

GK Ancuabe Graphite Mine Sale Process

Phase I - Sending initial, general information to potential interested parties.

1. Expression of Interest and Non-Disclosure Agreement (NDA)

Companies or individuals seeking initial, general information about the mine are kindly requested to submit their inquiries via email to: Email: davidleal@leilosoc.pt

The expression of interest should include:

- Full name and contact information of the potential buyer
- Description of the company or organization (if applicable)
- Reason for their interest in purchasing the mine
- Relevant experience in the mining industry (if available)

The next step, and before accessing any confidential information, potential buyers must sign an NDA with the auctioneer.

2. General Information Review

Upon expressing interest and NDA signed, Leilosoc will provide general, confidential information about the mine for initial assessment:

- Location.
- Area Size.
- Graphite available.
- Equipment.
- Employee's situation.
- The activity status of the mine.
- The characteristics of the graphite.

Phase II - Expression of Interest and Further Business Engagement

Potential buyers who express interest are invited to submit a non-binding Letter of Intent (LOI) for more in-depth information about the business.

3. Qualification and Letter of Intent (LOI)

LOI: This document delineates the buyer's initial interest in acquiring the mine and signifies their commitment to conduct due diligence. It may encompass:

- A comprehensive explanation of their motivations for interest
- Proposed timelines for due diligence and negotiations
- A commitment to confidentiality and exclusivity throughout the negotiation phase
- Contact information for the buyer's representative, if applicable
- Any other relevant details aimed at reinforcing the buyer's position.

Phase III – Buyer Due Diligence

Upon successful completion of the NDA (Phase I) and the submission of the LOI (Phase II), qualified buyers will receive exclusive access to confidential due diligence materials. We extend a cordial invitation for buyers to conduct on-site visits to the mine, providing an invaluable firsthand experience.

4. Due Diligence

During this critical phase, qualified buyers will gain access to a comprehensive suite of confidential materials, comprising:

- Technical and legal documents
- Mine development plans
- Economic feasibility studies
- Environmental and social impact assessments

Furthermore, buyers are strongly encouraged to actively participate in scheduled site visits, facilitating a direct exploration of the mine's infrastructure and operations. Engaging in discussions with on-site experts is also encouraged, fostering a deeper understanding.

This meticulous due diligence process is designed to offer buyers a holistic comprehension of the mine's assets and operations, empowering informed decision-making throughout the auction stages.

Phase IV – The auction

Though the standard payment process typically occurs post-auction, thorough discussions on payment methods and timelines can be conducted in advance with both qualified buyers and the seller, mediated by the auctioneer. This pre-negotiation ensures a seamless transaction process, encompassing vital points such as:

- Proposed purchase price, open for pre-negotiation
- Preferred terms and conditions for the transaction
- Any specific contingencies or conditions for the purchase

5. Registration and Pre-Registration for the Auction

To participate in the auction, qualified buyers must:

- Register on Leilosoc.com (if not already registered): <https://www.leilosoc.com>
- Pre-register for the mine auction on the platform: <https://leilosoc.com/en-MZ/lot/24609/136938/>

Auctioneer approval is mandatory for pre-registration before proceeding to subsequent steps. Please note that an auctioneer may require a refundable deposit of \$10,000 as a part of the pre-registration process.

6. Online Auction

Participation in the online auction is exclusive to qualified buyers who have successfully completed the preceding steps. Bidding will adhere to the following rules and timeline:

- **Auction Dates:** Commences on July 17, 2024, and concludes on September 18, 2024, at 10:00 AM Western European Time (WET).
- **Reserve Price:** USD 5,000,000
- **Opening Bid:** USD 2,000,000
- **Bid Increment:** USD 50,000
- **Auctioneer's Commission:** A 5% commission on the final sale price (reached during the auction or post-auction) will be added to the total payable by the buyer.
- **Taxes:** The final sale price may be subject to taxes based on the chosen payment method and location. Kindly verify all applicable taxes in advance.
- **Auction Extension:** Any bid placed within the last 5 minutes of the auction will automatically extend the auction by 5 minutes, ensuring ample time for final bids.
- **Bid Tracking:** The auction platform tracks the highest bid in real-time, keeping all participants informed.
- **Offers:** Please be aware that even if the highest bid falls short of the reserve price of USD 5,000,000, the seller retains the ultimate decision to accept or reject the offered value.

Phase V – Transaction Conclusion

7. Selection of the Winner

- The highest bidder at the auction's conclusion secures the win, pending necessary verifications and compliance with agreed-upon contingencies.
- The auctioneer promptly informs the winning bidder and initiates negotiations to address any outstanding matters before advancing.

8. Contract Signing

The auctioneer collaborates with the winning bidder and buyer to finalize the terms of the purchase and sale agreement that will refine the previously established aspects, including price, payment terms, warranties, closing procedures, and other pertinent details, ensuring a thorough and satisfactory agreement.

More information:

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16/07/2024