

Vale S.A.
Form 6-K
April 26, 2018
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United States
Securities and Exchange Commission

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the

Securities Exchange Act of 1934

For the month of

April 2018

Vale S.A.

**Avenida das Américas, No. 700 Bloco 8, Sala 218
22640-100 Rio de Janeiro, RJ, Brazil**

(Address of principal executive office)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- .)

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Interim Financial Statements

March 31, 2018

BRGAAP in R\$ (English)

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Vale S.A. Interim Financial Statements

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Report on the review of quarterly information ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and of the International Financial Reporting Standards - IFRS)

To the Board of Directors and Stockholders of

Vale S.A.

Rio de Janeiro - RJ

Introduction

1. We have reviewed the interim financial information, individual and consolidated, of Vale S.A. (the Company), identified as Parent Company and Consolidated, respectively, included in the quarterly information form - ITR for the quarter ended March 31, 2018, which comprises the statement of financial position as of March 31, 2018 and the respective statements of income and comprehensive income, statements of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

2. The Company`s Management is responsible for the preparation of these interim financial information in accordance with the CPC 21(R1) and the IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR. Our

responsibility is to express our conclusion on this interim financial information based on our review.

Scope of the review

3. We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the interim financial information

4. Based on our review, we are not aware of any fact that might lead us to believe that the individual and consolidated interim financial information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of added value

5. The individual and consolidated interim financial information related to the statement of value added for the three-month period ended March 31, 2018, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, was submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether this statement was reconciliated to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement of value added was not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Rio de Janeiro, April 25, 2018

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KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

(Original report in Portuguese signed by)

Manuel Fernandes Rodrigues de Sousa

Accountant CRC RJ-052428/O-2

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative (KPMG International), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

Table of Contents**Income Statement**

In millions of Brazilian reais, except earnings per share data

| | Notes | Consolidated | | Parent company | |
|--|-------|------------------------------------|----------------|----------------|----------------|
| | | Three-month period ended March 31, | | | |
| | | 2018 | 2017 | 2018 | 2017 |
| Continuing operations | | | | | |
| Net operating revenue | 3(c) | 27,932 | 26,742 | 15,705 | 17,162 |
| Cost of goods sold and services rendered | 5(a) | (16,970) | (14,865) | (8,376) | (7,751) |
| Gross profit | | 10,962 | 11,877 | 7,329 | 9,411 |
| Operating (expenses) income | | | | | |
| Selling and administrative expenses | 5(b) | (402) | (388) | (226) | (226) |
| Research and evaluation expenses | | (223) | (206) | (147) | (121) |
| Pre operating and operational stoppage | | (253) | (364) | (201) | (192) |
| Equity results from subsidiaries | | | | 2,227 | 3,065 |
| Other operating revenues (expenses), net | 5(c) | (406) | (247) | (263) | 172 |
| | | (1,284) | (1,205) | 1,390 | 2,698 |
| Impairment and other results on non-current assets | 4 | (52) | 1,603 | (80) | (41) |
| Operating income | | 9,626 | 12,275 | 8,639 | 12,068 |
| Financial income (expenses) | | | | | |
| Financial income | 6 | 759 | 1,203 | 319 | 845 |
| Financial expenses | 6 | (2,202) | (3,615) | (1,924) | (3,281) |
| Other financial items | 6 | (628) | 518 | (560) | 528 |
| Equity results in associates and joint ventures | 13 | 273 | 225 | 273 | 225 |
| Impairment and other results in associates and joint ventures | 17 | (44) | (191) | (44) | (191) |
| Income before income taxes | | 7,784 | 10,415 | 6,703 | 10,194 |
| Income taxes | | | | | |
| | 7 | | | | |
| Current tax | | (295) | (1,585) | (1) | (1,232) |
| Deferred tax | | (2,044) | (631) | (1,319) | (811) |
| | | (2,339) | (2,216) | (1,320) | (2,043) |
| Net income from continuing operations | | 5,445 | 8,199 | 5,383 | 8,151 |
| Net income attributable to noncontrolling interests | | 62 | 48 | | |
| Net income from continuing operations attributable to Vale's stockholders | | 5,383 | 8,151 | 5,383 | 8,151 |
| Discontinued operations | | | | | |
| | 12 | | | | |
| Loss from discontinued operations | | (271) | (257) | (271) | (260) |
| Net income attributable to noncontrolling interests | | | 3 | | |
| Loss from discontinued operations attributable to Vale's stockholders | | (271) | (260) | (271) | (260) |
| Net income | | 5,174 | 7,942 | 5,112 | 7,891 |
| Net income attributable to noncontrolling interests | | 62 | 51 | | |

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| | | | | |
|--|--------------|--------------|--------------|--------------|
| Net income attributable to Vale's stockholders | 5,112 | 7,891 | 5,112 | 7,891 |
| Earnings per share attributable to Vale's stockholders: | | | | |
| Basic and diluted earnings per share (restated): | 8 | | | |
| Common share (R\$) | 0.98 | 1.52 | 0.98 | 1.52 |

The accompanying notes are an integral part of these interim financial statements.

Table of Contents**Statement of Comprehensive Income**

In millions of Brazilian reais

| | Consolidated | | Parent company | |
|---|------------------------------------|----------------|----------------|----------------|
| | Three-month period ended March 31, | | | |
| | 2018 | 2017 | 2018 | 2017 |
| Net income | 5,174 | 7,942 | 5,112 | 7,891 |
| Other comprehensive income (loss): | | | | |
| Items that will not be reclassified subsequently to the income statement | | | | |
| Retirement benefit obligations | 176 | (71) | (9) | (13) |
| Fair value adjustment to investment in equity securities | (114) | | (86) | |
| Equity results in associates and joint ventures | | | 157 | (58) |
| Transfer to retained earnings | (67) | | (67) | |
| Total items that will not be reclassified subsequently to the income statement, net of tax | (5) | (71) | (5) | (71) |
| Items that may be reclassified subsequently to the income statement | | | | |
| Translation adjustments | 61 | (2,175) | (100) | (2,101) |
| Net investments hedge | (96) | 499 | (96) | 559 |
| Transfer of realized results to net income | (257) | | (112) | |
| Total of items that may be reclassified subsequently to the income statement, net of tax | (292) | (1,676) | (308) | (1,542) |
| Total comprehensive income | 4,877 | 6,195 | 4,799 | 6,278 |
| Comprehensive income (loss) attributable to noncontrolling interests | 78 | (83) | | |
| Comprehensive income attributable to Vale's stockholders | 4,799 | 6,278 | | |
| From continuing operations | 4,783 | 6,306 | | |
| From discontinued operations | 16 | (28) | | |
| | 4,799 | 6,278 | | |

Items above are stated net of tax and the related taxes are disclosed in note 7.

The accompanying notes are an integral part of these interim financial statements.

Table of Contents**Statement of Cash Flows**

In millions of Brazilian reais

| | Consolidated | | Parent company | |
|---|------------------------------------|----------------|----------------|------------------|
| | Three-month period ended March 31, | | | |
| | 2018 | 2017 | 2018 | 2017 restated |
| Cash flow from operating activities: | | | | |
| Income before income taxes from continuing operations | 7,784 | 10,415 | 6,703 | 10,194 |
| Continuing operations adjustments for: | | | | |
| Equity results in investees | (273) | (225) | (2,500) | (3,290) |
| Impairment and other results on non-current assets and associates and joint ventures | 96 | (1,412) | 124 | 232 |
| Depreciation, amortization and depletion | 2,834 | 2,851 | 1,403 | 1,317 |
| Financial results, net | 2,071 | 1,894 | 2,165 | 1,908 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 41 | 970 | (1,844) | (2,494) |
| Inventories | 153 | (708) | (403) | (263) |
| Suppliers and contractors | (1,172) | 310 | (981) | (152) |
| Provision - Payroll, related charges and others remunerations | (1,653) | (721) | (1,122) | (606) |
| Other assets and liabilities, net | (303) | (604) | 183 | (69) |
| | 9,578 | 12,770 | 3,728 | 6,777 |
| Interest on loans and borrowings paid | (1,237) | (1,595) | (1,085) | (1,290) |
| Derivatives paid, net | (80) | (338) | (116) | (192) |
| Income taxes | (773) | (1,156) | (35) | (652) |
| Income taxes - Settlement program | (404) | (379) | (396) | (371) |
| Net cash provided by operating activities from continuing operations | 7,084 | 9,302 | 2,096 | 4,272 |
| Cash flow from investing activities: | | | | |
| Financial investments redeemed (invested) | (52) | (167) | (58) | (1) |
| Loans and advances - net receipts (payments) (note 25) | 8,651 | (455) | 4,623 | 1,515 |
| Additions to property, plant and equipment, intangibles and investments | (2,943) | (3,516) | (1,782) | (2,626) |
| Proceeds from disposal of assets and investments (note 12) | 3,536 | 1,614 | 6 | 4 |
| Dividends and interest on capital received from associates and joint ventures | 33 | | 454 | |
| Others investments activities | 51 | (4) | 26 | (71) |
| Net cash provided by (used in) investing activities from continuing operations | 9,276 | (2,528) | 3,269 | (1,179) |
| Cash flow from financing activities: | | | | |
| Loans and borrowings | | | | |
| Additions | | 3,576 | | 321 |
| Repayments | (7,448) | (3,533) | (960) | (3,140) |
| Transactions with stockholders: | | | | |

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| | | | | |
|---|-----------------|---------------|----------------|----------------|
| Dividends and interest on capital paid to stockholders | (4,721) | | (4,721) | |
| Dividends and interest on capital paid to noncontrolling interest | (290) | (9) | | |
| Transactions with noncontrolling stockholders | (56) | 799 | (56) | |
| Net cash provided by (used in) financing activities from continuing operations | (12,515) | 833 | (5,737) | (2,819) |
| Net cash used in discontinued operations (note 12) | (150) | (15) | | |
| Increase (decrease) in cash and cash equivalents | 3,695 | 7,592 | (372) | 274 |
| Cash and cash equivalents in the beginning of the period | 14,318 | 13,891 | 1,876 | 1,203 |
| Effect of exchange rate changes on cash and cash equivalents | 159 | (160) | | |
| Effects of disposals of subsidiaries and merger, net on cash and cash equivalents | (331) | (44) | | |
| Cash and cash equivalents at end of the period | 17,841 | 21,279 | 1,504 | 1,477 |
| Non-cash transactions: | | | | |
| Additions to property, plant and equipment - capitalized loans and borrowing costs | 194 | 322 | 194 | 322 |

The accompanying notes are an integral part of these interim financial statements.

Table of Contents**Statement of Financial Position**

In millions of Brazilian reais

| | | Consolidated | | Parent company | |
|--|-------|----------------|-------------------|----------------|-------------------|
| | Notes | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 16 | 17,841 | 14,318 | 1,504 | 1,876 |
| Accounts receivable | 9 | 8,939 | 8,602 | 11,897 | 9,560 |
| Other financial assets | 11 | 1,249 | 6,689 | 372 | 409 |
| Inventories | 10 | 13,184 | 12,987 | 4,714 | 4,601 |
| Prepaid income taxes | | 2,401 | 2,584 | 2,200 | 2,378 |
| Recoverable taxes | | 3,507 | 3,876 | 1,777 | 2,091 |
| Others | | 2,001 | 1,780 | 1,210 | 1,542 |
| | | 49,122 | 50,836 | 23,674 | 22,457 |
| Non-current assets held for sale | 12 | 1,528 | 11,865 | 893 | 7,082 |
| | | 50,650 | 62,701 | 24,567 | 29,539 |
| Non-current assets | | | | | |
| Judicial deposits | 22(c) | 6,625 | 6,571 | 6,227 | 6,110 |
| Other financial assets | 11 | 10,128 | 10,690 | 4,268 | 1,865 |
| Prepaid income taxes | | 1,952 | 1,754 | | |
| Recoverable taxes | | 2,217 | 2,109 | 2,170 | 2,062 |
| Deferred income taxes | 7(a) | 20,298 | 21,959 | 13,064 | 14,200 |
| Others | | 931 | 882 | 1,233 | 810 |
| | | 42,151 | 43,965 | 26,962 | 25,047 |
| Investments | 13 | 12,367 | 11,802 | 123,970 | 117,387 |
| Intangibles | 14 | 28,560 | 28,094 | 14,088 | 13,471 |
| Property, plant and equipment | 15 | 179,979 | 181,535 | 102,528 | 102,978 |
| | | 263,057 | 265,396 | 267,548 | 258,883 |
| Total assets | | 313,707 | 328,097 | 292,115 | 288,422 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Suppliers and contractors | | 11,960 | 13,367 | 6,634 | 7,503 |
| Loans and borrowings | 16 | 6,535 | 5,633 | 5,291 | 4,378 |
| Other financial liabilities | 11 | 3,349 | 3,260 | 3,968 | 4,413 |
| Taxes payable | 7(c) | 2,337 | 2,307 | 2,031 | 1,991 |
| Provision for income taxes | | 755 | 1,175 | | |
| Liabilities related to associates and joint ventures | 17 | 1,227 | 1,080 | 1,227 | 1,080 |
| Provisions | 21 | 2,886 | 4,610 | 1,594 | 2,904 |
| Dividends and interest on capital | | | 4,742 | | 4,439 |
| Others | | 3,449 | 3,284 | 2,725 | 2,552 |

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| | | | | | |
|--|------|----------------|----------------|----------------|----------------|
| | | 32,498 | 39,458 | 23,470 | 29,260 |
| Liabilities associated with non-current assets held for sale | 12 | 707 | 3,899 | | |
| | | 33,205 | 43,357 | 23,470 | 29,260 |
| Non-current liabilities | | | | | |
| Loans and borrowings | 16 | 60,859 | 68,759 | 27,118 | 28,966 |
| Other financial liabilities | 11 | 9,642 | 9,575 | 60,850 | 54,955 |
| Taxes payable | 7(c) | 15,942 | 16,176 | 15,623 | 15,853 |
| Deferred income taxes | 7(a) | 5,665 | 5,687 | | |
| Provisions | 21 | 23,212 | 23,243 | 7,704 | 6,900 |
| Liabilities related to associates and joint ventures | 17 | 2,104 | 2,216 | 2,104 | 2,216 |
| Deferred revenue - Gold stream | | 5,960 | 6,117 | | |
| Others | | 4,891 | 4,861 | 6,689 | 6,514 |
| | | 128,275 | 136,634 | 120,088 | 115,404 |
| Total liabilities | | 161,480 | 179,991 | 143,558 | 144,664 |
| Stockholders equity | 24 | | | | |
| Equity attributable to Vale's stockholders | | 148,557 | 143,758 | 148,557 | 143,758 |
| Equity attributable to noncontrolling interests | | 3,670 | 4,348 | | |
| Total stockholders equity | | 152,227 | 148,106 | 148,557 | 143,758 |
| Total liabilities and stockholders equity | | 313,707 | 328,097 | 292,115 | 288,422 |

The accompanying notes are an integral part of these interim financial statements.

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Statement of Changes in Equity

In millions of Brazilian reais

| | Share capital | Results on conversion of shares | Capital reserve | Results from operation with noncontrolling interest | Profit reserves | Treasury stocks | Unrealized fair value gain (losses) | Cumulative translation adjustments | Retained earnings | Equity attributable to Vale stockholders | Equity attributable to noncontrolling interest |
|--|---------------|---------------------------------|-----------------|---|-----------------|-----------------|-------------------------------------|------------------------------------|-------------------|--|--|
| Balance at December 31, 2017 | 77,300 | 50 | 3,634 | (2,663) | 24,539 | (2,746) | (3,912) | 47,556 | | 143,758 | |
| Net income | | | | | | | | | 5,112 | 5,112 | |
| Other comprehensive income: | | | | | | | | | | | |
| Retirement benefit obligations | | | | | | | 176 | | (67) | | 109 |
| Net investments hedge (note 20c) | | | | | | | | (96) | | | (96) |
| Translation adjustments | | | | | | | (7) | (205) | | | (212) |
| Fair value adjustment to investment in equity securities | | | | | | | (114) | | | | (114) |
| Transactions with stockholders: | | | | | | | | | | | |
| Dividends of noncontrolling interest | | | | | | | | | | | |
| Acquisitions and disposal of noncontrolling interest | | | | | | | | | | | |
| Balance at March 31, 2018 | 77,300 | 50 | 3,634 | (2,663) | 24,539 | (2,746) | (3,857) | 47,255 | 5,045 | 148,557 | |
| Balance at December 31, 2016 | | 77,300 | | 50 | | | (1,870) | 13,698 | (2,746) | (3,739) | 44,548 |
| Net income | | | | | | | | | | | |
| Other comprehensive income: | | | | | | | | | | | |

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| | | | | | | | | |
|--|---------------|-----------|----------------|---------------|----------------|----------------|---------------|----------|
| Retirement benefit obligations | | | | | | | (71) | |
| Net investments hedge (note 20c) | | | | | | | | 559 |
| Translation adjustments | | | | | | | 45 | (2,146) |
| Transactions with stockholders: | | | | | | | | |
| Dividends of noncontrolling interest | | | | | | | | |
| Acquisitions and disposal of noncontrolling interest | | | | | | | (329) | |
| Capitalization of noncontrolling interest advances | | | | | | | | |
| Balance at March 31, 2017 | 77,300 | 50 | (2,199) | 13,698 | (2,746) | (3,765) | 42,961 | 7 |

The accompanying notes are an integral part of these interim financial statements.

