

CASA CIVIL
PROGRAMA DE
PARCERIAS DE
INVESTIMENTOS **PPI**

BRAZILIAN INVESTMENT PARTNERHIPS PROGRAM

September, 2019



Scan the QR code to access
the projects portfolio



Brazil in the world

9th largest economy:
GDP **US\$ 1.9 trillion**

5th largest
land area:
8.358.140km²

5th largest
population:
**210.1 million
people**

8th largest consumer market:
US\$ 1.2 trillion

63% of GDP – Household
consumption expenditure

4th largest FDI destination
in 2018: **US\$ 88.3 billion**
(40% of Latin America's
total FDI inflow)

One of the main global
producers and exporters of
**iron ore, soy bean, animal
protein, coffee, machinery
and aircraft**

PPI Council

Presidency of the Republic

Executive Office

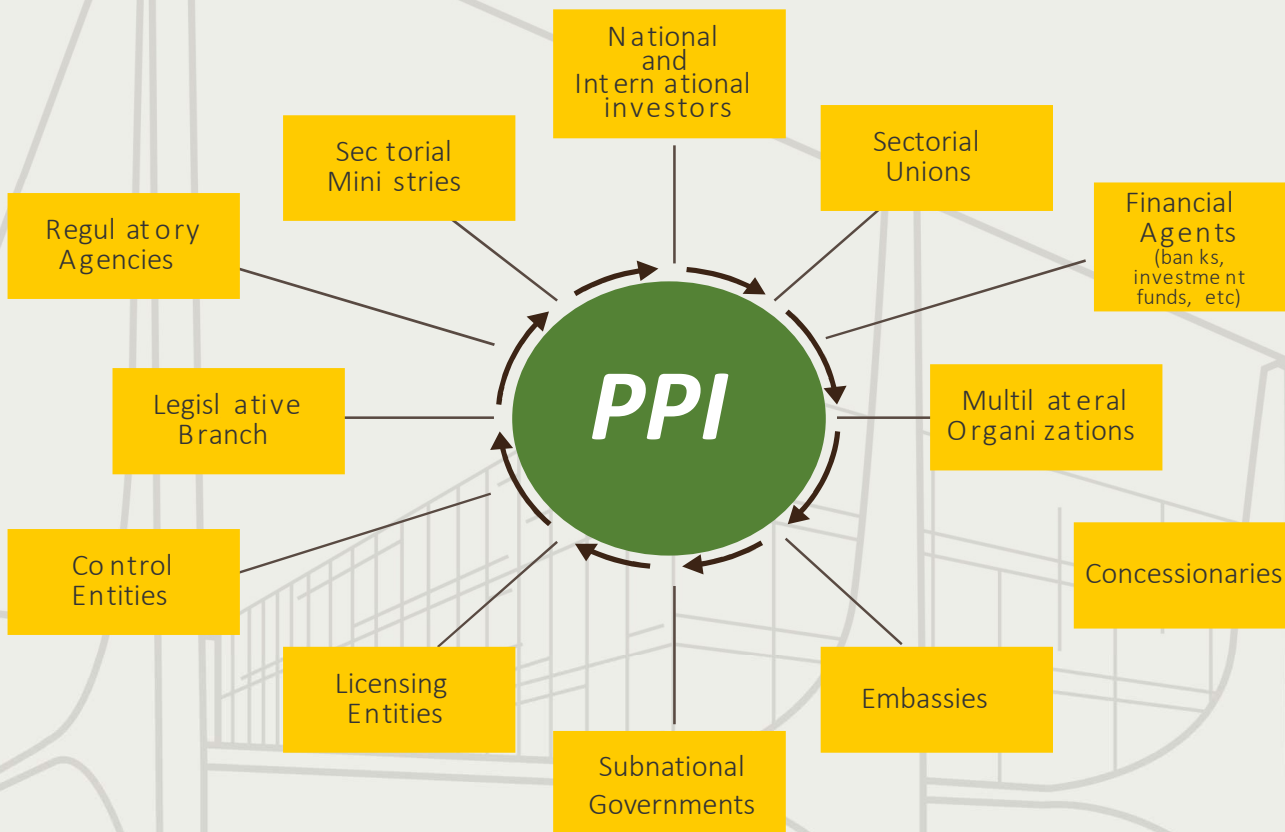
PPI Council

Special Secretariat of PPI

- President and Ministers:
 - Executive Office
 - Economy
 - Infrastructure
 - Mines and Energy
 - Secretariat of Government
 - Environment
- Federal Banks:
 - BNDES
 - Caixa Econômica Federal
 - Banco do Brasil
- The PPI Special Secretary serves as the Executive Secretary of the CPPI



PPI Works as a hub



Adds on efficiency and value to the process

- Governance, coordination, monitoring and oversight
- Transparency, dialogue, credibility and predictability
- Well-designed projects
- Technical and legal framework enhancement

PPI in the world

Out of the 152 accomplished projects, 62 had foreign winning companies or in consortium with Brazilian companies.

- US\$ 64.1 billion (R\$ 262.5 billion) in expected investments in accomplished projects.
- US\$ 47.6 billion (R\$ 194.9 bilhões) – 74.25% - represent the amount of foreign capital inflow alone.

