

Vale S.A.
Form 6-K
July 27, 2017
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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

July, 2017

Vale S.A.

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

(Address of principal executive office)

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

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(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

June 30, 2017

IFRS in US\$

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Vale S.A. Interim Financial Statements

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Report of independent registered public accounting firm

To the Board of Directors and Stockholders of

Vale S.A.

Rio de Janeiro - RJ

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. (the Company) and subsidiaries as of June 30, 2017, the related condensed consolidated statements of income, comprehensive income and cash flows for the three and six-month periods ended on June 30, 2017 and 2016, and the related condensed consolidated statement of changes in equity for the six-month periods ended on June 30, 2017 and 2016. These condensed consolidated financial statements are the responsibility of the Company s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an audit opinion.

Based on our review, we are not aware of any material modification that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Vale S.A. and subsidiaries as of December 31, 2016 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended (not presented herein); and in our report dated February 22, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2016, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG Auditores Independentes

Rio de Janeiro, Brazil

July 26, 2017

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**Consolidated Income Statement**

In millions of United States dollars, except earnings per share data

	Notes	Three month period ended June 30,		Six month period ended June 30,	
		2017	2016 (i)	2017	2016 (i)
Continuing operations					
Net operating revenue	3(c)	7,235	6,162	15,750	11,497
Cost of goods sold and services rendered	4(a)	(5,102)	(4,313)	(9,836)	(8,202)
Gross profit		2,133	1,849	5,914	3,295
Operating expenses					
Selling and administrative expenses	4(b)	(132)	(127)	(256)	(234)
Research and evaluation expenses		(80)	(72)	(145)	(127)
Pre operating and operational stoppage		(90)	(110)	(205)	(207)
Other operating expenses, net	4(c)	(88)	(142)	(165)	(178)
		(390)	(451)	(771)	(746)
Impairment and other results on non-current assets	12 and 15	(220)	(66)	292	(66)
Operating income		1,523	1,332	5,435	2,483
Financial income	5	458	3,889	1,398	7,139
Financial expenses	5	(1,797)	(1,814)	(3,350)	(3,653)
Equity results in associates and joint ventures	13	(24)	190	49	345
Impairment and other results in associates and joint ventures	17	(34)	(1,113)	(95)	(1,113)
Income before income taxes		126	2,484	3,437	5,201
Income taxes					
	6				
Current tax		(69)	(413)	(570)	(754)
Deferred tax		118	(929)	(104)	(1,536)
		49	(1,342)	(674)	(2,290)
Net income from continuing operations		175	1,142	2,763	2,911
Net income attributable to noncontrolling interests		31	15	46	14
Net income from continuing operations attributable to Vale s stockholders		144	1,127	2,717	2,897
Discontinued operations					
	11				
Loss from discontinued operations		(125)	(21)	(207)	(10)
Net income attributable to noncontrolling interests		3		4	5
Loss from discontinued operations attributable to Vale s stockholders		(128)	(21)	(211)	(15)
Net income		50	1,121	2,556	2,901

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Net income attributable to noncontrolling interests	34	15	50	19
Net income attributable to Vale s stockholders	16	1,106	2,506	2,882
Earnings per share attributable to Vale s stockholders:				
Basic and diluted earnings per share:	7			
Preferred share (US\$)		0.21	0.49	0.56
Common share (US\$)		0.21	0.49	0.56

(i) Period restated according to Note 11.

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

Table of Contents**Consolidated Statement of Comprehensive Income**

In millions of United States dollars

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Net income	50	1,121	2,556	2,901
Other comprehensive income:				
Items that will not be reclassified subsequently to the income statement				
Cumulative translation adjustments	(1,753)	3,861	(639)	7,107
Retirement benefit obligations	(283)	(183)	(313)	(268)
Tax recognized within other comprehensive income	88	55	95	82
Total items that will not be reclassified subsequently to the income statement	(1,948)	3,733	(857)	6,921
Items that may be reclassified subsequently to the income statement				
Cumulative translation adjustments	1,308	(2,077)	691	(3,678)
Cash flow hedge				6
Net investments hedge	(392)		(128)	
Equity results in associates and joint ventures, net of taxes		5		5
Transfer of realized results to net income, net of taxes		(75)		(78)
Tax recognized within other comprehensive income	78	7	(29)	(142)
Total of items that may be reclassified subsequently to the income statement	994	(2,140)	534	(3,887)
Total comprehensive income (loss)	(904)	2,714	2,233	5,935
Comprehensive income attributable to noncontrolling interests	4	85	41	153
Comprehensive income (loss) attributable to Vale's stockholders	(908)	2,629	2,192	5,782