Table of Contents**Value Added Statement**

In millions of Brazilian Reais

| | Consolidated | | Parent company | |
|---|------------------------------------|---------------|----------------|---------------|
| | Three-month period ended March 31, | | | |
| | 2018 | 2017 | 2018 | 2017 |
| Generation of value added from continuing operations | | | | |
| Gross revenue | | | | |
| Revenue from products and services | 28,251 | 27,092 | 15,964 | 17,427 |
| Results on measurement or sale of non-current assets | (54) | 1,603 | | (41) |
| Revenue from the construction of own assets | 2,407 | 1,822 | 1,695 | 1,583 |
| Allowance for doubtful accounts | 5 | | 3 | 5 |
| Other revenues | 6,265 | 138 | 2,665 | 108 |
| Less: | | | | |
| Acquisition of products | (338) | (514) | (179) | (201) |
| Material, service and maintenance | (7,263) | (6,102) | (4,244) | (4,027) |
| Oil and gas | (1,164) | (970) | (776) | (657) |
| Energy | (795) | (677) | (386) | (304) |
| Freight | (2,931) | (2,066) | (29) | (23) |
| Impairment of non-current assets and others results | (42) | (191) | (124) | (191) |
| Other costs and expenses | (7,570) | (1,253) | (4,112) | (436) |
| Gross value added | 16,771 | 18,882 | 10,477 | 13,243 |
| Depreciation, amortization and depletion | (2,834) | (2,851) | (1,403) | (1,317) |
| Net value added | 13,937 | 16,031 | 9,074 | 11,926 |
| Received from third parties | | | | |
| Equity results from entities | 273 | 225 | 2,500 | 3,290 |
| Financial income | 382 | 200 | 59 | 92 |
| Monetary and exchange variation of assets | 169 | (571) | 226 | (760) |
| Total value added from continuing operations to be distributed | 14,761 | 15,885 | 11,859 | 14,548 |
| Value added from discontinued operations to be distributed | 63 | 311 | | |
| Total value added to be distributed | 14,824 | 16,196 | 11,859 | 14,548 |
| Personnel | 2,038 | 1,805 | 981 | 823 |
| Taxes and contributions | 1,859 | 2,688 | 854 | 1,653 |
| Current income tax | 295 | 1,585 | 1 | 1,232 |
| Deferred income tax | 2,044 | 631 | 1,319 | 811 |
| Financial expense (excludes capitalized interest) | 1,792 | 2,420 | 1,646 | 3,415 |
| Monetary and exchange variation of liabilities | 797 | (1,089) | 786 | (1,518) |
| Other remunerations of third party funds | 762 | (97) | 1,160 | 241 |
| Reinvested net income | 5,112 | 7,891 | 5,112 | 7,891 |
| Net income attributable to noncontrolling interest | 62 | 51 | | |
| Distributed value added from continuing operations | 14,761 | 15,885 | 11,859 | 14,548 |
| Distributed value added from discontinued operations | 63 | 311 | | |
| Distributed value added | 14,824 | 16,196 | 11,859 | 14,548 |

The accompanying notes are an integral part of these interim financial statements.

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Selected Notes to the Interim Financial Statements

Expressed in millions of Brazilian reais, unless otherwise stated

1. Corporate information

Vale S.A. (the Parent Company) is a public company headquartered in the city of Rio de Janeiro, Brazil with securities traded on the stock exchanges of São Paulo - B3 S.A. (Vale3), New York - NYSE (VALE), Paris - NYSE Euronext (Vale3) and Madrid - LATIBEX (XVALO).

Vale S.A. and its direct and indirect subsidiaries (Vale or Company) are global producers of iron ore and iron ore pellets, key raw materials for steelmaking, and producers of nickel, which is used to produce stainless steel and metal alloys employed in the production of several products. The Company also produces copper, metallurgical and thermal coal, manganese ore, ferroalloys, platinum group metals, gold, silver and cobalt. The information by segment is presented in note 3.

2. Basis for preparation of the interim financial statements

a) Statement of compliance

The condensed consolidated and individual interim financial statements of the Company (interim financial statements) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as implemented in Brazil by the Brazilian Accountant Pronouncements Committee (CPC), approved by the Brazilian Securities Exchange Commission (CVM) and by the Brazilian Federal Accounting Council (CFC). All relevant information from its own interim financial statements, and only this information, are being presented and correspond to those used by the Company's Management.

The selected notes of the Parent Company are presented in a summarized form in note 26.

b) Basis of presentation

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The interim financial statements have been prepared to update users about relevant events and transactions occurred in the period and should be read in conjunction with the financial statements for the year ended December 31, 2017. The accounting policies, accounting estimates and judgments, risk management and measurement methods are the same as those applied when preparing the last annual financial statements, except for new accounting policies related to the application of IFRS 9 Financial instrument and IFRS 15 Revenue from contracts with customers, which are described in note 2(c). The accounting policy for recognizing and measuring income taxes in the interim period is described in note 7.

The interim financial statements of the Company and its associates and joint ventures are measured using the currency of the primary economic environment in which the entity operates (functional currency), which in the case of the Parent Company is the Brazilian real (R\$). For presentation purposes, these financial statements are presented in Brazilian Reais.

The exchange rates used by the Company to translate its foreign operations are as follows:

| | Closing rate | | Average rate Three-month period ended | |
|---------------------------|----------------|-------------------|--|----------------|
| | March 31, 2018 | December 31, 2017 | March 31, 2018 | March 31, 2017 |
| US Dollar (US\$) | 3.3238 | 3.3080 | 3.2433 | 3.1451 |
| Canadian dollar (CAD) | 2.5778 | 2.6344 | 2.5649 | 2.3760 |
| Australian dollar (AUD) | 2.5497 | 2.5849 | 2.5505 | 2.3824 |
| Euro (EUR or) | 4.0850 | 3.9693 | 3.9866 | 3.3510 |

The issue of these interim financial statements was authorized by the Board of Directors on April 25, 2018.

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c) Changes in significant accounting policies

(i) IFRS 9 Financial instrument The Company has adopted IFRS 9 *Financial Instruments* starting January 1, 2018. This standard addresses the classification and measurement of financial assets and liabilities, new impairment model and new rules for hedge accounting. The main changes are described below:

- **Classification and measurement** - Under IFRS 9, the Company's financial assets are initially measured at fair value (plus transaction costs if is not measured at fair value through profit or loss).

The investments in debt financial instruments are subsequently measured at fair value through profit or loss (FVTPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two conditions: the Company's business model in which the asset is held; and whether the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The FVOCI category only includes equity instruments, which is not held for trading and the Company has irrevocably elected to designate upon initial recognition. The gains or losses from equity instruments at FVOCI are not recycled to income statement on derecognition and these financial assets are not subject to an impairment assessment under IFRS 9.

The Company has assessed its business models as of the date of IFRS 9 initial application, 1 January 2018, and no significant impact were identified in the financial statements.

- **Impairment** - IFRS 9 has replaced the IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For accounts receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment and by any financial guarantees related to these accounts receivables.

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For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

There is no significant impact on its financial statements resulting from this new impairment approach given Vale's credit rating and risk management policies in place.

- **Hedge accounting** - The Company has elected to adopt the new general hedge accounting model in IFRS 9. The changes introduced by IFRS 9 relating to hedge accounting currently have no impact, as the Company does not currently apply cash flow or fair value hedge accounting. The Company currently applies the net investment hedge for which there are no changes introduced by this new standard.

(ii) IFRS 15 Revenue from contracts with customers - The Company has adopted IFRS 15 *Revenue from contracts with customers* starting January 1, 2018. IFRS 15 establishes a comprehensive framework for revenue recognition and replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company has adopted IFRS 15 using the modified retrospective method. Accordingly, the information presented for 2017 has not been restated.

- **Sales of commodities** - IFRS 15 introduced the five-step model for revenue recognition from contracts with customers. The new standard is based on the core principle that revenue is recognized when the control of a good or service transfers to a customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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There is no significant impact on the timing of commodities revenue recognition under IFRS 15, since usually the transfer of risks and rewards and the transfer of control under the sales contracts are at the same point in time.

The disaggregated revenue information is disclosed in note 3.

- Shipping services - A proportion of Vale's sales are under Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) Incoterms, in which the Company is responsible for providing shipping services after the date that Vale transfers control of the goods to the customers. According to the previous standard (IAS 18), the revenue from shipping services was recognized upon loading, as well as the related costs, and was not considered a separate service.

Under IFRS 15, the provision of shipping services for CFR and CIF contracts should be considered as a separate performance obligation in which a proportion of the transaction price would be allocated and recognized over time as the shipping services are provided. The impact on the timing of revenue recognition of the proportion allocated to the shipping service is not significant to the Company's quarter-end results ended March 31, 2018. Therefore, such revenue has not been presented separately in these interim financial statements.

- Provisionally priced commodities sales - Under IFRS 9 and 15, the treatment of the provisional pricing mechanisms embedded within the provisionally priced commodities sales remains unmodified. Therefore, these revenues are recognized based on the estimated fair value of the total consideration receivable, and the provisionally priced sales mechanism embedded within these sale arrangements has the character of a derivative.

The Company is mostly exposed to the fluctuations in the iron ore and copper price.

The selling price of these products can be measured reliably at each period, since the price is quoted on an active market. The fair value of the sales price adjustment, in the amount of R\$525 in the period ended March 31, 2018, were recognized as operational revenue in the income statement.

d) Accounting standards issued but not yet effective

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The standards and interpretations issued by IASB relevant to the Company but not yet effective are the same as those applicable when preparing the financial statements for the year ended December 31, 2017. The other new standards effective from January 1, 2018 do not have a material effect on the Company's interim financial statements.

e) Restatement of corresponding figures

The amounts corresponding to the Parent Company's statements of cash flows, for the period ended March 31, 2017, originally presented in the interim financial statements for that period, have been restated for reclassification from financing activities in the amount of R\$2,291 to investing activities. This amount relates to intercompany loans between the Parent Company and its subsidiary and was presented as cash flows from financing activities in the aforementioned period. This reclassification aligns the Company's accounting practice with its cash management policy, which aims to manage at the Parent Company the cash generated by its subsidiaries, including sale of investments and planning for future investments.

In addition, the cash outflows in the amount of R\$2,819 originally presented as transactions with stockholders were reclassified in cash flow from financing activities, from Related Parties to Additions and Repayments of loans and borrowings with third parties.

The effects of these restatements are as follows:

| | Parent company | | Restated |
|--|------------------|---|----------------|
| | Original balance | Three-month period ended March 31, 2017 Reclassification | |
| Statement of cash flows | | | |
| Net cash provided by operating activities | 4,272 | | 4,272 |
| Cash flow from investing activities | | | |
| Loans and advances - net receipts (payments) | (776) | 2,291 | 1,515 |
| Net cash provided by (used in) investing activities | (3,470) | 2,291 | (1,179) |
| Cash flow from financing activities | | | |
| Loans and borrowings | | | |
| Additions | 6,421 | (6,100) | 321 |
| Repayments | (4,130) | 990 | (3,140) |
| Transactions with stockholders | | | |
| Related parties | (2,819) | 2,819 | |
| Net cash used in financing activities | (528) | (2,291) | (2,819) |
| Increase in cash and cash equivalents | 274 | | 274 |

Table of Contents**3. Information by business segment and by geographic area**

The information presented to the Executive Board on the performance of each segment is derived from the accounting records, adjusted for reclassifications between segments.

a) Adjusted LAJIDA (EBITDA)

Management uses adjusted EBITDA to assess each segment's contribution to the Company's performance and to support the decision making process. Adjusted EBITDA is calculated for each segment using operating income or loss plus dividends received and interest from associates and joint ventures, and adding back the amounts charged as (i) depreciation, depletion and amortization and (ii) special events (additional information can be found in note 4).

In 2018, the Company has allocated general and corporate expenses to 'Others' as these expenses are not directly related to the performance of each business segment. Therefore, 'Others' includes unallocated corporate expenses. The comparative period was restated in order to reflect this change in the criteria for allocation.

| | Consolidated | | | | | | |
|---|--|---|---|------------------------------------|---|---|-------------------------------------|
| | Three-month period ended March 31, 2018 | | | | | | |
| | Net operating revenue | Cost of goods sold and services rendered | Sales, administrative and other operating expenses (i) | Research and evaluation | Pre operating and operational stoppage | Dividends received and interest from associates and joint ventures | Adjusted LAJIDA (EBITDA) |
| Ferrous minerals | | | | | | | |
| Iron ore | 15,278 | (6,756) | (41) | (65) | (113) | | 8,303 |
| Iron ore Pellets | 5,142 | (2,638) | (5) | (16) | (10) | | 2,473 |
| Ferroalloys and manganese | 406 | (242) | (3) | (1) | | | 160 |
| Other ferrous products and services | 372 | (237) | (9) | | | | 126 |
| | 21,198 | (9,873) | (58) | (82) | (123) | | 11,062 |
| Coal | 1,234 | (1,086) | 6 | (11) | | 193 | 336 |
| Base metals | | | | | | | |
| Nickel and other products | 3,675 | (2,291) | (48) | (29) | (27) | | 1,280 |
| Copper | 1,627 | (804) | (3) | (12) | | | 808 |

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| | | | | | | | |
|--|---------------|-----------------|--------------|--------------|--------------|------------|---------------|
| | 5,302 | (3,095) | (51) | (41) | (27) | | 2,088 |
| Others | 198 | (225) | (501) | (89) | (18) | 33 | (602) |
| Total of continuing operations | 27,932 | (14,279) | (604) | (223) | (168) | 226 | 12,884 |
| Discontinued operations (Fertilizers) | 288 | (272) | (4) | | | | 12 |
| Total | 28,220 | (14,551) | (608) | (223) | (168) | 226 | 12,896 |

(i) Adjusted for the special events occurred in the period.

| | Consolidated Three-month period ended March 31, 2017 | | | | | |
|--|---|--|--|-------------------------|--|--------------------------|
| | Net operating revenue | Cost of goods sold and services rendered | Sales, administrative and other operating expenses | Research and evaluation | Pre operating and operational stoppage | Adjusted LAJIDA (EBITDA) |
| Ferrous minerals | | | | | | |
| Iron ore | 15,145 | (5,257) | 212 | (51) | (127) | 9,922 |
| Iron ore Pellets | 4,585 | (2,050) | | (10) | (4) | 2,521 |
| Ferroalloys and manganese | 273 | (139) | (3) | | (9) | 122 |
| Other ferrous products and services | 395 | (239) | (10) | (1) | | 145 |
| | 20,398 | (7,685) | 199 | (62) | (140) | 12,710 |
| Coal | 1,020 | (779) | (12) | (10) | | 219 |
| Base metals | | | | | | |
| Nickel and other products | 3,558 | (2,712) | (41) | (29) | (121) | 655 |
| Copper | 1,464 | (721) | (2) | (5) | | 736 |
| | 5,022 | (3,433) | (43) | (34) | (121) | 1,391 |
| Others | 302 | (307) | (689) | (100) | (3) | (797) |
| Total of continuing operations | 26,742 | (12,204) | (545) | (206) | (264) | 13,523 |
| Discontinued operations (Fertilizers) | 1,162 | (1,066) | (49) | (5) | (33) | 9 |
| Total | 27,904 | (13,270) | (594) | (211) | (297) | 13,532 |

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Adjusted LAJIDA (EBITDA) is reconciled to net income (loss) as follows:

From Continuing operations

| | Consolidated | |
|--|--|---------------|
| | Three-month period ended March 31, 2018 | 2017 |
| Net income from continuing operations | 5,445 | 8,199 |
| Depreciation, depletion and amortization | 2,834 | 2,851 |
| Income taxes | 2,339 | 2,216 |
| Financial results, net | 2,071 | 1,894 |
| LAJIDA (EBITDA) | 12,689 | 15,160 |
| Items to reconciled adjusted LAJIDA (EBITDA) | | |
| Special events (note 4) | 198 | (1,603) |
| Equity results in associates and joint ventures | (273) | (225) |
| Impairment and other results in associates and joint ventures | 44 | 191 |
| Dividends received and interest from associates and joint ventures | 226 | |
| Adjusted LAJIDA (EBITDA) from continuing operations | 12,884 | 13,523 |

From Discontinued operations

| | Consolidated | |
|--|--|--------------|
| | Three-month period ended March 31, 2018 | 2017 |
| Loss from discontinued operations | (271) | (257) |
| Income taxes | (104) | (95) |
| Financial results, net | 12 | 14 |
| LAJIDA (EBITDA) | (363) | (338) |
| Items to reconciled adjusted LAJIDA (EBITDA) | | |
| Impairment of non-current assets | 375 | 347 |
| Adjusted LAJIDA (EBITDA) from discontinued operations | 12 | 9 |

b) Assets by segment

March 31, 2018

Consolidated

Three-month period ended March 31, 2018

| | Product inventory | Investments in associates and joint ventures | Property, plant and equipment and intangible (i) | Additions to property, plant and equipment and intangible (ii) | Depreciation, depletion and amortization (iii) |
|------------------|--------------------------|---|---|---|---|
| Ferrous minerals | 5,728 | 6,607 | 119,915 | 2,121 | 1,406 |
| Coal | 233 | 1,116 | 5,594 | 108 | 212 |
| Base metals | 3,808 | 45 | 76,901 | 637 | 1,137 |
| Others | 51 | 4,599 | 6,129 | 19 | 79 |
| Total | 9,820 | 12,367 | 208,539 | 2,885 | 2,834 |

| | Consolidated | | | | |
|------------------|--------------------------|---|---|---|---|
| | December 31, 2017 | Three-month period ended March 31, 2017 | | | |
| | Product inventory | Investments in associates and joint ventures | Property, plant and equipment and intangible (i) | Additions to property, plant and equipment and intangible (ii) | Depreciation, depletion and amortization (iii) |
| Ferrous minerals | 5,859 | 6,357 | 119,429 | 2,615 | 1,308 |
| Coal | 271 | 1,048 | 5,686 | 177 | 329 |
| Base metals | 3,336 | 43 | 78,080 | 664 | 1,198 |
| Others | 20 | 4,354 | 6,434 | 31 | 16 |
| Total | 9,486 | 11,802 | 209,629 | 3,487 | 2,851 |

(i) Goodwill is allocated mainly to ferrous minerals and base metals segments in the amount of R\$7,133 and R\$6,334 in March 31, 2018 and R\$7,133 and R\$6,460 in December 31, 2017, respectively.

