

## **Amended agreement delivers stronger competitiveness for Straumsvík smelter**

Landsvirkjun and Rio Tinto Iceland have agreed on amending the power purchase agreement (PPA) between the two companies dating back to 2010, thereby allowing the Straumsvík aluminum smelter to continue operating with a stronger competitive position.

Landsvirkjun and Rio Tinto welcome this milestone that gives a more secure footing for ongoing operations of the smelter for the coming years, as well as predictable revenue stream for Landsvirkjun and increased flexibility for both parties. As before, the contract specifies the sale of 390 MW or 3.416 GWh pr. year and expires in 2036.

Amending the contract is a positive development for both parties. The base power price has been adjusted and remains in USD and linked to the US Consumer Price Index (CPI). To a small extent, the contract is also linked to aluminum prices which enables price correlation to international markets to some degree.

This agreement is an amendment to the current power contract from 2010. The contract's terms of non-disclosure are still in full force and therefore it cannot be made public at this time.

In parallel to the modified agreement, Rio Tinto has decided to withdraw a complaint filed with the Icelandic Competition Authority in July 2020 regarding the energy supply for ISAL.

Hörður Arnarson, CEO of Landsvirkjun: "We welcome the agreement on amending the power purchase contract, as Rio Tinto had requested, and the outcome benefits both parties as well as enhancing the power system's efficiency in Iceland. Our goal remains the same, to guarantee predictable income while considering the changes now taking place in the global markets and customer needs.

At Landsvirkjun, we have emphasized supporting our customers in these challenging times. We are determined to continue offering competitive energy prices, as well as fulfilling our role of maximizing the potential yield and value of the renewable natural resources we have been entrusted with, for the benefit of Icelanders."

Rannveig Rist, CEO Rio Tinto Iceland: "This is positive news which reduces the uncertainty around the operation in Straumsvík and improves our competitiveness. We can be very proud of our work in Straumsvík during the last few years. Despite uncertainty the operation has been running smoothly and people never lost sight of the most important things. Safety issues were in good order, production went very well, and the quality of our products has been very good. Our environmental performance was also one of the best ever. Although we have reached this milestone, it does not mean ISAL is not faced with challenges. Situation in the aluminum markets will continue to be challenging but with this agreement we can focus on producing high quality aluminum with our customers' needs in mind. "