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

Table of Contents**Consolidated Statement of Cash Flows**

In millions of United States dollars

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016 (i)	2017	2016 (i)
Cash flow from operating activities:				
Income before income taxes from continuing operations	126	2,484	3,437	5,201
Continuing operations adjustments for:				
Equity results in associates and joint ventures	24	(190)	(49)	(345)
Impairment and other results on non-current assets	220	66	(292)	66
Impairment and other results in associates and joint ventures	34	1,113	95	1,113
Depreciation, amortization and depletion	904	839	1,812	1,622
Financial results, net	1,339	(2,075)	1,952	(3,486)
Changes in assets and liabilities:				
Accounts receivable	1,380	78	1,678	(914)
Inventories	(223)	28	(444)	(15)
Suppliers and contractors	244	342	326	26
Payroll and related charges	199	39	(43)	43
Other assets and liabilities, net	(162)	311	(331)	403
	4,085	3,035	8,141	3,714
Interest on loans and borrowings paid	(412)	(362)	(927)	(821)
Derivatives paid, net (note 20)	(3)	(353)	(110)	(863)
Interest on participative stockholders debentures paid	(70)	(37)	(70)	(37)
Income taxes	(37)	(114)	(405)	(254)
Income taxes - Settlement program	(120)	(100)	(241)	(188)
Net cash provided by operating activities from continuing operations	3,443	2,069	6,388	1,551
Net cash provided by operating activities from discontinued operations	2	50	94	54
Net cash provided by operating activities	3,445	2,119	6,482	1,605
Cash flow from investing activities:				
Financial investments redeemed (invested)	34	(112)	(19)	(23)
Loans and advances - Net receipts (payments)	(100)		(244)	(3)
Additions to investments	(361)	(136)	(370)	(226)
Additions to property, plant and equipment and intangible (note 3(b))	(890)	(1,164)	(1,997)	(2,491)
Proceeds from disposal of assets and investments (note 12)	8	12	523	24
Dividends and interest on capital received from associates and joint ventures	82	114	82	115
Others investments activities	(19)	(21)	(21)	(46)

Net cash used in investing activities from continuing operations	(1,246)	(1,307)	(2,046)	(2,650)
Net cash used in investing activities from discontinued operations	(81)	(58)	(144)	(105)
Net cash used in investing activities	(1,327)	(1,365)	(2,190)	(2,755)
Cash flow from financing activities:				
Loans and borrowings				
Additions	300	1,433	1,450	4,633
Repayments	(1,852)	(1,808)	(2,970)	(2,962)
Transactions with stockholders:				
Dividends attributed to stockholders	(1,454)		(1,454)	
Dividends and interest on capital paid to noncontrolling interest	(5)	(71)	(8)	(75)
Transactions with noncontrolling stockholders (note 12)			255	(17)
Net cash provided by (used in) financing activities from continuing operations	(3,011)	(446)	(2,727)	1,579
Net cash provided by (used in) financing activities from discontinued operations	34	(4)		(5)
Net cash provided by (used in) financing activities	(2,977)	(450)	(2,727)	1,574
Increase (decrease) in cash and cash equivalents	(859)	304	1,565	424
Cash and cash equivalents in the beginning of the period	6,716	3,779	4,262	3,591
Effect of exchange rate changes on cash and cash equivalents	(137)	47	(93)	115
Cash and cash equivalents from disposals subsidiaries			(14)	
Cash and cash equivalents at end of the period	5,720	4,130	5,720	4,130
Non-cash transactions:				
Additions to property, plant and equipment - capitalized loans and borrowing costs	83	213	186	390

(i) Period restated according to Note 11.

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

Table of Contents**Consolidated Statement of Financial Position**

In millions of United States dollars

	Notes	June 30, 2017	December 31, 2016
Assets			
Current assets			
Cash and cash equivalents	16	5,720	4,262
Accounts receivable	8	1,709	3,663
Other financial assets	10	2,193	363
Inventories	9	3,864	3,349
Prepaid income taxes		217	159
Recoverable taxes		1,302	1,625
Others		427	557
		15,432	13,978
Non-current assets held for sale	11	4,430	8,589
		19,862	22,567
Non-current assets			
Judicial deposits	22(c)	939	962
Other financial assets	10	3,334	628
Prepaid income taxes		548	527
Recoverable taxes		733	727
Deferred income taxes	6(a)	7,095	7,343
Others		319	274
		12,968	10,461
Investments in associates and joint ventures	13	3,605	3,696
Intangibles	14	7,211	6,871
Property, plant and equipment	15	54,659	55,419
		78,443	76,447
Total assets		98,305	99,014
Liabilities			
Current liabilities			
Suppliers and contractors		3,746	3,630
Loans and borrowings	16	2,063	1,660
Other financial liabilities	10	876	1,086
Taxes payable		641	657
Provision for income taxes		257	171
Liabilities related to associates and joint ventures	17	295	292
Provisions	21	834	952
Dividends and interest on capital			798
Others		781	896
		9,493	10,142
Liabilities associated with non-current assets held for sale	11	1,089	1,090

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		10,582	11,232
Non-current liabilities			
Loans and borrowings	16	25,789	27,662
Other financial liabilities	10	3,144	2,127
Taxes payable		4,862	4,961
Deferred income taxes	6(a)	1,565	1,700
Provisions	21	6,053	5,748
Liabilities related to associates and joint ventures	17	724	785
Deferred revenue - Gold stream		1,984	2,090
Others		1,701	1,685
		45,822	46,758
Total liabilities		56,404	57,990
Stockholders equity	24		
Equity attributable to Vale's stockholders		40,471	39,042
Equity attributable to noncontrolling interests		1,430	1,982
Total stockholders equity		41,901	41,024
Total liabilities and stockholders equity		98,305	99,014

