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METOREX L I M I T E D

(Incorporated in the Republic of South Africa)
(Registration number 1934/005478/06)
Share code: MTX
ISIN: ZAE000022745
Issuer code: MEMTX
("Metorex" or the "Company")

Vale S.A.

(Incorporated in Brazil as a Sociedade por Acoes)
(Registration number 33.592.510/0001-54)
Share codes:
BM&F BOVESPA: VALE3, VALE5
NYSE: VALE, VALE.P
HKEx: 6210, 6230
EURONEXT PARIS: VALE3, VALE5
LATIBEX: XVALO, XVALP

JOINT ANNOUNCEMENT OF A FIRM INTENTION BY VALE TO MAKE AN OFFER TO ACQUIRE THE ENTIRE ISSUED AND TO BE ISSUED ORDINARY SHARE CAPITAL OF METOREX ("FIRM INTENTION ANNOUNCEMENT") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

The board of directors of Metorex (the "Board") and the board of directors of Vale S.A. are pleased to announce that they have agreed the terms on which Vale S.A., through a wholly-owned subsidiary ("Vale") will make a cash offer (the "Offer") to acquire the entire issued and to be issued ordinary share capital of Metorex (the "Shares") which, if implemented, would result in Vale becoming the registered and beneficial owner of the Shares.

Metorex and Vale entered into an implementation agreement on 8 April 2011 (the "Implementation Agreement") in relation to the Offer, which contains provisions relating to the implementation of the Offer and certain undertakings of Metorex (including terms regarding the conduct of business of Metorex in the interim period between the date of this Firm Intention Announcement and the completion of the Offer, the payment of a break fee and the manner in which third party approaches will be dealt with by Metorex). Further details of the break fee and third party approaches are set out in paragraphs 10 and 11 of this Firm Intention Announcement.

Vale proposes to implement the Offer by way of a scheme of arrangement (the "Scheme"), which it envisages will be implemented in terms of section 114 of the Companies Act, No. 71 of 2008, as amended, (the "New Companies Act") proposed by Vale between Metorex and its shareholders (the "Metorex Shareholders") and by way of a separate general offer to the holders of options to acquire

Metorex shares ("Options"). If the New Companies Act does not come into force and effect prior to the High Court of South Africa (the "Court") passing an order to convene a meeting of Metorex Shareholders to consider and, if deemed fit, approve the Scheme, the Offer will be implemented by way of a scheme of arrangement in terms of section 311 of the Companies Act, No. 61 of 1973, as amended, (the "Companies Act").

Under the terms of the Offer, if implemented, the Metorex Shareholders will receive a cash consideration of ZAR7.35 per Share, which represents a premium of:

- 20% to the closing price of Metorex ordinary shares on the securities exchange operated by the JSE Limited ("JSE") as at 25 March 2011, being the last business day immediately prior to the date of the first cautionary announcement (the "Publication Date");
- 30% to the volume weighted average price ("VWAP") of Metorex ordinary shares on the JSE for the 30 days up to and including the Publication Date;
- 44% to the VWAP of Metorex ordinary shares on the JSE for the 6 months up to and including the Publication Date; and
- 64% to the VWAP of Metorex ordinary shares on the JSE for the 12 months up to and including the Publication Date.

2. DETAILS OF VALE AND RATIONALE FOR THE OFFER

Vale is the second largest metals and mining company and one of the 20 largest publicly traded companies in the world, and the largest private sector company in Latin America, with a market capitalisation of approximately US\$170 billion.

Headquartered in Brazil, Vale currently operates in 38 countries on five continents and employs over 115,000 people. Vale was chosen by the Boston Consulting Group, one of the leading consultancy firms in the world, as one of the top 25 sustainable value creators on the globe, due to its extraordinary track record over the last 10 year period.

Vale is the world's largest producer of iron ore and iron ore pellets, the key raw material for steelmaking, and the world's second largest producer of nickel, the raw material used to produce stainless steel, aircrafts, mobile phones, batteries and other products. Vale also produces manganese, ferroalloys, thermal and coking coal, bauxite, alumina, aluminium, copper, cobalt, platinum group metals, fertiliser nutrients and important raw materials for the global industrial and food production industries.

