



CBL **INVESTMENT OPPORTUNITY IN THE LITHIUM MINING AND PROCESSING SECTOR**

February 2022



EXECUTIVE SUMMARY

Opportunity Overview

- Companhia de Desenvolvimento de Minas Gerais - Codemge ("Codemge" or "Seller"), with the exclusive financial advisory of Banco de Desenvolvimento de Minas Gerais ("BDMG"), is carrying out the divestment process of its 33.33%¹ stake in Companhia Brasileira de Lítio ("CBL" or "Company")
- CBL operates in the pegmatite mining market, concentration of spodumene (SPO) and processing of lithium chemical compounds
- Location of Operating Sites:
 - Cachoeira Mine: Araçuaí (MG)
 - Processing Plant of spodumene concentrate: Araçuaí (MG)
 - Chemical Plant: Divisa Alegre (MG), about 180 km away from Araçuaí (MG)

1) The other shareholders are: Majority Shareholder (62.15%) and Minority Shareholder (4.52%). All CBL shares are common with voting rights.

EXECUTIVE SUMMARY

CBL at a Glance

- More than 25 years of operating experience in the lithium composites sector
- The only company operating in Brazil to master integrated lithium ore-concentrate-compound technology
- Reserves¹ of the Cachoeira Mine of 2.4Mt of pegmatite, with deepening drilling program currently being carried out and substantial part of the mineral bodies not yet evaluated
- Exclusivity in the national production of lithium hydroxide and carbonate
- Portfolio of customers composed mainly of large companies
- Several completed and ongoing initiatives aligned with the ESG (Environmental, Social and Governance) principles



1) (Measured + Indicated Reserves) x 90%. Reserves classification according to Brazilian mining code.

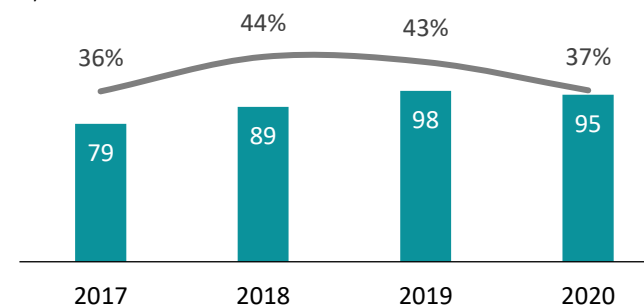
EXECUTIVE SUMMARY

Financial Highlights

- Stable revenue reflects the Company's competitive advantages
- Strong operating cash flow generation with historical Ebitda margin between 36% and 44%
- High net margin due to low financial leverage and use of tax benefit¹
- Dividend paying company: between 2017 and 2020 the Company paid R\$87 mn in dividends
- Average payout ratio in the period equal to 80%
- Company does not have contracted loans

