Regulation (EU) 2017/1129.included in the prospectus in compliance with item 1.2 of Annex 1 of the UK version of Commission

June 30, 2023

Ernst & Young LLP

AMH (JERSEY) LIMITED
Audited Financial Statements for the year ended 31 December 2022

Statement of Financial Position
As at 31 December

	Notes	**2022**	2021
		US$	US$
ASSETS			
Current Assets			
Cash		**110,892**	133,601
Loans receivable	5	**23,024,527**	40,203,933
Trade and other receivables	6	**-**	46,917
		23,135,419	40,384,451
TOTAL ASSETS		**23,135,419**	40,384,451
LIABILITIES			
Current Liabilities			
Trade and other payables	7	**3,486,719**	3,875,021
Shareholders' loan payables	9	**-**	46,178,158
		3,486,719	50,053,179
TOTAL LIABILITIES		**3,486,719**	50,053,179
EQUITY/(DEFICIENCY)			
Stated capital	10	**1,000**	1,000
Retained earnings/(deficit)		**19,647,700**	(9,669,728)
TOTAL EQUITY/(DEFICIENCY)		**19,648,700**	(9,668,728)
TOTAL EQUITY AND LIABILITIES		**23,135,419**	40,384,451

The accompanying notes on pages 9 to 15 are an integral part of these audited Financial Statements.

AMH (JERSEY) LIMITED
Audited Financial Statements for the year ended 31 December 2022

Statement of Income/(Loss) and Comprehensive Income/(Loss)
For the years ended 31 December

	Notes	**2022**	2021
		US$	US$
Other income			
Impairment gain	5	**55,504,976**	-
Interest income		**-**	1,686,869
Total other income		**55,504,976**	1,686,869
Expenses			
Operating expenses	8	**(8,103,073)**	(1,926,804)
Royalty expense		**(7,814,618)**	(7,373,053)
Gain/(loss) on foreign exchange		**8,340**	(4,900)
Total expenses		**(15,909,351)**	(9,304,757)
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**39,595,625**	(7,617,888)

The accompanying notes on pages 9 to 15 are an integral part of these audited Financial Statements.

AMH (JERSEY) LIMITED
Audited Financial Statements for the year ended 31 December 2022

Statement of Changes in Equity

	Stated capital	Retained earnings/ (deficit)	Total equity/ (deficiency)
	US$	US$	US$
Balance at 1 January 2021	1,000	(2,051,840)	(2,050,840)
Comprehensive loss for the year	-	(7,617,888)	(7,617,888)
Balance at 31 December 2021	1,000	(9,669,728)	(9,668,728)
Balance at 1 January 2022	**1,000**	**(9,669,728)**	**(9,668,728)**
Comprehensive income for the year	**-**	**39,595,625**	**39,595,625**
Dividend paid	**-**	**(10,278,197)**	**(10,278,197)**
Balance at 31 December 2022	**1,000**	**19,647,700**	**19,648,700**

The accompanying notes on pages 9 to 15 are an integral part of these audited Financial Statements.

Statement of Cash Flows

For the years ended 31 December

	2022	2021
	US$	US$
Cash flows from operating activities		
Net income/(loss) for the year	**39,595,625**	(7,617,888)
Interest income on loans receivable	**-**	(1,686,869)
Impairment gain	**(55,504,976)**	-
Changes in working capital:		
Increase/(decrease) in trade and other receivables	**46,917**	(29,339)
(Decrease)/increase in trade and other payables	**(388,302)**	2,811,634
Net cash used in operating activities	**(16,250,736)**	(6,522,462)
Cash flows from investing activities		
Receipt of loans receivable	**72,684,382**	15,702,040
Interest received	**-**	1,686,869
Net cash generated from investing activities	**72,684,382**	17,388,909
Cash flows from financing activities		
Shareholders' loan repayment	**(46,178,158)**	(10,742,144)
Dividends paid	**(10,278,197)**	-
Net cash used in financing activities	**(56,456,355)**	(10,742,144)
Net (decrease)/increase in cash	**(22,709)**	124,303
Cash at the beginning of the year	**133,601**	9,298
Cash at the end of the year	**110,892**	133,601

The accompanying notes on pages 9 to 15 are an integral part of these audited Financial Statements.

Notes to the Audited Financial Statements

1 General information

AMH (Jersey) Limited (the "Company") was incorporated on 16 July 2018 as a private company under the Companies (Jersey) Law 1991, as amended, with registration number 126865. The principal activity of the Company is to provide loans to Atlantic Nickel, an operating open-pit nickel sulphide mine, located in the north-eastern Brazilian state of Bahia. Atlantic Nickel is a related party. The principal place of business is at 47 Esplanade, St Helier, Jersey, JE1 0BD.

The immediate and ultimate parent of the Company consists of Appian Natural Resources Fund L.P., Appian Natural Resources (UST) Fund L.P. and Appian Natural Resources Fund (NV) L.P. (together "Appian Natural Resources Fund").

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied, unless otherwise stated.

The Financial Statements do not constitute statutory accounts within the meaning of Part 16 of Companies (Jersey) Law 1991, as amended.

(a) Basis of preparation

The Financial Statements have been prepared solely for the purpose of the Company's proposed acquisition by ACG Acquisition Company Limited ("ACG") and the inclusion of such financial statements in the Prospectus of ACG in connection with placement of Class A Ordinary Shares and Re-Admission of Class A Ordinary Shares and Warrants to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities (the "Transaction").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Financial Statements have been prepared under the historical cost convention, unless otherwise stated.

(b) Foreign currency translation

The Financial Statements are presented in US$, which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the reporting date. All resulting gain or losses are taken to the statement of income/(loss) and comprehensive income/(loss).

(c) Going concern

The Directors have assessed the financial position of the Company and have determined that the Company is able to meet all its liabilities as they fall due for 12 months from the date of approving these Financial Statements and accordingly have prepared the Financial Statements on a going concern basis.

The expenses of the Company comprise administration, professional, bank and royalty payments. These are mostly paid with cash received from Atlantic Nickel. The royalty expense payment to Appian Natural Resources Fund II L.P. and Appian Natural Resources (UST) Fund II L.P. (together "Appian Natural Resources Fund II") is also paid with the cash received from Atlantic Nickel.

The Company closely monitors and reviews Atlantic Nickel's performance on a quarterly basis and is in regular contact with Atlantic Nickel's management for business and operational matters. Atlantic Nickel's operation resumed in 2021 and the Company received cash fron Atlantic Nickel in excess of the carrying amount of the loans receivable. The Company expects to receive sufficient funding to meet its obligations during 2023 and thereafter.

