



Extractive Sector Transparency Measures Act Report

Reporting Year From : 1/1/2016 To : 12/31/2016
Reporting Entity Name Vale Canada Limited and Subsidiaries
Reporting Entity ESTMA Identification Number E061523
Subsidiary Reporting Entities (if necessary) Vale Newfoundland & Labrador - E065851

Attestation (by Reporting Entity)

In accordance with the requirements of the Extractive Sector Transparency Measures Act, and in particular, s. 9 thereof, I have reviewed the information contained in the report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the report is true, accurate and complete in all material respects for the purposes of the Act, as of the date indicated below.

Attestation (through independent audit)

In accordance with the requirements of the ESTMA, and in particular, section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entities and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.

The auditor expressed an unmodified opinion, dated May 24th, 2017, on the ESTMA report for the entities and period listed above.

The independent auditor's report is on page 7 and 8 of the ESTMA report that can be found on the Corporation website at <http://www.vale.com/canada>

Director or Officer of Reporting Entity Full Name Ms. ANDREA ALMEIDA **Date:** 5/24/2017
Position Title : CHIEF FINANCIAL OFFICER

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year
Reporting Entity Name
Reporting Entity ESTMA Identification Number
Subsidiary Reporting Entities (if necessary)

From: 1/1/2016 To: 12/31/2016
Vale Canada Limited and Subsidiaries
E061523
Vale Newfoundland & Labrador - E065851

Payments by Payee (To the nearest \$10,000 Canadian dollars)

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	Provincial									
	Manitoba - Minister of Finance	-	-	1,440,000	-	-	-	-	1,440,000	
	Newfoundland and Labrador - Department of Natural Resources - Newfoundland & Labrador Exchequer	-	-	10,000	-	-	-	-	10,000	
	Newfoundland and Labrador - Government of Newfoundland & Labrador - Environment and Conservation	-	-	190,000	-	-	-	-	190,000	
	Newfoundland and Labrador - Newfoundland Exchequer Account	43,880,000	-	450,000	-	-	-	-	44,330,000	
	Ontario - Minister of Finance	1,180,000	-	370,000	-	-	-	-	1,550,000	
	Ontario - Minister of Finance - Ministry of Northern Development and Mines	-	-	410,000	-	-	-	-	410,000	
	Ontario - Ontario Aggregate Resources Corporation	-	-	80,000	-	-	-	-	80,000	
	Ontario - Treasurer of Ontario	70,000	-	-	-	-	-	-	70,000	
	Municipal	-	-	-	-	-	-	-	-	
	City of Greater Sudbury	16,130,000	-	-	-	-	-	-	16,130,000	
	City of Thompson	800,000	-	-	-	-	-	-	800,000	
	Local Government District of Mystery Lake	6,000,000	-	-	-	-	-	-	6,000,000	
	Town of Nairn & Hyman	200,000	-	-	-	-	-	-	200,000	
Canada Total		68,260,000	-	2,950,000	-	-	-	-	71,210,000	
Indonesia	Federal									
	Kas Negara / State Treasury	43,970,000	15,470,000	630,000	-	-	-	-	60,070,000	
	Provincial									
	The Government of Province of Central Sulawesi	-	-	1,880,000	-	-	-	-	1,880,000	
	The Government of Province of South East Sulawesi	-	-	1,340,000	-	-	-	-	1,340,000	
	Municipal									
	The Government of East Luwu Regency	4,470,000	-	-	-	-	-	-	4,470,000	
Indonesia Total		48,440,000	15,470,000	3,850,000	-	-	-	-	67,760,000	
New Caledonia	Federal									
	New Caledonia Industry, Mine and Energy Department	-	-	260,000	-	-	-	-	260,000	
	New Caledonia Tax Department	-	1,060,000	-	-	-	-	-	1,060,000	
New Caledonia Total		-	1,060,000	260,000	-	-	-	-	1,320,000	
Grand Total		116,700,000	16,530,000	7,060,000	-	-	-	-	140,290,000	

*Payments were made in various currencies including Canadian dollars (CAD), United States dollars (USD), Australian dollars (AUD), Indonesian rupiah (IDR), and C.F.P. franc (XPF).

