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Vale announces the sale of a minority stake of MBR

Upon completion of the transaction, Vale will be the owner, directly and indirectly, of 61.9% of the total MBR capital and of 98.3% of its ordinary capital

Vale informs that it signed, on this date, a Sale and Purchase Agreement with Fundo de Investimento em Participações Multisetorial Plus II (FIP Plus II), whose shares are held today by Banco Bradesco BBI S.A., through which it promised to sell preferred class A shares (“ações preferencias” under Brazilian law), representing 36.4% of the share capital of Minerações Brasileiras Reunidas S.A. – MBR, for the price of R\$4,000,000,000.00 (four billion reais), subject to the usually applicable conditions precedent, including a prior approval of the operation by the Brazilian Council for Economic Defence (CADE).

MBR is a subsidiary of which Vale holds, directly and indirectly, 98.3% of the total capital. MBR owns assets for production, transportation and port shipment of iron ore, among which the mines and/or industrial plants of Vargem Grande (Capitão do Mato and Tamanduá), Abóboras, Pico, Mutuca (Capão Xavier), Mar Azul and Jangada, which accounted for the production of approximately 65Mt of iron ore in 2014. Among the assets owned by MBR, we also include the Ilha Guaíba maritime terminal and a participation of 32.9% in MRS Logística S.A. (MRS).

These MBR assets are operationally integrated into Vale’s production, transportation and port shipment system known as Southern System and are leased to Vale until the year of 2037.

According to the leasing contract between Vale and MBR, Vale is responsible for all the operation and commercialization related to iron ore produced in the leased assets, as well as for a quarterly lease payment to MBR based on: i) the volume of ore production from the assets owned by MBR and leased to Vale; and ii) the average price of iron ore in the international market in the reference quarter. In turn, MBR is responsible for providing the funds required to implement the investment plan agreed among the parties to preserve the productive capacity of the leased assets.

In a price scenario such as the current one, with the “Platts IODEX Iron ore fines 62% Fe CFR North China” index around US\$ 55/dmt, Vale would pay to MBR, in the form of lease payments, a value of R\$ 30.1 per wet metric ton (wmt) produced out of the MBR assets. On Vale’s consolidated financial statements the lease paid to MBR will not affect the company’s EBITDA. The participation and rights of the new MBR shareholder will be recorded under “non-controlling shareholder participation” in the shareholders’ equity, and in the income and cash flow statements.

Upon completion of the transaction, Vale will be the owner, directly and indirectly, of 61.9% of the total MBR capital and of 98.3% of its ordinary capital. Vale will also hold a call option of FIP Plus II shares.

This transaction reinforces Vale’s commitment to preserve its financial strength, especially in this moment as it completes the largest investment program in its history.

More information



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