



Moatize and the Nacala Logistics Corridor welcome New Investor

Rio de Janeiro, December 09, 2014

Document objective

Explain the rationale and the structure of the partnership with Mitsui on the Mozambiquean coal assets and provide some highlights from Vale's coal business

CONTENT

- Explanation of the coal transaction
- Highlights from Vale's coal business

CONTENT

- Explanation of the coal transaction
- Highlights from Vale's coal business

Strategic rationale for the transaction

Transaction objectives

- Fund the completion of our world class coal project in Mozambique
- Bring in a partner with knowledge and visibility in Mozambique

Outcomes

- Completion of the mine and logistics projects with:
 - Reduction in Vale's funding requirements
 - Improvement of Vale's balance sheet
 - Reduction of the exposure to project risk
- Support the development of agriculture and general cargo businesses along the logistics corridor in Mozambique and Malawi
- Reinforcement of the long-term partnership between Vale and Mitsui

Transaction overview

Final Ownership

- Upon completion of the transaction, Mitsui will become Vale's partner in both the Moatize mine and the Nacala logistics corridor
- Vale's equity stake will reduce from:
 - 95% to 81%¹ in Vale Mozambique (investment vehicle for the Moatize mine)
 - Approximately 70% to about 35% in the Nacala logistics corridor

Transaction Structure

- Mitsui will make an upfront investment of:
 - US\$ 450 million for 15% of Vale's equity shares and the right to 15% of Vale's shareholder loans in Moatize
 - US\$ 313 million for 50% of Vale's equity stake and quasi-equity instruments in the Nacala Corridor
- Mitsui will fund the outstanding capex in Moatize and Nacala pro-rata to its ownership
- Up to 2.7 billion will be raised via non-recourse Project Finance² for the Nacala Corridor

Cash Flow Impact

- Replacement of Vale's total funding requirements to the project, releasing up to US\$ 3.7 billion:
 - US\$ 638 million from Mitsui's upfront investment and future funding in Vale Mozambique
 - US\$ 3.013 million from Mitsui's upfront investment in the Nacala corridor and from debt raised via project finance²

¹ Equivalent to 85% of Vale's 95% participation in Vale Mozambique

² Ongoing negotiation of up to US\$ 2.7 billion in project finance

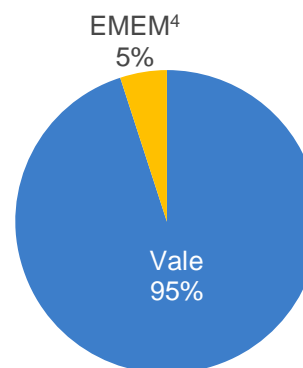
Transaction Structure – Moatize mine

- The transaction entails the incorporation of new coal investment vehicles into which:
 - i. Vale will contribute its equity shares in and its shareholder loans to Vale Mozambique; and
 - ii. Mitsui will invest US\$ 450¹ million for 15% of the equity shares and the right to 15% of the above-mentioned Vale's shareholder loans.
- Mitsui will be responsible for funding an additional US\$ 188 million, equivalent to 15% of the estimated capex² still required to complete the Moatize mine project

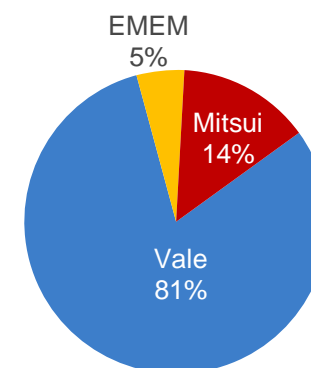
Highlights

- Upon completion³ of the transaction, Vale will own approximately 81% of the Moatize mine

Vale's Current ownership



Vale's ownership after the deal



- Vale will be the controlling and operating partner in the mine with Mitsui having all the customary rights of a minority partner

¹ The abovementioned up front investment of US\$ 450 million could be later adjusted in 2 installments (2019 and 2022), ranging from US\$ 330 to 480 million as a result of negotiated yield and production targets.