(ii) Includes only cash outflows.

(iii) Refers to amounts recognized in the income statement.

In September 2017, the Federal Court granted an injunction suspending certain of nickel mining operations at Onça Puma (base metals segment). The Company has appealed this decision to seek a suspension of this injunction, but it is not possible to anticipate when Onça Puma activities will resume. The Company has assessed the impairment risk related to this specific cash-generating unit and concluded that no loss should be recognized in the income statement for the period ended March 31, 2018.

Table of Contentsc) **Net operating revenue by geographic area**

| | Consolidated | | | | |
|---|--|--------------|--------------------|---------------|---------------|
| | Three-month period ended March 31, 2018 | | | | |
| | Ferrous minerals | Coal | Base metals | Others | Total |
| Americas, except United States and Brazil | 711 | | 509 | | 1,220 |
| United States of America | 267 | | 792 | 24 | 1,083 |
| Germany | 1,053 | | 229 | | 1,282 |
| Europe, except Germany | 1,528 | 331 | 1,620 | | 3,479 |
| Middle East/Africa/Oceania | 1,924 | 140 | 14 | | 2,078 |
| Japan | 1,483 | 107 | 373 | | 1,963 |
| China | 11,006 | | 677 | | 11,683 |
| Asia, except Japan and China | 1,124 | 487 | 806 | | 2,417 |
| Brazil | 2,102 | 169 | 282 | 174 | 2,727 |
| Net operating revenue | 21,198 | 1,234 | 5,302 | 198 | 27,932 |

| | Consolidated | | | | |
|---|--|--------------|--------------------|---------------|---------------|
| | Three-month period ended March 31, 2017 | | | | |
| | Ferrous minerals | Coal | Base metals | Others | Total |
| Americas, except United States and Brazil | 442 | | 956 | | 1,398 |
| United States of America | 166 | | 584 | 140 | 890 |
| Germany | 969 | | 164 | 51 | 1,184 |
| Europe, except Germany | 1,826 | 282 | 1,426 | | 3,534 |
| Middle East/Africa/Oceania | 1,344 | 162 | 9 | | 1,515 |
| Japan | 1,227 | 104 | 277 | | 1,608 |
| China | 11,482 | | 503 | | 11,985 |
| Asia, except Japan and China | 799 | 316 | 977 | | 2,092 |
| Brazil | 2,143 | 156 | 126 | 111 | 2,536 |
| Net operating revenue | 20,398 | 1,020 | 5,022 | 302 | 26,742 |

Provisionally priced commodities sales As at March 31, 2018, there were 29 million metric tons of iron ore (2017: 33 million metric tons) and 73 thousand metric tons of copper (2017: 106 thousand metric tons) provisionally priced based on forward prices. The final price of these sales will be determined during the second quarter of 2018. A 10% change in the realized prices compared to the provisionally priced sales, all other factors held constant, would increase or reduce iron ore net income by R\$607 and copper net income by R\$191.

4. **Special events occurred during the period**

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The special events occurred during the period are those that, in the Company's judgment, have non-operational effect on the performance of the period due to their size and nature. To determine whether an event or transaction should be disclosed as special events, the Company considers quantitative and qualitative factors, such as frequency and magnitude.

The special events identified by the Company are as follows:

| | Three-month period ended March 31, | |
|--------------------------|------------------------------------|--------------|
| | 2018 | 2017 |
| Disposals of assets | (52) | (7) |
| Provision for litigation | (146) | |
| Nacala Logistic Corridor | | 1,610 |
| Total | (198) | 1,603 |

Disposals of assets - The Company recognized a loss of R\$52 in the income statement during the period ended March 31, 2018 as Impairment and other results on noncurrent assets due to non-viable projects and operating assets written off through sale or obsolescence.

Provision for litigation - During the period ended March 31, 2018, the Company's assessment of the likelihood of loss for various labor litigations have been updated and a net impact of R\$146 was charged to the income statement.

Nacala Logistic Corridor - In March 2017, the Company concluded the transaction with Mitsui to sell 15% of its stake in Vale Moçambique and 50% of its stake in the Nacala Logistics Corridor and recognized a gain in the income statement of R\$1,610.

Table of Contents5. **Costs and expenses by nature**a) **Cost of goods sold and services rendered**

| | Consolidated | |
|----------------------------|---|---------------|
| | Three-month period ended March 31, | |
| | 2018 | 2017 |
| Personnel | 1,794 | 1,721 |
| Materials and services | 2,869 | 2,456 |
| Fuel oil and gas | 1,147 | 969 |
| Maintenance | 2,393 | 2,270 |
| Energy | 774 | 676 |
| Acquisition of products | 399 | 515 |
| Depreciation and depletion | 2,691 | 2,661 |
| Freight | 2,931 | 2,066 |
| Others | 1,972 | 1,531 |
| Total | 16,970 | 14,865 |
| Cost of goods sold | 16,491 | 14,427 |
| Cost of services rendered | 479 | 438 |
| Total | 16,970 | 14,865 |

b) **Selling and administrative expenses**

| | Consolidated | |
|-------------------------------|---|-------------|
| | Three-month period ended March 31, | |
| | 2018 | 2017 |
| Personnel | 202 | 168 |
| Services | 63 | 39 |
| Depreciation and amortization | 57 | 90 |
| Others | 80 | 91 |
| Total | 402 | 388 |

c) **Other operating expenses, net**

Consolidated
Three-month period ended March 31,

| | 2018 | 2017 |
|--------------------------|------------|------------|
| Provision for litigation | 146 | 38 |
| Profit sharing program | 154 | 123 |
| Others | 106 | 86 |
| Total | 406 | 247 |

6. Financial result

| | Consolidated | |
|---|------------------------------------|----------------|
| | Three-month period ended March 31, | |
| | 2018 | 2017 |
| Financial income | | |
| Short-term investments | 82 | 111 |
| Derivative financial instruments | 377 | 1,003 |
| Others | 300 | 89 |
| | 759 | 1,203 |
| Financial expenses | | |
| Loans and borrowings gross interest | (1,090) | (1,411) |
| Capitalized loans and borrowing costs | 194 | 322 |
| Derivative financial instruments | (92) | (339) |
| Participative stockholders debentures | (590) | (1,296) |
| Expenses of REFIS | (187) | (395) |
| Others | (437) | (496) |
| | (2,202) | (3,615) |
| Other financial items | | |
| Net foreign exchange gains (losses) on loans and borrowings | (416) | 1,607 |
| Other net foreign exchange gains (losses) | 182 | (849) |
| Net indexation losses | (394) | (240) |
| | (628) | 518 |
| Financial results, net | (2,071) | (1,894) |

Table of Contents**7. Income taxes****a) Deferred income tax assets and liabilities**

Changes in deferred tax are as follows:

| | Assets | Consolidated Liabilities | Total |
|--|---------------|-----------------------------|---------------|
| Balance at December 31, 2017 | 21,959 | 5,687 | 16,272 |
| Effect in income statement | (2,044) | | (2,044) |
| Transfers between asset and liabilities | 27 | 27 | |
| Translation adjustment | (17) | (77) | 60 |
| Other comprehensive income | 288 | 28 | 260 |
| Effect of discontinued operations | | | |
| Effect in income statement | 104 | | 104 |
| Transfer to net assets held for sale | (19) | | (19) |
| Balance at March 31, 2018 | 20,298 | 5,665 | 14,633 |

| | Assets | Consolidated Liabilities | Total |
|--|---------------|-----------------------------|---------------|
| Balance at December 31, 2016 | 23,931 | 5,540 | 18,391 |
| Effect in income statement | (720) | (89) | (631) |
| Translation adjustment | (292) | (126) | (166) |
| Other comprehensive income | (337) | (11) | (326) |
| Effect of discontinued operations | | | |
| Effect in income statement | 95 | | 95 |
| Transfer to net assets held for sale | (95) | | (95) |
| Balance at March 31, 2017 | 22,582 | 5,314 | 17,268 |

b) Income tax reconciliation Income statement

The total amount presented as income taxes in the income statement is reconciled to the rate established by law, as follows:

Consolidated
Three-month period ended March 31,

| | 2018 | 2017 |
|--|----------------|----------------|
| Income before income taxes | 7,784 | 10,415 |
| Income taxes at statutory rates - 34% | (2,647) | (3,541) |
| Adjustments that affect the basis of taxes: | | |
| Income tax benefit from interest on stockholders' equity | 216 | 397 |
| Tax incentives | 88 | 558 |
| Equity results | 93 | 77 |
| Unrecognized tax losses of the period | (477) | (554) |
| Gain on sale of subsidiaries (note 4) | | 548 |
| Others | 388 | 299 |
| Income taxes | (2,339) | (2,216) |

Income tax expense is recognized at an amount determined by the estimated tax rate, adjusted for the tax effect of certain items recognized in full in the interim period. Therefore, the effective tax rate in the interim financial statement may differ from management's estimate of the effective tax rate for the annual financial statement.

c) Income taxes - Settlement program (REFIS)

The balance mainly relates to REFIS to settle most of the claims related to the collection of income tax and social contribution on equity gains of foreign subsidiaries and affiliates from 2003 to 2012. As at March 31, 2018, the balance of R\$17.563 (R\$1.621 as current and R\$15.942 as non-current) is due in 127 remaining monthly installments, bearing interest at the SELIC rate (Special System for Settlement and Custody).

Table of Contents**8. Basic and diluted earnings (loss) per share**

The basic and diluted earnings (loss) per share are presented below:

| | Three-month period ended March 31, | |
|---|---|-----------------|
| | 2018 | 2017 (i) |
| Net income attributable to Vale's stockholders: | | |
| Net income from continuing operations | 5,383 | 8,151 |
| Loss from discontinued operations | (271) | (260) |
| Net income | 5,112 | 7,891 |
| Thousands of shares | | |
| Weighted average number of shares outstanding - common shares | 5,197,432 | 5,197,432 |
| Basic and diluted earnings per share from continuing operations: | | |
| Common share (R\$) | 1.03 | 1.57 |
| Basic and diluted loss per share from discontinued operations: | | |
| Common share (R\$) | (0.05) | (0.05) |
| Basic and diluted earnings per share: | | |
| Common share (R\$) | 0.98 | 1.52 |

(i) Restated to reflect the conversion of the class A preferred shares into common shares.

The Company does not have potential outstanding shares with dilutive effect on the earnings (loss) per share.

9. Accounts receivable

| | Consolidated | |
|--|-----------------------|--------------------------|
| | March 31, 2018 | December 31, 2017 |
| Accounts receivable | 9,257 | 8,802 |
| Impairment of accounts receivable | (318) | (200) |
| | 8,939 | 8,602 |
| Accounts receivable related to the steel sector - % | 77.80% | 82.90% |

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There are no significant amounts recognized in the income statement related to impairment of accounts receivables for the three-month period ended March 31, 2018 and 2017.

There is no customer that individually represents over 10% of accounts receivable or revenues.

10. Inventories

| | March 31, 2018 | Consolidated December 31, 2017 |
|----------------------|----------------|-----------------------------------|
| Product inventory | 7,351 | 7,324 |
| Work in progress | 2,469 | 2,162 |
| Consumable inventory | 3,364 | 3,501 |
| Total | 13,184 | 12,987 |

There are no significant amounts recognized in income statement related as a provision in respect of the net realizable value of product inventory for the three-month period ended on March 31, 2018 (reversal of R\$135 for the three-month period ended March 31, 2017).

Product inventory by segments is presented in note 3(b).

Table of Contents**11. Other financial assets and liabilities**

| | Consolidated | | | |
|--|----------------|-------------------|----------------|-------------------|
| | Current | Non-Current | | |
| | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 |
| Other financial assets | | | | |
| Financial investments | 22 | 61 | | |
| Loans | | | 499 | 498 |
| Derivative financial instruments (note 20) | 247 | 351 | 1,619 | 1,497 |
| Investments in equity securities (note 12) | | | 2,759 | |
| Related parties - Loans (note 25) | 980 | 6,277 | 5,251 | 8,695 |
| | 1,249 | 6,689 | 10,128 | 10,690 |
| Other financial liabilities | | | | |
| Derivative financial instruments (note 20) | 529 | 344 | 1,733 | 2,269 |
| Related parties - Loans (note 25) | 2,820 | 2,916 | 3,239 | 3,226 |
| Participative stockholders' debentures | | | 4,670 | 4,080 |
| | 3,349 | 3,260 | 9,642 | 9,575 |

12. Non-current assets and liabilities held for sale and discontinued operations

| | Consolidated | |
|--|----------------|-------------------|
| | March 31, 2018 | December 31, 2017 |
| | Fertilizers | Fertilizers |
| Assets | | |
| Accounts receivable | 89 | 297 |
| Inventories | 285 | 1,522 |
| Other current assets | 55 | 363 |
| Investments in associates and joint ventures | | 274 |
| Property, plant and equipment and Intangible | 1,071 | 7,110 |
| Other non-current assets | 28 | 2,299 |
| Total assets | 1,528 | 11,865 |
| Liabilities | | |
| Suppliers and contractors | 230 | 1,070 |
| Other current liabilities | 97 | 711 |
| Other non-current liabilities | 380 | 2,118 |
| Total liabilities | 707 | 3,899 |
| Net non-current assets held for sale | 821 | 7,966 |

a) Fertilizers (Discontinued operations)

In December 2016, the Company entered into an agreement with The Mosaic Company (Mosaic) to sell (i) the phosphate assets located in Brazil, except for the assets located in Cubatão, Brazil; (ii) the control of Compañia Minera Miski Mayo S.A.C., in Peru; (iii) the potassium assets located in Brazil; and (iv) the potash projects in Canada.

In January 2018, the Company and Mosaic concluded the transaction and the Company received R\$3,495 (US\$1,080 million) in cash and 34.2 million common shares, corresponding to 8.9% of Mosaic s equity after the issuance of these shares (R\$2,907 (US\$899 million), based on the Mosaic s quotation at closing date of the transaction) and a loss of R\$184 was recognized in the income statement from discontinued operations.

Mosaic shares received was accounted for an equity investment measured at fair value through other comprehensive income. For the three-month period ended March 31, 2018 a loss of R\$113 was recognized in other comprehensive income as Fair value adjustment to investment in equity securities .

b) Cubatão (part of the fertilizer segment)

In November 2017, the Company entered into an agreement with Yara International ASA (Yara) to sell its assets located in Cubatão, Brazil. The agreed consideration is R\$848 (US\$255 million) to be paid in cash. The Company expects to complete the transaction by the end of 2018, subject to compliance with usual precedent conditions, including approval by the Brazilian anti-trust authority (CADE) and other authorities.

These assets were adjusted to reflect their fair value less cost to sell and a loss of R\$191 was recognized for the three-month period ended March 31, 2018, in the income statement from discontinued operations.

