



Anglo American PLC (LSE: AAL) *Acquisition of* Teck Resources (TSX: TECK.B)

Copper Mining – M&A Analysis

Anglo Teck: A Transformational Merger of Equals

March 4th, 2026

Transaction Overview

The proposed transaction between Anglo American and Teck Resources is structured as a merger of equals to be implemented by way of plan of arrangement, with Anglo American issuing 1.3301 ordinary shares (or exchangeable shares for eligible Canadian holders) for each Teck Class A and Class B share outstanding. The consideration is predominantly stock-for-stock, with no fixed cash purchase price, resulting in pro forma ownership of approximately 62.4% for Anglo American shareholders and 37.6% for Teck shareholders. As part of the transaction, Anglo American intends to declare a \$6.15 CAD billion special dividend (approximately \$5.73 CAD per share) payable to its shareholders ahead of closing. The merger is expected to close within 12–18 months, subject to customary conditions and approvals, and includes key governance terms such as a 50/50 board composition, balanced executive leadership representation, and headquarters in Vancouver.

Strategic Rationale

The merger between Anglo American and Teck Resources is intended to create a global critical minerals leader with enhanced scale, diversification, and exposure to future-facing commodities such as copper. Strategically, the merger strengthens the combined company's position in Canada while leveraging complementary asset portfolios, operational expertise, and geographic footprints to drive long-term growth and value creation. The transaction also aims to enhance capital allocation flexibility and global competitiveness through a balanced governance structure and expanded investor base.

M&A Analysis	
Acquirer: Anglo American PLC	
Current Share Price	\$6841.22
Rating	Hold
Market Cap (Pre-Deal)	\$24.32 B
Transaction Details	
Transaction Value	\$72.34 B
Enterprise Value (Pre-Deal)	\$28.75 B
Premium to Market	151%
Consideration Mix	100% stock
Expected Close	Q4 2026/Q1 2027
Pro Forma Metrics (Year 1)	
Combined Revenue	\$39.19 B
Pro Forma EBITDA	\$16.65 B
EPS Accretion/(Dilution)	133%



Deal Analysis

We rate the acquirer as **HOLD** as a meaningful portion of the transaction's strategic and earnings benefits appear to be reflected in the current share price following announcement and shareholder approval. As illustrated in Appendix 1, the merger with Teck Resources is projected to be approximately 130% accretive to EPS in year one, with pro forma EPS of \$2.47 compared to Anglo American's on a standalone basis. The accretion is primarily driven by Teck's earnings contribution and the all-stock structure, which avoids incremental interest expense.

Importantly, the deal requires only approximately \$27 million CAD in annual pre-tax synergies to achieve EPS neutrality, indicating that the transaction is structurally accretive even under conservative synergy assumptions. While long-term upside remains tied to copper price strength and successful operational integration, we believe near-term valuation already captures much of the financial benefit, supporting a balanced risk-reward profile at current levels.

Executive Summary

The proposed \$72 billion merger of equals between Anglo American and Teck Resources is strategically designed to create a global copper leader with enhanced scale, geographic diversification, and increased exposure to long-term electrification and energy transition demand. The transaction is structured as an all-stock exchange at a ratio of 1.3301 Anglo American shares per Teck share, resulting in pro forma ownership of approximately 62.4% for Anglo American shareholders and 37.6% for Teck shareholders. As a share-for-share merger, there is no fixed cash purchase price, and valuation is based on market-implied equity values rather than a traditional control premium, with sector precedents suggesting valuation benchmarks around mid-cycle EBITDA multiples. Expected synergies are primarily operational and capital allocation driven, including procurement savings, shared infrastructure optimization in Chile, corporate overhead rationalization, and improved project sequencing, though management has not disclosed a formal quantified synergy target.

The transaction requires no incremental acquisition financing due to its equity-funded structure, limiting balance sheet risk and preserving financial flexibility, aside from a planned US\$4.5 billion pre-close special dividend. Pro forma analysis indicates mid-to-high single-digit EPS accretion in year one under base-case assumptions, supported by Teck's earnings contribution and modest synergy requirements. Key risks include regulatory approval timing, integration execution across multiple jurisdictions, commodity price volatility, and potential delays in realizing projected cost efficiencies. Overall, while the strategic logic is compelling and the combined entity is well positioned to benefit from structural copper demand, much of the anticipated upside appears reflected in the current share price, supporting our **HOLD** recommendation with a target price reflecting limited near-term re-rating potential but longer-term upside tied to copper fundamentals and successful integration execution.



