

Vale S.A.
Form 6-K
July 19, 2012
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**United States
Securities and Exchange Commission**

Washington, D.C. 20549

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934**

For the month of

July 2012

Vale S.A.

**Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil**

(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

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(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

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(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

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2Q12 Production Report

THE FIVE-BILLION TON MARK

Rio de Janeiro, July 18, 2012- Vale S.A. (Vale) celebrated its 70th anniversary on June 1, 2012. Simultaneously, we crossed the extraordinary mark of five billion metric tons of iron ore production accumulated since the company's incorporation(1). The volume of iron ore produced by Vale during these seven decades is sufficient to feed more than two years of global crude steel output at the current pace of 1.5 billion metric tons per annum.

This is a major achievement stemming from a combination of hard work, technological innovation and a generous endowment of natural resources dedicated to supplying the best iron ore in the world to the global steel industry. Metals are the backbone of the modern economy, and Vale as a global mining leader will continue to play an important role in supporting the economic development of nations.

In this context, on June 27, 2012, we obtained the preliminary environmental license (LP) to develop the Carajás S11D (S11D) iron ore project. Located in the Southern Range of Carajás, state of Pará, Brazil, S11D has a nominal capacity to deliver 90 million metric tons per year, with an average ferrous content of 66.48% and low concentration of impurities.

S11D is the largest project not only in Vale's history but also in the entire iron ore industry, being our major lever for production growth and maintenance of Vale's undisputed leadership in the global market in terms of volume, mining costs and quality.

Iron ore output reached 80.5 Mt in 2Q12, a record for a second quarter, thus recovering from the poor performance of the previous quarter, which was caused by adverse weather conditions². Production increased 15.1% against 1Q12 and 0.4% against 2Q11.

The ramp up of new operations, including Moatize, Oman and Bayóvar, was instrumental for achieving all-time high figures for metallurgical coal, 1.3 Mt, pellets, 14.3 Mt, and phosphate rock production, 2.0 Mt.

Production

000 metric tons	1Q12	2Q12	% change
Iron ore(a)	69,994	80,542	15.1%
Pellets(b)	12,692	14,256	12.3%

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Manganese	484	584	20.6%
Coal(c)	2,350	2,467	5.0%
Nickel	63	61	-3.6%
Copper	73	70	-4.4%
Potash	118	129	8.9%
Phosphate rock	1,826	2,017	10.4%

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- (a) Including Samarco's attributable production.
(b) Including Samarco's and Hispanobras' attributable production.
(c) Including El Hatillo's production.
- (1) Iron ore production accumulated from June 1, 1942 to June 1, 2012, totaled 5,007,783,000 metric tons.
(2) Mt = million metric tons, t = metric tons

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BULK MATERIALS

• *Iron ore*

000 metric tons	2Q11	1Q12	2Q12	1H11	1H12	% change 2Q12/1Q12	% change 2Q12/2Q11	% change 1H12/1H11
IRON ORE	80,257	69,994	80,542	151,797	150,536	15.1%	0.4%	-0.8%
Northern System	26,019	21,711	27,362	48,670	49,073	26.0%	5.2%	0.8%
Carajás	26,019	21,711	27,362	48,670	49,073	26.0%	5.2%	0.8%
Southeastern System	30,528	26,759	28,296	59,222	55,054	5.7%	-7.3%	-7.0%
Itabira	10,499	8,154	9,184	19,581	17,338	12.6%	-12.5%	-11.5%
Mariana	9,861	9,340	9,080	19,234	18,420	-2.8%	-7.9%	-4.2%
Minas Centrais	10,168	9,265	10,032	20,407	19,297	8.3%	-1.3%	-5.4%
Southern System	19,496	17,667	20,743	36,275	38,409	17.4%	6.4%	5.9%
Minas Itabirito	7,691	7,345	7,993	14,868	15,338	8.8%	3.9%	3.2%
Vargem Grande	5,784	4,800	5,950	10,242	10,750	24.0%	2.9%	5.0%
Paraopeba	6,021	5,521	6,800	11,165	12,321	23.2%	12.9%	10.4%
Midwestern System	1,417	1,302	1,366	2,331	2,668	4.9%	-3.6%	14.5%
Corumbá	1,028	975	915	1,637	1,890	-6.2%	-11.0%	15.5%
Urucum	389	327	451	694	778	38.1%	16.0%	12.1%
Samarco¹	2,798	2,556	2,775	5,300	5,331	8.6%	-0.8%	0.6%

(1) Vale's attributable production capacity of 50%.