All payments made in currencies other than Canadian dollars were converted using an average annual exchange rate as shown below:

Australian dollar (AUD)	0.9854111
Canadian dollar (CAD)	1.0000000
C.F.P. franc (XPF)	0.0122828
Indonesian rupiah (IDR)	0.0001004
United States dollar (USD)	1.3245618



Extractive Sector Transparency Measures Act - Annual Report

Reporting Year
 Reporting Entity Name
 Reporting Entity ESTMA Identification Number
 Subsidiary Reporting Entities (if necessary)

From: 1/1/2016 To: 12/31/2016
 Vale Canada Limited and Subsidiaries
 E061523
 Vale Newfoundland & Labrador - E065851

Payments by Project (To the nearest \$10,000 Canadian dollars) *

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Sudbury	17,580,000	-	860,000	-	-	-	-	18,440,000	
	Thompson	6,800,000	-	1,440,000	-	-	-	-	8,240,000	
	Voisey's Bay	43,880,000	-	650,000	-	-	-	-	44,530,000	
Indonesia	Sorowako	48,440,000	15,470,000	3,850,000	-	-	-	-	67,760,000	
New Caledonia	New Caledonia	-	1,060,000	260,000	-	-	-	-	1,320,000	
Grand Total		116,700,000	16,530,000	7,060,000	-	-	-	-	140,290,000	

*Payments were made in various currencies including Canadian dollars (CAD), United States dollars (USD), Australian dollars (AUD), Indonesian rupiah (IDR), and C.F.P. franc (XPF).

All payments made in currencies other than Canadian dollars were converted using an average annual exchange rate as shown below:

Australian dollar (AUD)	0.9854111									
Canadian dollar (CAD)	1.0000000									
C.F.P. franc (XPF)	0.0122828									
Indonesian rupiah (IDR)	0.0001004									
United States dollar (USD)	1.3245618									



**VALE CANADA LIMITED
NOTES TO ESTMA REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

INTRODUCTION

Vale Canada Limited and its subsidiaries (collectively the “Company” or “Vale Canada”) have prepared the following audited consolidated report (“the Report” or “ESTMA Report”) of payments made to government entities for the year ended December 31, 2016 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or “the Act”).

BASIS OF PREPARATION

The Report, which is presented in Canadian dollars (“CAD \$”), has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications.

The following is a summary of significant policies and judgments that the Company has made for the purpose of preparing the Report.

Significant policies

Cash and in-kind payments

Payments are reported on a cash basis and have been reported in the period in which the payment was made. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value.

Refunds and credits

Cash refunds received from payees have not been reported. Amounts paid to payees have been reported at the amount paid by the Company, including instances where an applicable credit reduces the amount payable, to reflect the net cash payment to the payee.

Payments to the “same payee” that meet or exceed CAD \$100,000 in one category of payment are disclosed. Payments are rounded to the nearest CAD \$10,000.

Payee

For the purposes of the Act, a payee is:

- a. Any government in Canada or in a foreign state;
- b. A body that is established by two or more governments; or
- c. Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state, provincial, local, or municipal levels. Payees also include any government-owned or government-controlled entities that exercise or perform a power, duty or function of government.



Aboriginal and indigenous groups and organizations may also be regarded as a payee under the Act. The Act defers the requirement to report on payments made to Aboriginal governments in Canada, with reporting on these payments commencing on June 1, 2017.

Reportable payments

A reportable payment for ESTMA purposes is one that in a financial year:

- a. Is made to the same payee;
- b. Is made in relation to the commercial development of oil, gas or minerals; and
- c. Totals, as a single or multiple payments, CAD \$100,000 or more in one of the following prescribed seven payment categories.

Taxes

This category includes taxes paid by the Company on its income, profits or production in relation to the commercial development of mineral resources and includes corporate income taxes paid on all profits generated by the Company including profits that relate to activities other than commercial development. Taxes reported include property taxes, business taxes and certain provincial mining taxes surcharges. Consumption taxes, withholding taxes, personal income taxes and taxes withheld by the Company on behalf of others are excluded as per the Act.

Royalties

Royalties are payments for the rights to extract mineral resources, typically at a set percentage of revenue.

