

Nippon Steel to indirectly acquire a 20% interest in the steelmaking coal business of Teck Resources Limited

- Acquisition is to secure a stable supply of high-quality steelmaking coal for the decarbonization of steelmaking processes and to diversify Nippon Steel's business portfolio to enable it to be more resilient to external changes in the business environment -

Nippon Steel Corporation (**Nippon Steel**) is pleased to announce its decision to indirectly acquire a 20% interest in Elk Valley Resources (**EVR JV**), which will be the steelmaking coal business partnership sold by Teck Resources Limited (**Teck**), the second largest producer of high-quality steelmaking coal in the world.

1. Background of the Investment

In its [press release of February 21st, 2023](#), Nippon Steel announced it would invest in a company to be established by Teck as a spin-out of its steelmaking coal business in order for Nippon Steel to secure a stable supply of high-quality steelmaking coal for decarbonization of its steelmaking processes and to diversify its business portfolio to be more resilient to external changes in the business environment. The investment was not executed however following Teck's withdrawal of the Separation plan from the agenda of its general shareholders meeting in April 2023.

However, following Teck's recent decision to sell its steelmaking coal business, Nippon Steel has decided to invest in the newly formed EVR JV by indirectly acquiring a 20% interest from Teck.

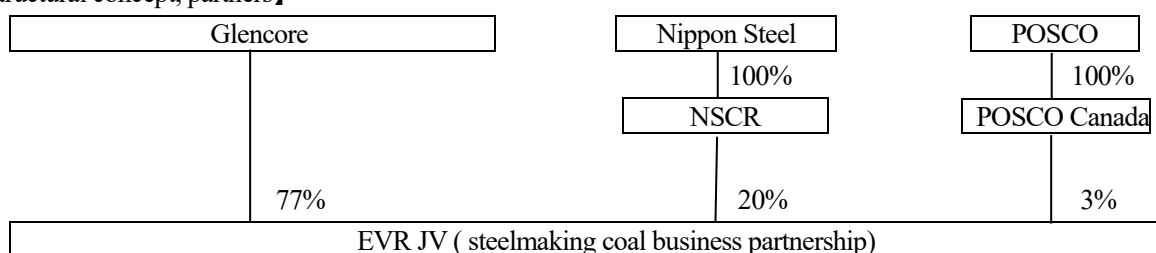
2. Overview of the Separation of Teck and the Investment by Nippon Steel

Teck will transfer its steelmaking coal business assets to the newly formed EVR JV, and to sell a 77% of its interest in EVR JV to Glencore plc (**Glencore**), while a 20 % interest will be held by Nippon Steel, and a 3% interest held by POSCO. For more information about the sale its steelmaking coal business, please refer to the Teck website: <https://www.teck.com/>.

Nippon Steel has executed a Transaction Agreement, pursuant to which Nippon Steel has agreed that its wholly-owned subsidiary, NS Canadian Resources Inc. (**NSCR**), will acquire a 20% interest in EVR JV for approximately 1.34 billion USD (approximately 200 billion JPY) and part of this amount will be made up by Nippon Steel's existing interests in Elkview.

As a result of this transaction, EVR JV will become an equity-method affiliate of Nippon Steel. In addition, Nippon Steel will participate in the decision making process of the steelmaking coal business, and will enter into an offtake rights agreement with EVR JV for the purpose of long-term and stable procurement of steelmaking coal.

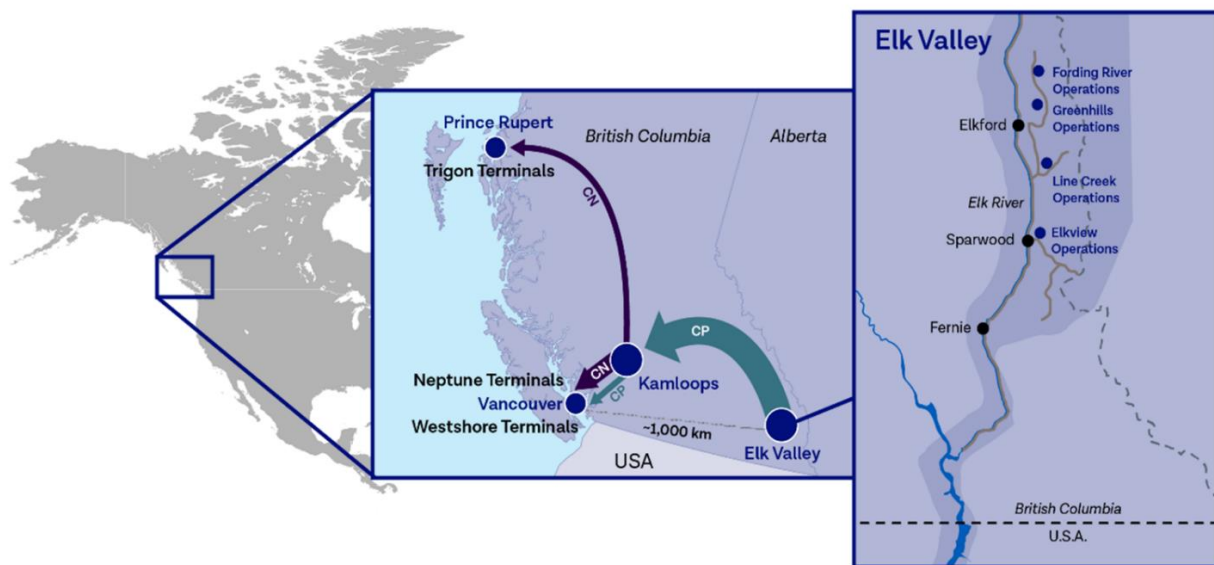
【Structural concept, partners】



【Overview of EVR JV】 (planned)