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

Table of Contents**Statement of Changes in Equity**

In millions of United States dollars

	Share capital	Results on conversion of shares	Results from operation with noncontrolling interest	Profit reserves	Treasury stocks	Unrealized fair value gain (losses)	Cumulative translation adjustments	Retained earnings	Equity attributable to Vale s stockholders	Equity attributable to noncontrolling interests	Total stockholders equity
Balance at December 31, 2016	61,614	(152)	(699)	4,203	(1,477)	(1,147)	(23,300)		39,042	1,982	41,024
Net income								2,506	2,506	50	2,556
Other comprehensive income:											
Retirement benefit obligations						(218)			(218)		(218)
Net investments hedge							(84)		(84)		(84)
Translation adjustments				(63)		5	149	(103)	(12)	(9)	(21)
Transactions with stockholders:											
Dividends and interest on capital of Vale s stockholders				(658)					(658)		(658)
Dividends of noncontrolling interest										(107)	(107)
Acquisitions and disposal of participation of noncontrolling interest (note 12)			(105)						(105)	(512)	(617)
Capitalization of noncontrolling interest advances										26	26
Balance at June 30, 2017	61,614	(152)	(804)	3,482	(1,477)	(1,360)	(23,235)	2,403	40,471	1,430	41,901

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	Share capital	Results on conversion of shares	Results from operation with noncontrolling interest	Profit reserves	Treasury stocks	Unrealized fair value gain (losses)	Cumulative translation adjustments	Retained earnings	Equity attributable to Vale s stockholders	Equity attributable to noncontrolling interests	Total stockholders equity
Balance at December 31, 2015	61,614	(152)	(702)	985	(1,477)	(992)	(25,687)		33,589	2,115	35,704
Net income								2,882	2,882	19	2,901
Other comprehensive income:											
Retirement benefit obligations						(186)			(186)		(186)
Cash flow hedge						7			7		7
Translation adjustments				213		(97)	2,762	201	3,079	134	3,213
Transactions with stockholders:											
Dividends of noncontrolling interest										(172)	(172)
Capitalization of noncontrolling interest advances										16	16
Balance at June 30, 2016	61,614	(152)	(702)	1,198	(1,477)	(1,268)	(22,925)	3,083	39,371	2,112	41,483

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 United States dollar, 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 - BM&F BOVESPA (Vale3 and Vale5), New York - NYSE (VALE and VALE.P), Paris - NYSE Euronext (Vale3 and Vale5) and Madrid - LATIBEX (XVALO and XVALP).

Vale 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 interim financial statements of the Company (interim financial statements) present the accounts of the Company and have been prepared in accordance with IAS 34 Interim Financial Reporting of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b) Basis of presentation

The interim financial statements have been prepared under the historical cost convention as adjusted to reflect: (i) the fair value of financial instruments measured at fair value through the income statement or available-for-sale financial instruments measured at fair value through the statement of comprehensive income; and (ii) impairment of assets.

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The accounting practices, accounting estimates and judgments, risk management and measurement methods are the same as those adopted when preparing the financial statements for the year ended December 31, 2016. The accounting policy for recognizing and measuring income taxes in the interim period is described in note 6. These interim financial statements were prepared to update users about relevant information presented in the period and should be read in conjunction with the financial statements for the year ended December 31, 2016.

The comparative information for the period ended June 30, 2016 was restated for the purposes of applying IFRS 5 Non-current assets held for sale and discontinued operations after approval by the Board of Directors of the sale of the fertilizers assets, as presented in Note 11.

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 (BRL or R\$). For presentation purposes, these interim financial statements are presented in United States dollar (USD or US\$) as the Company believes that this is how international investors analyze the interim financial statements.

The exchange rates used by the Company for major currencies to translate its operations are as follows:

	Closing rate		Average rate for the			
	December 31,		Three month period ended		Six month period ended	
	June 30, 2017	2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
US Dollar (US\$)	3.3082	3.2591	3.2174	3.5076	3.1807	3.7017
Canadian dollar (CAD)	2.5485	2.4258	2.3937	2.7217	2.3847	2.7809
Australian dollar (AUD)	2.5394	2.3560	2.4154	2.6153	2.3986	2.7142
Euro (EUR or)	3.7750	3.4384	3.5480	3.9624	3.4479	4.1288

Subsequent events were evaluated through July 26, 2017, which is the date the interim financial statements were approved by the Board of Directors.

Table of Contentsc) **Accounting standards issued but not yet effective**

The standards and interpretations issued by IASB relevant to the Company but not yet effective are the same as those adopted when preparing the financial statements for the year ended December 31, 2016.

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 reallocations between segments.

a) **Adjusted EBITDA**

Adjusted EBITDA is used by management to support the decision making process for segments. The definition of adjusted EBITDA for the Company is the operating income or loss excluding (i) the depreciation, depletion and amortization, (ii) results on measurement or sales of non-current assets, (iii) impairment, (iv) onerous contracts and plus (v) dividends received from associates and joint ventures.