Company Overviews

Acquirer: Anglo American PLC

Anglo American is a diversified global mining company founded in 1917 in Johannesburg, that has evolved from a gold mining business into a multinational producer of iron ore, copper, coal, platinum, and diamond through subsidiaries such as De Beers and Kumba Iron Ore. Its business model centers on large-scale, long-life mining assets that generate revenue across multiple commodity segments with operations spanning Africa South America North America, Europe and Asia. It holds strong market positions in several commodities, including platinum and diamonds, supported by high-quality assets, geographic diversification, and technical expertise. The company has a long history of acquisitions, divestitures, and portfolio optimization, and management has demonstrated an intention to integrating assets and reallocating capital toward higher margin future-facing commodities. Recently, this focus has turned to copper, and Anglo has executed several deals to capitalize on the electrification and energy transition trends demanding copper worldwide.

Target: Teck Resources

Teck Resources, formed in 2001 through the merger of Teck-Hughes and Cominco, is a Vancouver-based, diversified mining company focused primarily on metallurgical coal, copper, and zinc, but also has exposure to lead, silver, and gold. Teck operates a portfolio of high-quality assets across Canada, Peru, and Chile, including one of the world's largest zinc mines, which alone accounts for approximately 10% of global production. In 2024, the company's output included 446,000 tonnes of copper and 616,000 tonnes of zinc (contained in concentrate). Driven by a commitment to responsible mining, evidenced by 81% of its electricity consumption coming from renewable sources, and a strong operational presence in stable jurisdictions, Teck occupies a strategic position in the industry. These attributes, coupled with its significant copper and zinc reserves essential for electrification and infrastructure, align the company perfectly with global energy transition demands, making it a highly attractive acquisition target.

Industry Overviews

Copper Industry

Copper is one of the most actively traded commodities globally and is becoming increasingly essential to modern economic activity due to its critical role in electrification infrastructure, renewable energy systems, electric vehicles, and industrial manufacturing. In 2024, the global copper market was valued at approximately USD 241.9 billion, with Canada exporting roughly USD 7.93 billion of copper-based products. This reflects its significant impact within global supply chains. Last year, copper prices rose by more than 20 percent, driven largely by accelerating demand tied to the energy transition, grid expansion, and broader electrification trends.

Global copper supply remains heavily concentrated in South American jurisdictions, particularly Chile and Peru, which host major operations associated with Anglo American and Teck Resources. In 2023, the Quellaveco copper mine produced over 300,000 tonnes of copper, and in 2025, Antamina produced approximately 380,000 tonnes, underscoring the strategic importance of these assets within the global copper supply landscape and the newly merged company's relevance to future copper production growth.



Transaction Overview

Deal Structure

The proposed merger between Anglo American and Teck Resources is structured as a merger of equals, implemented through a court-approved plan of arrangement. Teck shareholders will receive 1.3301 Anglo American shares, ordinary or exchangeable, in exchange for every Teck Class A and Class B share they own. The consideration is entirely stock-based with no cash component, resulting in pro forma ownership of approximately 62.4 percent for Anglo American shareholders and 37.6 percent for Teck shareholders. As a share-for-share exchange, the implied equity value fluctuates with Anglo American's share price, and no fixed cash purchase price or earn-out mechanism has been disclosed. Teck's existing debt is expected to remain outstanding at the combined entity level, subject to customary change of control provisions, and employee equity awards are expected to be converted or assumed based on the exchange ratio. Anglo American also intends to declare a US\$4.5 billion special dividend payable to its shareholders prior to closing, funded from existing balance sheet capacity.

Key Terms and Conditions

Completion of the transaction is subject to customary closing conditions, including approval by Teck shareholders, court approval of the plan of arrangement, and receipt of required regulatory and antitrust clearances in applicable jurisdictions, including Canada, South Africa, and other regions where the companies operate. The agreement is expected to include standard representations, warranties, interim operating covenants, and a material adverse change condition. While no specific breakup fee or go-shop provision has been disclosed, transactions of this type typically include non-solicitation covenants, fiduciary out provisions, and termination rights tied to superior proposals or failure to obtain required approvals. Additional governance-related undertakings include a 50/50 board composition representation from both companies on key committees, headquarters in Vancouver, and commitments to maintain Canadian investment and honor agreements with communities, Indigenous governments, and labor unions.

Transaction Timeline

The proposed \$72.34 billion merger of equals between Anglo American and Teck Resources was officially announced on September 9, 2025, following informal discussions that began in Q2 2024, and formal negotiations conducted between April and July 2025. Shortly after the announcement, various British Columbia and Canadian industry organizations issued letters of support between September 19 and October 8, 2025, reinforcing domestic backing for the transaction. Teck distributed its management information circular on November 3, 2025, and shareholders of both companies approved the merger on December 9, 2025. On December 16, 2025, the Canadian government approved the transaction under the Investment Canada Act, marking a significant regulatory milestone.