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The results and cash flows of discontinued operations of the Fertilizer segment for the three-month period ended March 31, 2018 and 2017 are presented as follows:

Income statement

| | Consolidated | |
|---|---|--------------|
| | Three-month period ended March 31, | |
| | 2018 | 2017 |
| Discontinued operations | | |
| Net operating revenue | 288 | 1,162 |
| Cost of goods sold and services rendered | (272) | (1,066) |
| Operating expenses | (4) | (87) |
| Impairment of non-current assets | (375) | (347) |
| Operating loss | (363) | (338) |
| Financial Results, net | (12) | (14) |
| Loss before income taxes | (375) | (352) |
| Income taxes | 104 | 95 |
| Loss from discontinued operations | (271) | (257) |
| Net income attributable to noncontrolling interests | | 3 |
| Loss attributable to Vale's stockholders | (271) | (260) |

Statement of cash flow

| | Consolidated | |
|--|---|--------------|
| | Three-month period ended March 31, | |
| | 2018 | 2017 |
| Discontinued operations | | |
| Cash flow from operating activities | | |
| Loss before income taxes | (375) | (352) |
| Adjustments: | | |
| Impairment of non-current assets | 375 | 347 |
| Increase (decrease) in assets and liabilities | (114) | 295 |
| Net cash provided by (used in) operating activities | (114) | 290 |
| Cash flow from investing activities | | |
| Additions to property, plant and equipment | (36) | (197) |
| Net cash used in investing activities | (36) | (197) |
| Cash flow from financing activities | | |
| Loans and borrowings | | |
| Repayments | | (108) |
| Net cash used in financing activities | | (108) |

| | | |
|---|--------------|-------------|
| Net cash used in discontinued operations | (150) | (15) |
|---|--------------|-------------|

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Table of Contents**13. Investments in associates and joint ventures****a) Changes during the period**

Changes in investments in associates and joint ventures are as follows:

| | Associates | Consolidated Joint ventures | Total |
|--|--------------|--------------------------------|---------------|
| Balance at December 31, 2017 | 4,774 | 7,028 | 11,802 |
| Additions | | 58 | 58 |
| Translation adjustment | 55 | 5 | 60 |
| Equity results in income statement | (10) | 283 | 273 |
| Dividends declared | | (89) | (89) |
| Transfer from non-current assets held for sale (i) | 280 | (17) | 263 |
| Balance at March 31, 2018 | 5,099 | 7,268 | 12,367 |

(i) Refers to 18% interest held by Vale Fertilizantes at Ultrafertil which was transferred to Vale as part of the final settlement occurred in January 2018 (note 12).

| | Associates | Consolidated Joint ventures | Total |
|-------------------------------------|--------------|--------------------------------|---------------|
| Balance at December 31, 2016 | 4,683 | 7,363 | 12,046 |
| Additions | | 96 | 96 |
| Translation adjustment | (23) | (16) | (39) |
| Equity results in income statement | (16) | 241 | 225 |
| Dividends declared | (25) | | (25) |
| Balance at March 31, 2017 | 4,619 | 7,684 | 12,303 |

b) Guarantees provided

As of March 31, 2018, corporate guarantees provided by Vale (within the limit of its direct or indirect interest) for the companies Norte Energia S.A. and Companhia Siderúrgica do Pecém S.A. were R\$1,263 and R\$4,896, respectively.

The investments by segments are presented in note 3(b).

Table of Contents**Investments in associates and joint ventures (continued)**

| Associates and joint ventures | % ownership | % voting capital | Consolidated | | | | |
|--|-------------|------------------|--|--|--------------------|---|---|
| | | | Investments in associates and joint ventures | Equity results in the income statement | Dividends received | Three-month period ended March 31, 2018 | Three-month period ended March 31, 2017 |
| Ferrous minerals | | | | | | | |
| Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização | 50.00 | 50.00 | 92 | 87 | 5 | 6 | |
| Companhia Hispano-Brasileira de Pelotização (i) | 50.89 | 51.00 | 317 | 270 | 48 | 33 | |
| Companhia Ítalo-Brasileira de Pelotização (i) | 50.90 | 51.00 | 315 | 263 | 52 | 21 | |
| Companhia Nipo-Brasileira de Pelotização (i) | 51.00 | 51.11 | 551 | 453 | 98 | 69 | |
| MRS Logística S.A. | 48.16 | 46.75 | 1,748 | 1,711 | 38 | 49 | |
| VLI S.A. | 37.60 | 37.60 | 3,159 | 3,202 | (43) | (40) | |
| Zhuhai YPM Pellet Co. | 25.00 | 25.00 | 80 | 76 | | | |
| | | | 6,607 | 6,357 | 248 | 175 | |
| Coal | | | | | | | |
| Henan Longyu Energy Resources Co., Ltd. | 25.00 | 25.00 | 1,116 | 1,048 | 13 | 31 | |
| | | | 1,116 | 1,048 | 13 | 31 | |
| Base metals | | | | | | | |
| Korea Nickel Corp. | 25.00 | 25.00 | 45 | 43 | 3 | 2 | |
| | | | 45 | 43 | 3 | 2 | |
| Others | | | | | | | |
| Aliança Geração de Energia S.A. (i) | 55.00 | 55.00 | 1,863 | 1,889 | 62 | 21 | 33 |
| Aliança Norte Energia Participações S.A. (i) | 51.00 | 51.00 | 575 | 529 | 22 | 10 | |
| California Steel Industries, Inc. | 50.00 | 50.00 | 735 | 663 | 67 | 27 | |
| Companhia Siderúrgica do Pecém | 50.00 | 50.00 | 727 | 867 | (140) | (33) | |
| Mineração Rio do Norte S.A. | 40.00 | 40.00 | 343 | 333 | 10 | (2) | |
| Others | | | 356 | 73 | (12) | (6) | |
| | | | 4,599 | 4,354 | 9 | 17 | 33 |
| Total | | | 12,367 | 11,802 | 273 | 225 | 33 |

(i) Although the Company held a majority of the voting capital, the entities are accounted under equity method due to the stockholders agreement where relevant decisions are shared with other parties.

Table of Contents**14. Intangibles**

Changes in intangibles are as follows:

| | Goodwill | Concessions | Consolidated Right of use | Software | Total |
|-------------------------------------|---------------|---------------|------------------------------|------------|---------------|
| Balance at December 31, 2017 | 13,593 | 13,236 | 506 | 759 | 28,094 |
| Additions | | 829 | | 1 | 830 |
| Disposals | | (22) | | | (22) |
| Amortization | | (108) | (11) | (99) | (218) |
| Translation adjustment | (126) | 3 | | (1) | (124) |
| Balance at March 31, 2018 | 13,467 | 13,938 | 495 | 660 | 28,560 |
| Cost | 13,467 | 17,534 | 767 | 5,147 | 36,915 |
| Accumulated amortization | | (3,596) | (272) | (4,487) | (8,355) |
| Balance at March 31, 2018 | 13,467 | 13,938 | 495 | 660 | 28,560 |

| | Goodwill | Concessions | Consolidated Right of use | Software | Total |
|-------------------------------------|---------------|---------------|------------------------------|--------------|---------------|
| Balance at December 31, 2016 | 10,041 | 10,759 | 480 | 1,115 | 22,395 |
| Additions | | 1,147 | | 27 | 1,174 |
| Disposals | | (2) | | | (2) |
| Amortization | | (155) | (2) | (117) | (274) |
| Translation adjustment | (121) | (14) | (6) | (4) | (145) |
| Balance at March 31, 2017 | 9,920 | 11,735 | 472 | 1,021 | 23,148 |
| Cost | 9,920 | 15,647 | 715 | 5,046 | 31,328 |
| Accumulated amortization | | (3,912) | (243) | (4,025) | (8,180) |
| Balance at March 31, 2017 | 9,920 | 11,735 | 472 | 1,021 | 23,148 |

15. Property, plant and equipment

Changes in property, plant and equipment are as follows:

| | Land | Building | Facilities | Equipment | Consolidated Mineral properties | Others | Constructions in progress | Total |
|---|--------------|---------------|---------------|---------------|---------------------------------------|---------------|------------------------------|----------------|
| Balance at December 31, 2017 | 2,375 | 40,028 | 38,986 | 22,803 | 29,999 | 27,104 | 20,240 | 181,535 |
| Additions (i) | | | | | | | 1,685 | 1,685 |

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| | | | | | | | |
|--|--------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Disposals | (118) | (50) | (8) | (14) | (5) | (9) | (204) |
| Assets retirement obligation | | | | 124 | | | 124 |
| Depreciation, amortization and depletion | (505) | (598) | (763) | (455) | (613) | | (2,934) |
| Translation adjustment | (54) | (65) | 13 | (351) | (72) | 302 | (227) |
| Transfers | 12 | (4) | 1,179 | 587 | 653 | 690 | (3,117) |
| Balance at March 31, 2018 | 2,387 | 39,347 | 39,452 | 22,632 | 29,956 | 27,104 | 179,979 |
| Cost | 2,387 | 62,976 | 61,276 | 42,949 | 57,752 | 41,558 | 287,999 |
| Accumulated depreciation | (23,629) | (21,824) | (20,317) | (27,796) | (14,454) | | (108,020) |
| Balance at March 31, 2018 | 2,387 | 39,347 | 39,452 | 22,632 | 29,956 | 27,104 | 179,979 |

| | Consolidated | | | | | | | |
|--|--------------|---------------|---------------|---------------|--------------------|---------------|---------------------------|----------------|
| | Land | Building | Facilities | Equipment | Mineral properties | Others | Constructions in progress | Total |
| Balance at December 31, 2016 | 2,360 | 34,790 | 30,866 | 22,141 | 27,312 | 24,494 | 38,653 | 180,616 |
| Additions (i) | | | | | | | 1,581 | 1,581 |
| Disposals | | | (19) | (10) | | (5) | (17) | (51) |
| Assets retirement obligation | | | | | 113 | | | 113 |
| Depreciation, amortization and depletion | | (462) | (526) | (606) | (482) | (544) | | (2,620) |
| Translation adjustment | (14) | (229) | (213) | (309) | (398) | (54) | (126) | (1,343) |
| Transfers | 45 | 2,615 | 4,503 | 859 | 2,008 | 2,426 | (12,456) | |
| Balance at March 31, 2017 | 2,391 | 36,714 | 34,611 | 22,075 | 28,553 | 26,317 | 27,635 | 178,296 |
| Cost | 2,391 | 56,227 | 55,171 | 39,363 | 53,240 | 39,003 | 27,635 | 273,030 |
| Accumulated depreciation | | (19,513) | (20,560) | (17,288) | (24,687) | (12,686) | | (94,734) |
| Balance at March 31, 2017 | 2,391 | 36,714 | 34,611 | 22,075 | 28,553 | 26,317 | 27,635 | 178,296 |

(i) Includes capitalized borrowing costs.

There are no material changes to the net book value of consolidated property, plant and equipment pledged to secure judicial claims and loans and borrowings (note 16(c)) compared to those disclosed in the financial statements as at December 31, 2017.

Table of Contents**16. Loans, borrowings, cash and cash equivalents and financial investments****a) Net debt**

The Company evaluates the net debt with the objective of ensuring the continuity of its business in the long term, being able to generate value to its stockholders, through the payment of dividends and capital gain.

| | Consolidated | |
|---|----------------|-------------------|
| | March 31, 2018 | December 31, 2017 |
| Debt contracts in the international markets | 50,977 | 57,187 |
| Debt contracts in Brazil | 16,417 | 17,205 |
| Total of loans and borrowings | 67,394 | 74,392 |
| (-) Cash and cash equivalents | 17,841 | 14,318 |
| (-) Financial investments | 22 | 61 |
| Net debt | 49,531 | 60,013 |

b) Cash and cash equivalents

Cash and cash equivalents includes cash, immediately redeemable deposits and short-term investments with an insignificant risk of change in value. They are readily convertible to cash, part in R\$, indexed to the Brazilian Interbank Interest rate (DI Rate or CDI) and part denominated in US\$, mainly time deposits.

c) Loans and borrowings**i) Total debt**

| | Consolidated | | | |
|--|---------------------|-------------------|-------------------------|-------------------|
| | Current liabilities | | Non-current liabilities | |
| | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 |
| Debt contracts in the international markets | | | | |

| | | | | |
|--|--------------|--------------|---------------|---------------|
| Floating rates in: | | | | |
| US\$ | 2,068 | 1,027 | 7,666 | 9,142 |
| EUR | | | 817 | 794 |
| Fixed rates in: | | | | |
| US\$ | 16 | | 36,027 | 41,642 |
| EUR | | | 3,064 | 2,977 |
| Other currencies | 84 | 57 | 601 | 682 |
| Accrued charges | 634 | 866 | | |
| | 2,802 | 1,950 | 48,175 | 55,237 |
| Debt contracts in Brazil | | | | |
| Floating rates in: | | | | |
| R\$, indexed to TJLP, TR, IPCA, IGP-M and CDI | 1,489 | 1,478 | 10,096 | 10,570 |
| Basket of currencies and US\$ indexed to LIBOR | 1,126 | 1,121 | 2,071 | 2,341 |
| Fixed rates in: | | | | |
| R\$ | 223 | 225 | 517 | 572 |
| Accrued charges | 895 | 859 | | 39 |
| | 3,733 | 3,683 | 12,684 | 13,522 |
| | 6,535 | 5,633 | 60,859 | 68,759 |

The future flows of debt payments principal, per nature of funding and interest are as follows:

| | Consolidated | | | Total | Estimated future interest payments (i) |
|-----------------------|--------------|-----------------|--------------------------------|---------------|--|
| | Bank loans | Capital markets | Principal Development agencies | | |
| 2018 | 105 | | 2,351 | 2,456 | 4,053 |
| 2019 | 2,623 | | 3,013 | 5,636 | 3,638 |
| 2020 | 2,670 | 2,758 | 2,955 | 8,383 | 3,409 |
| 2021 | 1,373 | 1,275 | 2,863 | 5,511 | 3,004 |
| Between 2022 and 2025 | 2,167 | 16,246 | 3,295 | 21,708 | 11,090 |
| 2026 onwards | 291 | 21,508 | 372 | 22,171 | 17,680 |
| | 9,229 | 41,787 | 14,849 | 65,865 | 42,874 |

(i) Estimated future payments of interest, calculated based on interest rate curves and foreign exchange rates applicable as at March 31, 2018 and considering that all amortization payments and payments at maturity on loans and borrowings will be made on their contracted payments dates. The amount includes the estimated values of future interest payments (not yet accrued), in addition to interest already recognized in the financial statements.

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At March 31, 2018, the average annual interest rates by currency are as follows:

| Loans and borrowings | Average interest rate (i) | Consolidated Total debt |
|----------------------|---------------------------|----------------------------|
| US\$ | 5.60% | 49,595 |
| R\$ (ii) | 8.13% | 13,195 |
| EUR (iii) | 3.33% | 3,909 |
| Other currencies | 3.31% | 695 |
| | | 67,394 |

(i) In order to determine the average interest rate for debt contracts with floating rates, the Company used the rate applicable at March 31, 2018.

(ii) R\$ denominated debt that bears interest at IPCA, CDI, TR or TJLP, plus spread. For a total of R\$6,373 the Company entered into derivative transactions to mitigate the exposure to the cash flow variations of the floating rate debt denominated in R\$, resulting in an average cost of 2.08% per year in US\$.

(iii) Eurobonds, for which the Company entered into derivatives to mitigate the exposure to the cash flow variations of the debt denominated in EUR, resulting in an average cost of 4.29% per year in US\$.

ii) Reconciliation of debt to cash flows arising from financing activities

| | December 31, 2017 | Additions | Cash flow | | Consolidated | | Non-cash changes Effect of exchange rate | Interest accretion | March 31, 2018 |
|-----------------------------|----------------------|-----------|----------------|------------------|---------------|------------|--|-----------------------|----------------|
| | | | Repayments | Interest paid | Transferences | | | | |
| Loans and borrowings | | | | | | | | | |
| Current | 5,633 | | (7,448) | (1,237) | 8,129 | 55 | 1,403 | 6,535 | |
| Non-current | 68,759 | | | | (8,129) | 229 | | 60,859 | |
| Total | 74,392 | | (7,448) | (1,237) | | 284 | 1,403 | 67,394 | |

iii) Credit and financing lines

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| Type | Contractual currency | Date of agreement | Period of the agreement | Total amount | Available amount March 31, 2018 |
|-------------------------------|----------------------|-------------------|-------------------------|--------------|---------------------------------|
| Credit lines | | | | | |
| Revolving credit facilities | US\$ | May 2015 | 5 years | 9,971 | 9,971 |
| Revolving credit facilities | US\$ | June 2017 | 5 years | 6,648 | 6,648 |
| Financing lines | | | | | |
| BNDES - CLN 150 | R\$ | September 2012 | 10 years | 3,883 | |
| BNDES - S11D e S11D Logística | R\$ | May 2014 | 10 years | 6,163 | 1,008 |

iv) Funding (Repayments)

In March 2018, the Company conducted a cash tender offer for Vale Overseas 5.875% guaranteed notes due 2021 and 4.375% guaranteed notes due 2022 and repurchased in a cash tender offer a total of R\$3,178 (US\$969 million) in aggregate principal amount of its 2021 Notes and repurchased R\$2,561 (US\$781 million) in aggregate principal amount of its 2022 Notes.

On April 17, 2018 (event subsequent), the Company redeemed all of Vale Overseas 4.625% guaranteed notes due 2020 totaling R\$1,698 (US\$499 million).

v) Guarantees

As at March 31, 2018 and December 31, 2017, loans and borrowings are secured by property, plant and equipment in the amount of R\$927 and R\$910, respectively.

The securities issued through Vale's 100%-owned finance subsidiary Vale Overseas Limited are fully and unconditionally guaranteed by Vale.

vi) Covenants

Some of the Company's debt agreements with lenders contain financial covenants. The primary financial covenants in those agreements require maintaining certain ratios, such as debt to EBITDA (Earnings before Interest Taxes, Depreciation and Amortization) and interest coverage. The Company has not identified any instances of noncompliance as at March 31, 2018 and December 31, 2017.