	Three month period ended June 30, 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	Dividends received from associates and joint ventures	Adjusted EBITDA
Ferrous minerals							
Iron ore	3,544	(1,885)	(94)	(23)	(40)		1,502
Iron ore Pellets	1,331	(712)	(10)	(5)	(1)	37	640
Ferroalloys and manganese	117	(81)	(2)		(1)		33
Other ferrous products and services	122	(77)	12				57
	5,114	(2,755)	(94)	(28)	(42)	37	2,232
Coal	481	(305)	(11)	(4)	(4)		157

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Base metals							
Nickel and other products	1,009	(818)	(32)	(11)	(12)		136
Copper	503	(247)	(4)	(2)			250
	1,512	(1,065)	(36)	(13)	(12)		386
Others	128	(125)	(57)	(35)	(2)	45	(46)
Total of continuing operations	7,235	(4,250)	(198)	(80)	(60)	82	2,729
Discontinued operations (Fertilizers)	401	(372)	(20)	(3)	(10)		(4)
Total	7,636	(4,622)	(218)	(83)	(70)	82	2,725

Three month period ended June 30, 2016

	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation	Pre operating and operational stoppage	Dividends received from associates and joint ventures	Adjusted EBITDA
Ferrous minerals							
Iron ore	3,508	(1,652)	(150)	(16)	(34)		1,656
Iron ore Pellets	868	(459)	(19)	(4)	(9)	60	437
Ferrous alloys and manganese	61	(53)	1		(3)		6
Other ferrous products and services	104	(63)	(3)		(1)		37
	4,541	(2,227)	(171)	(20)	(47)	60	2,136
Coal	145	(236)	(6)	(3)	(10)		(110)
Base metals							
Nickel and other products	1,050	(775)	(2)	(21)	(26)		226
Copper	397	(237)	(9)	(1)			150
	1,447	(1,012)	(11)	(22)	(26)		376
Others	29	(58)	(47)	(27)	(2)	54	(51)
Total of continuing operations	6,162	(3,533)	(235)	(72)	(85)	114	2,351
Discontinued operations (Fertilizers)	464	(394)	(29)	(6)	(6)	3	32
Total	6,626	(3,927)	(264)	(78)	(91)	117	2,383

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Six month period ended June 30, 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	Dividends received from associates and joint ventures	Adjusted EBITDA
Ferrous minerals							
Iron ore	8,370	(3,562)	(92)	(39)	(81)		4,596
Iron ore Pellets	2,790	(1,364)	(22)	(8)	(2)	37	1,431
Ferrous alloys and manganese	203	(125)	(4)		(4)		70
Other ferrous products and services	248	(153)	8	(1)			102
	11,611	(5,204)	(110)	(48)	(87)	37	6,199
Coal	805	(553)	(23)	(7)	(4)		218
Base metals							
Nickel and other products	2,141	(1,680)	(75)	(20)	(50)		316
Copper	968	(477)	(7)	(4)			480
	3,109	(2,157)	(82)	(24)	(50)		796
Others	225	(224)	(153)	(66)	(3)	45	(176)
Total of continuing operations	15,750	(8,138)	(368)	(145)	(144)	82	7,037
Discontinued operations (Fertilizers)	771	(711)	(35)	(5)	(21)		(1)
Total	16,521	(8,849)	(403)	(150)	(165)	82	7,036

Six month period ended June 30, 2016

	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation	Pre operating and operational stoppage	Dividends received from associates and joint ventures	Adjusted EBITDA
Ferrous minerals							
Iron ore	6,425	(2,961)	(306)	(27)	(66)		3,065
Iron ore Pellets	1,621	(896)	(35)	(4)	(13)	60	733
Ferrous alloys and manganese	108	(99)	3		(5)		7
Other ferrous products and services	191	(122)	2		(2)		69
	8,345	(4,078)	(336)	(31)	(86)	60	3,874

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Coal	299	(529)	43	(5)	(11)		(203)
Base metals							
Nickel and other products	2,050	(1,539)	(26)	(35)	(58)		392
Copper	750	(429)	(6)	(2)			313
	2,800	(1,968)	(32)	(37)	(58)		705
Others	53	(103)	(39)	(54)	(2)	55	(90)
Total of continuing operations	11,497	(6,678)	(364)	(127)	(157)	115	4,286
Discontinued operations (Fertilizers)	848	(690)	(40)	(11)	(8)	3	102
Total	12,345	(7,368)	(404)	(138)	(165)	118	4,388

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

From Continuing operations

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Adjusted EBITDA from continuing operations	2,729	2,351	7,037	4,286
Depreciation, depletion and amortization	(904)	(839)	(1,812)	(1,622)
Dividends received from associates and joint ventures	(82)	(114)	(82)	(115)
Impairment and other results on non-current assets	(220)	(66)	292	(66)
Operating income	1,523	1,332	5,435	2,483
Financial results, net	(1,339)	2,075	(1,952)	3,486
Equity results in associates and joint ventures	(24)	190	49	345
Impairment and other results in associates and joint ventures	(34)	(1,113)	(95)	(1,113)
Income taxes	49	(1,342)	(674)	(2,290)
Net income from continuing operations	175	1,142	2,763	2,911
Net income attributable to noncontrolling interests	31	15	46	14
Net income attributable to Vale's stockholders	144	1,127	2,717	2,897

