



Nacala Coal Port, Mozambique

Vale's Performance in 3Q16

Rio de Janeiro, October 27th, 2016

Disclaimer

“This presentation may include statements that present Vale’s expectations about future events or results. All statements, when based upon expectations about the future, involve various risks and uncertainties. Vale cannot guarantee that such statements will prove correct. These risks and uncertainties include factors related to the following: (a) the countries where we operate, especially Brazil and Canada; (b) the global economy; (c) the capital markets; (d) the mining and metals prices and their dependence on global industrial production, which is cyclical by nature; and (e) global competition in the markets in which Vale operates. To obtain further information on factors that may lead to results different from those forecast by Vale, please consult the reports Vale files with the U.S. Securities and Exchange Commission (SEC), the Brazilian Comissão de Valores Mobiliários (CVM), and the French Autorité des Marchés Financiers (AMF), and in particular the factors discussed under “Forward-Looking Statements” and “Risk Factors” in Vale’s annual report on Form 20-F.”

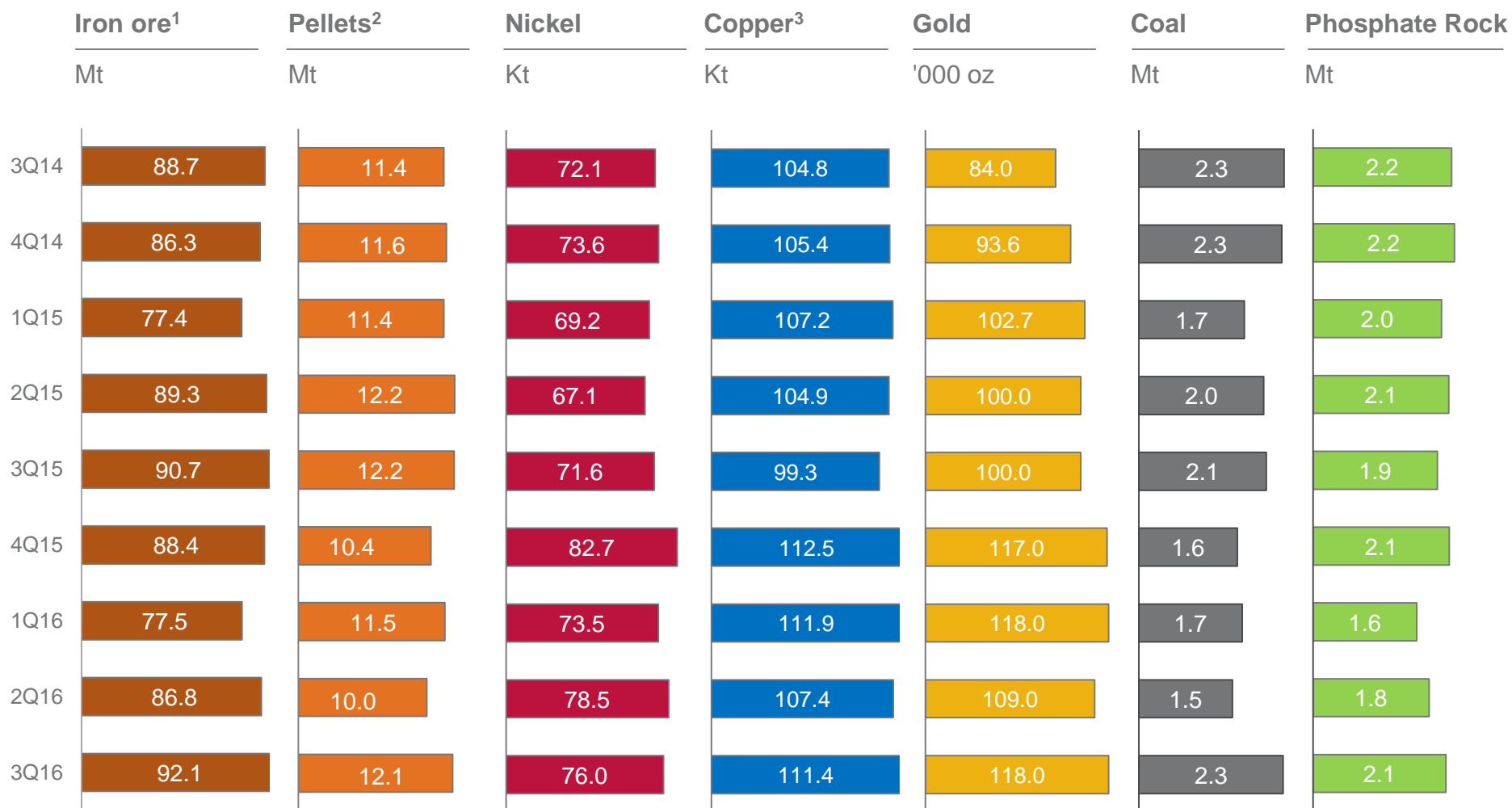
DOCUMENT CONTENT

- Operational performance
- Financial performance
- Capital expenditures
- Capital structure

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PRODUCTION VOLUMES

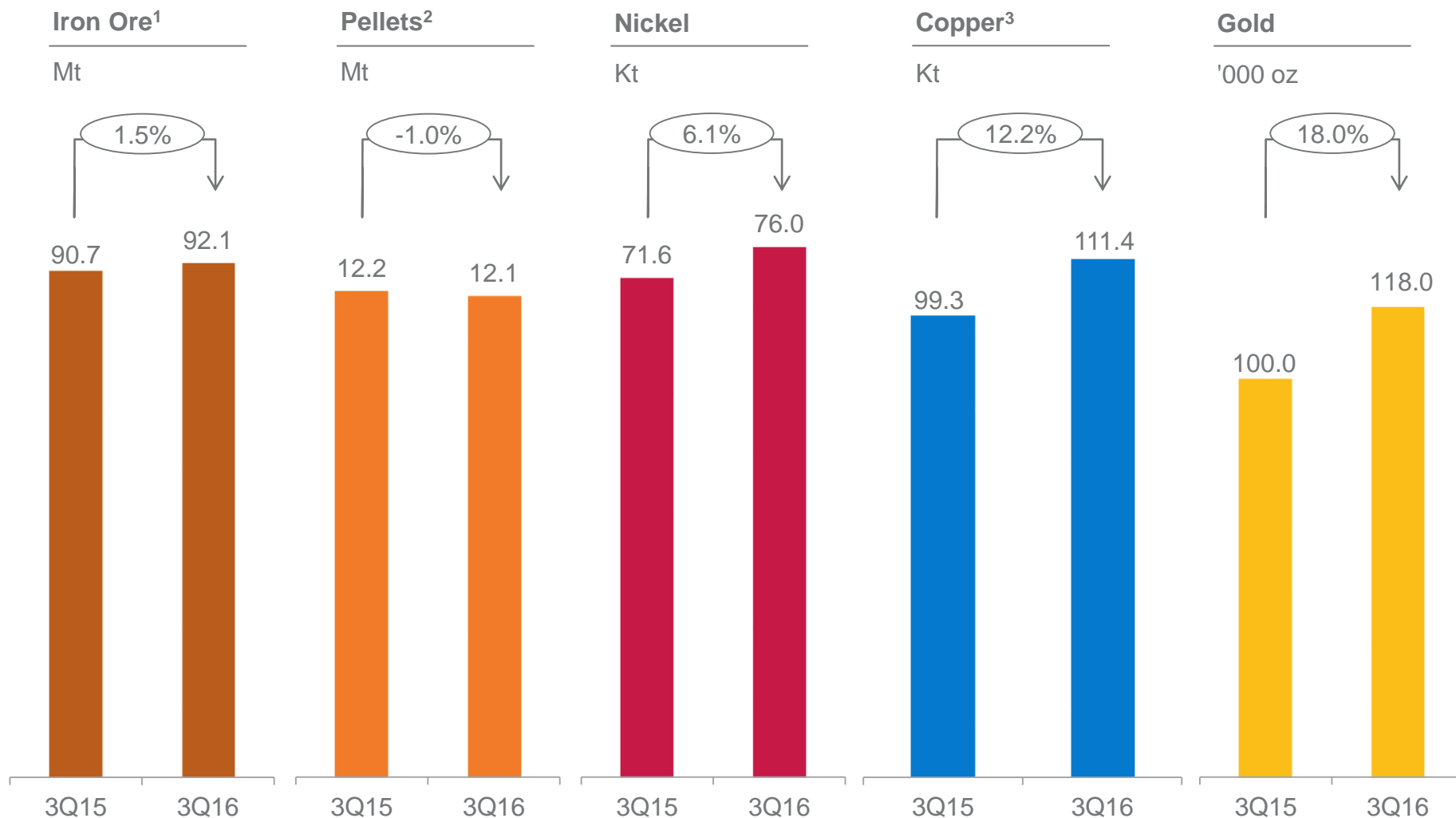


¹ Includes iron ore fines, lump, ROM, iron ore feed for Vale's pellet plants and third party ore purchases. Excludes Samarco's attributable production.

² Excludes Samarco's attributable production.

³ Includes Lubambe's attributable production.