Following shareholder approval, the parties continued regulatory submissions and review processes across multiple jurisdictions, including the European Union, the United States, Chile, China, and other relevant authorities from Q4 2025 through Q2 2026. Assuming timely completion of remaining antitrust and foreign investment approvals, closing is expected between September 2026 and March 2027. Key deal terms include an exchange ratio of 1.3301 Anglo American shares for each Teck share, resulting in pro forma ownership of approximately 62.4 percent for Anglo American shareholders and 37.6 percent for Teck shareholders. The combined company will be headquartered in Vancouver with a primary listing on the London Stock Exchange and additional listings on the Johannesburg Stock Exchange, Toronto Stock Exchange, and New York Stock Exchange.



Strategic Rationale

The proposed Anglo Teck company is strategically compelling as it accelerates Anglo American's pivot toward future-facing commodities, particularly copper, while enhancing geographic diversification and operational scale. Teck's significant copper and zinc assets directly complement Anglo American's existing base metals portfolio, strengthening its exposure to electrification, renewable energy infrastructure, and electric vehicle demand. By combining operations in Chile and Peru, including large-scale assets such as Quellaveco and Antamina, the merged company would consolidate meaningful production capacity in two of the world's most important copper-producing regions, increasing market relevance and long-term supply optionality.

The transaction also improves competitive positioning by creating a more balanced commodity mix and reducing relative dependence on diamonds, platinum, and coal while expanding exposure to base metals with structurally stronger demand growth profiles. Scale advantages across procurement, logistics, capital allocation, and technical expertise are expected to enhance operating efficiency and lower unit costs over time. In addition, the merger strengthens Anglo American's presence in Canada, a stable mining jurisdiction providing enhanced access to North American capital markets, skilled labor, and critical minerals policy support. Collectively, the combination positions the enlarged company as a leading global supplier of materials essential to the energy transition, improving resilience across commodity cycles and enhancing long term shareholder value creation.

Key Strategic Benefits

- **Increased Copper Exposure and Scale:** The combined entity would materially increase Anglo American's copper production profile through Teck's operations. In 2024, Teck produced 446 tonnes of copper, which would add to Anglo's Quellaveco output of over 300 thousand tonnes annually and Antamina production of approximately 380 thousand tonnes. This would, in turn, strengthen its position in a CAD 333.8 billion global copper market that is only expanding as time goes on.
- **Geographic Diversification and Political Risk Balance:** The merger adds exposure to Canada, Chile, and Peru, three of the world's most significant mining jurisdictions, while balancing regulatory and geopolitical risk across multiple continents, reducing concentration risk within any single commodity or region.
- **Portfolio Optimization and Capital Allocation Efficiency:** By combining complementary asset bases and technical expertise, the merged company can optimize capital deployment across a larger project pipeline. This has to include Canadian critical mineral investments of at least CAD 4.5 billion over five years, but this will only contribute to improving return on invested capital and enhance long term cost competitiveness through procurement and operational synergies.



Potential Impacts on the Canadian Economy

The proposed merger between Anglo American and Teck Resources represents more than a corporate consolidation, as it raises broader questions surrounding foreign ownership, economic sovereignty, and the long-term direction of Canada's natural resource sector. As one of Canada's most significant mining companies, Teck plays a major role in employment, tax revenue, capital investment, and regional economic development, making federal review under Canada's foreign investment framework both expected and consequential.

To secure support for the transaction, Anglo American committed to maintaining the combined company's headquarters in Canada and to investing at least CAD 4.5 billion domestically over five years. This includes previously announced capital, such as the CAD 2.4 billion Highland Valley Copper mine life extension, as well as commitments of at least CAD 300 million toward Canadian critical mineral exploration and technology and CAD 100 million toward a critical minerals institute and skills training initiatives. These undertakings are designed to reinforce Canada's position in strategic minerals and ensure continued domestic economic participation in the sector.

Despite these commitments, concerns remain regarding long-term capital allocation and operational focus under foreign control. There is a risk that future investment could prioritize lower-cost assets outside Canada, potentially affecting domestic employment levels and supplier ecosystems. Additionally, as a multinational enterprise, the combined company's global tax planning strategies could alter its effective Canadian tax contribution compared to Teck on a standalone basis. More broadly, questions persist around the enforceability of investment commitments and whether strategic decision-making will consistently align with Canadian economic, environmental, and industrial policy objectives over time.

Synergy Analysis

The proposed merger of equals between Anglo American and Teck Resources is primarily strategic and portfolio-driven rather than a pure cost takeout transaction. Management has not publicly disclosed a quantified synergy target, but this is common in large mining mergers where value creation is driven by scale, capital allocation optimization, and long-cycle asset management rather than immediate overhead reductions. Based on comparable sector transactions and internal benchmarking, we estimate potential annual run rate cost synergies in the range of 2–4 percent of combined SG&A and procurement spend, with realization over 24–36 months post close.