Table of Contents**From Discontinued operations**

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Adjusted EBITDA from discontinued operations	(4)	32	(1)	102
Depreciation, depletion and amortization		(88)		(155)
Dividends received from associates and joint ventures		(3)		(3)
Impairment of non-current assets (note 11a)	(266)		(377)	
Operating loss	(270)	(59)	(378)	(56)
Financial results, net	(6)	16	(10)	30
Equity results in associates and joint ventures				1
Income taxes	151	22	181	15
Loss from discontinued operations	(125)	(21)	(207)	(10)
Net income attributable to noncontrolling interests	3		4	5
Loss attributable to Vale's stockholders	(128)	(21)	(211)	(15)

b) Assets by segment

	June 30, 2017	Three month period ended			Six month period ended		
		June 30, 2017	June 30, 2017	June 30, 2017	June 30, 2017	June 30, 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)	Additions to property, plant and equipment and intangible (ii)	Depreciation, depletion and amortization (iii)
Ferrous minerals	1,641	1,869	34,742	620	427	1,450	844
Coal	94	301	1,793	15	74	71	179
Base metals	1,109	13	23,189	251	397	462	778
Others	26	1,422	2,146	4	6	14	11
Total	2,870	3,605	61,870	890	904	1,997	1,812

	December 31, 2016	Three month period ended			Six month period ended		
		December 31, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	
	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)	Additions to property, plant and equipment and intangible (ii)	Depreciation, depletion and amortization (iii)
Ferrous minerals	1,134	1,808	34,834	766	381	1,683	728

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Coal	126	285	1,907	157	15	290	38
Base metals	1,110	12	23,372	233	438	502	845
Others	3	1,591	2,177	8	5	16	11
Total	2,373	3,696	62,290	1,164	839	2,491	1,622

(i) Goodwill is allocated mainly in iron ore and nickel segments in the amount of US\$1,227 and US\$1,893 in June 30, 2017 and US\$1,246 and US\$1,835 in December 31, 2016, respectively.

(ii) Includes only cash effect.

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

Table of Contentsc) **Net operating revenue by geographic area****Three month period ended June 30, 2017**

	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	138		190	55	383
United States of America	121		189	13	323
Europe	689	111	519	14	1,333
Middle East/Africa/Oceania	354	37	3		394
Japan	440	46	90		576
China	2,469		85		2,554
Asia, except Japan and China	300	246	391		937
Brazil	603	41	45	46	735
Net operating revenue	5,114	481	1,512	128	7,235

Three month period ended June 30, 2016

	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	74	11	280		365
United States of America	53		177		230
Europe	593	22	495		1,110
Middle East/Africa/Oceania	287	22	4		313
Japan	300	31	74		405
China	2,581	6	113		2,700
Asia, except Japan and China	229	53	262		544
Brazil	424		42	29	495
Net operating revenue	4,541	145	1,447	29	6,162

Six month period ended June 30, 2017

	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	280		494	55	829
United States of America	174		375	58	607
Europe	1,579	200	1,024	30	2,833
Middle East/Africa/Oceania	781	88	6		875
Japan	830	79	178		1,087
China	6,127		245		6,372
Asia, except Japan and China	555	347	702		1,604
Brazil	1,285	91	85	82	1,543
Net operating revenue	11,611	805	3,109	225	15,750

Six month period ended June 30, 2016

	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	165	14	558		737

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United States of America	87		348	4	439
Europe	1,078	29	918		2,025
Middle East/Africa/Oceania	451	41	13		505
Japan	554	65	126		745
China	4,853	31	270		5,154
Asia, except Japan and China	385	119	507		1,011
Brazil	772		60	49	881
Net operating revenue	8,345	299	2,800	53	11,497

Table of Contents**4. Costs and expenses by nature****a) Cost of goods sold and services rendered**

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Personnel	556	526	1,103	983
Materials and services	899	931	1,681	1,551
Fuel oil and gas	309	292	618	581
Maintenance	753	633	1,476	1,239
Energy	232	166	447	309
Acquisition of products	159	146	323	229
Depreciation and depletion	852	780	1,698	1,524
Freight	771	611	1,430	1,111
Others	571	228	1,060	675
Total	5,102	4,313	9,836	8,202
Cost of goods sold	4,946	4,198	9,541	7,980
Cost of services rendered	156	115	295	222
Total	5,102	4,313	9,836	8,202

b) Selling and administrative expenses

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Personnel	62	54	116	101
Services	17	16	29	27
Depreciation and amortization	22	32	51	54
Taxes and rents	4	3	11	10
Selling expenses	19	9	32	15
Others	8	13	17	27
Total	132	127	256	234

c) Others operational expenses (incomes), net

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016

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Provision for litigation	17	57	29	106
Profit sharing program	30		69	
Disposals (reversals) of materials and inventories	4	(1)	7	(9)
Others	37	86	60	81
Total	88	142	165	178

Table of Contents**5. Financial result**

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Financial expenses				
Loans and borrowings gross interest	(450)	(451)	(953)	(862)
Capitalized loans and borrowing costs	83	213	186	390
Derivative financial instruments	(160)	(166)	(266)	(224)
Indexation and exchange rate variation (a)	(864)	(1,051)	(1,196)	(2,218)
Participative stockholders debentures	(87)	(86)	(499)	(202)
Expenses of REFIS	(108)	(129)	(234)	(243)
Others	(211)	(144)	(388)	(294)
	(1,797)	(1,814)	(3,350)	(3,653)
Financial income				
Short-term investments	52	23	88	62
Derivative financial instruments	69	925	384	1,423
Indexation and exchange rate variation (b)	273	2,934	834	5,629
Others	64	7	92	25
	458	3,889	1,398	7,139
Financial results, net	(1,339)	2,075	(1,952)	3,486
Summary of indexation and exchange rate variation				
Loans and borrowings	(740)	2,781	(241)	5,419
Others	149	(898)	(121)	(2,008)
Net (a) + (b)	(591)	1,883	(362)	3,411

As from January 1, 2017, the Company started to apply net investment hedge accounting in foreign operation, for more information see note 16.