*Brazil
China
France
Spain*

*Italy
Norway
Qatar
Switzerland*

*Portugal
Australia
India
Germany*

*USA
United Kingdom
Bermudas
Colombia
Canada*



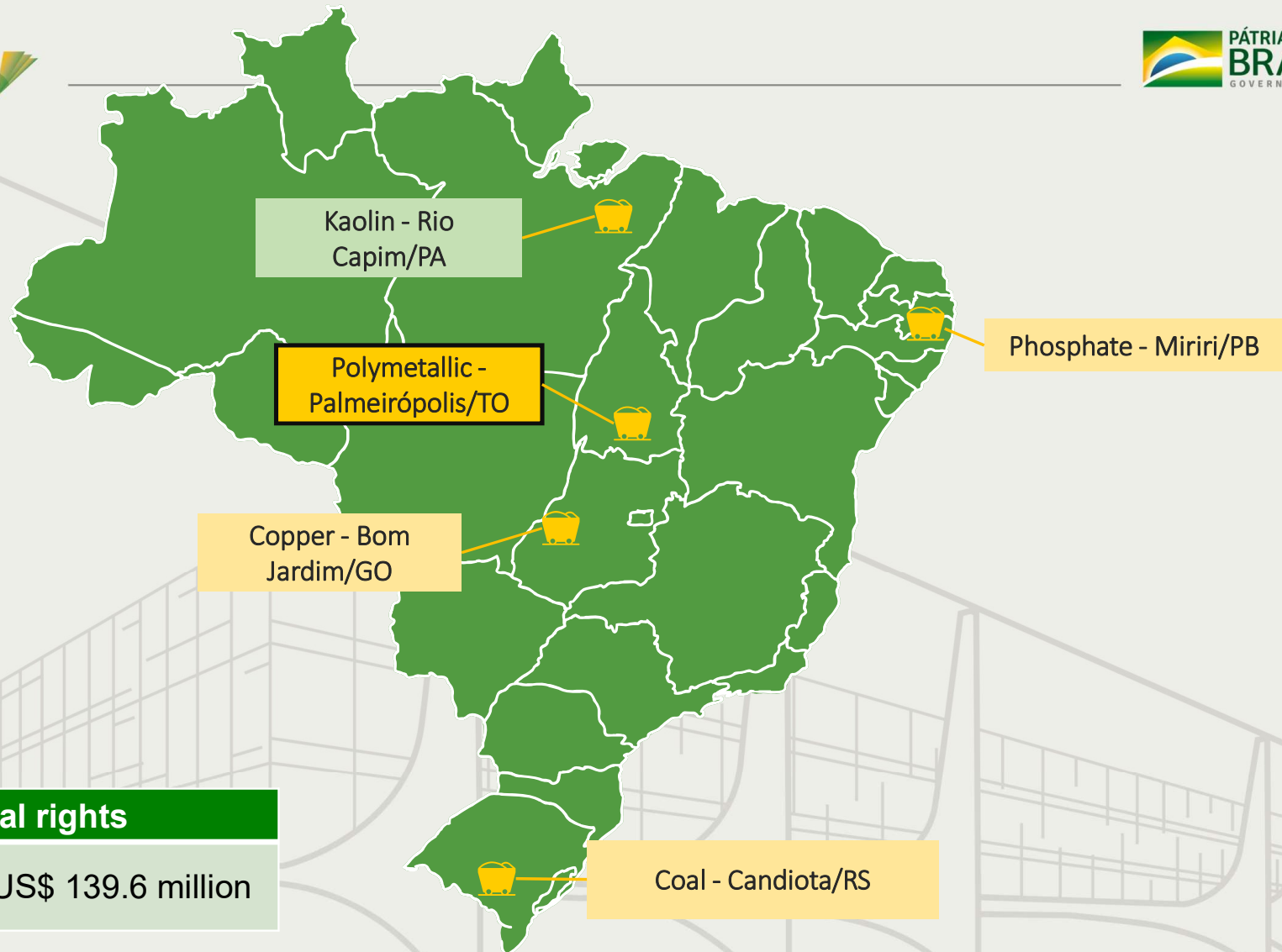
CASA CIVIL

PROGRAMA DE
PARCERIAS DE
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PPI Portfolio - Mining



Mining



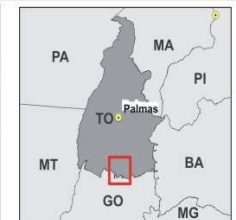
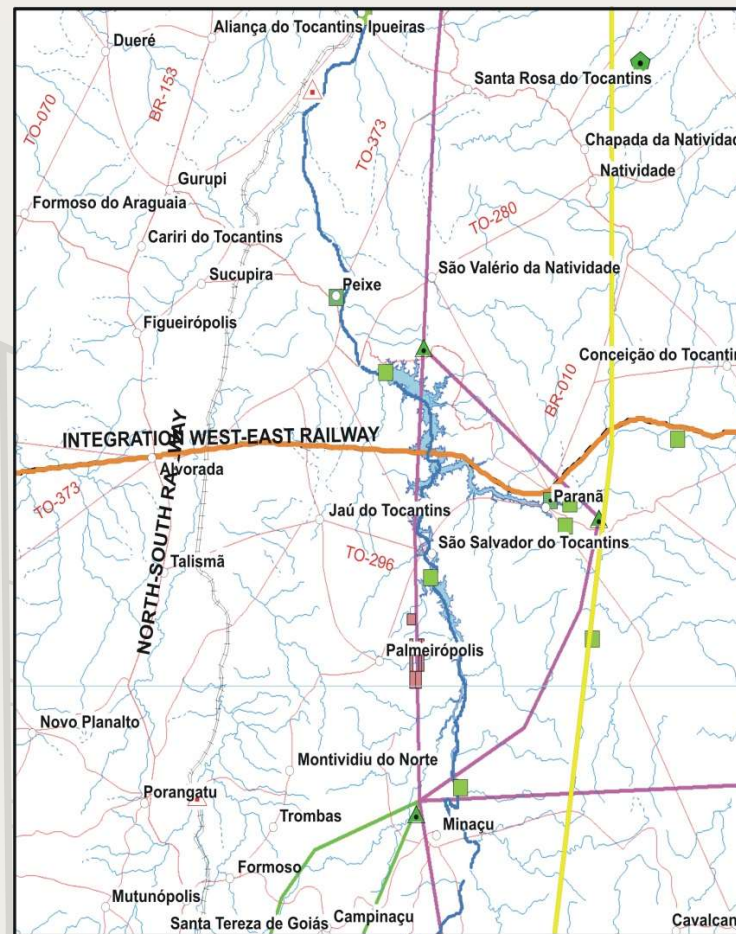
Mining

- 30 mining projects of CPRM (Mineral Resources Research Company) ownership, with mineral deposits already spotted.
 - 5 qualified projects in PPI:
 - Polymetallic - Palmeirópolis/TO
 - Phosphate - Miriri/PB
 - Copper - Bom Jardim/GO
 - Coal - Candiota/RS
 - Kaolin - Rio Capim/PA
 - The project in Palmeirópolis-TO will be the 1st CPRM area to go on auction. It is a milestone for the sector: it is the first step to entitle the private sector to exploit assets that have been in the CPRM portfolio for the last 30 years.
 - There are still 25 projects in the CPRM portfolio with potential to be qualified in PPI in the future.



POLYMETALLIC - PALMEIRÓPOLIS

- Exploration carried out during the 1970's
- **Polymetallic zone with ZINC & COPPER as major opportunities**
- Good infrastructure and location (nearby power lines, railway, major roads)
- Strong support for a mining project by local community
- No major social and environmental obstacles expected during the licensing process
- Six mineral rights (6,050 ha) with final exploration reports already approved by the Nacional Mining Agency
- 165 drillholes, totalizing 32,500 meters



Locations

- Town
- State Capital

Others

- ▲ Train Station
- Pipeline
- Railway
- - - Railway Planned
- Highway
- CPRM's mineral rights