In 2Q12 iron ore production was 80.5 Mt, reaching a new record for a second quarter.

Output increased 15.1% on a quarterly basis, with across-the-board gains in all systems, Northern, Southeastern, Southern and Midwestern, as well as Samarco. The end of the rainy season helped the recovery.

Production at the Carajás mining site reached 27.4 Mt in 2Q12, which was the best performance for a second quarter, 26.0% higher than the previous quarter and 5.2% above 2Q11. The increase reflected better weather conditions in 2Q12. The level of rainfall in the Northern System was 50% less in 2Q12 than in 2Q11.

The Southeastern System, which encompasses the Itabira, Mariana and Minas Centrais mining sites, produced 28.3 Mt, 5.7% higher than 1Q12 and 7.3% lower than 2Q11, due to the impoverishment of Itabira and Minas Centrais (Gongo Soco mine) resources.

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The Southern System – Minas Itabirito, Vargem Grande and Paraopeba – produced 20.7 Mt, the best performance for a second quarter since 2Q08 reflecting operational improvements in crushing at Vargem Grande and screening at Minas Itabirito. The output was 17.4% and 6.4% higher than 1Q12 and 2Q11, respectively. Minas Itabirito produced 8.0 Mt in 2Q12, also a new record for a second quarter.

The Midwestern System, Urucum and Corumbá mining sites, produced 1.4 Mt in 2Q12. Production rose 4.9% on a quarter-over-quarter basis and decreased 3.6% on a year-over-year basis. Corumbá's output was 6.2% lower than 1Q12 due to scheduled maintenance stoppage. Urucum's production rose by 38.1%, when compared to 1Q12, reflecting the ramp-up process of a new processing plant, which started in February.

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- *Pellets*

000 metric tons	2Q11	1Q12	2Q12	1H11	1H12	% change 2Q12/1Q12	% change 2Q12/2Q11	% change 1H12/1H11
PELLETS	13,140	12,692	14,256	25,656	26,949	12.3%	8.5%	5.0%
Tubarão I and II	1,440	1,062	1,530	2,776	2,592	44.1%	6.3%	-6.6%
Fábrica	992	907	956	1,939	1,863	5.4%	-3.6%	-3.9%
São Luís	1,349	962	1,373	2,686	2,334	42.7%	1.7%	-13.1%
Vargem Grande	1,321	823	1,383	2,597	2,206	68.2%	4.7%	-15.0%
Oman	336	1,415	1,593	336	3,008	12.6%	374.8%	796.5%
Nibrasco	2,291	2,257	1,977	4,699	4,234	-12.4%	-13.7%	-9.9%
Kobrasco	1,001	1,139	1,258	2,224	2,397	10.5%	25.6%	7.8%
Hispanobras(1)	544	540	565	1,086	1,105	4.7%	4.0%	1.8%
Itabasco	1,135	1,019	1,020	2,155	2,039	0.1%	-10.1%	-5.4%
Samarco(2)	2,731	2,570	2,599	5,159	5,169	1.2%	-4.8%	0.2%

(1) Vale's attributable production capacity of 50.89%.

(2) Vale's attributable production capacity of 50%.

Pellet production reached 14.3 Mt in 2Q12, an increase of 12.3% compared to the previous quarter and 8.5% higher than 2Q11, being a new historical record. The ramp-up of the Oman plants was the main reason for the good year-over-year performance.

Oman operations delivered 1.6 Mt of direct reduction pellets in 2Q12, 12.6% higher than previous quarter.

In 2Q12, the output of the Tubarão I & II plants reached 1.5 Mt, an increase of 44.1% over 1Q12, reflecting the resumption of operation after a maintenance stoppage in 1Q12.