In 2022 the Company fully repaid the shareholder loan to Appian Natural Resources Fund.

Notes to the Audited Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(d) Loans receivable

The Company classifies its loans receivable based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest. The Company initially measures the financial assets at amortized costs at fair value plus related transaction costs (and net of related transaction fees received). The loans receivable are subsequently measured using the effective interest rate (EIR) method and are subject to impairment.

The Company accounts for impairment of loans receivable based on a forward-looking expected credit loss ("ECL") approach. ECL is measured as the difference in the present value of the contractual cash flows due to the company under the contract and the cash flows that the Company expects to receive. The Company measures ECL by considering the risk of default over the contact period and incorporates forward-looking information into its measurement.

(e) Shareholders' loan payables

Borrowings are classified as financial liabilities at amortized cost and are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the EIR method.

Shareholders' loan payables are due to Appian Natural Resources Fund, and are due on demand without stated interest. The Shareholders' loan was fully paid during the financial year.

(f) Stated capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(g) Cash

Cash comprises cash at banks and on hand and short-term highly liquid deposits with a remaining maturity at acquisition of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

(h) Expenses

All expenses are accounted for on an accruals basis. They comprise administration, professional, bank and royalty payments.

(i) Taxation

Profits arising in the Company are subject to Jersey income tax at the rate of 0%. The Company is also registered as an International Services Entity in order to be granted exempt company status under the Goods and Services Tax (Jersey) Law 2007. This status is renewable annually.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment. Impairment is measured on an expected loss basis, and the Company uses the simplified approach method available under IFRS 9 Financial Instruments to assess total ECL for the lifetime of the trade and other receivables.

(k) Trade and other payables

These amounts represent liabilities for services provided to the Company and unpaid at year end. The amounts are unsecured. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method.

(l) Royalties

The Company has issued a 2.75% net smelter return royalty on production from the Santa Rita nickel project between Finco and Appian Natural Resources Fund II (the “Royalty Agreement”), which is a related party. The royalty is recorded as an operating expense when incurred.

Notes to the Audited Financial Statements (continued)

(m) New Standard and Interpretation

The following amendments became effective as at 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 9 Financial Instruments – Annual improvements to IFRS standards 2018-2020 - Fees in the '10 per cent' test for derecognition of financial liabilities

These amendments had no impact on the Company's financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company does not expect any material impact on its financial statements of the amendments arising from new and revised IFRSs not early adopted by the Company, including those related to: i) IFRS 17 Insurance Contracts; ii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current; iii) Definition of Accounting Estimates - Amendments to IAS 8; iv) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2; and v) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, and the disclosure as at the date of the Financial Statements. Estimates and assumptions are continually evaluated and are based on the Directors' experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

In accordance with its accounting policies and processes, each asset is evaluated at each reporting period, to determine whether there are any indication of impairment. If any such indications of impairment exist, management determines the extent to which an impairment is required.

In 2022 the Company reassessed its estimate of the lifetime ECL on its loans receivable. This reassessment was based on the Company's expected future receipts against the loans receivable. As a result management recognised loans receivable of US$23,024,527 (Note 5).

4 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Directors of the Company rely on the information they receive from Appian Capital Advisory LLP ("ACAL"), who monitor Atlantic Nickel closely and provide written reports that are used to assess the overall risk management, as well as specific areas, such as market risk, credit risk and liquidity risk.

(a) Market risk

The Company's exposure to market risk is comprised of the following risks:

(i) Foreign exchange risk

As at the year end, the Company is not exposed to material foreign exchange risk, as the majority of the Company's transactions are in US Dollars, which is the Company's functional and presentation currency. It is also the Company's policy not to enter into any currency-hedging transactions.

Notes to the Audited Financial Statements (continued)

4 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk
The Company is not exposed to the price risk with respect to financial instruments as it does not hold any equity securities.

(iii) Interest rate risk
The Company's income and operating cash flows are substantially independent of changes in market interest rates. Trade receivables and payables are interest-free and have settlement date within one year.

The Company is not exposed to the cash flow interest rate risk as it does not have any long-term borrowings at variable rates.

(b) Credit risk
Credit risk is the risk that a counterparty will be unable to meet a commitment that it has been entered into with the Company.

In respect of cash, the Company's deposits are not significant, and are with highly rated institutions. Trade and other financial assets of the Company, are monitored for compliance, and maximum exposure through default of counterparties is limited to the carrying value of these instruments.

As at 31 December 2022 the primary source of credit risk arises from related party loans provided to Atlantic Nickel, which are managed by Appian Natural Resources Fund.

ACAL closely monitors and reviews Atlantic Nickel's performance on a quarterly basis and is in regular contact with Atlantic Nickel's management for business and operational matters. These results are shared with the Directors of the Company. Based on this information, the Directors assess the recoverability of the financial assets and record any impairments should they be detected at least annualy, or when an indicator or impairment has been indentified.

(c) Liquidity risk
Liquidity risk is the risk that the Company might not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or it can only do so on terms that are materially disadvantageous.

The following table illustrates the financial liabilities according to their related contractual maturities:

As at 31 December 2022	**Total cash flow**	**Up to 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
	US$	**US$**	**US$**	**US$**	**US$**
Royalty payable	**1,965,274**	**1,965,274**	**-**	**-**	**-**
Trade and other payables	**1,521,445**	**1,521,445**	**-**	**-**	**-**
	3,486,719	**3,486,719**	**-**	**-**	**-**

As at 31 December 2021	Total cash flow	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
	US$	US$	US$	US$	US$
Royalty payable	3,730,861	3,730,861	-	-	-
Trade and other payables	144,160	144,160	-	-	-
Shareholders' loan payables	46,178,158	46,178,158	-	-	-
	50,053,179	50,053,179	-	-	-

Capital risk management

When managing capital, the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns and benefits for other stakeholders. The Company aims to achieve consistent returns from its assets and maintaining sufficient liquidity to meet the expenses of the Company.