Waterways

- Main Navigable Path
- Path
- Dam

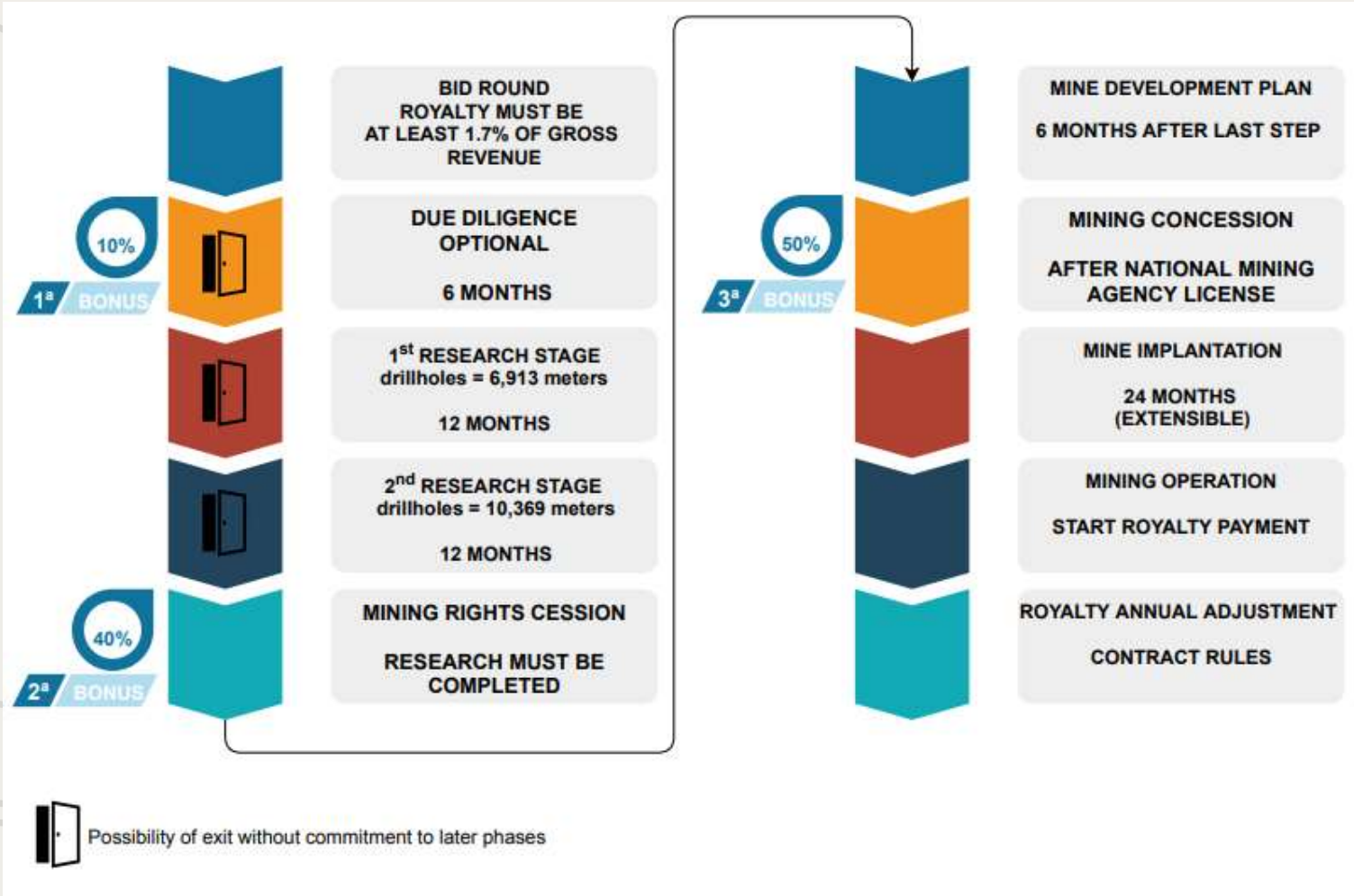
Energy

- Hydroelectric
- Thermoelectric
- Central Hydroelectric Generator
- ▲ Load center

Transmission lines

- 230 kV
- 500 kV

Auction Model



Mechanism of rebalancing

**ANEXO I-F – TABELA DE REEQUILÍBRIO DO PERCENTUAL DE
 ROYALTY OFERTADO**

INTERVALOS DE VALORES DE REFERÊNCIA PARA FINS DE REEQUILÍBRIO DOS ROYALTIES		ROYALTY AJUSTADO
USD 80,00	USD 100,00	RO-0,9pp
USD 100,00	USD 120,00	RO-0,8pp
USD 120,01	USD 140,00	RO-0,7pp
USD 140,01	USD 160,00	RO-0,47pp
USD 160,01	USD 180,00	RO+0pp
USD 180,01	USD 200,00	RO+0,84pp
USD 200,01	USD 220,00	RO+1,5pp
USD 220,01	USD 240,00	RO+2,04pp
USD 240,01	USD 260,00	RO+2,48pp
USD 260,01	USD 280,00	RO+2,86pp
USD 280,01	USD 300,00	RO+3,19pp
USD 300,01	USD 320,00	RO+3,47pp
USD 320,01	USD 340,00	RO+3,72pp
USD 340,01	USD 360,00	RO+3,93pp
USD 360,01	USD 380,00	RO+4,13pp
USD 380,01	USD 400,00	RO+4,27pp
USD 400,01	USD 420,00	RO+4,44pp
USD 420,01	USD 440,00	RO+4,59pp
USD 440,01	USD 460,00	RO+4,72pp
USD 460,01	USD 480,00	RO+4,85pp
USD 480,01	USD 500,00	RO+4,95pp

RO= ROYALTY OFERTADO
 pp= Pontos Percentuais

Palmeirópolis – wrap up

- 6,050 hectares
- Final Research Report approved in 1980
- Reassessment in 2017
- Due diligence – 6 months
- Additional survey with 17,282 meters of drillholes + analysis, 24 months, 2 stages.
- Auction criteria will be ROYALTY offer, starting at 1.7% with rebalancing each year.
- Fixed signature bonus R\$ 15 millions divided in 3 stages: 1.5 million, 6 millions, 7.5 millions, with possibility of exit without commitment.

7. PARTICIPATION IN THE TENDER

- 7.1. Respecting the other normative conditions and those conditions contained in this tender notice, Brazilian or foreign legal entities, supplementary pension entities, and investment funds, in isolation or in consortium, may participate in this tender.

