



# GRANGEX completes acquisition of Sydvaranger Mining AS

On 30 November 2023, GRANGEX AB (publ) (“**GRANGEX**” or “the Company”) announced that it had executed a conditional sale and purchase agreement (“**SPA**”) with OMF Fund II H Ltd (“**Orion**”) for the acquisition of 100% of the share capital and shareholder loans of Sydvaranger Mining AS (“**Sydvaranger**”). Sydvaranger owns an iron ore mine in Kirkenes, Northern Norway (the “**Sydvaranger Mine**”).

On 22 December 2023, GRANGEX further announced that it had entered into a US\$17,500,000 royalty agreement (“**Royalty Agreement**”) with Anglo American for the part-funding of the Sydvaranger acquisition and for the future development and operation of the Sydvaranger Mine.

Further to the above announcements, the Company is today pleased to announce that it has completed the acquisition of Sydvaranger. As a result of the acquisition, GRANGEX is today the 100% owner of both the Sydvaranger Mine and the 100% owner of its existing Dannemora Mine. GRANGEX’s stated strategy is to restart production of ultra-high-grade direct reduction magnetite concentrate at both mines and to become a leading supplier to the European and global steel industries as they undergo the current ‘green steel revolution’.

During final negotiations, certain terms in the SPA and the Royalty Agreement have been amended with the key terms presented below.

## **SPA**

The key terms of the SPA are as follows:

- GRANGEX has acquired 100% of the share capital of Sydvaranger via a newly established 100% owned subsidiary company, GRANGEX Sydvaranger AS (“**GRANGEX Sydvaranger**”);
- The consideration paid on closing for 100% of the share capital of Sydvaranger is US \$1,500,000, of which US\$1,000,000 is paid in 2023;
- Sydvaranger has US\$25,500,000 of existing debt payable to Orion (“**Debt**”). The Debt has a maturity on 31 December 2025 with Sydvaranger having the right to repay the Debt at any time before maturity. The Debt contains other such commercial terms as are customary for a transaction of this nature; and
- A deferred consideration of US\$13,000,000 which will be paid in cash by GRANGEX Sydvaranger upon a final investment decision (“**FID**”) for the pre-production construction at the Sydvaranger Mine. FID is currently expected in early 2026.

## Royalty Agreement

The key terms of the Royalty Agreement are as follows:

- An exclusive royalty agreement (the “**Royalty Agreement**”) whereby Anglo American has paid to GRANGEX Sydvaranger US\$17,500,000 in exchange for a 3.00% revenue royalty over the life-of-mine production from the Sydvaranger Mine;
- GRANGEX Sydvaranger has the option to buy-back the royalty at any time, and
- The Royalty Agreement contains other such commercial terms as are customary for a transaction of this nature.

Both the Debt and the Royalty Agreement are secured only by the shares of GRANGEX Sydvaranger AS and its assets in Sydvaranger Mining AS.

US\$3,000,000 of the Royalty Agreement proceeds will be used to reduce the Debt to US\$22,500,000. The remaining US\$14,500,000 will be utilized by GRANGEX Sydvaranger to complete a new feasibility study on the Sydvaranger Mine (“**Feasibility Study**”) as well as for working capital purposes to maintain the current care and maintenance program at the Sydvaranger Mine.

GRANGEX will establish a technical steering committee, with a representative from Anglo American on such committee, for the Feasibility Study period which is to commence immediately and to be managed by a Tier-1 international mine engineering firm.

Christer Lindqvist, Chief Executive Officer of GRANGEX, states: *“Today we announce the transformation of GRANGEX into Europe’s leading developer of ultra-high-grade direct reduction magnetite concentrate projects.*

*The European and global steel industries are undergoing a fundamental shift away from blast furnace steel making driven by a requirement to reduce CO<sub>2</sub> emissions and to reach broader sustainability targets. Ultra-high-grade direct reduction magnetite is at the core of this ‘green steel revolution’ and GRANGEX’s shareholders have the ability to participate in this revolution through the re-development of the Sydvaranger Mine and of the Dannemora Mine.*

*As a junior mining company, I am especially proud of the support we have received from Anglo American, one of the world’s largest global mining companies, and this partnership further strengthens our intent to bring these assets back into sustainable production. I look forward to continuing our strong relationship with Anglo American and jointly taking the next steps in this exciting journey together.*

*I thank the entire GRANGEX management team as well as our advisors for their hard work and commitment in completing this transaction. My special thanks also to Orion for their constructive cooperation and belief in our capabilities to be a new and responsible custodian of the Sydvaranger Mine.”*

Anglo American is a leading, global mining company with a portfolio of world class operations and a broad range of future development options. For more information about Anglo American refer to [www.angloamerican.com](http://www.angloamerican.com)

## Advisors

Synch Advokat AB acted as Legal Advisor to the Company.

### **Contact person**

Christer Lindqvist, Chief Executive Officer, phone +46 70 591 04 83.

This is information that GRANGEX AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of *the contact person set out above, at 08:30 CET on May 6 2024.*

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### **GRANGEX AB (publ)**

*GRANGEX is a Swedish mineral development company with the vision to actively contribute to a sustainable society within Europe. The company strives to become the foremost mineral development group in Europe, developing and conducting responsible extraction and recycling of minerals, primarily iron ore products and other critical minerals for the green transition. Within the framework of these activities, GRANGEX aims to minimise its climate impact.*

*The company's share (short name GRANGX) is traded on NGM Nordic SME.*

*ISIN: SE0018014243*

*FISN: GRANGEX/SH Instrument ID: 9XX*

*Legal Entity Identifier (LEI) number: 549300MZ7HL7X6AXMC13.*

*For more information [www.grangex.se/](http://www.grangex.se/)*

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