

## **Block 8 project will have investments of US\$2,1billion to make safe and differentiated mining**

*Mineral development of Sul Americana de Metais (SAM) creates economic, social and technological development platform for the north of Minas Gerais*

Developed to be a worldwide synonym for safety and innovation, Block 8 project consists mainly of a mining complex and a water dam. In addition to providing solutions for the availability of water resources, the project is committed to promote a platform for economic and social growth in the region.

The current investment foreseen by Sul Americana de Metais (SAM) for the project is 2,1 billion dollars making it possible to extract low-grade iron ore (average of 20%) and transform the ore in the north of the state in a highquality product. The treatment of the material to be carried out on site will make it possible to increase its concentration from 20% to a content of 66.5%. "We believe that, due to the various technological process and engineering innovations introduced by SAM, the Block 8 project will represent a new paradigm for mining and reinforces our long-term commitment to the development of northern Minas Gerais and Brazil", says Jin Yongshi, CEO of SAM.

The forecast is that 6,200 new direct jobs will be generated during the peak of the implementation phase of the Block 8 Project, and another 1,100 jobs during its operation, with annual production of 27,5 million tons of concentrated iron ore.

### **Safety**

Since the project was conceived, safety has been a priority for SAM. The Block 8 project will have the safest tailings deposit system. Due to technical characteristics, the mining of low-grade iron and in the proportions of Block 8 Project does not allow the performance of dry treatment processes. Thus, SAM invested heavily in security for its tailings deposit system, which was designed by specialized companies and audited by an independent consultant from the University of São Paulo - USP. The dam will be raised by center line. Among other safety devices, to avoid the occurrence of infiltration and consequently any possibility of breakage, this structure will have a vertical filter that will accompany its entire central body. This distance results that the dam is maintained free of seepage and every time more stable.

This strict in the construction of the tailings dam and the solutions developed guarantee total protection for communities and municipalities. In Block 8 Project, the pit, where the ore extraction will take place, will be located just below the tailings dam, representing an important risk reduction device in the project's operation, since it would be the first place where the material would flow, in a hypothetical case of disruption. To avoid the concentration of people in the area, for the operation of the future pit, machines and equipment that operate by remote control will be used. Taking advantage of its location, SAM designed a retaining wall just after the future pit, where, in a hypothetical case of rupture, all material would be restricted and confined within the company's area, preventing any wave of tailings from reaching any communities.

## **Water for the Project and communities**

To increase the generation of social benefits in the north of Minas Gerais and to meet its activities, SAM will build the water dam on the Vacarias River, in Minas Gerais municipalities of Padre Carvalho and Fruta de Leite.

The construction of this dam will allow water availability to local communities. The distribution is foreseen by the State Government, there will be a quantity of water available that will allow the attendance of more than 640 thousand people per day, higher than the population of Montes Claros, with about 400 thousand inhabitants.

After its construction, SAM will carry out, together with the Government of Minas, a 950 hectares irrigation project to strengthen family agriculture in the region - a demand from the local rural population. The company will distribute the irrigation kits and the proposal is to encourage crops that can be acquired by the mining company itself in its activities. An example is corn and cassava that will be used in the form of starch in the process of concentration of the ore.

Still regarding the water issue, Block 8 Project will be one of the operations with the highest level of water reuse in the country. During the operation, 95% of the water used in the project will be recirculated and reused.

SAM will build another water dam in the region of its Block 8 project to serve the local population. The Córrego do Vale water dam will be built specifically to serve the Vale das Cancelas, which is the closest community to its future development, currently with about 2,800 residents. The dam to be built will provide enough water to serve up to 10,000 people at the site.

SAM will be an inducer of development in northern Minas Gerais. "The construction of two important water reservoirs for the region is a legacy of the project that will certainly change the region positively", points out Gizelle Tocchetto, responsible for SAM's relationship and environment area.

## **Renewable energy and technology**

The energy used in the project's activities will be 100% from renewable sources, as from the 5th year of operation of Block 8 project. As the north of Minas Gerais has excellent potential for generating photovoltaic solar energy, SAM and its business partners will make investments in this sector as well, with significant direct socioeconomic effects for the region.

The implementation of the project will necessarily attract investments related to the regional improvement of the telecommunications and data infrastructure. Additional safety factor, the operation in the area of the future pit, where the ore will be extracted, will be carried out by machines and equipment that work by remote control, without the presence of people. This will require the installation of 5G technology, benefiting the entire region. SAM is negotiating with Huawei, one of the largest technology companies in the world, to meet this demand.

## **The history of the Project and ore transport**

The Block 8 Project originated in the former Vale do Rio Pardo Project, which was composed of a mining area and an ore treatment plant located in the northern region of Minas Gerais. A pipeline of about 482 km was also planned, which was destined to Porto Sul, developed by the government of Bahia, in Ilhéus.

In the second semester of 2017, SAM's controller company, Honbridge Holdings Ltda, decided to restructure the company's business model, moving to outsourced logistics as it already occurs in many mining projects, but mainly bringing technical advances to the project in order to reduce impacts and increase its security.

Logistics will take place via pipeline, which is considered to be of lesser impact and safer and which allows economic viability for the extraction and sale of low-grade ore. The pipeline will be licensed, implanted and operated by a trading and logistics company, independent of SAM, Lotus Brasil Comércio e Logística Ltda.

## **About SAM**

Sul Americana de Metais - SAM is a Brazilian company headquartered in the state of Minas Gerais and has offices in the cities of Salinas, Grão Mogol and Belo Horizonte. SAM operates in the extraction and sale of iron ore. Created in 2006, SAM is controlled by Honbridge Holdings Ltda.

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