

Investment  
opportunity in the  
Brazilian potash  
mining sector

August, 2022



# The Process



## Opportunity Description

- ❑ Petróleo Brasileiro S.A. – Petrobras (“Petrobras”) is conducting a competitive process (“Process”) for the sale of its mining rights for exploration and mining of potassium salts located in the Amazon basin with a total of 34 mining titles (“Potential Transaction”),
- ❑ Ernst Young Assessoria Empresarial Ltda. (“Ernst & Young” or “EY”) has been retained by Petrobras as its exclusive financial advisor with respect to the Potential Transaction.
- ❑ The mining rights cover the Amazon region in the Fazendinha-Arari-RUT1 and Maués-Boa Vista dos Ramos, comprising the following municipalities: Nova Olinda, Autazes, Itacoatiara, Silves, Itapiranga, Maués and Boa Vista dos Ramos.

## Overview of the Process

- ❑ Any recipient/participant who meets the Eligibility Requirements (“Potential Buyer”) described on page 3, interested in participating in the Process, must formally notify Ernst & Young of their interest by September 12, 2022 via the contacts indicated herein, to receive the documents for the participation in the Process: (i) Confidentiality Agreement (“CA”) and Certificate of Conformity (“CC”).
- ❑ The deadline for the execution of the CA and CC by Potential Buyers is September 21, 2022.
- ❑ Access to the Virtual Data Room (“VDR”) to Potential Buyers who have executed the CA and CC will begin on September 28, 2022.

## Contact

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*\*US-based investors should direct their questions to Juliana Deslandes or Gabriel Tindó*



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Transaction perimeter

Total assignment of 34 mining titles for research and mining of potassium salts located in the Amazon Basin



100% interest

EY will be responsible for all contacts with potential investors

- ❑ All communications, requests or inquiries must be directed exclusively to EY Brazil representatives dedicated to the Transaction;
- ❑ Under no circumstances should Petrobras shareholders, officers, employees or customers be contacted directly in connection with this transaction without the prior written consent of EY Brazil.

# The Process



## Eligibility Requirements

1. To participate in the Process, the Potential Buyer must meet the following requirements (“Eligibility Requirements”):
  - ❖ Financial Requirement: minimum equity of USD 2 billion for corporations or assets under management of at least USD 2 billion for financial investors;
2. Potential Buyer and its affiliates shall not be included in any of the following restrictive lists:
  - ❖ “Registration of Disreputable and Suspended Companies” (CEIS) (available at: <http://www.portaldatransparencia.gov.br/sancoes/ceis>)
  - ❖ “National Registry of Punished Companies” (CNEP) (available at: <http://www.portaldatransparencia.gov.br/sancoes/cnep>)
  - ❖ “Companies prohibited from transacting with Petrobras”, available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>)
3. If a Potential Buyer, or any of its affiliates, is included in the aforementioned lists or does not meet any of the aforementioned criteria, the Potential Buyer will be excluded from this Process.
4. In the event that the Potential Buyer or any of its subsidiaries:
  - ❖ Is subject to, owned or controlled by a person or entity subject to any (i) economic, financial or trade sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that have been administered, enacted, imposed or applied by the World Bank, the United Nations Security Council, the United States of America, Canada, the United Kingdom, the European Union, the Netherlands and Brazil, and the respective institutions and government agencies of any country or institution mentioned herein;
  - ❖ Is located, has been incorporated, organized or established in a country subject to any (i) economic, financial or trade sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that have been administered, enacted, imposed or enforced by the World Bank, the United Nations Security Council, the United States of America, Canada, the United Kingdom, the European Union, the Netherlands and Brazil, and the respective governmental institutions and agencies of any country or institution abovementioned;
  - ❖ Has the predominant part of its respective business with persons or in countries subject to any sanctions.
5. Petrobras will assess whether the relationships or situations described above prevent the Potential Buyer from participating in the Process due to non-compliance with the Sanctions applicable to Petrobras and will inform the exclusion of the Potential Buyer from the Process, if applicable.
6. In addition, by participating in the Process, the Potential Buyer agrees not to take any action or fail to take any action that may violate any applicable law, including but not limited to the US Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act (“UK Bribery Act”) and Brazilian anti-corruption laws (especially Federal Law 12,846/2013) (“Anti-Corruption Laws”).
7. The Potential Buyer must execute the CC provided by Petrobras within the scope of the Process, committing to not practice any action or omission that violates the Anti-Corruption Laws, indicating, if applicable, if the Potential Buyer is subject to some type of sanction, even if the Potential Buyer considers that the Sanction does not prevent its participation in the Process. In case that the Potential Buyer and/or its affiliates are subject to Sanctions, the nature and details of the Sanction must be described in the CC, as well as the restrictions arising therefrom.
8. The accuracy of this statement and compliance with the aforementioned requirements will be verified by Petrobras after acceptance, by the Potential Buyer, of the confidentiality obligations arising from the execution of the CA, necessary for the participation in the Process.
9. In accordance with the rules applicable to Petrobras, the Potential Buyer may be excluded from the Process at any time in case the Eligibility Requirements mentioned above are not met.