Investment in the copper business is an important part of Vale's strategy. In Brazil, Vale produces copper concentrates at Sossego in Carajas, in the state of Para. In Canada, Vale produces copper in conjunction with nickel mining operations at Sudbury and Voisey Bay. In Chile, Vale is ramping up the Tres Valles copper operation. In addition, Vale is currently developing copper mines in Brazil and Africa. In Africa, Vale is developing through a joint venture, the Konkola North copper mine, an underground mine in the Zambian Copperbelt, and is conducting the feasibility study for Kalumines copper mine in the Democratic Republic of Congo (the "DRC"). The intention to acquire Metorex is consistent with Vale's goal to become one of the largest copper producers in the world and is expected to create significant shareholder value.

3. MATERIAL TERMS OF THE OFFER

Metorex Shareholders are advised that Vale has delivered notice of its firm intention to the Board to make an offer to acquire the Shares, which will be subject to the conditions set out in paragraph 5 below.

3.1. Offer consideration

Under the terms of the Offer, if implemented, Metorex Shareholders will receive a cash consideration of ZAR7.35 per Share (the "Offer Consideration"), which values the issued and to be issued ordinary share capital of Metorex at approximately ZAR7,524 million, on the basis of "in the money" Options being acquired on a net cash cancellation basis as detailed in paragraph 3.3 below.

The Offer Consideration is calculated on the assumption that Metorex does not make any distributions to Metorex Shareholders. In the event that Metorex makes a distribution to Metorex Shareholders, the Offer Consideration will be reduced by the amount of the distribution on a per share basis (except in the case where a distribution is made in respect of the shares held in Sable Zinc Kabwe Limited ("Sable") (as defined and set out in more detail in paragraph 6 below).

3.2. Offer structure

The Offer is to be implemented by way of the Scheme and the separate offer to holders of Options ("Option Holders"). If the Scheme fails, Vale shall be entitled, in its sole discretion, to implement the Offer by way of a general offer (the "General Offer") to Metorex Shareholders to acquire the Shares on the same terms as the Scheme and conditional upon, *inter alia*, acceptance of the General Offer by Metorex Shareholders holding not less than 90% of the shares to which the General Offer relates.

3.3. Metorex share options

Option Holders will be offered a cash consideration equivalent to the "in the money" value of such Options on a net cash cancellation basis, being an amount equal to the difference between the Offer Consideration and the strike price of the relevant Options, upon the Scheme becoming operative.

3.4. American Depositary Receipts

Holders of Metorex American Depositary Receipts ("ADRs") will be entitled to vote on the Offer as provided for under the terms of the depositary agreement with the Bank of New York Mellon (the "Depositary Agreement") and the shares in Metorex represented by the ADRs will be acquired by Vale under the terms of the Offer upon the Scheme becoming operative. Promptly following the completion of the Offer, Vale intends to terminate the ADR programme and the Depositary Agreement.

4. CONDITIONS TO THE POSTING OF THE CIRCULAR

The posting of the circular to Metorex Shareholders in relation to the Scheme (the "Circular") is subject to the fulfilment, or waiver (in whole or in part) by Vale, at its sole discretion, of the following conditions:

- 4.1. the Board unanimously recommends to the Metorex Shareholders that they vote in favour of the Scheme or accept the General Offer (as the case may be); and

- 4.2. the requisite approvals being received from the JSE, the Securities Regulation Panel or, if the Offer is implemented under the New Companies Act, the Takeover Regulation Panel constituted by the New Companies Act (in each case, the "Takeover Panel") and the Financial Surveillance Department of the South African Reserve Bank for the posting of the Circular.