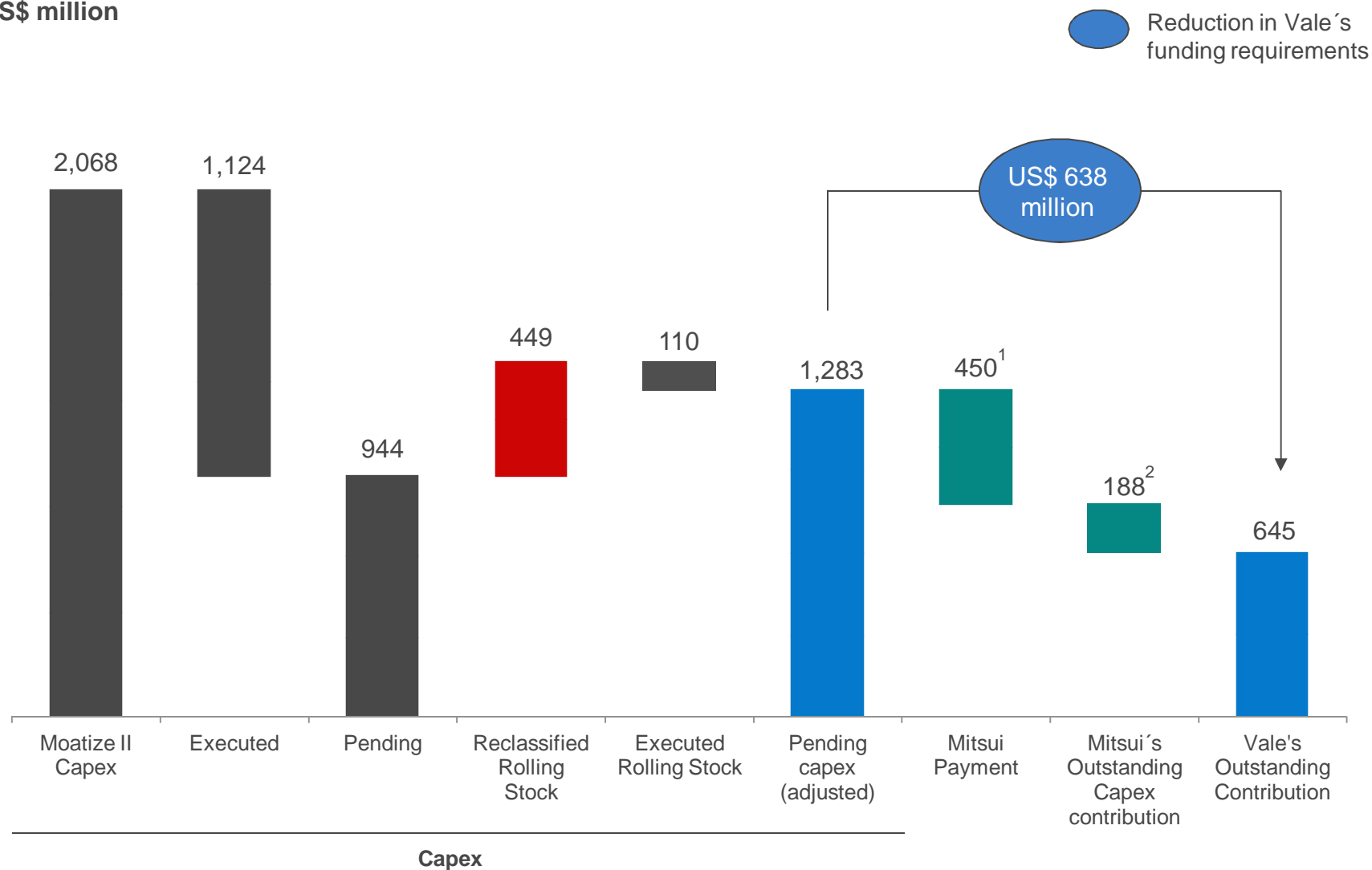
² Capex is back dated to July 1st, 2014 and includes capex for rolling stock which was relocated from the logistics corridor to the mine

³ Transaction is subject to customary conditions precedent, and is back dated to July 1st 2014.

⁴ EMEM stands for Empresa Moçambicana de Exploração Mineria S.A.

Cash flow impact – Moatize Mine

US\$ million



¹ The abovementioned up front investment of US\$ 450 million could be later adjusted in 2 installments (2019 and 2022), ranging from US\$ 330 to 480 million as a result of negotiated yield and production targets.

² Equivalent to 15% of the estimated capex (excluding Pre Operational and Project Expenses) still required to complete the Moatize mine project.

