

Vale to pay \$2.5bn to settle liabilities in Mozambique mine corridor

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Miner Vale SA will settle in advance liabilities of around \$2.5bn related to the project finance for the Nacala logistic corridor (CLN) that serves a coal mine in Mozambique, the company said in a securities filing on Tuesday.



The logo of the Brucutu mine owned by Brazilian mining company Vale SA is seen in Sao Goncalo do Rio Abaixo, Brazil February 4, 2019.
Reuters/Washington Alves

With the payment, scheduled for June 22, Vale said it will have fulfilled all the conditions for completion of its purchase of Mitsui & Co Ltd's stake in the Moatize mine and the logistics corridor.

Payment was necessary as the project finance conditions did not allow Mitsui to sell its stake, Vale's press office explained.

Brazil's Vale announced in January that it was buying out minority stake partner, Japan's Mitsui & Co, in the Mozambique mine and port project, ahead of selling the loss-making asset as it works to become carbon neutral by 2050.

"With the simplification of governance and asset management, Vale continues the process of responsible divestment of its participation in the coal business, based on preserving the operational continuity of the Moatize mine and CLN," Vale said on Tuesday.

With the closing of the acquisition of Mitsui's stake, Vale said it will start consolidating the Moatize mine and CLN in its financial statements.

According to the company, its EBITDA will no longer be burdened with costs related to debt service, investment in maintenance of operations and others charges that in 2020 impacted its earnings before interest, tax, depreciation and amortization by about \$300 million.

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