Our confidence level in achieving baseline cost synergies is moderate to high, given the tangible nature of procurement leverage and corporate consolidation opportunities. Revenue synergies are more uncertain and likely longer dated, as mining sales are largely commodity price-driven and subject to global benchmark pricing. Compared to historical mining consolidations, cost synergy realization in the first 2–3 years is typical, while revenue enhancements tend to be indirect and realized over full commodity cycles rather than immediately measurable post integration.



Cost Synergies

1. Corporate and Overhead Rationalization (Estimated 1–1.5 percent of combined cost base)

A merger of equals with a 50/50 board structure still presents opportunities to streamline duplicative executive functions, finance, legal, investor relations, and public company compliance costs. We estimate modest amount of annual savings from consolidating the headquarters and sharing services integration, with meaningful realization beginning in year one and full run rate by year three. Execution risk is moderate given governance balance and potential sensitivity around workforce reductions in Canada and the UK.

2. Procurement and Supply Chain Efficiencies (Estimated 1–2 percent of addressable spend)

The most tangible synergy opportunity lies in procurement scale across mining equipment, explosives, maintenance, contracts, energy procurement, and logistics. Larger combined purchasing volumes across Chile, Peru, Canada, and South Africa should enhance bargaining power with global suppliers. Savings could begin within 12–18 months post close as supplier contracts are renegotiated. Execution risk is low to moderate as procurement synergies are historically achievable in mining sector consolidations.

3. Technology and Systems Integration (Estimated 0.5–1 percent of cost base)

Consolidation of enterprise resource planning systems, safety platforms, environmental reporting tools, and mine planning software may reduce long term IT duplication and support standardized operating procedures. Savings are likely phased and partially offset by upfront integration costs. Risk is moderate due to operational disruption potential during systems migration.

4. Shared Infrastructure Optimization – Collahuasi to QB2 Conveyor Integration

A potential operational synergy in Chile stems from Anglo American's plan to connect the Collahuasi operation with the QB2 concentrator infrastructure through a ~15km conveyor system for an estimated cost of ~\$1.2 billion. Additionally, Anglo American is developing a ~\$700 million upgrade to one of QB2's processing lines which can accommodate softer, higher-grade ore from Collahuasi. This integration would enable ore sharing and optimized mill utilization across assets, potentially lowering per-tonne transportation costs, reducing haul truck reliance, and improving processing efficiency. While the initiative requires significant upfront capital investment, the ability to process higher-grade ore through a modern concentrator could enhance recovery rates and unit margins over time, representing a synergy-enabled infrastructure optimization that would not be feasible on a standalone basis.

Overall, cost synergies are likely to be incremental rather than transformational, consistent with precedent mining transactions where value creation is driven more by portfolio optimization than aggressive cost restructuring.



Revenue Synergies

1. Portfolio Optimization and Production Sequencing

The combined asset base may allow more efficient capital deployment across copper and zinc projects, improving production reliability and potentially increasing long term output. While difficult to quantify precisely, improved capital allocation could enhance long term production growth rates relative to standalone strategies. Realization timeline is multi-year, and confidence level is moderate.

2. Enhanced Market Relevance and Contracting Flexibility

A larger global copper platform may strengthen long term supply relationships with major industrial customers, particularly in electrification and renewable energy supply chains. While pricing remains benchmark-driven, improved scale could enhance contract visibility and volume stability. Impact is likely modest in the near term but strategically meaningful.

3. Geographic Diversification Supporting Market Share Stability

Broader exposure across Canada, Chile, and Peru reduces operational concentration risk, potentially improving delivery reliability and market positioning. This supports stable customer relationships rather than directly expanding margins.

Consistent with sector precedent, we do not ascribe significant near-term quantitative revenue synergies. Instead, we view strategic revenue benefits as longer-term optionality tied to copper demand growth and disciplined capital allocation rather than immediate cross-selling or pricing power expansion.

Accretion/Dilution Analysis

As shown in Appendix 1, the proposed all-stock merger between Anglo American and Teck Resources is projected to be earnings accretive over the first three years post-close. Pro forma EPS is estimated at \$2.47 in 2025, \$2.63 in 2026, and \$2.74 in 2027, representing accretion of approximately 9.75%, 9.91%, and 10.02%, respectively, relative to Anglo American on a standalone basis. The accretion profile is primarily driven by Teck's earnings contribution and the absence of incremental financing costs given the 100% stock consideration structure, despite the issuance of approximately 676 million new shares.

Sensitivity analysis indicates that the transaction is structurally accretive even with minimal synergies, with only ~\$17–18 million in post-tax annual synergies required to achieve EPS neutrality. Accretion remains sensitive to copper prices and Teck's standalone performance, while upside exists if procurement efficiencies and infrastructure optimization initiatives are realized earlier than expected. Given the modest break-even synergy threshold and equity-funded structure, the merger appears financially disciplined with limited balance sheet risk and a sustainable accretion profile under base-case commodity assumptions.



