

**HD** **UPDATE 1-Vale to shut money-losing Integra **coal** mine in Australia**

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**LP**

(Adds previous CEO comments, **coal** price)

By Stephen Eisenhammer

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RIO DE JANEIRO, May 16 (Reuters) - Brazilian **mining** giant Vale said on Friday it plans to close its Integra **coal** mine in Australia because it is losing money, the latest in **company** efforts to row back from non-core overseas assets.

The decision comes as Vale and rivals BHP Billiton and Rio Tinto come under pressure from investors to cut costs and streamline businesses to better weather a period of lower commodity prices.

Vale Chief Executive Officer Murilo Ferreira had previously said it was looking to sell a 15 to 25 percent **stake** in its **coal operations**. He added, though, that he did not expect that any mines would be closed.

Vale's plans will end output from the Integra mine but keep the project under "care and maintenance," a status that allows the mine to be reopened quickly if economic conditions make **operations** viable again.

The closure underlines the difficult environment for **coal** miners. The price of thermal **coal** fell 40 percent in the last three years as **coal** supply remained robust and demand fell in Europe and **China**.

Vale lost \$480 **million** on its **coal** business in 2013.

Local Australian media reported 500 people had been laid off at Integra as a result of the closure.

The Integra complex, located in the state of New South Wales in eastern Australia, produces about 4.5 **million** tonnes of **coal** per year from both its underground and open cut mine. The mine produces both metallurgical **coal** used in steelmaking and thermal, or "steam" **coal**, used to generate electricity.

Vale owns 61.5 percent of Integra with the rest of the mine being owned by a group of Asian manufacturers, steelmakers and power companies, including Japan's Toyota Industries Corp , South Korean steelmaker Posco and Japanese steelmakers JFE Holdings Inc and Nippon Steel. (Additional reporting by Henning Gloystein in London; Editing by Jeb Blount and Marguerita Choy)

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