PRODUCTION VOLUMES YEAR-ON-YEAR

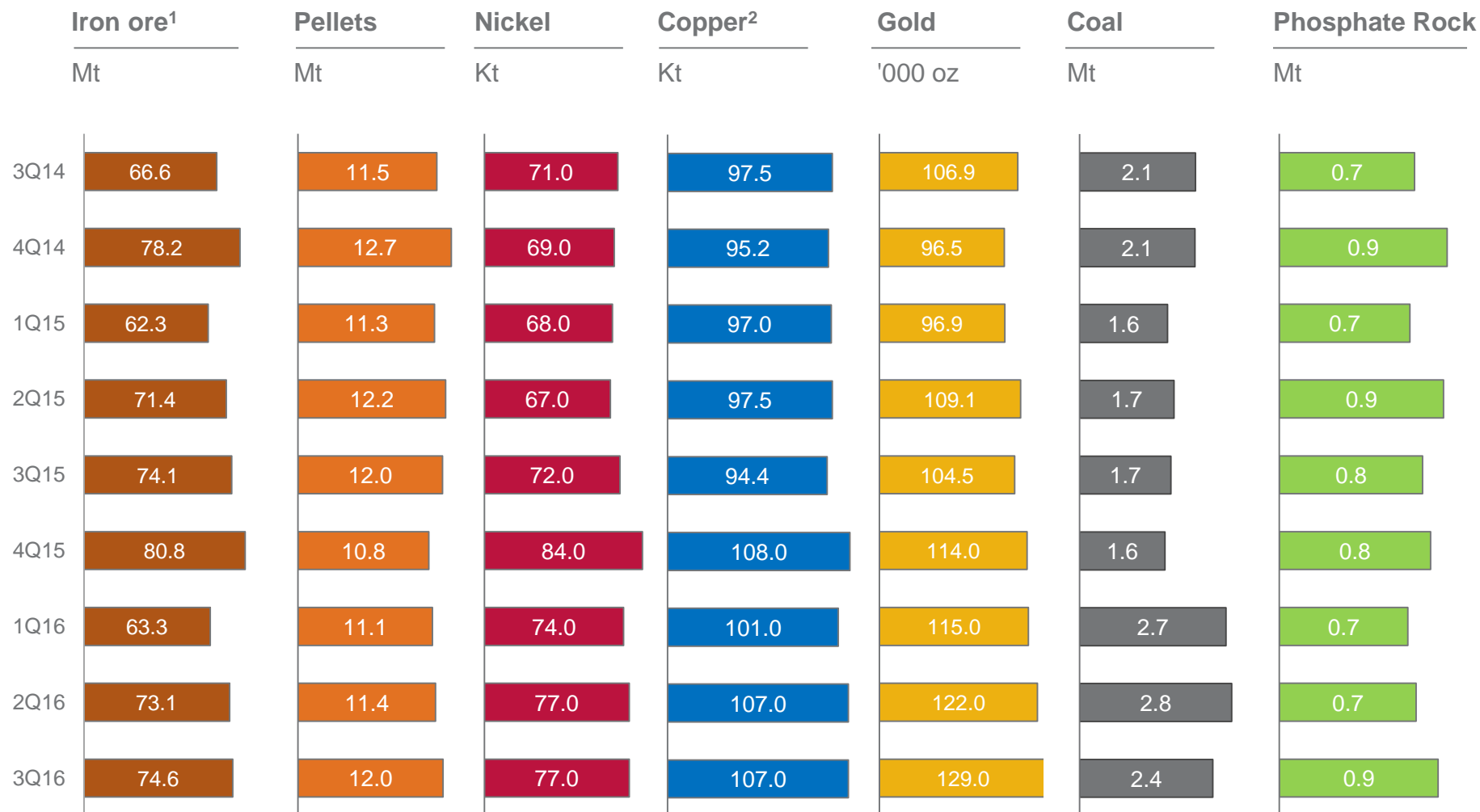


¹ Includes iron ore fines, lump, ROM, iron ore feed for Vale's pellet plants and third party ore purchases. Excludes Samarco's attributable production.

² Excludes Samarco's attributable production and includes third party purchases.

³ Includes Lubambe's attributable production.

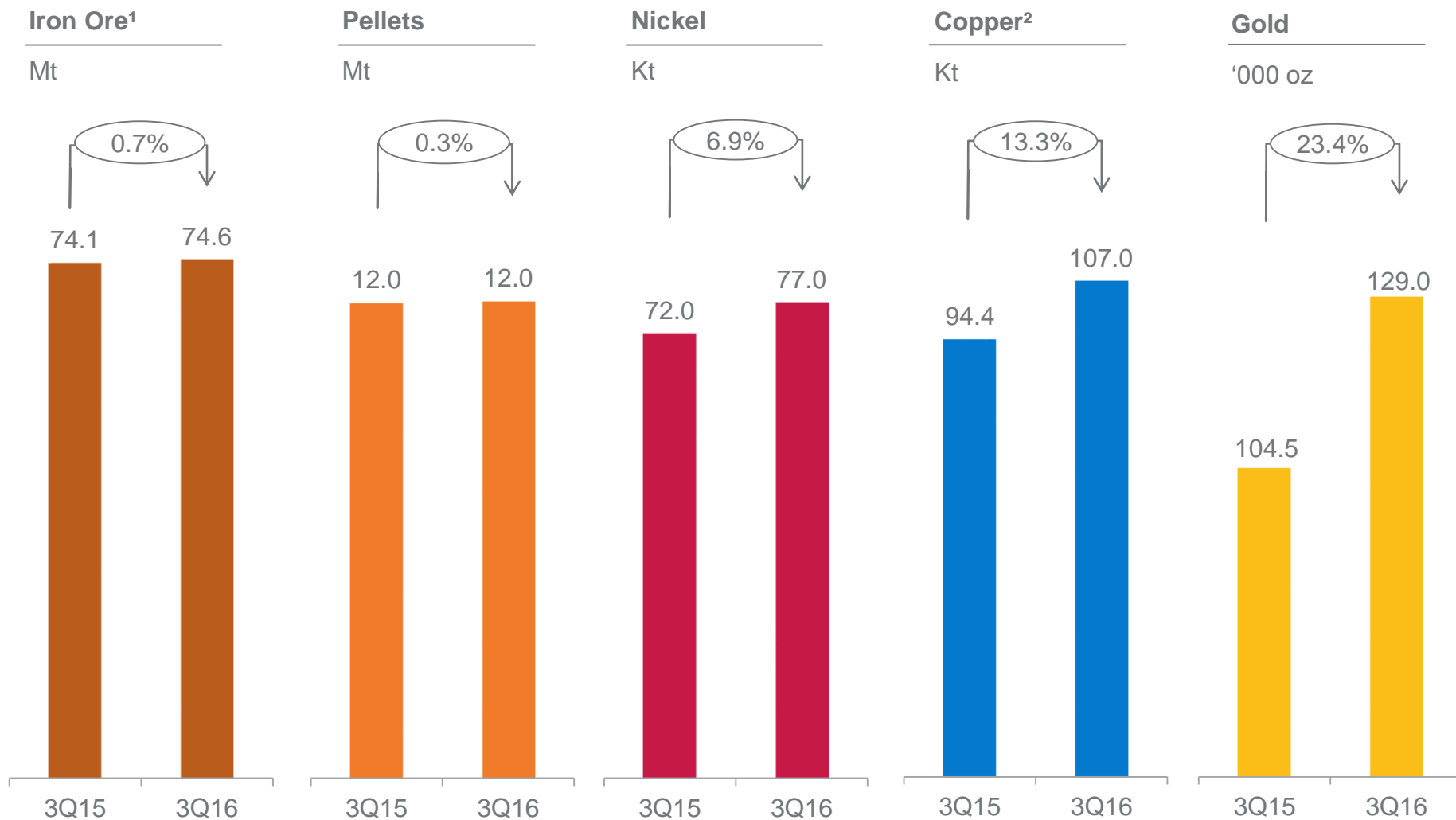
SALES VOLUMES



¹ 3Q16 figure includes 74.2 Mt of iron ore ex-ROM and 0.4 Mt of ROM. Excludes Samarco's attributable production.

² Excludes Lubambe's attributable production.

SALES VOLUMES YEAR-ON-YEAR



¹ 3Q16 figure includes 74.2 Mt of iron ore ex-ROM and 0.4 Mt of ROM. Excludes Samarco's attributable production.

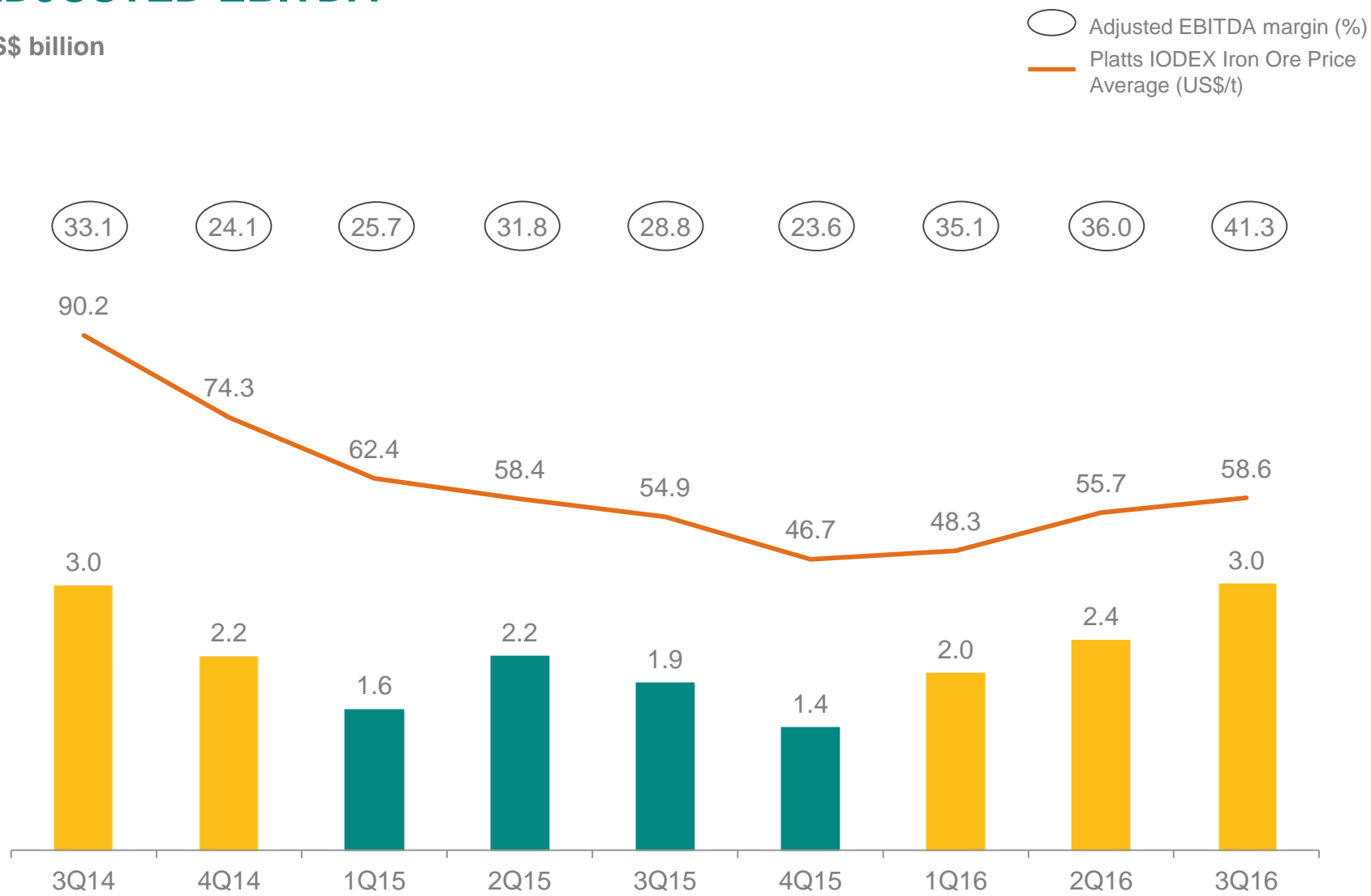
² Excludes Lubambe's attributable production.

