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2Q21 Production and Sales Report

16 Mt increase in iron ore production (1H21 vs 1H20)

Normalization of Ponta da Madeira Terminal operations

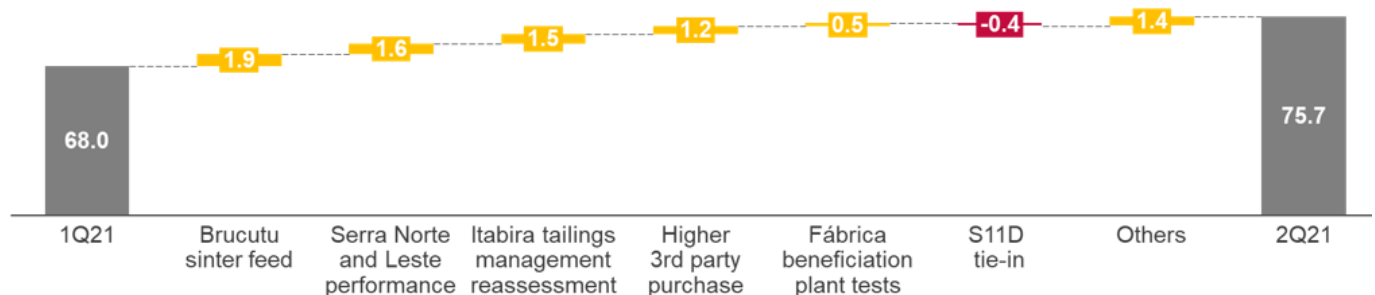
First ore production at VBME Project

Moatize ramping up to 15 Mtpy run rate

Vale completed another quarter of iron ore production growth (+11%q/q) and achieving a current capacity of 330 Mtpy, which if sustained could allow for an average of 1 Mt per day production in 2H21, due to the favorable seasonality from better weather conditions in the period. The unmanned train operation in Timbopeba is performing well and the maintenance of ship loader 6 (CN6) at the Ponta da Madeira Maritime Terminal was executed as scheduled, causing no impact in this year's expected shipments. On Base Metals, the first ore production on its Reid Brook deposit at the Voisey's Bay Mine Expansion Project was an important achievement to the continued delivery of quality, predictable and responsibly sourced material to market.

Vale's iron ore fines production totaled 75.7 Mt in 2Q21, 11.3% higher than in 1Q21, as a result of: (i) higher volumes from Brucutu with the increase of high-silica sinter feed production by dry processing taking advantage of a very favorable market environment; (ii) seasonal improvement of weather-related conditions in Serra Norte and a strong performance in Serra Leste; (iii) higher productivity in Itabira Complex, with the reassessment of temporary tailings management solutions; (iv) higher third-party purchase; and (v) wet processing production in Fábrica during the tests to resume beneficiation plant operations. Those positive results were partially offset by the interferences (tie-in effect) caused by the installation and commissioning of the first of four jaspilite crusher in S11D.

Iron ore production (Mt)



Considering the iron ore mining plan and the implementation of new initiatives, **Vale achieved a production capacity of 330 Mtpy**, mainly as a result of Serra Leste achieving full capacity. The start-up date of some operations were revised due to the time required to receive their respective authorizations, namely (i) Vargem Grande conveyor belt resumption (now expected for 3Q21); (ii) to continue Fábrica's wet processing production (now expected for 3Q21); and (iii) Torto dam in Brucutu following the need of extra works to increase safety factor (now expected for 2H22).

Vale's pellet production totaled 8.0 Mt in 2Q21, 27.4% higher than in 1Q21, although still limited by pellet feed capacity. Quarterly increase is mainly explained by the seasonally higher pellet feed availability which was mainly directed to Oman plants and by the ramp-up of Vargem Grande pellet plant.