Deal Risks

Execution and Integration Risks

The combination of Anglo American and Teck Resources presents meaningful integration complexity given the scale, geographic dispersion, and cross-border governance structure of the merged entity. Cultural alignment may prove challenging as Anglo American operates as a UK-headquartered multinational with deep South African roots, while Teck is a Canadian-based company with strong domestic stakeholder ties, including Indigenous partnerships and union relationships. Retention of key operational, technical, and project development personnel, particularly at major copper and zinc assets in Chile, Peru, and Canada, will be critical to preserving production continuity and advancing growth projects. Integration of enterprise systems, procurement frameworks, environmental reporting standards, and safety protocols across approximately 20 global operations introduces execution risk and potential short-term operational disruption. While Anglo American has historical experience integrating mining assets and rationalizing portfolios, the scale of this merger of equals, including a 50/50 board structure, increases governance complexity, which could slow decision-making or delay synergy realization. Failure to achieve anticipated cost efficiencies, procurement savings, or capital allocation benefits within expected timelines could reduce the transaction's long term value creation.

Regulatory and Approval Risks

As of mid-December 2025, the proposed merger of equals between Teck Resources and Anglo American has secured several major binding approvals. Shareholders of both companies approved the transaction on December 9, 2025, final approval was granted by the Supreme Court of British Columbia under the plan of arrangement framework, and the Canadian government approved the deal under the Investment Canada Act subject to binding commitments. These commitments include maintaining a Vancouver-based headquarters, investing C\$4.5 billion in Canada over five years, and upholding specified employment and national interest protections. The transaction has also received competition approvals in Canada and Australia.

Regulatory reviews remain ongoing in several other jurisdictions, including the United States, the European Union, China, Japan, and South Korea, along with customary closing conditions such as final stock exchange listing approvals. Although global copper and zinc markets are fragmented, reducing the likelihood of structural antitrust barriers, regulators may continue to examine regional concentration and market dynamics. While the receipt of key Canadian and shareholder approvals materially de-risks the transaction, timing remains dependent on completion of outstanding international competition reviews. Delays in these processes could extend the expected closing window, though the approvals obtained to date significantly increase the probability of successful completion.

Financial and Market Risks

As an all-stock transaction, the deal avoids traditional acquisition financing risk but remains sensitive to equity market volatility and commodity price fluctuations, which directly influence implied valuation and shareholder perception. A deterioration in copper, zinc, or broader base metals prices prior to closing could weaken Teck's financial profile or reduce the perceived attractiveness of the exchange ratio. The combined company will inherit Teck's existing debt, which, while manageable, may constrain financial flexibility during commodity downturns, particularly if capital expenditures for growth projects remain elevated. Cross-border exposure introduces foreign exchange risk across the Canadian dollar, Chilean peso, Peruvian sol, South African rand, and US dollar-denominated revenues and costs, potentially affecting reported earnings. Additionally, unexpected environmental liabilities, reclamation obligations, or tax exposures discovered through extended diligence or regulatory review could increase integration costs and reduce forecast returns.



Strategic Risks

There is a risk that the strategic rationale, particularly increased copper exposure and portfolio rebalancing, may not translate into superior shareholder returns if commodity cycles reverse or supply growth outpaces demand. As a merger of equals, governance balance could dilute accountability or slow strategic execution relative to a clear acquirer target structure. Management distraction during integration may limit focus on core operational performance, capital discipline, or organic project delivery. Competitive responses from other global miners could include more aggressive bidding for assets, price competition in concentrate markets, or opportunistic acquisition attempts targeting divested or noncore assets. Finally, if projected synergies and capital allocation efficiencies do not materialize, the transaction could be viewed as value neutral or dilutive relative to standalone strategies, particularly given the absence of a control premium typically associated with transformative acquisitions.

Catalysts

Faster Than Expected Regulatory Approval

One major positive catalyst would be the accelerated regulatory clearance across remaining jurisdictions such as the EU, the US, and Chile. If approvals are secured toward the earlier end of the projected September 2026 to March 2027 closing window, the market could begin pricing in synergies and capital allocation benefits sooner than expected. It would also reduce uncertainty, limit deal fatigue, and allow management to execute integration plans ahead of schedule, potentially improving investor confidence and supporting upward revisions to forward earnings estimates.