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ADJUSTED EBITDA¹

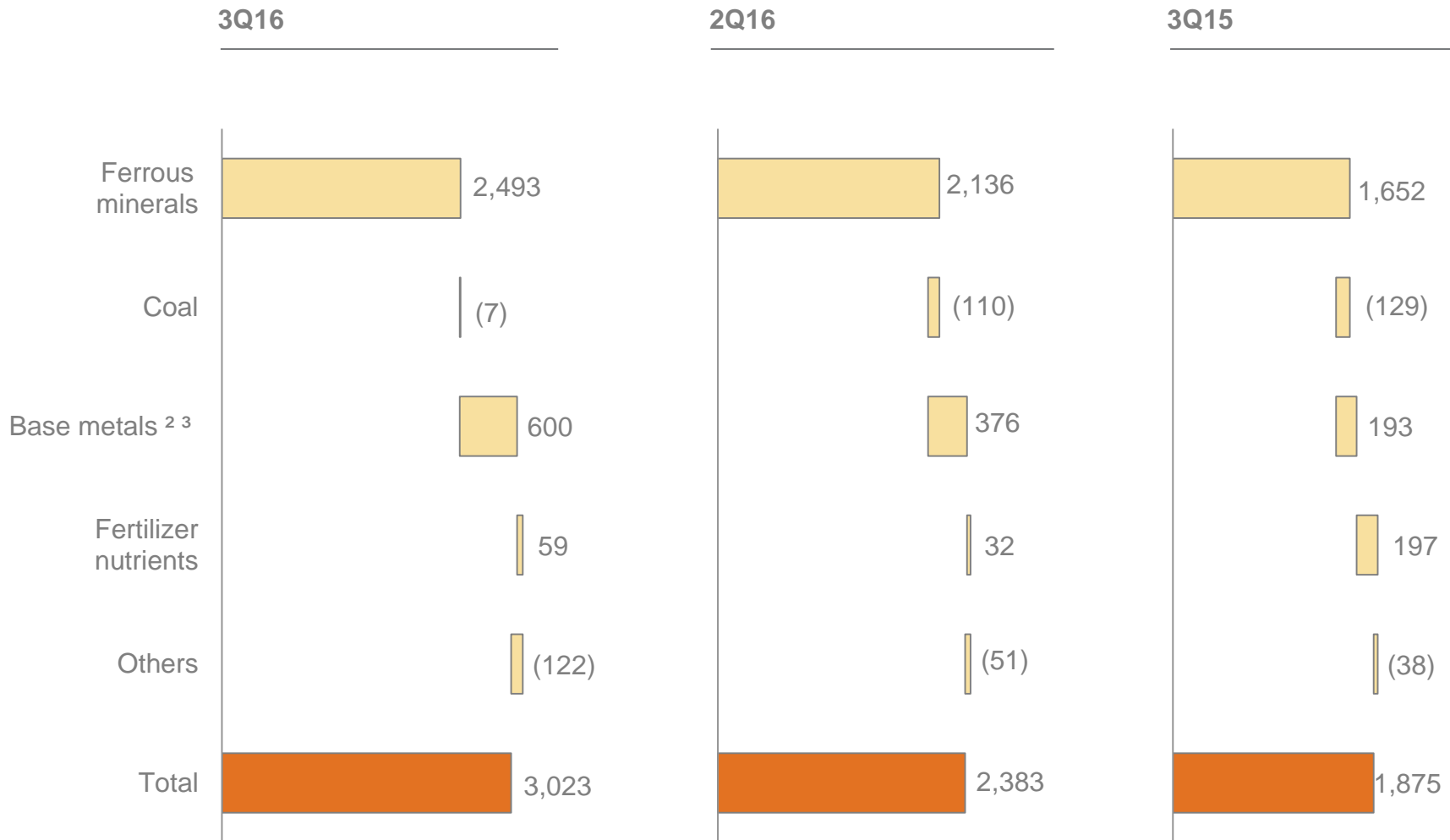
US\$ billion



¹ Adjusted EBITDA excludes non-recurring effects.

ADJUSTED EBITDA BY BUSINESS SEGMENT¹

US\$ million



¹ Adjusted EBITDA excludes non-recurring effects.

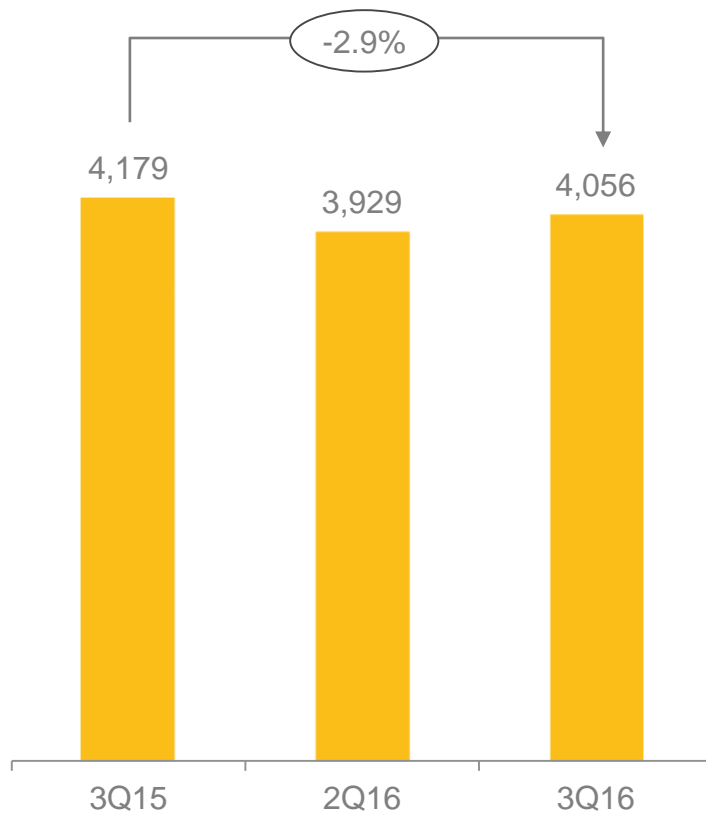
² Includes copper and by-products from our nickel and copper operations.

³ Includes US\$ 150 million of the goldstream transaction.

EVOLUTION OF COSTS AND EXPENSES

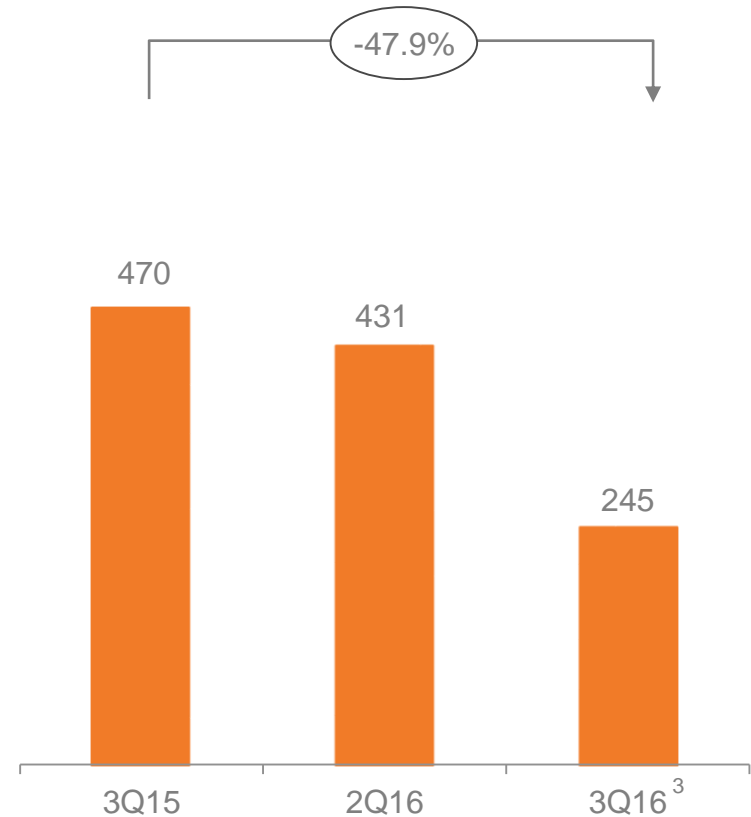
Costs¹

US\$ million



Expenses^{1,2}

US\$ million



¹ Net of depreciation and amortization.

² Includes SG&A, R&D, Pre-operating and stoppage and other expenses. Does not include gain/loss on sale of assets.

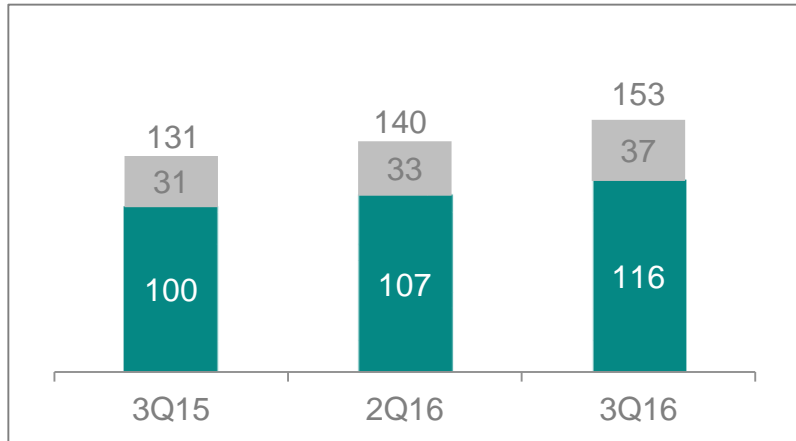
³ Includes US\$ 150 million of the goldstream transaction.