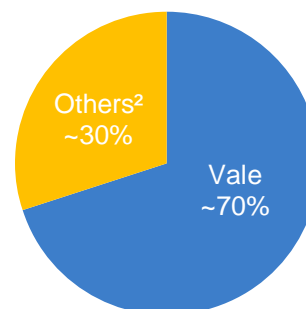
Transaction Structure – Nacala Logistics Corridor

- The transaction entails the incorporation of investment vehicles into which:
 - i. Vale will contribute its equity stake and its quasi-equity instruments in the Logistics Corridor worth US\$ 313 million¹
 - ii. Mitsui will contribute an equivalent US\$ 313 million for 50% of the equity stake and quasi-equity instruments
- Vale and Mitsui are negotiating to raise up to US\$ 2.7 billion in non-recourse project finance

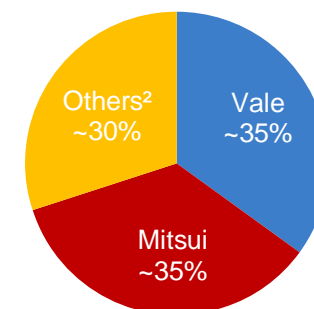
Highlights

- Upon completion of the transaction, Vale will own approximately 35% of the logistics corridor

NLC's Current ownership



NLC's ownership after the deal



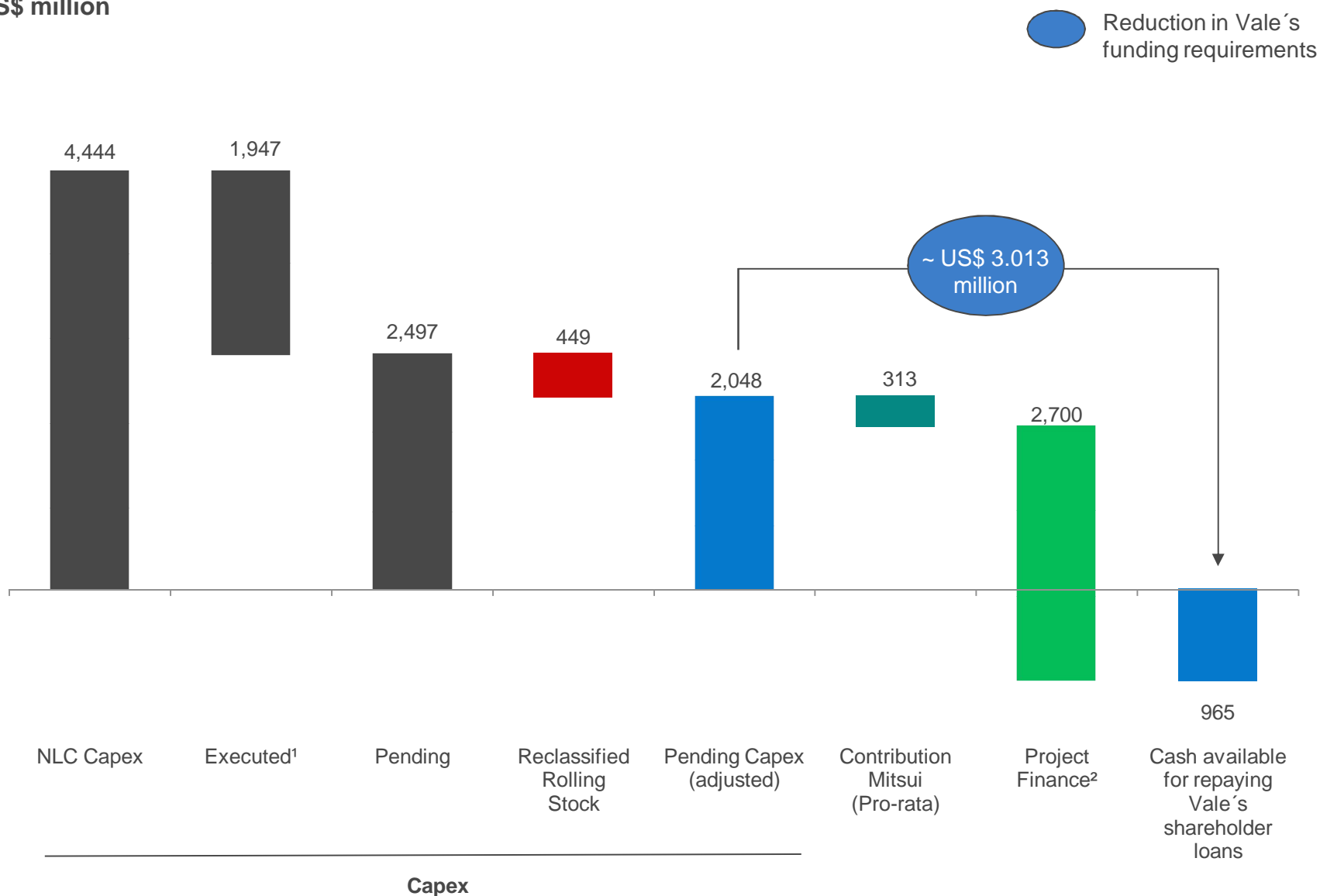
- Vale will share control of the corridor with Mitsui and therefore will not consolidate the debt in its balance sheet
- The NLC Board will be equally represented by Vale and Mitsui

