



CAPEX 2015

VALE: CAPITAL EXPENDITURE BUDGET FOR 2015

Rio de Janeiro, December 2, 2014 – Vale S.A. (Vale) announces that its Board of Directors approved the investment budget for 2015, with capital expenditures of US\$ 6.358 billion for project execution and US\$ 3.809 billion dedicated to sustaining existing operations.

This is the fourth consecutive year in which Vale reduces its capital expenditures, maintaining capital discipline and focusing only on world class projects.

Project execution

Our main growth initiatives in iron ore are responsible for 71% of the US\$ 6.358 billion budgeted for project execution in 2015. These initiatives include the:

- (a) Expansion of our integrated iron ore operations in Carajás (US\$ 3.696 billion) through the S11D and CLN S11D projects.
- (b) Completion of the Itabirites projects for the partial replacement of capacity, increase in production and quality improvement in the iron ore production from the Southern and Southeastern Systems (US\$ 659 million), including the Conceição Itabiritos II, Vargem Grande Itabiritos and Cauê Itabiritos projects.

Sustaining capital

The sustaining capital budget for 2015 totals US\$ 3.809 billion. Fundamentally, it will provide funding for five classes of initiatives: (i) operations, mainly equipment replacement; (ii) building and expanding waste dumps and tailings dams; (iii) health & safety; (iv) corporate social responsibility (CSR) and (v) administrative and others.

Keeping sustaining expenditures under control is a key priority and the budget for 2015 represents a decrease of 16.2% in relation to last year's budget.

The budget for the ferrous minerals business is US\$ 1.929 billion and will be mainly directed to operations (US\$ 1.203 billion), health & safety (US\$ 344 million), waste dumps and tailings dams (US\$ 246 million), CSR (US\$ 108 million) and others (US\$ 28 million). Base metals sustaining investments will total US\$ 1.388 billion, composed primarily of operations (US\$ 1.039 billion), waste dumps and tailings dams (US\$ 70 million), health & safety (US\$ 56 million), CSR (US\$ 193 million), which includes US\$ 61 million for the clean AER project and others (US\$ 31 million).

Expenditures in sustaining the fertilizers business will be US\$ 290 million, mainly comprised of investments in operations (US\$ 198 million), CSR (US\$ 48 million), waste dumps and tailings dams (US\$ 16 million), health & safety (US\$ 12 million) and others (US\$ 16 million). The coal business budget of US\$ 78 million is mostly composed of US\$ 52 million for operations.

2015 SUSTAINING CAPITAL ALLOCATION BY BUSINESS AREA

	Operations	Waste dumps and tailings dams	Health and safety	Corporate social responsibility	Administrative & others	Total
<i>US\$ million</i>						
Ferrous minerals	1,203	246	344	108	28	1,929
Base Metals	1,039	70	56	1931	31	1,388
Coal	52	7	-	9	10	78
Fertilizers	198	16	12	48	16	290
Others	6	-	7	1	109	123
Total	2,498	339	420	360	194	3,809

¹ Includes Clean AER project.

Estimated output for 2015

ESTIMATED PRODUCTION FOR 2015	
	'000 metric tons
Iron ore ¹	340,000
Pellets	44,400
Coal	10,633
Nickel	303
Copper	449
Potash	476
Phosphate rock	8,508

¹ Includes third party ore purchases. Excludes Samarco's attributable production

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