

Exchange release

4 September 2023

Court Ratifies Samarco's Judicial Reorganisation Plan

On 1 September 2023, the Second Business Court of Belo Horizonte, State of Minas Gerais, Brazil ratified the Judicial Reorganisation Plan of Samarco Mineração S.A. – Em Recuperação Judicial (**Samarco**) as part of the ongoing Samarco Judicial Reorganisation proceedings.

Samarco is owned 50% by BHP Billiton Brasil Ltda (**BHP Brasil**) and 50% by Vale S.A (**Vale**) and filed for Judicial Reorganisation in April 2021 after multiple enforcement actions by certain financial creditors which threatened Samarco's operations. The Judicial Reorganisation is an insolvency proceeding in Brazil and Samarco's operations have continued during the Judicial Reorganisation proceeding.

Following the court ratification, the next steps will include Samarco entering into definitive debt restructure agreements with its creditors to implement the debt restructure. The restructure of Samarco's debt, including payments to employees and suppliers and the issue of new unsecured debt to Samarco's financial creditors, is expected to be completed in the first half of FY2024.

The court's ratification of Samarco's Judicial Reorganisation Plan follows support of the plan by a majority of Samarco's financial creditors in July 2023 as required under Brazilian bankruptcy law.

The Judicial Reorganisation Plan contains the terms of the debt restructure plan and under these terms, Samarco's existing financial debt will be exchanged for up to US\$3.7 billion of long-term unsecured debt. The new long-term debt will remain non-recourse to Samarco's shareholders, BHP Brasil and Vale. This outcome will enable Samarco to restructure its financial debts and establish a stable financial position to rebuild its operations and strengthen its ability to meet its Renova funding obligations.

The Judicial Reorganisation Plan will not impact the Renova Foundation's ability to continue to implement the remediation and compensation programs under the Framework Agreement. The Framework Agreement entered into between Samarco, Vale and BHP Brasil and the Federal Government of Brazil, the states of Espírito Santo and Minas Gerais, and certain other public authorities in March 2016 established the Renova Foundation to implement environmental and socio-economic programs to remediate and provide compensation for damage caused by the Samarco dam failure.

Samarco will continue to have primary responsibility to fund the Renova Foundation and each of Vale and BHP Brasil will continue to have secondary responsibility to fund 50% of the Renova Foundation if Samarco does not meet its funding obligations under the Framework Agreement. Under the terms of the Judicial Reorganisation Plan, Samarco's funding of the Renova Foundation will be capped at US\$1 billion for the period CY2024 to CY2030. BHP Brasil and Vale will be required to provide funding to the Renova Foundation during this period to the extent that the funding amount required exceeds the US\$1 billion cap.

BHP provided an update to the Group's provision for the Samarco dam failure in its 2023 Annual Report and BHP considered the funding cap along with Samarco's long-term forecast cash flows, when determining the Samarco Fundão dam failure related provision recognised in BHP's Financial Statements at 30 June 2023. Refer to note 4 'Significant events – Samarco dam failure' in the Financial Statements of BHP's 2023 Annual Report for further information about the provision.

Further information on the Samarco Judicial Reorganisation can be found at samarco.com.

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