Table of Contents**17. Liabilities related to associates and joint ventures**

The movements of the provision to comply with the obligations under the agreement related to the dam failure of Samarco Mineração S.A. (Samarco), which is a Brazilian joint venture between Vale S.A. and BHP Billiton Brasil Ltda. (BHPB), in the three-month period ended March 31, 2018 and 2017 are as follows:

| | 2018 | 2017 |
|-------------------------------|--------------|--------------|
| Balance at January 01, | 3,296 | 3,511 |
| Payments | (191) | (262) |
| Interest accretion | 226 | 147 |
| Balance at March 31, | 3,331 | 3,396 |
| Current liabilities | 1,227 | 901 |
| Non-current liabilities | 2,104 | 2,495 |
| Liabilities | 3,331 | 3,396 |

In addition to the provision above, Vale S.A. made available in the three-month period ended March 31, 2018 the amount of R\$44, which was fully used to fund Samarco's working capital and was recognized in Vale's income statement as Impairment and other results in associates and joint ventures. Vale S.A. intends to make available until the second quarter of 2018 up to R\$115 to Samarco to support its working capital requirements, without any binding obligation to Samarco in this regard. Such amounts will be released by the shareholders, simultaneously and pursuant to the same terms and conditions, subject to the fulfillment of certain milestones.

Under Brazilian legislation and the terms of the joint venture agreement, Vale does not have an obligation to provide funding to Samarco. Therefore, Vale's investment in Samarco was impaired in full and no provision was recognized in relation to the Samarco's negative reserves.

The contingencies related to the Samarco dam failure are disclosed in note 22.

18. Financial instruments classification

| Financial assets | Consolidated | | | | Amortized cost | December 31, 2017 | | Total |
|------------------|---------------------------|---------------------------|-----------------------|----------------|----------------|-----------------------|----------------|-------|
| | March 31, 2018 | | At fair value through | | | At fair value through | | |
| Amortized cost | At fair value through OCI | At fair value through OCI | profit or loss | profit or loss | profit or loss | profit or loss | profit or loss | Total |
| Current | | | | | | | | |

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| | | | | | | |
|---------------------------------------|---------------|--------------|---------------|---------------|---------------|----------------|
| Cash and cash equivalents | 17,841 | | 17,841 | 14,318 | | 14,318 |
| Financial investments | 22 | | 22 | 61 | | 61 |
| Derivative financial instruments | | 247 | 247 | | 351 | 351 |
| Accounts receivable | 9,283 | (344) | 8,939 | 8,025 | 577 | 8,602 |
| Related parties | 980 | | 980 | 6,277 | | 6,277 |
| | 28,126 | (97) | 28,029 | 28,681 | 928 | 29,609 |
| Non-current | | | | | | |
| Derivative financial instruments | | 1,619 | 1,619 | | 1,497 | 1,497 |
| Investments in equity securities | | 2,758 | 2,758 | | | |
| Loans | 499 | | 499 | 498 | | 498 |
| Related parties | 5,251 | | 5,251 | 8,695 | | 8,695 |
| | 5,750 | 2,758 | 1,619 | 10,127 | 1,497 | 10,690 |
| Total of financial assets | 33,876 | 2,758 | 1,522 | 38,156 | 37,874 | 2,425 |
| 40,299 | | | | | | |
| Financial liabilities | | | | | | |
| Current | | | | | | |
| Suppliers and contractors | 11,960 | | 11,960 | 13,367 | | 13,367 |
| Derivative financial instruments | | 529 | 529 | | 344 | 344 |
| Loans and borrowings | 6,535 | | 6,535 | 5,633 | | 5,633 |
| Related parties | 2,820 | | 2,820 | 2,916 | | 2,916 |
| | 21,315 | 529 | 21,844 | 21,916 | 344 | 22,260 |
| Non-current | | | | | | |
| Derivative financial instruments | | 1,733 | 1,733 | | 2,269 | 2,269 |
| Loans and borrowings | 60,859 | | 60,859 | 68,759 | | 68,759 |
| Related parties | 3,239 | | 3,239 | 3,226 | | 3,226 |
| Participative stockholders debentures | | 4,670 | 4,670 | | 4,080 | 4,080 |
| | 64,098 | 6,403 | 70,501 | 71,985 | 6,349 | 78,334 |
| Total of financial liabilities | 85,413 | 6,932 | 92,345 | 93,901 | 6,693 | 100,594 |

Table of Contents**19. Fair value estimate****a) Assets and liabilities measured and recognized at fair value:**

| | March 31, 2018 | | | Consolidated | | December 31, 2017 | | Total |
|---------------------------------------|----------------|--------------|------------|--------------|--------------|-------------------|--|--------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 2 | Level 3 | | |
| Financial assets | | | | | | | | |
| Derivative financial instruments | | 997 | 869 | 1,866 | 954 | 894 | | 1,848 |
| Investments in equity securities | 2,758 | | | 2,758 | | | | |
| Total | 2,758 | 997 | 869 | 4,624 | 954 | 894 | | 1,848 |
| Financial liabilities | | | | | | | | |
| Derivative financial instruments | | 1,588 | 674 | 2,262 | 1,923 | 690 | | 2,613 |
| Participative stockholders debentures | | 4,670 | | 4,670 | 4,080 | | | 4,080 |
| Total | | 6,258 | 674 | 6,932 | 6,003 | 690 | | 6,693 |

The Company changed its accounting estimate on the calculation of the participative stockholders' debentures from January 1, 2018. The Company has replaced the assumption of spot price at the reporting date used on the calculation to the weighted average price traded on the market within the last month of the quarter.

There were no transfers between Level 1 and Level 2, or between Level 2 and Level 3 for the three-month period ended in March 31, 2018.

The following table presents the changes in Level 3 assets and liabilities for the three-month period ended in March 31, 2018:

| | Consolidated | |
|--|------------------|-----------------------|
| | Financial assets | Financial liabilities |
| Balance at December 31, 2017 | 894 | 690 |
| Gain and losses recognized in income statement | (25) | (16) |
| Balance at March 31, 2018 | 869 | 674 |

Methods and techniques of evaluation

Derivative financial instruments

Financial instruments are evaluated by calculating their present value through the use of instrument yield curves at the closing dates. The curves and prices used in the calculation for each group of instruments are detailed in the market curves .

The pricing method used for European options is the Black & Scholes model. In this model, the fair value of the derivative is a function of the volatility in the price of the underlying asset, the exercise price of the option, the interest rate and period to maturity. In the case of options which income is a function of the average price of the underlying asset over the period of the option, the Company uses Turnbull & Wakeman model. In this model, in addition to the factors that influence the option price in the Black-Scholes model, the formation period of the average price is also considered.

In the case of swaps, both the present value of the assets and liability are estimated by discounting the cash flow by the interest rate of the currency in which the swap is denominated. The difference between the present value of assets and liability of the swap generates its fair value.

For the TJLP swaps, the calculation of the fair value assumes that TJLP is constant, that is the projections of future cash flow in Brazilian Reais are made on the basis of the last TJLP disclosed.

Contracts for the purchase or sale of products, inputs and costs of selling with future settlement are priced using the forward yield curves for each product. Typically, these curves are obtained on the stock exchanges where the products are traded, such as the London Metals Exchange (LME), the Commodity Exchange (COMEX) or other providers of market prices. When there is no price for the desired maturity, Vale uses an interpolation between the available maturities.

The fair value for derivatives are within level 3 are measured using discounted cash flows and option model valuation techniques with main unobservable inputs discount rates, stock prices and commodities prices.

Table of Contents**b) Fair value of financial instruments not measured at fair value**

The fair values and carrying amounts of loans and borrowings (net of interest) are as follows:

| | Balance | Fair value | Consolidated Level 1 | Level 2 |
|------------------------------|---------|------------|-------------------------|---------|
| Financial liabilities | | | | |
| March 31, 2018 | | | | |
| Debt principal | 65,865 | 69,195 | 43,492 | 25,703 |
| December 31, 2017 | | | | |
| Debt principal | 72,628 | 76,377 | 49,406 | 26,971 |

Due to the short-term cycle, the fair value of cash and cash equivalents balances, financial investments, accounts receivable and accounts payable approximate their book values.

20. Derivative financial instruments**a) Derivatives effects on statement of financial position**

| | March 31, 2018 | | December 31, 2017 | |
|---|----------------|-------------|-------------------|-------------|
| | Current | Non-current | Current | Non-current |
| Derivatives not designated as hedge accounting | | | | |
| Foreign exchange and interest rate risk | | | | |
| CDI & TJLP vs. US\$ fixed and floating rate swap | 73 | | 125 | |
| IPCA swap | 24 | 314 | 30 | 271 |
| Eurobonds swap | | 192 | | 89 |
| Pré-dolar swap | 73 | 153 | 73 | 106 |
| | 170 | 659 | 228 | 466 |
| Commodities price risk | | | | |
| Nickel | 56 | 4 | 73 | 10 |
| Bunker oil | 21 | | 50 | |

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| | | | | |
|---------------|------------|--------------|------------|--------------|
| | 77 | 4 | 123 | 10 |
| Others | | 956 | | 1,021 |
| | | 956 | | 1,021 |
| Total | 247 | 1,619 | 351 | 1,497 |

| | March 31, 2018 | | December 31, 2017 | |
|---|----------------|--------------|-------------------|--------------|
| | Current | Non-current | Current | Non-current |
| Derivatives not designated as hedge accounting | | | | |
| Foreign exchange and interest rate risk | | | | |
| CDI & TJLP vs. US\$ fixed and floating rate swap | 440 | 931 | 314 | 1,356 |
| IPCA swap | 61 | 55 | | 136 |
| Eurobonds swap | 10 | | 13 | |
| Pré-dolar swap | 18 | 65 | 17 | 79 |
| | 529 | 1,051 | 344 | 1,571 |
| Others | | 682 | | 698 |
| | | 682 | | 698 |
| Total | 529 | 1,733 | 344 | 2,269 |

Table of Contents**b) Effects of derivatives on the income statement and cash flow**

| | Consolidated | | | |
|---|---|--------------|-------------------------------------|--------------|
| | Gain (loss) recognized in the income | | Financial settlement inflows | |
| | statement | | (outflows) | |
| | 2018 | 2017 | 2018 | 2017 |
| Derivatives not designated as hedge accounting | | | | |
| Foreign exchange and interest rate risk | | | | |
| CDI & TJLP vs. US\$ fixed and floating rate swap | 107 | 580 | (144) | (138) |
| IPCA swap | 57 | 76 | | |
| Eurobonds swap | 101 | (83) | | (121) |
| Euro forward | | 144 | | |
| Pré-dolar swap | 61 | 75 | (3) | |
| | 326 | 792 | (147) | (259) |
| Commodities price risk | | | | |
| Nickel | 13 | | 38 | (4) |
| Bunker oil | | (237) | 29 | (75) |
| | 13 | (237) | 67 | (79) |
| Others | (54) | 109 | | |
| Total | 285 | 664 | (80) | (338) |

The maturity dates of the derivative financial instruments are as follows:

| | Last maturity dates |
|-------------------------------|----------------------------|
| Currencies and interest rates | January 2024 |
| Bunker oil | September 2018 |
| Nickel | December 2019 |
| Others | December 2027 |

c) Hedge in foreign operations

As at March 31, 2018 the carrying value of the debts designated as instrument hedge of the Company's investment in foreign operations (Vale International S.A. and Vale International Holding GmbH; hedging objects) are R\$16,963 (US\$5,103 million) and R\$3,064 (EUR750 million). The foreign exchange gain of R\$146 (R\$96, net of taxes), was recognized in the Cumulative translation adjustments in stockholders' equity for the three month period ended March 31, 2018. This hedge was highly effective throughout the period ended March 31, 2018.

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Additional information about derivatives financial instruments

In millions of Brazilian reais, except as otherwise stated

The risk of the derivatives portfolio is measured using the delta-Normal parametric approach, and considers that the future distribution of the risk factors and its correlations tends to present the same statistical properties verified in the historical data. The value at risk estimate considers a 95% confidence level for a one-business day time horizon.

The following tables detail the derivatives positions for Vale and its controlled companies as of March 31, 2018, with the following information: notional amount, fair value including credit risk, gains or losses in the period, value at risk and the fair value breakdown by year of maturity.

a) **Foreign exchange and interest rates derivative positions**

(i) **Protection programs for the R\$ denominated debt instruments**

In order to reduce cash flow volatility, swap transactions were implemented to convert into US\$ the cash flows from certain debt instruments denominated in R\$ with interest rates linked mainly to CDI, TJLP and IPCA. In those swaps, Vale pays fixed or floating rates in US\$ and receives payments in R\$ linked to the interest rates of the protected debt instruments.

The swap transactions were negotiated over-the-counter and the protected items are the cash flows from debt instruments linked to R\$. These programs transform into US\$ the obligations linked to R\$ to achieve a currency offset in the Company's cash flows, by matching its receivables - mainly linked to US\$ - with its payables.

| Flow | Notional | | | Index | Average rate | Fair value | | Financial settlement | Value at Risk | Fair value by year | | | |
|-------------------------------------|----------------|-------------------|----------------|-------|--------------|--------------------|----------------|----------------------|---------------|--------------------|-----------|-------------|--|
| | March 31, 2018 | December 31, 2017 | March 31, 2017 | | | Inflows (Outflows) | March 31, 2018 | March 31, 2018 | | 2018 | 2019 | 2020+ | |
| CDI vs. US\$ fixed rate swap | | | | | | 1 | (105) | (71) | 21 | 64 | 18 | (81) | |
| Receivable | R\$ 2,000 | R\$ 3,540 | | CDI | 99.47% | | | | | | | | |
| Payable | US\$ 612 | US\$ 1,104 | | Fix | 3.18% | | | | | | | | |

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| TJLP vs. US\$ fixed rate swap | | | | | | (1,123) | (1,258) | (68) | 101 | (171) | (779) | (173) |
|--------------------------------------|------------|------------|------|--|-------|---------|---------|------|-----|-------|-------|-------|
| Receivable | | | TJLP | | | | | | | | | |
| | R\$ 2,767 | R\$ 2,982 | + | | 1.23% | | | | | | | |
| Payable | US\$ 1,243 | US\$ 1,323 | Fix | | 1.53% | | | | | | | |

| TJLP vs. US\$ floating rate swap | | | | | | (172) | (175) | (2) | 9 | (13) | (159) | |
|---|----------|----------|-------|--|--------|-------|-------|-----|---|------|-------|--|
| Receivable | | | TJLP | | | | | | | | | |
| | R\$ 214 | R\$ 216 | + | | 0.87% | | | | | | | |
| Payable | US\$ 122 | US\$ 123 | Libor | | | | | | | | | |
| | | | + | | -1.23% | | | | | | | |

| R\$ fixed rate vs. US\$ fixed rate swap | | | | | | 142 | 80 | (1) | 83 | 63 | 47 | 32 |
|--|-----------|-----------|-----|--|--------|-----|----|-----|----|----|----|----|
| Receivable | R\$ 1,138 | R\$ 1,158 | Fix | | 7.96% | | | | | | | |
| Payable | US\$ 377 | US\$ 385 | Fix | | -0.61% | | | | | | | |

| IPCA vs. US\$ fixed rate swap | | | | | | (98) | (113) | 23 | 25 | (44) | (54) | |
|--------------------------------------|-----------|-----------|------|--|-------|------|-------|----|----|------|------|--|
| Receivable | | | IPCA | | | | | | | | | |
| | R\$ 1,000 | R\$ 1,000 | + | | 6.55% | | | | | | | |
| Payable | US\$ 434 | US\$ 434 | Fix | | 3.98% | | | | | | | |

| IPCA vs. CDI swap | | | | | | 324 | 281 | | 1 | 10 | 16 | 297 |
|--------------------------|-----------|-----------|------|--|--------|-----|-----|--|---|----|----|-----|
| Receivable | | | IPCA | | | | | | | | | |
| | R\$ 1,350 | R\$ 1,350 | + | | 6.62% | | | | | | | |
| Payable | R\$ 1,350 | R\$ 1,350 | CDI | | 98.58% | | | | | | | |

(ii) Protection program for EUR denominated debt instruments

In order to reduce the cash flow volatility, swap transactions were implemented to convert into US\$ the cash flows from certain debt instruments issued in Euros by Vale. In those swaps, Vale receives fixed rates in EUR and pays fixed rates in US\$.

The swap transactions were negotiated over-the-counter and the protected items are the cash flows from debt instruments linked to EUR. The financial settlement inflows/outflows are offset by the protected items losses/gains due to EUR/US\$ exchange rate.

| Flow | Notional | | Average rate | Fair value | | Financial settlement | Value at Risk | Fair value by year | | |
|--|----------------|-------------------|--------------|--------------------|----------------|----------------------|---------------|--------------------|-------|--|
| | March 31, 2018 | December 31, 2017 | | Inflows (Outflows) | March 31, 2018 | 2018 | | 2019 | 2020+ | |
| EUR fixed rate vs. US\$ fixed rate swap | | | | | | | | | | |
| | | | | 182 | 76 | (14) | 19 | (10) | 192 | |
| Receivable | 500 | 500 | Fix | | 3.75% | | | | | |
| Payable | US\$ 613 | US\$ 613 | Fix | | 4.29% | | | | | |

Table of Contents**b) Commodities derivative positions****(i) Bunker Oil purchase cash flows protection program**

In order to reduce the impact of bunker oil price fluctuation on maritime freight hiring/supply and, consequently, reducing the Company's cash flow volatility, bunker oil hedging transactions were implemented, through options contracts.

