

## News Release

22 February 2024

### **Anglo American secures additional multi-billion tonne high quality iron ore resource at Minas-Rio**

Anglo American plc (“Anglo American”) announces that it has agreed to acquire and integrate the contiguous Serra da Serpentina (“Serpentina”) high quality iron ore resource owned by Vale SA (“Vale”) into Anglo American’s Minas-Rio mine in Brazil (“the Transaction”). Anglo American will continue to control, manage and operate the Minas-Rio operation, including any future expansions that relate to Serpentina.

**Duncan Wanblad, Chief Executive of Anglo American, said:** “The opportunity to partner with Vale to secure a high quality iron ore resource of this scale and quality, right next door to Minas-Rio, is compelling – particularly given all the physical synergies of our mining and processing infrastructure to create a single optimised operation, combined with the option to access Vale’s rail and port logistics. The sheer scale and quality of the Serpentina orebody offers significant value, including through the scope to expand the production of the premium grade pellet feed products we sell to steelmaking customers as they focus on decarbonising their own processes for decades to come. The Minas-Rio DRI-grade product sells into one of the most attractive growth segments available in our industry today.”

Serpentina<sup>1</sup> contains a Mineral Resource of 4.3 billion tonnes of iron ore, with a significantly larger total endowment upside that reflects the total strike length of the orebody of more than twice that of Minas-Rio. Serpentina is also of a higher iron ore grade than Minas-Rio’s already high grade ore and contains predominantly softer friable ore that together are expected to translate into lower unit costs and capital requirements for its extraction. The combination of the two resources also offers considerable expansion opportunities, including the potential to double production, which Anglo American and Vale will assess under the Transaction’s terms.

**Eduardo Bartolomeo, CEO of Vale, commented:** “We are pleased to partner with Anglo American to support the growing demand for high quality iron ore as our clients accelerate their transition to low carbon emissions steelmaking. Minas-Rio is a Tier-1 asset that will benefit from great synergies with Serpentina’s deposit and Vale’s logistics and we are confident this partnership will unlock significant value to all of our stakeholders. We plan on allocating our share of the high-quality pellet feed to our pellet plants in Brazil and in the future to the Mega Hubs producing iron ore briquettes.”

Under the Transaction’s terms, Vale will contribute Serpentina and US\$157.5 million in cash to acquire a 15% shareholding in the enlarged Minas-Rio, subject to normal completion adjustments. If the average benchmark iron ore price<sup>2</sup> remains above US\$100/t or below US\$80/t for four years, a purchase price adjustment payment will be made to Anglo American or Vale, respectively, in line with an agreed formula.

Following completion of the Transaction, Vale will receive its pro rata share of Minas-Rio production. Vale will also have an option to acquire an additional 15% shareholding in the enlarged Minas-Rio for cash if and when certain events relating to a future expansion of Minas-Rio occur, including the receipt of the requisite environmental licence<sup>3</sup> for an expansion following the completion of a pre-feasibility study (PFS) and feasibility study (FS)<sup>4</sup>, at fair value calculated at the time of exercise of the option<sup>5</sup>.

The enlarged Minas-Rio will have the option to utilise Vale’s nearby rail line and Tubarão port to transport expanded output as an alternative to the construction of a second pipeline to Anglo

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American's current port facility at Açú. All viable logistics solutions will be considered and evaluated during pre-feasibility. The existing Minas-Rio pipeline crosses the Vale rail network downstream from Minas-Rio, enabling a far shorter second pipeline to connect with the rail corridor to the Tubarão port. The Transaction does not include or affect Anglo American's 50% interest in the iron ore export facility at the port of Açú.

The Transaction is expected to complete in Q4 2024, subject to regulatory conditions.

### **Additional information**

As at 31 December 2023, the value of the gross assets of Anglo American Minério de Ferro Brasil S.A. was US\$8,069.7 million, with total profit before tax of US\$1,126.7 million reported in the financial year ended 31 December 2023.

As at 31 December 2023, the assets being contributed by Vale (and referred to above as Serpentina) were held at nil gross asset value and had nil associated profit before tax.

This document includes references to the Anglo American Group, forward-looking statements and third-party information. For information regarding the Anglo American Group, forward-looking statements and such third-party information, please see "Group terminology" and "Forward-looking statements and third party information" below.

### Footnotes:

<sup>1</sup> Serpentina information as stated in Vale's technical report: 'Iron Ore Resources Assessment for the Serpentina Hills Project'. Average in situ iron ore grade of c.40% vs Minas-Rio average of c.32%. Serpentina proportion of friable ore is c.79% vs Minas-Rio at c.28%.

<sup>2</sup> Benchmark 62% CIF China.

<sup>3</sup> Licença Prévia.

<sup>4</sup> The pre-feasibility study must be completed within 36 months of the Transaction completing. Providing the PFS meets an agreed IRR hurdle rate, a feasibility study must be completed within a further 24 months. If the FS meets an agreed IR hurdle rate, then the preliminary environmental licence for the expansion of Minas-Rio must be applied for.

<sup>5</sup> Should Vale exercise its option to acquire a further 15% of Minas-Rio, the aggregate consideration receivable in respect of both transactions has been capped at 24.99% of Anglo American's market capitalisation as at 21 February 2024. Anglo American will retain the right to remove this cap at its sole discretion subject to any approvals required under the UK Listing Rules.

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#### **Notes:**

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive operations, with a broad range of future development options, provides many of the future-enabling metals and minerals for a cleaner, greener, more sustainable world and that meet the fast growing every day demands of billions of consumers. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and to mine, process, move and market our products to our customers – safely and sustainably.

As a responsible producer of copper, nickel, platinum group metals, diamonds (through De Beers), and premium quality iron ore and steelmaking coal – with crop nutrients in development – we are committed to being carbon neutral across our operations by 2040. More broadly, our Sustainable Mining Plan commits us to a series of stretching goals to ensure we work towards a healthy environment, creating thriving communities and building trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring value from precious natural resources for the benefit of the communities and countries in which we operate, for society as a whole, and for our shareholders. Anglo American is re-imagining mining to improve people's lives.

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