Section 1: 8-K/A (8-K/A - VALE FERTILIZANTES CLOSING)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 8, 2018

THE MOSAIC COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**001-32327**	**20-1026454**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

3033 Campus Drive **Suite E490** **Plymouth, Minnesota**	**55441**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (800) 918-8270

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

On January 8, 2018, The Mosaic Company ("Mosaic") filed a Current Report on Form 8-K with the Securities and Exchange Commission (the "Initial 8-K") reporting the completion of Mosaic's acquisition of Vale Fertilizantes S.A. ("Vale Fertilizantes"), a "carve-out" entity from Vale S.A. Mosaic is filing this Amendment No. 1 (this "Amendment No. 1") to include the audited and unaudited financial statements of Vale Fertilizantes required by Item 9.01 of Form 8-K and other pro forma financial information required by Item 9.01 of Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The unaudited interim condensed consolidated financial statements of Vale Fertilizantes as of and for the nine months ended September 30, 2017 and September 30, 2016, respectively, are attached as Exhibit 99.1 hereto and incorporated herein by reference. The audited consolidated financial statements of Vale Fertilizantes as of and for the year ended December 31, 2016 and unaudited consolidated financial statements of Vale Fertilizantes as of December 31, 2015 are attached as Exhibit 99.2 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial statements, which include the unaudited pro forma condensed combined balance sheet as of September 30 2017, and the unaudited pro forma condensed combined statements of earnings for the nine months ended September 30, 2017 and year ended December 31, 2016, and the notes to such unaudited pro forma condensed combined financial statements, all giving effect to the acquisition of Vale Fertilizantes, are attached as Exhibit 99.3 hereto and incorporated herein by reference.

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of Independent Auditors of Vale Fertilizantes S.A.
99.1	Unaudited interim condensed consolidated financial statements of Vale Fertilizantes S.A. as of and for the nine months ended September 30, 2017 and September 30, 2016
99.2	Audited consolidated financial statements of Vale Fertilizantes S.A. as of and for the year ended December 31, 2016 and unaudited consolidated financial statements as of and for the year ended December 31, 2015
99.3	Unaudited pro forma condensed combined financial statements as of and for the nine months ended September 30, 2017 and for the year ended December 31, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE MOSAIC COMPANY

Date: March 26, 2018

By: /s/ Mark J. Isaacson
Name: Mark J. Isaacson
Title: Senior Vice President, General Counsel and Corporate Secretary

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Section 2: EX-23.1 (EXHIBIT 23.1 - CONSENT OF KPMG LLP)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors

Vale Fertilizantes S.A.

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-216133, 333-175087 and 333-177251) and Form S-8 (Nos. 333-120501, 333-120503, 333-120878, 333-142268, and 333-198332) of The Mosaic Company of our report dated December 1, 2017, with respect to the carve-out combined consolidated statement of financial position of Vale Fertilizantes S.A. as of December 31, 2016 and the related carve-out combined consolidated statements of profit or loss, comprehensive income, changes in net assets and cash flows for the year ended December 31, 2016, and the related notes, which report appears in the Form 8-K/A (Amendment No. 1) of The Mosaic Company dated March 26, 2018.

/s/ KPMG LLP

Sao Paulo, Brazil
March 26, 2018

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Section 3: EX-99.1 (EXHIBIT 99.1 - UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS OF VF)

Vale Fertilizantes S.A.
Carve-out Combined Consolidated Financial Statements on
September 30, 2017 and 2016

Exhibit 99.1

Contents

Vale Fertilizantes S.A

Combined Consolidated Statements of Financial Position

(In thousands of United States dollars)

(Unaudited)

Assets	**Note**	**September 30, 2017** *(unaudited)*	**December 31, 2016**
Current assets			
Cash and cash equivalents	3	62,982	104,419
Trade and other receivables, net	4	119,304	106,333
Inventories	5	349,877	318,447
Recoverable taxes	6	81,107	62,020
		613,270	**591,219**
Non-current assets held for sale	8	562,298	549,250
		1,175,568	**1,140,469**
Non-current assets			
Trade and other receivables, net	4	236,743	220,763
Inventories	5	21,557	21,909
Judicial deposits	13	64,702	61,003
Deferred income taxes	7a	604,954	504,616
Recoverable taxes	6	177,702	172,476
Investments in associates	9	93,969	90,138
Property, plant and equipment, net	10	3,067,679	3,001,759
Intangibles, net		9,783	10,412
		4,277,089	**4,083,076**
Total assets		**5,452,657**	**5,223,545**

Liabilities	**Note**	**September 30, 2017** *(unaudited)*	**December 31, 2016**
Current liabilities			
Trade and other payables	11	263,051	186,995
Supply chain finance	12	68,798	72,401
Loans and borrowings		—	17,447
Taxes payable		14,055	13,061
Payroll and related charges		62,408	46,775
Provisions	13	8,229	17,650
Finance leases		4,842	4,506
		421,383	**358,835**
Liabilities associated with non-current assets held for sale	8	184,430	181,854
		605,813	**540,689**
Non-current liabilities			
Trade and other payables	11	37,722	34,741
Loans and borrowings		—	15,889
Finance leases		49,021	52,694
Provisions	13	414,499	361,526
Employee benefits		211,482	174,394
Advance for future increase of share capital		163,734	—
		876,458	**639,244**
Net assets attributable to parents of the Company		3,755,824	3,808,642
Non-controlling interests		214,562	234,970
Net assets		**3,970,386**	**4,043,612**
Total liabilities and net assets		**5,452,657**	**5,223,545**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements

