Vale's Performance in 1Q18

Rio de Janeiro, April 26th, 2018

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Agenda

1. Vale's performance in 1Q18
2. Capital expenditures
3. Capital structure
4. Business segment performance

1

Vale’s performance in 1Q18

Performance highlights in 1Q18

US$ 4.0 bi
Total EBITDA

US$ 890 mi
Capital Expenditures
9%

US$ 104 mi
Coal EBITDA
41%

US$ 39.8/t
Ferrous Minerals[1] EBITDA Margin
10%

US$ 5.0 bi
Free Cash Flow
77%

US$ 14.9 bi
Net Debt
18%

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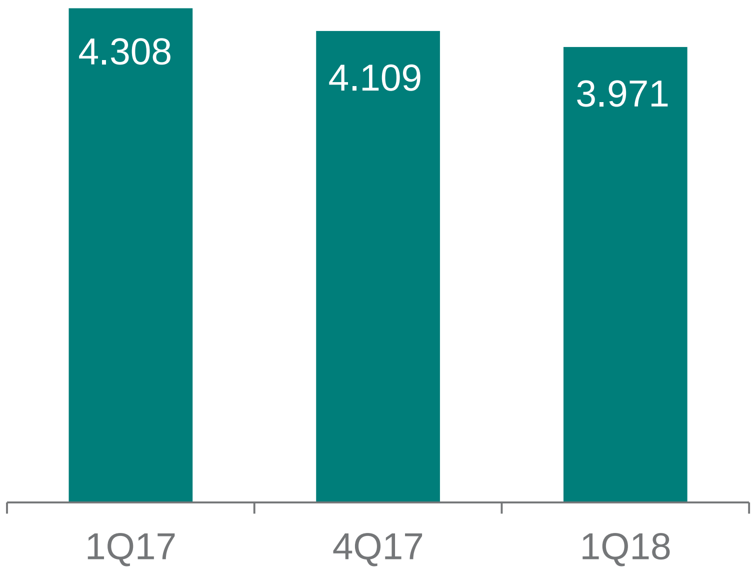
[1] Excluding Manganese and Ferroalloys

EBITDA was leveraged by our premium and flexible product portfolio in 1Q18

Adjusted EBITDA

US$ billion



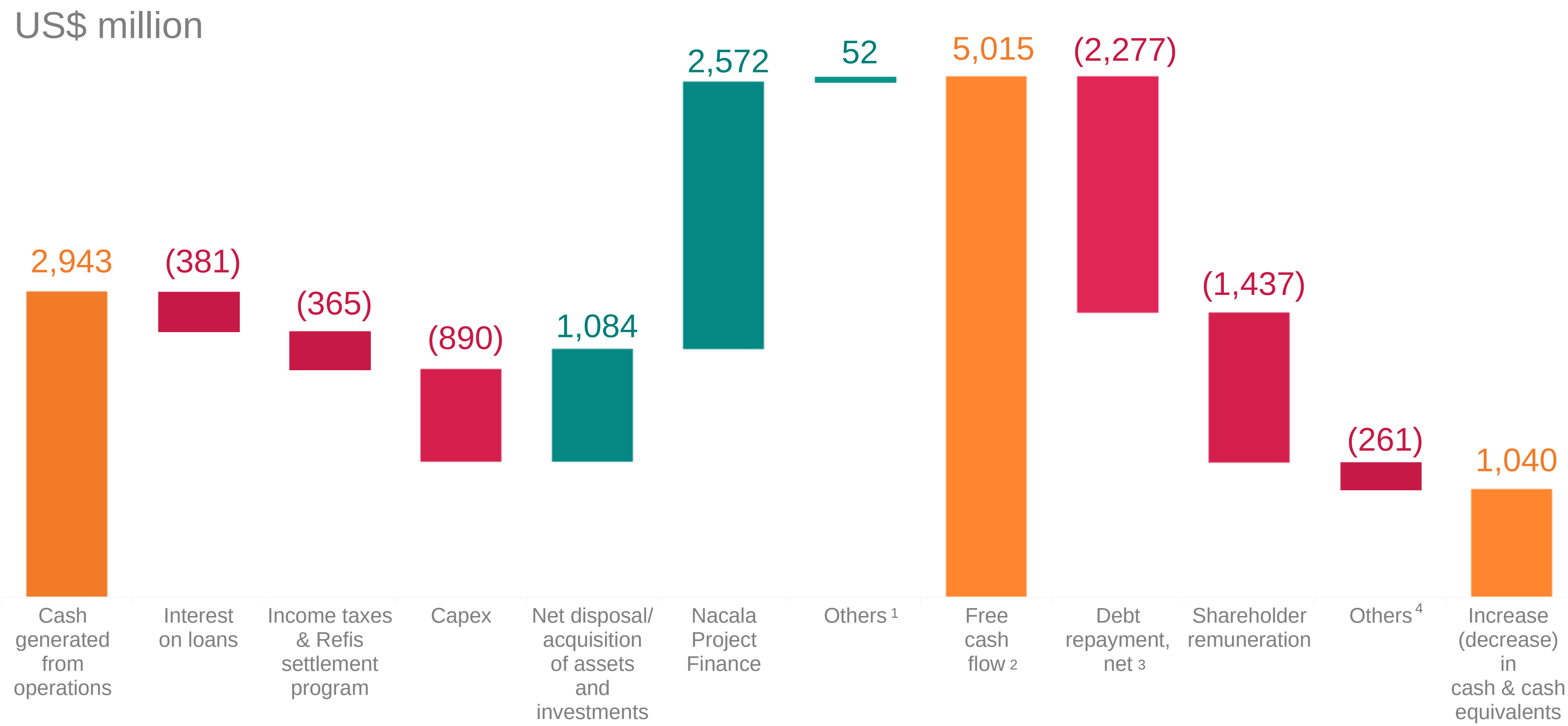
Highlights 1Q18

Adjusted EBITDA was US$ 3.971 billion in 1Q18, **remaining practically in line with 4Q17**, despite the **challenge of seasonally lower volumes**

Improved sales mix for Ferrous Minerals and Base Metals leveraged higher realized prices

The flexibility of Vale`s supply chain led to a record sales volume for a first quarter of iron ore and pellets

Strong cash generated from operations and proceeds from divestments led to an increase in FCF in 1Q18



[1] Includes derivatives and financial instruments, dividends and interest on capital from associates and JVs and other loans, advances and investments activities

[2] Net cash provided by operating and investing activities from continuing operations

[3] Includes the premium paid in the tender offer of the 2022 notes

[4] Includes dividends and interest on capital paid to noncontrolling interest, transactions with noncontrolling stockholders, net cash from discontinued operations, effects of disposals of subsidiaries and merger, net cash used in discontinued operations and foreign exchange effect on cash and cash equivalents

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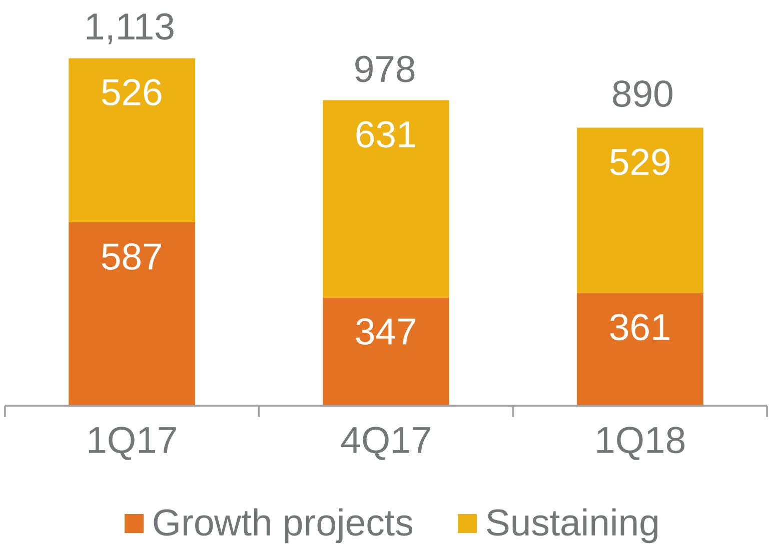
Capital expenditures

Capital expenditures were reduced to the lowest level for a first quarter since 2005

