



Press Release

Joint Press Release

Serra Verde, a Denham Capital portfolio company, announces investment by Vision Blue Resources and The Energy & Minerals Group as well as appointment of new leadership team

11 January 2023: Serra Verde Pesquisa e Mineração Ltda. (“Serra Verde” or the “Company”), a Denham Capital (“Denham”) portfolio company that is developing an integrated rare earth element (“REE”) mining and processing operation in Brazil, announces that the Energy and Minerals Group (“EMG”) and Vision Blue Resources Limited (“VBR”) have invested US\$150mm in the Company. As a result, Serra Verde is now expected to be fully funded through to production and cash flow generation, with additional capital available for optimization and expansion-related activities. Together, Denham, EMG and VBR’s participation will accelerate and expand the production of REEs, specifically those used in permanent magnets critical to the transition towards a low carbon economy.

Serra Verde will produce a unique mineral concentrate containing a high value combination of both heavy and light magnetic REEs, including neodymium (Nd), praseodymium (Pr), terbium (Tb) and dysprosium (Dy). With production projected to commence in the second half of 2023, Serra Verde is on track to be only the third non-Asian scale producer and the first to produce all four critical magnetic REEs. Together, these four magnetic REEs are expected to constitute over 85% of the value of the Serra Verde concentrate. All four of these REEs are essential to the manufacture of permanent magnets for use in electric vehicle motors and wind turbine generators, for which demand is growing prolifically.

Following the investment, Sir Mick Davis, CEO and Co-founder of VBR, will be appointed Chair of the Company. Thras Moraitis, an advisor to VBR and a former member of the Executive Committee of Xstrata Plc, and Group Head of Strategy and Corporate Affairs will be appointed CEO of the Company. John Raymond, Co-founder & CEO of EMG, will be appointed as a member of the board of directors. The remainder of the board will consist of representatives from Denham, including Carl Tricoli, Founder and Managing Partner, Robert Still, Partner, and Justin Machin, Managing Director.

Serra Verde, which is located in the established mining jurisdiction of Minaçú, Goiás State, is the largest known ionic-clay REE deposit outside of Asia. Samples of the concentrate from this large, long-life deposit have already been widely tested and accepted by major customers, with whom the Company has established off-take agreements.

Unlike many hard rock REE producers, ionic clay deposits such as Serra Verde’s are particularly attractive as they contain all four magnetic REEs and can be mined with low-cost open mining techniques and processed using simple, established technologies with no hazardous chemicals, resulting in lower operating costs and superior ESG credentials.

Serra Verde is currently constructing Phase I of the Pela Ema deposit at its operations, expected to produce at least 5,000 tpa of rare earth oxide with a 25-year mine life, with significant potential to increase Phase I capacity through initiatives such as plant optimization and debottlenecking.

All currently required permits have been received and production is expected to commence in the second half of 2023, with offtakes already in place for a large proportion of planned production. Since its first investment in 2010, Denham has led the Company's development from exploration stage to the cusp of production, and following the investment by EMG and VBR, continues to be the largest investor and controlling shareholder of Serra Verde.

The investment by EMG and VBR will provide further financing towards the completion of construction and commissioning of Phase I, as well as enabling additional study work to be undertaken on a potential Phase II expansion of the Pela Ema deposit, with the objective of doubling run-of-mine production towards the end of this decade.

The market for EVs is expected to grow significantly in the coming years, with Bloomberg New Energy Finance forecasting that global EV sales will increase by 6.5 times between 2020 and 2040. At the same time, demand for more efficient direct drive wind turbines that utilize permanent magnets is expected to grow at a compound annual growth rate of around 12% over the next 20 years according to IRENA. Consequently, demand for magnetic REEs is expected to significantly outpace supply over the next decade and beyond, with the global supply deficit expected to reach approximately 40% by 2040.

Sir Mick Davis, CEO of VBR and Chairman of Serra Verde, said, "This is a compelling opportunity to both enable the sustainable energy transition and provide a new source of large scale production of both heavy and light rare earth elements outside Asia, which are utilized today in the manufacturing of 90% of all permanent magnets. Robust growth in demand for these rare earths, driven by renewable energy applications and a desire for alternative sources of supply, inform our view of a very positive outlook for the Serra Verde product.

"Longer-term, I believe that the opportunity exists to further develop the large 60,000 hectare lease at Serra Verde beyond the Phase II expansion of the Pela Ema deposit to provide further growth. Ultimately, we aim to create a platform to play an active role in developing the nascent value chains required for permanent magnet production outside China."

Thras Moraitis, CEO of Serra Verde, said, "I'm excited to be leading a world-class operation such as Serra Verde, which has already proven itself exceptional in terms of its scale, quality and growth optionality. This is an important moment as we enable a rare earth operation to supply global markets hungry for its products while meeting a strategic imperative to diversify supply chains.