Vale Fertilizantes S.A

Carve-out Combined Consolidated Statements of Profit or Loss

(In thousands of United States dollars)

(Unaudited)

		Nine Months Ended	
	Note	**September 30, 2017**	**September 30, 2016**
Net operating revenue		1,374,566	1,493,442
Cost of goods sold and services rendered	14a	(1,521,328)	(1,500,283)
Gross loss / income		**(146,762)**	**(6,841)**
Selling and administrative expenses	14b	(38,430)	(40,262)
Other operating expenses, net	14c	(45,231)	(58,852)
Share of profit of equity-accounted investees, net of tax		470	2,275
Operating loss / income		**(229,953)**	**(103,680)**
Financial income	15	29,908	74,212
Financial expenses	15	(39,634)	(50,247)
Financial result, net		**(9,726)**	**23,965**
Net income (loss) before income taxes		**(239,679)**	**(79,715)**
Income tax and Social contribution			
Current	7b	(35)	3,661
Deferred	7b	78,986	30,950
Net loss for the year		**(160,728)**	**(45,104)**
Net income attributable to non-controlling interests		**(20,398)**	**1,182**
Net loss attributable to the parent		**(140,330)**	**(46,286)**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements

Vale Fertilizantes S.A

Carve-out Combined Consolidated Statements of Comprehensive Income (Loss)

(In thousands of United States dollars)

(Unaudited)

	Nine Months Ended	
	September 30, 2017	**September 30, 2016**
Net loss	**(160,728)**	**(45,104)**
Other comprehensive income (loss), net of taxes		
Items that will not be reclassified to profit or loss;		
Translation adjustments	99,417	728,198
Employee benefits - Defined benefit plans	(11,702)	(19,194)
	(73,013)	**663,900**
Total comprehensive loss	**(73,013)**	**663,900**
Comprehensive income attributable to non-controlling interests	**(20,408)**	**1,182**
Comprehensive loss attributable to the parent	**(52,605)**	**662,718**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements

Vale Fertilizantes S.A

Carve-out Combined Consolidated Statements of Changes in Net Assets

(In thousands of United States dollars)

(Unaudited)

	Share capital	Results from operation with Non-controlling interest	Unrealized fair value gain (losses)	Cumulative translation adjustments	Accumulated losses	Net assets attributable to owners of the Company	Non-controlling interests	Net assets
Balance at January 01, 2015 (Unaudited)	**12,007,626**	**(379,458)**	**35,533**	**(3,703,116)**	**(2,481,065)**	**5,479,520**	**278,479**	**5,757,999**
(Loss) net income	—	—	—	—	(75,564)	(75,564)	9,061	(66,503)
Capital Increase	129,236	—	—	—	—	129,236	13,698	142,934
Allocation of fertilizer business result from Vale (Note 2a)	(11,781)	—	—	—	—	(11,781)	—	(11,781)
Dividends of non-controlling interest	—	—	—	—	—	—	(40,188)	(40,188)
Translation adjustments	—	—	(6,381)	(1,687,016)	—	(1,693,397)	—	(1,693,397)
Changes of NCI without a change in control	—	(15,275)	—	—	—	(15,275)	—	(15,275)
Employee benefits - Defined benefit plans, net of taxes	—	—	8,687	—	—	8,687	—	8,687
Balance at December 31, 2015 (Unaudited)	**12,125,081**	**(394,733)**	**37,839**	**(5,390,132)**	**(2,556,629)**	**3,821,426**	**261,050**	**4,082,476**
(Loss) net income	—	—	—	—	(801,037)	(801,037)	1,921	(799,116)
Capital Increase	188,504	—	—	—	—	188,504	—	188,504
Allocation of fertilizer business result from Vale (Note 2a)	(4,785)	—	—	—	—	(4,785)	—	(4,785)
Dividends of non-controlling interest	—	—	—	—	—	—	(27,991)	(27,991)
Translation adjustments	—	—	122	677,915	—	678,037	(10)	678,027
Changes of NCI without a change in control	—	698	—	—	—	698	—	698
Employee benefits - Defined benefit plans, net of taxes	—	—	(74,201)	—	—	(74,201)	—	(74,201)
Balance at December 31, 2016	**12,308,800**	**(394,035)**	**(36,240)**	**(4,712,217)**	**(3,357,666)**	**3,808,642**	**234,970**	**4,043,612**
(Loss) net income	—	—	—	—	(140,330)	(140,330)	(20,398)	(160,728)
Allocation of fertilizer business result from Vale (Note 2a)	(213)	—	—	—	—	(213)	—	(213)
Translation adjustments	—	—	(6,426)	105,853	—	99,427	(10)	99,417
Employee benefits - Defined benefit plans, net of taxes	—	—	(11,702)	—	—	(11,702)	—	(11,702)
Balance at September 30, 2017 (Unaudited)	**12,308,587**	**(394,035)**	**(54,368)**	**(4,606,364)**	**(3,497,996)**	**3,755,824**	**214,562**	**3,970,386**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements

Vale Fertilizantes S.A

Unaudited Carve-out Combined Consolidated Statements of Cash Flows - Indirect Method

(In thousands of United States dollars)

(Unaudited)

