

Nippon Steel

[Nippon Steel comments on Glencore's unsolicited proposal to acquire Teck](#)

Nippon Steel Corporation (Nippon Steel) noted the fact that Glencore has proposed an acquisition of Teck Resources Limited (Teck) through press releases from both companies.

Teck, a leading Canadian resource company, and Nippon Steel have built a long-term relationship with trust through the long history of high-quality steelmaking coal business.

Nippon Steel executed an investment agreement with Teck to acquire a 10% interest in the common shares, preferred shares and a royalty of Elk Valley Resources Ltd. (EVR), which will be spun-off from Teck as an independent publicly-listed Canadian company and will own and operate the steelmaking coal business. Nippon Steel also agreed to enter into long-term steelmaking coal offtake rights agreement, under which EVR will supply steelmaking coal to Nippon Steel.

Nippon Steel sees strong value creation potential through the establishment of EVR, which is one reason Nippon Steel negotiated the right to acquire additional EVR common shares up to a maximum of 17.5% after closing.

Nippon Steel believes that EVR will be a leading pure-play steelmaking coal company in Canada producing high-quality steelmaking coal over the long term, essential for Nippon Steel to achieve its carbon neutrality in the future. Another important factor in our decision to invest in EVR is the fact that EVR's coal mines produce high-quality steelmaking coal, not thermal coal. Nippon Steel has clear and strong concern that combining with thermal coal asset outside Canada may deteriorate the value of EVR's world class steelmaking coal asset.

Through this investment opportunity, Nippon Steel, as a major consumer of Canadian high-quality steelmaking coal, would like to establish a long-term and stable relationship with EVR, which we expect will be a world-class Canadian steelmaking coal producer.

Nippon Steel hopes that the current spin-off proposal by Teck will be approved at Teck's shareholders' meeting on April 26th, and our investment in EVR can be realized as planned.