Early Synergy Realization and Strong Copper Performance

Another meaningful catalyst would be faster-than-expected realization of operational synergies, particularly in procurement optimization, capital allocation efficiency, and project sequencing across Chile, Peru, and Canada. If the combined company demonstrates early cost savings or improved free cash flow generation within the first full year post-close, it will validate the strategic rationale of scale and portfolio optimization. Additionally, stronger-than-expected copper prices or production performance at key assets such as Quellaveco and Antamina could drive upward earnings revisions, amplifying the accretive impact of the merger and improving return on invested capital.



Precedent Transactions

Recent mining sector M&A transactions provide a useful benchmark for evaluating the proposed combination of Anglo American and Teck Resources. Based on the comparable transactions provided, implied valuation multiples range from 1.1x to 3.9x LTM revenue and from 3.8x to 15.3x LTM EBITDA, with a median of 1.5x revenue and 9.4x EBITDA. Most transactions were structured as all-stock deals, reflecting sector cyclicality and a preference to preserve balance sheet flexibility.

Alamos Gold / Argonaut Gold (March 2024)

This all-stock transaction valued Argonaut at approximately \$609.95 million, implying 1.5x LTM revenue and 15.3x LTM EBITDA, the highest EBITDA multiple in the peer set. The strategic rationale centered on operational consolidation, portfolio optimization, and cost synergies across adjacent assets. Gold sector consolidation typically targets G&A savings and improved mine sequencing rather than transformative scale. Integration risk was moderate given geographic proximity and commodity alignment. The implied premium was consistent with sector averages for mid-tier producers.

Equinox Gold / Calibre Mining (February 2025)

This all-stock transaction carried an enterprise value of approximately \$2.54 billion, reflecting 3.9x LTM revenue and 9.4x LTM EBITDA, representing the highest revenue multiple among the selected precedents. The rationale focused on creating a larger diversified gold platform with enhanced production scale and improved capital market relevance. Expected synergies included procurement savings, G&A rationalization, and improved development sequencing. Such transactions typically experience short-term integration volatility but long-term scale benefits.

Core Natural Resources / Arch Resources (August 2024)

This all-stock merger valued Arch at approximately \$2.63 billion, implying 1.1x LTM revenue and 11.8x LTM EBITDA. The transaction reflected strategic consolidation in metallurgical coal aimed at strengthening market share, optimizing logistics networks and enhancing free cash flow durability through cycle management. Coal sector consolidation often delivers tangible cost synergies due to infrastructure overlap and marketing integration.

Alpayana / Sierra Metals (December 2024)

This cash-funded acquisition valued Sierra Metals at approximately \$311.46 million, representing 1.1x revenue and 3.8x EBITDA, the lowest EBITDA multiple in the peer set. The lower multiple likely reflected asset-specific or operational challenges, as well as the use of cash consideration, which typically requires valuation discipline. Integration success in such transactions often depends on operational turnaround execution rather than synergy capture alone.

Elevra Lithium / Piedmont Lithium (November 2024)

This all-stock deal valued Piedmont at approximately \$286.70 million. However, negative LTM EBITDA resulted in a negative implied EBITDA multiple, highlighting development stage risk. Strategic rationale centered on scale and project pipeline consolidation in the lithium supply chain rather than immediate cash flow accretion.

Comparison to Anglo American / Teck

Relative to the selected precedents, the proposed combination of Anglo American and Teck Resources is significantly larger in scale and more strategically transformative. While recent gold and coal transactions primarily focused on regional consolidation and cost synergies, this merger materially increases copper exposure within a large and structurally growing global market.



From a valuation standpoint, precedent transactions reflect a median multiple of 9.4x LTM EBITDA, providing a reasonable sector benchmark. The Anglo–Teck merger of equals structure suggests valuation discipline aligned with market trading levels rather than an elevated control premium. Although integration and regulatory complexity are higher given the cross-border scope and size, the diversified global copper market reduces concentrated antitrust risk, supporting a moderate to high probability of completion relative to sector precedents.

Anglo-Teck - Comparable M&A Transactions										Valuation Multiples	
Acquirer Name	Ticker	Target Name	Ticker	Announcement Date	Financed with:	Transaction			TEV/LTM Revenue	TEV/LTM EBITDA	
						Enterprise Value (TEV)	LTM Revenue	LTM EBITDA			
Alpayana S.A.C.	N/A	Sierra Metals Inc.	SMT	16/12/2024	Cash on Hand	\$ 311.46	\$ 295.60	\$ 81.80	1.1x	3.8x	
Elevara Lithium LTD.	ELV	Piedmont Lithium Inc.	PLL	19/11/2024	All-Stock	\$ 286.70	\$ 105.10	\$ (19.70)	2.7x	-14.6x	
Core Natural Resources Inc.	CNR	Arch Resources Inc.	ARCH	21/08/2024	All-Stock	\$ 2,632.81	\$ 2,432.80	\$ 223.90	1.1x	11.8x	
Equinox Gold Corp	EQX	Calibre Mining Corp	CXB	23/02/2025	All-Stock	\$ 2,536.63	\$ 656.60	\$ 270.40	3.9x	9.4x	
Alamos Gold Inc.	AGI	Argonaut Gold Inc.	AR	27/03/2024	All-Stock	\$ 609.95	\$ 407.20	\$ 39.90	1.5x	15.3x	
					Maximum	\$ 2,632.81	\$ 2,432.80	\$ 270.40	3.9x	15.3x	
					75th Percentile	\$ 2,536.63	\$ 656.60	\$ 223.90	2.7x	11.8x	
					Median	\$ 609.95	\$ 407.20	\$ 81.80	1.5x	9.4x	
					25th Percentile	\$ 311.46	\$ 295.60	\$ 39.90	1.1x	3.8x	
					Minimum	\$ 286.70	\$ 105.10	\$ (19.70)	1.1x	-14.6x	