EVOLUTION OF EXPENSES

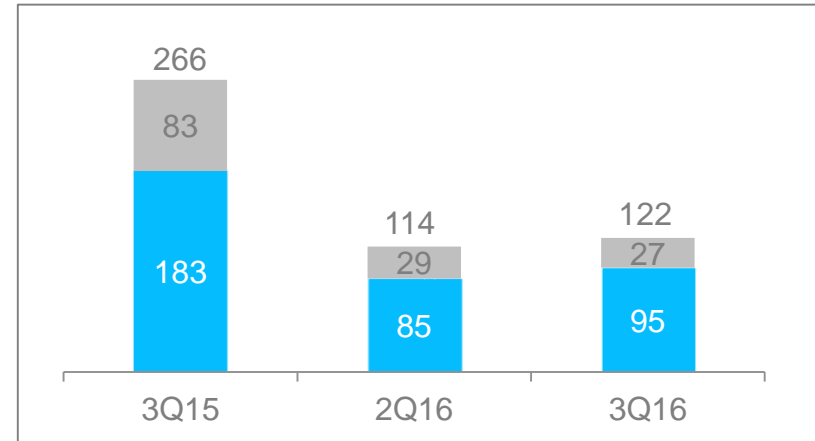
US\$ million

■ Depreciation

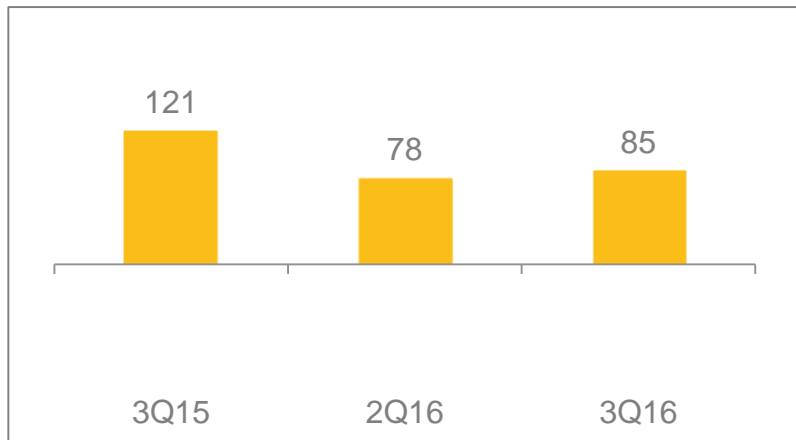
SG&A



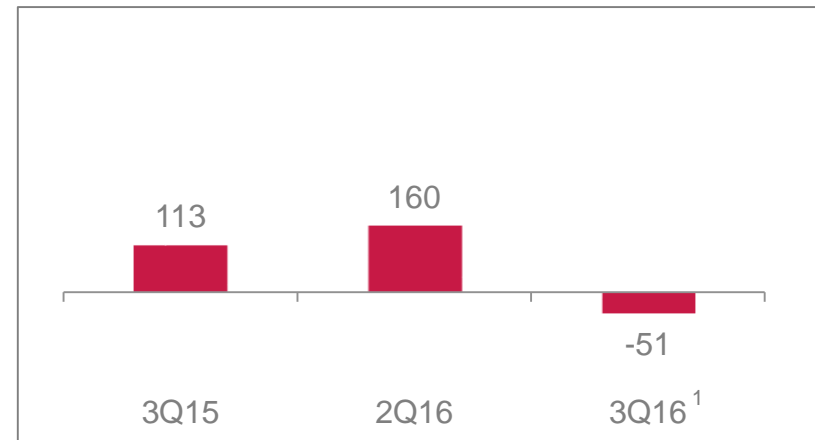
Pre-operating and stoppage expenses



R&D

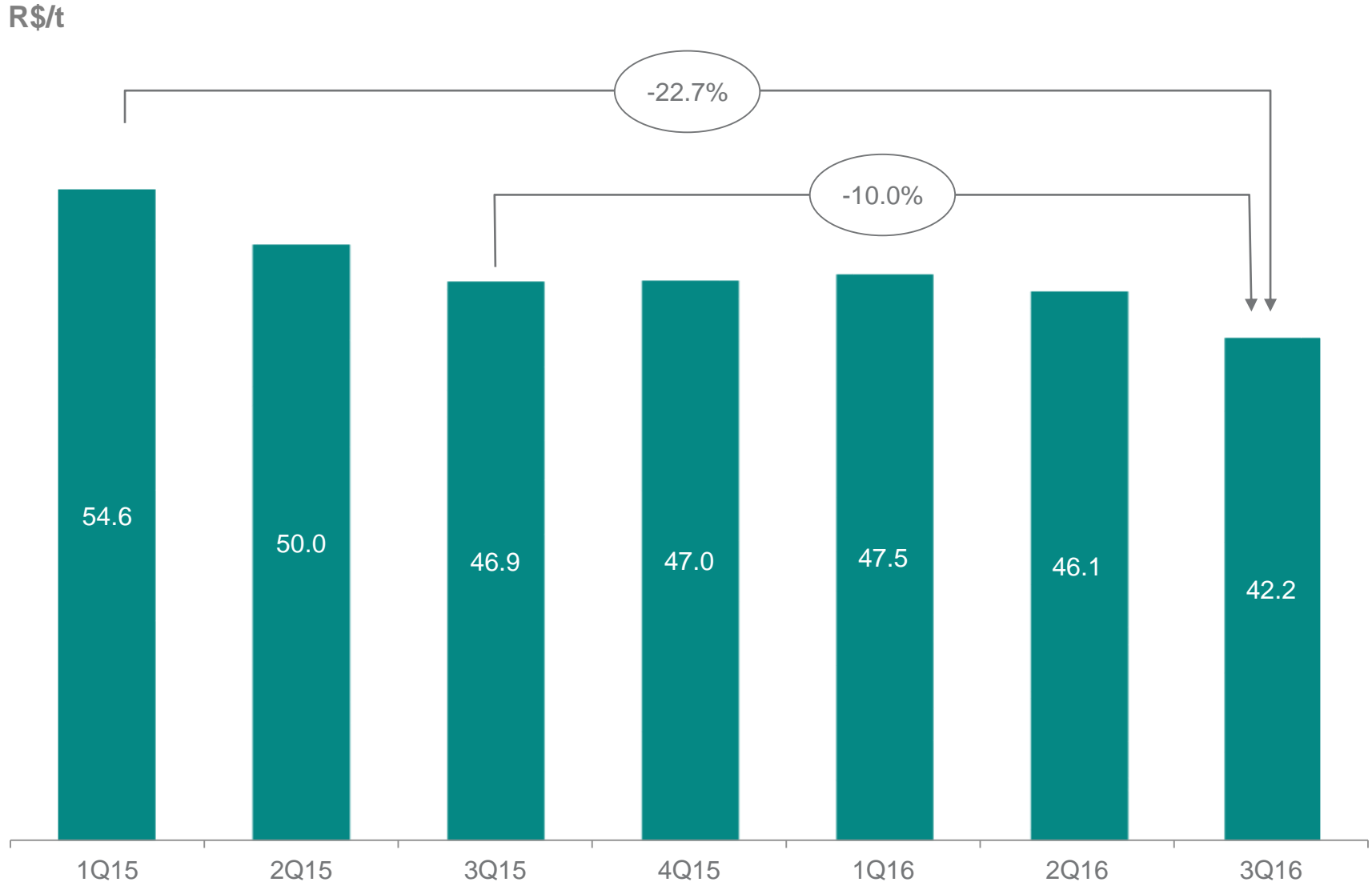


Other expenses



¹ Includes US\$ 150 million of the goldstream transaction.

EVOLUTION OF IRON ORE FINES C1 CASH COST¹

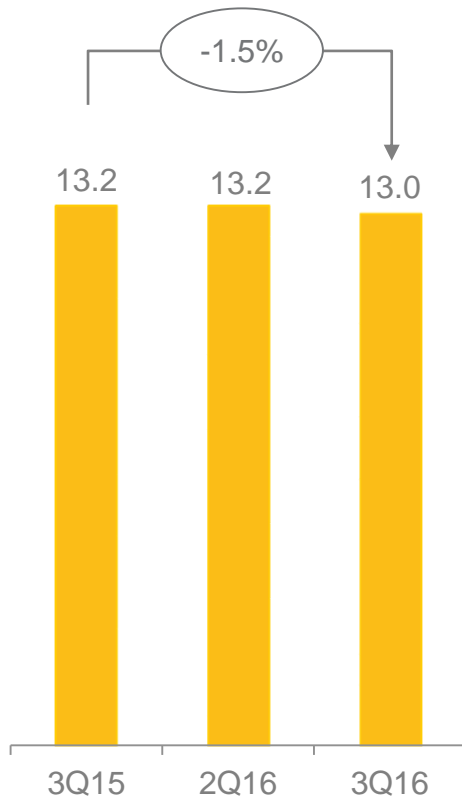


¹ 2015 figures were adjusted to the new allocation criteria, as reported in the 4Q15, and include acquisition costs of third party purchased ore.

