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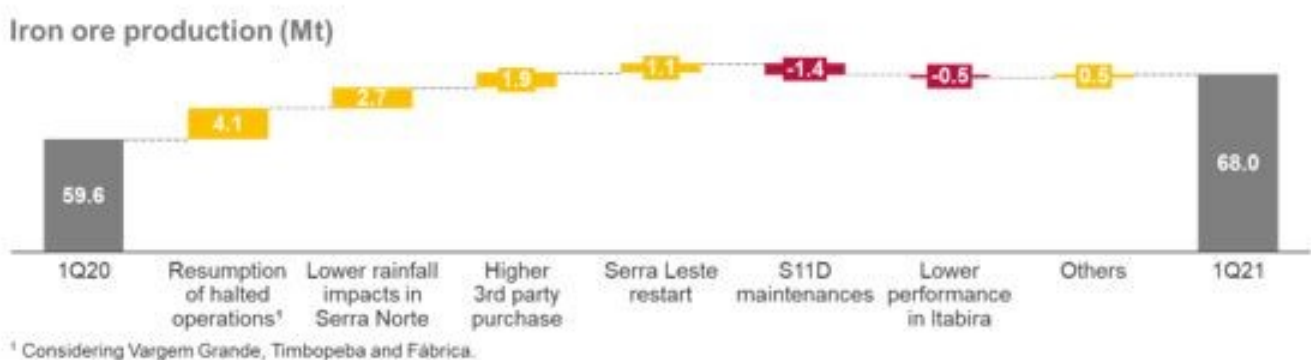
# 1Q21 Production and Sales Report

## Production and sales in 1Q21



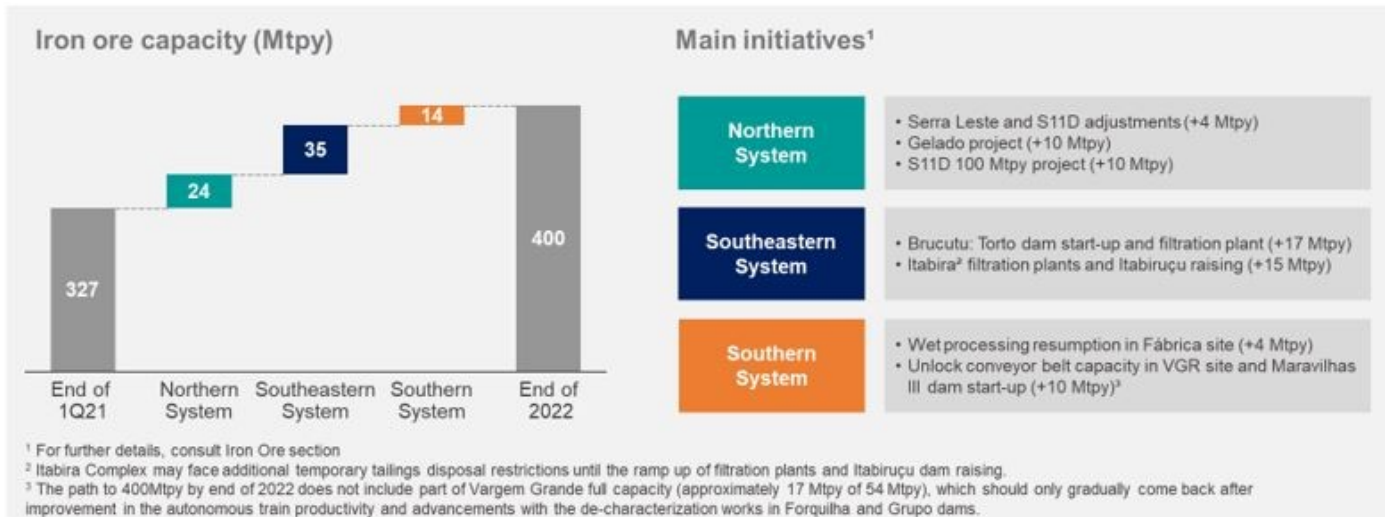
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Vale's iron ore fines production<sup>1</sup> totaled 68.0 Mt in 1Q21, 14.2% higher than in 1Q20, as Vale progressed on its operational stabilization and resumption plan. The year on year growth is attributed to: (i) the gradual resumption of halted operations in Timbopeba, Fábrica and Vargem Grande complexes throughout 2020; (ii) stronger performance in Serra Norte and lower rainfall in January; (iii) higher third party purchases; and (iv) the restart of Serra Leste operations, which were partially offset by (i) scheduled maintenances in S11D; and (ii) the lower performance in Itabira complex related to tailings disposal restriction in the complex. The 19.5%q/q decline in production is mainly attributed to the usual seasonality.



Following its stabilization and resumption plan, Vale achieved a production capacity of 327 Mtpy production in 1Q21, due to the commissioning of Timbopeba's beneficiation lines (+7Mtpy), which was partially offset by performance restrictions in different sites (e.g. Itabira and Mutuca), as disclosed previously.