Project and sustaining capex

US$ million



1Q18 Highlights

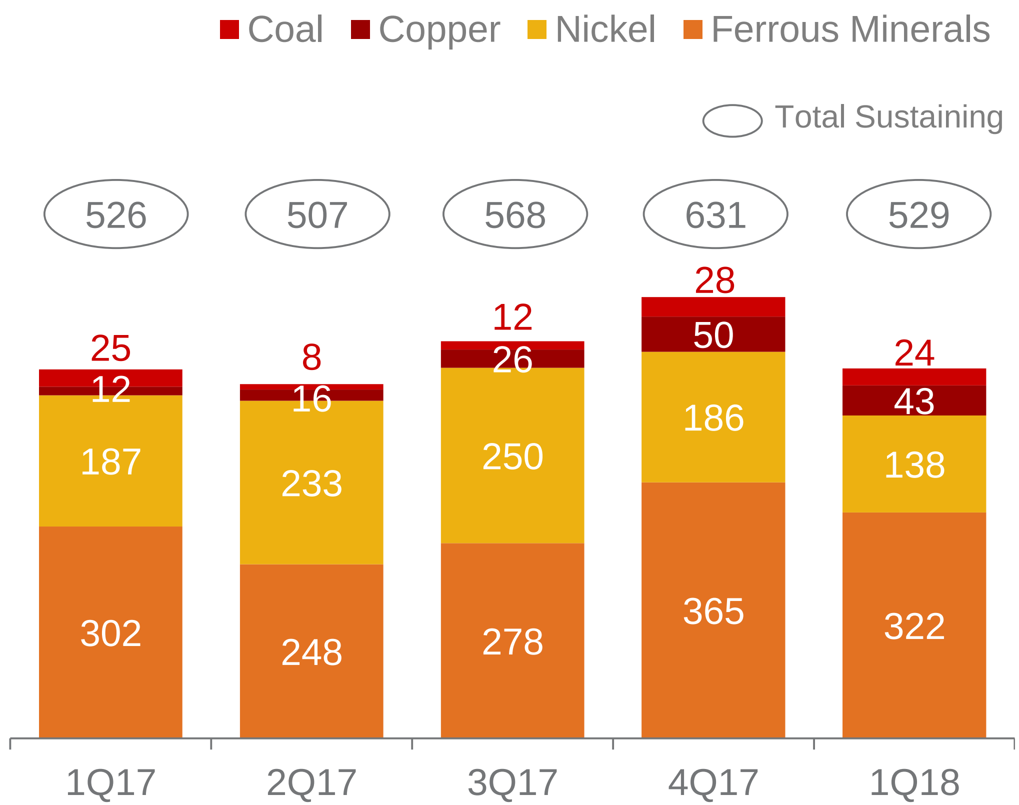
Capital expenditures totaled US$ 890 million in 1Q18, following the trend of **remaining sub US$ 1 billion per quarter**

Capital expenditures **guidance of US$ 3.8 billion for 2018** is reinforced

S11D achieved combined physical progress of 95% in 1Q18 with the **mine site concluded** and **91% progress at the logistic infrastructure sites**

Sustaining capex segmentation is consistent with the rigorous capital allocation process

US$ million



Highlights 1Q18

Ferrous Minerals and Base Metals business segments represented 61% and 34% of sustaining capex, respectively

Lower nickel sustaining investments, as **non-performing assets in nickel** were **placed in care & maintenance**

Higher investment in Ferrous Minerals due to **restart of pelletizing plants, leveraging on the higher pellet premium**

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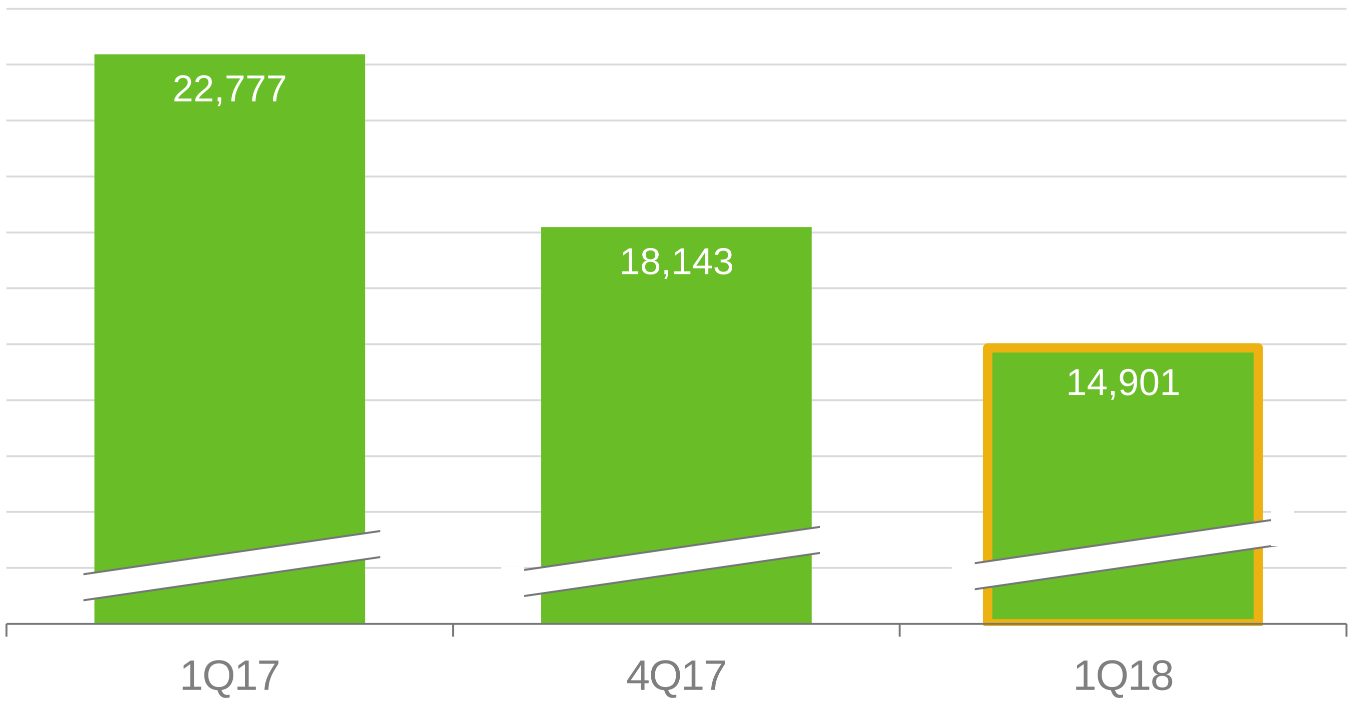
Capital structure

Substantial net debt reduction of US$ 3.2 billion quarter-on-quarter

Net debt

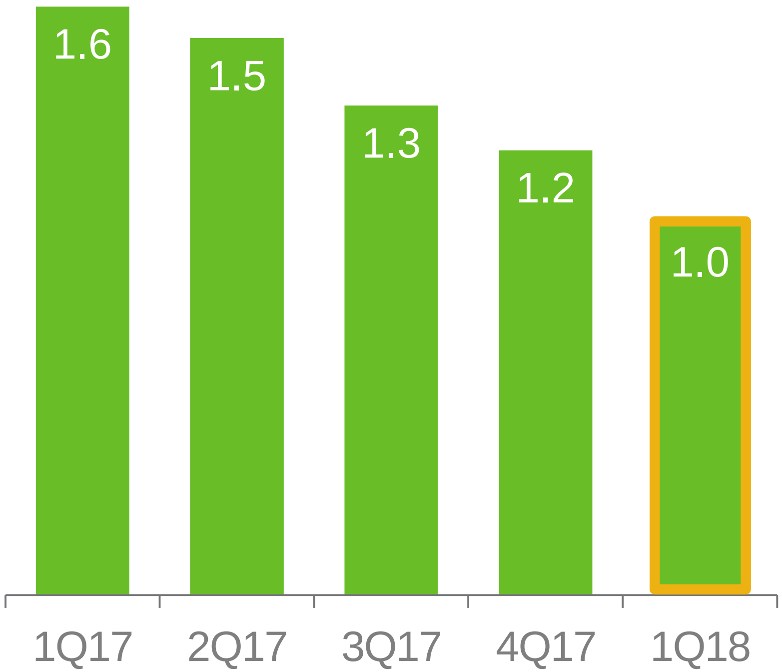
US$ million

Cash position on March 31st, 2018 — US$ 5.375 billion



Leverage decreased to 1.0x and will reduce further as net debt target of US$ 10 bi is reached in the short term