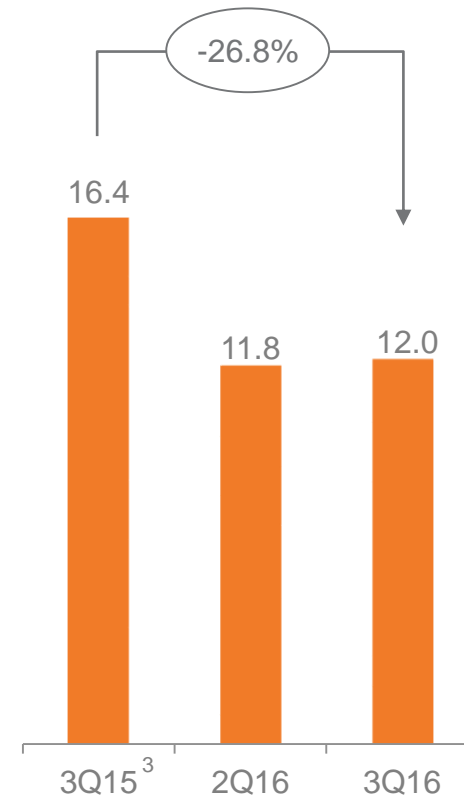
EVOLUTION OF IRON ORE FINES CASH COST, FREIGHT AND EXPENSES

US\$/t

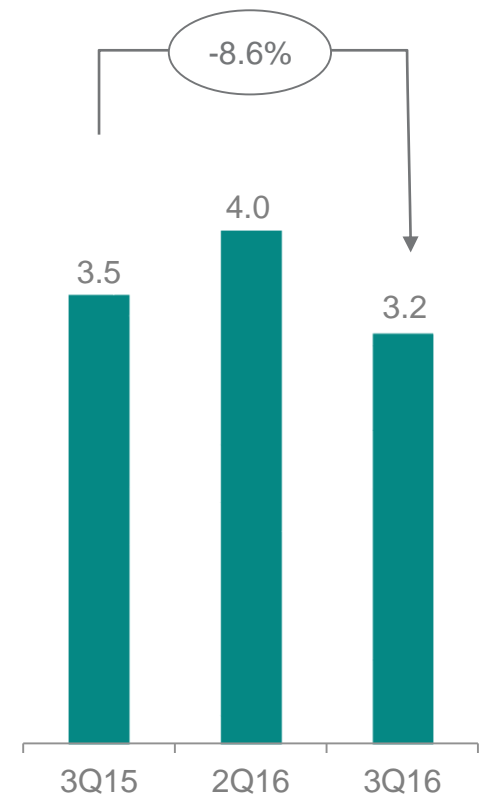
C1 Cash Cost FOB Port¹



Freight



Expenses² & Royalties



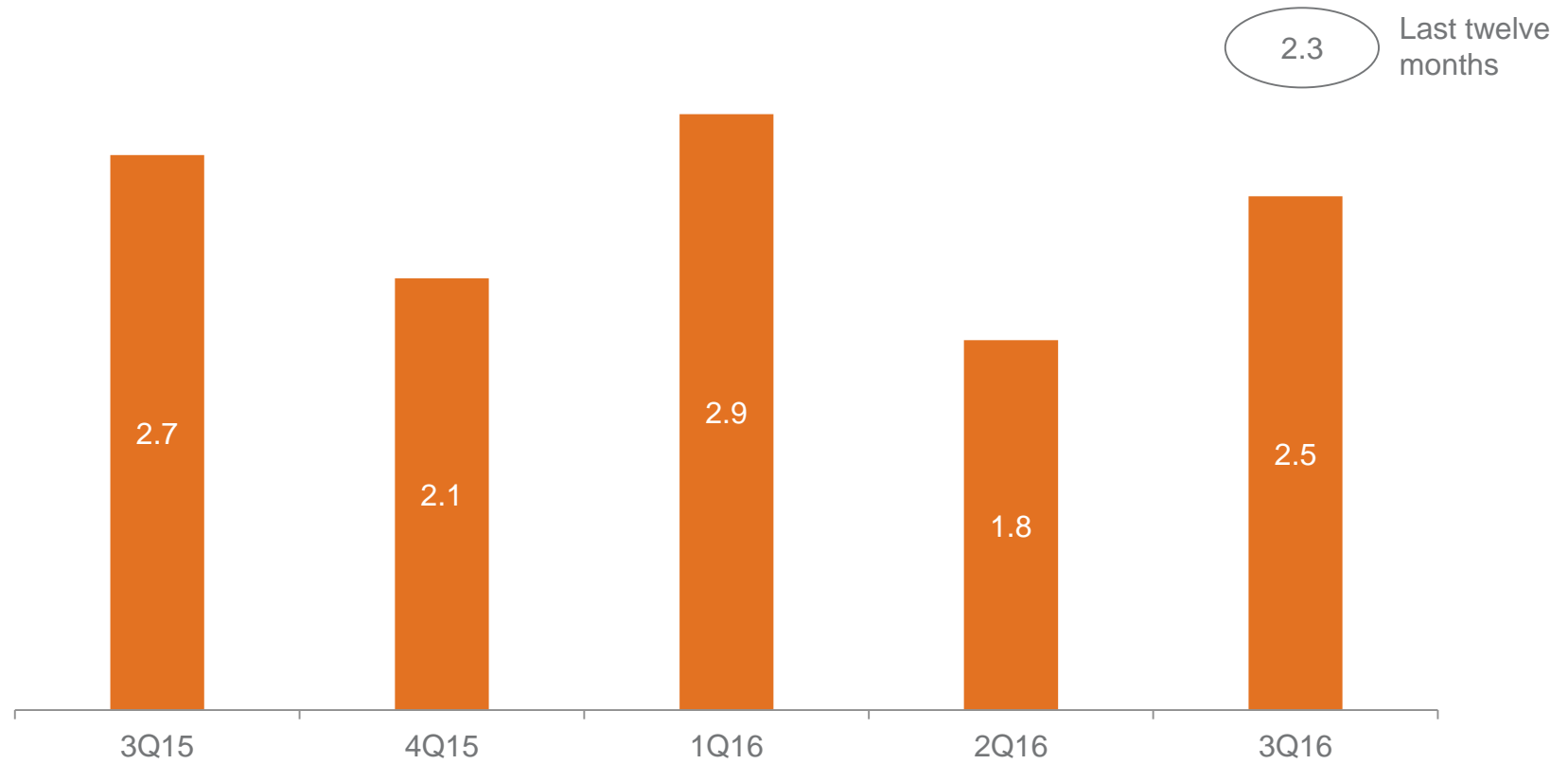
¹ Ex-ROM and ex-royalties. All figures were adjusted according to the new managerial allocation changes, as reported in the 4Q15, and include acquisition costs of third party purchased ore.

² Net of depreciation.

³ Ex bunker oil hedge.

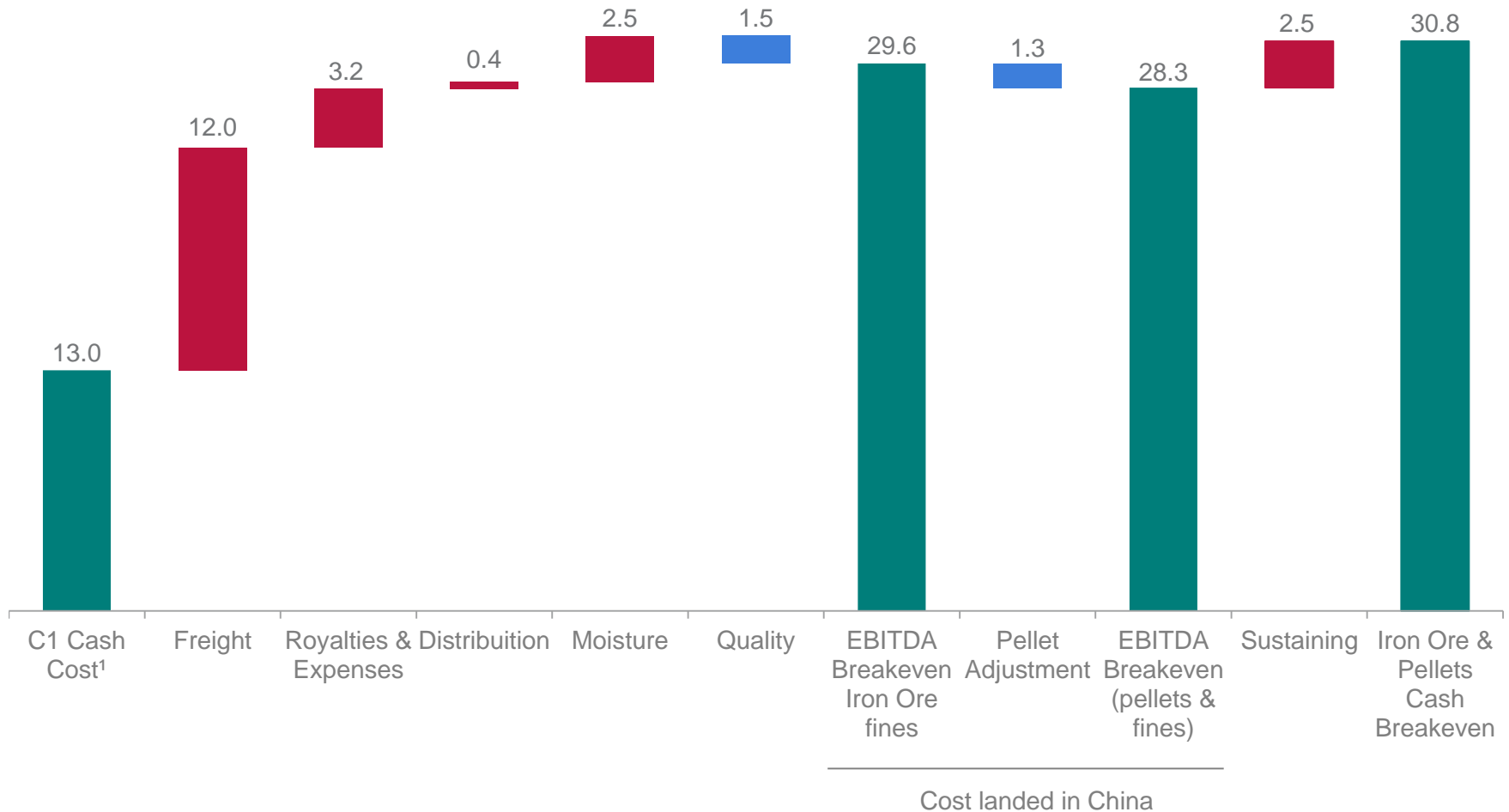
EVOLUTION OF IRON ORE SUSTAINING CAPITAL

US\$/dmt



BREAKEVEN LANDED IN CHINA FOR IRON ORE AND PELLETS

US\$/t

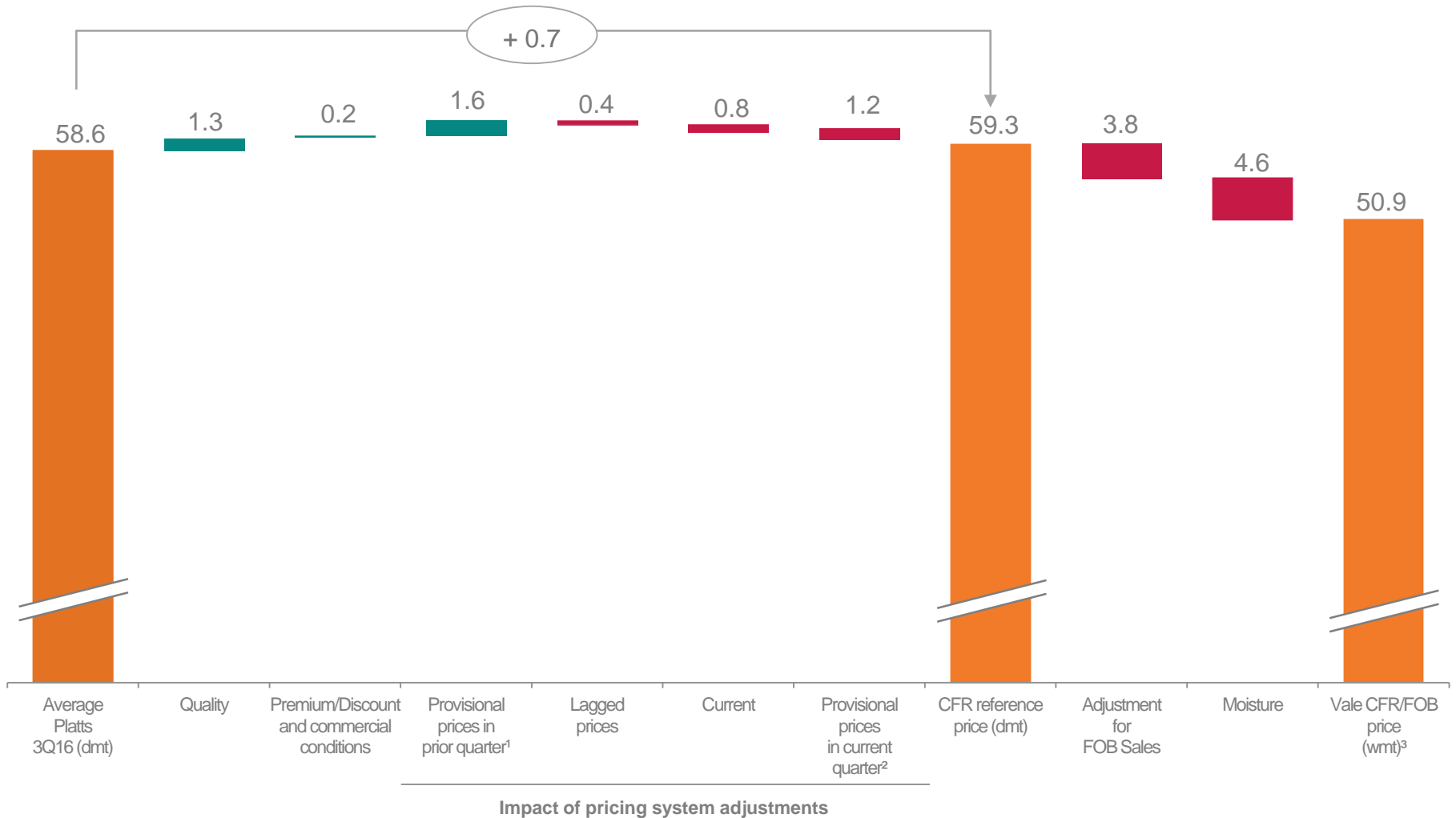


¹ Ex-ROM.

