

## POSSE AND PRIETOCARRIZOSA LAND VALE'S COLOMBIAN COAL SALE

**Joe Rowley**

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Colombia's prietocarrizosa and Boies, Schiller & Flexner LLP in the US have helped Goldman Sachs affiliate Colombian Purchase Company (CPC) acquire the Colombian assets of Brazilian mining heavyweight Vale for US\$407 million.



Vale drew local counsel from Posse, Herrera & Ruiz and international counsel from US firm Cleary Gottlieb Steen & Hamilton LLP in the deal that was signed on Friday. The sale remains subject to regulatory approval, which is expected in the coming months.

prietocarrizosa is regular counsel to Goldman Sachs in Colombia and committed more than 15 lawyers to its latest deal, advising on tax and environmental issues over the last year, as well as assisting in direct negotiations in recent months.

Partner Martín Acero says the latest acquisition will reinforce CPC's credibility in Colombia and provide it with important mining infrastructure that will help deepen its participation in the local market.

Under the terms of the deal, Vale agreed to sell 100 per cent of its El Hatillo and Cerro Largo coal mines in the department of Cesar in Colombia's Caribbean region, as well as its Rio Córdoba port terminal on the Caribbean coast, in a move that sees the world's second-largest coal miner move away from thermal coal mining in Colombia. Vale is also selling an 8.43 per cent stake in the railway that connects the mines to the port. CPC already owns a stake in the railway as well as mining operations in the area.

"Goldman Sachs had the ability to start buying small mines and now the company has become a big player in Colombia's coal market," says Acero, who expects that it will only be a matter of time before CPC is consolidated

into mining heavyweights operating in the region such as Glencore and Drummond, which are also thought to have bid for Vale's assets in Colombia.

Posse Herrera is also regular counsel to Vale, advising the company in 2009 on its acquisition of assets from cement company Argos. Partner Francisco Urrutia says that while the sale of its thermal coal assets signals Vale's withdrawal from Colombia, it is unlikely to signal the end of the company's interest in the country. "They have studied investing in many projects in the country," he says. "We will continue seeing this Brazilian company in Colombia in one form or another".

## **Counsel to Vale**

In-house counsel - Roberta Oliveira

### **Colombia**

Posse, Herrera & Ruiz

Partners Francisco Urrutia and Juan Guillermo Ruiz, and associates Sebastián Lora, Felipe Aroca and Edgar Ruiz

### **US**

Cleary Gottlieb Steen & Hamilton LLP

Partners Jeffrey Lewis and Juan Giráldez, and associates John Delaney and Dustin Barzell

## **Counsel to CPC**

### **Colombia**

prietocarrizosa

Partners Martin Acero, Hernando Padilla, Héctor Hernández and Sandra Manrique, and associates Nicolás Tirado, Meghan Waters, Maria Iregui, Carolina Porras, Mateo Sinisterra, Juan Diego Martínez, Oscar González, Catalina Amaris, Alejandro Bonfante and David García

### **US**

Boies, Schiller & Flexner LLP

Partners Robert Leung, Robert Lia and Michael Kosnitzky, and associates Stefan dePozsgay, Russell Franklin and Rafael Calatrava