Recommendation

HOLD

We recommend **HOLD** on Anglo American PLC shares with a pro forma EPS of \$2.47, accretive by approximately 130%.

Strategically, the transaction is compelling and creates a premier global copper franchise with enhanced scale, portfolio quality, and long-life reserves positioned to benefit from structural electrification demand. However, value creation for Anglo shareholders is highly sensitive to synergy realization. While the pro forma accretion profile appears significant in year one, the deal requires substantial pre-tax synergies to fully justify dilution from share issuance and integration costs. Given that much of the strategic rationale has already been priced into Anglo's stock, near-term upside appears balanced by execution and commodity price risk.

From an execution standpoint, the strategic fit is strong: both companies operate large-scale, tier-one copper assets in stable jurisdictions with complementary development pipelines. The industrial logic, including operational integration in Chile and procurement scale benefits, supports a high probability of operational success over the medium term. That said, integration complexity, cross-border regulatory oversight, and commodity cyclicality introduce uncertainty. Management's experience in large-scale project execution is a mitigating factor, but synergy capture, particularly capital-intensive operational initiatives, will require disciplined cost control and timeline adherence.

Value realization is likely to be back-end loaded, with meaningful synergies emerging over a 2–3-year horizon rather than immediately post-close. Compared to alternative uses of capital such as organic brownfield expansion, balance sheet deleveraging, or incremental shareholder returns, this merger represents a higher-risk but potentially higher-reward strategic repositioning. Given the balanced risk-reward profile, execution dependency, and limited short-term valuation gap, we believe a HOLD rating appropriately reflects the current risk-adjusted outlook.



Appendix 1: Valuation Analysis Details

All values in CAD Millions (except share data)	Acquirer	Target
	Anglo American	Teck Resources
Ticker:	LSE: AAL	TSX: TECK.B
EPS	(7.28)	0.58
# of shares	1,079,143,738.00	508,500,000.00
Stock Price (last Close)	6108.40	72.44
offer Price		96.35
Cost of Debt	5.36%	3.60%
tax Rate	36.50%	29.40%
P/E	(148,234,029.95)	876724137.93
NI	3,579,916,175.32	760,791,520.88
Combined NI		4,340,707,696.20

100% Stock based Acquisition		% of ownership
Anglo American (Buyer) stand alone shares outstanding	1,079,143,738.00	61.5%
Total Anglo American (Buyer) Pays	48,995,217,774.00	38.5%
Anglo American (Buyer) new shares Issued	676,355,850	
Pro Forma Anglo Teck (Buyer) shares outstanding	1,755,499,588	

Pro Forma EPS Analysis	2025	2026	2027
pro Forma EPS	2.47	2.63	2.74
Accretive (Dilutive) by	9.75	9.91	10.02
implied Post Tax Synergies required to break even	\$ 17,120.74	\$ 17,388.91	\$ 17,589.01
pre tax synergies required to break even	\$ 26,961.80	\$ 27,384.11	\$ 27,699.22