	Nine Months Ended	
	September 30, 2017	**September 30, 2016**
Cash flows from operating activities		
Net income (loss) before income taxes	**(239,679)**	**(79,715)**
Depreciation, amortization and depletion	221,526	305,820
Results on measurement or sale of non-current assets	(15,612)	7,984
Share of profit of equity-accounting investees, net of tax	(470)	(2,275)
Unrealized financial results, net	27,036	20,889
Provision for litigations and employee benefits	(1,405)	7,838
Allocations of corporate overheads from companies combined that not impact cash	(213)	(6,366)
	(8,817)	**254,175**
Changes in assets and liabilities		
Trade and other receivables, net	12,445	(32,472)
Recoverable taxes	(19,120)	6,187
Inventories	1,811	139,458
Trade and other payables	15,684	72,130
Supply chain finance	14,057	(128,294)
Income tax paid	(538)	(5,808)
Interests paid on loans and borrowings	(335)	(2,635)
Net cash provided by operating activities	**15,187**	**302,741**
Cash flow (used in) investing activities		
Purchase of investments	(2,100)	(3,206)
Acquisitions of fixed and intangible assets	(186,599)	(275,963)
Others	—	2,837
Net cash used in investing activities	**(188,699)**	**(276,332)**
Cash flows provided by (used in) financing activities		
Dividends paid to shareholders	—	(27,990)
Capital increase and advanced payment for future increase of capital	167,548	2,723
Cash absorbed by acquisition of subsidiary	—	—
Payment of loans and leases	(34,474)	(13,751)
Net cash provided by (used in) financing activities	**133,074**	**(39,018)**
Effect of exchange rate changes on cash and cash equivalents	(999)	(34,286)
(Decrease) increase in cash and cash equivalents	**(41,437)**	**(46,895)**
Cash and cash equivalents in the beginning of the year	104,419	221,798
Cash and cash equivalents at end of the year	62,982	174,903
	(41,437)	**(46,895)**
Non-cash transactions		
Additions to property, plant and equipment	—	1,220

The accompanying notes are an integral part of these carve-out combined consolidated financial statements

Notes to the Combined Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

1 Corporate information

Vale S.A. and its direct and indirect subsidiaries ("Vale") 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. Vale also produces copper, metallurgical and thermal coal, potash, phosphates and other fertilizer nutrients, manganese ore, ferroalloys, platinum group metals, gold, silver and cobalt.

In December 2016, Vale 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 ("Miski Mayo"); (iii) the potassium assets located in Brazil; and (iv) the potash projects in Canada.

On the January 8, 2018, Mosaic announced the completion of the acquisition of Vale Fertilizantes S.A. The aggregate consideration paid by Mosaic to Vale S.A. at the closing of the transaction was comprised of (i) approximately $1.08 billion in cash, and (ii) 34,176,574 shares of Mosaic common stock, par value $0.01 per share issued and delivered to Vale and Vale Netherlands.

Vale may receive additional earn-out of the transaction up to US$260,000 in circumstances where the phosphate price ("MAP"- Monoammonium Phosphate) and the Real exchange rate exceed certain levels during each of the twelve month periods after the completion of the transaction during two years.

On November 17, 2017 Vale S.A. announced that it entered into a quota purchase agreement with Yara International ASA ("Yara"), a company listed on the Oslo Stock Exchange, to sell its fully owned subsidiary Vale Cubatão Fertilizantes Ltda., which currently owns and operates the nitrogen and phosphate assets located in Cubatão, Brazil.

These carve-out combined consolidated financial statements comprise the combination of Vale Fertilizantes S.A., Vale International and selling, general and administrative expenses for fertilizer segment recorded in Vale S.A (together the "Vale Fertilizantes Group" or the "Group" and defined as "Vale Fertilizantes" in these combined consolidated financial statements). The carve-out combined consolidated financial statements presented herein reflect the assets and liabilities, income and expenses, and cash flows of those operations that have been carved out from Vale's consolidated financial statements for the purpose of presenting the financial position, results of operations and cash flows of Vale Fertilizantes on a stand-alone basis as explained in the section basis for preparation of the carve-out combined financial statements.

2 Basis of preparation of the carve-out combined financial statements

Vale Fertilizantes S.A. has prepared these Carve-out Combined Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by International Accounting Standards Board ("IASB")

Vale Fertilizantes S.A. used the same accounting policies and valuation methods for the preparation of these Carve-out Combined Financial Statements, as those used by the Vale companies for the preparation of the financial information included in Vale S.A.'s Consolidated Financial Statements. These accounting policies have been disclosed in the respective notes to the financial statements.

The carve-out combined consolidated financial statements have been prepared on a carve-out basis using the historical assets and liabilities, income and expenses, and cash flows attributable to operations subject of the carve-out combined transaction as described in note 1.

The purpose of these Carve-out Combined Consolidated Financial statements is to provide general purpose historical financial information of the fertilizer segment in connection with the transaction with Mosaic described in note 1. Therefore, the Carve-out Combined consolidated financial statements present only historical information of those entities that are combined as part of Vale Fertilizantes.

The carve-out financial statements are presented to provide additional analyses of Vale Fertilizantes Group operations; accordingly, they do not represent the parent company or consolidated financial statements of Vale S.A. and its subsidiaries, and are not be used as basis for dividend and tax calculations or any other corporate purposes or profitability and performance analysis.

The preparation of the carve-out financial statements requires Management to use its judgment to determine and record accounting estimates. Assets and liabilities subject to these estimates and assumptions substantially relate to deferred income tax assets, the provision for litigation liabilities, asset retirement obligation, provision for employee benefits, the fair value measurement of the financial instruments and allocation of expenses from the Parent. The settlement of transactions involving these estimates may result in amounts that differ from those estimated due to inaccuracies inherent to its determination. The estimates and assumptions adopted are periodically reviewed by Vale Fertilizantes Group Management.