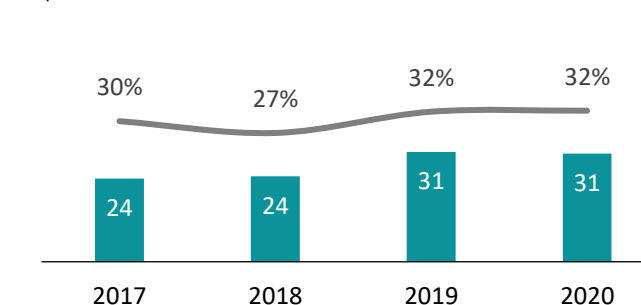
Net Revenues & Ebitda Margin

R\$ mn



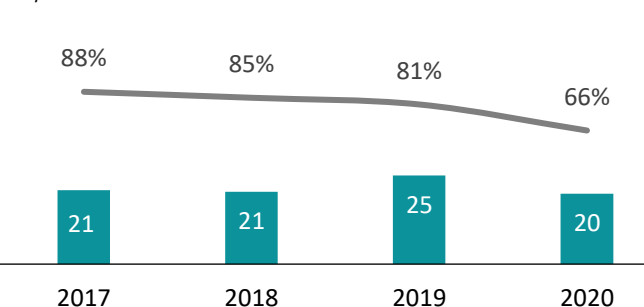
Net Income & Net Margin

R\$ mn



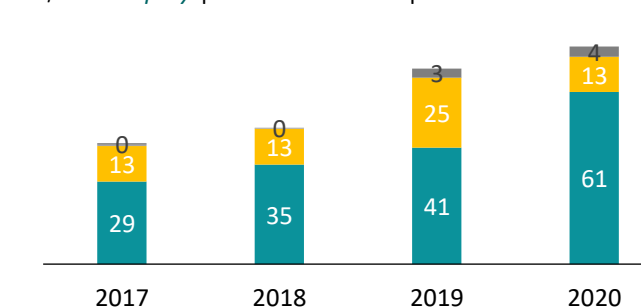
Dividend & Payout Ratio

R\$ mn



Liabilities and Shareholders' Equity

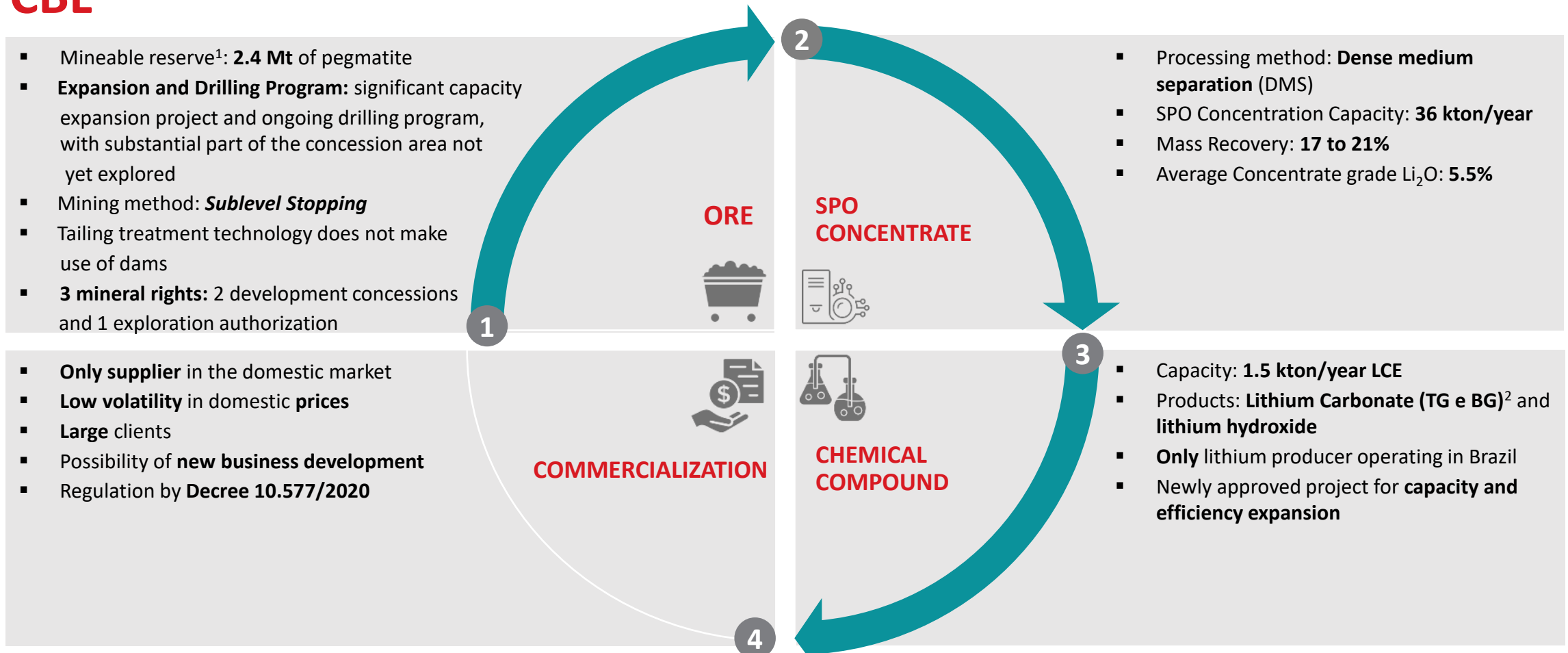
R\$ mn – Equity | Current Liabilities | Non-Current Liabilities