The derivative transactions were negotiated over-the-counter and the protected item is part of the Vale's costs linked to bunker oil prices. The financial settlement inflows/outflows are offset by the protected items' losses/gains due to bunker oil prices changes.

| Flow | Notional (ton) | | Bought / Sold | Average strike (US\$/ton) | Fair value | | Financial Settlement Inflows (Outflows) March 31, 2018 | Value at Risk March 31, 2018 | Fair value by year 2018 |
|--------------|----------------|-------------------|------------------|------------------------------|----------------|-------------------|--|---------------------------------|-------------------------------|
| | March 31, 2018 | December 31, 2017 | | | March 31, 2018 | December 31, 2017 | | | |
| Call options | 1,405,000 | | B | 408 | 21 | | 9 | 21 | |
| Put options | 1,405,000 | | S | 280 | (0) | | 1 | (0) | |
| Total | | | | | 21 | | 9 | 21 | |

(ii) Protection programs for base metals raw materials and products

In the operational protection program for nickel sales at fixed prices, derivatives transactions were implemented to convert into floating prices the contracts with clients that required a fixed price, in order to keep nickel revenues exposed to nickel price fluctuations. Those operations are usually implemented through the purchase of nickel forwards.

In the operational protection program for the purchase of raw materials and products, derivatives transactions were implemented, usually through the sale of nickel and copper forward or futures, in order to reduce the mismatch between the pricing period of purchases (concentrate, cathode, sinter, scrap and others) and the pricing period of the final product sales to the clients.

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The derivative transactions are negotiated at London Metal Exchange or over-the-counter and the protected item is part of Vale's revenues and costs linked to nickel and copper prices. The financial settlement inflows/outflows are offset by the protected items' losses/gains due to nickel and copper prices changes.

| Flow | Notional (ton) | | Bought / Sold | Average strike (US\$/ton) | Fair value | | Financial Settlement Inflows (Outflows) | Value at Risk | | Fair value by year |
|--|----------------|-------------------|------------------|------------------------------|----------------|-------------------|--|----------------|----------------|--------------------|
| | March 31, 2018 | December 31, 2017 | | | March 31, 2018 | December 31, 2017 | | March 31, 2018 | March 31, 2018 | |
| Fixed prices sales protection | | | | | | | | | | |
| Nickel forwards | 8,331 | 9,621 | B | 11,283 | 56 | 80 | 39 | 11 | 44 | 12 |
| Raw materials purchase protection | | | | | | | | | | |
| Nickel forwards | 176 | 292 | S | 12,977 | (0.2) | (1.1) | (1.4) | 0.2 | (0.2) | |
| Copper forwards | 55 | 79 | S | 7,014 | 0.1 | (0.1) | (0.0) | 0.0 | 0.1 | |
| Total | | | | | (0.1) | (1.2) | (1.4) | 0.3 | (0.1) | |

c) Freight derivative positions

In order to reduce the impact of maritime freight price volatility on the Company's cash flow, freight hedging transactions were implemented, through Forward Freight Agreements (FFAs). The protected item is part of Vale's costs linked to maritime freight spot prices. The financial settlement inflows/outflows of the FFAs are offset by the protected items' losses/gains due to freight prices changes.

The Forward Freight Agreements (FFAs) are contracts traded over the counter and can be cleared through a Clearing House, in this case subject to margin requirements deposited at Singapore Exchange as initial margin.

| Flow | Notional (days) | | Bought / Sold | Average strike (US\$/day) | Fair value | | Financial Settlement Inflows (Outflows) | Value at Risk | Fair value by year |
|------------------|-----------------|-------------------|------------------|------------------------------|----------------|-------------------|--|---------------|-----------------------|
| | March 31, 2018 | December 31, 2017 | | | March 31, 2018 | December 31, 2017 | | | |
| Freight forwards | 120 | 0 | B | 16,413 | (1.2) | | | 0.4 | (1.2) |

Table of Contents**d) Wheaton Precious Metals Corp. warrants**

The Company owns warrants of Wheaton Precious Metals Corp. (WPM), a Canadian company and traded on the Toronto Stock Exchange and New York Stock Exchange. These warrants configure American call options and were received as part of the payment regarding the sale of part of the gold payable flows produced as a sub product from the Salobo copper mine and some nickel mines in Sudbury.

| Flow | Notional (quantity) | | Bought / Sold | Average strike (US\$/share) | Fair value | | Financial Settlement | Value at Risk | Fair value |
|--------------|---------------------|-------------------|------------------|--------------------------------|----------------|-------------------|----------------------|----------------|-----------------|
| | March 31, 2018 | December 31, 2017 | | | March 31, 2018 | December 31, 2017 | March 31, 2018 | March 31, 2018 | by year 2023 |
| Call options | 10,000,000 | 10,000,000 | B | 44 | 87 | 126 | | 9 | 87 |

e) Debentures convertible into shares of Valor da Logística Integrada (VLI)

The Company has debentures in which lenders have the option to convert the outstanding debt into a specified quantity of shares of VLI owned by the Company.

| Flow | Notional (quantity) | | Bought / Sold | Average strike (R\$/share) | Fair value | | Financial Settlement | Value at Risk | Fair value |
|--------------------|---------------------|-------------------|------------------|-------------------------------|----------------|-------------------|----------------------|----------------|-----------------|
| | March 31, 2018 | December 31, 2017 | | | March 31, 2018 | December 31, 2017 | March 31, 2018 | March 31, 2018 | by year 2027 |
| Conversion options | 140,239 | 140,239 | S | 8,545 | (175) | (188) | | 10 | (175) |

f) Options related to Minerações Brasileiras Reunidas S.A. (MBR) shares

The Company entered into a stock sale and purchase agreement that has options related to MBR shares. The Company has the right to buy back this non-controlling interest in the subsidiary. Moreover, under certain restricted and contingent conditions, which are beyond the buyer's control, such as illegality due to changes in the law. The contract has a clause that gives the buyer the right to sell back its stake to the Company. In this case, the Company could settle through cash or shares.

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| Flow | Notional (quantity, in millions) | | | | March 31, 2018 | Fair value | | Financial Settlement Inflows (Outflows) March 31, 2018 | Value at Risk March 31, 2018 | Fair value by year 2018+ |
|---------|----------------------------------|-------------------|------------------|------------------------------|-------------------|-------------------|----------------|--|------------------------------------|--------------------------------|
| | March 31, 2018 | December 31, 2017 | Bought / Sold | Average strike (R\$/ação) | | December 31, 2017 | March 31, 2018 | | | |
| Options | 2,139 | 2,139 | B/S | 1.6 | 794 | 831 | | 46 | 794 | |

g) **Embedded derivatives in contracts**

The Company has some nickel concentrate and raw materials purchase agreements in which there are provisions based on nickel and copper future prices behavior. These provisions are considered as embedded derivatives.

| Flow | Notional (ton) | | | | March 31, 2018 | Fair value | | Financial Settlement Inflows (Outflows) March 31, 2018 | Value at Risk March 31, 2018 | Fair value by year 2018 |
|-------------------|-------------------|-------------------|------------------|------------------------------|-------------------|-------------------|----------------|--|------------------------------------|-------------------------------|
| | March 31, 2018 | December 31, 2017 | Bought / Sold | Average strike (US\$/ton) | | December 31, 2017 | March 31, 2018 | | | |
| Nickel Forward | 4,047 | 2,627 | S | 13,360 | (1) | 3 | | 5 | (1) | |
| Copper Forward | 2,471 | 2,718 | S | 6,986 | 1.6 | 0 | | 1 | 1.6 | |
| Total | | | | | 1 | 3 | | 6 | 1 | |

The Company has a natural gas purchase agreement containing a clause that defines that a premium can be charged if the Company's pellet sales prices trade above a pre-defined level. This clause is considered an embedded derivative.

| Flow | Notional (volume/month) | | | | March 31, 2018 | Fair value | | Financial Settlement Inflows (Outflows) March 31, 2018 | Value at Risk March 31, 2018 | Fair value by year | |
|-----------------|-------------------------|-------------------|------------------|------------------------------|----------------------|-------------------|----------------|--|------------------------------------|-----------------------|------|
| | March 31, 2018 | December 31, 2017 | Bought / Sold | Average strike (US\$/ton) | | December 31, 2017 | March 31, 2018 | | | 2018 | 2018 |
| Call options | 746,667 | 746,667 | S | 233 | (9) | (6) | | 6 | (0) | (9) | |

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In August 2014 the Company sold part of its stake in Valor da Logística Integrada (VLI) to an investment fund managed by Brookfield Asset Management (Brookfield). The sales contract includes a clause that establishes, under certain conditions, a minimum return guarantee on Brookfield s investment. This clause is considered an embedded derivative, with payoff equivalent to that of a put option.

| Flow | Notional (quantity) | | Bought / Sold | Average strike (R\$/share) | March 31, 2018 | Fair value December 31, 2017 | Financial Settlement Inflows (Outflows) March 31, 2018 | Value at Risk March 31, 2018 | Fair value by year 2018+ |
|---------------|---------------------|-------------------|------------------|-------------------------------|----------------------|---------------------------------|--|------------------------------------|--------------------------------|
| | March 31, 2018 | December 31, 2017 | | | | | | | |
| Put option | 1,105,070,863 | 1,105,070,863 | S | 3.86 | (424) | (438) | | 34 | (424) |

For sensitivity analysis of derivative financial instruments, Financial counterparties ratings and market curves please see note 27.

21. Provisions

| | Current liabilities | | Consolidated | | Non-current liabilities | |
|--|---------------------|-------------------|----------------|-------------------|-------------------------|-------------------|
| | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 |
| Payroll, related charges and other remunerations (i) | 1,873 | 3,641 | | | | |
| Onerous contracts | 301 | 337 | 1,166 | | 1,203 | |
| Environment Restoration | 90 | 99 | 277 | | 262 | |
| Asset retirement obligations | 276 | 289 | 10,294 | | 10,191 | |
| Provisions for litigation (note 22) | | | 5,059 | | 4,873 | |
| Employee postretirement obligations (note 23) | 346 | 244 | 6,416 | | 6,714 | |
| Provisions | 2,886 | 4,610 | 23,212 | | 23,243 | |

(i) Change mainly due to payment of profit sharing program.

22. Litigation

a) Provision for litigation

Vale is party to labor, civil, tax and other ongoing lawsuits, at administrative and court levels. Provisions for losses resulting from lawsuits are estimated and updated by the Company, based on analysis from the Company's legal consultants.

Changes in provision for litigation are as follows:

| | Consolidated | | | Environmental | Total of litigation |
|-------------------------------------|----------------|------------------|------------------|---------------|---------------------|
| | Tax litigation | Civil litigation | Labor litigation | litigation | provision |
| Balance at December 31, 2017 | 2,483 | 432 | 1,924 | 34 | 4,873 |
| Additions/Reversals | 1 | 5 | 139 | 1 | 146 |
| Payments | | (1) | (58) | | (59) |
| Additions - discontinued operations | 97 | 2 | 43 | | 142 |
| Indexation and interest | 23 | 7 | (67) | 1 | (36) |
| Translation adjustment | (7) | | | | (7) |
| Balance at March 31, 2018 | 2,597 | 445 | 1,981 | 36 | 5,059 |

| | Consolidated | | | Environmental | Total of litigation |
|-------------------------------------|----------------|------------------|------------------|---------------|---------------------|
| | Tax litigation | Civil litigation | Labor litigation | litigation | provision |
| Balance at December 31, 2016 | 695 | 272 | 1,742 | 25 | 2,734 |
| Additions/Reversals | (1) | (22) | 58 | 3 | 38 |
| Payments | 5 | (18) | (60) | | (73) |
| Indexation and interest | 22 | 24 | 34 | (5) | 75 |
| Translation adjustment | (10) | | | | (10) |
| Balance at March 31, 2017 | 711 | 256 | 1,774 | 23 | 2,764 |

Table of Contents**b) Contingent liabilities**

Contingent liabilities of administrative and judicial claims, with expectation of loss classified as possible, and for which the recognition of a provision is not considered necessary by the Company, based on legal advice are as follows:

| | Consolidated | |
|--------------------------|-----------------------|--------------------------|
| | March 31, 2018 | December 31, 2017 |
| Tax litigation | 32,802 | 29,244 |
| Civil litigation | 5,535 | 5,371 |
| Labor litigation | 6,443 | 6,455 |
| Environmental litigation | 7,419 | 7,242 |
| Total | 52,199 | 48,312 |

i - Tax litigation - Our most significant tax-related contingent liabilities result from disputes related to (i) the deductibility of our payments of social security contributions on the net income (CSLL) from our taxable income, (ii) challenges of certain tax credits we deducted from our PIS and COFINS payments, (iii) assessments of CFEM (royalties), and (iv) charges of value-added tax on services and circulation of goods (ICMS), especially relating to certain tax credits we claimed from the sale and transmission of energy, ICMS charges to anticipate the payment in the entrance of goods to Pará State and ICMS/penalty charges on our own transportation. The changes reported in the period resulted, mainly, from new proceedings related to PIS, COFINS, ICMS, CFEM, ISS and the application interest and inflation adjustments to the disputed amounts.

ii - Civil litigation - Most of those claims have been filed by suppliers for indemnification under construction contracts, primarily relating to certain alleged damages, payments and contractual penalties. A number of other claims related to contractual disputes regarding inflation index.

iii - Labor litigation - Represents individual claims by employees and service providers, primarily involving demands for additional compensation for overtime work, time spent commuting or health and safety conditions; and the Brazilian federal social security administration (INSS) regarding contributions on compensation programs based on profits.

iv - Environmental litigation - The most significant claims concern alleged procedural deficiencies in licensing processes, non-compliance with existing environmental licenses or damage to the environment.

c) Judicial deposits

In addition to the provisions and contingent liabilities, the Company is required by law to make judicial deposits to secure a potential adverse outcome of certain lawsuits. These court-ordered deposits are monetarily adjusted and reported as non-current assets until a judicial decision to draw the deposit occurs.

| | Consolidated | |
|--------------------------|----------------|-------------------|
| | March 31, 2018 | December 31, 2017 |
| Tax litigation | 3,975 | 3,971 |
| Civil litigation | 192 | 199 |
| Labor litigation | 2,413 | 2,359 |
| Environmental litigation | 45 | 42 |
| Total | 6,625 | 6,571 |

d) Contingencies related to Samarco accident

(i) Public civil claim filed by the Federal Government and others

The federal government, the two Brazilian states affected by the failure (Espírito Santo and Minas Gerais) and other governmental authorities have initiated a public civil lawsuit against Samarco and its shareholders, Vale S.A. and BHPB, with an estimated value indicated by the plaintiffs of R\$20.2 billion.

The Framework Agreement signed in March 2016, was ratified by the Federal Regional Court (TRF) in May 2016. This ratification was suspended by the Superior Court of Justice (STJ) in June 2016 and resulted in the restoration of the public civil claim, and maintained other measures, such as: (a) the prohibition of the defendants from transferring or conveying any of their interest in its Brazilian iron ore concessions, without, however, limiting their production and commercial activities and; (b) the order of the deposit with the court of R\$1.2 billion by January 2017, which was provisionally replaced by the guarantees provided for under the agreements with Federal Prosecution Office (MPF), as detailed in the item (ii) below. This public civil action is currently suspended by the abovementioned agreement with the MPF.

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(ii) Public civil action filed by Federal Prosecution Office

On May 3, 2016, the Federal Prosecution Office (MPF) filed a public civil lawsuit against Samarco and its shareholders and presented several demands, including: (i) the adoption of measures for mitigating the social, economic and environmental impacts resulting from the dam failure and other emergency measures; (ii) the payment of compensation to the community; and (iii) payments for the collective moral damage. The action value indicated by the MPF is R\$155 billion.

In January 2017 Samarco, Vale S.A. and BHPB (together the Companies) entered into two preliminary agreements with the MPF.

The first agreement (First Agreement) aims to outline the process and timeline for negotiations of a Final Agreement (Final Agreement), initially expected to occur by June 30, 2017 which was, nevertheless, extended by the parties to late June 2018. This First Agreement establishes a timeline and actions to set the ground for conciliation of two public civil lawsuits in the amounts of R\$20.2 billion and R\$155 billion, mentioned above, which are currently suspended.

In addition, the First Agreement provides for: (a) the appointment of experts to give support to the Federal Prosecutors and paid for by the companies to conduct a diagnosis and monitor the progress of the programs under the Framework Agreement, and (b) holding at public hearings and the engagement of technical assistance to the affected people, in order to allow these communities to take part in the definition of the content of the Final Agreement.

Samarco, Vale S.A. and BHPB has agreed to provide a guarantee for fulfillment of the obligations regarding the financing and payment of the socio-environmental and socio-economic remediation programs resulting from the Fundão dam failure, pursuant to the two public civil actions, until the signing of the Final Agreement, amounting to R\$2.2 billion, of which (i) R\$100 in financial investments; (ii) R\$1.3 billion in insurance bonds; and (iii) R\$800 in assets of Samarco. If, by the deadline negotiated by the parties, the negotiations have not been completed, the Federal Prosecutor's Office may require that the Court re-institute the order for the deposit of R\$1.2 billion in relation to the R\$20.2 billion public civil action and R\$7.7 billion related R\$155 billion, mentioned above, which are currently suspended.

