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UPDATE 2-Mozambique port accident deals blow to Vale coal project -sources

(Adds Vale comment)

By Ed Stoddard

(Reuters) - A coal stacker has collapsed at the Mozambique port of Nacala, dealing a blow to Brazilian miner Vale's effort to start coal shipments from the African nation in the third quarter, sources told Reuters on Monday.

The giant piece of machinery, which is used to handle coal and other bulk materials, buckled last week, according to a mining industry source with knowledge of the situation.

"The contractors are investigating and an official report is expected within a couple of weeks," the source said, adding that no one was hurt in the accident.

Another source said it could take months to fix the equipment.

In an emailed statement Vale confirmed that the coal stacker, which was in the final stages of construction, collapsed last week. A team is studying the cause of the accident, the company said.

Vale is reliant on the port and connecting railway, together known as the Nacala Corridor, to reach capacity at its Moatize coal mine in northwest Mozambique.

Vale expects Moatize's production to reach 11 million tonnes of coal per year by mid-2016 and 22 million tonnes by 2017. Current output is around 7 million tonnes.

A third source said Vale had been experiencing problems with its wash plant at the mine site, an issue that could see it miss its production target for this year. In its statement Vale said the outage was due to scheduled maintenance and that processes were working normally.

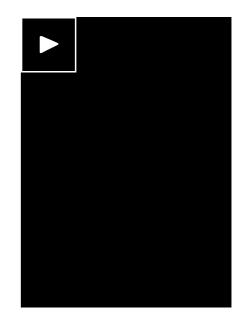
Vale's Moatize project has been beset by logistical problems, with the difficulties in building and expanding the Nacala railway and port holding back production increases at the mine.

The rail line runs for 900 km (560 miles) through land-locked Malawi to the port of Nacala on the Indian Ocean. Vale had originally said it expected to ship coal from the new port in the first quarter of 2015.

Last December, it sold a stake in the project to Japanese trader Mitsui & Co Ltd in order to share the cost of getting it up and running. Mitsui bought a stake of just under 15 percent in the mine and 35 percent in the rail and port. (Additional reporting by Silvia Antonioli, Stephen Eisenhammer and Sarah McFarlane; Editing by Ed Cropley and Paul Simao)



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