6. Income taxes**a) Deferred income tax assets and liabilities**

Changes in deferred tax are as follows:

Assets	Liabilities	Total
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Balance at March 31, 2017	7,127	1,677	5,450
Effect in income statement	65	(53)	118
Translation adjustment	(178)	26	(204)
Other comprehensive income	81	(85)	166
Balance at June 30, 2017	7,095	1,565	5,530

	Assets	Liabilities	Total
Balance at March 31, 2016	7,675	1,817	5,858
Effect in income statement	(940)	(11)	(929)
Transfers between asset and liabilities	59	59	
Translation adjustment	484	(75)	559
Other comprehensive income	11	(51)	62
Balance at June 30, 2016	7,289	1,739	5,550

	Assets	Liabilities	Total
Balance at December 31, 2016	7,343	1,700	5,643
Effect in income statement	(186)	(82)	(104)
Translation adjustment	(39)	36	(75)
Other comprehensive income	(23)	(89)	66
Balance at June 30, 2017	7,095	1,565	5,530

	Assets	Liabilities	Total
Balance at December 31, 2015	7,904	1,670	6,234
Effect in income statement	(1,591)	(55)	(1,536)
Transfers between asset and liabilities	144	144	
Translation adjustment	961	49	912
Other comprehensive income	(129)	(69)	(60)
Balance at June 30, 2016	7,289	1,739	5,550

Table of Contents**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:

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Income before income taxes	126	2,484	3,437	5,201
Income taxes at statutory rates - 34%	(43)	(845)	(1,169)	(1,768)
Adjustments that affect the basis of taxes:				
Income tax benefit from interest on stockholders equity	126		252	
Tax incentives	1	95	179	98
Equity results	(8)	63	17	120
Unrecognized tax losses of the period	(92)	(164)	(269)	(349)
Gain on sale of subsidiaries (note 12)			175	
Other results in associates and joint ventures		(353)		(353)
Others	65	(138)	141	(38)
Income taxes	49	(1,342)	(674)	(2,290)

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)

In 2013, the Company elected to participate in the REFIS, a federal tax settlement program, to settle most of the claims related to the collection of income tax and social contribution on equity gains of foreign subsidiaries and associates from 2003 to 2012.

At June 30, 2017, the balance of US\$5,332 (US\$470 as current and US\$4,862 as non-current) is due in 136 remaining monthly installments, bearing interest at the SELIC rate of 10.25% per year.

7. Basic and diluted earnings per share

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The values of basic and diluted earnings per share are as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Basic and diluted earnings per share from continuing operations:				
Income available to preferred stockholders	55	430	1,037	1,106
Income available to common stockholders	89	697	1,680	1,791
Total	144	1,127	2,717	2,897
Basic and diluted loss per share from discontinued operations:				
Loss available to preferred stockholders	(49)	(8)	(81)	(6)
Loss available to common stockholders	(79)	(13)	(130)	(9)
Total	(128)	(21)	(211)	(15)
Basic and diluted earnings per share:				
Income available to preferred stockholders	6	422	956	1,100
Income available to common stockholders	10	684	1,550	1,782
Total	16	1,106	2,506	2,882
Thousands of shares				
Weighted average number of shares outstanding preferred shares	1,967,722	1,967,722	1,967,722	1,967,722
Weighted average number of shares outstanding common shares	3,185,653	3,185,653	3,185,653	3,185,653
Total	5,153,375	5,153,375	5,153,375	5,153,375
Basic and diluted earnings per share from continuing operations:				
Preferred share (US\$)	0.02	0.21	0.53	0.56
Common share (US\$)	0.02	0.21	0.53	0.56
Basic and diluted loss per share from discontinued operations:				
Preferred share (US\$)	(0.02)		(0.04)	
Common share (US\$)	(0.02)		(0.04)	
Basic and diluted earnings per share:				
Preferred share (US\$)		0.21	0.49	0.56
Common share (US\$)		0.21	0.49	0.56

The Company does not hold dilutive potential ordinary shares outstanding that could result in dilution of earnings (loss) per share.

Table of Contents**8. Accounts receivable**

	June 30, 2017	December 31, 2016
Trade receivables	1,770	3,723
Impairment of trade receivables	(61)	(60)
	1,709	3,663
Trade receivables related to the steel sector - %	77.17%	83.44%

	Three month period ended June 30, 2017	June 30, 2016	Six month period ended June 30, 2017	June 30, 2016
Impairment of trade receivables recorded in the income statement	(4)	(2)	(4)	(3)

No individual customer represents over 10% of receivables or revenues.

9. Inventories

	June 30, 2017	December 31, 2016
Product inventory	2,870	2,373
Consumable inventory	994	976
Total	3,864	3,349

Product inventories by segments are presented in note 3(b).