"Serra Verde is poised to become only the third large scale producer of REEs outside Asia and, unusually, has all the REEs required to manufacture permanent magnets. The project has been substantially de-risked by the steps that Serra Verde and Denham have taken over the last twelve years to secure broad stakeholder support and become a responsible producer. Given

the skilled senior team and workforce, existing transport, power, water and other infrastructure, the Company is now in advanced stages of construction and production is expected to commence in the second half of 2023."

Carl Tricoli, a Founder and Managing Partner of Denham, said, "This investment by EMG and VBR is a clear vote of confidence in Serra Verde and the work that has been undertaken over many years to discover, delineate and develop this world-class operation. We are delighted to have secured the proven skills and expertise of Sir Mick Davis and Thras Moraitis to lead the development of Serra Verde and identify opportunities to create a responsible, large scale and efficient producer of vital REEs for the production of permanent magnets."

John Raymond, Co-Founder & CEO of EMG, said, "The investment in Serra Verde is consistent with EMG's strategy of only investing in assets with the highest quality, well-defined resources which supply core commodities that are integral to the functioning of the global economy. We are pleased to partner with Denham and VBR to support the development of Serra Verde's businesses."

Morgan Stanley & Co. LLC acted as exclusive financial advisor to Serra Verde and Denham. Sidley Austin LLP acted as the principal legal advisor to Serra Verde and Denham, and Shearman & Sterling LLP acted as the principal legal advisor to EMG and VBR.

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Notes to editors:

About Serra Verde

Serra Verde is a large, long-life deposit containing an elevated proportion of high value heavy and light REEs, primarily neodymium (Nd), praseodymium (Pr), terbium (Tb) and dysprosium (Dy) that are key to the energy transition. Construction of the mine and processing infrastructure is well advanced, and all necessary permits have been received.

The operation is located in an established mining area with access to a skilled workforce and close to existing transport, power, water and other infrastructure.

Serra Verde is an ionic-clay REE deposit, one of relatively few such deposits found outside of China. Ionic clays can be mined with low-cost open mining techniques and processed using simple technologies with no hazardous chemicals, crushing, milling, or acid leaching. As a result, our environmental impacts are lower than at other rare earth operations.

Furthermore, the operation is located close to significant hydropower installations, providing access to reliable and clean energy. serraverde.com

About Vision Blue Resources

Vision Blue was founded in December 2020 by Sir Mick Davis to identify and capture opportunities in battery and technology minerals linked the global transition to clean energy production and storage. VBR aims to capitalise on this secular change in demand in its target commodities, which is occurring against a backdrop of limited supply, by leveraging its proven acquisition and integration skills together with its financial, ESG, technical, construction and operating experience in the mining and metals sector.

VBR targets companies in established mining jurisdictions, with well advanced assets that are scalable, have low logistics and processing risks and can be brought into production rapidly. VBR aims to work with existing management teams to provide critical growth capital, technical support and experience in securing future finance. Where possible, VBR utilises a phased development approach based upon a self-financed expansion to achieve large scale revenue and cash flows. vision-blue.com

About The Energy & Minerals Group

The Energy & Minerals Group (“EMG”) is a private investment firm with Regulatory Assets Under Management of approximately US\$13 billion as of March 31, 2022. EMG targets equity investments of US\$150 million to US\$1,000 million in the energy and minerals sectors with

talented, experienced management teams, focused on hard assets that are integral to existing and growing markets. emgtx.com

About Denham Capital

Founded in 2004, Denham Capital is a Global Energy Transition Investment firm, having raised more than \$12 billion of capital across multiple sectors. Specializing in private equity, infrastructure and credit, Denham Capital invests in sectors that are central to the economic and resource transitions happening globally, delivering the metals, minerals and sustainable infrastructure needed for today and tomorrow. Denham sponsors entrepreneurs, delivering the financial resources and industry expertise needed to create and grow successful infrastructure and resource businesses. It seeks to establish long term partnerships with entrepreneurs and companies who share its vision for growth and value creation. The investment teams have extensive renewable power, infrastructure and mining investment experience, including technical experience as engineers, operators, and business owners. Denham Capital is built on a foundation of experience, fairness, economic rationale, flexibility and trust, and brings these values into every opportunity the firm pursues. It believes in tactical familiarity within its industry sectors along with a disciplined approach centred around fairness and shared success making Denham Capital an ideal partner. denhamcapital.com

Forward-Looking Statements

This release contains forward-looking statements. Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects," "believes," "intends," "anticipates," "plans," "estimates," "forecast," "guidance," "potential," "possible," or "probable" or statements that certain actions, events or results "may," "will," "should," or "could" be taken, occur or be achieved. The forward-looking statements include statements about the completion of construction of Phase I of the Pela Emma deposit, expected benefits of REEs, production, financial position and business strategy. Forward-looking statements are based on current expectations and assumptions and analyses made by Serra Verde and its management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors appropriate under the circumstances. However, whether actual results and developments will conform to expectations is subject to a number of material risks and uncertainties, including but not limited to the ability timely and within budget complete construction of Phase I of the Pella Emma deposit, the success of production and the market for and prices of REEs. Serra Verde undertakes no obligation to revise or update publicly any forward-looking statements except as required by law.