<http://www.cprm.gov.br/publique/Acesso-a-Informacao/Palmeiropolis-Auction%3A-Tender-Notice-n.%BA-001%7C2019-5853.html>

<https://tinyurl.com/y3pokj73>


Bid Notice and Contract Draft (english version)

Complementary Research Plan

Dataroom

AUCTION ON OCTOBER, 21ST

gov.br ACESSO À INFORMAÇÃO PARTICIPE LEGISLAÇÃO ORGÃOS DO GOVERNO

 **SERVIÇO GEOLÓGICO
DO BRASIL - CPRM** English | Español

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A+ A A-

Institucional

Ações e Programas

Participação Social

Auditorias

Convênios e Transferências

Receitas e Despesas

Licitações e Contratos

Empregados

Informações Classificadas

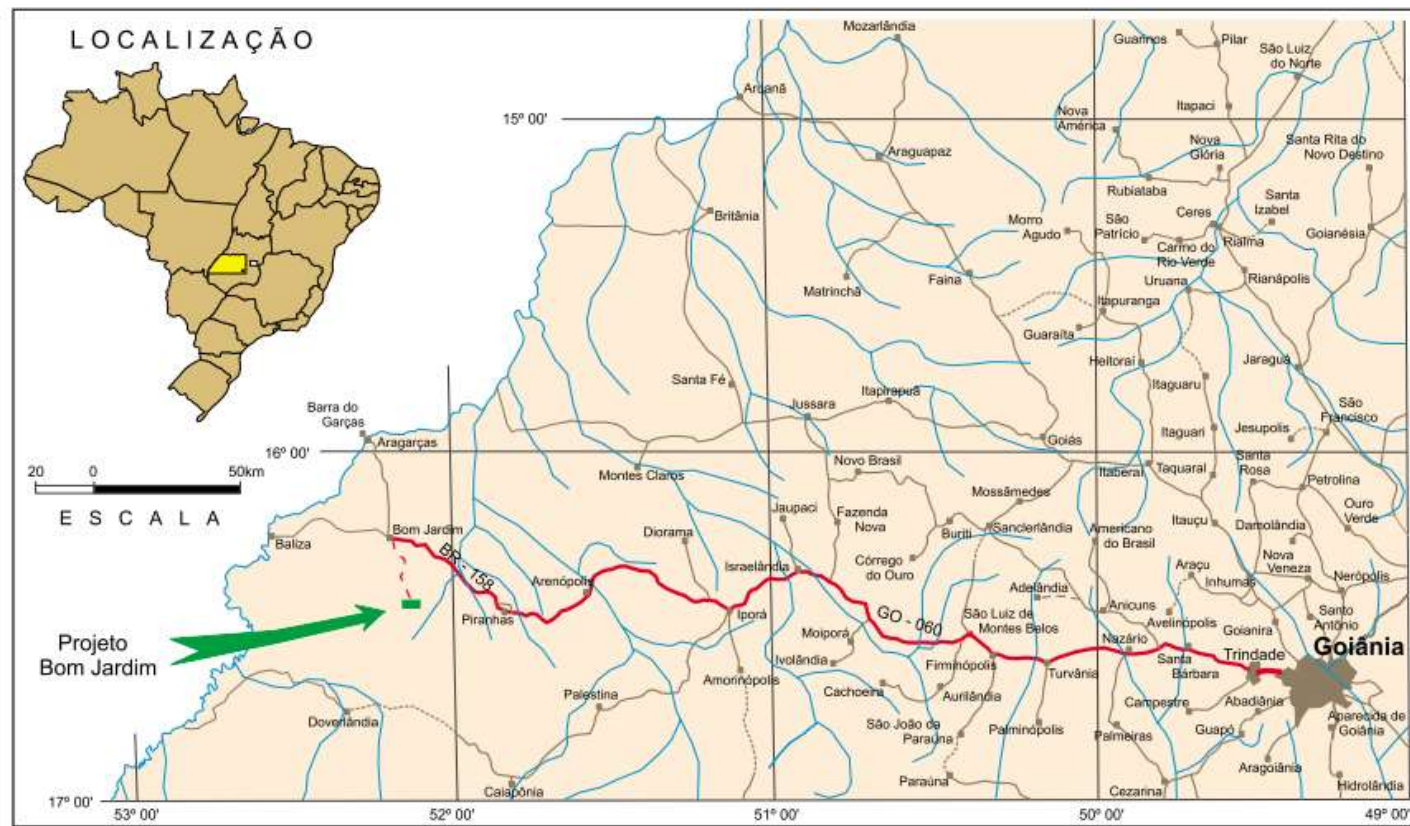
Palmeirópolis Auction: Tender Notice n.º 001/2019

AUCTION Nº: 001/2019 - CPRM
OBJECT: Auction for the Assignment of Mining Rights to execute a promise of assignment contract, and, if the conditions of this notice and the applicable legislation are met, the subsequent definitive assignment of the mining rights
PROCESS Nº: 0146/2018;
TYPE OF BID: Offer with higher percentage of royalty
DATE AND TIME OF SESSION OPENING: 10/21/2019 at 10h
PLACE: Salão Nobre da CPRM - Noble Hall of the CPRM - Office of Rio de Janeiro, Av. Pasteur, 404 - Urca

- [Tender Notice \(08/16/2019\)](#)
- [Attachment I B - Complementary Research Plan](#)
- [Attachment II - Data Room](#)

VOLTAR

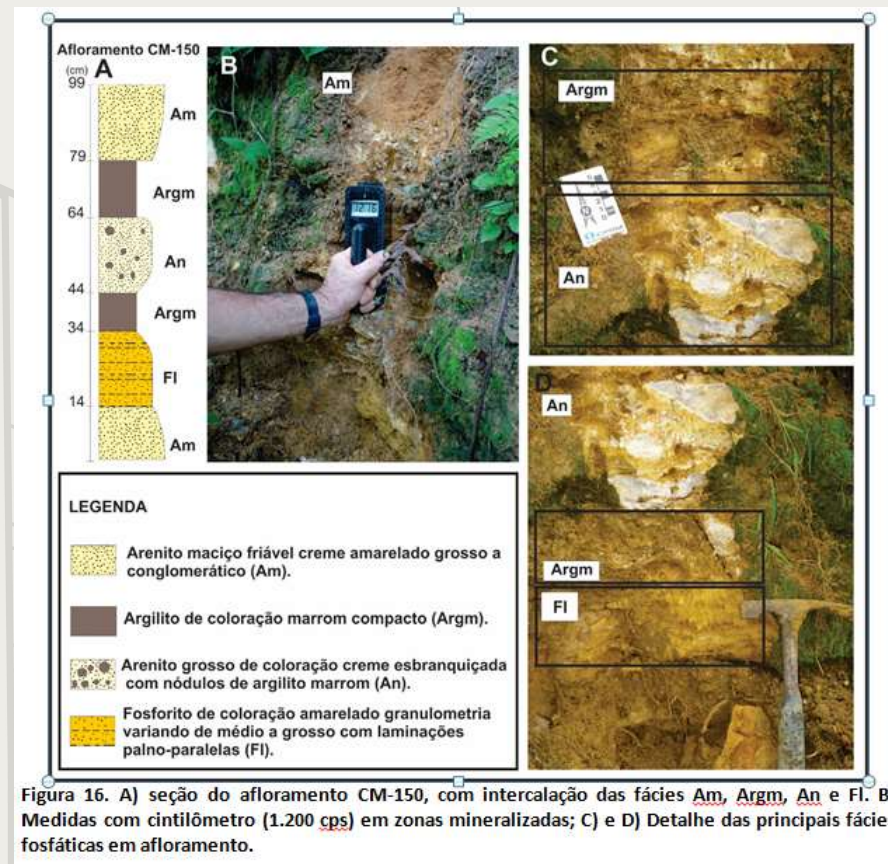
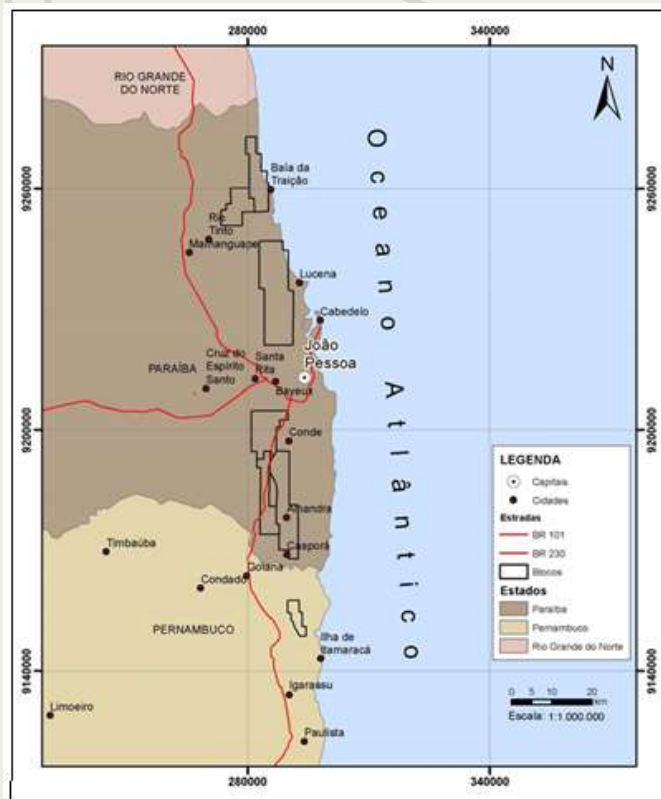
Copper - Bom Jardim