# The Process



## Submission of Joint Offers

- ❑ A Potential Buyer may form a consortium, association or submit a joint offer (“Joint Offer”) with an independent party, or independent parties, to participate in this Process.
- ❑ The Joint Offer must have a leader, who will be the Potential Buyer who will conduct the negotiations and will be the main communication channel between Petrobras and the parties involved in the Joint Offer (“Leader of the Joint Offer”).
- ❑ In this case, the Potential Buyer must immediately inform Petrobras of its intention to submit a Joint Offer, including information on who is the Leader of the Joint Offer and the parties involved in the Joint Offer (“Joint Offer Member(s)”), within the period previously established in the Process Letter (“PL”, to be sent in due course to the participants of the Process).
- ❑ The Joint Offer shall contain (i) powers of attorney that grant powers to the Leader of the Joint Offer designated by the other participants of the Joint Offer; and (ii) a statement from the Joint Offer Leader confirming that he is not acting as an intermediary in the Potential Transaction.
- ❑ The Joint Offer must be approved by Petrobras, in accordance with the legal criteria and the rules established herein and more detailed in the PL. Once the compliance with the Eligibility Requirements and with rules for submission of a Joint Offer have been verified and approved by Petrobras, the Potential Buyer may participate in the Process.
- ❑ The submission of a Joint Offer will only be allowed if all members collectively meet item 1 and individually meet items 2, 3, 4, 5, 6, 7 of the “Eligibility Requirements” section.
- ❑ All Joint Offer Members and all Potential Buyers must execute their own CA and CC directly with Petrobras to access any non-public information related to the Potential Transaction or the Company.
- ❑ The rules applicable to the modification of the Joint Offer Members will be detailed by Petrobras in the PL.

## Additional considerations

- ❑ Throughout the Process, Petrobras may carry out preventive risk analyses, in accordance with the Anti-Corruption Laws and the Petrobras Corruption Prevention Program - PPPC, and may request any Potential Buyer to fill in a detailed questionnaire to verify compliance with their practices and conduct with the Anti-Corruption Laws.
- ❑ An Independent Offer Statement must be submitted together with the presented offer(s).
- ❑ In order to avoid a conflict of interest, any Potential Buyer who is considered to be an affiliated company of Petrobras' financial advisor in the process (Ernst & Young) will not be allowed to participate in the Process.
- ❑ The Potential Buyer may hire a financial, technical and legal advisor to assist it in the Process, under its sole responsibility and at its costs, provided that such advisors are institutions with unblemished reputation, that have experience in the area and that do not have conflict of interests with Petrobras. The existence of any conflict will be determined in accordance with the criteria stipulated by Petrobras. If the Potential Buyer decides to retain advisors and/or consultants who have potential conflicts of interest related to Petrobras, Petrobras may, at its sole discretion, exclude the Potential Buyer from the Process.

### Contact information

- ❑ Inquiries from Potential Buyers who meet the Eligibility Requirements should be addressed exclusively to Ernst & Young via email [juliana.deslantes@br.ey.com](mailto:juliana.deslantes@br.ey.com) and [gabriel.tindo@br.ey.com](mailto:gabriel.tindo@br.ey.com).
- ❑ This email should be used only for the purposes of the Potential Transaction.
- ❑ Under no circumstances should any contact be made with the management or employees of Petrobras or any of its affiliates.
- ❑ Any general question or questions not specific or not directly related to the Potential Transaction should be addressed to the following website: <http://transparencia.petrobras.com.br>

# Overview of the Asset

## General Information

- The asset comprises 34 mining titles for research and mining of potassium salts located in the Amazon Basin and registered with the National Mining Agency (“AMN”). Assets are segregated into 4 groups:
  - ❖ **GROUP 1:** include the Fazendinha deposits, with 8 mining concessions, and Arari, with 4 mining requests. All concessions are in advanced stages before ANM and are supported by studies on the geological and economic potential;

Deposits	Fazendinha	Arari
Area	110 Km <sup>2</sup>	119 Km <sup>2</sup>
Depth	1.011 – 1.112 m	981 – 1.295 m
Average thickness	2,58 m	2,46 m
Average dip	~ 0,7° (NW – SE)	~ 1,2° (N – S)
Geological resources	478 Mt @ 27.8% KCL	545 Mt @ 32.7% KCL

