

2 December 2024

Anglo American completes transaction to add multi-billion tonne Serpentina premium iron ore resource at Minas-Rio

Anglo American plc ("Anglo American") announces the completion of the transaction to combine the Serra da Serpentina ("Serpentina") high quality iron ore resource owned by Vale SA ("Vale") into Anglo American's Minas-Rio operation in Brazil, following the agreement announced on 22 February 2024 (the "Transaction"). The premium quality Serpentina iron ore resource is contiguous to, and will be integrated into, Anglo American's Minas-Rio operation in Brazil, in partnership with Vale. Anglo American will continue to control, manage and operate the Minas-Rio operation, including any future expansions that relate to Serpentina.

Under the transaction's terms, Vale is transferring Serpentina and will pay US 157.5 million in cash (subject to completion and commodity price related adjustments⁽¹⁾) to acquire a 15% shareholding in the enlarged Minas-Rio. Vale also has 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, with value to be determined at the time of option exercise⁽²⁾.

Duncan Wanblad, Chief Executive of Anglo American, said: "This is a compelling example of industrial logic - putting together the contiguous resources of Minas-Rio and Serpentina to unlock significant value. Integration will generate material synergies through utilisation of Minas-Rio's infrastructure to accelerate the development of Serpentina. It's an outstanding resource with a total orebody strike length more than double that of Minas-Rio with a higher iron ore grade than Minas-Rio's premium grade ore as well as softer, friable ore, which should translate into lower unit costs and capital required for its extraction.

"Integrating Serpentina creates scope to double our production of premium grade pellet feed products for decades to come and so help our steelmaking customers decarbonise their processes. The Minas-Rio DRI-grade product already sells into one of the most attractive growth and premium segments available in our industry today. The optimal development pathway is already being assessed as part of the pre-feasibility work with new options created by the fact that we will now be able to access Vale's rail and port logistics."

Anglo American is also progressing development of the margin-enhancing UHDMS processing technology at Kumba's Sishen mine in South Africa that was announced in August. This will allow Sishen to treble its proportion of premium quality production volume. Together these initiatives will significantly enhance our global premium iron ore business and position it even more strongly for future demand trends - another valuable step as we create a world class copper, premium iron ore and crop nutrients business.

Footnotes:

¹ If the average benchmark 62% CIF iron ore price 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.

² Relevant events that trigger Vale's right to purchase an addition 15% include the receipt of the requisite environmental licence for an expansion following the completion of a pre-feasibility study and feasibility study at fair value. The pre-feasibility study must be completed within 36 months of the Transaction completing. Providing the pre-feasibility study meets an agreed IRR hurdle rate, a feasibility study must be completed within a further 24 months. If the feasibility study meets an agreed IRR hurdle rate, then the preliminary environmental licence for the expansion of Minas-Rio must be applied for. 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 focused on the responsible production of copper, premium iron ore and crop nutrients - future-enabling products that are essential for decarbonising the global economy, improving living standards, and food security. Our portfolio of world-class operations and outstanding resource endowments offers value-accretive growth potential across all three businesses, positioning us to deliver into structurally attractive major demand growth trends.

Our integrated approach to sustainability and innovation drives our decision-making across the value chain, from how we discover new resources to how we mine, process, move and market our products to our customers - safely, efficiently and responsibly. Our Sustainable Mining Plan commits us to a series of stretching goals over different time horizons to ensure we contribute to a healthy environment, create thriving communities and build trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring value from precious natural resources for our shareholders, for the benefit of the communities and countries in which we operate, and for society as a whole. Anglo American is re-imagining mining to improve people's lives.

Anglo American is currently implementing a number of major structural changes to unlock the inherent value in its portfolio and thereby accelerate delivery of its strategic priorities of Operational excellence, Portfolio simplification, and Growth. This portfolio transformation will focus Anglo American on its world-class resource asset base in copper, premium iron ore and crop nutrients, once the sale of our steelmaking coal and nickel businesses, the demerger of our PGMs business (Anglo American Platinum), and the separation of our iconic diamond business (De Beers) have been completed.

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