



# SHAREHOLDERS DEBENTURES 1H18



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Any additional information about the shareholders debentures, including the Prospectus for Public Trading of Shareholders Debentures, can be obtained on our website, [www.vale.com/Investors/Equity](http://www.vale.com/Investors/Equity) and Debt/Shareholders debentures, from GDC Partners Serviços Fiduciários DTVM Ltda. as fiduciary agent for the debentures, [www.gcdtvm.com.br](http://www.gcdtvm.com.br), and from the CVM (Brazilian Securities and Exchange Commission).

## First half of 2018 (1H18)

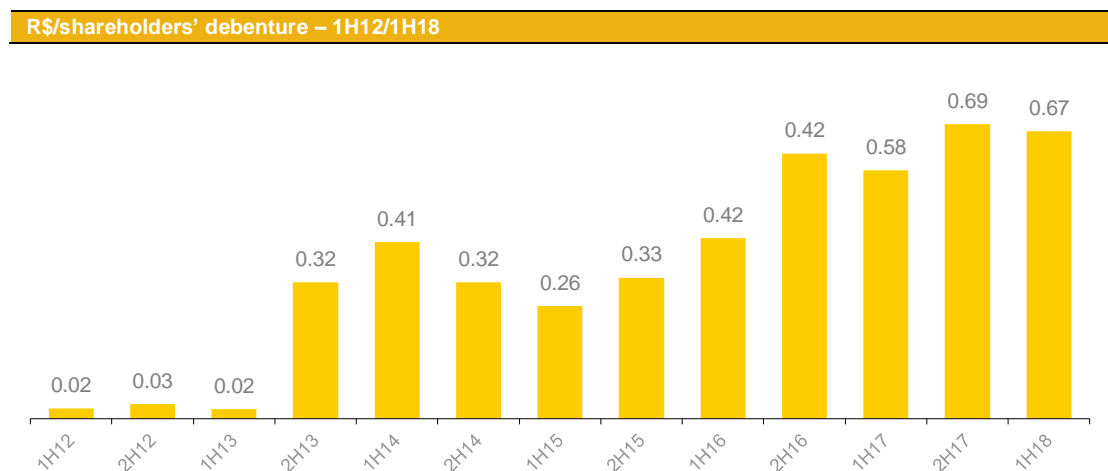
Rio de Janeiro, September 28<sup>th</sup>, 2018 – Vale will pay today, R\$ 260,956,296.72, equivalent to R\$ 0.671600089 per shareholder debenture, related to the total remuneration for the period between January and June of 2018 (1H18). The financial settlement will occur on October 2<sup>nd</sup>, 2018.

The total remuneration for 1H18 refers to (i) 1.25% of the net revenues from the sale of copper concentrate from the Sossego mine; (ii) 1.80% of the net revenues from the sale of iron ore from the Northern System; and (iii) R\$ 265,456.00 related to the sale of 1 (one) area from the research blocks of Carajás, located in Pará, referring to the nickel assets of Projeto Vermelho negotiated with Typhon Brasil Mineração Ltda.

### Shareholders debentures remuneration

6-month period ending on June 30 <sup>th</sup> , 2018 (R\$)	
Remuneration on copper concentrate	11,615,260.61
Remuneration on iron ore from the Northern System	249,075,580.11
Remuneration on disposal of mining rights	265,456.00
<b>Total remuneration</b>	<b>260,956,296.72</b>
<b>Remuneration per debenture</b>	<b>0.671600089</b>

### Remuneration of shareholders' debentures



Income tax will be charged on the amount to be paid to debenture holders, as fixed-income investments, applying the rate in relation to the individual situation of the beneficiary, with the exception of those who can provide legal, unequivocal, and proof that they are exempt or subject to a differentiated taxation.

## Annual remuneration of shareholders debentures

Year	Per debenture (R\$)	Total amount (R\$)
2011	0.057	22,372,791.36
2012	0.057	22,260,404.79
2013	0.341	132,642,793.33
2014	0.732	284,859,604.30
2015	0.594	230,899,093.47
2016	1.043	405,149,990.84
2017	1.270	493,550,875.87
1H18	0.672	260,956,296.72

## Iron ore

In 1H18, sales of iron ore totaled 143.7 Mt out of which 87.3 Mt correspond to the sales volumes in the Northern System. Sales of Vale's iron ore, net of maritime freight costs, totaled R\$ 26.2 billion in 1H18, out of which R\$ 16.4 billion corresponds to the Northern System. After applying the discounts provided in the Deed of Debentures to calculate the net revenues and the percentage of 1.8%, the value of the remuneration related to net revenues of iron ore from the Northern System is R\$ 249.1 million.

### Remuneration on iron ore

R\$ million	1H18	2H17	1H17	2H16	2017
Net sales revenues from the Northern System <sup>1</sup>	13,837.5	14,168.6	11,923.6	12,466.2	26,092.2
% basis for calculation	1.8%	1.8%	1.8%	1.8%	1.8%
<b>Remuneration on iron ore (R\$ million)</b>	<b>249.1</b>	<b>255.0</b>	<b>214.6</b>	<b>224.4</b>	<b>469.7</b>

<sup>1</sup> Gross sales minus expenses with transport and insurance and taxes on sales, which include taxes and contributions levied on sales separately, or on billing or gross revenues from sales, as well as the financial compensation due to the Brazilian Federal Government, States and Municipalities.