¹ The investment in the Nacala corridor will be financed through a mix of equity and quasi-equity instruments worth US\$ 626 million, subordinated shareholder loans from Vale and the project finance

² Portos e Caminhos de Ferro de Moçambique, E.P. (CFM) and Others

Cash flow impact – Nacala Logistics Corridor

US\$ million

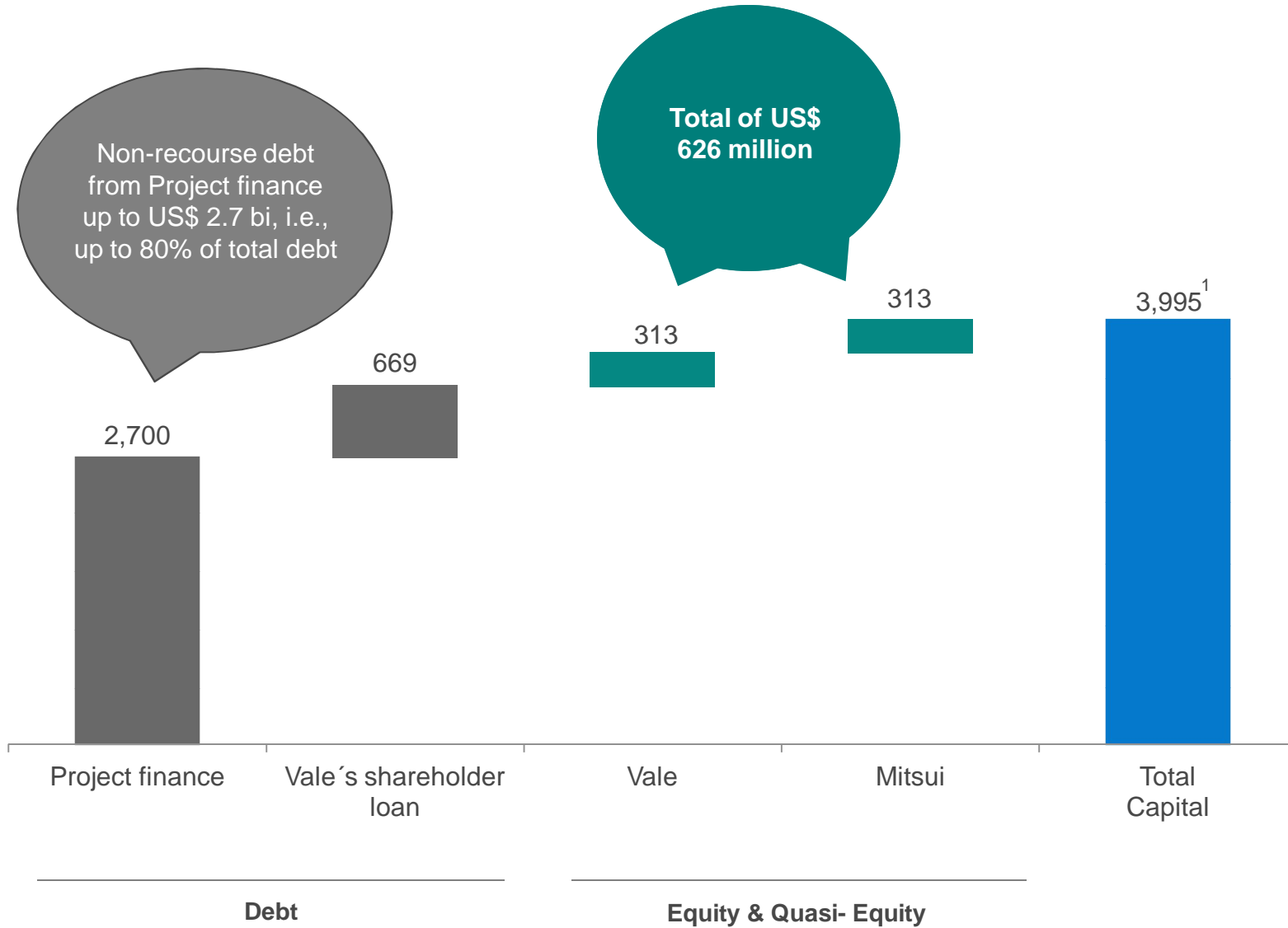


¹ Executed Capex (US\$2,057 million) less US\$110M of Rolling Stock executed capex, relocated to the Moatize mine project