Notes to the Audited Financial Statements (continued)

5 Loans receivables

In July 2018, the Company acquired a portfolio of 50 loans outstanding ("Acquired Loans") from Atlantic Nickel, a related party, for an acquisition cost of US$60 million, with a further loan provided of US$8 million. The acquisition of the loans receivable was at a significant discount to their notional amounts and was treated as the acquisition of credit impaired financial assets. The acquisition cost was considered equal to the fair value of the loans acquired for the purpose of the initial recognition. Subsequently the Company accounted for this asset at amortised cost and created impairment provision for the interest accrued unless the interest was paid. In 2022 the cumulative payments received exceeded the carrying amount of the loans receivable which caused management to reassess the ECL provision for the loans. This resulted in the impairment gain of US$55,504,976 and a corresponding increase of US$23,024,527 in the carrying amount of loans.

	2022	2021
	US$	US$
Balance at the beginning of the year	**40,203,933**	55,905,973
Repayments during the year	**(72,684,382)**	(15,702,040)
Impairment gain	**55,504,976**	-
Balance at the end of the year	**23,024,527**	40,203,933

The following table outlines further details on the acquired portfolio of loans, at their stated amounts:

			2022	2021
Currency	**Interest rate**	**Maturity date**	**Nominal balance**	Nominal balance
US$	(15%)	October 2028	**5,780,054**	8,814,618
US$	-	December 2024	**35,222,424**	35,222,424
US$	-	August 2023	**8,000,000**	8,000,000
US$	(2%-3% plus LIBOR 12MM)	December 2023 - 2024	**217,239,209**	340,191,491
AU$	(2% plus LIBOR 12 MM)	December 2024	**15,433,127**	14,957,902

US$217,239,209 is made up by approximately 50 loans for the majority of which the accrual of interest was suspended.

The table below shows the details of the acquired loans and the movements for the year ended 31 December 2022 by currency.

	2022	2021
Amount US$ Principal	**US$**	US$
Opening balance	**392,228,533**	498,226,755
Interest accrued	**1,404,540**	4,917,902
Debt forgiveness	**(54,707,004)**	(93,527,249)
Repaid	**(72,684,382)**	(15,702,007)
Interest repaid	**-**	(1,686,869)
Closing balance	**266,241,686**	392,228,533

	2022	2021
Amount AU$ Principal	**AU$**	AU$
Opening balance	**14,957,902**	14,598,292
Interest accrued	**475,225**	359,610
Closing balance	**15,433,127**	14,957,902

Notes to the Audited Financial Statements (continued)

5 Loans receivables (continued)

On 2 July 2020, the Company entered into an option agreement with AN Finco B.V. ("Finco"), which is a related party, whereby the Company has the ability to acquire at any time Finco's rights and obligations to two loan agreements between Finco and Atlantic Nickel (together the "Facility Agreements") with a face value of US$49,601,067 and the Royalty Agreement. The Company exercised the option on 21 September 2020, and as a result, all the rights and obligations under the Facility Agreements and the Royalty Agreement were transferred to the Company effective from 1 October 2020 for a nominal amount. As part of the agreement, Atlantic Nickel has also provided a guarantee to fund the royalty payments as they come due.

The interest income amounted to the interest actually received. The Directors considered the amounts not received to be non collectable.

6 Trade and other receivables

	2022	2021
	US$	US$
Trade and other receivables	**-**	46,917
	-	46,917

7 Trade and other payables

	2022	2021
	US$	US$
Trade and other payables	**1,521,445**	144,160
Royalty payable	**1,965,274**	3,730,861
	3,486,719	3,875,021

The US$1,965,274 is a royalty payable to Appian Natural Resources Fund II, a related party (2021: US$3,730,861).

8 Operating expenses

	2022	2021
	US$	US$
Consultants, legal and professional fees	**(8,006,696)**	(1,784,836)
Audit fees	**(72,475)**	(105,000)
Fund administration fees	**(19,261)**	(32,608)
Bank fees	**(4,641)**	(4,360)
	(8,103,073)	(1,926,804)

Consultants, legal and professional fees are mostly represented by fees in connection with Atlantic Nickel's ongoing projects, construction works, design and monitoring activities and site visit costs. Atlantic Nickel is a related party.

9 Shareholders' loan payables

	2022	2021
	US$	US$
Opening balance	**46,178,158**	56,920,302
Repayments during the year	**(46,178,158)**	(10,742,144)
Closing balance	**-**	46,178,158

The Shareholders' loan was provided by the Company's shareholders in 2018 and was fully repaid in 2022. There was no fixed term and it was interest-free and repayable on demand.

Notes to the Audited Financial Statements (continued)

10 Stated capital

	2022	2021
	US$	US$
1,000 ordinary shares with no par value	**1,000**	1,000
	1,000	1,000

The Company is authorised to issue an unlimited number of shares with no par value of one class, designated as Ordinary Shares. The share capital has been fully paid for.

There are no movements in the stated capital in regards to the number of shares from the inception.

11 Events after the reporting date

On 3 February 2023 the Board approved US$4m to be distributed as an interim dividend for onwards distributions to the Appian Natural Resources Fund's investors.

SECTION C

The unaudited interim financial statements of AMH (Jersey) Limited as at and for the three months ended 31 March 2023.

AMH (Jersey) Limited
Unaudited interim condensed financial statements for the three months ended 31 March 2023

REGISTRATION NUMBER 126865

AMH (JERSEY) LIMITED
Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Financial Position

	Notes	**Unaudited 31 Mar 2023 US$**	Audited 31 Dec 2022 US$
ASSETS			
Current Assets			
Cash		**106,923**	110,892
Loans receivable	3	**14,395,539**	23,024,527
		14,502,462	23,135,419
TOTAL ASSETS		**14,502,462**	23,135,419
LIABILITIES			
Current Liabilities			
Trade and other payables	4	**4,935,216**	3,486,719
		4,935,216	3,486,719
TOTAL LIABILITIES		**4,935,216**	3,486,719
EQUITY			
Stated capital		**1,000**	1,000
Retained earnings		**9,566,246**	19,647,700
TOTAL EQUITY		**9,567,246**	19,648,700
TOTAL EQUITY AND LIABILITIES		**14,502,462**	23,135,419

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

AMH (JERSEY) LIMITED
Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Loss and Comprehensive Loss
For the three months ended 31 March

	Note	**Unaudited 2023 US$**	Unaudited 2022 US$
Expenses			
Operating expenses	5	**(3,769,923)**	(2,527,356)
Royalty expense		**(2,243,437)**	(37,155)
Loss on foreign exchange		**(68,094)**	(1,043)
Total expenses		**(6,081,454)**	(2,565,554)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**(6,081,454)**	(2,565,554)

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

AMH (JERSEY) LIMITED
Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Changes in Equity/(Deficiency)