5. CONDITIONS TO COMPLETION OF THE OFFER

The completion of the Offer will be subject to the fulfilment, or waiver (in whole or in part) by Vale, at its sole discretion, of the following conditions, which will be fully set out in the Circular:

- 5.1. if the Offer is implemented under the New Companies Act, the approval of the Scheme by a requisite majority of Metorex Shareholders, as contemplated in section 115(2) of the New Companies Act, and: (a) to the extent required, the approval of the implementation of such resolution by the Court; and (b) if applicable, Metorex not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the New Companies Act;
- 5.2. if the Offer is implemented under the Companies Act, the approval of the Scheme by the requisite majority of Metorex Shareholders present and voting at a meeting of Metorex Shareholders convened by the Court, the sanctioning of the Scheme by the Court and a certified copy of the order of the Court being lodged with and registered by the Registrar of Companies in terms of the Companies Act;
- 5.3. the disposal or transfer by Metorex of the issued and to be issued share capital of Sable, including all its assets and liabilities ("the Sable Interests"), to a third party or parties free of any assumption or retention by Metorex, or any subsidiary of Metorex, of any historic, present or future liability (including any liability arising under any indemnities or warranties, other than warranties in respect of title to the issued share capital of Sable and such other warranties as may be agreed between Vale and Metorex) arising in relation to the disposal of the Sable Interests and, in the event that any funding is provided to Sable from the date of the Implementation Agreement until such disposal, such funding not exceeding US\$5,000,000 in the aggregate;
- 5.4. if the Offer is implemented under the New Companies Act, within 30 business days following the Metorex Shareholders' meeting convened to approve the Scheme (the "Scheme Meeting"), Metorex Shareholders exercise appraisal rights, in terms of section 164 of the New Companies Act by giving valid demands in terms of section 164(7) of the New Companies Act, in respect of no more than 5% of the issued ordinary share capital of Metorex, provided that, in the event that Metorex Shareholders give notice objecting to the Scheme as contemplated in section 164(3) of the New Companies Act and/or vote against the resolutions proposed at the Scheme Meeting in respect of no more than 5% of the issued ordinary share capital of Metorex, this condition shall be deemed to have been fulfilled at the time of the Scheme Meeting;
- 5.5. the receipt of unconditional approvals, consents or waivers ("Consents") from all regulatory bodies, governmental or quasi-governmental entities or joint venture partners necessary to implement the Offer including, but not limited to, the governments of the DRC and the Republic of Zambia ("Zambia"), the Takeover Panel (if the Offer is implemented under the New Companies Act, in terms of a compliance certificate to be issued in terms of the New Companies Act in relation to the Offer), the South African competition authorities and the Zambian competition authorities or, to the extent that any such Consents are subject to conditions, such conditions being satisfactory to Vale;

- 5.6. to the extent necessary or required by Vale, receipt of waivers from lenders to Metorex or any of its subsidiaries of any change of control rights they may have or any events of default which may be triggered by the Offer;
- 5.7. by the date on which each of the above conditions referred to in this paragraph 5 have been fulfilled or waived (as the case may be), there not having occurred an adverse effect, fact, circumstance or any potential adverse effect, fact or circumstance which has arisen or occurred, or might reasonably be expected to arise or occur and which is or might reasonably be expected (alone or together with any other such actual or potential adverse effect, fact or circumstance) to be material with regard to the operations, continued existence, business, condition, assets and liabilities of Metorex and its subsidiaries (whether as a consequence of the Offer or not) and/or any restrictive covenant or covenants or similar provision entered into by Metorex or any of its subsidiaries which may materially reduce the operating performance of Metorex. For the purposes of this paragraph 5.7, to be material, the adverse effect, fact or circumstance or covenant or position must have (or be reasonably expected to have) an adverse impact upon Metorex's annual consolidated earnings before interest, tax, depreciation and amortisation ("EBITDA") of no less than 25% when measured against Metorex's EBITDA for the two month period to 28 February 2011 (on an annualised basis) or, if the adverse impact relates to Metorex's operating performance, no less than a 25% negative variation to Metorex's annual copper production when measured against the production numbers for the two month period to 28 February 2011 (on an annualised basis); and
- 5.8. all conditions to the completion of the Offer having been fulfilled or waived, as the case may be, within 180 days of the publication of this Firm Intention Announcement.

6. DISPOSAL OF THE SABLE INTERESTS

The Sable Interests will not be acquired as part of the Offer. In this regard, completion of the Offer is conditional upon the disposal or transfer of the Sable Interests by Metorex to a third party or parties or the distribution of the shares in Sable to Metorex Shareholders as a dividend *in specie*. The Board has agreed with Vale that it will explore potential transaction structures to satisfy this condition.

