

## **Samarco obtains Corrective Operation License (LOC)**

[October 25, 2019] – Samarco Mineração S.A. (“Samarco”, the “Company”, “we” and “our”) received today the Corrective Operation License (LOC) for its operating activities in the Germano Complex, located in the state of Minas Gerais (MG). The license was approved by the Mining Activities Chamber (CMI) of the State Council for Environmental Policy (COPAM).

Following this authorization, Samarco has now obtained all environmental licenses required to restart its operations. This important step shows the Company’s commitment to restarting its operations in a safe and sustainable manner.

Samarco is expected to restart operations using new technologies for dry tailings stacking. For this reason, the operational restart of iron ore extraction and beneficiation plants in Germano, and the pelletizing plant in the Ubu Complex, located in Anchieta, state of Espírito Santo, will only occur after the implementation of a filtration system. The construction of the filtration plant is expected to take approximately 12 months from LOC approval. During this period, Samarco will continue its operational readiness activities, which include equipment maintenance.

Following the implementation of the filtration process, and subject to shareholder approval, the Company currently expects to restart its operations around the end of 2020.

With the filtration process, Samarco expects to be able to substantially dewater sand tailings (80% of total tailings by volume) and stack these filtered sand tailings in piles safely. The remaining 20% of tailings are planned to be deposited in our Alegria South pit, a bedrock self-contained structure, which increases safety. Alegria South pit preparation works began in October 2018 and were concluded in the middle of this month.

“With the approval of the LOC application, Samarco is authorized to restart operations, but first we want to adopt new filtration technologies that will increase safety, a key principle that guides our work for Samarco’s recovery and operations,” said CEO Rodrigo Vilela.

Samarco reaffirms its commitment to the communities and areas affected by the Fundão tailings dam rupture and notes that, through August 2019, around R\$ 6.68 billion (~US\$1.94bn) have been allocated to the reparation and compensation measures. In addition to the remediation efforts, resuming operations is expected to contribute to the socioeconomic development of Espírito Santo and Minas Gerais, providing jobs and economic benefits to these communities.

## Looking ahead

We expect that changes to the environmental and regulatory frameworks for mining in Brazil during 2019 will materially impact the mining and tailings disposals assumptions that supported the business plan Samarco disclosed to the market in January 2019.

The changes to our tailings disposal assumptions include a reduction in the capacity of the Alegria South pit to receive slime tailings from 16Mm<sup>3</sup> to 10Mm<sup>3</sup> so that tailings will be confined to a self-contained area. In addition, Samarco's capacity to store filtered tailings has been reduced by approximately 47Mm<sup>3</sup> due to the classification of the Germano pit as a dam (which will now be decommissioned in accordance with the regulations).

Consistent with the documentation that Samarco filed with its LOC application, we expect the aforementioned regulatory changes to materially impact the ramp up of operations given a range of factors, including but not limited to the completion of additional licensing processes and the development of additional tailings disposal sites. We expect to be able to restart operations through one concentrator and produce a range of approximately 7-8 M tonnes per annum, following the installation of the filtration technology. We currently expect that a second concentrator could be restarted approximately 6 years from the receipt of the LOC to reach a range of production of approximately 14-16 M tonnes per annum. We currently expect that the restart of the third concentrator could happen around 10 years after the issuance of the LOC, when we expect to reach annual production volume in a range of 22-24 M tonnes.

We continue to analyze and assess the impact of the various changes outlined above on our business plan. We also continue to review the Company's cost base, tax and capex assumptions in light of the revised mining plan and new regulatory requirements, including potential changes in tax legislation. Samarco anticipates that capital expenditures related to the decommissioning of the Germano dam and the Germano pit, which were not included in the business plan released in January 2019, would be approximately R\$2.3bn (~US\$0.6bn).

### *Legal notice*

*This release reflects our current expectations which constitute forward looking statements. The forward-looking statements herein can be identified by words like ["will," "could," "expect," "plan," and "continue"] or variations thereof or similar expressions. These forward-looking statements are only expectations and are not guarantees of future performance or results. Such forward-looking statements are and will be, as the case may be, subject to many risks, assumptions, uncertainties, changes in circumstances and factors that are difficult to predict and many of which are outside of our control. Our operations and actual results may differ materially from those indicated in the forward-looking statements herein. Therefore, you should not rely on any of these forward-looking statements. Factors that could cause operations and actual results to be materially different from those, expressly or impliedly, indicated in the forward-looking statements herein include changes in circumstances and factors relating to the November 2015 incident, our operations and business, strategic decisions by our shareholders, laws and regulations, licensing processes, administrative and judicial disputes and regulatory actions.*

*We cannot assure you that the forward looking statements set forth herein will be realized or that the effects of legal developments will be either beneficial or adverse. Our statements herein are based our assumptions, beliefs and expectations as of the date hereof including with respect to the restart of our operations, which remain subject to a number of risks, uncertainties, changes in circumstances and factors, such as potential administrative and/or judicial disputes related to the licensing process and Samarco having sufficient funding. As a result, or as a result of other factors not mentioned herein, the restart of our operations may not take place. Furthermore, even if our operations restart, they will be subject to numerous risks, uncertainties and changes assumptions.*

*Except as otherwise required by law, Samarco does not assume any obligation to publicly update or revise any forward-looking statements herein to reflect subsequent events or circumstances.*