	Stated capital	Retained earnings/ (deficit)	Total equity/ (deficiency)
	US$	US$	US$
Balance at 1 January 2023	**1,000**	**19,647,700**	**19,648,700**
Comprehensive loss for the period	**-**	**(6,081,454)**	**(6,081,454)**
Dividend paid	**-**	**(4,000,000)**	**(4,000,000)**
Balance at 31 March 2023 (unaudited)	**1,000**	**9,566,246**	**9,567,246**
Balance at 1 January 2022	1,000	(9,669,728)	(9,668,728)
Comprehensive loss for the period	-	(2,565,554)	(2,565,554)
Balance at 31 March 2022 (unaudited)	1,000	(12,235,282)	(12,234,282)

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

AMH (JERSEY) LIMITED
Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Cash Flows
For the three months ended 31 March

	Unaudited 2023 US$	Unaudited 2022 US$
Cash flows from operating activities		
Net loss for the period	**(6,081,454)**	(2,565,554)
Changes in working capital:		
Increase in trade and other receivables	**-**	29,904
Increase/(decrease) in trade and other payables	**1,448,497**	(1,464,028)
Net cash used in operating activities	**(4,632,957)**	(3,999,678)
Cash flows from investing activities		
Receipt of loans receivable	**8,628,988**	4,069,337
Net cash generated from investing activities	**8,628,988**	4,069,337
Cash flows from financing activities		
Dividend paid	**(4,000,000)**	-
Net cash used in financing activities	**(4,000,000)**	-
Net (decrease)/increase in cash	**(3,969)**	69,659
Cash at the beginning of the period	**110,892**	133,601
Cash at the end of the period	**106,923**	203,260

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

Notes to the Unaudited Interim Condensed Financial Statements

1 General information

AMH (Jersey) Limited (the "Company") was incorporated on 16 July 2018 as a private company under the Companies (Jersey) Law 1991, as amended, with registration number 126865. The principal activity of the Company is to provide loans to Atlantic Nickel, an operating open-pit nickel sulphide mine, located in the north-eastern Brazilian state of Bahia. Atlantic Nickel is a related party. The principal place of business is at 47 Esplanade, St Helier, Jersey, JE1 0BD.

The immediate and ultimate parent of the Company consists of Appian Natural Resources Fund L.P., Appian Natural Resources (UST) Fund L.P. and Appian Natural Resources Fund (NV) L.P. (together "Appian Natural Resources Fund").

The Interim Condensed Financial Statements do not constitute statutory accounts within the meaning of Part 16 of Companies (Jersey) Law 1991, as amended.

2 Basis of preparation and changes to the Company's accounting policies

(a) Basis of preparation

The interim condensed financial statements (the “Interim Condensed Financial Statements”) have been prepared solely for the purpose of the Company’s proposed acquisition by ACG Acquisition Company Limited (“ACG”) and the inclusion of such Interim Condensed Financial Statements in the Prospectus of ACG in connection with placement of Class A Ordinary Shares and Re-Admission of Class A Ordinary Shares and Warrants to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange’s main market for listed securities (the “Transaction”).

The Interim Condensed Financial Statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (‘‘IAS 34’’) as issued by the International Accounting Standards Board (‘‘IASB’’). These interim Condensed Financial Statements do not include all of the disclosures required by International Financial Reporting Standards (‘‘IFRS’’) for annual audited Financial Statements. Therefore these Interim Condensed Financial Statements should be read in conjunction with the Company’s 2022 annual audited Financial Statements, including the accounting policies and notes thereto for the year ended December 31, 2022, which were prepared in accordance with IFRS. The Interim Condensed Financial Statements are presented in United States (‘‘US’’) dollars which is also the Company's funcional currency.

(b) Going concern

The Directors have assessed the financial position of the Company and have determined that the Company is able to meet all its liabilities as they fall due for 12 months from the date of approving these Interim Condensed Financial Statements and accordingly have prepared the Financial Statements on a going concern basis.

The expenses of the Company comprise administration, professional, bank and royalty payments. These are mostly paid with cash received from Atlantic Nickel. The royalty expense payment to Appian Natural Resources Fund II L.P. and Appian Natural Resources (UST) Fund II L.P. (together "Appian Natural Resources Fund II") is also paid with the cash received from Atlantic Nickel.

The Company closely monitors and reviews Atlantic Nickel's performance on a quarterly basis and is in regular contact with Atlantic Nickel's management for business and operational matters. Atlantic Nickel’s operation resumed in 2021 and the Company received cash fron Atlantic Nickel in excess of the carrying amount of the loans receivable. The Company expects to receive sufficient funding to meet its obligations during 2023 and thereafter.

(c) New standards, interpretations and amendments adopted by the Company

These Interim Condensed Financial Statements have been prepared on the basis of, and using the accounting policies, methods of computation and presentation consistent with those applied and disclosed in the Company’s audited financial statements except for the adoption of new standards effective as of 1 January 2023 which had no significant impact on the Company's existing accounting policies. The Company has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Unaudited Interim Condensed Financial Statements (continued)

3 Loans receivable

In July 2018, the Company acquired a portfolio of 50 loans outstanding ("Acquired Loans") from Atlantic Nickel, a related party, for an acquisition cost of US$60 million, with a further loan provided of US$8 million. The acquisition of the loans receivable was at a significant discount to their notional amounts and was treated as the acquisition of credit impaired financial assets. The acquisition cost was considered equal to the fair value of the loans acquired for the purpose of the initial recognition. Subsequently the Company accounted for this asset at amortised cost and created impairment provision for the interest accrued unless the interest was paid. During the quarter the Company received US$8,628,988 as repayment of the loan.

	31 Mar 2023	31 Dec 2022
	US$	US$
Balance at the beginning of the period/year	**23,024,527**	40,203,933
Repayments during the period	**(8,628,988)**	(72,684,382)
Impairment gain	**-**	55,504,976
Balance at the end of the period/year	**14,395,539**	23,024,527

Currency	**Interest rate**	**Maturity date**	**31 March 2023 Nominal balance**	31 Dec 2022 Nominal balance
US$	(15%)	October 2028	**5,945,035**	5,780,054
US$	-	December 2024	**35,222,424**	35,222,424
US$	-	August 2023	**8,000,000**	8,000,000
US$	-	December 2023 - 2024	**191,632,442**	217,239,209
AU$	(2% plus LIBOR 12 MM)	December 2024	**-**	15,433,127

The AU$ loan and the interest accrued were forgiven during the quarter, as no longer collectable.