Net debt / LTM[1] EBITDA Ratio



Net debt in 1Q18:
US$ 14.901 billion

Cash position in 1Q18:
US$ 5.375 billion

Average maturity:
9.3 years

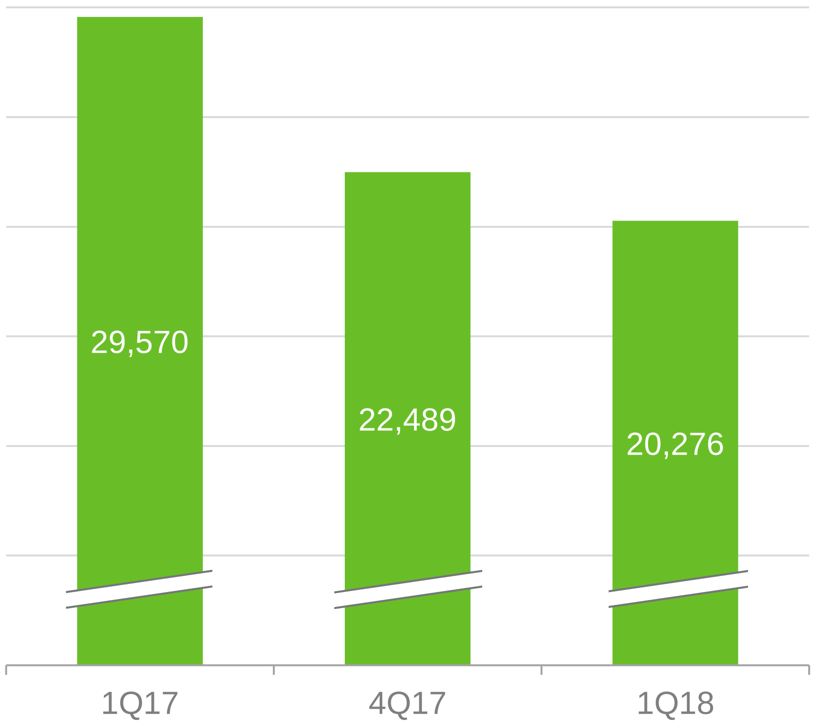
Average cost of debt:
4.97% per annum

[1] LTM – last twelve months

Cash balance will be used to implement a liability management program to reduce gross debt in 2018

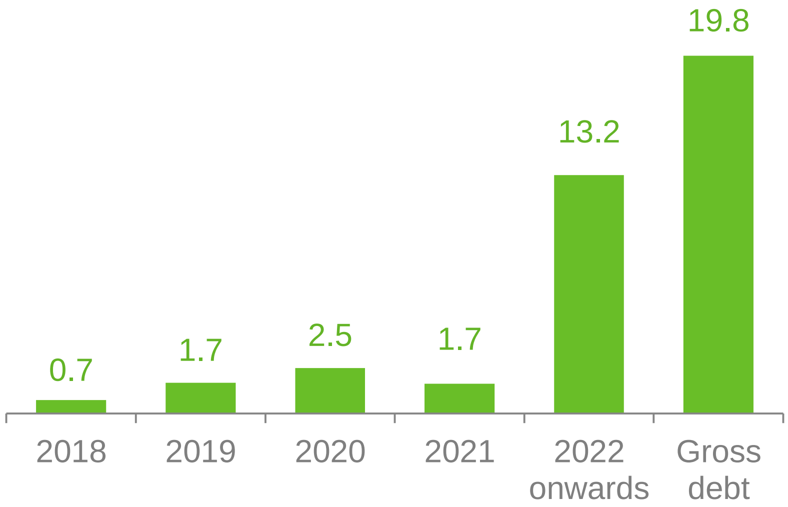
Gross debt

US$ million



Gross debt amortization schedule[1]

US$ billion



67% of our debt settlement will occur **after 2022**

[1] As of March 31st, 2018. Does not include accrued charges.

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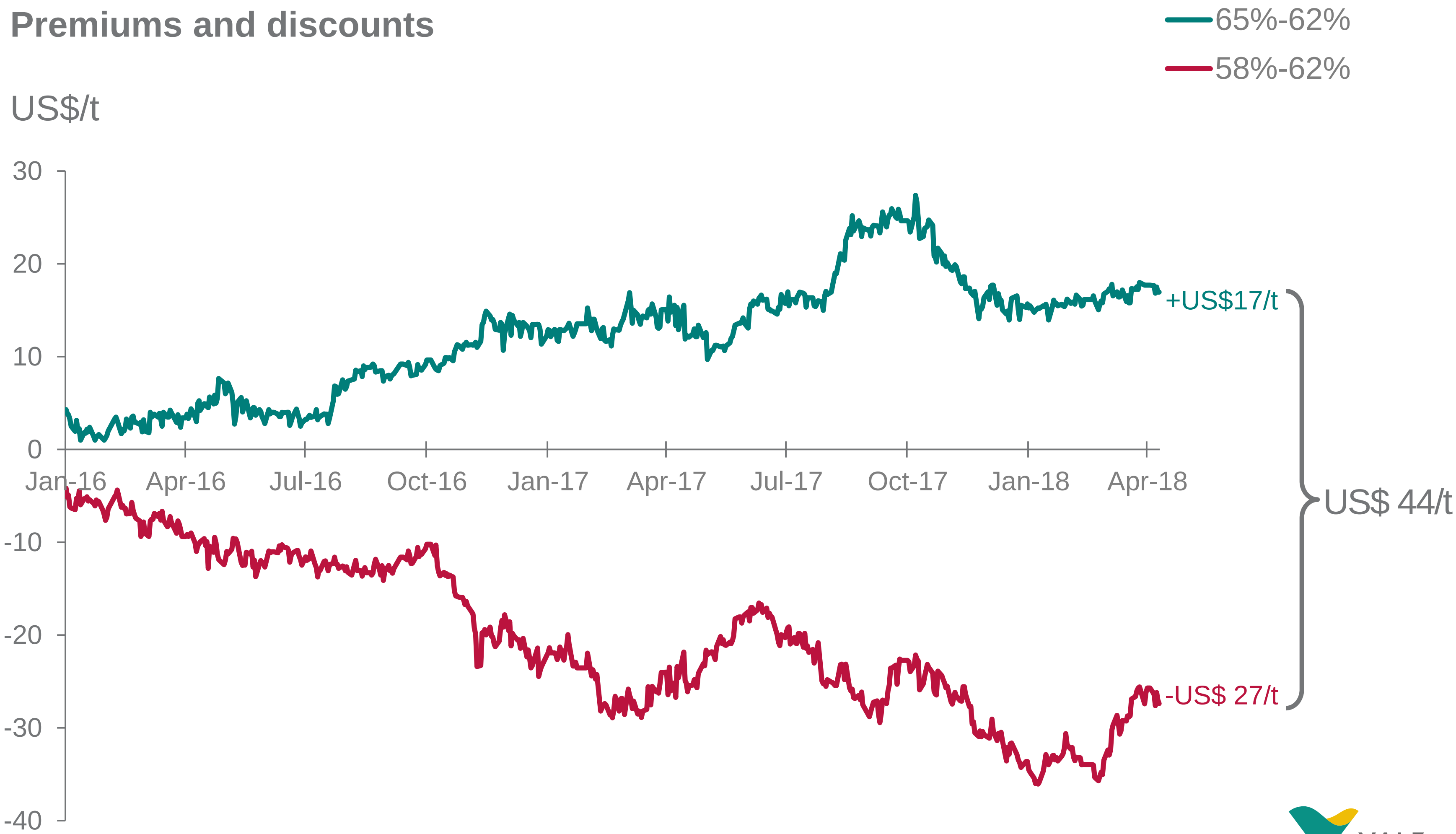
Business segment performance

Vale’s premium and flexible portfolio of products leads, and profits from, the structural “flight to quality” trend