The carve-out combined consolidated financial statements have been prepared on the historical cost basis.

IFRS does not provide guidance for the preparation of carve-out financial statements, and accordingly in preparing the carve-out combined consolidated financial statements certain accounting conventions commonly used for the preparation of historical financial statements have been applied. The criteria below were adopted for the carve-out of the parent company financial statements of each company that comprise the combined business:

a. *Carve-out criteria*

During the period Vale Fertilizantes operated as part of the larger group of companies controlled by Vale S.A., and accordingly, a process has been completed to specifically identify assets, liabilities, revenues, expenses and cash flows associated to the Group in preparing the carve out combined consolidated financial statements. Assets, liabilities and costs that were related to the larger business of Vale S.A. were also assessed to allocate these items between Vale Fertilizantes S.A. (Fertilizer) and the rest of the business of Vale S.A. This allocation has been completed based on the following general process:

i. Vale International, a subsidiary of Vale S.A. acquires phosphate rock from Miski Mayo (subsidiary of Vale Fertilizantes) and resells to the market, the outcome of this operation is related to the fertilizers business. The outcome of the aforementioned transaction is being combined at Vale Fertilizantes Group.

ii. Corporate overhead functions performed for the Group - These functions include, but are not limited to executive oversight, legal, finance, human resource, internal audit, financial reporting and tax planning. The costs of such services has been allocated to the Business based on the most relevant allocation method to the service provided, primarily based on the headcount. Management of Vale Fertilizantes S.A. (Vale S.A.) believes that such allocation is reasonable, however, they may not be indicative that would have been incurred had the Group been operating as a separate entity apart from Vale S.A. The cost allocated for these functions is included in administrative expenses in the carve-out financial statements for the relevant periods presented. The amount related to the aforementioned corporate expenses is disclosed on note 18.

The Group believes the basis for preparation described above results in the financial information reflecting the assets and liabilities associated with the business and reflects cost associated with the functions that would be necessary to operate independently.

b. ***List of companies included in the carve-out combined consolidated financial statements***

The significant direct and indirect subsidiaries of Vale Fertilizantes, included in the carve-out combined consolidated financial statements, are as follows:

			Equity interest - %	
Subsidiaries	**Location**	**Main activity/Business**	**September 30, 2017**	**September 30, 2016**
Vale Fertilizer International Holding B.V	Netherlands	Holding	100.0%	100.0%
Potasio Rio Colorado S.A.	Argentina	Potash project	100.0%	100.0%
Vale Potash Canada Limited	Canada	Potash project	100.0%	100.0%
Vale Exploracion Argentina S.A.	Argentina	Potash project	90.0%	90.0%
Ferteco Europa Sarl	Luxembourg	Holding	100.0%	100.0%
MVM Resources Intenational B.V (i)	Netherlands	Holding	40.0%	40.0%
Compañia Minera Miski Mayo S.R.L (ii)	Peru	Fertilizer	40.0%	40.0%
Prairie Potash Mines Limited	Canada	Potash project	66.7%	66.7%
Cubatão Nitrogenados S.A.	Brazil	Holding	100.0%	100.0%
Industria de Fosfatados Catarinense Ltda.	Brazil	Phosphate project	99.9%	99.9%

(i) As of September 30, 2017 and 2016 the percentages for each shareholder are Ferteco Europa Sarl (40.0%), Mitsui Bussan Fertilizer Resources B.V. (25.0%) and Bayovar Holdings S.A.R.L. (35.0%). The voting rights in the MVM Resources International B.V. are held by Ferteco Europa Sarl (51.0%), Mitsui Bussan Fertilizer Resources B.V. (25.0%) and Bayovar Holdings S.A.R.L. (24.0%).

(ii) As of September 30, 2017 and 2016 MVM Resources International B.V holds 99.88% of shares in the Compañia Minera Miski Mayo S.R.L.

The financial position and statement of operations of the companies included in the carve-out combined consolidated financial statements as at September 30, 2017 and 2016 are detailed below:

	Total assets		Net assets		Results of operations	
	September 30, 2017	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**September 30, 2016**
Vale Fertilizantes S.A.	890,359	5,223,545	3,592,518	4,043,612	(132,040)	(52,652)
Vale International	—	—	666	6,283	666	7,489
Vale S.A. (SG&A)	—	—	(453)	(1,498)	(453)	(1,123)

c. ***Functional currency and presentation currency***

The carve-out combined consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"), which in the case of the Company is the Brazilian real ("BRL" or "R$"). For presentation purposes, these financial statements are presented in United States dollar ("USD" or "US$"). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

The assets and liabilities of operations which functional currency is different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of operations which functional currency is different from the presentation currency are translated into USD at the exchange rates at the dates of the transactions.

Presentation currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

d. *Recently issued accounting pronouncements*

The Group has not early adopted any standards and interpretations that have been issued or amended but which are not yet in force. The accounting policies of subsidiaries, affiliates and joint ventures are adjusted to ensure consistency with the policies adopted by the Group.

Significant and relevant accounting policies for the understanding of the financial statements were included in the respective notes, with a summary of the recognition and measurement basis used by the Group.

The brief description of the recent accounting pronouncements issued by the IASB, which are not yet in force, and the current assessment performed by the Group of the impacts on its financial statements, subject to changes based on continuing evaluation and analysis, are detailed below:

- IFRS 9 Financial instrument-In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard brings new approaches about: (i) classification and measurement of financial assets and liabilities, (ii) impairment and (iii) hedge accounting. This standard shall apply for annual periods beginning on or after January 1, 2018.