The table below shows the details of the acquired loans and the movements by currency for the period ended 31 March 2023 and the year ended 31 December 2022.

Amount US$ Principal	**31 Mar 2023 US$**	31 Dec 2022 US$
Opening balance	**266,241,687**	392,228,533
Debt forgiveness	**(16,977,785)**	(54,707,004)
Repaid	**(8,628,988)**	(72,684,382)
Closing balance	**240,799,901**	266,241,687

Amount AU$ Principal	**31 Mar 2023 AU$**	31 Dec 2022 AU$
Opening balance	**15,433,127**	14,957,902
Interest accrued	**91,129**	475,225
Debt forgiveness	**(15,524,256)**	-
Closing balance	**-**	15,433,127

The interest income amounted to the interest actually received. The Directors considered the amounts not received to be non collectable.

Notes to the Unaudited Interim Condensed Financial Statements (continued)

4 Trade and other payables

	31 Mar 2023	31 Dec 2022
	US$	US$
Trade and other payables	**2,691,779**	1,521,445
Royalty payable	**2,243,437**	1,965,274
	4,935,216	3,486,719

The US$2,243,437 is a royalty payable to Appian Natural Resources Fund II, a related party (2022: US$1,965,274).

5 Operating expenses

	31 Mar 2023	31 Mar 2022
Consultants, legal and professional fees	**(3,763,504)**	(2,521,855)
Fund administration fees	**(4,812)**	(4,871)
Bank fees	**(1,607)**	(630)
	(3,769,923)	(2,527,356)

Consultants, legal and professional fees are mostly represented by fees in connection with Atlantic Nickel's ongoing projects, construction works, design and monitoring activities and site visit costs. Atlantic Nickel is a related party.

APPENDIX IV - HISTORICAL FINANCIAL INFORMATION OF AMH 2 (JERSEY) LIMITED

SECTION A

Report of the auditors of AMH 2 (Jersey) Limited for the years ended 31 December 2022 and 2021

SECTION B

The audited financial statements of AMH 2 (Jersey) Limited as at and for the year ended 31 December 2022

AMH 2 (Jersey) Limited
Audited Financial Statements for the year ended 31 December 2022

REGISTRATION NUMBER 135737

Ernst & Young LLP
EY Tower
100 Adelaide Street West, PO Box 1
Toronto, ON M5H 0B3

Tel: +1 416 864 1234
Fax: +1 416 864 1174
ey.com

Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Directors of AMH 2 (Jersey) Limited,

Opinion

We have audited the financial statements of AMH 2 (Jersey) Limited (the "Company"), which comprise the statement of financial position as at December 31, 2022 and December 31, 2021, and the statement of profit/(loss) and comprehensive profit/(loss), statement of changes in deficiency and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Restriction on use

Our independent auditor's report is required by Annex 1 item 18.3.1 of the UK version of the Commission delegated regulation (EU) No 2019/980 supplementing Regulation (EU) 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Therefore, our auditor's report should not be used for another purpose. Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the prospectus.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Declaration
For the purposes of Prospectus Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and this report contains no omission likely to affect its import. This declaration is Delegated Regulation (EU) 2019/980 supplementing the UK version of Regulation (EU) 2017/1129.included in the prospectus in compliance with item 1.2 of Annex 1 of the UK version of Commission

June 30, 2023

Ernst & Young LLP

AMH 2 (JERSEY) LIMITED
Audited Financial Statements for the year ended 31 December 2022

Statement of Financial Position
As at 31 December 2022

	Notes	**2022**	2021
		US$	US$
ASSETS			
Current Assets			
Trade and other receivables	5	**1,092,013**	593,081
		1,092,013	593,081
Non-Current Assets			
Financial assets at amortised cost	7	**35,806,927**	21,345,161
		35,806,927	21,345,161
TOTAL ASSETS		**36,898,940**	21,938,242
LIABILITIES			
Current Liabilities			
Shareholder loan	8	**36,029,927**	21,345,161
Trade and other payables	6	**812,249**	609,179
TOTAL LIABILITIES		**36,842,176**	21,954,340
EQUITY / (DEFICIENCY)			
Stated capital	9	**1,000**	1,000
Retained earnings / (deficit)		**55,764**	(17,098)
TOTAL EQUITY / (DEFICIENCY)		**56,764**	(16,098)
TOTAL EQUITY AND LIABILITIES		**36,898,940**	21,938,242

The accompanying notes on pages 9 to 14 are an integral part of these audited Financial Statements.

AMH 2 (JERSEY) LIMITED
Audited Financial Statements for the year ended 31 December 2022

Statement of Income / (Loss) and Comprehensive Income / (Loss)

	Year ended 31 Dec 2022 US$	Period from 24 May 2021 to 31 Dec 2021 US$
Other income		
Interest income	**5,211,765**	1,345,161
Other income	**248,932**	92,081
Total other income	**5,460,697**	1,437,242
Expenses		
Interest expense	**(5,184,765)**	(1,345,161)
Other expense	**(203,070)**	(109,179)
Total expenses	**(5,387,835)**	(1,454,340)
NET INCOME / (LOSS) AND COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**72,862**	(17,098)

The accompanying notes on pages 9 to 14 are an integral part of these audited Financial Statements.

AMH 2 (JERSEY) LIMITED
Audited Financial Statements for the year ended 31 December 2022

Statement of Changes in Equity / (Deficiency)

	Stated capital	Retained earnings / (deficit)	Total equity/ (deficiency)
	US$	US$	US$
Balance at 1 January 2022	**1,000**	**(17,098)**	**(16,098)**
Comprehensive income for the year	**-**	**72,862**	**72,862**
Balance at 31 December 2022	**1,000**	**55,764**	**56,764**
Balance at 24 May 2021	-	-	-
Issues of shares	1,000	-	1,000
Comprehensive loss for the period	-	(17,098)	(17,098)
Balance at 31 December 2021	1,000	(17,098)	(16,098)

The accompanying notes on pages 9 to 14 are an integral part of these audited Financial Statements.

AMH 2 (JERSEY) LIMITED
Audited Financial Statements for the year ended 31 December 2022

Statement of Cash Flows

	Notes	Year ended 31 Dec 2022 US$	Period from 24 May 2021 to 31 Dec 2021 US$
Cash flows from operating activities			
Net income / (loss) for the year / period		**72,862**	(17,098)
Interest income		**(5,211,765)**	(1,345,161)
Interest expense		**5,184,765**	1,345,161
Changes in working capital			
Increase in trade and other receivables	5	**(248,932)**	(592,081)
Increase in trade and other payables	6	**203,070**	609,179
Net cash used in operating activities		**-**	-
Net increase in cash		**-**	-
Cash at the beginning of the period		**-**	-
Cash at the end of the period		**-**	-

Non-cash transactions
The back-to-back loan of US$10,000,000 made during the year was transferred directly to MVV from ANRF II. There was no transfer of funds through the Company.

