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Vale informs on Preliminary Agreement with Federal Prosecutors

The first agreement aims to outline the process and timeline for negotiations of a Final Agreement

Vale informs that Samarco Mineração and its shareholders, Vale and BHP Billiton Brasil Ltda, have entered yesterday into two preliminary agreements with the Federal Prosecutor's Office in Brazil.

The first agreement aims to outline the process and timeline for negotiations of a Final Agreement, expected to occur by June 30th, 2017. This First Agreement sets the ground for conciliation of two civil public actions which aim to establish socio-economic and socio-environmental remediation and compensation programs for the impacts of the Fundão dam failure, respectively: claim nº 023863-07.2016.4.01.3800, filed by the Federal Prosecutors (amounting to R\$ 155 billion), and the claim nº 0069758-61.2015.4.01.3400, filed by the Federal Government, the states of Minas Gerais and Espírito Santo and other governmental authorities (amounting to R\$ 20 billion). Both claims filed with the 12ª Vara Federal da Seção Judiciária de Belo Horizonte.

The First Agreement provides for: (i) appointing experts selected by the Federal Prosecutors and paid for by the companies to run a diagnosis and following the progress of the 41 programs under the Framework Agreement signed on March 2nd, 2016 by the companies and the Federal Government and the states of Minas Gerais and Espírito Santo and other governmental authorities and (ii) holding at least eleven public hearings by April 15th, 2017, of which five in Minas Gerais, three in Espírito Santo and the remainder in the indigenous territories of the Krenak, Comboios and Caieiras Velhas, in order to allow these communities to take part in the defining of the content of the Final Agreement. .

Under the First Agreement, Samarco, Vale and BHP Brasil will provide to the 12a Vara Federal da Seção Judiciária de Belo Horizonte with a guarantee for fulfillment of the obligations regarding the financing and payment of the socio-environmental and socio-economic remediation programs resulting from the Fundão dam failure, as per the two abovementioned civil claims, until the signing of the Final Agreement, amounting to R\$ 2.2 billion, of which (i) R\$ 100 million in financial investments; ii) R\$ 1.3 billion in insurance bonds; and (iii) R\$ 800 million in Samarco's assets. The abovementioned guarantee will remain in place until the completion of the negotiations for the Final Agreement or until June 30th, 2017, whichever comes first. In order to implement the First Agreement, the Federal Prosecutor's Office will request the 12a Vara Federal da Seção Judiciária de Belo Horizonte to accept such guarantees until the completion of the negotiations and the signing of the Final Agreement, or until the parties reach a new agreement regarding the guarantees. If, by June 30th, the negotiations have not been completed, the Federal Prosecutor's Office may require that the 12a Vara Federal re-institute the order for the deposit of R\$ 1.2 billion in relation to the R\$ 20 billion civil public claim.

In addition, the Second Agreement was signed, which establishes a timetable to make available funds to remediate the social, economic and environmental damages caused by the Fundão dam failure in the municipalities of Barra Longa, Rio Doce, Santa Cruz do Escalvado and Ponte Nova, amounting to R\$ 200 million.

The terms of the two Agreements are subject to ratification by the courts.

More information



Mônica Ferreira

monica.ferreira@vale.com

Rio de Janeiro

+55 (21) 3845-3636

Fatima Cristina

fatima.cristina@vale.com

Rio de Janeiro

+55 (21) 3485-3621