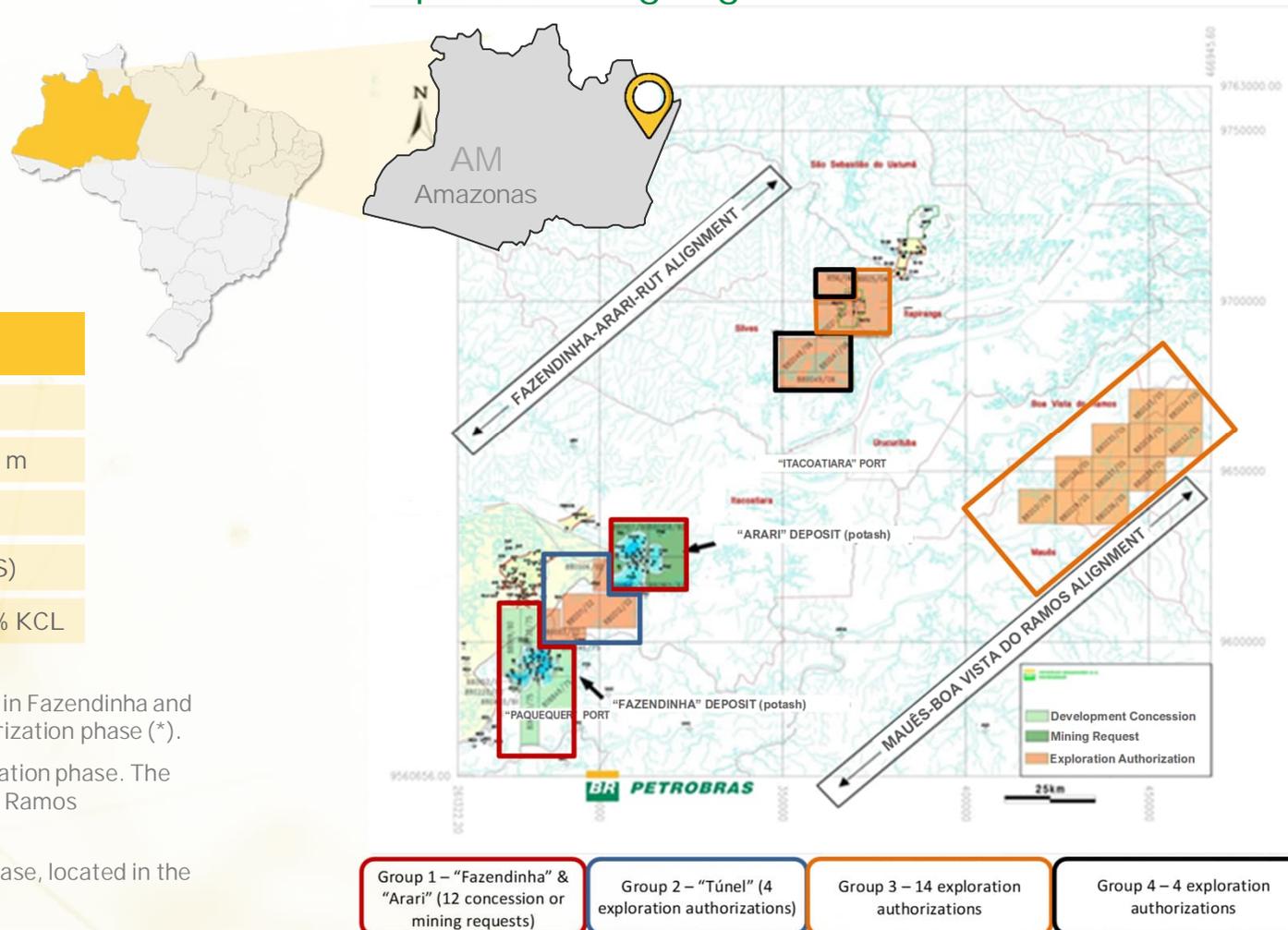
- ❖ **GROUP 2:** known as the Tunnel or Gallery, connecting the deposits in Fazendinha and Arari. Group 2 comprises 4 titles currently in the exploration authorization phase (\*).
- ❖ **GROUP 3:** composed of 14 mining titles in the exploration authorization phase. The deposits are close to the Azulão field and the Manués-Boa Vista dos Ramos alignment(\*).
- ❖ **GROUP 4:** comprises 4 mining titles in exploration authorization phase, located in the Arari-Campo de Azulão alignment(\*).

Data obtained in 2010.

Source: Petrobras

(\*) Assignment conditioned to regularization with the ANM.

## Scope of Mining Rights



# Investment Thesis



## Increasing interest in the region<sup>1</sup>

Significant increase in requests for potash mining in Brazil. More than 80% of the requests in the last 18 months were made to the State of Amazonas.



## Increase in investments in the sector<sup>2</sup>

Approximately USD6.0 billion of investments earmarked for fertilizer input projects planned for 2021-2025.



## Growing demand for fertilizers and the need to expand domestic production

Conflict between Russia and Ukraine has reinforced concern about the vulnerability of Brazil's dependence on fertilizer imports and demonstrates the opportunities associated with local production.



## National and international relevance

The potash production potential of Fazendinha and Arari is equivalent to approximately 6% of current global production<sup>3</sup> and more than a third of Brazil's annual potash consumption<sup>4</sup>.

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# Disclaimer (cont.)

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