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Production Report 4Q12

Vale delivered a very good operational performance in 4Q12. Iron ore production reached the highest level for a fourth quarter, at 85.5 Mt, allowing for a larger exposure to the price rally of the final months of last year.

Due to seasonality, iron ore output in the last quarter of each year is normally lower than in the third quarter. This was the first time since 2003 that the performance in a fourth quarter was better than in 3Q, being 1.9% higher.

Two factors were instrumental to this achievement: (a) after the conclusion of the pre-stipping the operation of the N5 South mine in Carajás contributed not only to the output increase, but to better quality and lower costs; (b) below normal rainfall during the quarter.

Coal production also reached a quarterly all-time high mostly due to the successful ramp-up of Carborough Downs, after the issues which determined its shutdown in 2Q12.

2012 was a challenging year in view of the adverse weather conditions which affected iron ore production in Brazil in the first quarter, and the stoppages of Sudbury, Carborough Downs, VNC and Onça Puma caused by safety and operational problems. With the exception of Onça Puma, all of them returned to operation.

Our iron ore production was 320.0 Mt in 2012, slightly lower than 2011. Nickel output, at 237,000 t, fell 1.9% in relation to the previous year.

On the other hand, three annual production records were achieved – pellets (55.1 Mt), coal (7.1 Mt) and phosphate rock (8.0 Mt).

At the moment, there are four operations ramping up: Salobo I, copper and gold, Lubambe, copper, VNC, nickel oxide and Moatize, coal.

Salobo I and Lubambe are ramping up smoothly, according to the plans. VNC produced 1,200 t of its final product, nickel oxide, in December. Repairs to the acid plant and the installation of the refining columns of the solvent extraction circuit were concluded. As planned, the output of VNC is processed at the Dalian refinery, in China, into finished nickel. Moatize delivered 3.768 Mt of coal in its first year of operation.

In 2H13, two iron ore projects will come on stream: Carajás Additional 40 Mtpy and Conceição Itabiritos, which will contribute to the enhancement of our iron ore operations, through production increase, higher average Fe grade and lower costs. These effects on our performance will be material from 2014 onwards.

The prospects of a moderate expansion of the global demand for minerals and metals over the medium-term do require a stricter discipline in capital allocation and a stronger focus on maximizing efficiency and minimizing costs. Our growth plans reflect the priority shifting from the marginal volume to the capital efficient volume, a move that is expected to have significant positive implications for our operating and financial performance.

In this scenario, innovation, such as CORE, implemented in 4Q12 in our Sudbury operations, and truckless mining, to be employed in the Carajás S11D project, became an important driver of competitiveness in the mining industry.

Mt= million metric tons.

Kt = thousand metric tons

t = metric tons

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More information



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