The accompanying notes on pages 9 to 14 are an integral part of these audited Financial Statements.

Notes to the Audited Financial Statements

1 General information

AMH 2 (Jersey) Limited (the "Company") was incorporated on 25 July 2021 as a private company whose principal place of business is at 47 Esplanade, St. Helier, Jersey, JE1 0BD. The Company was incorporated under the Companies (Jersey) Law 1991, as amended with registration number 135737. The principal activity of the Company is that of holding "back to back" loans between Appian Natural Resources (UST) Fund II L.P., Appian Natural Resources Fund II L.P. (together "ANRF II") ("the Lender") and Mineração Vale Verde Do Brasil Ltda ("MVV") ("the Borrower"), a related party. MVV owns the Serrote greenfield copper-gold mine located in Brazil.

The immediate and ultimate parent of the Company consists of ANRF II and Appian Natural Resources Fund GP II Limited (together "Appian Natural Resources Fund").

The Financial Statements do not constitute statutory accounts within the meaning of Part 16 of Companies (Jersey) Law 1991, as amended.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied, unless otherwise stated.

The Financial Statements do not constitute statutory accounts within the meaning of Part 16 of Companies (Jersey) Law 1991, as amended.

(a) Basis of preparation

The Financial Statements have been prepared solely for the purpose of the Company's proposed acquisition by ACG Acquisition Company Limited ("ACG") and the inclusion of such financial statements in the Prospectus of ACG in connection with placement of Class A Ordinary Shares and Re-Admission of Class A Ordinary Shares and Warrants to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities (the"Transaction").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Financial Statements have been prepared under the historical cost convention, unless otherwise stated.

(b) Functional and presentation currency

The Financial Statements are presented in US$, which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the reporting date. All resulting gain or losses are taken to the statement of income / (loss) and comprehensive income / (loss).

(c) Going concern

The Directors have assessed the financial position of the Company and are of the opinion that it is able to meet all its liabilities as they fall due for 12 months from the date of approving these Financial Statements and accordingly have prepared the financial statements on a going concern basis.

ANRF II, as the shareholder of the Company, has confirmed that it won't be requesting payment of the Shareholder Loan, which is payable on demand or its reimbursement for its payment of the Company's administration fee until such time the Company has sufficient cash to repay the outstanding loan.

(d) Financial assets at amortised cost

The Company classifies its loans receivable as financial assets at amortized costs based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments if principal and interest. The Company initially measures the financial assets at amortized costs at fair value plus related transaction costs (and net of related transaction fees received). The loans receivable are subsequently measured using the effective interest rate (EIR) method and are subject to impairment.

The Company accounts for impairment of loan receivables based on a forward-looking expected credit loss ("ECL") approach. ECL is measured as the difference in the present value of the contractual cash flows due to the company under the contract and the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The Company measures ECL by considering the risk of default over the contact period and incorporates forward-looking information into its measurement.

The loans receivable are from a related party and have been classified as non-current as demand for repayment is not expected to occur within a 12-month period.

Notes to the Audited Financial Statements (continued)

Summary of significant accounting policies (continued)

(e) Shareholder Loan
Borrowings are classified as financial liabilities at amortized costs and are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the EIR method. Amortized cost is calculated by taking into account fees or costs that are an integral part of the EIR.

The Shareholder Loan payable is due to ANRF II, the ultimate shareholder, and is due on demand with stated interest rate of 16% per annum. Accordingly, the Shareholder Loan payable is classified as current. Demand for repayment from the shareholder is not expected to occur within a 12-month period.

(f) Stated capital
Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(g) Cash
Cash comprises of cash at banks and on hand and short-term highly liquid deposits with a remaining maturity at acquisition of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

(h) Expenses
All expenses are accounted for on an accruals basis. They comprise of administration, professional, interest, loan arrangement and legal fees.

(i) Interest income
Interest income is recognised using the effective interest method.

(j) Taxation
Profits arising in the Company are subject to Jersey income tax at the rate of 0%. The Company is also registered as an International Services Entity in order to be granted exempt company status under the Goods and Services Tax (Jersey) Law 2007. This status is renewable annually.

(k) Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment. Impairment is measured on an expected loss basis, and the Company uses the simplified approach method available under IFRS 9 Financial Instruments to assess total ECL for the lifetime of the trade and other receivables.

(l) Trade and other payables
These amounts represent liabilities for services provided to the Company and unpaid at year end. The amounts are unsecured. Tradepayables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method.

(m) New standards and interpretations
The following amendments became effective as at 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 9 Financial Instruments – Annual improvements to IFRS standards 2018-2020 - Fees in the ’10 per cent’ test for derecognition of financial liabilities

These amendments had no impact on the Company’s financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company does not expect any material impact on its financial statements of the amendments arising from new and revised IFRSs not early adopted by the Company, including those related to: i) IFRS 17 Insurance Contracts; ii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current; iii) Definition of Accounting Estimates - Amendments to IAS 8; iv) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2; and v) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, the accompanying disclosures, and the disclosure as at the date of the Financial Statements. Estimates and assumptions are continually evaluated and are based on the Directors' experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

In accordance with its accounting policies and processes, each asset is evaluated at each reporting period, to determine whether there are any indication of impairment. If any such indications of impairment exist, management determines the extent to which an impairment is required.

4 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Directors of the Company rely on the information they receive from Appian Capital Advisory LLP ("ACAL"), who monitor MVV closely and provide written reports that are used to assess the overall risk management, as well as specific areas, such as market risk, credit risk and liquidity risk.

(a) Market risk

The Company's exposure to market risk is comprised of the following risks:

(i) Foreign Exchange risk

As at the period end, the Company is not exposed to material foreign exchange risk, as the majority of the Company's transactions are in US Dollars, which is the Company's functional and presentation currency. It is also the Company's policy not to enter into any currency-hedging transactions.

(ii) Price risk

The Company is not exposed to the price risk with respect to financial instruments as it does not hold any listed equity securities.