In Vale's Southeastern System, iron ore sales from the mineral deposits covered by the Private Deed for Shareholder Debentures totaled 1,350 million metric tons until June 30th, 2018. It is expected that the cumulative sales volume of 1.7 billion metric tons, from which the sales of the Southeastern System are entitled to payment of the premium, will be achieved in March 2023, if annual sales of this System, covered by the Deed for Shareholder Debentures, remain equal to the sales volume of the last 12 months, ending in 1H18. However, such forecast may not be confirmed, implying in anticipation or postponement of the aforementioned dates in order to obtain the cumulative sales levels.

## Copper concentrate

In 1H18, sales of copper concentrate from Sossego totaled 168 thousand metric tons, 7.2% lower than the 181 thousand metric tons in 2H17.

Sales of this product generated net revenues of R\$ 929.2 million, a 8.4% decrease when compared to the R\$ 1,014.2 million in 2H17.

The remuneration related to the sales of copper concentrate of R\$ 11,615,260.61, is calculated from the application of the 1.25% percentage on the net sales revenue of R\$ 929.2 million.

### Remuneration on copper concentrate

R\$ million	1H18	2H17	1H17	2H16	2017
Net sales revenue <sup>1</sup>	929.2	1,014.2	895.4	810.5	1,909.7
% basis for calculation <sup>2</sup>	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Remuneration on copper concentrate</b>	<b>11.6</b>	<b>12.7</b>	<b>11.2</b>	<b>10.1</b>	<b>23.9</b>

<sup>1</sup> Gross sales minus expenses with transport and insurance and taxes on sales, which include taxes and contributions levied on sales separately, or on billing or gross revenues from sales, as well as the financial compensation due to the Brazilian Federal Government, States and Municipalities.

<sup>2</sup> On April 15, 1997, Vale only had a 50% stake in Mineração Serra do Sossego S.A. (Sossego). In 2001 Vale bought the remaining 50% of Sossego from Phelps Dodge do Brasil Mineração Ltda. Hence, the percentage basis for calculating remuneration is 2.5%, as described in the Deed of Issue of Debentures, multiplied by the Vale's share in the project at the time, 50%, and therefore, equal to 1.25%.

## Sales and leasing of mining rights

In 1H18 there was no leasing of mining rights contained in the Deed of Debentures.

In 1H18 there was the sale of 01 (one) area from the research blocks of Carajás, located in Pará, referring to the nickel assets of Projeto Vermelho negotiated with Typhon Brasil Mineração Ltda.

## Losses of mining rights

In 1H18, there was a small change on the number of areas and hectares compared to the previous period. There were exits which decreased the areas by 2,150.20 hectares due to the exit of 01 (one) area.

The mining rights in force on June 30<sup>th</sup>, 2018, covered by the Deed of Issue of Debentures, amount 313 processes, equivalent to 1,650,248.80 hectares and are shown on the maps and lists in the attached Inventory of Mining Rights.

## Projects under development

On July 25<sup>th</sup>, 2018, Vale announced its 2Q18 financial results, which is available on our website: <http://www.vale.com/EN/investors/information-market/quarterly-results/Pages/default.aspx>

Production from S11D reached 26 Mt in 1H18.

The following table presents the evolution of the announced project related to future income from shareholders debentures.

Project	Status	Related future remuneration
<b>Carajás Serra Sul S11D</b> Development of a mine and processing plant, located in the Southern range of Carajás, Pará, Brazil. Estimated nominal capacity of 90 Mtpy.	<ul style="list-style-type: none"><li>S11D (including mine, plant and associated logistics – CLN S11D) achieved combined physical progress of 96% with the mine site concluded and 94% progress at the logistic infrastructure sites</li><li>The duplication of the railway reached 89% physical progress with 558 Km duplicated.</li></ul>	Payment of 1.8% of net sales as from the beginning of sales volumes from S11D.



## Attachment – Inventory of Mining Rights

Block	Municipality	State	Substance(s)	Hectares	Stage <sup>1</sup>
Cachoeiro	Cachoeiro do Itapemirim	ES	Limestone	683.23	Mining concession
Carajás	São Félix do Xingu, Parauapebas, Canaã dos Carajás, Marabá, Tucumã, Curionópolis e Água Azul do Norte	PA	Gold, silver, copper, iron, manganese, nickel, quartzite, granite, beryl, tin, tantalum	285,118.78	Mining concession
Corumbá	Ladário e Corumbá	MT	Iron	7,034.76	Mining concession
Espinhaço	Guanhães, Morro do Pilar, Sabinópolis, Senhora do Porto e Conceição do Mato Dentro	MG	Gold, iron	23,312.99	Mining concession
Gradaús	Rio Maria, Bannach, Cumarú do Norte, Ourilândia do Norte e Tucumã	PA	Tungsten, chromium, silver	53,488.17	Application to mine
Parú Jari Sul	Almeirim, Mazagão e Monte Alegre	AP, PA	Saprolite, sulphur, phosphate, manganese, gold, titanium	1,225,062.00	Application to carry out research
Quadrilátero Ferrífero	Santa Bárbara, Mariana, Nova Lima, Itabira, Brumadinho, Ouro Preto, São Gonçalo do Rio Abaixo, Barão de Cocais, Caeté, Rio Piracicaba e Catas Altas	MG	Dolomite, iron, gold, arsenic, vanadium, quartz, manganese, silver, nickel	35,304.65	Mining concession
Riacho dos Machados	Rio Pardo de Minas e Riacho dos Machados	MG	Iron	9,890.50	Application to mine
Vazante	Vazante, Coromandel e Lagamar	MG	Zinc	10,353.72	Research permit

<sup>1</sup> Most advanced stage of all areas in the block