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## 3Q16 Production Report

*Carajás achieved a record production of 38.7 Mt in 3Q16, a 2.2 Mt increase (5.9%) vs. 2Q16*

Vale reached 92.1 Mt of iron ore production[1] in the third quarter of 2016 (3Q16), 5.3 Mt higher than in 2Q16 and 1.4 Mt higher than in 3Q15, mainly due to: (i) the better operational performance at the mines and plants in the Northern System; (ii) the start-up of a new crushing facility at the Fazendão mine; and (iii) better productivity in the Southern and Southeastern systems.

Carajás achieved a record production of 38.7 Mt in 3Q16, a 2.2 Mt increase (5.9%) vs. 2Q16, mainly due to the abovementioned improvement in operational performance at the mines and plants in the Northern System.

Pellet production reached 12.1 Mt in 3Q16, 20.1% higher than in 2Q16 and in line with 3Q15, mainly as a result of the resumption of the Fábrica beneficiation plant in the Southern System and the higher feed availability for the Vargem Grande and Tubarão plants. The Tubarão 8, Tubarão 3 and Vargem Grande pellet plants achieved quarterly production records of 1.2 Mt, 1.8 Mt and 1.8 Mt, respectively, in 3Q16.

Nickel production reached 76.0 kt in 3Q16, 3.3% lower than in 2Q16, but 6.1% higher than in 3Q15, mainly due to planned maintenance shutdowns at Thompson and New Caledonia in 3Q16, and a planned maintenance shutdown at the Sudbury refinery in 3Q15. Production from the Onça Puma operation reached a record of 6.6 kt in 3Q16. VNC production reached 4.0 kt in August, establishing a new monthly record for the operation, being closely followed by September production of 3.8 kt, the second highest month on record.

Copper production was a record third quarter 111,400 t in 3Q16, increasing 4,000 t vs. 2Q16, mainly due to the ramp-up of Salobo and the higher production from Sudbury. Production of copper in concentrate at Salobo totaled a record 44,300 t in 3Q16 with Salobo achieving a monthly production record of 17,000 t Cu in September.

The contained volume of gold as a by-product contained in our nickel and copper concentrates was a record 118,000 oz in 3Q16, mainly due to the operational performance of Sudbury and increased contained volume of by-products from our copper concentrate product in Salobo.

Coal production totaled 2.3 Mt in 3Q16, 54.4% and 13.2% higher than in 2Q16 and 3Q15, respectively, mainly as a result of the ramp-up of the Moatize II plant after its start-up in August 2016 and the resumption of the Carborough Downs operations after the operational challenges faced in 2Q16.

Production at Moatize reached a quarterly record of 1.8 Mt in 3Q16, being 40.3% and 32.8% higher than in 2Q16 and 3Q15, respectively, with an increase in both metallurgical and thermal coal production. The ramp-up of the Moatize II mine will enable an increase in production and a reduction in costs in the next quarters.

Phosphate rock production totaled 2.1 Mt in 3Q16, MAP (monoammonium phosphate) production totaled 244 kt in 3Q16 and SSP (single superphosphate) production totaled 495 kt in 3Q16, 14.5%, 3.9% and 9.0% higher than in 2Q16, respectively, mainly as a result of the stabilization of the plants after operational adjustments and maintenance stoppages in 2Q16.

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#### More information



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