



Vale confirms hydrocarbon discovery

Rio de Janeiro, July 31, 2009 – Vale S.A. (Vale) confirms the existence of hydrocarbon in the exploration well Vampira, located in the BM-S-48 block, in the Santos basin, Brazil.

Vale owns a share of 12.5% of the consortium that holds the exploration concession. The consortium is 40% owned by Repsol, the operator of consortium, 35% by Petrobras and 12.5% by Woodside.

Two samples collected at depths between 4,821 and 4,841 meters indicate, in a preliminary analysis, the presence of light oil and gas. The results are not definitive and it is still too early to estimate the total discovered volume of hydrocarbons, for which the necessary tests have not been concluded.

The drilling campaign, which started last September in the well Panoramix and has continued with the well Vampira, will be interrupted for approximately two months. After this, it will involve at least one additional well in 2009 and 2010.

In May 11, 2009, we announced the discovery of Panoramix, our first case of success in our natural gas exploration efforts in Brazilian basins.

The exploration of natural gas is aligned with our strategy to diversify and optimize our energy matrix. Vale's current exploration portfolio consists of minority stakes in consortia holding 16 concessions in the Brazilian basins of Espírito Santo, Pará-Maranhão, Parnaíba and Santos.

In the first half of 2009 we invested US\$ 72 million in natural gas exploration, out of the US\$ 261 million capex budget for the year.

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