  The Group does not plan the early adoption of this new standard. Based on the history of financial instruments traded by the Group, significant impacts are not expected on financial statements by applying the IFRS 9 requirements.

- IFRS 15 Revenue from Contracts with Customers-In May 2014, the IASB issued IFRS 15, which replaces IAS 18 Revenues and the related interpretations. IFRS 15 introduces the five-step model for revenue recognition from contract with a customer. The new standard is based on the principle that revenue is recognized when the control of a good or service to be transferred to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard shall apply for annual periods beginning on or after January 1, 2018.

  The Group does not plan the early adoption of this new standard. Based on the history of Contracts with Customers traded by the Group, significant impacts are not expected on financial statements by applying the IFRS 15 requirements.

- IFRS 16 Lease-In January 2016, the IASB issued IFRS 16, which replaces IAS 17 Leases and related interpretations. IFRS 16 set forth that in all leases with a maturity of more than 12 months, with limited exceptions, the lessee must recognize the lease liability in the financial position at the present value of the payments, plus costs directly allocated and at the same time that it recognizes a right of use corresponding to the asset. During the term of the lease, the lease liability is adjusted to reflect interest and payment made and the right to use is amortized, similar to the financial lease settled up in accordance with IAS 17. This standard shall apply for annual periods beginning on or after January 1, 2019.

The Group has not yet quantified the impact of adopting IFRS 16 on its assets and liabilities. The quantitative effect of the adoption of IFRS 16 will depend specifically on the Group´s decision related to the method of transition, the use of practical expedients approach and exemptions for recognition, and any additional leases that Group will hold. The Group expects to disclose its transition approach and quantitative information prior to adoption, planned for January 1, 2019.

- IAS 7 Amendments (Disclosure Initiative)-The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate cash flows and non-cash changes in liabilities arising from financing activities. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Group. The Group has adopted these amendments as of January 1, 2017. This adoption did not have a material impact on the financial statements.

e. ***Use of judgement and estimates***

The preparation of financial statements requires the use of certain critical accounting estimates, assumptions and judgments by the management of the Group. These estimates are based on the best knowledge and information existing at the financial position date. Changes in facts and circumstances may lead to the revision of these estimates. Actual future results may differ from the estimates.

The significant estimates, assumptions and judgments used by Group are described in these notes as follows:

Note	Significant estimates, assumptions and judgments
2 a	Allocation of expenses from Vale S.A.
7 a.	Deferred income taxes
9	Impairment test of non-current assets
11	Mineral reserves and life cycle of the mines
14 a.	Litigation
14 b.	Asset retirement obligation
15	Post-retirement benefits

3 Cash and cash equivalents

Accounting policy

The amounts recognized as cash and cash equivalents correspond to the values available in cash, bank deposits and highly liquid short-term investments, with original maturities less than 90 days, and with insignificant risk of changing value.

	September 30, 2017	December 31, 2016
Cash	19,142	23,411
Cash equivalents	43,840	81,008
	62,982	104,419

Cash equivalents includes immediately redeemable deposits and short-term investments indexed to the Brazilian Interbank Interest rate (“DI Rate” or “CDI”).

Cash and cash equivalents includes US$25,630 (2016: US$40,963) denominated in US$, US$36,383 (2016: US$61,710) denominated in R$ and US$969 (2016: US$1,746) denominated in other currencies.

4 Trade and other receivables, net

Accounting policy

Trade and other receivables are financial instruments classified in the category loan and receivables and represent the total amount due from sale of products and services rendered by the Group. The receivables are initially recognized at fair value and subsequently measured at amortized cost, net of impairment losses, when applicable.

Trade receivables related to sales of phosphate rocks of the Peruvian operation are initially invoiced according to the provisional price. Subsequently, trade accounts receivable are adjusted with price provisional adjustment to month-end or the final settlement (Trued-up Transfer Pricing).

	September 30, 2017	December 31, 2016
Trade receivables	90,952	80,868
Trade receivables due from related parties	27,174	24,748
Other receivables (i)	253,763	237,433
	371,889	**343,049**
Impairment of trade receivables	(15,842)	(15,953)
	356,047	**327,096**
Current	119,304	106,333
Non-current	236,743	220,763
	356,047	**327,096**

(i) The Group sold in 2013 the subsidiary Araucária Nitrogenados S.A. to the Petróleo Brasileiro S.A. (“Petrobras”). The account receivable, which is indexed to 100% of the Certificate of Interbank Deposit (CDI), is being paid by Petrobras in a quarterly basis in the amounts equivalent to the royalties of the potassium assets and mining rights of Taquari-Vassouras and Carnallite projects which are owed by the Group to Petrobras. In case of Taquari-Vassouras closes its mine before Petrobras settle this amount, Petrobras will pay cash of the remaining amount until 2030. As at September 30, 2017 the receivable related to the aforementioned transaction amounted to US$218,746 (2016: $201,988). The remaining amount relates to several other receivables.

Trade receivables are non-interest-bearing and are generally on terms of 1 to 60 days.