The resumption plan advanced with the start-up of Vargem Grande's tailings filtration plant, the first of four filtration plants in Minas Gerais. The second plant, located in Itabira, is expected to start operation by the end of 2021.



Vale's pellet production totalled 6.3 Mt in 1Q21, 9.2% lower than in 1Q20, as a result of lower pellet feed availability from Vale's sites mainly from Itabira and Brucutu. Despite a weaker quarter, Vale expects to gradually increase production during 2021 with the higher availability of pellet feed from Timbopeba and Vargem Grande.

Sales volumes of iron ore fines and pellets totalled 65.6 Mt in 1Q21, up 11%/y on stronger iron ore production, but partially offset by lower pellet-feed availability. Iron ore price premium was US\$ 8.3/t<sup>2</sup>, as strong demand recovery from ex-China markets, higher coking coal prices in China and the need for elevated productivity in blast furnaces gave support to higher spreads between 65% Fe index and 62% Fe benchmark index and pellet premiums.

Production of finished nickel ex-VNC was 48.4 kt in 1Q21, 6.8% higher than 1Q20 and 4.7% lower than 4Q20. The increase compared to 1Q20 was a result of Onça Puma operating at steady rates and robust performance at the North Atlantic refineries, with Long Harbour reaching record production levels in the 1st quarter. In comparison with 4Q20, production decreased as a result of lower production from material sourced from PTVI, due to a scheduled maintenance at Matsusaka refinery. This decrease was partially compensated by a solid performance in North Atlantic operations.

On March 31st, 2021 Vale concluded the sale of VNC to the Prony Resources New Caledonia Consortium. As a result, Vale will discontinue coverage of VNC operations in production and financial reports from 2Q21 onwards.

Copper production reached 76.5 kt in 1Q21, 19.0% lower than 1Q20 and 18.2% lower than 4Q20. The decrease was a result of: (i) changes in maintenance routines to improve safety and operating conditions, which has restricted mine movement and impacted feed grade, at Salobo; and (ii) scheduled and unscheduled maintenance that took longer than expected, as COVID-19 has limited the ability to mobilize contractors, at Sossego operations. As maintenance activities continue at both sites and, due to COVID-19, a planned major SAG mill maintenance at Sossego has been deferred, further impacts on production are anticipated, with copper operations returning to regular rates in 2H21. Given the challenges in 1H21, we are currently expecting copper production around the lower end of the guidance for the year. Nevertheless, we acknowledge that the COVID-19 situation could cause further delays in scheduled plant maintenance.

In 1Q21, Vale Base Metals went through a broad safety review of operational process, resulting in comprehensive overhaul of maintenance standards, procedures, training and oversight. These additional measures impacted mining equipment availability across all operations during the quarter. We expect improvements from maintenance activities to materialize throughout the business in 2H21.

Coal business concluded its maintenance activities in April and is progressing with the commissioning of the new and revamped equipment. Mine and plant ramp-up is expected to be carried out in 2Q21 and should achieve a production run-rate of 15 Mtpy in 2H21.

## Production summary

000' metric tons	1Q21	4Q20	1Q20	% change	
				1Q21/4Q20	1Q21/1Q20
Iron ore <sup>1</sup>	68,045	84,508	59,605	-19.5%	14.2%
Pellets	6,287	7,117	6,926	-11.7%	-9.2%
Manganese Ore	91	119	363	-23.5%	-74.9%
Coal	1,090	1,230	1,963	-11.4%	-44.5%
Nickel	48.5	55.9	53.2	-13.2%	-8.8%
Nickel Ex-VNC	48.4	50.8	45.3	-4.7%	6.8%
Copper	76.5	93.5	94.5	-18.2%	-19.0%
Cobalt (metric tons)	714	1,042	1,202	-31.5%	-40.5%
Gold (000' oz troy)	82	120	119	-31.7%	-31.1%

<sup>1</sup> Including third party purchases, run-of-mine and feed for pelletizing plants.

## Sales summary

000' metric tons	1Q21	4Q20	1Q20	% change	
				1Q21/4Q20	1Q21/1Q20
Iron ore <sup>1</sup>	59,298	82,825	51,656	-28.4%	14.8%
Pellets	6,271	8,486	7,311	-26.1%	-14.2%
Manganese Ore	258	461	219	-44.0%	17.8%
Coal	1,015	1,535	1,566	-33.9%	-35.2%
Nickel <sup>2</sup>	48.0	66.1	44.2	-27.4%	8.6%
Copper	71.2	93.0	89.2	-23.4%	-17.6%

<sup>1</sup> Including third party purchases and run-of-mine.

<sup>2</sup> Includes VNC sales volumes

## Production guidance

	2021
Iron ore (Mt)	315-335
Nickel (kt)	200 <sup>1</sup>
Copper (kt)	360-380

<sup>1</sup> Production average from 2021 to 2023.

<sup>1</sup> Including third party purchases, run-of-mine and feed for pelletizing plants. Vale's product portfolio Fe content reached 63.4%, alumina 1.3% and silica 4.7%.

<sup>2</sup> Iron ore premium of US\$ 6.9/t and weighted average contribution of pellets of US\$ 1.5/t.

More information 



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