10. Other financial assets and liabilities

	Current		Non-Current	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Other financial assets				
Financial investments	10	18		
Loans			180	180
Derivative financial instruments (note 20)	159	274	495	446
Related parties (note 25)	2,024	71	2,659	2

	2,193	363	3,334	628
Other financial liabilities				
Derivative financial instruments (note 20)	362	414	975	1,225
Related parties (note 25)	514	672	994	127
Participative stockholders' debentures			1,175	775
	876	1,086	3,144	2,127

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

	June 30, 2017			December 31, 2016			
	Fertilizers assets	Shipping assets	Total	Fertilizers assets	Nacala	Shipping assets	Total
Assets							
Accounts receivable	84		84	86	6		92
Inventories	453		453	387	2		389
Other current assets	102		102	107	114		221
Investments in associates and joint ventures	89		89	90			90
Property, plant and equipment and Intangible	2,467	357	2,824	2,694	4,064	357	7,115
Other non-current assets	878		878	679	3		682
Total assets	4,073	357	4,430	4,043	4,189	357	8,589
Liabilities							
Suppliers and contractors	239		239	280	41		321
Other current liabilities	229		229	192	13		205
Other non-current liabilities	621		621	559	5		564
Total liabilities	1,089		1,089	1,031	59		1,090
Net non-current assets held for sale	2,984	357	3,341	3,012	4,130	357	7,499

Table of Contents**a) Discontinued operations (Fertilizers assets)**

In December 2016, the Company entered into an agreement with The Mosaic Company (Mosaic) to sell (i) the phosphate assets located in Brazil, except those mainly related to nitrogen 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 December 2016, the agreed transaction price was US\$2.5 billion, of which US\$1.25 billion will be paid in cash and US\$1.25 billion with 42.3 million common shares to be issued by Mosaic, which at the agreement signature date represented around 11% of Mosaic's total outstanding common shares.

The spin-off of the nitrogen assets located in Cubatão from the remaining Vale Fertilizantes S.A.'s assets was concluded in July 2017 (subsequent event). The completion of this milestone was one of the requirements for the conclusion of the transaction, which is expected to be completed until the end of 2017 and, still, is subject to the fulfillment of usual precedent conditions, including the approval of the Administrative Council of Economic Defense (CADE) and other antitrust authorities; and other operational and regulatory matters.

The fertilizer segment, including Cubatão, is presented as a discontinued operation and the related assets and liabilities were classified as assets and liabilities held for sale.

On June 30, 2017, the net assets of the fertilizers segment were adjusted to reflect the fair value less cost to sell and a loss of US\$377 was recognized in the income statement as Impairment of non-current assets from discontinued operations for the six-month period ended June 30, 2017. The loss derived basically from the variation of the market value of Mosaic shares that will be received on the closing.

The results for the period and the cash flows of discontinued operations of the Fertilizer segment for the period ended June 30, 2017 are presented as follows, and includes the corresponding restated period ended June 30, 2016, as described in note 2(b).

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Discontinued operations				
Net operating revenue	401	464	771	848
Cost of goods sold and services rendered	(371)	(482)	(710)	(842)
Operating expenses	(34)	(41)	(62)	(62)
Impairment of non-current assets	(266)		(377)	
Operating loss	(270)	(59)	(378)	(56)

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Financial Results, net	(6)	16	(10)	30
Equity results in associates and joint ventures				1
Loss before income taxes	(276)	(43)	(388)	(25)
Income taxes	151	22	181	15
Loss from discontinued operations	(125)	(21)	(207)	(10)
Net income attributable to noncontrolling interests	3		4	5
Loss attributable to Vale's stockholders	(128)	(21)	(211)	(15)

	Three month period ended June 30,		Six month period ended June 30,	
	2017	2016	2017	2016
Discontinued operations				
Cash flow from operating activities				
Loss before income taxes	(276)	(43)	(388)	(25)
Adjustments:				
Equity results in associates and joint ventures				(1)
Depreciation, amortization and depletion		88		155
Impairment of non-current assets	266		377	
Increase (decrease) in assets and liabilities	12	5	105	(75)
Net cash provided by operating activities	2	50	94	54
Cash flow from investing activities				
Additions to property, plant and equipment	(81)	(68)	(144)	(107)
Others		10		2
Net cash used in investing activities	(81)	(58)	(144)	(105)
Cash flow from financing activities				
Loans and borrowings				
Additions (Repayments)	34	(4)		(5)
Net cash provided by (used in) financing activities	34	(4)		(5)
Net cash used in discontinued operations	(45)	(12)	(50)	(56)

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12. Acquisitions and divestitures

a) Coal - Nacala Logistic Corridor

In December 2014 and as amended in November 2016, the Company signed an agreement with Mitsui & Co., Ltd. (Mitsui) to transfer 50% of its stake of 66.7% in Nacala Logistic Corridor, which comprises entities that holds railroads and port concessions located in Mozambique and Malawi. Also, Mitsui committed to acquire 15% participation in the entity that owns Vale Moçambique, which hold the Moatize Coal Project.

In March 2017, the transaction was concluded, and consideration of US\$690 was received by Vale. After the completion of the transaction, the Company (i) holds 81% of Vale Moçambique and retains the control of the Moatize Coal Project and (ii) shares control of the Nacala Logistic Corridor structure (Nacala BV), with Mitsui.

Nacala Logistic Corridor is in negotiations for a project finance, which the completion is expected to occur during the course of 2017. Upon the completion an additional amount of US\$57 will be paid by Mitsui. Mitsui has certain rights, based on the execution of the project finance, to sell their participation in the Moatize Coal Project and Nacala BV, back to Vale, based on the original amounts and the same number of shares. The fair value of these put options is non-significant.