As at 30 September 2017, trade receivables with a nominal value of US$15,842 (2016: US$15,953) were impaired and fully provided for. Movements in the allowance for impairment of receivables were as follows:

	September 30, 2017	December 31, 2016
At 1 January	(15,953)	(8,220)
Charge for the year	(28)	(6,082)
Amounts written off	108	111
Transfer to non-current assets held for sale	—	7
Translation adjustment	31	(1,769)
	(15,842)	**(15,953)**

As at 30 September 2017, the analysis of trade receivables that were past due, but not impaired, is, as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	< 30 days	30-60 days	> 60 days
2017	90,952	73,258	520	—	—
2016	80,868	73,897	6,891	—	80

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty.

5 Inventories

Accounting policy

Inventories are stated at the lower of cost or the net realizable value. The inventory production cost is determined on the basis of variable and fixed costs, direct and indirect costs of production, using the average cost method.

	September 30, 2017	December 31, 2016
Finished goods	278,509	254,829
Raw materials	30,539	26,419
Spare parts	73,867	73,548
Imports in transit	9,357	8,211
	392,272	**363,007**
Net realizable value	(4,190)	(6,960)
Impairment	(16,648)	(15,691)
	371,434	**340,356**
Current	349,877	318,447
Non-current	21,557	21,909
	371,434	**340,356**

6 Recoverable taxes

	September 30, 2017	December 31, 2016
Brazilian federal contributions (i)	199,775	181,296
Value-added tax (VAT)	41,250	41,246
Income tax and social contribution	38,126	29,833
Others	10	1,784
	279,161	**254,159**
Impairment of value-added tax (VAT)	(20,352)	(19,663)
	258,809	**234,496**

(i) Relates to Brazilian Federal Contributions (PIS and COFINS) credits which will be used to settle other taxes administered by the Federal Tax Authority.

Current	81,107	62,020
Non-current	177,702	172,476
	258,809	**234,496**

7 Income taxes

Accounting policy

The recognition of income taxes and social contribution as deferred taxes is based on temporary differences between carrying value and the tax basis of assets and liabilities as well as taxes losses carryforwards. The deferred income taxes assets and liabilities are offset when there is a legally enforceable right on the same taxable entity.

The deferred taxes assets arising from taxes losses and temporary differences are not recognized when their recovery amount are not probable.

Income taxes are recognized in the statement of operations, except for items recognized directly in Other Comprehensive Income (loss). The provision for income taxes is calculated individually for each entity and Group based on local taxes rates, on and accrual basis.

Tax charges in the Combined Carve-out Consolidated Financial Statements have been determined based on the tax charges recorded by Vale Fertilizantes companies in their statutory accounts, adjusted for the impact of the adjustments made for carve-out combined financial statements purposes.

Critical accounting estimates and judgments

Deferred tax assets arising from tax losses carryforward and temporary differences are recognized taking into account the analysis of future performance, considering economic and financial projections, prepared based on internal assumptions and macroeconomic, trade and tax scenarios that may be subject to changes in the future. The assumptions of future profits are based on production and sales planning, commodity prices, operational costs, restructuring plans, reclamation and planned capital costs.

a. **Deferred income tax assets and liabilities**

	September 30, 2017	December 31, 2016
Tax losses carryforward	**94,508**	**24,320**
Temporary differences:		
Employee benefits	77,150	64,052
Provision for litigation	22,980	24,031
Provision for assets retirement obligations	60,965	75,578
Impairment	332,412	304,157
Finance lease	2,301	2,014
Depreciation and depletion	8,749	6,231
Others	5,889	4,233
	510,446	**480,296**
Total	**604,954**	**504,616**
Assets	626,776	525,849
Liabilities	(21,822)	(21,233)
	604,954	**504,616**

Changes in deferred tax are as follows:

	Assets	Liabilities	Total
Balance at December 31, 2015 (Unaudited)	**116,964**	**13,198**	**103,766**
Taxes losses carryforward	19,865	—	19,865
Impairment of non-financial assets	303,274	—	303,274
Others	15,273	6,221	9,052
Effect in statement of profit or loss	**338,412**	**6,221**	**332,191**
Employee benefits - Defined benefit plans	70,473	1,814	68,659
Balance at December 31, 2016	**525,849**	**21,233**	**504,616**
Taxes losses carryforward	55,679	—	55,679
Impairment of non-financial assets	(4,512)	—	(4,512)
Others	28,408	589	27,819
Effect in statement of profit or loss	**79,575**	**589**	**78,986**
Employee benefits - Defined benefit plans	21,352	—	21,352
Balance at September 30, 2017	**626,776**	**21,822**	**604,954**

The Group projections shows deferred tax assets substantially being realized in the next five years. The tax loss carryforward do not expire and in the Brazilian jurisdiction the compensation is limited to 30% of the taxable income for the year. For local results there is no restriction to compensated profits from foreign subsidiaries against previously recorded deferred tax assets.

b. Income taxes reconciliation

The total amount presented as income taxes in the statement of operations is reconciled to the rate established by law, as follows:

	September 30, 2017	December 31, 2016
Net Income (losses) before income taxes	(239,679)	(1,134,222)
Income taxes at statutory rates - 34%	81,491	385,635
Adjustments that effect the basis of taxes		
Share of profit of equity accounting investees, net of tax	160	1,144
Nondeductible effect of impairment	—	(10,386)
Unrecognized tax losses of the year	(2,163)	(44,658)
Others	(537)	3,371
Income taxes	**78,951**	**335,106**

Brazilian income taxes are subject to review for a five-year period, during which the tax authorities might audit and assess the Group for additional taxes and penalties. The subsidiaries located abroad are taxed in their respective jurisdictions, according to local regulations.

8 Non-current assets and liabilities held for sale

Accounting policy

A non-current asset is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continuing use.

