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## Vale acquires coal assets in Colombia

Vale announces that it entered into a purchase and sale agreement to acquire 100% of the export coal assets of Cementos Argos S.A. (Argos) in Colombia for US\$ 300 million.

Argos, listed in Bolsa de Valores de Colombia, is a Colombia-based cement producer and one of the largest cement producers in Latin America. It has cement, concrete and aggregates operations in the United States, Panama, Venezuela, Haiti and the Dominican Republic.

Located in the major Colombian coal producing region - Cesar department, Argos's coal assets consist of two mining concessions: (a) El Hatillo, open pit mine, with expected 2008 production of 1.8 million metric tons of thermal coal ramping up to full capacity - 4.5 million metric tons per year - by 2011, and (b) Cerro Largo, under exploration stage. Together these mining concessions have potential for 500 million metric tons of non-audited geological resources.

Las Cuevas deposit, part of the El Hatillo mining concession, presents the highest potential for additional resources, and Vale has agreed to make an extra payment at fixed price per metric ton of measured and indicated resources exceeding 50 million metric tons, after a confirmatory drilling campaign to be concluded within two years.

Argos's coal logistics assets are also included in the deal. Argos has 8.43% stake in the Fenoco consortium that owns the concession and operation of the railroad linking the coal concessions to the SPRC port. It also owns 100% of the concession of the Rio Cordoba - SPRC port in the Caribbean coast of the Magdalena Department. Its coal production, which currently uses trucks to reach the port, will begin railroad transportation at the beginning of 2009.

Investment in the coal business is an important part of Vale's growth strategy. We have coal operations in Australia, in the Hunter Valley and Bowen Basin, and two joint ventures, one in a coal mine and the other in a coke plant, in China. Vale has also coal projects in different stages of development in Australia, Mongolia and Mozambique. Since Colombia is the world's third largest exporter of high-quality thermal coal, given its low level of sulfur and high calorific value, Vale is seeking to build a coal asset platform in the country to enhance our growth options in the coal business.

### More information



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