(iii) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Trade receivables and payables are at a fixed rate of 16% and have settlement date within one year as explained in more detail in Note 6. The Company is not exposed to the interest rate risk as it doesn't have any long-term borrowings at variable rates.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has been entered into with the Company.

Trade and other receivable assets of the Company are monitored for compliance, and maximum exposure through default of counterparties is limited to the carrying value of the instrument.

As at 31 December 2022 the primary source of credit risk arises from related party loans provided to MVV, which is managed by ANRF II.

ACAL closely monitor and review MVV's performance on a quarterly base and is in regular contact with MVV's management for business and operational matter. These results are shared with the Directors of the Company. Based on this information, the Directors assess the recoverability of the financial assets and record any impairments should they be detected at least annually, or when an indicator or impairment has been indentified.

Notes to the Audited Financial Statements (continued)

4 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company might not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or it can only do so on terms that are materially disadvantageous.

The following table illustrates the financial liabilities according to their related contractual maturities:

As at 31 December 2022	**Total cash flow**	**Up to 1 year**	**From 1 to 5 years**
	US$	**US$**	**US$**
Shareholder loan	**36,029,927**	**-**	**36,029,927**
Trade and other payables	**812,249**	**812,249**	**-**
	36,842,176	**812,249**	**36,029,927**

As at 31 December 2021	Total cash flow	Up to 1 year	From 1 to 5 years
	US$	US$	US$
Shareholder loan	21,345,161	-	21,345,161
Trade and other payables	609,179	609,179	-
	21,954,340	609,179	21,345,161

(d) Capital risk management

When managing capital, the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns and benefits for other stakeholders. The Company aims to deliver these objectives by aiming to achieve consistent returns from its assets and maintaining sufficient liquidity to meet the expenses of the Company.

5 Trade and other receivables	**2022**	2021
	US$	US$
Receivable from MVV		
Interest on loan administration fee	**24,116**	3,826
Interest on loan arrangement fee interest	**166,897**	38,255
Loan administration fee	**150,000**	50,000
Loan arrangement fee	**750,000**	500,000
Receivable from Shareholder		
ANRF II	**1,000**	1,000
	1,092,013	593,081

Notes to the Audited Financial Statements (continued)

6 Trade and other payables

	2022	2021
	US$	US$
Payable to ANRF II		
Administration fee payable	**61,529**	14,949
Legal fee payable	**2,749**	2,149
Loan administration fee interest	**16,942**	3,826
Loan arrangement fee interest	**131,029**	38,255
Loan administration fee	**100,000**	50,000
Loan arrangement fee	**500,000**	500,000
	812,249	609,179

Administration fees are payable to Crestbridge Fund Administrators Limited for administration services provided to the Company.

The loan arrangement fee is non-refundable and is equal to 2.5% of US$20,000,000 being the total amount available under the facility. The loan arrangement fee was due on the first drawdown on 15 July 2021.

The interest on the outstanding loan arrangement fee is charged at 16% pear annum and is accrued from the date of the first drawdown on 15 July 2021.

The loan administration fee is non-refundable and charged at a flat fee of US$50,000 per annum.

The loan administration fee interest is charged at 16% per annum and accrued for the date of the first drawdown on 15 July 2021.

7 Financial assets at amortised cost

	2022	2021
	US$	US$
Loan	**30,000,000**	20,000,000
Interest capitalized and transaction costs	**5,806,927**	1,345,161
	35,806,927	21,345,161

During the year the Company provided an additional loan of US$10,000,000 to bring the principal loan outstanding to $30,000,000 (period ended 31 December 2021:US$20,000,000). The outstanding loan balance attracts at interest at a fixed rate of 16% per annum. In 2022 the Company recognized interest income of US$5,113,765 in the income statement (period ended 31 December 2021: US$1,345,161).

8 Shareholder Loan

	2022	2021
	US$	US$
Current borrowings		
Shareholder Loan	**30,000,000**	20,000,000
Interest capitalized and transaction costs	**6,029,927**	1,345,161
	36,029,927	21,345,161

The Company received a loan of US$10,000,000 (period ended 31 December 2021:US$20,000,000) from ANRFII and the outstanding loan balance bears a fixed interest rate of 16%. The total interest payable of US$6,458,926 (period ended 31 December 2021:US$1,345,161) has been capitalised. In 2022 the Company recognized US$5,113,765 of interest expense in the income statement (period ended 31 December 2021: US$1,345,161).

Notes to the Audited Financial Statements (continued)

9 Stated capital

	2022	2021
	US$	US$
Total issued and unpaid		
1,000 ordinary shares with no par value	**1,000**	1,000
	1,000	1,000

The Company is authorised to issue an unlimited number of shares with no par value of one class, designated as Ordinary Shares. No shares were paid.

There are no movements in the Stated capital in regard to the number of shares from the inception.

SECTION C

The unaudited interim financial statements of AMH 2 (Jersey) Limited as at and for the three months ended 31 March 2023.

AMH 2 (Jersey) Limited
Unaudited interim condensed financial statements for the three months ended 31 March 2023

REGISTRATION NUMBER 135737

AMH 2 (JERSEY) LIMITED

Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Financial Position

	Notes	**Unaudited 31 Mar 2023 US$**	Audited 31 Dec 2022 US$
ASSETS			
Current Assets			
Trade and other receivables	3	**1,136,811**	1,092,013
		1,136,811	1,092,013
Non-Current Assets			
Financial assets at amortised cost	5	**37,264,214**	35,806,927
		37,264,214	35,806,927
TOTAL ASSETS		**38,401,025**	36,898,940
LIABILITIES			
Current Liabilities			
Shareholder loan	6	**37,478,214**	36,029,927
Trade and other payables	4	**850,515**	812,249
TOTAL LIABILITIES		**38,328,729**	36,842,176
EQUITY			
Stated capital	7	**1,000**	1,000
Retained earnings		**71,296**	55,764
TOTAL EQUITY		**72,296**	56,764
TOTAL EQUITY AND LIABILITIES		**38,401,025**	36,898,940

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

AMH 2 (JERSEY) LIMITED

Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Income and Comprehensive Income

For the three months ended 31 March

	Unaudited 2023 US$	Unaudited 2022 US$
Other income		
Interest income	**1,457,287**	991,556
Other income	**44,798**	77,283
Total other income	**1,502,085**	1,068,839
Expenses		
Interest expense	**(1,448,288)**	(991,556)
Other expense	**(38,265)**	(23,683)
Total expenses	**(1,486,553)**	(1,015,239)
NET INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD	**15,532**	53,600