Premiums and discounts

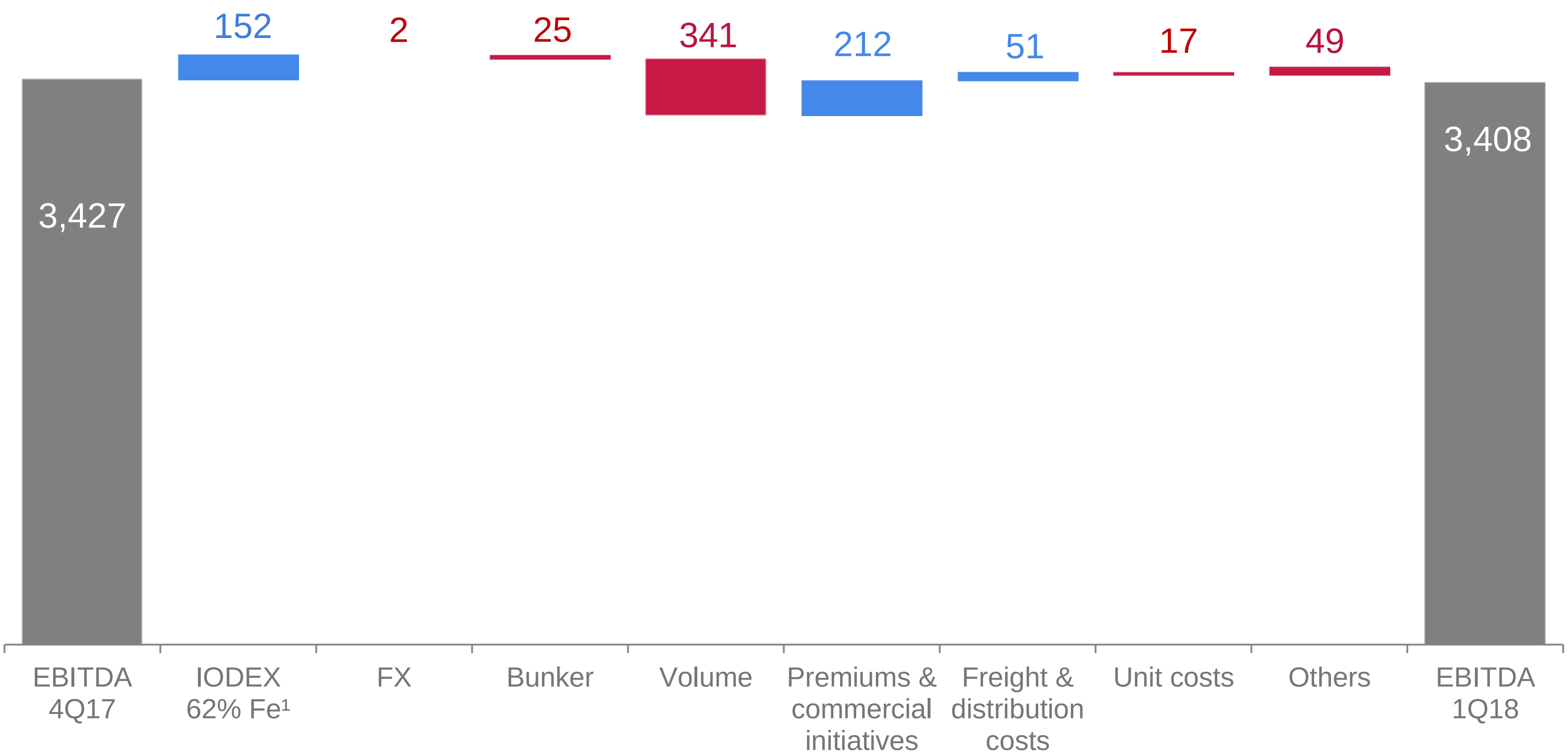


Source: Bloomberg and Mysteel

Active supply chain management, higher quality and average premium offset seasonally lower sales volumes

Ferrous Minerals Adjusted EBITDA

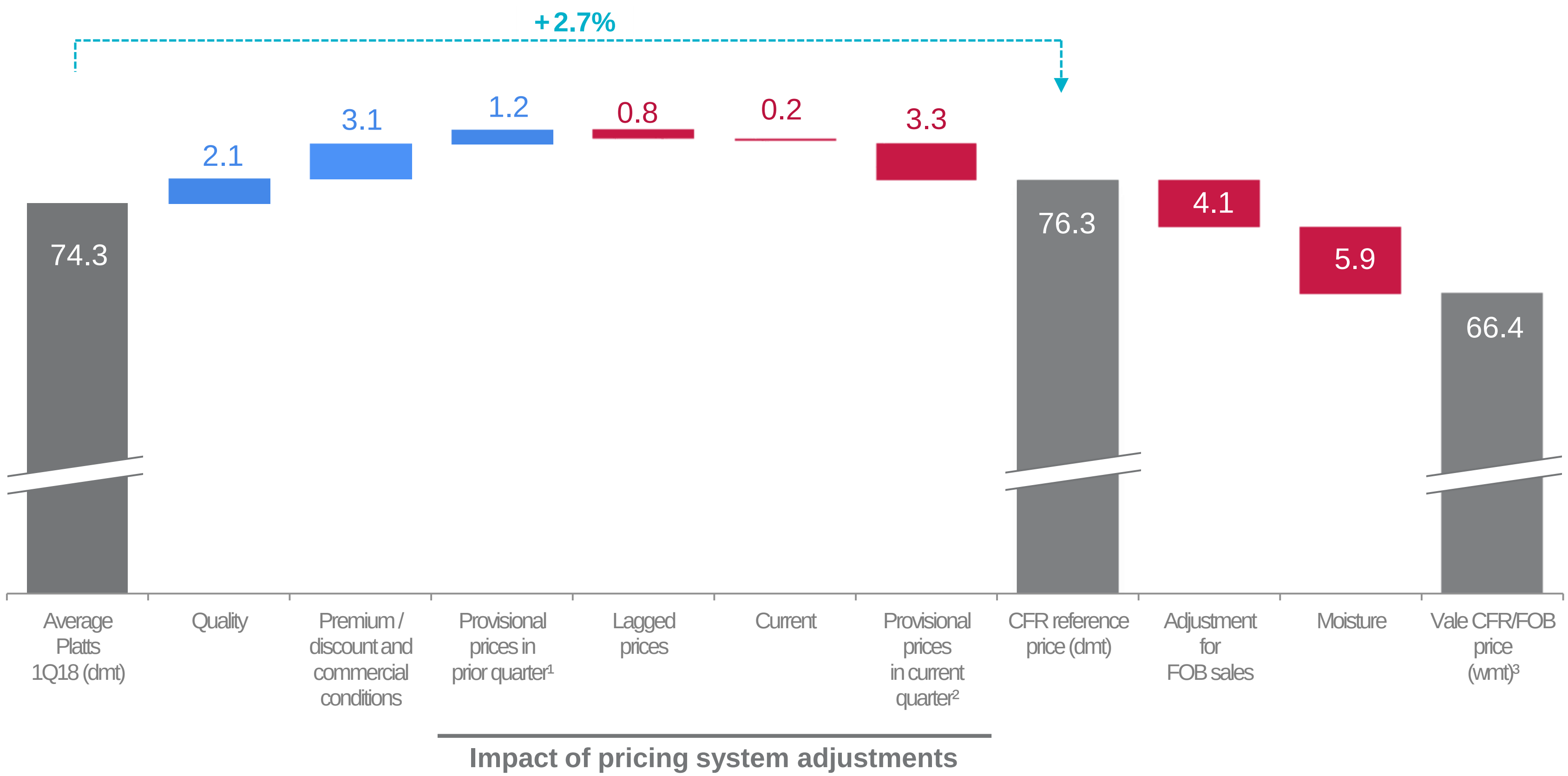
US$ million



[1] IODEX 62% Fe net effect in both revenues (US$ 238 million) and costs (US$ 86 million).

Improved product sales mix drove the quality and premium contributions up to US$ 5.2/t

US$/t, 1Q18



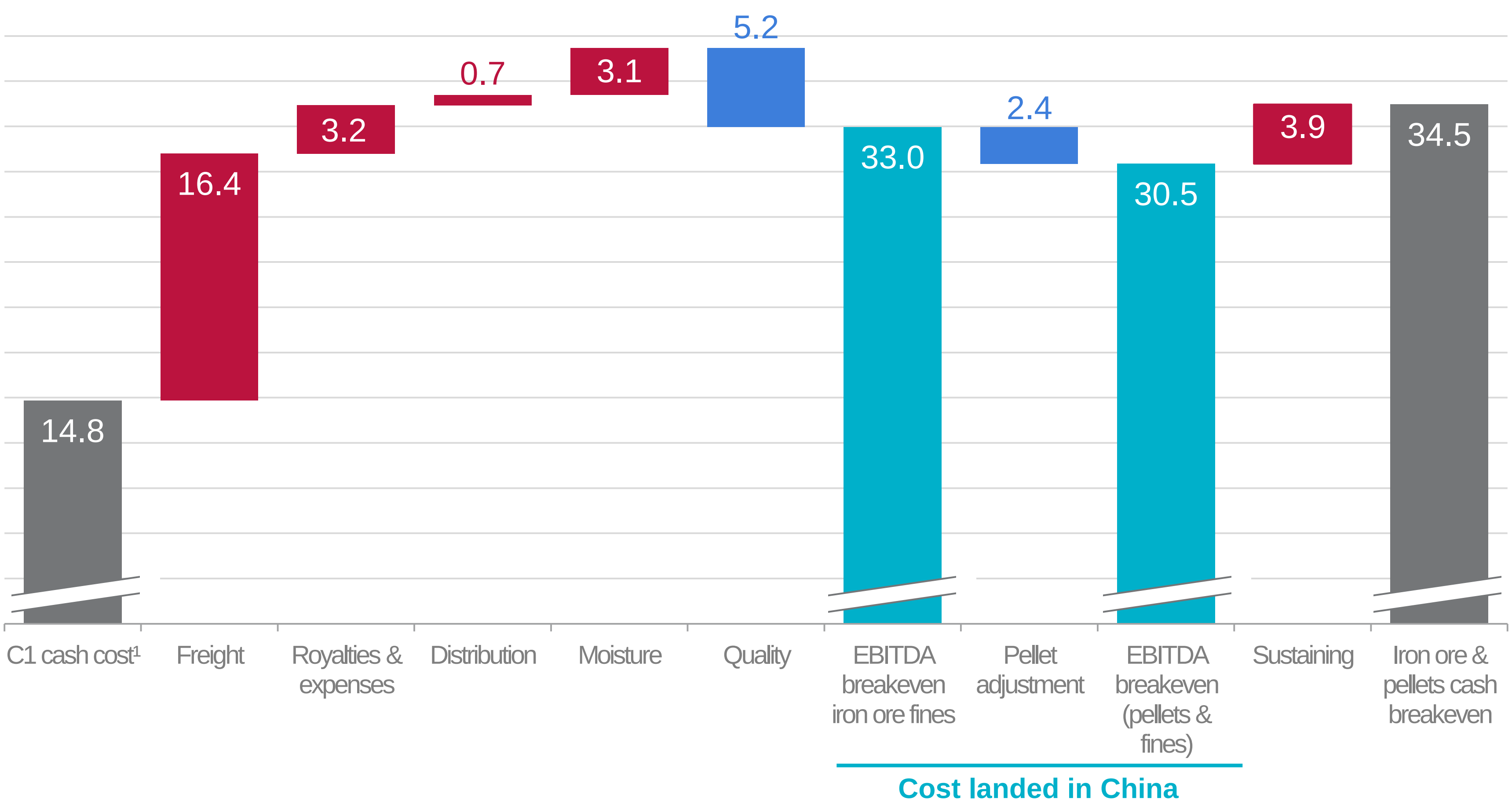
[1] Adjustment as a result of provisional prices booked in 4Q17 at US$ 72.8/t.