1) The Company obtained the SUDENE tax benefit, with a 75% reduction in the Income tax rate. Expiration in 2030

EXECUTIVE SUMMARY

CBL



1) Reserves classification according to Brazilian mining code.

2) TG: Technical-Grade; BG: Battery-Grade

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Pictures of the operation



Cachoeira Mine – Araçuaí (MG)



Mining Method

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Pictures of the operation



Concentration Process – Araçuaí (MG)

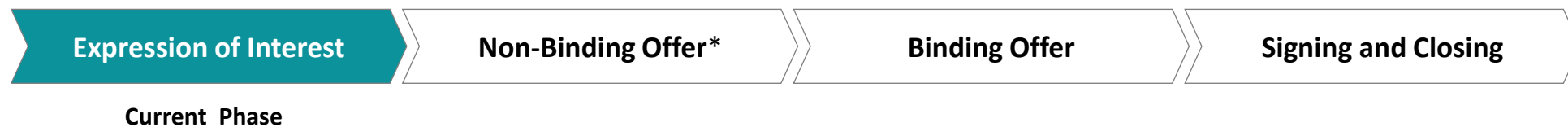


Chemical Plant – Divisa Alegre (MG)

EXECUTIVE SUMMARY

Investment Thesis and Phases of the Divestment Process

- Exposure to the lithium market, an essential raw material in the production of batteries for electric vehicles
- Exposure to the company with full control of the production process of lithium chemical compounds
- Company with recurring cash flow, low need for sustaining capex and high payout rate
- Unlevered capital structure with the possibility of leveraging returns with third-party capital
- Potential upsides related to ongoing drilling program, which could lead to an increase in the mineable reserve estimate
- Expected Phases of the Process:



* As provided in Chapter III-A of Codemge's Internal Rules of Bidding and Contracts, this phase may be suppressed



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FINANCIAL REQUIREMENTS and Eligibility Criteria

- **Strategic Investors**
 - Book equity value:
 - Greater than R\$ 75 mn or
 - Greater than R\$ 45 mn if it holds assets or interests in the Company's operating sector (for example: in Mining, Batteries, Grease and Lubricants enterprises).
- **Financial Investors**
 - Assets Under Management (AUM): greater than R\$ 220 mn
- **Individual Investors (Natural Persons)**
 - Assets and Rights: greater than R\$ 220 mn

FINANCIAL REQUIREMENTS

and Eligibility Criteria

To participate in the Process, a Prospective Purchaser must meet the following requirements:

1. The Prospective Purchaser or any of its subsidiaries must not:

- a) Be subject to, belong to, or be controlled by an individual or legal entity subject to (i) economic, financial or commercial sanctions; (ii) embargoes; or (iii) restrictive measures administered, issued, or applied by the World Bank, the United Nations Security Council, the United States of America, Canada, the United Kingdom, the European Union, the Netherlands, Brazil, or by the respective governmental institutions and agencies of any of the abovementioned (Sanctioned Person)
- b) Be located, created, incorporated, organized or resident in a country subject to (i) economic, financial or commercial sanctions; (ii) embargoes; or (iii) restrictive measures administered, issued, or applied by the World Bank, the United Nations Security Council, the United States of America, Canada, the United Kingdom, the European Union, the Netherlands, Brazil, or by the respective governmental institutions and agencies of any of the abovementioned (Sanctioned Country)
- c) Have the predominant part of your business affiliation or do business with any Sanctioned Person or in a Sanctioned Country
- d) Have on its board of directors people who, by themselves, or their relatives up to the third civil degree, are or have been occupants of effective position or employment at Codemge or in any controlled company or occupant of a position of management, superior advice or intermediary assistance of the State of Minas Gerais in the 180 (one hundred and eighty) days immediately prior to the date of disclosure of this investment opportunity
- e) Have been sentenced, by a final, non-appeable sentence, to the penalty of interdiction of rights for environmental crimes, according to article 10 of Federal Law 9605/98
- f) Be in bankruptcy

