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## Vale sells gold stream in copper concentrate from its Salobo mine

*The original purchase agreement of 2013 has been amended to provide for the additional 25% premium of the gold stream in copper concentrate from Salobo mine*

Vale informs that it has entered into an agreement with Silver Wheaton (Caymans) Ltd. (Silver Wheaton), a wholly-owned subsidiary of Silver Wheaton Corp. (SLW), a Canadian company traded on the TSX and NYSE, to sell an additional 25% premium of the payable gold stream in copper concentrate from the Salobo copper mine for the life of the mine.

The original purchase agreement of February 2013 has been amended to provide for the additional 25% premium of the gold stream in copper concentrate from Salobo copper mine, reaching a total of 75%. Vale will receive: (i) an initial cash payment of US\$ 800 million; (ii) approximately US\$ 23 million in option value from a reduction of the exercise price, from US\$ 65.00 to US\$ 43.75, of the 10 million warrants of SLW held by Vale since 2013 and maturing in 2023; and (iii) future cash payments for each ounce of gold delivered to Silver Wheaton under the agreement, equal to the lesser of US\$ 400 per oz (plus a 1% annual adjustment from 2019 onwards) and the prevailing market price.

Vale may also receive an additional cash payment contingent on its decision to expand its capacity to process Salobo copper ores to more than 28 Mtpy before 2036. Salobo I and Salobo II, which are ramping up, will have a total capacity to process 24 Mtpy of run-of-mine (ROM). The contingent additional cash payment could range from US\$ 113 million to US\$ 953 million depending on ore grade, timing and size of the expansion.

There is no firm commitment from Vale to quantities delivered – Silver Wheaton is entitled not to specific volumes but to a percentage of the premium of the gold stream in copper concentrate from Salobo and thus bears the operational risk, both on the upside and on the downside. As for the risk of price volatility, Vale is subject to gold price risk for the Silver Wheaton's deliveries only if the market price drops below the US\$ 400/oz trailing payment.

Consistently with its strategy of creating shareholder value and strengthening its balance sheet, Vale will use the proceeds from the sale to reduce its debt position.

### More information

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