The criteria for recognition the non-current assets as held for sale are only considered satisfied when the sale is highly probable and the asset (or disposal group of assets) is available for immediate sale in its present condition. The Group measures the assets held for sale (or group of assets) at the lower of its carrying amount and fair value less costs to sell. If the carrying amount exceeds the fair value less costs to sell an impairment loss is recognized against income. Any subsequent reversal of impairment is recognized only to the extent of the loss previously recognized.

The assets and liabilities of a disposal group classified as held for sale are presented separately in the statement of financial position.

	2017
Assets	
Cash and cash equivalents	8,774
Trade and other receivables, net	30,898
Inventories	44,960
Recoverable taxes	7,148
Judicial deposits	519
Other assets	10,434
Property, plant and equipment, net	424,943
Intangibles	34,622
	562,298
Liabilities	
Trade and other payables	30,881
Supply chain finance	32,277
Advance from customers	14,274
Other liabilities	2,798
Taxes payable	1,421
Payroll and related charges	7,633
Profit sharing	4,833
Employee benefits	14,282
Provisions	76,031
	184,430
Net non-current assets held for sale	**377,868**

The Group is actively trying to identify potential buyers to its assets located in Cubatão, which are mainly dedicated to the nitrogenous operation ("Cubatão business"). As such, Cubatão business' assets and liabilities were classified as assets and liabilities held for sale according to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

The Group did not identify any decrease in the recoverable value in Cubatão's assets.

9 Investments in associates

a. The material non-consolidated entities for the Group are as follows**:**

	Ownership and voting capital %		Investment		Equity results in the statement of profit or loss	
Entities	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**September 30, 2016**
TUF Empreendimentos e Participações S.A.	18,99	18,99	93,922	90,092	470	2,275
Others	0	—	47	46	—	—
			93,969	**90,138**	**470**	**2,275**

TUF Emprendimentos e Participações S.A. "TUF" is a holding company that has interest in Ultrafertil S.A., maritime terminal located in Santos. TUF recognizes in its results share of profit of equity-accounted of investee (Ultrafertil).

The Company has interest in TUF since 2013 and the interest are accounted for using the equity method.

b. Investee information

	September 30, 2017			
Entities	**Assets**	**Liabilities**	**Equity**	**Net income**
TUF Empreendimentos e Participações S.A.	529,553	37,897	491,656	(447)
	529,553	**37,897**	**491,656**	**(447)**

	December 31, 2016			
Entities	**Assets**	**Liabilities**	**Equity**	**Net income**
TUF Empreendimentos e Participações S.A.	478,329	3,911	474,418	15,480
	478,329	**3,911**	**474,418**	**15,480**

c. Non-controlling interest

The summarized financial information, prior to the eliminations of the intercompany balances and transactions, about subsidiaries with non-controlling interest are as follows:

	September 30, 2017		
	MVM Resources International B.V. (Consolidated)	**Vale Exploration Argentina S.A.**	**Total**
Current assets	87,589	2,136	89,725
Non-current assets	402,336	1,129	403,465
Total assets	**489,925**	**3,265**	**493,190**
Current liabilities	36,445	14	36,459
Non-current liabilities	96,418	—	96,418
Total liabilities	**132,863**	**14**	**132,877**
Stockholders' equity	**357,062**	**3,251**	**360,313**
Equity attributable to non-controlling interests	214,237	325	214,562
Net income (loss)	**(33,997)**	**(5)**	**(34,002)**
Income (loss) attributable to non-controlling interests	(20,398)	—	(20,398)
Dividends paid	—	—	—
Dividends attributable to non-controlling interests	—	—	—

	December 31, 2016		
	MVM Resources International B.V. (Consolidated)	**Vale Exploration Argentina S.A.**	**Total**
Current assets	114,627	1,421	116,048
Non-current assets	419,079	1,884	420,963
Total assets	**533,706**	**3,305**	**537,011**
Current liabilities	43,611	49	43,660
Non-current liabilities	99,021	—	99,021
Total liabilities	**142,632**	**49**	**142,681**
Stockholders' equity	**391,074**	**3,256**	**394,330**
Equity attributable to non-controlling interests	234,644	326	234,970
Net income (loss)	**3,130**	**426**	**3,556**
Income (loss) attributable to non-controlling interests	1,878	43	1,921
Dividends paid	**46,652**	**—**	**46,652**
Dividends attributable to non-controlling interests	27,991	—	27,991

10 Property, plant and equipment, net

Accounting policy

Property, plant and equipment are evaluated at the cost of acquisition or construction, net of amortization and impairment.

Mineral properties developed internally are determined by (i) direct and indirect costs attributed to build the mine site and plant, (ii) financial charges incurred during the construction period, (iii) depreciation of other fixed assets used during construction, (iv) estimated decommissioning and site restoration expenses, and (v) other capitalized expenditures occurred during the development phase (phase when the project demonstrates its economic benefit to the Group, and the Group has ability and intention to complete the project).

The depletion of mineral properties is determined based on the ratio between production and total proven and probable mineral reserves.

Property, plant and equipment, other than mineral properties are depreciated using the straight-line method based on the estimated useful lives, from the date on which the assets become available for their intended use and are capitalized, except for land which is not depreciated.

The estimated useful lives are as follows:

	Useful life in years
Building and improvement	25-40
Equipment and facilities	10-27
Vehicles	3-8
Mining assets	Production
Others:	
Furniture, utensils and equipment	3-10

The residual values and useful lives of assets are reviewed at the end of each fiscal year and adjusted if necessary.