[2] Difference between the weighted average of the prices provisionally set at the end of 1Q18 at US$ 64.8/t based on forward curves and the average of US$ 74.3/t from the 1Q18 IODEX.

[3] Vale price is net of taxes.

EBITDA breakeven decreased by US$ 1.7/t as a result of higher quality and premiums

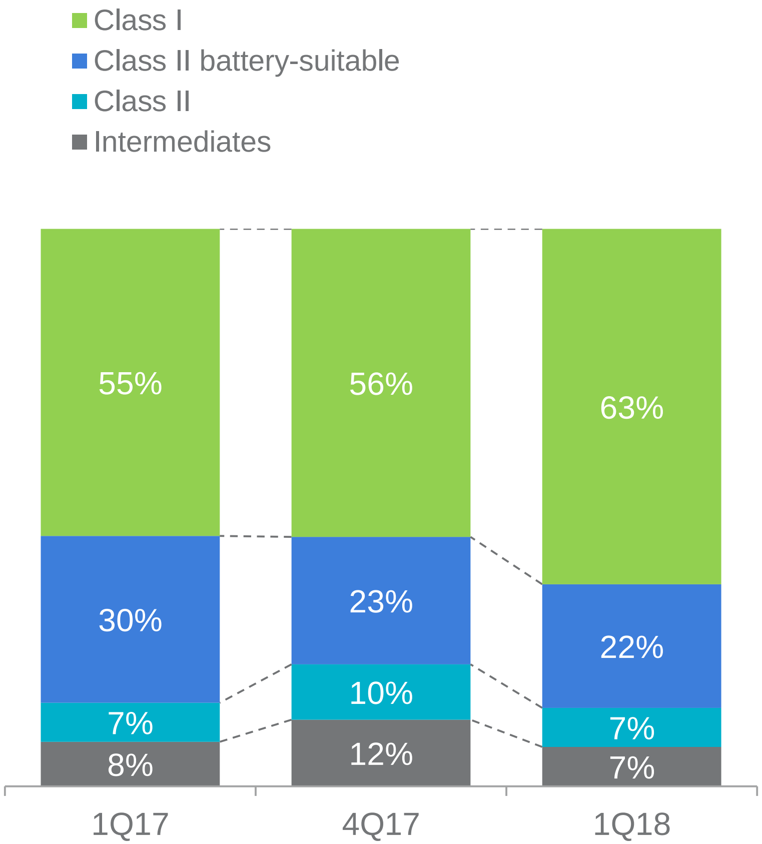
US$/t, 1Q18



[1] Ex-ROM

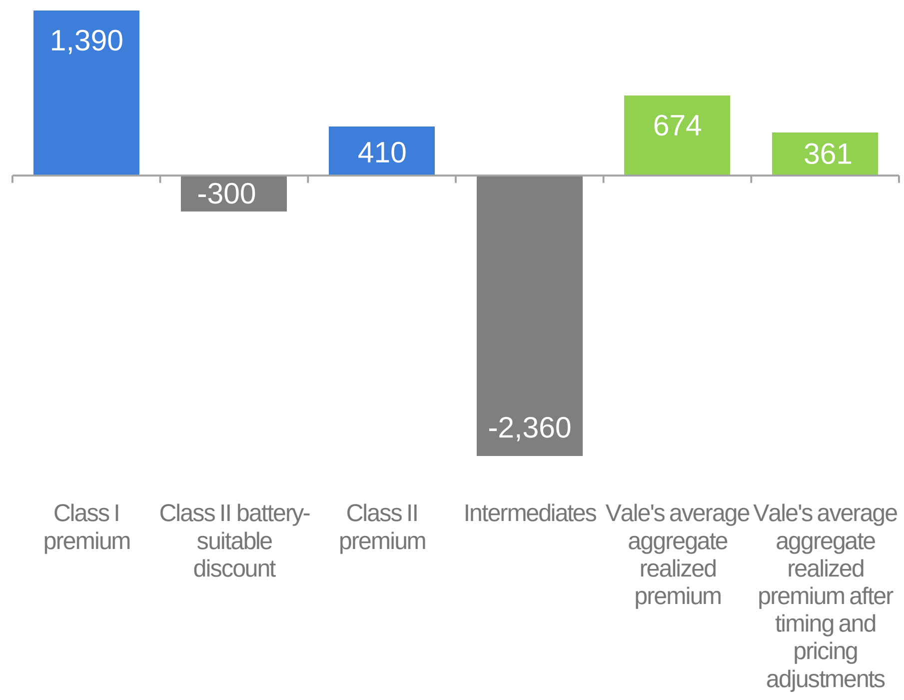
Base Metals EBITDA was positively impacted by improved sales mix and higher premiums

Nickel sales product mix



Nickel premium/discount by product and average aggregate realized premiums

US$/t, 1Q18



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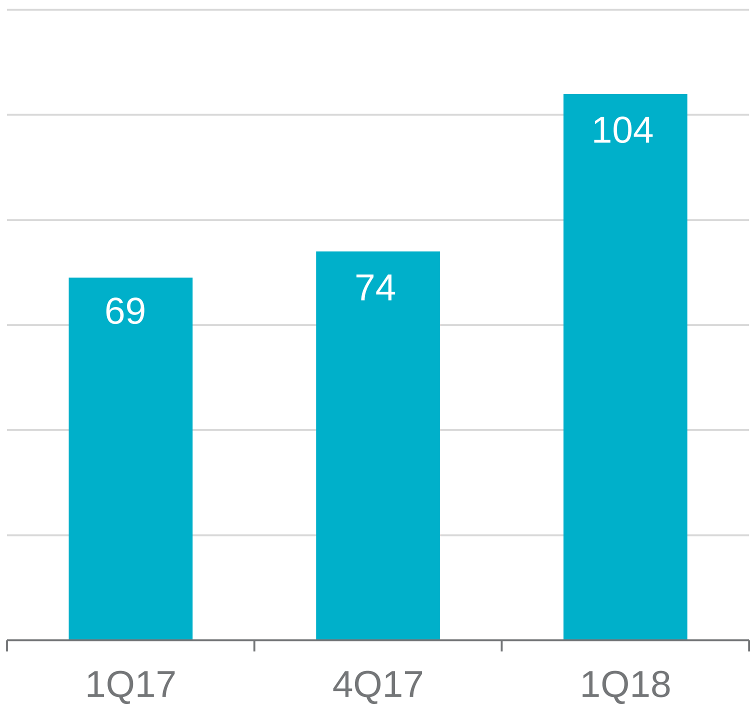
Coal EBITDA continued to improve in 1Q18, driven by higher realized prices

Coal EBITDA

US$ million



Highlights 1Q18

Coal adjusted **EBITDA increased 41%**, despite lower sales volumes

Higher realized prices were due to the **increase of the share of contracts linked to index reference price**

92% of the metallurgical coal sales were priced based on market index, including index-lagged prices, vs. 77% in 4Q17

99% of thermal coal sales were priced based on index prices vs. 86% in 4Q17

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Additional information

Production and sales highlights

Quarterly record
Record for a first quarter

Fe	Pellets	Ni	Cu	Coal
Total: 82.0 Mt	Total: 12.8 Mt	Total: 58.6 Mt	Total: 93.3 Mt	Mozambique: 2.4 Mt