PRICE REALIZATION – IRON ORE

US\$/t, 3Q16

○ US\$/t



¹ Adjustment as a result of provisional prices booked in 2Q16 at US\$ 52.7/t.

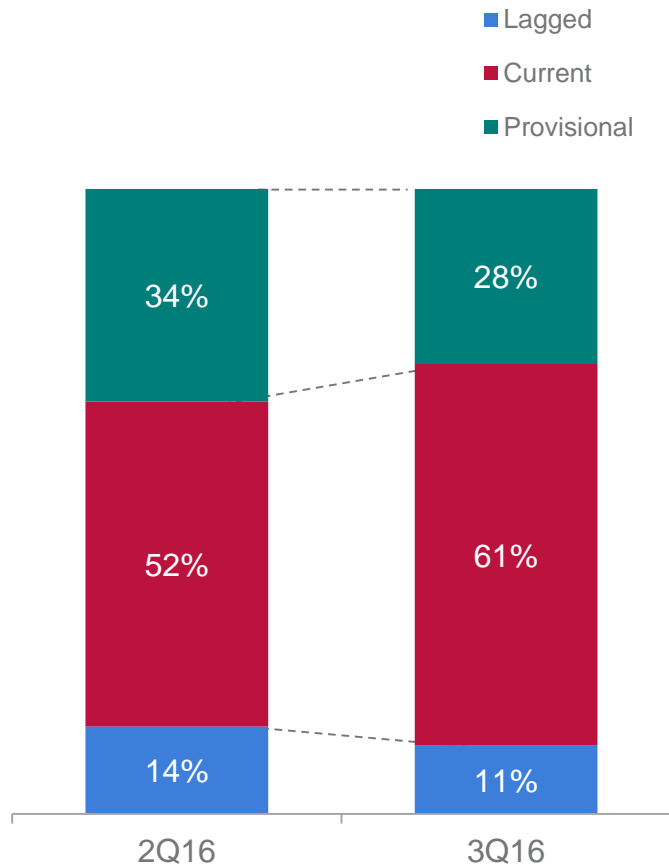
² Difference between the weighted average of the prices provisionally set at the end of 3Q16 at US\$ 54.4/t based on forward curves and US\$ 58.6/t from the 3Q16 IODEX.

³ Vale price is net of taxes.

