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Vale signs Contract of Work amendment in Indonesia

Subsidiary PT Vale Indonesia has signed an amendment to the contract set to expire on 2025

Vale informs that its subsidiary PT Vale Indonesia (PTVI) has signed an amendment to its 1996 Contract of Work (CoW) set to expire on December 28, 2025 with the Government of Indonesia (GoI). PTVI is now entitled to extend its operations until 2045 through two consecutive 10-year periods, subject to the GoI approval based upon PTVI's fulfillment of its requirements under the CoW amendment.

The amendment of the CoW encompasses:

- An immediate reduction in the size of PTVI's total CoW area from the current 190,510 hectares which includes areas of protected environment to 118,435 hectares, preserving the most relevant mining areas. At the expiry of the CoW on December 28, 2025, PTVI will maintain 25,000 hectares as ore zones that it proposes to exploit. Areas not designated as ore zones after December 28, 2025 can be retained for operations and other uses. This represents a renegotiated land package that is sufficient to support PTVI's investments and long term growth plans through the life of its extended CoW.

- A progressive royalty rate starting at 2% which could reach 3% based on a defined nickel price threshold in order to reflect the economic reality of the nickel market.
- A requirement for PTVI to divest a further 20% of its shares to Indonesian participants in the Indonesian Stock Exchange. This is consistent with the Gol requirement for integrated mining and processing companies to have at least 40% of its shares held by Indonesian participants in the Indonesian Stock Exchange. PTVI has more than five years to complete this divestment. Vale maintains its 80 per cent offtake right in PTVI's production.

The amendment is consistent with Vale's goal to generate long term value for both its and PTVI's shareholders while contributing to the development of Indonesia. It also establishes the foundation to optimize Vale's global base metals flowsheet.

More information