² Ongoing negotiation of up to US\$ 2.7 billion in non-recourse project finance

Capital Structure – Nacala Corridor post partnership with Mitsui

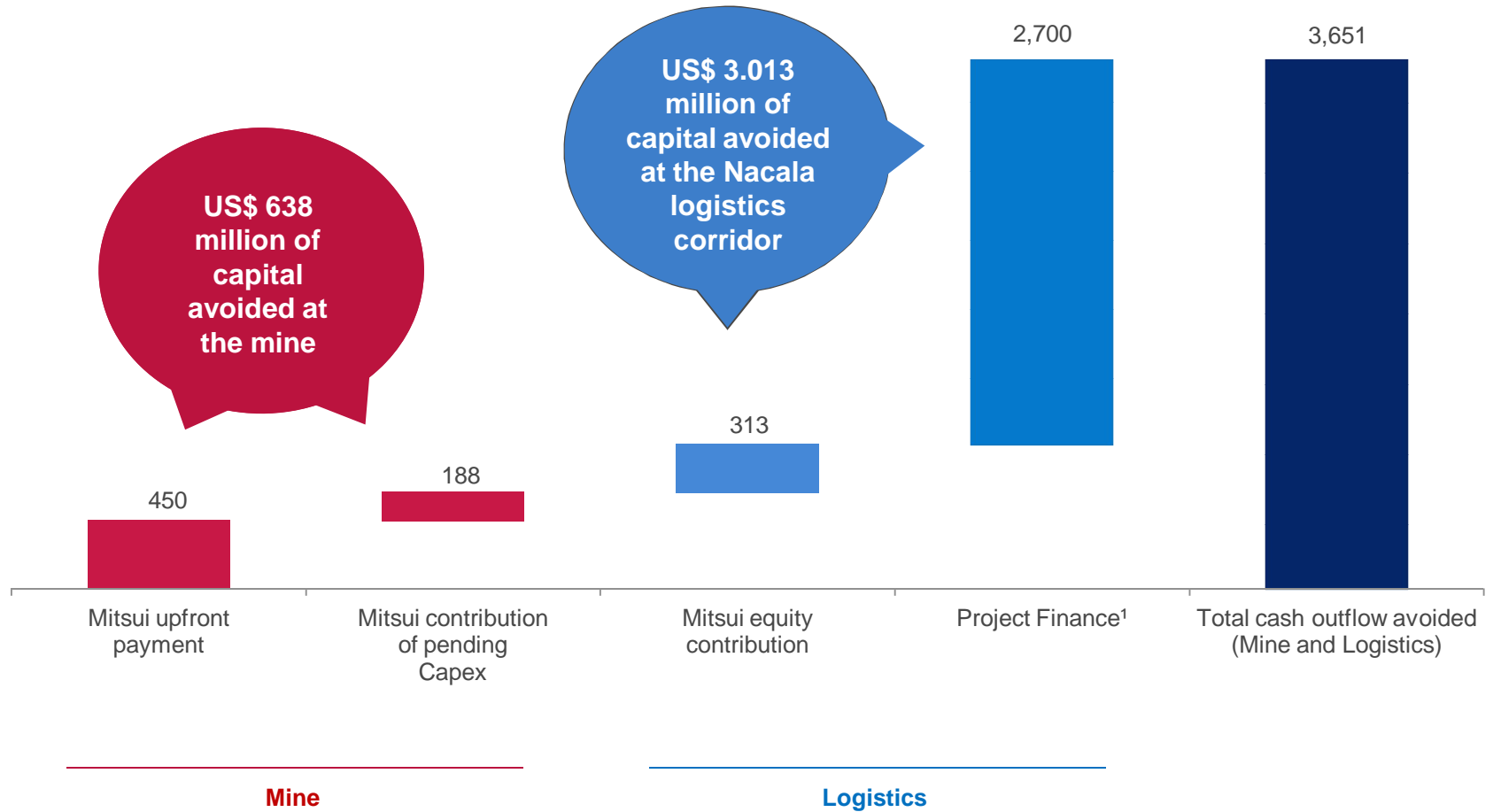
US\$ million



¹ Total investment of US\$ 4,444 million less US\$ 449 million of rolling stock Capex reclassified to the mine

Overall impact on Vale's cash flow

US\$ million



¹ Ongoing negotiation of up to US\$ 2.7 billion in non-recourse project finance

CONTENT

- Explanation of the coal transaction
- Highlights from Vale's coal business

Highlights for Vale's coal business

Guiding principles

- Managing the portfolio for value, not for production volumes