IRON ORE PRICING SYSTEMS

Pricing System Breakdown

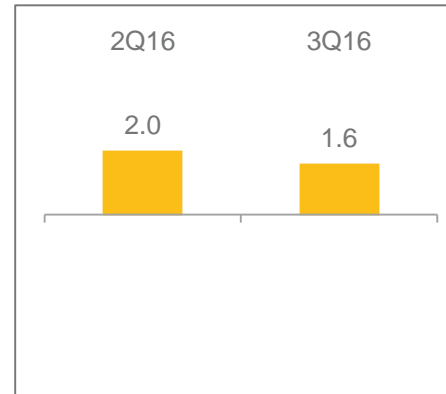
%



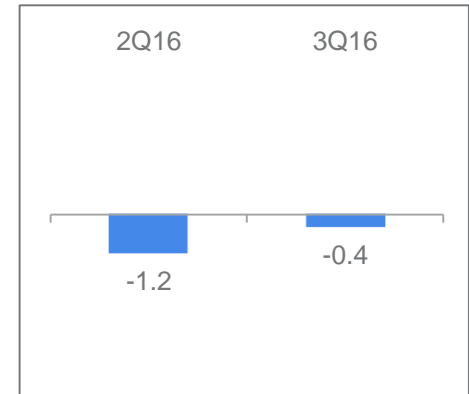
Impact of Pricing Mechanisms

US\$ / t

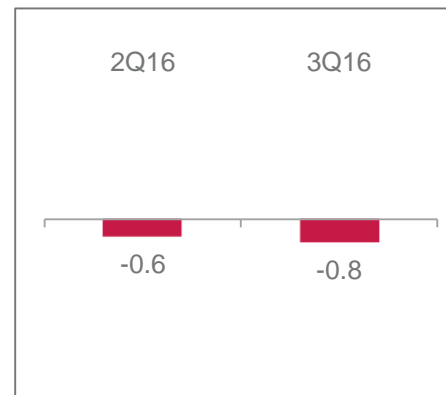
Provisional - prior quarter



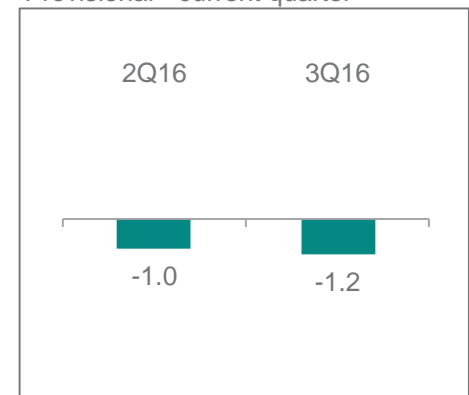
Lagged



Current

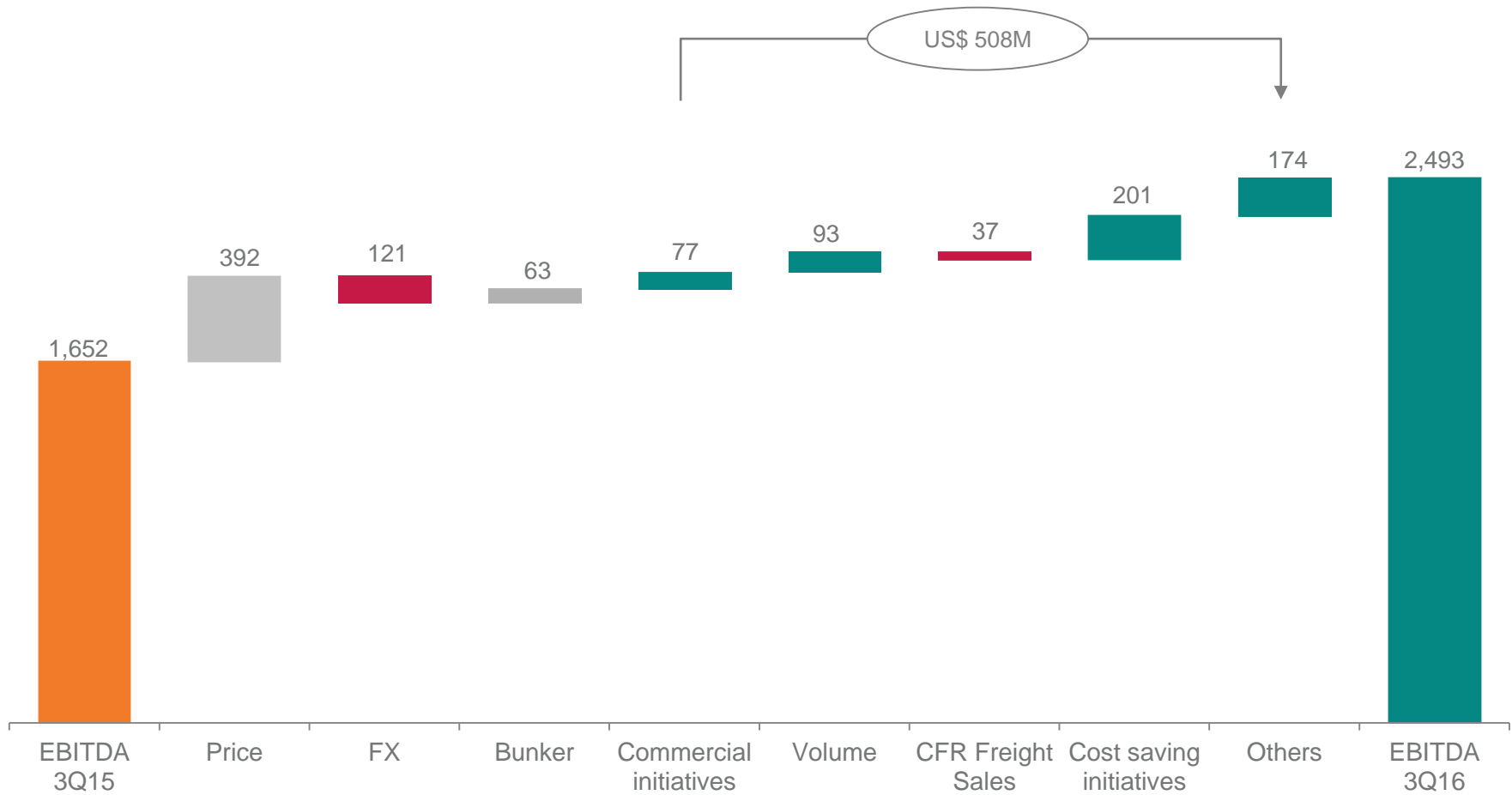


Provisional - current quarter



FERROUS MINERALS EBITDA VARIATION

US\$ million, 3Q16 vs. 3Q15



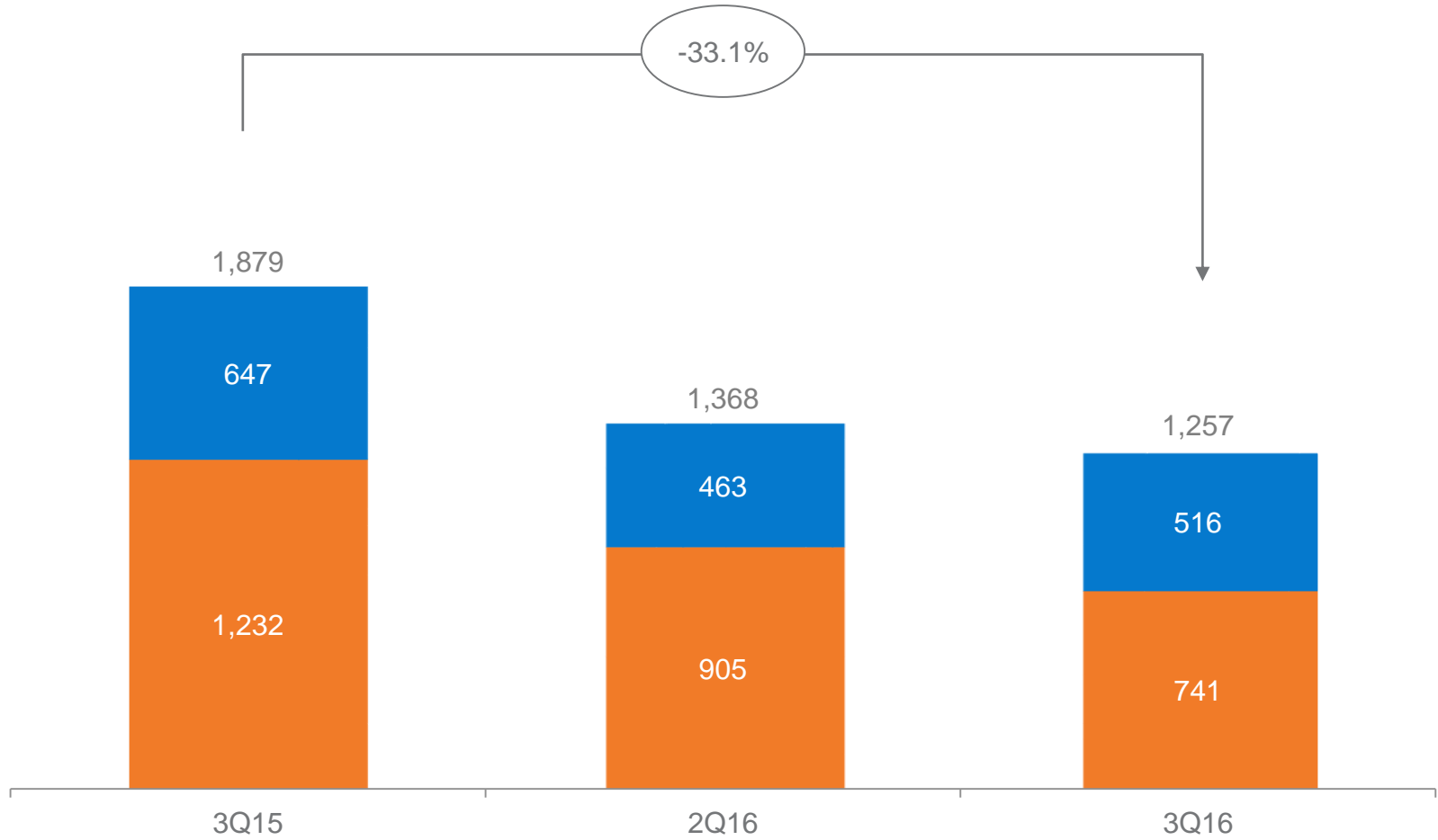
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EVOLUTION OF CAPITAL EXPENDITURES

US\$ million

■ Sustaining ■ Growth Projects



S11D INVESTMENT GROWTH

S11D Mine and Plant – Plant and stockyards



S11D Logistics – Railway spur



S11D (including mine, plant and associated logistics – CLN S11D) achieved combined physical progress of 83% in 3Q16 with 95% progress at the mine site and 74% at the logistic infrastructure sites

PROJECT PROGRESS INDICATORS

3Q16

Project	Capacity Mtpy	Estimated start-up	Executed capex US\$ million		Estimated capex US\$ million		Physical progress
			2016	Total	2016	Total	
Carajás Serra Sul S11D	90	2H16	755	5,411	890	6,405 ²	95%
CLN S11D	230 (80) ¹	1H14 to 1H20	951	5,418	1,154	7,850 ³	74%

¹ - Net additional capacity.

² - Original Capex budget of US\$ 8.089 billion.

³ - Original Capex budget of US\$ 11.582 billion.

DOCUMENT CONTENT

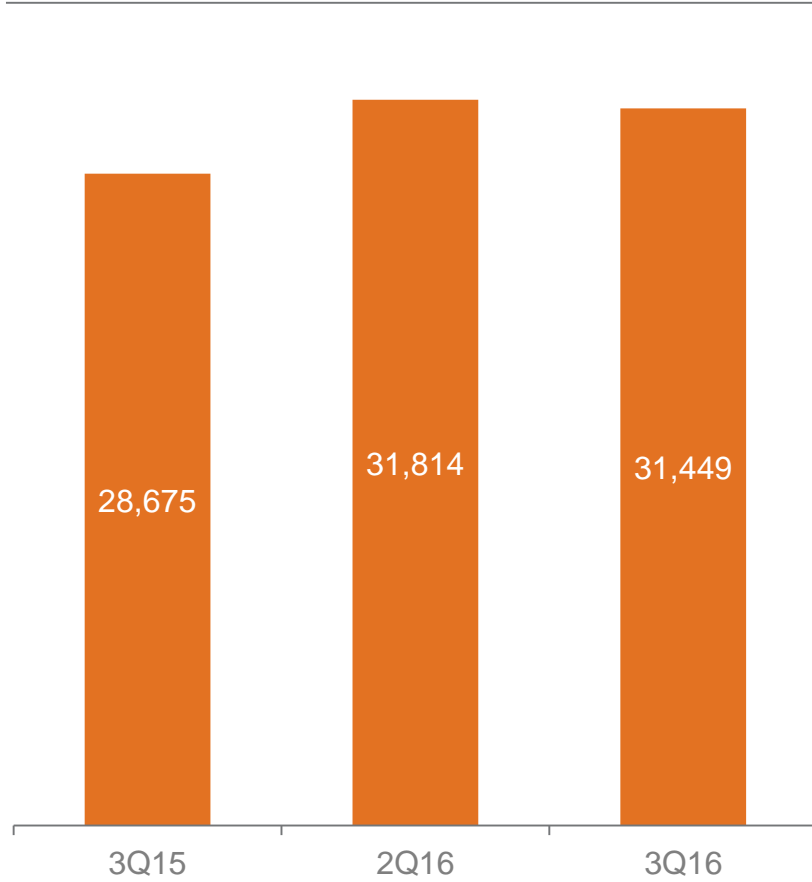
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DEBT POSITION

