

February 27, 2024

Sumitomo Metal Mining Announces PTVI Divestment Agreement with MIND ID

Sumitomo Metal Mining Co., Ltd. (TSE: 5713, SMM) announces that SMM and Vale Canada Limited (VCL) have agreed to sell a part of their stake in PT Vale Indonesia Tbk. (PTVI) to PT Mineral Industri Indonesia (Persero) (MIND ID), and SMM and VCL have agreed to transfer to MIND ID the rights to subscribe to new shares allocated through a rights issuance by PTVI. SMM, VCL and MIND ID signed an agreement outlining the terms of these transactions on February 26, 2024.

Should all the subscription rights be exercised, the transaction will result in MIND ID's stake in PTVI increasing from 20.0% to 34.0%, VCL's stake decreasing from 44.4% to 33.9%, and SMM's stake decreasing from 15.0% to 11.5% (*). As the transfer value for SMM is expected to be approximately 8 billion yen, SMM does not regard the impact on its consolidated financial performance as significant.

SMM has a commercial right to purchase 20% of annual production of nickel matte produced by Sorowako mine operated by PTVI. PTVI's 1996 Contract of Work with the government of Indonesia, amended in 2014, is due to expire in December 2025. For PTVI to continue its operation beyond 2026, PTVI must obtain a special mining license (IUPK). One of the conditions for obtaining the IUPK is that more than 51% of PTVI's shares must be held by Indonesian capital. As a result of this transaction, approximately 54% of PTVI's shares will be held by Indonesian capital, thereby fulfilling one of the conditions for obtaining the IUPK.

SMM continues to strive to build supply chains for realizing a stable supply of nickel.

(*) The VCL shareholding ratio includes the shares held by its subsidiary, Vale Japan Ltd. Also, if all the subscription rights are exercised, the combined shareholding ratio for all other general shareholders, excluding MIND ID, VCL, and SMM, will remain at 20.6%.

Media Contact

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