Copper - Bom Jardim

- 1,000 hectares.
- Final Research Report approved in 1980.
- CPRM drilled 29 drillholes, total 6,725 meters.
- Reassessment in 2017.
- 1.7 million tons.
- Sterile Ore Ratio = 6:1.
- ore-shoot: High-grade anomalies that can increase the deposit's content as a whole.
- **The auction model is under assessment.**

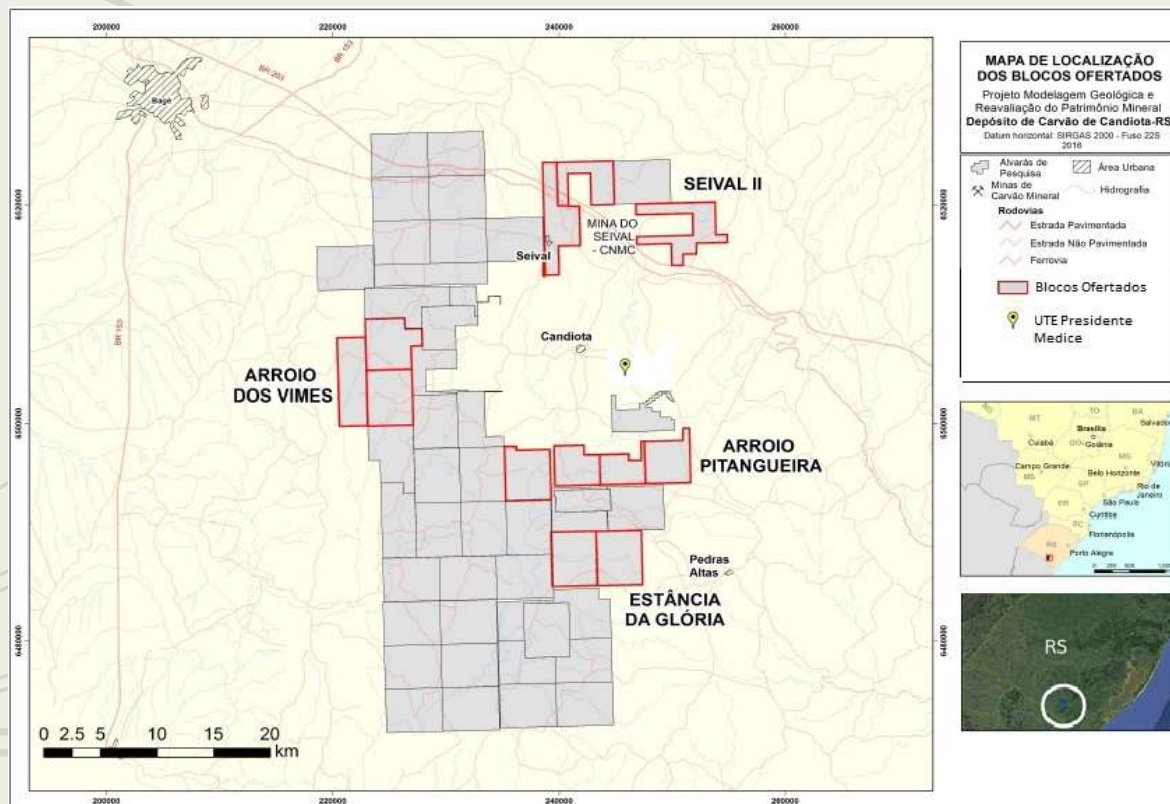
Phosphate - Miriri



Phosphate - Miriri

- 07 areas, 7,572 hectares.
- Final report approved in 1980.
- Reassessment in 2017.
- 28 million tons of phosphate @ 3.41%.
- REM 6:1.
- **The auction model is under assessment.**

