

## LA MANCHA COMMITS TO INVEST US\$100 MILLION TO FINANCE THE US\$1.0 BILLION ACQUISITION OF TWO MINES IN BRAZIL ALONGSIDE GLENCORE, STELLANTIS AND VOLKSWAGEN POWERCO

**London, 12 June 2023** - La Mancha Resource Fund SCSp (“**La Mancha**” or the “**Fund**”), a Luxembourg-based fund advised by La Mancha Resource Capital LLP (“**LMRC**”), is pleased to announce that its wholly owned subsidiary has entered an agreement to invest US\$100 million to support ACG Electric Metals Limited’s (“**ACG Electric Metals**”) acquisition of the Atlantic Nickel and the Mineração Vale Verde mines in Brazil. La Mancha’s US\$100 million equity investment will be accompanied by a 2.5% net smelter royalty on Atlantic Nickel’s production outside of existing reserves.

ACG Electric Metals will acquire the Atlantic Nickel nickel sulphide mine in Santa Rita and the Mineração Vale Verde copper mine in Serrote on a cash and debt free basis from funds advised by Appian Capital Advisory LLP (together, “**Appian**”) for an enterprise value of US\$1.0 billion (the “**Acquisition**”). Both mines are in production and ranked within the first decile for carbon emissions amongst all nickel and copper producers worldwide. They are low-cost and long-life assets that provide a strong foundation to build a regional intermediate scale and multi-asset producer, in line with the long-term strategy La Mancha has previously successfully deployed. The mines have a combined 2022 Adjusted EBITDA of US\$260 million.<sup>1</sup>

Vincent Benoit, Partner & co-Chief Investment Officer of LMRC, said:

*“La Mancha’s US\$100 million investment into a portfolio of producing copper and nickel mines in Brazil marks another important step towards fulfilling the Fund’s objective of diversifying the portfolio geographically, in varying production stages, and into energy transition minerals. A holding in ACG Electric Metals aligns with our long-term strategy of supporting quality assets and enabling management teams to grow their asset base and create value both organically and inorganically. We are pleased to work with trusted partner Glencore and look forward to working with our new partners Stellantis and PowerCo, as we see OEMs taking more direct positions upstream in their value chain, to ensure security and traceability of quality supply sources with industry-leading low carbon footprints.”*

La Mancha’s investment is part of a broader US\$1.0 billion funding package to finance the acquisition with equity commitments from Glencore and Stellantis alongside La Mancha, a royalty financing commitment from Royal Gold, a prepayment commitment from PowerCo, and senior debt commitments underwritten by Citi, ING and Société Générale. These commitments highlight

the confidence top-tier institutions have in the strength of the assets and the Brazilian team's capabilities operating the mines.

## PLACEMENT AND TOTAL FINANCING PACKAGE

ACG has secured the following funding sources towards the consideration required for the Acquisition:

- Commitments to subscribe for ACG equity (each subject to customary closing conditions) from Glencore, Stellantis and La Mancha, each for US\$100 million.
- A prepayment commitment totalling US\$100 million from PowerCo, a subsidiary of Volkswagen AG.
- US\$250 million in royalty finance commitments from Royal Gold, a leading global royalty company.
- US\$225 million in committed senior bank debt underwritten by a syndicate led by Citigroup, ING and Société Générale, along with a US\$75 million revolving credit facility.
- ACG will conduct a c.US\$300 million equity offering (the "**Equity Offering**") commencing in June 2023, to fund the balance of the Acquisition consideration, repayment of certain Mineração Vale Verde debt obligations and certain transaction costs.
- The proposed Acquisition, which is subject to obtaining the approval of ACG's public shareholders and applicable regulatory approvals, is currently expected to complete on or about July 2023.

## OTHER TRANSACTION HIGHLIGHTS

- Anchor investor Glencore will become an off-taker of choice for ACG, allowing for supply of concentrate to Glencore's western European and North American refineries.
- La Mancha will receive a 2.5% net smelter royalty on Atlantic Nickel's production outside of existing reserves.
- Appian will retain its 2.75% net smelter royalty on Atlantic Nickel, but its gold royalty on Mineração Vale Verde will be extinguished.
- Stellantis and La Mancha will each have the right to nominate one director to the Board of ACG.

<sup>1</sup>: "2022 Adjusted EBITDA" means profit before taxation, finance income/expense, depreciation and amortization and the exclusion of the impact of certain items due to their materiality and nature to aid comparability, for the financial year ended 31 December 2022.

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## About ACG

ACG is a company with a vision to consolidate the critical metals industry. Through a series of roll-up acquisitions, ACG intends to become a premier supplier of critical metals to the western OEM supply chain, with best-in-class ESG and carbon footprint characteristics. ACG successfully raised proceeds of approximately US\$125 million in its initial public offering on 12 October 2022 and listed on the London Stock Exchange (symbols: ACG and ACGW).

The Company's co-sponsors are (1) ACG Mining Limited, a BVI business firm whose main shareholder is Artem Volynets, (2) De Heerd Investments Limited, a Hong Kong-based asset manager with an extensive track-record of global investments and (3) 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.

For further information please visit: [www.acgcorp.co](http://www.acgcorp.co)

## About La Mancha Fund SCSp

La Mancha Fund SCSp (the "**Fund**") is a Luxembourg-based deep value fund dedicated primarily to investments in the precious and energy transition metals space. The Fund's general partner is La Mancha Capital Management GP S.à r.l. which has delegated investment management over the Fund's investments to NS Partners S.A., which has further delegated the portfolio management of the Fund to La Mancha Resource Capital LLP. La Mancha Resource Capital LLP is authorised and regulated by the Financial Conduct Authority (FRN 978592).

For further information please visit: <https://lamancharresourcecapital.com/>

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