N. System: 40.6 Mt

Long Harbour: 8.6 Mt

Sales volumes IO & Pel: 84.3 Mt

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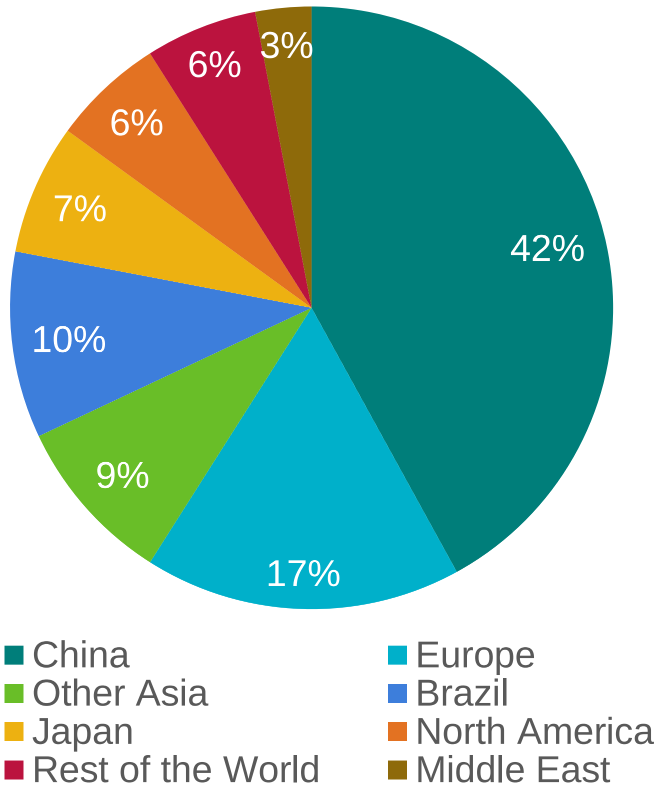
Revenues

Net operating revenues by destination in 1Q18



Highlights 1Q18

Net operating revenues of **US$ 8.603 billion**

Revenues were US$ 88 million higher than in 1Q17, mainly due to **higher sales volumes for Ferrous Minerals** and **higher sales prices for Base Metals**

58% sales to Asia and 10% domestic sales

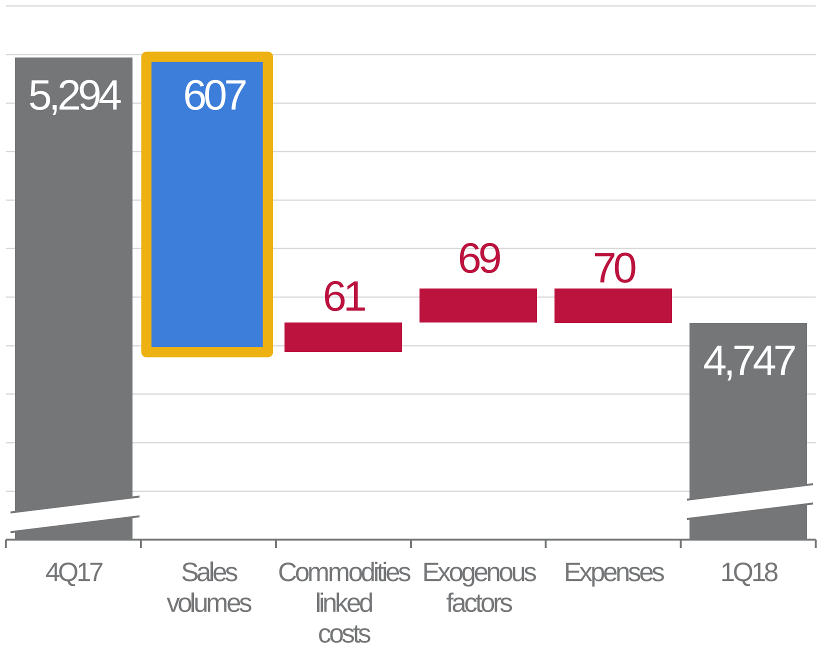
Ferrous Minerals accounted for 76% of revenues

Base Metals accounted for 19% of revenues

Costs and expenses

Costs and expenses[1] 1Q18 vs. 4Q17

US$ million



Highlights 1Q18

COGS remained practically in line with 4Q17, after excluding the effects of:

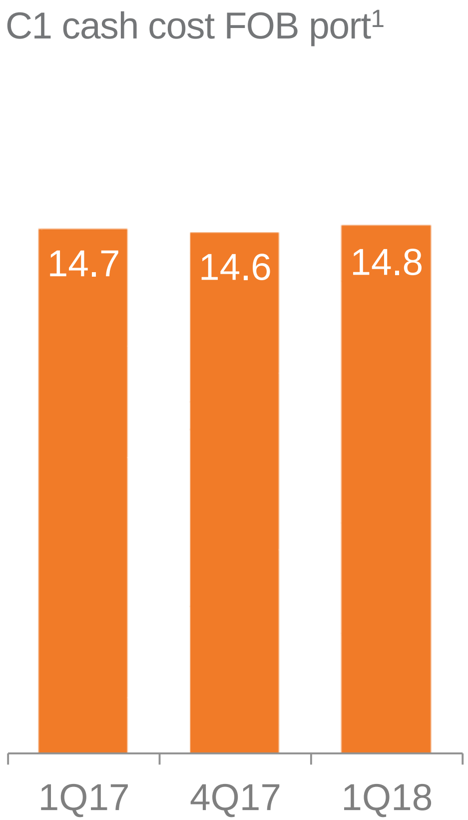
- seasonally lower sales volumes;
- higher commodities prices, resulting in higher pelletizing plants leasing costs and higher royalties;
- other exogenous factors, such as the negative impact of exchange rate variation and higher oil costs

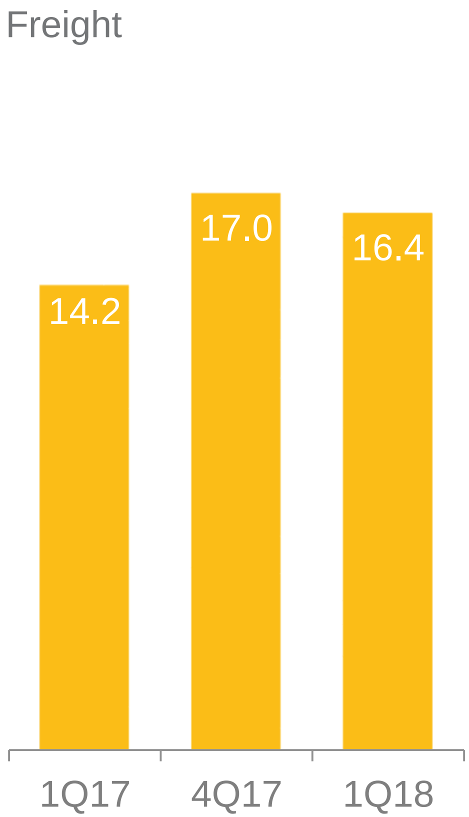
Higher bunker oil prices were **partially offset by lower spot freight rates in 1Q18**

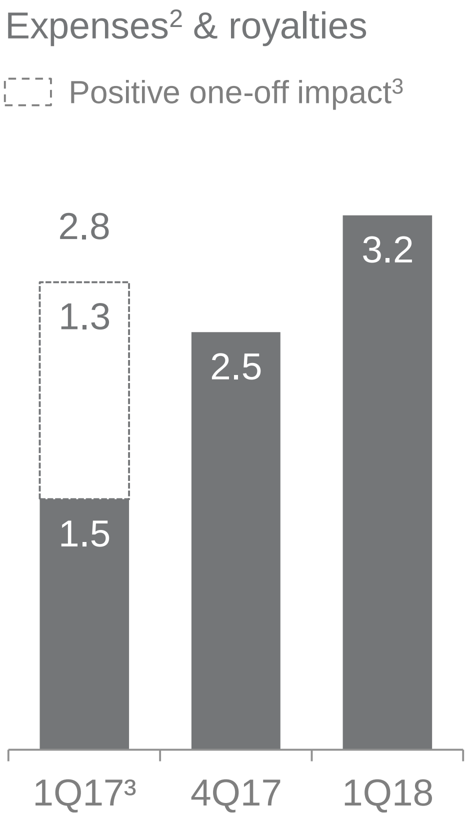
[1] Excluding depreciation.