On March 16, 2017, the 12th Judicial Federal Court of Belo Horizonte partially ratified the First Agreement, which decision includes: (i) ratification of the engagement of experts to perform a socio-environmental impact assessment and assessment of programs under the Framework Agreement and a period for the companies to engage an expert to perform the socio-economic impact assessment; (ii) the consolidation and suspension of related claims aiming to avoid contradictory or conflicting decisions and to establish a unified judicial procedure in order for the parties to be able to reach a final agreement; (iii) accepted the guarantees proposed by Samarco and its shareholders under the Preliminary Agreement on a temporary basis.

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In addition, the Second Agreement (Second Agreement) was signed on January 19, 2017, which establishes a timetable to make funds available to remediate the social, economic and environmental damages caused by the Fundão dam failure in the municipalities of Barra Longa, Rio Doce, Santa Cruz do Escalvado and Ponte Nova, amounting to R\$200. The 12th Judicial Federal Court of Belo Horizonte ratified this Second Agreement.

Parties are still negotiating an agreement regarding the choice of the expert to perform the socio-economic impact assessment. In this regard, on November 16th, 2017, they signed an addendum to the First Agreement, in which the parties defined matters related to the socio-economic impact assessment, its institutional structure and the respective experts, which, in the period of 90 days from the signing of the addendum, shall present their technical and commercial proposals. As the deadline already expired, the proposals are being negotiated for service agreements.

Alongside, the parties, together with the plaintiffs of the R\$20.2 billion public civil lawsuit, the State Prosecutors and the Public Defenders, are conducting the discussions regarding the Final Agreement.

(iii) U.S. Securities class action suits

Related to the Vale's American Depositary Receipts

Vale S.A. and certain of its officers were named as defendants in securities class action suits in the Federal Court in New York brought by holders of Vale's American Depositary Receipts under U.S. federal securities laws. The lawsuits allege that Vale S.A. made false and misleading statements or did not make disclosures concerning the risks and dangers of the operations of Samarco's Fundão dam and the adequacy of related programs and procedures. The plaintiffs have not specified an amount of alleged damages or indemnities in these actions.

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On March 23, 2017 the judge issued a decision rejecting a significant portion of the claims against Vale S.A. and the individual defendants, and determining the prosecution of the action with respect to more limited claims. The portion of plaintiffs' case that remains is related to certain statements about procedures, policies and risk mitigation plans contained in Vale S.A.'s sustainability reports in 2013 and 2014, and certain statements regarding to the responsibility of Vale S.A. for the Fundão dam failure made in a conference call in November 2015.

This lawsuit is currently ongoing under discovery with the gathering of documents to be provided to the plaintiffs. In addition, depositions of some custodians indicated by the parties should take place in the next few months.

Vale S.A. continues to contest the outstanding points related to this lawsuit.

Related to the Samarco bonds

In March 2017, holders of bonds issued by Samarco filed a class action suit in the Federal Court in New York against Samarco, Vale S.A. and BHPB under U.S. federal securities laws demanding for indemnification for alleged violation of U.S. federal securities laws. The plaintiffs allege that false and misleading statements were made or disclosures omitted concerning the risks and dangers of the operations of Samarco's Fundão dam and the adequacy of related programs and procedures. It is alleged that with the Fundão dam collapse, the securities have dramatically decreased, in order that the investors who have purchased such securities in a misleading way should be compensated, without, however, specifying an amount for the alleged damages or indemnities in this action.

In June 2017 the defendants presented a joint motion to dismiss the claims requested by the plaintiffs. In March 2018, the Judge issued an order dismissing defendant's motion to dismiss without prejudice and ordering leading plaintiff to submit a final amended complaint. A new schedule was proposed by the parties to the Judge. A decision regarding such new proposed schedule is expected by the parties.

Vale S.A. continues to contest this lawsuit.

(iv) Criminal lawsuit

On October 20, 2016, the MPF brought a criminal lawsuit in the Brazilian Federal Justice Court against Vale S.A., BHPB, Samarco, VogBr Recursos Hídricos e Geotecnia Ltda. and 22 individuals for alleged crimes against the environment, urban planning and cultural heritage, flooding, landslide, as well as for alleged crimes against the victims of the Fundão dam failure.

In November 2016 it was published a decision by means of the Federal Lower Court of Ponte Nova established the resume of the criminal lawsuit and determined the beginning of the Discovery phase. Nevertheless, there has not been any decisions scheduling any hearings since then.

(v) Other lawsuits

In addition, Samarco and its shareholders were named as a defendant in several other lawsuits brought by individuals, corporations, governmental entities or public prosecutor seeking personal and property damages.

Given the status of these lawsuits, it is not possible at this time to provide a range of possible outcomes or a reliable estimates of potential exposures for Vale S.A. Consequently, no contingent liability has been quantified and no provision was recognized for lawsuits related to Samarco's dam failure.

e) Other

In 2015, the Company filed an enforceable action in the amount of R\$524 referring to the final court decision in favor of the Company of the accrued interest of compulsory deposits from 1987 to 1993. Currently it is not possible to estimate the economic benefit inflow as the counterparty can appeal on the calculation. Consequently, the asset was not recognized in the financial statements.

Table of Contents**23. Employee postretirement obligations****Reconciliation of net liabilities recognized in the statement of financial position**

| | Consolidated | | | | | |
|---|-----------------------------|--|----------------|-----------------------------|---|----------------|
| | Overfunded pension plans | March 31, 2018 Underfunded pension plans | Other benefits | Overfunded pension plans | December 31, 2017 Underfunded pension plans | Other benefits |
| Amount recognized in the statement of financial position | | | | | | |
| Present value of actuarial liabilities | (11,161) | (14,383) | (4,553) | (11,239) | (14,789) | (4,661) |
| Fair value of assets | 16,427 | 12,174 | | 15,972 | 12,492 | |
| Effect of the asset ceiling | (5,266) | | | (4,733) | | |
| Liabilities | | (2,209) | (4,553) | | (2,297) | (4,661) |
| Current liabilities | | (153) | (193) | | (54) | (190) |
| Non-current liabilities | | (2,056) | (4,360) | | (2,243) | (4,471) |
| Liabilities | | (2,209) | (4,553) | | (2,297) | (4,661) |

24. Stockholders equity**a) Share capital**

As at March 31, 2018, the share capital was R\$77,300 corresponding to 5,284,474,782 shares issued and fully paid without par value.

| | ON | March 31, 2018 PNE | Total |
|--|---------------|-----------------------|---------------|
| Stockholders | | | |
| Litel Participações S.A. and Litela Participações S.A. | 1,108,483,410 | | 1,108,483,410 |
| BNDES Participações S.A. | 401,457,757 | | 401,457,757 |
| Bradespar S.A. | 332,965,266 | | 332,965,266 |
| Mitsui & Co., Ltd | 286,347,055 | | 286,347,055 |
| Brazilian Government (Golden Share) | | 12 | 12 |
| Foreign investors - ADRs | 1,256,064,074 | | 1,256,064,074 |

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| | | | |
|--|----------------------|-----------|----------------------|
| Foreign institutional investors in local market | 1,161,021,106 | | 1,161,021,106 |
| FMP - FGTS | 60,235,237 | | 60,235,237 |
| PIBB - Fund | 2,764,928 | | 2,764,928 |
| Institutional investors | 276,918,019 | | 276,918,019 |
| Retail investors in Brazil | 311,175,229 | | 311,175,229 |
| Shares outstanding | 5,197,432,081 | 12 | 5,197,432,093 |
| Shares in treasury | 87,042,689 | | 87,042,689 |
| Total issued shares | 5,284,474,770 | 12 | 5,284,474,782 |
| Share capital per class of shares (in millions) | 77,300 | | 77,300 |
| Total authorized shares | 7,000,000,000 | | 7,000,000,000 |

b) Remuneration to the Company's stockholders

On March 15, 2018, the Company paid to stockholders the minimum mandatory remuneration for the year ended December 31, 2017 based on the interest on capital in the gross amount of R\$4,721.

Table of Contents**25. Related parties**

The Company's related parties are predominantly subsidiaries, joint ventures, associates, shareholders and its related entities and key management personnel of the Company. Transactions between the parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

Related party transactions were made by the Company on terms equivalent to those that prevail in arm's-length transactions, with respect to price and market conditions that are no less favorable to the Company than those arranged with third parties.

Purchases, accounts receivable and other assets, and accounts payable and other liabilities relates largely to amounts charged by joint ventures and associates related to the pelletizing plants lease and railway transportation services.

Information about related party transactions and effects on the interim financial statements is set out below:

a) Transactions with related parties

| | Consolidated Three-month period ended March 31, | | | | 2017 | | | |
|-----------------------------|--|-------------------|-----------------------|----------------|------------|------|-----------------------|----------------|
| | 2018 | | Major stockholders | Total | 2017 | | Major stockholders | Total |
| Joint Ventures | Associates | Joint Ventures | | | Associates | | | |
| Net operating revenue | 338 | 252 | 157 | 747 | 407 | 258 | 90 | 755 |
| Cost and operating expenses | (1,635) | (67) | | (1,702) | (1,036) | (27) | (17) | (1,080) |
| Financial result | 129 | 1 | (171) | (41) | (38) | (27) | (267) | (332) |

Net operating revenue relates to sale of iron ore to the steelmakers and right to use capacity on railroads. Cost and operating expenses mostly relates to the operational leases of the pelletizing plants.

b) Outstanding balances with related parties

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| | March 31, 2018 | | | | | December 31, 2017 | | | | |
|-----------------------------------|----------------|------------|--------------------|--------|--------|-------------------|------------|--------------------|--------|--------|
| | Joint Ventures | Associates | Major stockholders | Others | Total | Joint Ventures | Associates | Major stockholders | Others | Total |
| Assets | | | | | | | | | | |
| Cash and cash equivalents | | | 2,147 | | 2,147 | | | 2,716 | | 2,716 |
| Accounts receivable | 305 | 538 | 10 | 56 | 909 | 242 | 125 | 10 | 57 | 434 |
| Dividends receivable | 424 | 48 | | | 472 | 371 | 48 | | | 419 |
| Loans | 6,231 | | | | 6,231 | 14,972 | | | | 14,972 |
| Derivatives financial instruments | | | 894 | | 894 | | | 944 | | 944 |
| Other assets | 55 | | | | 55 | 57 | | | | 57 |
| Liabilities | | | | | | | | | | |
| Supplier and contractors | 838 | 129 | 287 | 52 | 1,306 | 636 | 67 | 667 | 50 | 1,420 |
| Loans | 1,868 | 4,191 | 14,146 | | 20,205 | 2,023 | 4,119 | 14,984 | | 21,126 |
| Derivatives financial instruments | | | 296 | | 296 | | | 361 | | 361 |
| Other liabilities | | 341 | | | 341 | | | 53 | | 53 |

Major stockholders

Refers to regular financial instruments with large financial institutions of which the stockholders are part of the controlling shareholders agreement .

Table of Contents**Coal segment transactions**

In March 2018, Nacala BV, a joint venture between Vale and Mitsui on the Nacala's logistic corridor, closed the project financing and repaid a portion of the shareholders loans from Vale, in the amount of R\$8,434 (US\$2,572 million). The outstanding receivable of R\$6,231 carries interest at 7.44% p.a. The Company has issued a financial guarantee in connection with the Project Finance of Nacala, in the proportion equivalent to its share in the Concessionaires (50%) and the fair value of this instrument is R\$133 as at March 31, 2018.

The loan from related parties mainly relates to the loan from Pangea Emirates Ltd, part of the group of shareholders which owns 15% interest on Vale Moçambique, in the amount of R\$3,929 (R\$3,856 as at December 31, 2017), which carries interest at 6.54% p.a.

26. Select notes to Parent Company information (individual interim information)**a) Investments**

| | 2018 | Parent company | 2017 |
|---|----------------|----------------|----------------|
| Balance at January 1st, | 117,387 | | 107,539 |
| Additions/Capitalizations | 707 | | 537 |
| Translation adjustment | (100) | | (2,101) |
| Equity results in income statement | 2,500 | | 3,290 |
| Equity results in statement of comprehensive income | 90 | | (58) |
| Equity results in statement of non controlling | | | (329) |
| Dividends declared | (99) | | (40) |
| Others (i) | 3,485 | | 849 |
| Balance at March 31, | 123,970 | | 109,687 |

(i) Includes assets held for sale (Vale Fertilizantes) that were indirectly sold by the Parent Company.

b) Intangibles

Parent company

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| | Concessions | Right of use | Software | Total |
|-------------------------------------|---------------|--------------|------------|---------------|
| Balance at December 31, 2017 | 12,773 | 111 | 587 | 13,471 |
| Additions | 829 | | 1 | 830 |
| Disposals | (19) | | | (19) |
| Amortization | (106) | (1) | (87) | (194) |
| Balance at March 31, 2018 | 13,477 | 110 | 501 | 14,088 |
| Cost | 17,008 | 223 | 4,111 | 21,342 |
| Accumulated amortization | (3,531) | (113) | (3,610) | (7,254) |
| Balance at March 31, 2018 | 13,477 | 110 | 501 | 14,088 |

| | Concessions | Parent company Right of use | Software | Total |
|-------------------------------------|---------------|--------------------------------|------------|---------------|
| Balance at December 31, 2016 | 10,278 | 118 | 918 | 11,314 |
| Additions | 1,143 | | 26 | 1,169 |
| Disposals | (2) | | | (2) |
| Amortization | (105) | (2) | (103) | (210) |
| Balance at March 31, 2017 | 11,314 | 116 | 841 | 12,271 |
| Cost | 14,778 | 223 | 4,067 | 19,068 |
| Accumulated amortization | (3,464) | (107) | (3,226) | (6,797) |
| Balance at March 31, 2017 | 11,314 | 116 | 841 | 12,271 |

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c) Property, plant and equipment

| | Land | Building | Facilities | Equipment | Parent company Mineral properties | Others | Constructions in progress | Total |
|--|--------------|---------------|---------------|--------------|---|---------------|------------------------------|----------------|
| Balance at December 31, 2017 | 1,739 | 25,315 | 27,204 | 9,716 | 5,367 | 18,205 | 15,432 | 102,978 |
| Additions (i) | | | | | | | 842 | 842 |
| Disposals | | | (49) | (8) | | (5) | (6) | (68) |
| Assets retirement obligation | | | | | 96 | | | 96 |
| Depreciation, amortization and depletion | | (201) | (291) | (305) | (71) | (452) | | (1,320) |
| Transfers | 13 | 2 | 967 | 287 | 366 | 651 | (2,286) | |
| Balance at March 31, 2018 | 1,752 | 25,116 | 27,831 | 9,690 | 5,758 | 18,399 | 13,982 | 102,528 |
| Cost | 1,752 | 30,433 | 34,824 | 16,727 | 7,580 | 28,290 | 13,982 | 133,588 |
| Accumulated depreciation | | (5,317) | (6,993) | (7,037) | (1,822) | (9,891) | | (31,060) |
| Balance at March 31, 2018 | 1,752 | 25,116 | 27,831 | 9,690 | 5,758 | 18,399 | 13,982 | 102,528 |

| | Land | Building | Facilities | Equipment | Parent company Mineral properties | Others | Constructions in progress | Total |
|--|--------------|---------------|---------------|--------------|---|---------------|------------------------------|----------------|
| Balance at December 31, 2016 | 1,684 | 20,945 | 20,416 | 8,479 | 4,122 | 16,499 | 29,911 | 102,056 |
| Additions (i) | | | | | | | 1,052 | 1,052 |
| Disposals | | | (18) | (8) | | (1) | (17) | (44) |
| Assets retirement obligation | | | | | 86 | | | 86 |
| Depreciation, amortization and depletion | | (177) | (259) | (282) | (64) | (375) | | (1,157) |
| Transfers | 39 | 2,177 | 3,975 | 626 | 1,413 | 415 | (8,645) | |
| Balance at March 31, 2017 | 1,723 | 22,945 | 24,114 | 8,815 | 5,557 | 16,538 | 22,301 | 101,993 |
| Cost | 1,723 | 26,416 | 31,267 | 14,804 | 7,075 | 25,025 | 22,301 | 128,611 |
| Accumulated depreciation | | (3,471) | (7,153) | (5,989) | (1,518) | (8,487) | | (26,618) |
| Balance at March 31, 2017 | 1,723 | 22,945 | 24,114 | 8,815 | 5,557 | 16,538 | 22,301 | 101,993 |

(i) Includes capitalized borrowing costs.