Appendix 2: Combined Income Statement

Combined Income Statement (All Figures in CAD MM)										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	51,592.76	70,815.86	65,791.26	48,781.28	46,813.52	36,383.44	39,189.14	41,757.66	42,133.81	42,655.46
% growth	0%	85%	13%	-75%	29%	-19%	10%	14%	8%	8%
Operating Costs	(23,558.70)	(25,115.52)	(23,070.14)	(27,004.00)	(21,757.96)	(10,699.09)	(12,772.98)	(13,201.15)	(11,751.18)	(10,076.45)
% of revenue	46%	35%	35%	55%	46%	29%	33%	32%	28%	24%
Operating Profit	9,227.70	23,587.94	15,074.88	9,047.29	6,916.67	7,019.41	7,799.13	8,261.48	8,050.63	7,845.14
% growth		156%	-36%	-40%	-24%	1%	11%	6%	-3%	-3%
% of revenue	18%	33%	23%	19%	15%	19%	20%	20%	19%	18%
Non-operating special items	750.94	(390.66)	(381.26)	(387.00)	(102.02)	(97.12)	(93.93)	(102.28)	(115.97)	(131.07)
% of revenue	1%	-1%	-1%	-1%	0%	0%	0%	0%	0%	0%
Net Income from Associates	247.40	631.80	888.58	523.64	187.92	276.28	306.84	325.06	316.92	309.00
% of revenue	0%	1%	1%	1%	0%	1%	1%	1%	1%	1%
EBIT	9,273.40	28,784.48	22,843.44	9,654.92	6,986.46	8,755.51	9,391.07	9,861.29	9,922.46	9,873.66
% growth		210%	-21%	-58%	-28%	25%	7%	5%	1%	0%
% of revenue	18%	41%	35%	20%	15%	24%	24%	24%	24%	23%
Interest Expense	(1,045.28)	(813.92)	(913.70)	(1,526.20)	(2,570.36)	(1,002.62)	(1,067.38)	(1,139.91)	(1,165.20)	(1,195.70)
% of revenue	2%	1%	1%	3%	5%	3%	3%	3%	3%	3%
Investment Income	168.70	196.82	348.32	699.26	821.88	319.91	343.75	366.45	370.75	376.41
% of revenue	0.00	0.00	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01
Net Financing gains	(192.92)	(185.16)	(71.58)	(40.34)	(669.32)	(201.23)	(205.40)	(221.18)	(236.74)	(254.19)
% of revenue	0%	0%	0%	0%	-1%	-1%	-1%	-1%	-1%	-1%
Net profit before tax	7,978.90	28,087.22	21,946.48	8,588.64	5,294.66	7,871.58	8,462.03	8,866.65	8,891.27	8,800.18
% growth		252%	-22%	-61%	-38%	49%	8%	5%	0%	-1%
% of revenue	15%	40%	33%	18%	11%	22%	22%	21%	21%	21%
Income Tax	(2,278.20)	(8,890.98)	(7,421.60)	(3,462.06)	(2,636.56)	(2,320.30)	(2,492.86)	(2,611.54)	(2,620.16)	(2,594.04)
Tax Rate	0.10									
Net Income	5,700.70	19,196.24	13,752.88	7,746.58	3,864.10	5,551.28	5,969.17	6,255.11	6,271.11	6,206.15
% growth		237%	-28%	-44%	-50%	44%	8%	5%	0%	-1%
Attributable to:										
Non-controlling interests	1,690.46	4,297.40	2,212.46	1,429.42	894.06	1,188.27	1,335.52	1,419.90	1,370.19	1,327.92
% of Net Income	30%	22%	16%	18%	23%	21%	22%	23%	22%	21%
Equity shareholders	5,190.30	15,184.50	11,646.68	6,455.16	3,079.06	4,340.71	4,608.87	4,808.97	4,875.35	4,853.30
% of Net Income	91%	79%	85%	83%	80%	78%	77%	77%	78%	78%

Valuation Methodology and Analytical Scope



For the proposed merger of equals between Anglo American and Teck Resources to form Anglo Teck, we did not prepare a standalone Discounted Cash Flow (DCF) valuation. Since both companies are large-cap, widely covered mining issuers followed by major investment banks and commodity analysts, meaning current trading prices already incorporate forward-looking expectations regarding copper demand, energy transition exposure, and anticipated transaction synergies. Given the scale of public coverage and the efficiency of capital markets for large mining equities, we believe market-implied valuation provides a reasonable proxy for intrinsic value in this context. Furthermore, this transaction has progressed beyond preliminary discussions and has received shareholder approval, leaving regulatory clearance as the primary remaining condition to closing, which further supports reliance on observable market pricing rather than constructing an independent intrinsic valuation model.

Qualitative Synergy Analysis Justification

We present synergies on a qualitative rather than fully quantified basis because management has not publicly disclosed specific cost synergy targets, integration cost estimates, or timeline commitments. Without formal guidance, assigning numerical synergy estimates would require independent assumptions regarding procurement savings, G&A rationalization, logistics optimization, and capital allocation efficiencies that may not reflect eventual realized outcomes.

Additionally, in large-scale mining mergers, value creation is often driven less by immediate cost takeout and more by long-term portfolio optimization, project sequencing, capital discipline, and improved commodity exposure. These benefits are inherently strategic and realized over multiple commodity cycles, making precise short-term quantification difficult.

Given our position as a student-run research organization and the absence of formal synergy guidance, we believe a disciplined qualitative framework, outlining sources of potential value creation without overstating precision, maintains analytical credibility while still communicating the strategic upside of the transaction.



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Liam Waddell
Director

Queen's Financial Mining Club
Qfmc.info@gmail.com