- Successfully implementing our projects

- Delivering a world class coal operation

- Strengthening our ties to Mozambique while preserving our license to operate

Examples

- Integra and Isaac Plains placed under care & maintenance¹
- Eagle Downs under review together with new partner

- Nacala already operational in 2014, with full ramp-up expected by the end of 2016
- Moatize II to start-up by 2H15

- Aiming at first quartile of the cost curve at full capacity, from 2017

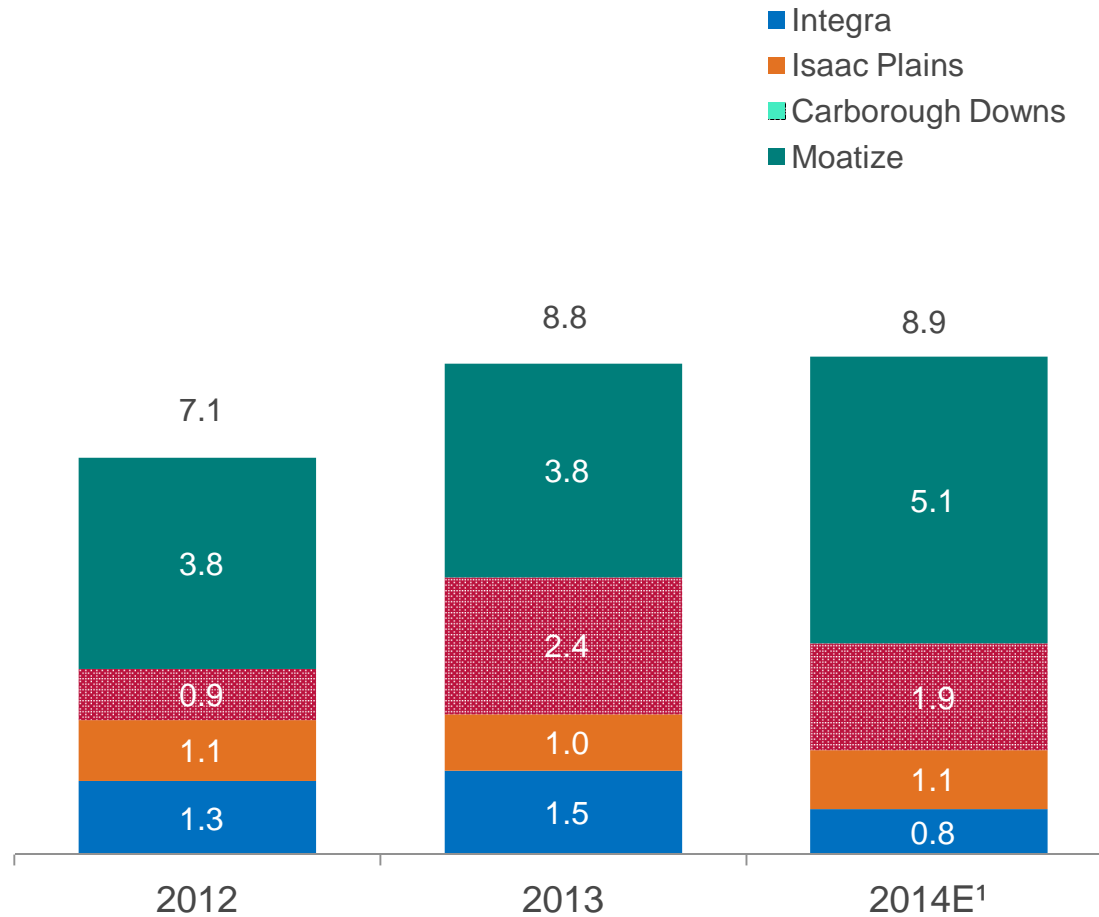
- Total disbursements² of US\$ 134 million in Mozambique in social, environmental and Health and safety initiatives