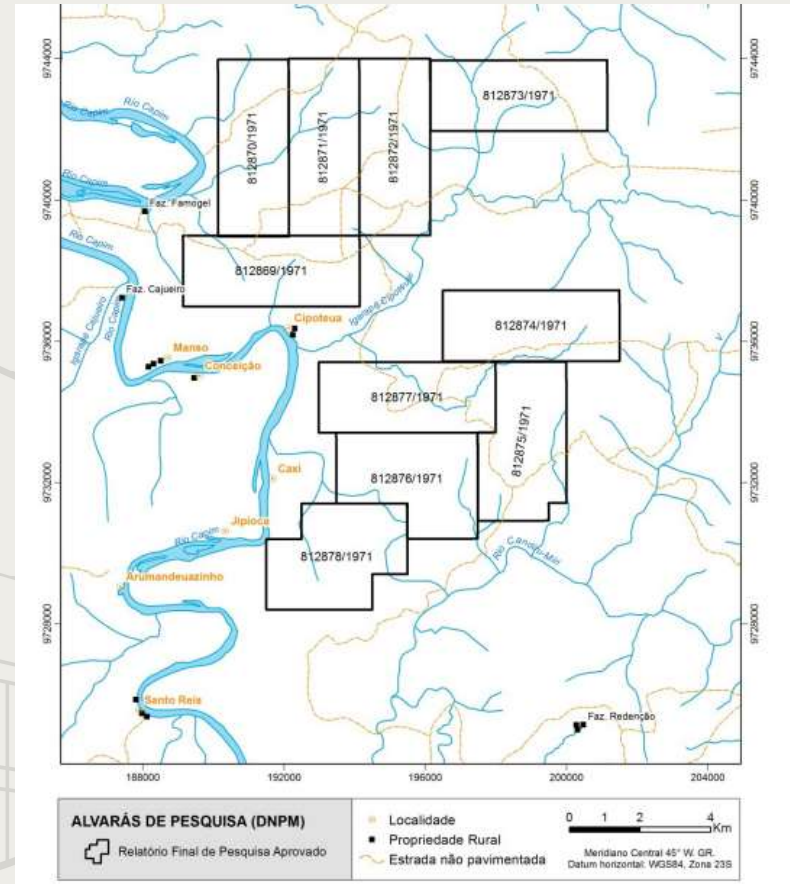
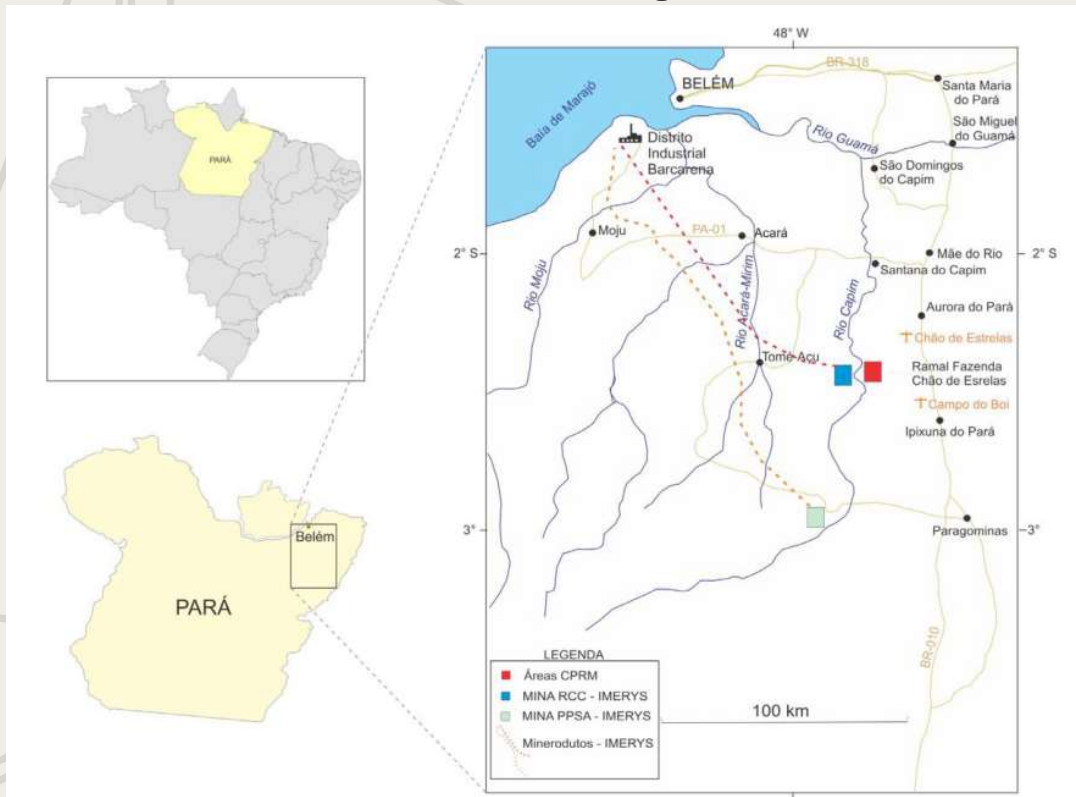
Coal - Candiota



Coal - Candiota

- 4 blocks with a total of 2.9 billion tons of coal (1.4 b / t mineable and 1.5 b / t sterile).
- Calorific power of 3,100 kcal / kg.
- Reassessment in 2017.
- **The auction model is under assessment.**

Kaolin – Rio Capim



Kaolin – Rio Capim

- 10 areas
- near to a brownfield project with stablished logistic infrastructure
- approximately 520 million tones of recoverable kaolin
- **The auction model is under assessment.**

PPI upcoming events (2019)

Highway (auction and notice)

- BR-364/365-MG/GO
- (Section between Jataí/GO and Uberlândia/MG)

Auction on September 18

- BR-101/SC
- (Section between Palhoça / SC and the frontier SC/RS)

Bidding notice on 2019/Q4

Investments: US\$ 1.21 billion
Bid criterion: Lower toll fee

Lotex (Auction)

Investments: US\$ 132 million

Auction on October 22

Mining Rights (Auction)

Polymetallic - Palmeirópolis/TO
Zinc, Lead, Copper (Cadmium, Silver and Gold)

Signature Bonus: US\$ 3.70 million

Auction on October 21

Oil and Gas (Auction)

Petrobras' transfer of rights

- Largest oil and gas auction in the world
- Round 6

Auction on November 6

Round 16

Auction on October 10

Investments : US\$ 0,26 trillion
Bid criterion : US\$ 29,4 billion

Energy

Generation of New Energy:

- The market offered 100,829 MW, in 1,829 projects.;

Auction on October 17

Transmission lines

- 10 transmission lines

Auction on December 19

Investments : at least US\$ 836 million (transmission)

Bid criterion : Lower energy tariff

Railways (renewal)

- Rumo Malha Paulista Logistics

Addendum in 2019/Q4

- Vitória-Minas and Carajás Railway

Addendum in 2019/Q4

Investments : US\$ 4.91 billion
Bid criterion : US\$ 1.41 billion

PPI auctions scheduled for 2020

2020/ Half 1

2020 / Half 2

<p>Highway</p> <ul style="list-style-type: none"> BR-101 (SC) 	<p>Mining Rights</p> <ul style="list-style-type: none"> Copper - Bom Jardim de Goiás (GO) Coal - Candiota (RS) Phosphate - Miriri (PB) 	<p>Highways</p> <ul style="list-style-type: none"> BR-153/080/414 (GO/TO) BR-381/262 (MG/ES) BR-163/230 (MT/PA) BR-116/465/101 (RJ/SP) - President Dutra BR-040/495 (MG/RJ) - Concer 	<p>Airports – Round 6 22 airports in 3 clusters</p> <ul style="list-style-type: none"> North 1 Cluster South Cluster Central Cluster
<p>Railways</p> <ul style="list-style-type: none"> MRS (SP/RJ/MG) FIOL (BA) FCA (SE/ES/SP/GO/BA/RJ/MG/DF) 	<p>Port Terminals</p> <ul style="list-style-type: none"> 4 in the Port of Itaquí/MA 2 in the Port of Santos/SP 1 in the Port of Suape/PE 	<p>Railway</p> <ul style="list-style-type: none"> Ferrogrão – Grain Railroad (MT/PA) 	<p>Energy/Generation</p> <ul style="list-style-type: none"> Angra 3 (RJ)
		<p>Port Terminals</p> <ul style="list-style-type: none"> 1 in the Port of Aratu/BA 	

