

December 4th, 2024

Sumitomo Metal Mining and Rio Tinto Sign a Term Sheet Regarding the Acquisition of a 30% Interest in the Winu Copper-Gold Project in Australia

Sumitomo Metal Mining Co., Ltd. (TSE: 5713) (“SMM”) and Rio Tinto PLC (LSE: RIO, ASX: RIO) (“Rio Tinto”), a major multinational mineral resources company, have signed a Term Sheet and commenced exclusive negotiations regarding SMM’s potential acquisition of a 30% interest in the Winu copper-gold project located in Western Australia (the “Winu Project”). If the acquisition proceeds, Rio Tinto will remain as a 70% shareholder and sole operator of the Winu Project.

Subject to the successful completion negotiations with Rio Tinto, SMM expects to finalize definitive transaction documentation and close the transaction by mid 2025. SMM expects that closing the transaction will be subject to obtaining any necessary consents and approvals, and the satisfaction of customary conditions. The total consideration for the acquired interest payable by SMM will be US\$195 million of upfront cash payment with a deferred consideration contingent (*) on milestones and adjustments to be agreed.

SMM and Rio Tinto have also entered into a letter of intent to develop a broader strategic partnership to work together to explore opportunities for commercial, technical and strategic collaboration across copper, other base metals and lithium.

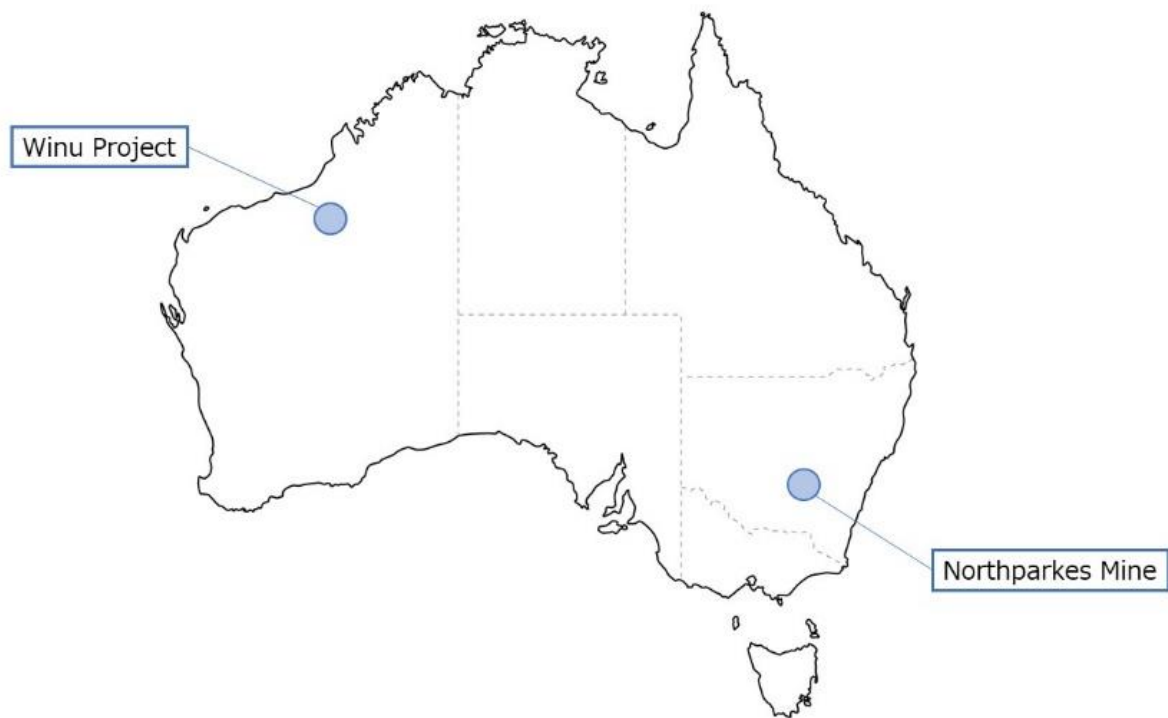
The Winu Project is a highly attractive copper-gold mineralized zone discovered by Rio Tinto in the Great Sandy Desert region of Western Australia in the second half of 2017. SMM understands that Rio Tinto is currently pursuing a pre-feasibility study and is in the process of applying for environmental permits at the Winu Project. SMM has a long-standing relationship with Rio Tinto, including the joint management of the Northparkes copper mine located in New South Wales, Australia from 2000 to 2013.

In its long-term vision, SMM has set a target of producing 300,000 tonnes of copper per year, and holds interests in the Quebrada Blanca copper mine (SMM interest: 25.0%) in Chile, the Morenci copper mine (SMM interest: 25.0%) in Arizona, the Cerro Verde copper mine (SMM interest: 16.8%) in Peru, and certain other copper assets. SMM expects that participation in the Winu Project will be a meaningful contribution to increasing SMM’s copper portfolio.

RBC Capital Markets is acting as the financial adviser to SMM. Herbert Smith Freehills is acting as the legal adviser.

(*) Conditional payments will occur after year 2030 based on the current estimate.

<For reference>



Location of the Winu copper-gold project and currently operating Northparkes copper mine

1. Winu Copper-Gold Project Overview

- Location: Pilbara Region, Western Australia
- 1,400 km northeast of Perth, 240 m above sea level
- Located on the traditional lands of the Nyangumarta People and Martu People.

2. About Rio Tinto

- Established in 1873 to redevelop the Rio Tinto mine in the Huelva region of southern Spain.
- Listed on the London Stock Exchange and the Australian Securities Exchange
- Location: London, UK (headquarters)
- A major mining company with an annual copper production of 562,000 tons (actual results for 2023). In addition to the Oyu Tolgoi copper mine in Mongolia, the Bingham Canyon copper mine in the United States, and the Escondida copper mine in Chile, the company also mines iron ore, produces aluminium, and produces lithium resources.

Media Contact

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Please contact from the inquiry form: <https://www.smm.co.jp/en/contact/>