FINANCIAL REQUIREMENTS

and Eligibility Criteria

To participate in the Process, a Prospective Purchaser must meet the following requirements:

2. The Prospective Purchaser must not be included in any of the following restrictive lists:

- a) “Cadastro de Empresas Inidôneas e Suspensas” (CEIS), available at : <http://www.portaldatransparencia.gov.br/sancoes/ceis>
- b) “Cadastro Nacional de Empresas Punidas” (CNEP), available at: <http://www.portaltransparencia.gov.br/sancoes/cnep>
- c) “Cadastro de fornecedores impedidos de licitar e contratar com a Administração Pública Estadual” (CAFIMP), available at: <http://transparencia.mg.gov.br/cadastro-de-fornecedores-impedidos-de-licitar-e-contratar-com-a-administracao-publica-estadual-cafimp>
- d) “Lista de Alertas de Suspensão da CVM”
- e) “Cadastro de Empregadores – Trabalho Escravo” (Portaria Interministerial MTPS/MMIRDH n. 4 de 11/05/2016, art. 2º , caput)

3. The Prospective Purchaser, in the case of a foreign company, must submit an Authorization Decree to operate in Brazil.

- If the Prospective Purchaser or any of its affiliates is included in the abovementioned lists or fails to meet any of the abovementioned requirements, the Prospective Purchaser will be excluded from the Process at any time

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FINANCIAL REQUIREMENTS

and Eligibility Criteria

- The Prospective Purchaser must not have any conflict of interest with CBL. The holding of equity interest and/or other types of investments, in an amount equal to or greater than 5% (five percent) of share capital and/or direct/indirect investment in legal entities and/or other types of investment operations, whose main economic activity is similar to CBL's main economic activity (extraction, production, industrialization and commercialization of lithium and/or lithium chemical compounds) is considered a conflict of interest;
- Additionally, by participating in this Process, the Prospective Purchaser undertakes to refrain from any action or omission that would violate any applicable law regarding business ethics, including Brazilian anticorruption laws (specifically, Brazilian Federal Law No. 12.846/2013);
- To avoid conflicts of interest, no Prospective Purchaser considered an affiliate of the sole financial advisor in the Process (BDMG), as well as its directors and managers and supplementary pension entity of which it is a sponsor, may participate in the Process;
- The completeness of the declaration and the fulfillment of the requirements mentioned above will be verified by Codemge after the Prospective Purchaser accepts the confidentiality obligations necessary for participating in the Process;
- The Prospective Purchasers may, at their own risk and subject to payment of all related expenses, hire financial, technical and legal consultants to assist in the Process, as long as such consultants are reputable, experienced and unquestionable institutions not subject to any conflict of interest related to Codemge, the existence of a conflict being determined according to the criteria specified by Codemge;
- Joint proposals and/or consortiums will not be accepted.

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CONTACT INFORMATION

Alexandre Aronne

Financial Advisor – Coordinator

+55 31 3219-8184

alexandrearonne@bdmg.mg.gov.br

Matheus Tângari

Financial Advisor

+55 31 3219-8183

matheusc@bdmg.mg.gov.br

Webbert Caldeira

Financial Analyst

+55 31 3219-8343

wcaldeira@bdmg.mg.gov.br



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