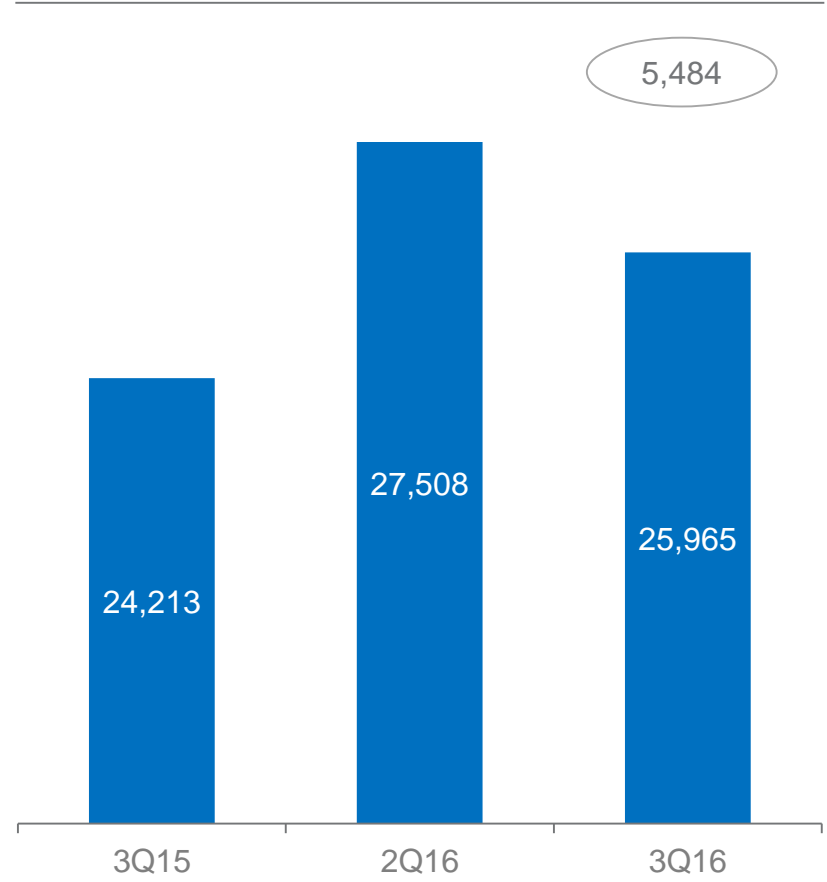
US\$ million

○ Cash position on September 30, 2016

Gross Debt

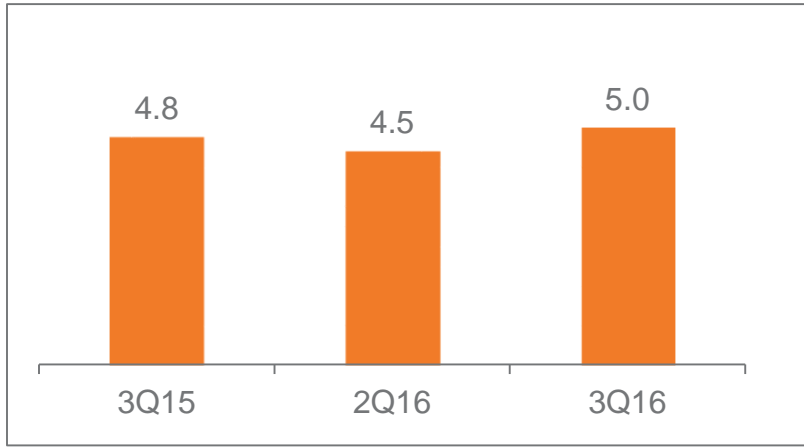


Net Debt

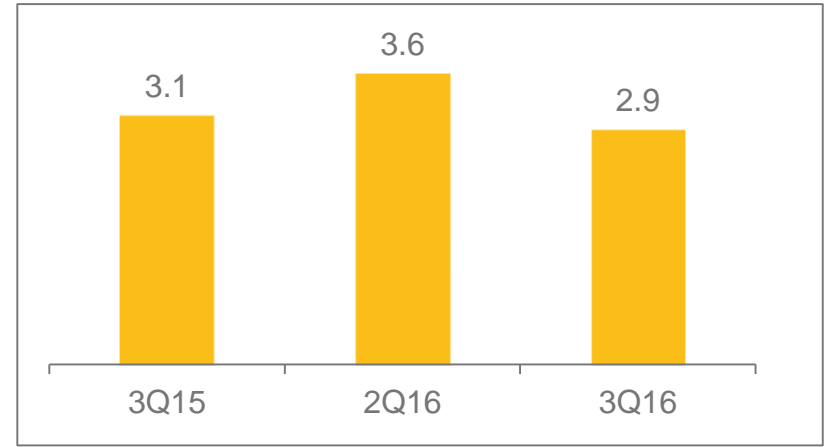


FINANCIAL INDICATORS¹

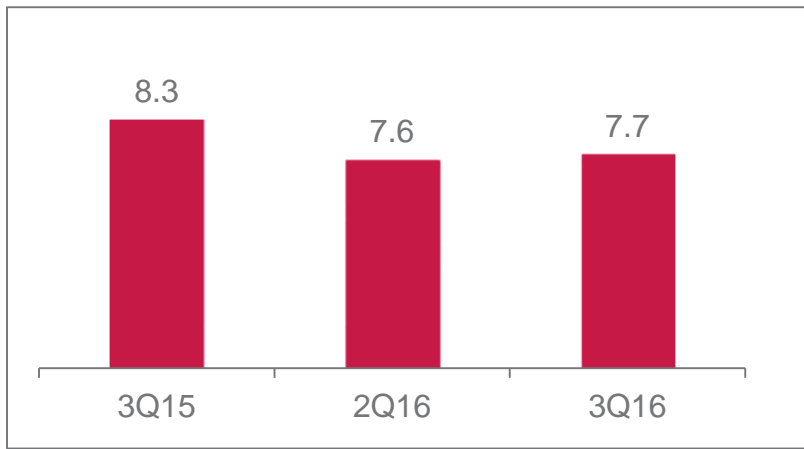
Interest coverage - Ratio



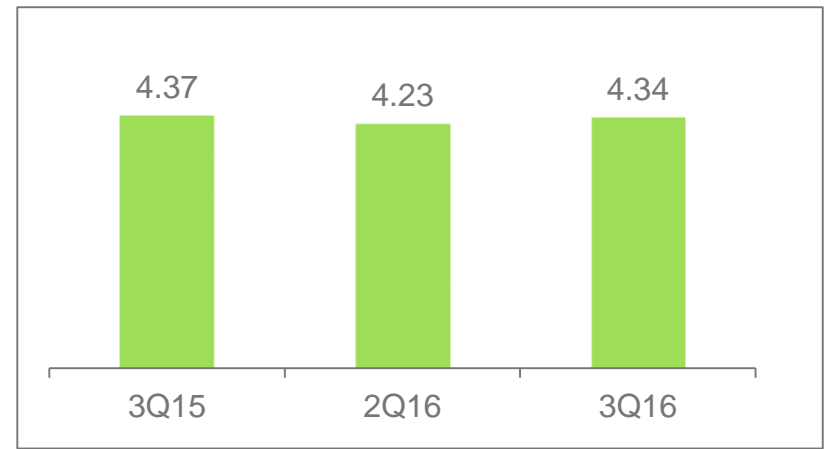
Net Debt / LTM² EBITDA - Ratio



Maturity - years



Cost of Debt - %

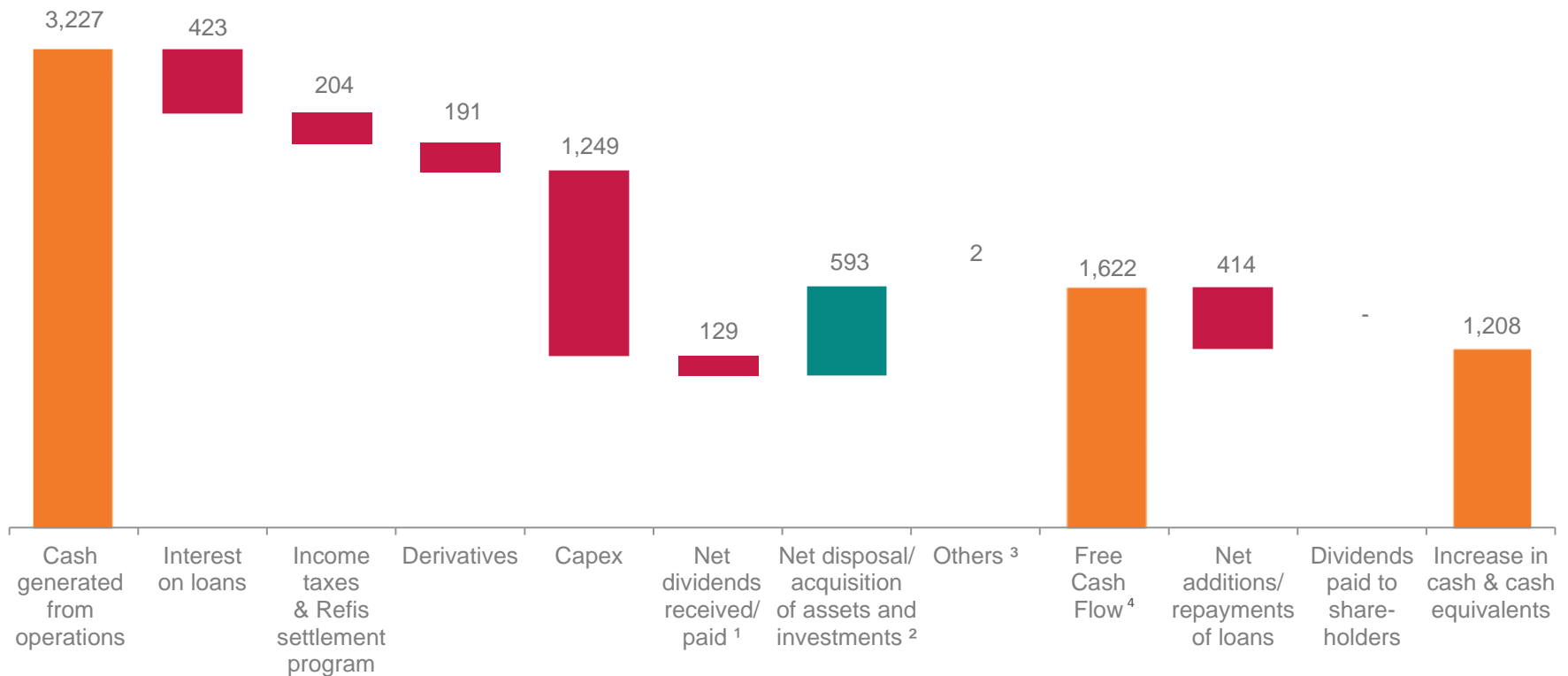


¹ Ex-Refis.

² LTM – last twelve months. Excluding non-recurring items.

FREE CASH FLOW – 3Q16

US\$ million



¹ Dividends and interest on capital received from associates and joint ventures and paid to noncontrolling interest, including dividends paid related to MBR (US\$ 127 million).

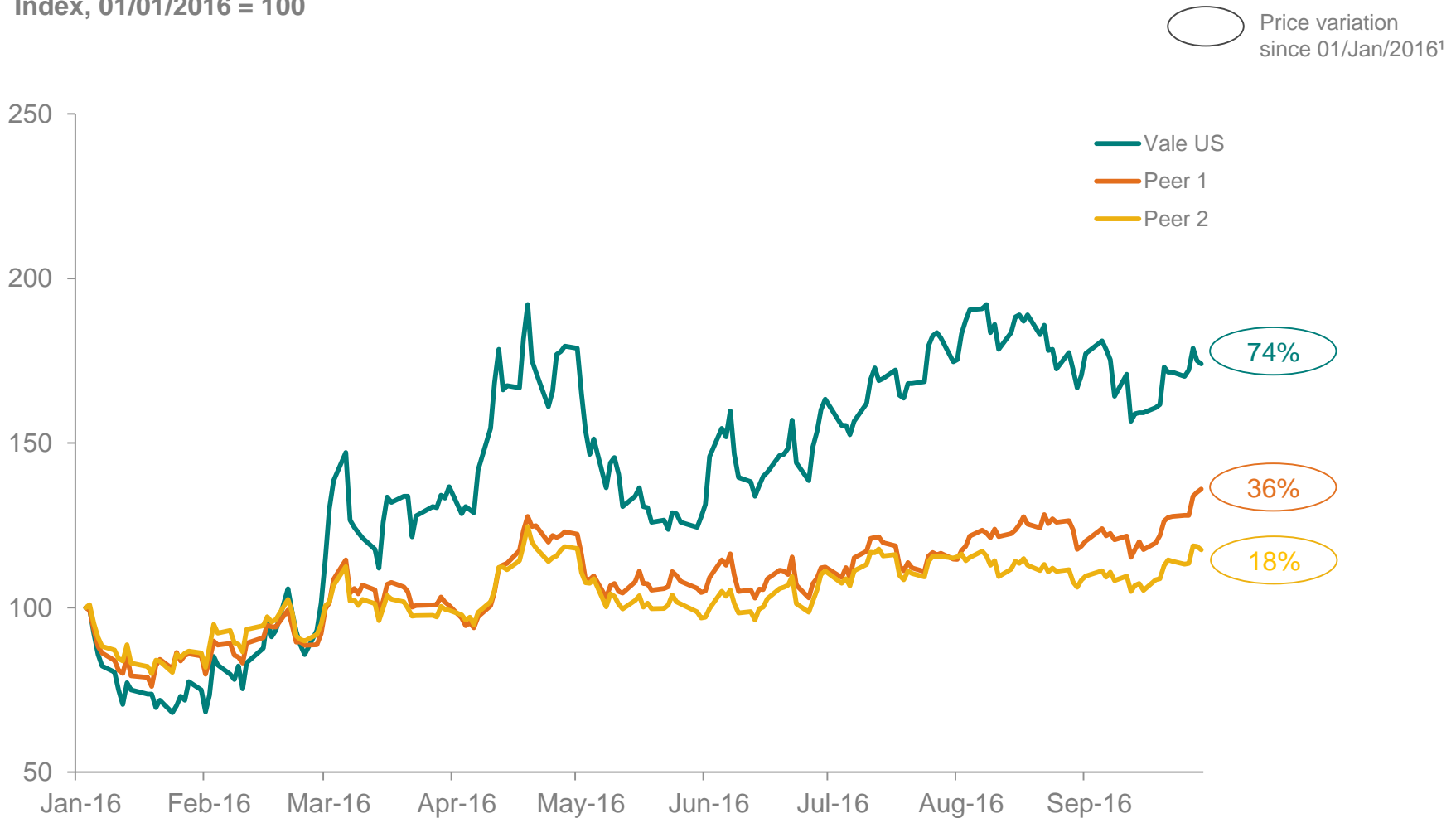
² Includes the proceeds from the goldstream transaction of US\$ 276 million relative to the sale of mining rights.

³ Includes transactions with non-controlling stockholders.

⁴ Cash flow before debt additions/repayments and distribution of dividends.

PERFORMANCE OF VALE'S SHARES COMPARED TO PEERS

Index, 01/01/2016 = 100



¹ Stocks' prices until September 30th 2016.
Source: Bloomberg.