Any proceeds received on the disposal of the Sable Interests (if applicable) will be distributed to Metorex Shareholders in addition to the Offer Consideration. Further details in respect of the disposal of the Sable Interests will be provided to Metorex Shareholders in due course.

7. GUARANTEE TO THE TAKEOVER PANEL

Société Générale, financial adviser to Vale, has confirmed that sufficient resources are available to Vale to satisfy in full the consideration payable in relation to the Offer, and has provided an irrevocable, unconditional bank guarantee in favour of Metorex Shareholders to the Takeover Panel for the sole purpose of fully satisfying the consideration payable under the terms of the Offer.

8. DE-LISTING OF METOREX

Following the implementation of the Scheme, application will be made by Metorex to the JSE to terminate the listing of Metorex shares on the JSE, to the Frankfurt Stock Exchange to terminate the listing of Metorex shares on the Frankfurt Stock Exchange and to terminate the ADR programme.

9. SHAREHOLDINGS IN METOREX AND ACTING AS PRINCIPAL

Neither Vale nor any of its directors currently hold or control any shares or options to acquire any shares in Metorex.

Vale confirms that it is the ultimate prospective purchaser and is acting alone and not in conjunction with, or as agent or broker for, any other party.

10. THIRD PARTY APPROACHES

Metorex has agreed that it will not (and will procure that certain other related persons will not) directly or indirectly:

- (i) solicit or initiate any enquiries, proposals or approaches from any person in respect of any alternative offer or proposal ("Alternative Proposal");
 - (ii) enter into or participate in any discussions or negotiations relating to any Alternative Proposal unless such Alternative Proposal is a more favourable proposal as determined by the board acting in good faith (a "Superior Proposal"); or
 - (iii) approve or recommend an Alternative Proposal or enter into an agreement in respect of an Alternative Proposal, unless it is a Superior Proposal,
- save where the Board concludes that such action is necessary to ensure compliance with their directors' fiduciary duties in response to an approach relating to an Alternative Proposal.

Metorex has agreed to promptly notify Vale if it or any of its directors, employees or agents receives any approach in relation to a possible Alternative Proposal (such notification to include details of the conditions of the Alternative Proposal and the name of the person making the Alternative Proposal). Further, Metorex has agreed that it shall provide Vale with any information provided to a third party in connection with an Alternative Proposal which has not already been provided to Vale.

Should an Alternative Proposal constitute a Superior Proposal, then, prior to the Board approving or recommending and/or entering into an agreement in respect of the Superior Proposal, Metorex shall provide Vale with a copy of the document in which the Superior Proposal is made and afford Vale eight business days to amend the Offer on financial and/or other terms equivalent to, or more favourable than, those contained in the Superior Proposal.

11. BREAK FEE

The Implementation Agreement includes a break fee of ZAR75,240,000 which would be payable by Metorex if, after the publication of this Firm Intention Announcement:

- (i) the Board does not unanimously recommend the Offer;
 - (ii) the Board at any time withdraws, qualifies or modifies its recommendation of the Offer;
 - (iii) the Board approves or recommends a Superior Proposal;
 - (iv) an Alternative Proposal in relation to Metorex is announced and subsequently completes;
- or
- (v) the Board determines not to implement the Offer as a consequence of refusing or failing to take the necessary procedural steps to implement the Scheme pursuant to the Companies Act or the New Companies Act (as the case may be).

12. RECOMMENDATION AND FAIRNESS OPINION

The Board conducted a process with certain parties interested in making an offer for Metorex. As a result of this process, the Board received certain proposals. Having carefully evaluated these proposals, the Board intends, based on the current information available to the Board, to make a unanimous recommendation to Metorex Shareholders to vote in favour of the resolutions proposed at the Scheme Meeting or to accept the General Offer, as the case may be, provided that the Board receives a favourable fairness opinion from the independent advisor to Metorex.

The Board will appoint an independent advisor acceptable to the Takeover Panel to provide it with external advice in relation to the Offer and to make appropriate recommendations to the Board for the benefit of Metorex Shareholders.

The substance of the external advice and the views of the Board will be detailed in the Circular to be sent to Metorex Shareholders in relation to the Offer.