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 www.ppi.gov.br

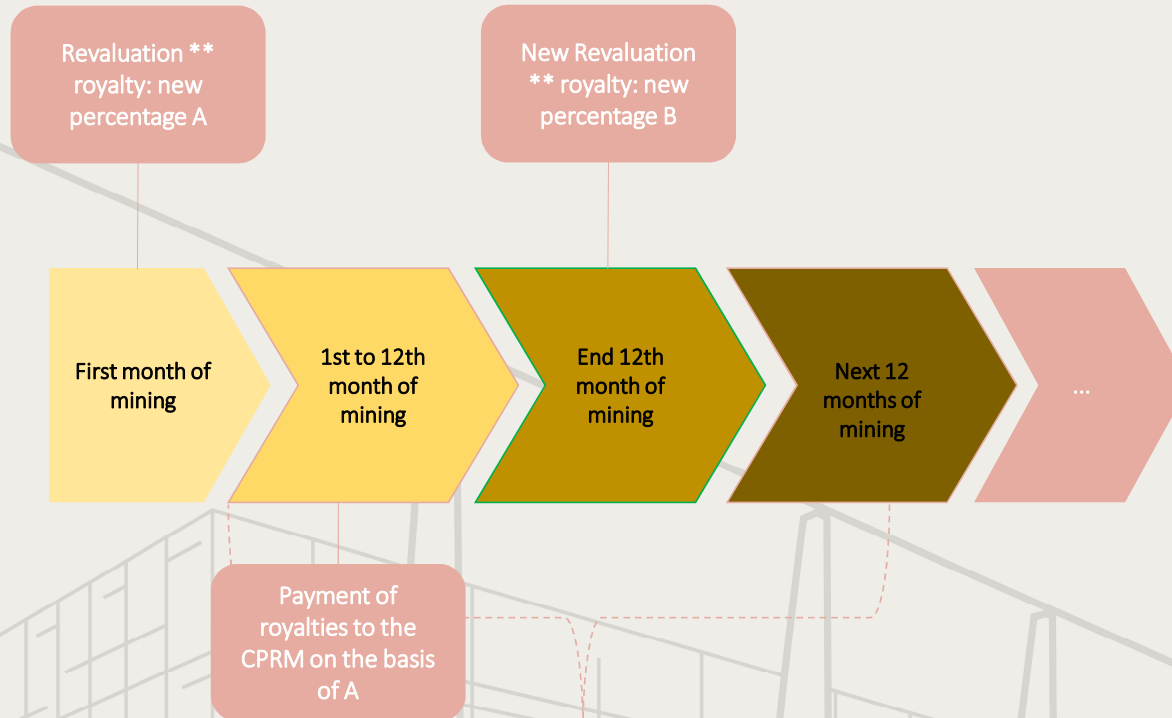
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Scenario 1: Case $B > A$: private performs the payment of the difference in the subsequent period

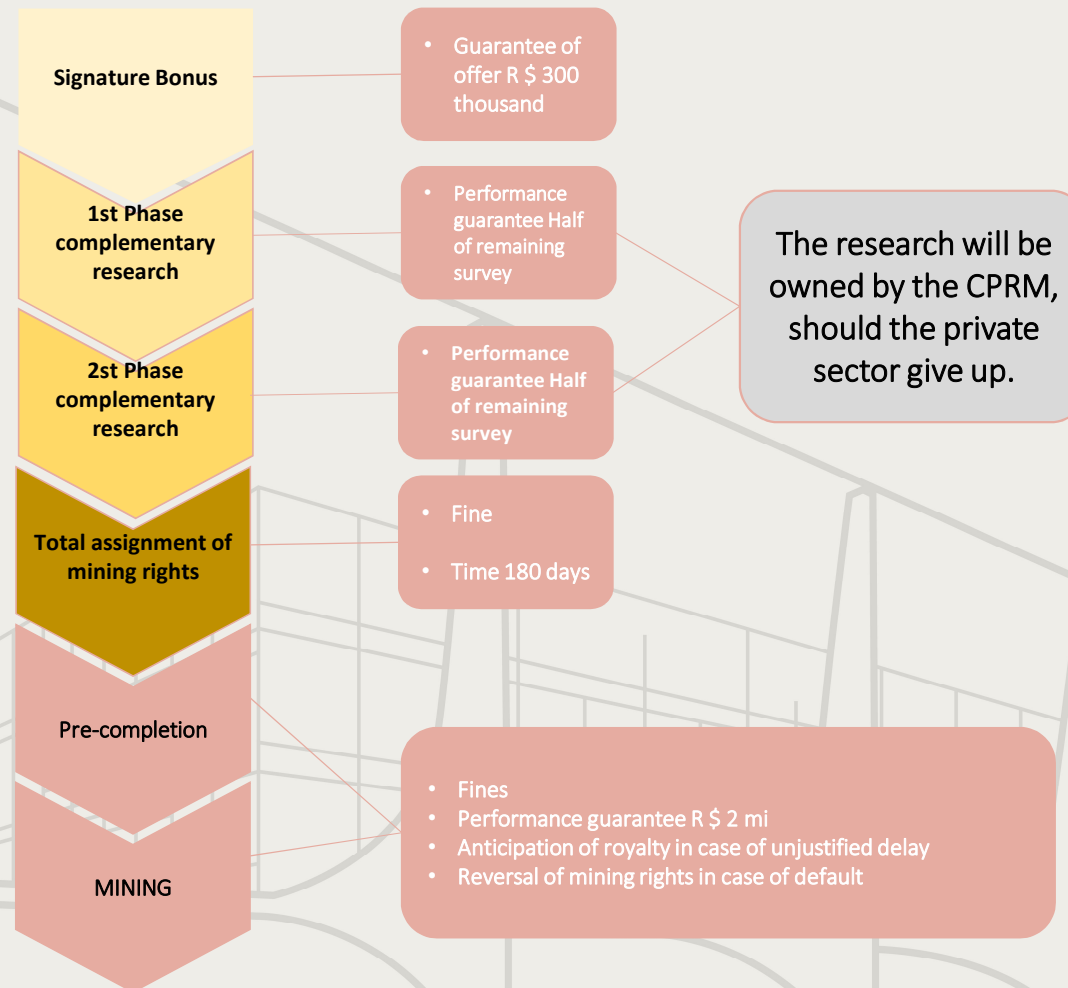
Scenario 2: Case $B < A$: private realizes the difference in payments of future royalties