Name	Elk Valley Resources (steelmaking coal business partnership)
Head Office	Vancouver, British Columbia, CANADA
Description of Business	Production and sales of steelmaking coal
Shareholders	Glencore (77%), Nippon Steel (20%), POSCO (3%)
Major coal mines	Fording River, Elkview, Greenhills, Line Creek (Annual production capacity: 25-27 million tonnes in total)

(Reference 1) Location of major steelmaking coal mines of EVR JV



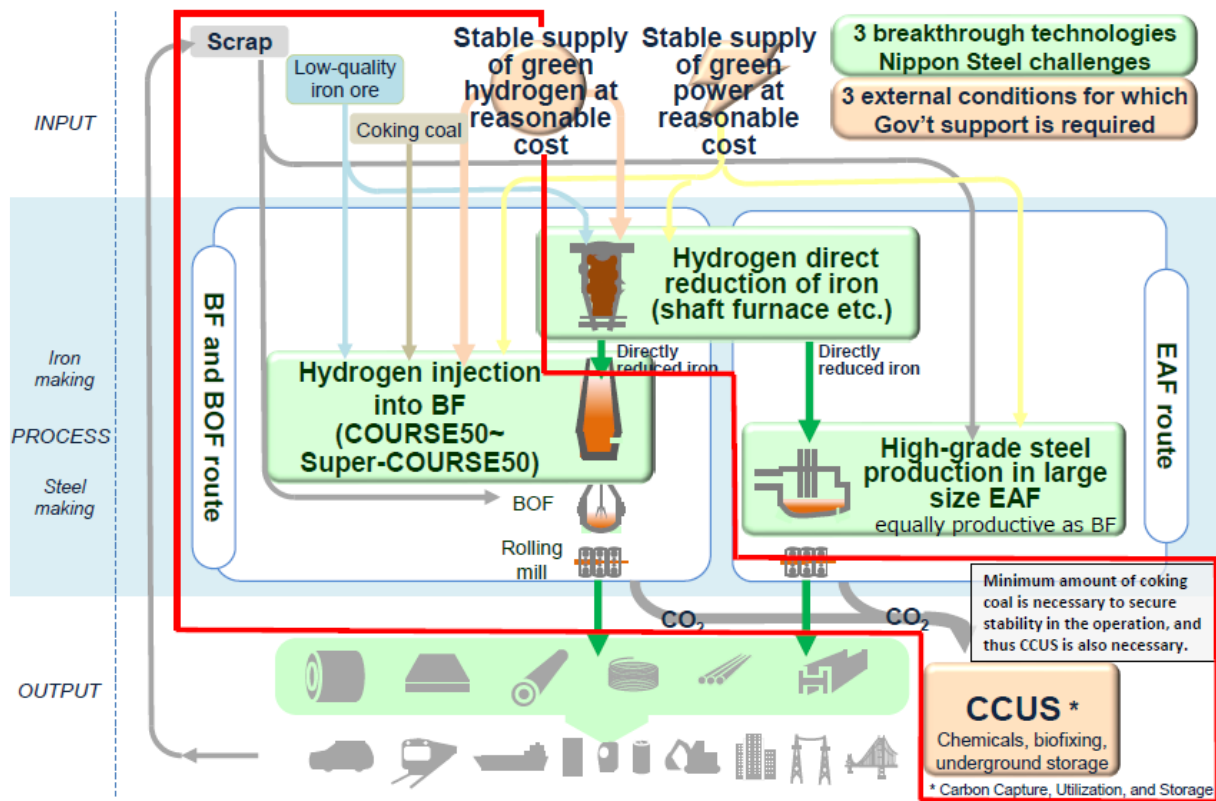
(Reference 2) Overview of Teck (as of December 31st, 2022)

Name	Teck Resources Limited
Location	Vancouver, British Columbia, CANADA
Name of Representative	Jonathan Price, President and Chief Executive Officer
Description of Business	A diversified resource company committed to responsible mining and mineral development with business units focused on copper, zinc, and steelmaking coal
Revenue	17.3 billion CAD (Zinc 20%, Copper 20%, Steelmaking Coal 60%)
Number of Employees	Approximately 10,000
Foundation	1913 Teck-Hughes Gold Ltd. established 2009 Changed trading name to Teck Resources Limited

(Reference 3) Overview of Glencore (as of December 31st, 2022)

Name	Glencore plc
Location	Baar, SWITZERLAND
Name of Representative	Gary Nagle, Chief Executive Officer
Description of Business	A multinational commodity trading and mining company supplying coal, copper, zinc, nickel, oil, and others
Revenue	255.9 billion USD (Metal 35%, Energy 65%)
Number of Employees	Approximately 81,700
Foundation	2011 Glencore plc IPOs on the London Stock Exchange 2013 Glencore plc merges with Xstrata plc

(Reference 4) Necessity of steelmaking coal to Nippon Steel's Carbon Neutral Vision 2050



3. Future Outlook

The Investment is expected to have a minor impact on the consolidated financial result for this fiscal year ending March 31, 2024.

For inquiries:

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