13. UNDERTAKINGS

13.1. Shareholders

Vale has received irrevocable undertakings and letters of intent from certain Metorex Shareholders representing in aggregate 25.8% and 1.6% respectively of the existing issued ordinary share capital of Metorex to vote in favour of the Scheme and the resolutions to be proposed at Scheme Meeting or to accept the General Offer, as the case may be.

13.2. Directors

Included in the irrevocable undertakings referred to above, are irrevocable undertakings received from certain connected person of the directors of Metorex representing in aggregate 13.9% of the existing issued ordinary share capital of Metorex.

14. DOCUMENTATION

Further details of the Scheme will be included in the Circular to be sent to Metorex Shareholders, containing, *inter alia*, a notice of the meeting of Metorex Shareholders, a form of proxy and a form of surrender and transfer. Subject to the fulfilment of the conditions precedent to posting referred to in paragraph 4 above, the Circular is expected to be posted to Metorex Shareholders during May 2011.

The salient dates in relation to the Scheme will be published prior to the posting of the Circular.

15. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this announcement, the cautionary announcement dated 28 March 2011 is hereby withdrawn and caution is no longer required to be exercised by Metorex Shareholders when dealing in Metorex shares.

16. RESPONSIBILITY STATEMENT

Vale and the board of Metorex accept responsibility for the information contained in this announcement. To the best of their respective knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the import of the information.

Johannesburg
8 April 2011

Lead financial adviser and investment bank to Metorex: Standard Bank

Joint financial adviser to Metorex: One Capital

Transaction Sponsor to Metorex: One Capital
Legal advisers to Metorex: Cliffe Dekker Hofmeyr

Financial advisers to Vale: Société Générale and Investec Bank Limited
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Société Générale, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Vale and no one else in connection with the Offer and will not be responsible to anyone other than Vale for providing the protections afforded to clients of Société Générale, nor for providing advice in relation to the Offer, the contents of this announcement or any other matter referred to herein.

Investec Bank Limited, which is authorised and regulated by the Financial Services Board, is acting exclusively for Vale and no one else in connection with the Offer and will not be responsible to anyone other than Vale for providing the protections afforded to clients of Investec Bank Limited, nor for providing advice in relation to the Offer, the contents of this announcement or any other matter referred to herein.

The Standard Bank of South Africa Limited, which is authorised and regulated by the Financial Services Board, is acting exclusively for Metorex and no one else in connection with the Offer and will not be responsible to anyone other than Metorex for providing the protections afforded to clients of The Standard Bank of South Africa Limited, nor for providing advice in relation to the Offer.

One Capital Advisory (Proprietary) Limited is acting exclusively for Metorex and no one else in connection with the Offer and will not be responsible to anyone other than Metorex for providing the protections afforded to clients of One Capital Advisory (Proprietary) Limited, nor for providing advice in relation to the Offer.

General

The release, publication or distribution of this announcement in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. This announcement has been prepared for the purposes of complying with the Companies Act and the Securities Regulation Code on Takeovers and Mergers published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

This announcement is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Metorex Shareholders are advised to read carefully the formal documentation in relation to the Offer once it has been despatched. The Offer will be made solely through the Circular, which will contain the full terms and conditions of the Offer. Any decision to approve the Offer or other response to the proposals should be made only on the basis of the information in the Circular.

Notice to U.S. investors

This announcement may include statements that present Vale's expectations about future events or results. All statements, when based upon expectations about the future and not on historical facts, involve various risks and uncertainties. Vale cannot guarantee that such statements will prove correct. These risks and uncertainties include factors related to the following: (a) the countries where we operate, especially Brazil and Canada; (b) the global economy; (c) the capital markets; (d) the mining and metals prices and their dependence on global industrial production, which is cyclical by nature; and (e) global competition in the markets in which Vale operates. To obtain further information on factors that may lead to results different from those forecast by Vale, please consult the reports Vale files with the U.S. Securities and Exchange Commission (the "SEC"), the Brazilian Comissão de Valores Mobiliários, the French Autorité des Marchés Financiers, and The Stock Exchange of Hong Kong Limited and, in particular, the factors discussed under "Forward-Looking Statements" and "Risk Factors" in Vale's annual report on Form 20-F filed with the SEC.

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