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## **Petrobras partnership could be good deal for Vale - Analysts**

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BNAmericas reported that mining market analysts are upbeat on Brazilian miner Vale signing a MoU with compatriot oil giant Petrobras to explore and produce natural gas off the coast of Espírito Santo state.

SLW brokerage report said that "It was another measure for the company to reduce costs in the future. Natural gas coming from this region could fulfill the company's pellet plant needs as well as Vale's transportation system."

According to a Link brokerage report, Vale has high energy consumption and does not want to run the risk of possible rationing, as happened several years ago in Brazil. Vale already has a minor stake in 20 exploration blocks.

Mr Leonardo Alves analyst of Link said that the impact of these acquisitions can only be measured in the long term.

Ativa brokerage had a similar opinion as it said that "it is difficult to measure quantitatively the impact of this partnership due to the lack of information."

The iron ore giant has been aiming to diversify its energy supplies and acquired rights to explore three blocks off northern Espírito Santo. Under the MOU signed June 25th Vale will be able to acquire 25% of offshore block BM-ES-22's exploration rights. Brazil's oil and gas regulator ANP must first approve the deal.

(Sourced from bnamericas.com)

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