Fees

This category may include rental fees and certain regulatory charges such as mining permit fees as well as fees or other consideration for licenses, permits or concessions. The fee category is substantially broad and includes payments to payees that in substance is a fee. Amounts paid in ordinary course commercial transactions in exchange for services provided by a payee are excluded.

Production entitlements

A payee's share of mineral production under a production sharing agreement or similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2016, there were no reportable production entitlement payments to a payee.

Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee in relation to the commercial development of mineral resources are reported under this category. For the year ended December 31, 2016, there were no reportable bonus payments to a payee.

Dividends

Dividends are dividend payments paid on shares received by a payee in lieu of another reportable payment and exclude dividends paid to a payee as an ordinary shareholder of the Company on shares that were acquired by the payee on the same terms as were available at the time of acquisition by other shareholders. For the year ended December 31, 2016, there were no reportable dividend payments to a payee.

Infrastructure improvement payments

This payment category consists of payments for the construction of infrastructure that do not relate primarily to the operational purposes of the Company. For the year ended December 31, 2016, there were no reportable infrastructure improvement payments to a payee.

Significant estimates and judgements

The preparation of the Report in accordance with the Act requires the use of judgments, estimates and assumptions. The key areas where the use of judgments, estimates and assumptions were made were as follows.

Payments by project level

Payments have been reported at the project level as required by the Act. A “project” means the operational activities are governed by a single contract, license, lease, concession or similar legal agreement that forms the basis for a payment liability with a payee. If multiple such agreements are substantially interconnected, they would be considered a single project.

“Substantially interconnected” means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

The Company has determined that the operational activities governed by surface or mineral lease contracts related to key operational areas are substantially interconnected and has reported payments related to each such area as a single project. The Company has considered geographical location and common infrastructure as two key indicators for making this determination.

Commercial development

The Act defines ‘commercial development of oil, gas or minerals’ as:

- a) The exploration or extraction of oil, gas or minerals;
- b) The acquisition or holding of a permit, license, lease or any other authorization to carry out any of the activities referred to in paragraph (a); or
- c) Any other prescribed activities in relation to oil, gas or minerals.

Payments made by the Company to payees relating to the commercial development of minerals (“commercial development”) are disclosed in this Report. The Company’s initial mining and other extraction related activities to produce mineral ores for downstream processing are included in commercial development. The Report excludes payments that are not related to the Company’s commercial development activities. Such excluded activities include milling, concentration, smelting and refining, and packaging processes.

Attribution of payments

Where a payment was made for the Company by another entity, such payment has been deemed to have been made by the Company and has been included in this Report. This may include payments not directly made to a payee, or not received directly by the payee.

Corporate social responsibility (“CSR”) payments

The ESTMA Report includes only CSR payments that are reportable payments and which are contractual obligations for the Company, as stipulated in a mining license, permit, development agreement or any other similar authorization that allows the Company to conduct commercial development, to make to a payee, or to another party under the direction of a payee.



May 24, 2017

Independent Auditor's Report

**To the Management of
Vale Canada Limited**

We have audited the accompanying Extractive Sector Transparency Measures Act – Annual Report of Vale Canada Limited and its subsidiaries which comprise the schedules of payments by payee and payments by project for the year ended December 31, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information (the ESTMA Report or Report). The ESTMA Report has been prepared by management using the basis of accounting described in the notes, which is in accordance with the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s 376 (the Act).

Management's responsibility for the ESTMA Report

Management is responsible for the preparation of the ESTMA Report in accordance with the basis of accounting described in the notes, and for such internal control as management determines is necessary to enable the preparation of an ESTMA Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the ESTMA Report based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the ESTMA Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the ESTMA Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the ESTMA Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the ESTMA Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the ESTMA Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the Extractive Sector Transparency Measures Act – Annual Report of Vale Canada Limited and its subsidiaries for the year ended December 31, 2016 is prepared, in all material respects, in accordance with the basis of accounting described in the notes.

Basis of accounting

Without modifying our opinion, we draw attention to the notes to the ESTMA Report, which describes the basis of accounting. The ESTMA Report is prepared to assist Vale Canada Limited and its subsidiaries to comply with the reporting requirements of the Act. As a result, the ESTMA Report may not be suitable for another purpose.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants, Licensed Public Accountants