The percentage B will be applied to the next cycle (12 months)

Recurring cycle is restarted

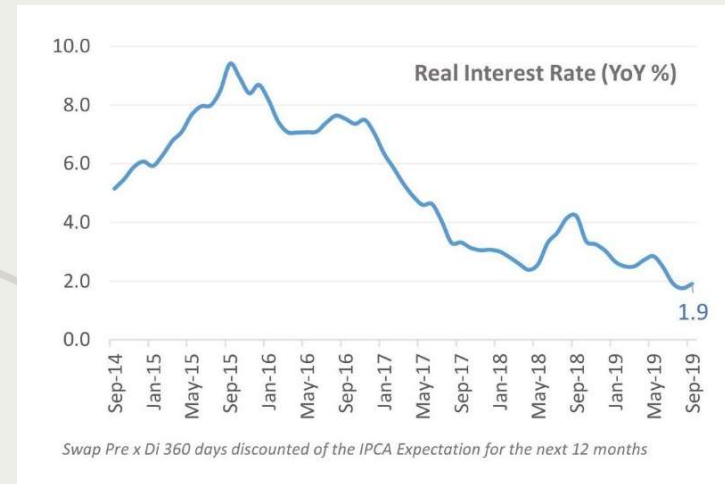
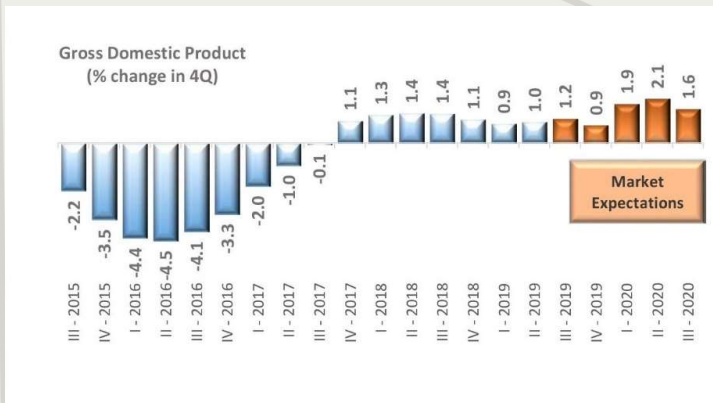
** According to contractual rebalancing formula

Guarantee



Brazil's Economic Recovery

Ministry of Economy/Brazilian Central Bank data



PPI in figures

Accomplished auctions/bids and projects

Qualified
projects

270

Accomplished
auctions/bids
and projects

152

Investments

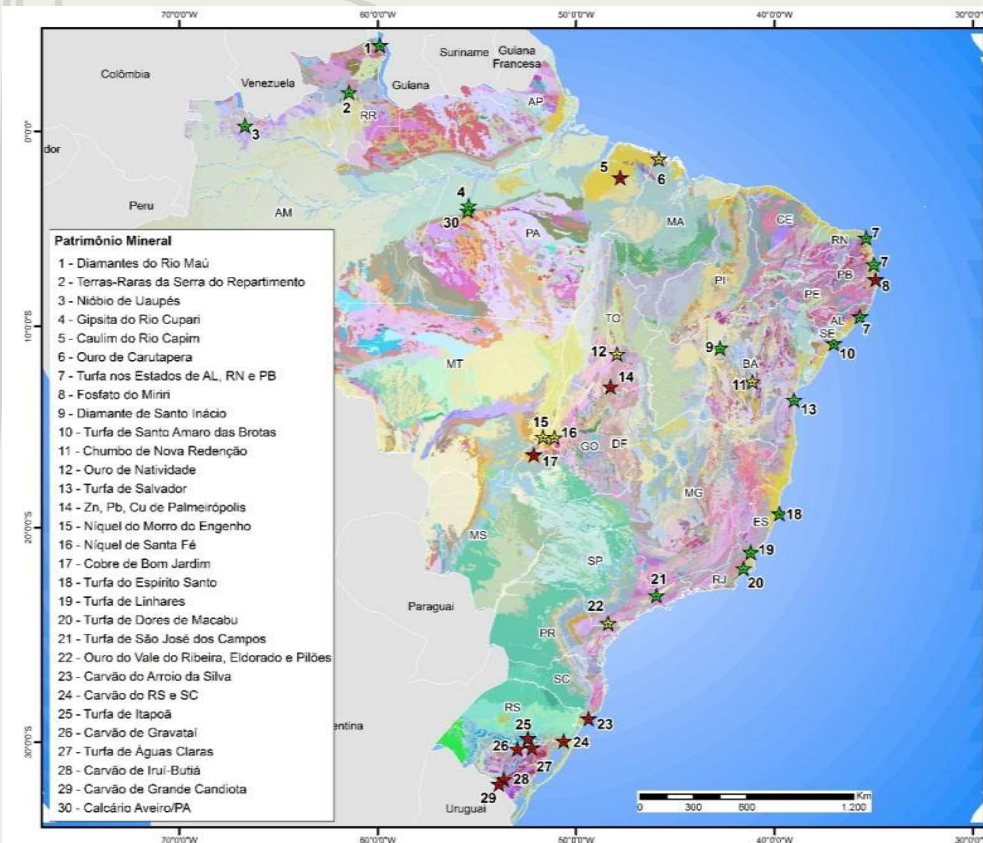
R\$ 262.5 billion
(USD 64.1 billion)

Concessions /Bonuses

R\$ 52.3 billion
(USD 12.8 billion)

40 months of work

CPRM Projects



	PPI 2018	
PALMEIRÓPOLIS BOM JARDIM		CANDIOTA MIRIRI
	PAT 2018	
RIO CAPIM (KAOLIN)		NATIVIDADE (GOLD)
SANTO INÁCIO (DIAMOND)		IRUÍ BUTIÁ (COAL)
LINHARES (PEAT)		
	PAT 2019	
MORRO DO ENGENHO (NÍCKEL)		PEAT AL-PB-RN
SANTA FÉ (NÍCKEL)		PEAT ES
COAL OF SANTA CATARINA		DORES DE NACABU (PEAT)
SANTO AMARO DE BROTAS (PEAT)		SALVADOR (PEAT)
	OTHER AREAS TO BE WORKED FUTURALLY	
LIMENSTONE OF AVEIRO/PA		PEAT ÁGUAS CLARAS
GOLD OF CARUTAPERA		PEAT DE ITAPOÃ
LEAD OF NOVA REDENÇÃO		PEAT DE SÃO JOSÉ DOS CAMPOS
COAL OF GRAVATAÍ		NIÓBIO DE SEIS LAGOS (UAPÉS)
GYPSUM OF RIO CUPARI		TERRAS RARAS DA SERRA DO REPARTIMENTO
GOLD OF VALE DO RIBEIRA		DIAMONDS RIO MAÚ
COAL OF ARROIO DO SILVA		