Evolution of iron ore fines cash cost, freight and expenses

US$/t

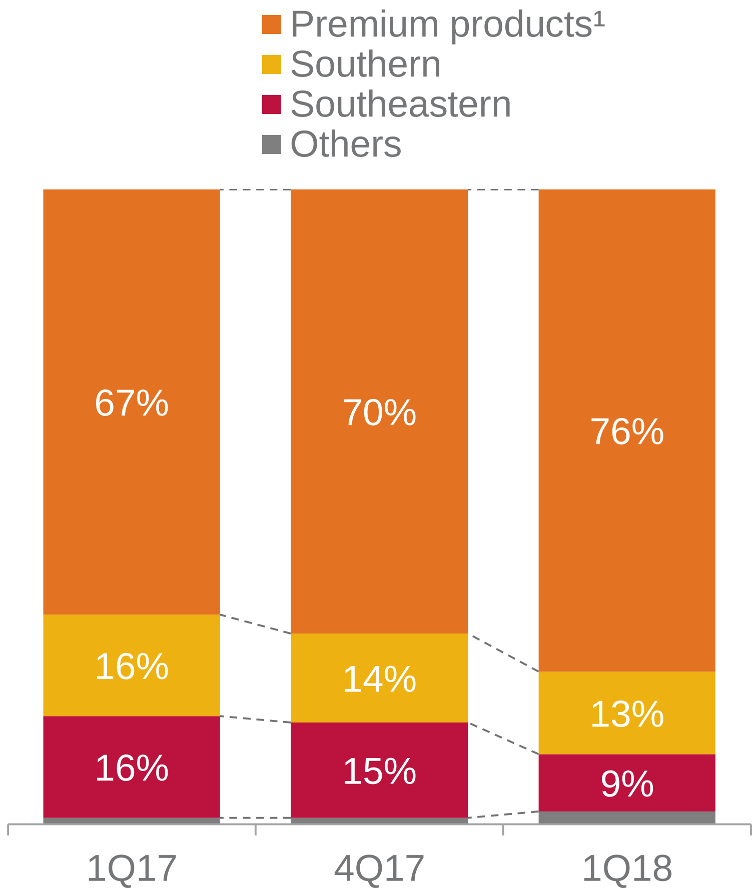






[1] Ex-ROM and ex-royalties.
[2] Including dividends received. Net of depreciation. Considers the new allocation criteria for general and administrative expenses as described in the box "Managerial Allocation Changes" of this Earnings Release.
[3] Expenses per ton totaled a positive amount in 1Q17, mainly due to the recovery of the insurance (US$ 85 million) associated with the destruction of the "Fábrica Nova – Timbopeba" long distance belt conveyor.

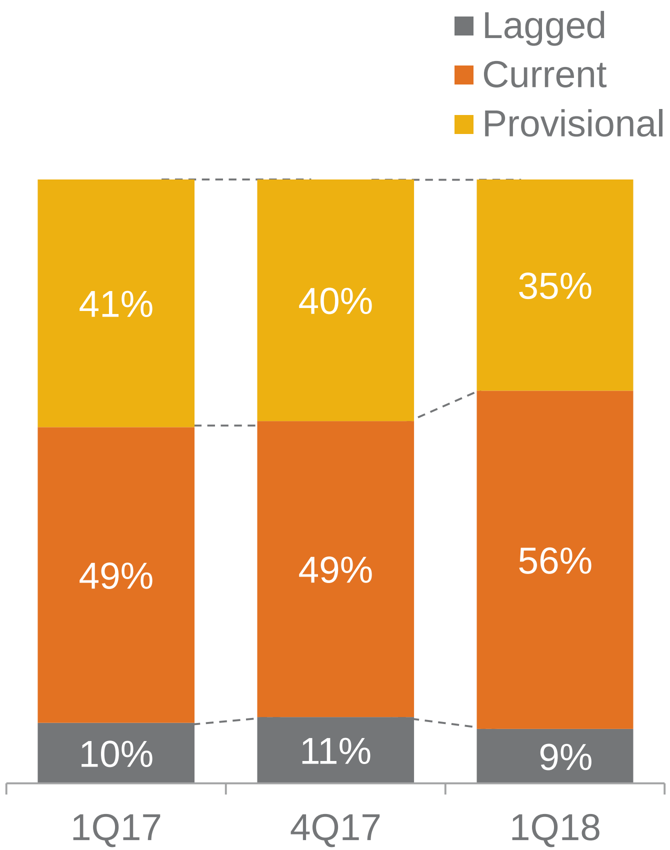
Iron ore fines sales composition



[1] Composed of pellets, Carajás and Brazilian Blend Fines.