As a consequence of sharing control of Nacala BV, the Company:

(i) derecognized the assets and liabilities classified as held for sale in the total amount of US\$4,144, from which US\$4,063 refers to property, plant and equipment and intangibles;

(ii) derecognized US\$14 related to cash and cash equivalents;

(iii) recognized a gain of US\$504 in the income statement related to the sale and the re-measurement at fair value, of its remaining interest at Nacala BV based on the consideration received;

(iv) reclassified the gain related to cumulative translation adjustments to income statements in the amount of US\$11;

The result of the transaction regarding the assets from Nacala's corridor was recognized in the income statement as Impairment and other results on non-current assets .

The results of the transaction with the Moatize Coal Project was recognized in Results from operation with noncontrolling interest in the amount of US\$105, directly in Stockholders' Equity.

The consideration received was recognized in the statement of cash flows in Proceeds from disposal of assets and investments in the amount of US\$435 and Transactions with noncontrolling stockholders in the amount of US\$255.

Due to deconsolidation of Nacala Logistic Corridor, Vale has after the transaction, outstanding loan balances with Nacala BV and Pangea Emirates Ltd stated as Related parties, as described in note 25. The use of proceeds of the project finance is expected to settle part of this debt.

b) Floating Transfer Stations (FTS)

In June 2017, the Company completed the sale of one of its Floating Transfer Stations in Philippines in the amount of US\$15. In this transaction, Vale recognized a loss of US\$55 as Impairment and other results on non-current assets .

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:

	2017			2016		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Balance at March 31,	1,457	2,426	3,883	1,399	1,998	3,397
Additions		2	2		136	136
Translation adjustment	(49)	(90)	(139)	108	219	327
Equity results in income statement	26	(50)	(24)	36	154	190
Dividends declared	(34)	(83)	(117)	(4)	(83)	(87)
Others				(2)	2	
Balance at June 30,	1,400	2,205	3,605	1,537	2,426	3,963

	2017			2016		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Balance at January 1st,	1,437	2,259	3,696	1,323	1,617	2,940
Additions		33	33		219	219
Translation adjustment	(16)	(32)	(48)	207	379	586
Equity results in income statement	21	28	49	33	312	345
Equity results from discontinued operations				1		1
Dividends declared	(42)	(83)	(125)	(25)	(91)	(116)
Others				(2)	(10)	(12)
Balance at June 30,	1,400	2,205	3,605	1,537	2,426	3,963

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	Investments in associates and joint ventures		Equity results in the income statement				Dividends received			
			June 30, 2017	December 31, 2016	three month period ended June 30, 2017	three month period ended June 30, 2016	three month period ended June 30, 2017	three month period ended June 30, 2016	Six month period ended June 30, 2017	Six month period ended June 30, 2016		
Ferrous minerals												
Baovale Mineração S.A. Companhia	50.00	50.00	30	26	2		4	(1)				
Coreano-Brasileira de Pelotização Companhia	50.00	50.00	76	68	13	4	25	9		13		13
Hispano-Brasileira de Pelotização (i) Companhia	50.89	51.00	73	59	11	2	21	6	5	18	5	18
Companhia Ítalo-Brasileira de Pelotização (i) Companhia	50.90	51.00	78	69	13	2	20	6	17	9	17	9
Companhia Nipo-Brasileira de Pelotização (i) Companhia	51.00	51.11	136	108	24	(4)	46	7	15	20	15	20
MRS Logística S.A.	48.16	46.75	503	488	22	12	37	32				
VLI S.A.	37.60	37.60	953	969	19	21	6	16				
Zhuhai YPM Pellet Co.	25.00	25.00	20	21								
			1,869	1,808	104	37	159	75	37	60	37	60
Coal												
Henan Longyu Energy Resources Co., Ltd.	25.00	25.00	301	285	6		16	(9)				
			301	285	6		16	(9)				
Base metals												
Korea Nickel Corp.	25.00	25.00	13	12				(1)				
			13	12				(1)				
Others												
Aliança Geração de Energia S.A. (i)	55.00	55.00	576	582	8	19	15	22	11	22	11	22
Aliança Norte Energia Participações S.A. (i)	51.00	51.00	160	148		(2)	3	(3)				
California Steel Industries, Inc. Companhia	50.00	50.00	197	185	16	5	25	4	13		13	
Siderúrgica do Pecém Companhia	50.00	50.00	381	527	(131)	116	(142)	230				
Mineração Rio Grande do Norte S.A.	40.00	40.00	95	129	1	15	1	34	21	32	21	32
Others			13	20	(28)		(28)	(7)				1
			1,422	1,591	(134)	153	(126)	280	45	54	45	55
Total			3,605	3,696	(24)	190	49	345	82	114	82	115

(i) Although the Company held 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	Right of use	Software	Total
Balance at March 31, 2017	3,131	3,702	149	324	7,306
Additions		145		10	155
Disposals		(1)			(1)
Amortization		(40)		(36)	(76)
Translation adjustment	(9)	(153)		(11)	(173)
Balance at June 30, 2017	3,122	3,653	149	287	7,211
Cost	3,122	4,870	230	1,548	9,770
Accumulated amortization		(1,217)	(81)	(1,261)	(2,559)
Balance at June 30, 2017	3,122	3,653			