¹ Operations not economically feasible under current market conditions

² Include opex, capex and sustaining investments from 2008 up to 2014 (estimated 2014 figures)

Evolution of Vale's coal production

Mt, attributable production



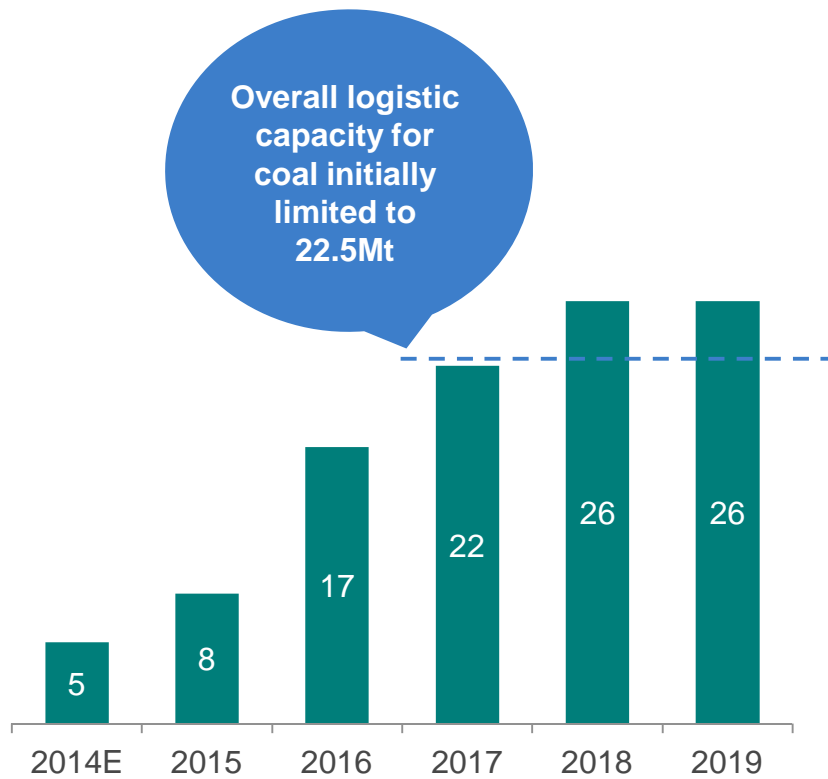
- Moatize production up 34% yoy (14/13)¹
- Integra and Isaac Plains placed under Care and Maintenance in 2Q14 and 3Q14 respectively

¹ 2014 estimates

Expected production growth

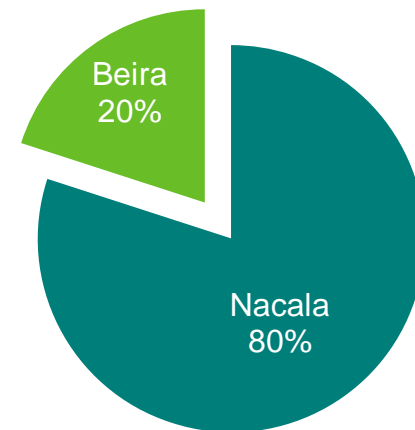
Production

Mt



Breakdown of Logistics corridors

%, 2015-2017¹



¹ Current Sena-Beira commitments expire in 2017

Nacala will play a key role in connecting remote geographies, providing rail and port solution



General cargo demand is forecasted to be about 4Mt

Strong commitment to health & safety, local communities and the environment are key to the success of Moatize and Nacala Corridor

Pharmacy in Cateme



Health Care Center in Cateme



Environmental protection



Health and Safety



Development of technical skills



Trade courses in public schools