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

AMH 2 (JERSEY) LIMITED

Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Changes in Equity / (Deficiency)

	Stated capital	Retained earnings / (deficit)	Total equity/ (deficiency)
	US$	US$	US$
Balance at 1 January 2023	**1,000**	**55,764**	**56,764**
Comprehensive income for the period	**-**	**15,532**	**15,532**
Balance at 31 March 2023 (Unaudited)	**1,000**	**71,296**	**72,296**
Balance at 1 January 2022	1,000	(17,098)	(16,098)
Comprehensive income for the period	-	53,600	53,600
Balance at 31 March 2022 (Unaudited)	1,000	36,502	37,502

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

AMH 2 (JERSEY) LIMITED

Unaudited Interim Condensed Financial Statements for the three months ended 31 March 2023

Interim Condensed Statement of Cash Flows

For the three months ended 31 March

	Notes	**Unaudited 2023 US$**	Unaudited 2022 US$
Cash flows from operating activities			
Net income for the period		**15,532**	53,600
Interest income		**(1,457,287)**	(991,556)
Interest expense		**1,448,288**	991,556
Changes in working capital			
Increase in trade and other receivables	3	**(44,798)**	(77,284)
Increase in trade and other payables	4	**38,265**	23,684
Net cash used in operating activities		**-**	-
Net increase in cash		**-**	-
Cash at the beginning of the period		**-**	-
Cash at the end of the period		**-**	-

The accompanying notes on pages 7 to 9 are an integral part of these Unaudited Interim Condensed Financial Statements

Notes to the Unaudited Interim Condensed Financial Statements

1 General information

AMH 2 (Jersey) Limited (the "Company") was incorporated on 25 July 2021 as a private company whose principal place of business is at 47 Esplanade, St. Helier, Jersey, JE1 0BD. The Company was incorporated under the Companies (Jersey) Law 1991, as amended with registration number 135737. The principal activity of the Company is that of holding "back to back" loans between Appian Natural Resources (UST) Fund II L.P., Appian Natural Resources Fund II L.P. (together "ANRF II") ("the Lender") and Mineração Vale Verde Do Brasil Ltda ("MVV") ("the Borrower"), a related party. MVV owns the Serrote greenfield copper-gold mine located in Brazil.

The immediate and ultimate parent of the Company consists of ANRF II and Appian Natural Resources Fund GP II Limited (together "Appian Natural Resources Fund").

The Interim Condensed Financial Statements do not constitute statutory accounts within the meaning of Part 16 of Companies (Jersey) Law 1991, as amended.

2 Basis of preparation and changes to the Company's accounting policies

(a) Basis of preparation

The interim condensed financial statements (the “Interim Condensed Financial Statements”) have been prepared solely for the purpose of the Company’s proposed acquisition by ACG Acquisition Company Limited (“ACG”) and the inclusion of such Interim Condensed Financial Statements in the Prospectus of ACG in connection with placement of Class A Ordinary Shares and Re-Admission of Class A Ordinary Shares and Warrants to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange’s main market for listed securities (the “Transaction”).

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (‘‘IAS 34’’) as issued by the International Accounting Standards Board (‘‘IASB’’). These Interim Condensed Financial Statements do not include all of the disclosures required by International Financial Reporting Standards (‘‘IFRS’’) for annual audited financial statements. Therefore, these Interim Condensed Financial Statements should be read in conjunction with the Company’s annual audited financial statements, including the accounting policies and notes thereto for the year ended December 31, 2022, which were prepared in accordance with IFRS. The Interim Condensed Financial Statements are presented in United States ("US") dollars.

(b) Going concern

The Directors have assessed the financial position of the Company and are of the opinion that it is able to meet all its liabilities as they fall due for 12 months from the date of approving these Interim Condensed Financial Statements and accordingly have prepared the Interim Condensed Financial Statements on a going concern basis.

ANRF II, as the shareholder of the Company, has confirmed that it won’t be requesting payment of the Shareholder Loan, which is payable on demand or its reimbursement for its payment of the Company’s administration fee until such time the Company has sufficient cash to repay the outstanding loan.

(c) New standards, interpretations and amendments adopted by the Company

These Interim Condensed Financial Statements have been prepared on the basis of, and using the accounting policies, methods of computation and presentation consistent with those applied and disclosed in the Company’s audited financial statements except for the adoption of new standards effective as of 1 January 2023 which had no significant impact on the Company's existing accounting policies. The Company has not adopted any standard, interpretation or amendment that has been issued but is not yet effective

Notes to the Unaudited Interim Condensed Financial Statements (continued)

3 Trade and other receivables

	31 Mar 2023	31 Dec 2022
	US$	US$
Receivable from MVV		
Interest on loan administration fee	**31,273**	24,116
Interest on loan arrangement fee interest	**204,538**	166,897
Loan administration fee	**150,000**	150,000
Loan arrangement fee	**750,000**	750,000
Receivable from Shareholder		
ANRF II	**1,000**	1,000
	1,136,811	1,092,013

4 Trade and other payables

	31 Mar 2023	31 Dec 2022
	US$	US$
Payable to ANRF II		
Administration fee payable	**69,876**	61,529
Legal fee payable	**2,749**	2,749
Loan administration fee interest	**21,620**	16,942
Loan arrangement fee interest	**156,270**	131,029
Loan administration fee	**100,000**	100,000
Loan arrangement fee	**500,000**	500,000
	850,515	812,249

5 Financial assets at amortised cost

	31 Mar 2023	31 Dec 2022
	US$	US$
Loan	**30,000,000**	30,000,000
Interest capitalized and transaction costs	**7,264,214**	5,806,927
	37,264,214	35,806,927

The outstanding loan balance attracts at interest at a fixed rate of 16% per annum.

6 Shareholder loan

	31 Mar 2023	31 Dec 2022
	US$	US$
Current borrowings		
Shareholder Loan	**30,000,000**	30,000,000
Interest capitalized and transaction costs	**7,478,214**	6,029,927
	37,478,214	36,029,927

The outstanding loan balance bears a fixed interest rate of 16% per annum.

Notes to the Unaudited Interim Condensed Financial Statements (continued)

7 Stated capital

	31 Mar 2023	31 Dec 2022
	US$	US$
Total issued and unpaid		
1,000 ordinary shares with no par value	**1,000**	1,000
	1,000	1,000

The Company is authorised to issue an unlimited number of shares with no par value of one class, designated as Ordinary Shares. No shares were paid.

There are no movements in the Stated capital in regard to the number of shares from the inception.