d) Loans and borrowings

| | Current liabilities | | Parent company | |
|--|---------------------|-------------------|----------------|-------------------|
| | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 |
| Debt contracts in the international markets | | | | |
| Floating rates in: | | | | |
| US\$ | 1,759 | 708 | 7,021 | 8,410 |
| Fixed rates in: | | | | |
| US\$ | | | 4,986 | 4,962 |
| EUR- | | 3,064 | 2,977 | |
| Accrued charges | 118 | 298 | | |
| | 1,877 | 1,006 | 15,071 | 16,349 |
| Debt contracts in Brazil | | | | |
| Floating rates in: | | | | |
| R\$, indexed to TJLP, TR, IPCA, IGP-M and CDI | 1,205 | 1,214 | 9,529 | 9,781 |
| Basket of currencies and US\$ indexed to LIBOR | 1,126 | 1,121 | 2,071 | 2,341 |
| Fixed rates in: | | | | |
| R\$ | 189 | 190 | 447 | 495 |
| Accrued charges | 894 | 847 | | |
| | 3,414 | 3,372 | 12,047 | 12,617 |
| | 5,291 | 4,378 | 27,118 | 28,966 |

The future flows of debt payments (principal) are as follows:

| | Parent company Debt principal |
|-----------------------|----------------------------------|
| 2018 | 2,160 |
| 2019 | 4,877 |
| 2020 | 6,106 |
| 2021 | 3,977 |
| Between 2022 and 2025 | 8,908 |
| 2026 onwards | 5,369 |
| | 31,397 |

Table of Contentse) **Provisions**

| | Parent company | | | |
|--|---------------------|-------------------|-------------------------|-------------------|
| | Current liabilities | | Non-current liabilities | |
| | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 |
| Payroll, related charges and other remunerations | 1,140 | 2,541 | | |
| Environment Restoration | 72 | 80 | 128 | 106 |
| Asset retirement obligations | 205 | 210 | 1,939 | 1,793 |
| Provisions for litigation | | | 4,408 | 4,219 |
| Employee postretirement obligations | 177 | 73 | 1,229 | 782 |
| Provisions | 1,594 | 2,904 | 7,704 | 6,908 |

f) **Provisions for litigation**

| | Parent company | | | | |
|--|----------------|------------------|------------------|--------------------------|-------------------------------|
| | Tax litigation | Civil litigation | Labor litigation | Environmental litigation | Total of litigation provision |
| Balance at December 31, 2017 | 2,117 | 308 | 1,770 | 24 | 4,219 |
| Additions - Reversals | 2 | 4 | 120 | 1 | 127 |
| Payments | (5) | (1) | (49) | | (55) |
| Additions of disposals of subsidiaries | 97 | 2 | 43 | | 142 |
| Indexation and interest | 22 | 1 | (48) | | (25) |
| Balance at March 31, 2018 | 2,233 | 314 | 1,836 | 25 | 4,408 |

| | Parent company | | | | |
|-------------------------------------|----------------|------------------|------------------|--------------------------|-------------------------------|
| | Tax litigation | Civil litigation | Labor litigation | Environmental litigation | Total of litigation provision |
| Balance at December 31, 2016 | 53 | 247 | 1,621 | 23 | 1,944 |
| Additions - Reversals | 1 | (28) | 54 | 3 | 30 |
| Payments | (6) | (17) | (59) | | (82) |
| Indexation and interest | | 24 | 31 | (5) | 50 |
| Balance at March 31, 2017 | 48 | 226 | 1,647 | 21 | 1,942 |

g) **Contingent liabilities**

| | Parent company | |
|--------------------------|----------------|-------------------|
| | March 31, 2018 | December 31, 2017 |
| Tax litigation | 30,008 | 26,510 |
| Civil litigation | 4,079 | 3,957 |
| Labor litigation | 6,097 | 6,118 |
| Environmental litigation | 7,230 | 7,058 |
| Total | 47,414 | 43,643 |

h) Income taxes

The total amount presented as income taxes in the income statement is reconciled to the rate established by law, as follows:

| | Parent company | |
|--|---|----------------|
| | Three-month period ended March 31, 2018 | 2017 |
| Income before income taxes | 6,703 | 10,194 |
| Income taxes at statutory rates - 34% | (2,279) | (3,466) |
| Adjustments that affect the basis of taxes: | | |
| Income tax benefit from interest on stockholders' equity | 216 | 397 |
| Tax incentives | | 521 |
| Equity results | 850 | 1,118 |
| Others | (106) | (613) |
| Income taxes | (1,319) | (2,043) |

Table of Contents**27. Additional information about derivatives financial instruments****a) Sensitivity analysis of derivative financial instruments.**

The following tables present the potential value of the instruments given hypothetical stress scenarios for the main market risk factors that impact the derivatives positions. The scenarios were defined as follows:

- *Probable*: The Probable scenario was based on the estimated risk variable that were used on pricing the derivative instruments as at March 31, 2018.

- *Scenario I*: fair value estimated considering a 25% deterioration in the associated risk variables

- *Scenario II*: fair value estimated considering a 50% deterioration in the associated risk variables

The curves used on the pricing of derivative instruments were developed based on data from B3, Central Bank of Brazil, London Metals Exchange and Bloomberg.

| | | | | |
|-------------------------------------|--|---------|---------|---------|
| CDI vs. US\$ fixed rate swap | R\$depreciation | 1 | (374) | (750) |
| | Brazilian interest rate increase | 1 | 2 | 2 |
| | US\$interest rate inside Brazil decrease | (1,123) | (1,167) | (1,212) |
| | TJLP interest rate decrease | (1,123) | (1,182) | (1,242) |

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| | | | | |
|---|--|-------|-------|---------|
| | US\$interest rate inside Brazil decrease | (172) | (177) | (182) |
| | TJLP interest rate decrease | (172) | (177) | (182) |
| | US\$interest rate inside Brazil decrease | 142 | 103 | 60 |
| Protected item: R\$ denominated debt | R\$depreciation | n.a. | | |
| IPCA vs. US\$ fixed rate swap | R\$depreciation | (98) | (468) | (837) |
| | Brazilian interest rate increase | (98) | (141) | (181) |
| Protected item: R\$ denominated debt | R\$depreciation | n.a. | | |
| IPCA vs. CDI swap | Brazilian interest rate increase | 324 | 233 | 150 |
| Protected item: R\$ denominated debt linked to IPCA | IPCA index decrease | n.a. | (271) | (221) |
| EUR fixed rate vs. US\$ fixed rate swap | EUR depreciation | 182 | (415) | (1,013) |
| | US\$Libor decrease | 182 | 118 | 51 |

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| Long term ratings by counterparty | Moody s | S&P |
|--|----------------|----------------|
| ANZ Australia and New Zealand Banking | Aa3 | AA- |
| Banco ABC | Ba2 | BB- |
| Banco Bradesco | Ba2 | BB- |
| Banco do Brasil | Ba2 | BB- |
| Banco de Credito del Peru | Baa1 | BBB+ |
| Banco do Nordeste | Ba2 | BB- |
| Banco Safra | Ba2 | BB- |
| Banco Santander | A3 | A- |
| Banco Votorantim | Ba2 | BB- |
| Bank of America | A3 | A- |
| Bank of China | A1 | A |
| Bank of Mandiri | Baa3 | BB+ |
| Bank of Nova Scotia | A1 | A+ |
| Bank Rakyat | Baa3 | BB+ |
| Bank of Tokyo Mitsubishi UFJ | A1 | A- |
| Banpará | | BB- |
| Barclays | Baa2 | BBB |
| BBVA | Baa1 | BBB+ |
| BNP Paribas | Aa3 | A |
| BTG Pactual | Ba2 | BB- |
| Caixa Economica Federal | Ba2 | BB- |
| Canadian Imperial Bank | A1 | A+ |
| China Construction Bank | A1 | A |
| CIMB Bank | A3 | A- |

| Long term ratings by counterparty | Moody s | S&P |
|--|----------------|----------------|
| Citigroup | Baa1 | BBB+ |
| Credit Agricole | A1 | A |
| Credit Suisse | Baa2 | BBB+ |
| Deutsche Bank | Baa2 | A- |
| Goldman Sachs | A3 | BBB+ |
| HSBC | A2 | A |
| Intesa Sanpaolo Spa | Baa1 | BBB |
| Itaú Unibanco | Ba3 | BB- |
| JP Morgan Chase & Co | A3 | A- |
| Macquarie Group Ltd | A3 | BBB |
| Mega Int. Commercial Bank | A1 | A |
| Mizuho Financial | A1 | A- |
| Morgan Stanley | A3 | BBB+ |
| National Australia Bank NAB | Aa3 | AA- |
| National Bank of Oman | Baa3 | |
| Rabobank | Aa3 | A+ |
| Royal Bank of Canada | A1 | AA- |
| Societe Generale | A2 | A |
| Standard Bank Group | Ba1 | |
| Standard Chartered | A2 | BBB+ |
| Sumitomo Mitsui Financial | A1 | A- |
| UBS | A1 | A- |

| | | |
|-----------|------|-----|
| Unicredit | Baa1 | BBB |
|-----------|------|-----|

c) **Market curves**

(i) **Products**

Nickel

| Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) |
|----------|------------------|----------|------------------|----------|------------------|
| SPOT | 13,245 | SEP18 | 13,355 | MAR19 | 13,456 |
| APR18 | 13,266 | OCT18 | 13,374 | MAR20 | 13,622 |
| MAY18 | 13,283 | NOV18 | 13,390 | MAR21 | 13,768 |
| JUN18 | 13,303 | DEC18 | 13,406 | MAR22 | 13,906 |
| JUL18 | 13,321 | JAN19 | 13,424 | | |
| AUG18 | 13,339 | FEB19 | 13,440 | | |

Copper

| Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) | Maturity | Price (US\$/lb) |
|----------|-----------------|----------|-----------------|----------|-----------------|
| SPOT | 3.03 | SEP18 | 3.06 | MAR19 | 3.09 |
| APR18 | 3.04 | OCT18 | 3.07 | MAR20 | 3.11 |
| MAY18 | 3.04 | NOV18 | 3.07 | MAR21 | 3.12 |
| JUN18 | 3.05 | DEC18 | 3.08 | MAR22 | 3.12 |
| JUL18 | 3.05 | JAN19 | 3.08 | | |
| AUG18 | 3.06 | FEB19 | 3.08 | | |

Bunker Oil

| Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) | Maturity | Price (US\$/ton) |
|----------|------------------|----------|------------------|----------|------------------|
| SPOT | 366 | SEP18 | 364 | MAR19 | 350 |
| APR18 | 367 | OCT18 | 362 | MAR20 | 260 |
| MAY18 | 368 | NOV18 | 361 | MAR21 | 245 |
| JUN18 | 368 | DEC18 | 359 | MAR22 | 215 |
| JUL18 | 367 | JAN19 | 356 | | |
| AUG18 | 365 | FEB19 | 353 | | |

Table of Contents**Maritime Freight (Capesize 5TC)**

| Maturity | Price (US\$/day) | Maturity | Price (US\$/day) | Maturity | Price (US\$/day) |
|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| SPOT | 8,339 | SEP18 | 18,050 | MAR19 | 13,970 |
| APR18 | 10,920 | OCT18 | 21,150 | Cal 2019 | 16,850 |
| MAY18 | 14,020 | NOV18 | 21,150 | Cal 2020 | 16,270 |
| JUN18 | 15,640 | DEC18 | 21,150 | Cal 2021 | 15,260 |
| JUL18 | 16,350 | JAN19 | 13,970 | Cal 2022 | 15,240 |
| AUG18 | 17,020 | FEB19 | 13,970 | | |

(ii) Foreign exchange and interest rates**US\$-Brazil Interest Rate**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 05/02/18 | 3.27 | 03/01/19 | 3.18 | 07/01/21 | 3.85 |
| 06/01/18 | 3.10 | 04/01/19 | 3.19 | 10/01/21 | 3.90 |
| 07/02/18 | 2.95 | 07/01/19 | 3.30 | 01/03/22 | 3.95 |
| 08/01/18 | 2.95 | 10/01/19 | 3.40 | 04/01/22 | 4.00 |
| 09/03/18 | 2.91 | 01/02/20 | 3.52 | 07/01/22 | 4.03 |
| 10/01/18 | 2.97 | 04/01/20 | 3.61 | 10/03/22 | 4.04 |
| 11/01/18 | 3.04 | 07/01/20 | 3.69 | 01/02/23 | 4.09 |
| 12/03/18 | 3.03 | 10/01/20 | 3.77 | 07/03/23 | 4.18 |
| 01/02/19 | 3.11 | 01/04/21 | 3.81 | 01/02/24 | 4.28 |
| 02/01/19 | 3.16 | 04/01/21 | 3.81 | 07/01/24 | 4.33 |

US\$ Interest Rate

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 1M | 1.88 | 6M | 2.39 | 11M | 2.43 |
| 2M | 2.03 | 7M | 2.41 | 12M | 2.43 |
| 3M | 2.31 | 8M | 2.41 | 2Y | 2.63 |
| 4M | 2.35 | 9M | 2.42 | 3Y | 2.76 |
| 5M | 2.38 | 10M | 2.43 | 4Y | 2.82 |

TJLP

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| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 05/02/18 | 6.75 | 03/01/19 | 6.75 | 07/01/21 | 6.75 |
| 06/01/18 | 6.75 | 04/01/19 | 6.75 | 10/01/21 | 6.75 |
| 07/02/18 | 6.75 | 07/01/19 | 6.75 | 01/03/22 | 6.75 |
| 08/01/18 | 6.75 | 10/01/19 | 6.75 | 04/01/22 | 6.75 |
| 09/03/18 | 6.75 | 01/02/20 | 6.75 | 07/01/22 | 6.75 |
| 10/01/18 | 6.75 | 04/01/20 | 6.75 | 10/03/22 | 6.75 |
| 11/01/18 | 6.75 | 07/01/20 | 6.75 | 01/02/23 | 6.75 |
| 12/03/18 | 6.75 | 10/01/20 | 6.75 | 07/03/23 | 6.75 |
| 01/02/19 | 6.75 | 01/04/21 | 6.75 | 01/02/24 | 6.75 |
| 02/01/19 | 6.75 | 04/01/21 | 6.75 | 07/01/24 | 6.75 |

BRL Interest Rate

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 05/02/18 | 6.39 | 03/01/19 | 6.27 | 07/01/21 | 8.29 |
| 06/01/18 | 6.35 | 04/01/19 | 6.30 | 10/01/21 | 8.46 |
| 07/02/18 | 6.30 | 07/01/19 | 6.48 | 01/03/22 | 8.58 |
| 08/01/18 | 6.25 | 10/01/19 | 6.75 | 04/01/22 | 8.70 |
| 09/03/18 | 6.22 | 01/02/20 | 7.03 | 07/01/22 | 8.80 |
| 10/01/18 | 6.22 | 04/01/20 | 7.29 | 10/03/22 | 8.90 |
| 11/01/18 | 6.21 | 07/01/20 | 7.53 | 01/02/23 | 8.96 |
| 12/03/18 | 6.21 | 10/01/20 | 7.78 | 07/03/23 | 9.12 |
| 01/02/19 | 6.22 | 01/04/21 | 7.96 | 01/02/24 | 9.25 |
| 02/01/19 | 6.24 | 04/01/21 | 8.14 | 07/01/24 | 9.36 |

Table of Contents**Implicit Inflation (IPCA)**

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 05/02/18 | 4.26 | 03/01/19 | 4.13 | 07/01/21 | 4.43 |
| 06/01/18 | 4.21 | 04/01/19 | 4.16 | 10/01/21 | 4.48 |
| 07/02/18 | 4.16 | 07/01/19 | 4.10 | 01/03/22 | 4.50 |
| 08/01/18 | 4.12 | 10/01/19 | 4.19 | 04/01/22 | 4.52 |
| 09/03/18 | 4.09 | 01/02/20 | 4.20 | 07/01/22 | 4.55 |
| 10/01/18 | 4.09 | 04/01/20 | 4.26 | 10/03/22 | 4.57 |
| 11/01/18 | 4.07 | 07/01/20 | 4.29 | 01/02/23 | 4.56 |
| 12/03/18 | 4.07 | 10/01/20 | 4.35 | 07/03/23 | 4.60 |
| 01/02/19 | 4.09 | 01/04/21 | 4.36 | 01/02/24 | 4.63 |
| 02/01/19 | 4.11 | 04/01/21 | 4.41 | 07/01/24 | 4.65 |

EUR Interest Rate

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 1M | -0.41 | 6M | -0.30 | 11M | -0.27 |
| 2M | -0.38 | 7M | -0.29 | 12M | -0.26 |
| 3M | -0.37 | 8M | -0.28 | 2Y | -0.16 |
| 4M | -0.33 | 9M | -0.27 | 3Y | 0.02 |
| 5M | -0.31 | 10M | -0.27 | 4Y | 0.21 |

CAD Interest Rate

| Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) | Maturity | Rate (% p.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 1M | 1.63 | 6M | 1.89 | 11M | 1.07 |
| 2M | 1.68 | 7M | 1.64 | 12M | 0.98 |
| 3M | 1.73 | 8M | 1.44 | 2Y | 2.19 |
| 4M | 1.81 | 9M | 1.28 | 3Y | 2.35 |
| 5M | 1.86 | 10M | 1.16 | 4Y | 2.45 |

Currencies - Ending rates

| | | | | | |
|----------|--------|----------|--------|----------|--------|
| CAD/US\$ | 0.7752 | US\$/BRL | 3.3238 | EUR/US\$ | 1.2291 |
|----------|--------|----------|--------|----------|--------|

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Vale S.A.
(Registrant)

By:

/s/ André Figueiredo
Director of Investor Relations

Date: April 25, 2018