Sales volumes of iron ore fines and pellets totaled 74.9 Mt in 2Q21, up 14.2% higher than in 1Q21, as iron ore production increased. Iron ore price premium was US\$ 8.4/t, in line with 1Q21, following higher pellet, IOCJ and BRBF premiums, which were offset by a higher share of high-silica products with the increase of sinter feed production by dry processing, taking advantage of a strong market environment.

Production of finished nickel was 41.5 kt in 2Q21, 14.3% lower than 1Q21 mainly due to the labour disruption at Sudbury and unscheduled maintenance in Clydach Nickel Refinery, which impacted total production from material sourced from PTVI.

On June 1st, 2021, production and maintenance employees represented by the United Steelworkers (USW) Local 6500 in Sudbury voted to reject the Company's offer for a new five-year collective bargaining agreement, resulting in a labor disruption at Sudbury operations. Meanwhile, Vale implemented contingency plans to preserve the integrity and safety of the plants and mines.

Copper production reached 73.5 kt in 2Q21, 3.9% lower than 1Q21 resulted from the labour disruption in Sudbury and delays in mining at Voisey's Bay, partially offset by a more robust performance in Salobo due to the ramp-up of mine maintenance activities and better performance at Sossego operations.

In line with COVID-19 safety measures, which limited the mobilization of contractors, Vale decided to only perform the critical maintenance activities in Sossego's SAG mill in 2Q21. This has allowed the deferral of a major portion of the SAG mill maintenance to 2022. Vale expects production improvements as of 2H21.

Also, movement at Salobo mine is improving with increased availability of equipment as the ramp-up of the mine maintenance workshop continues. Total mine movement at Salobo has increased 31.2% in Q2 compared to Q1, achieving 8.4 Mt in June. Improvement in mine movement is expected to continue in Q3.

Given uncertainties concerning the labor situation in Ontario and the ramp-up of the safety and maintenance process implementation in Sossego and Salobo, **our guidance for nickel and copper for the year is under review.**

Production summary

000' metric tons	2Q21	1Q21	2Q20	1H21	1H20	% change		
						2Q21/1Q21	2Q21/2Q20	1H21/1H20
Iron ore ¹	75,685	68,031	67,598	143,715	127,203	11.3%	12.0%	13.0%
Pellets	8,008	6,287	7,070	14,295	13,997	27.4%	13.3%	2.1%
Manganese Ore	113	91	149	204	512	24.2%	-24.2%	-60.2%
Coal	2,091	1,090	1,283	3,181	3,246	91.8%	63.0%	-2.0%
Nickel	41.5	48.4	49.0	89.9	102.2	-14.3%	-15.3%	-12.0%
Copper	73.5	76.6	84.5	150.1	179	-4.0%	-13.0%	-16.1%
Cobalt (metric tons)	754	711	562	1,465	1,228	6.0%	34.2%	19.3%
Gold (000' oz troy)	96	86	114	182	233	11.6%	-15.8%	-21.9%

¹ Including third party purchases, run-of-mine and feed for pelletizing plants.

Sales summary

000' metric tons	2Q21	1Q21	2Q20	1H21	1H20	% change		
						2Q21/1Q21	2Q21/2Q20	1H21/1H20
Iron ore ¹	67,218	59,298	54,615	126,516	106,271	13.4%	23.1%	19.1%
Pellets	7,647	6,271	6,950	13,918	14,261	21.9%	10.0%	-2.4%
Manganese Ore	169	258	270	427	489	-34.5%	-37.4%	-12.7%
Coal	1,544	1,015	1,385	2,559	2,951	52.1%	11.5%	-13.3%
Nickel ²	47.4	48.0	37.5	95.4	74.2	-1.3%	26.4%	28.6%
Copper	74.2	71.2	83.4	145.4	172.7	4.2%	-11.0%	-15.8%

¹ Including third party purchases, run-of-mine and feed for pelletizing plants.

² Historical figures exclude VNC sales.

Production guidance

	2021
Iron ore (Mt)	315-335
Nickel (kt)	Under review
Copper (kt)	Under review

More information 



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