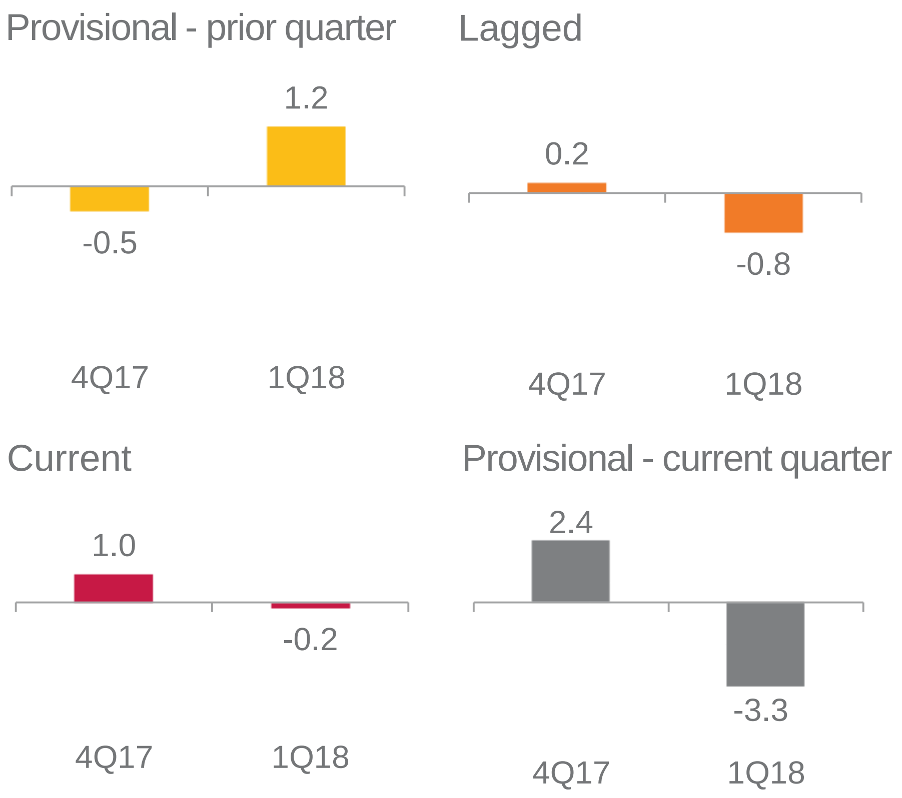
Iron ore pricing systems

Pricing system breakdown



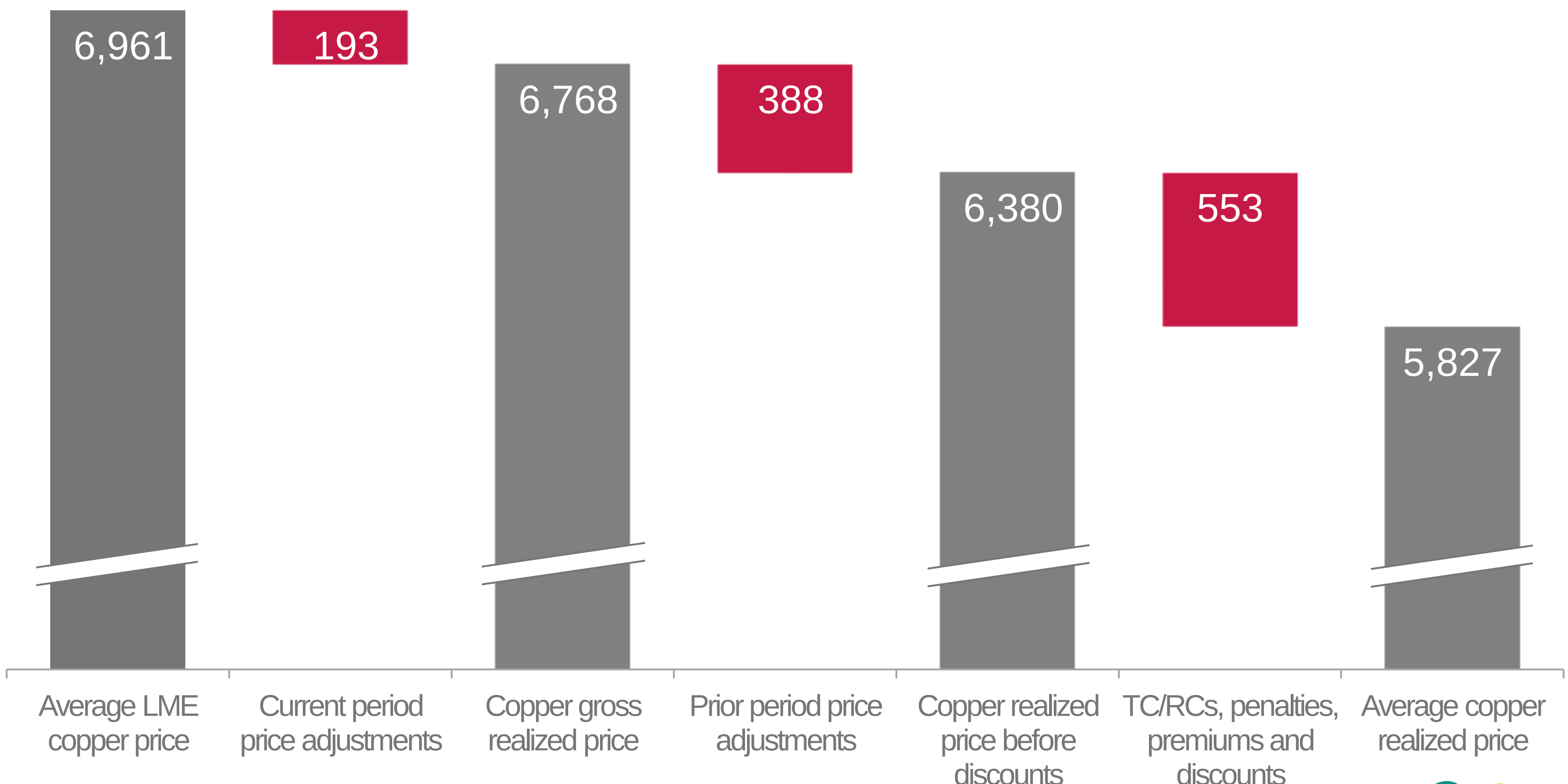
Impact of pricing mechanisms

US$/t



Price realization copper

US$/t, 1Q18



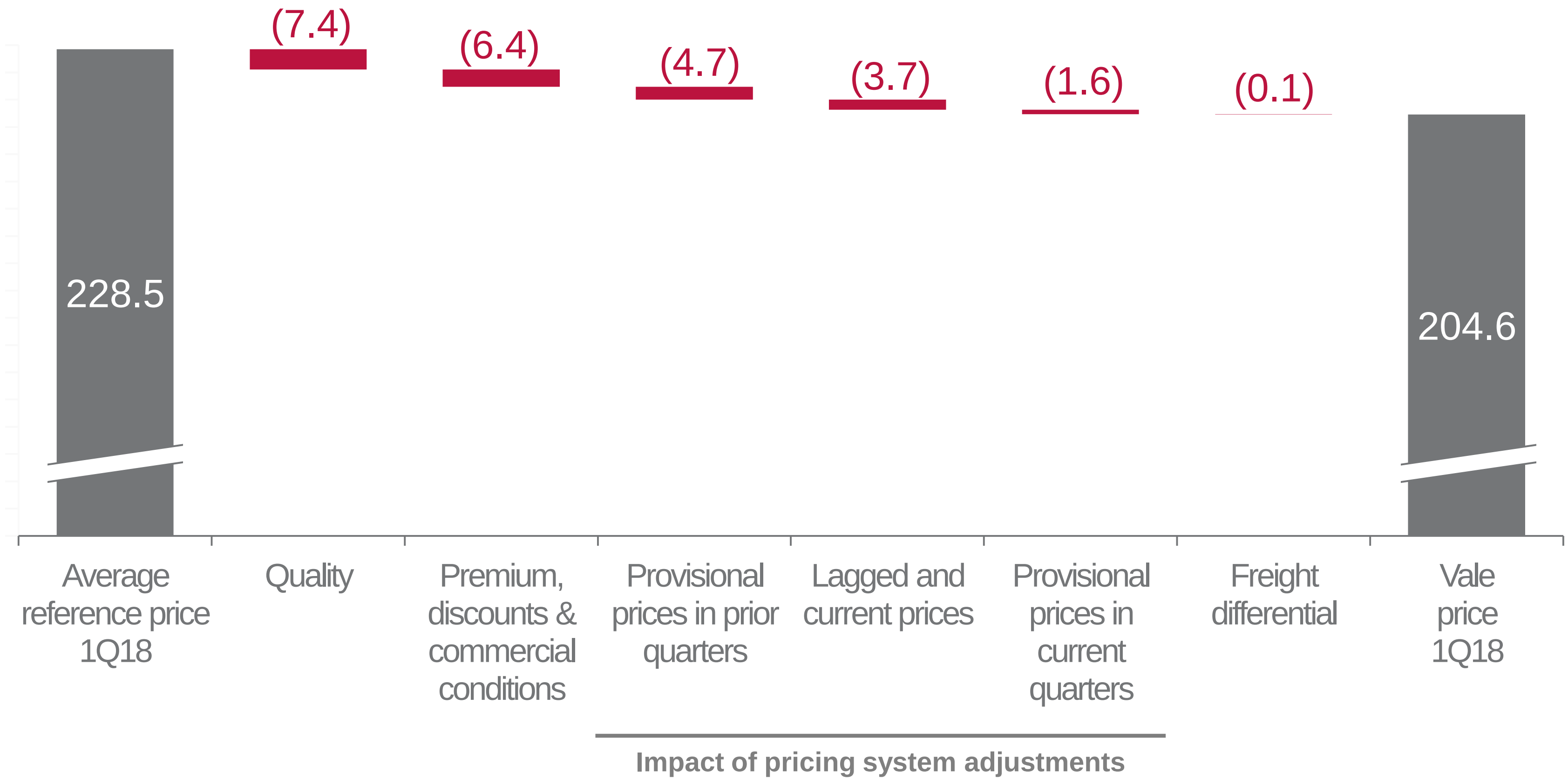
Unit cost of sales per operation, net of by-product credits

Operation (US$ / t)	1Q18	4Q17	1Q17
North Atlantic Operations[1] (nickel)	6,756	4,624	6,699
PTVI (nickel)	7,246	6,609	6,821
VNC (nickel)	8,874	8,420	11,232
Onça Puma (nickel)	7,685	7,536	9,341
Sossego (copper)	3,267	3,270	2,941
Salobo (copper)	1,155	679	1,406

[1] North Atlantic figures include Clydach and Acton refining costs.

Price realization – metallurgical coal from Mozambique

US$/t, 1Q18

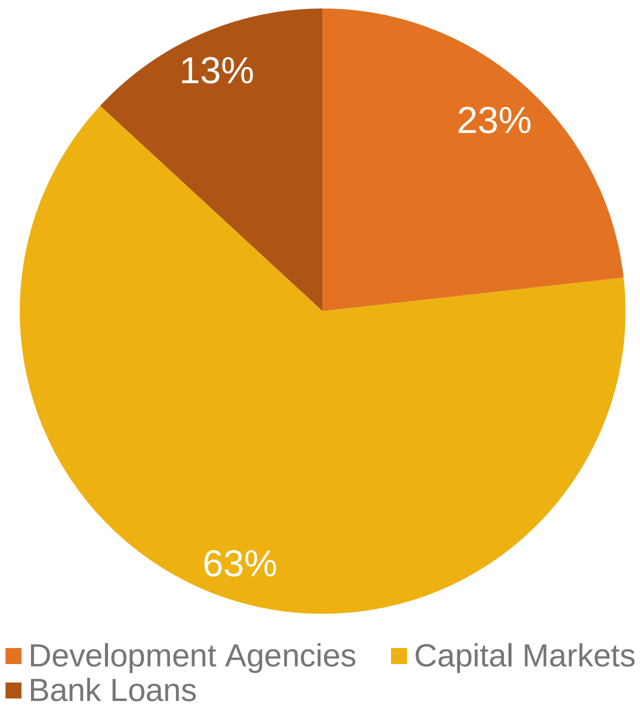


Price realization – thermal coal from Mozambique

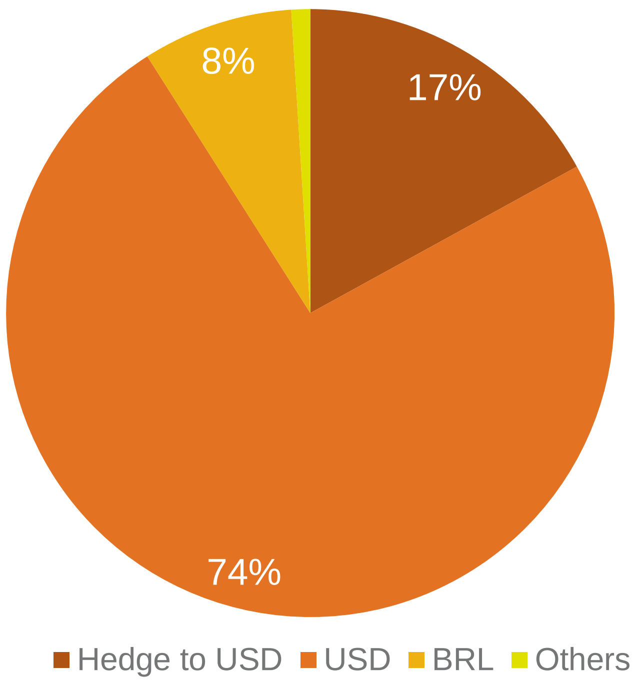
US$/t, 1Q18

Debt position breakdown

Debt breakdown by instrument



Debt breakdown by currency (after hedge)



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