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## Vale to sell a portion of the gold by-product stream from its Salobo copper mine

*Vale and Silver Wheaton signed an amendment to the original agreement of buying gold*

Vale informs that it has entered into an agreement with Silver Wheaton (Caymans) Ltd. (Silver Wheaton), a wholly-owned subsidiary of Silver Wheaton Corp., a Canadian company traded on the TSX and NYSE, to sell an additional 25% of the payable gold by-product stream from the Salobo copper mine for the life of the mine.

### The transaction

The transaction involves 25% of the payable gold from the Salobo operations in Brazil until the end of the mine life. The original gold purchase agreement of February 2013, has been amended to provide for the additional 25% stream.

Vale will receive an initial cash payment of US\$ 900 million, and future cash payments for each ounce (oz) of gold delivered to Silver Wheaton under the agreement, equal to the lesser of US\$ 400 per oz (plus a 1% annual inflation

adjustment from 2017) and the prevailing market price.

Vale may also receive an additional cash payment contingent on its decision to expand the capacity to process Salobo copper ores to more than 28 Mtpy before 2036. Salobo I and Salobo II, which are ramping up, will have a total capacity to process 24 Mtpy of run-of-mine (ROM). The additional amount would range from US\$ 88 million to US\$ 720 million depending on timing and size of the expansion.

There is no firm commitment from Vale to quantities of gold delivered – Silver Wheaton is entitled not to specific volumes but to a percentage of the gold by-product stream from Salobo and thus bears the production risk, both on the upside and on the downside. As for the risk of price volatility, Vale is subject to gold price risk for the Silver Wheaton 's deliveries only if the price of gold drops below the US\$ 400/oz trailing payment.

The transaction unlocks value from our base metals operation and is consistent with Vale's strategy of creating shareholder value.

### More information

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