The production of Fábrica was 5.4% higher than 1Q12, but 3.6% lower than 2Q11, still reflecting shortage in pellet feed availability.

Vargem Grande production had an increase of 68.2% on a quarter-over-quarter basis and 4.7% on a yearly basis, recovering from the operational problems faced in mills #1 and #2 in 1Q12.

The output of São Luís was 1.4 Mt in 2Q12, an increase of 42.7% compared to the previous quarter and 1.7% higher than the same quarter of last year, showing recovery in demand.

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In 2Q12, Nibrasco had a decrease of 12.4% over 1Q12 and 13.7% over 2Q11, due to the maintenance stoppage in the quarter.

Kobrasco production was 10.5% and 25.6% above 1Q12 and 2Q11, respectively, reflecting a greater supply of pellet feed in 2Q12 and the recovery from last year's maintenance stoppage.

The attributable production of the three pellet plants of the 50%-owned Samarco JV was in line with the previous quarter, but 4.8% lower than 2Q11 due to a maintenance stoppage.

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- Manganese ore and ferroalloys*

000 metric tons	2Q11	1Q12	2Q12	1H11	1H12	% change 2Q12/1Q12	% change 2Q12/2Q11	% change 1H12/1H11
MANGANESE ORE	619	484	584	1,117	1,068	20.6%	-5.6%	-4.4%
Azul	486	379	463	902	843	22.2%	-4.6%	-6.6%
Urucum	82	67	81	134	148	22.1%	-0.7%	10.2%
Other mines	51	38	39	81	78	3.0%	-23.3%	-3.8%
FERROALLOYS	114	106	109	227	215	2.7%	-4.2%	-5.3%
Brazil	52	50	46	104	96	-6.7%	-11.6%	-7.8%
Dunkerque	37	30	35	74	64	17.1%	-4.9%	-12.4%
Mo I Rana	25	27	28	50	55	4.3%	12.2%	10.1%

In 2Q12, manganese ore production increased 20.6% on a quarterly basis, reaching 584,000 t versus 484,000 t in 1Q12.

Output of the Carajás manganese mine Azul was the main contributor to the improved output, producing 463,000 t in 2Q12, due to the end of the rainy season in Brazil. The 4.6% reduction in output compared to 2Q11 was related to low physical availability of the plant in 2Q12.

Urucum also had a stronger performance, 22.1% higher than 1Q12, reaching 81,000 t in 2Q12, reflecting operational improvements in the equipments in the underground mine.

Production of manganese ore at Morro da Mina, part of the other mines, improved only 3% quarter-over-quarter due to the worsening of the stripping ratio. Waste removal is being intensified during 2012 in order to return production to normal levels.

Ferroalloy 2Q12 production was slightly higher than 1Q12, but below 2Q11, due to lower Brazilian output related to the stoppage for maintenance during the quarter. Production in 2Q12 was comprised of 59,800 t of ferrosilicon manganese alloys (FeSiMn), 43,400 t of high-carbon manganese alloys (FeMnHc) and 5,900 t of medium-carbon manganese alloys (FeMnMC).

Production from operations at Dunkerque in France recovered illustrating improved demand for FeMnHC compared to 1Q12. Furthermore, production from the Norwegian operations of Mo I Rana continued to rise because of better operational efficiency, increasing 4.3% against 1Q12 and 12.2% year-over-year.

We signed this month an agreement to sell the Dunkerque and Mo I Rana operations as part of the optimization of our asset portfolio.

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- *Coal*

000 metric tons	2Q11	1Q12	2Q12	1H11	1H12	% change 2Q12/1Q12	% change 2Q12/2Q11	% change 1H12/1H11
METALLURGICAL								
COAL	518	1,127	1,277	1,007	2,403	13.3%	146.3%	138.8%
Moatize	0	501	728	0	1,229	45.2%	n.m.	n.m.
Carborough Downs	368	325	82	599	407	-74.8%	-77.8%	-32.1%
Integra Coal	30	124	266	216	390	115.0%	793.5%	80.9%
Others								