Gains and losses on disposals of property, plant and equipment items are calculated by comparing the proceeds of the disposals with their net book values and recognized in other operating expenses, net in the statement of operations at the disposal date.

Maintenance Cost
Significant industrial maintenance costs, including spare parts, assembly services, and others, are recorded in property, plant and equipment and depreciated through the next programmed maintenance overhaul.

Stripping costs
The cost associated with the removal of overburden and other waste materials ("stripping costs") incurred during the development of mines, before production takes place, are capitalized as part of the depreciable cost of the mineral properties. These costs are subsequently amortized over the useful life of the mine.

Post-production stripping costs are included in the cost of inventory, except when a new project is developed to permit access to a significant ore deposits. In such cases, the cost is capitalized as a non-current asset and is amortized during the extraction of the ore deposits, over the useful life of the ore deposits.

Stripping costs are measured at fixed and variable costs directly and indirectly attributable to its removal and, when applicable, net of any impairment losses measured in the same basis adopted for the cash generating unit of which it belongs.

Critical accounting estimates and judgments

The estimations of proven and probable reserves are periodically assessed and updated. These reserves are determined using techniques of generally accepted geological estimations. The calculation of the reserves required the Group to takes positions on future conditions which are uncertain, including future prices of the mineral, exchange and inflation rates, mining technology, licenses availability and production costs. Alterations in some of these positions assumed can significantly impact in the proven reserves and probable reserves of the Group.

The estimated volume of mineral reserves is used as basis for the calculation of depletion of the mineral properties, and also for the estimated useful life which is a major factor to quantify the provision for asset retirement obligation, environmental recovery of mines and impairment of long lived asset. Any changes to the estimates of the volume of mine reserves and the useful lives of assets may have a significant impact on the depreciation, depletion and amortization charges and assessments of impairment.

	Land	Building	Equipment	Vehicles	Construction in progress	Mineral properties	Others	Total
Cost								
Balance at January 1, 2017	**96,810**	**656,119**	**1,916,928**	**97,671**	**302,863**	**1,500,050**	**218,310**	**4,788,751**
Additions	—	—	2,051	—	156,648	738	63,137	222,574
Disposal	—	(1,648)	(56,461)	—	—	—	(89)	(58,198)
Transfer to non-current assets held for sale	(2,165)	(357)	(40,608)	(4)	21,704	—	4,717	(16,713)
Transfer to current assets	—	—	—	(1,073)	—	—	(63)	(1,136)
Transfers	3,676	32,141	113,699	—	(136,408)	33,135	(46,243)	—
Translation adjustment	3,174	17,719	51,488	3,395	3,674	39,371	3,477	122,298
Balance at September 30, 2017	**101,495**	**703,974**	**1,987,097**	**99,989**	**348,481**	**1,573,294**	**243,246**	**5,057,576**
Accumulated Depreciation / Depletion								
Balance at January 1, 2017	**—**	**(299,975)**	**(1,111,989)**	**(66,449)**	**—**	**(169,845)**	**(138,734)**	**(1,786,992)**
Additions	—	(21,093)	(147,765)	(9,402)	—	(38,281)	(3,957)	(220,498)
Disposal	—	827	56,258	(3)	—	—	76	57,158
Transfer to non-current assets held for sale	—	(282)	3,930	3	—	—	(1,087)	2,564
Transfer to current assets	—	—	—	1,029	—	—	62	1,091
Translation adjustment	—	(8,207)	(27,878)	(2,389)	—	(4,193)	(553)	(43,220)
Balance at September 30, 2017	**—**	**(328,730)**	**(1,227,444)**	**(77,211)**	**—**	**(212,319)**	**(144,193)**	**(1,989,897)**
Net Balance at September 30, 2017	**101,495**	**375,244**	**759,653**	**22,778**	**348,481**	**1,360,975**	**99,053**	**3,067,679**

	Land	Building	Equipment	Vehicles	Construction in progress	Mineral properties	Others	Total
Cost								
Balance at January 1, 2016	**134,233**	**625,829**	**2,100,698**	**66,438**	**177,388**	**2,200,356**	**165,548**	**5,470,490**
Additions (i)	7,303	673	21,790	50	256,603	(46,174)	36,467	276,712
Asset retirement obligation	—	—	—	—	—	27,391	22,699	50,090
Disposal	(115)	(415)	(55,378)	(28)	—	(12,466)	(4,203)	(72,605)
Transfer to non-current assets held for sale	(27,001)	(85,528)	(560,247)	(246)	(13,944)	—	(37,623)	(724,589)
Impairment	(51,983)	—	—	—	—	(1,026,512)	—	(1,078,495)
Transfer to current assets	—	(569)	77	(4,433)	—	—	(1,637)	(6,562)
Transfers	16,401	13,073	94,331	22,399	(153,875)	2,145	5,526	—
Translation adjustment	17,972	103,056	315,657	13,491	36,691	355,310	31,533	873,710
Balance at December 31, 2016	**96,810**	**656,119**	**1,916,928**	**97,671**	**302,863**	**1,500,050**	**218,310**	**4,788,751**
Accumulated Depreciation / Depletion								
Balance at January 1, 2016	**—**	**(250,066)**	**(1,054,026)**	**(44,090)**	**—**	**(230,816)**	**(94,936)**	**(1,673,934)**
Additions	—	(33,071)	(229,582)	(16,156)	—	(5,239)	(39,955)	(324,003)
Disposal	—	96	55,067	29	—	12,469	4,108	71,769
Transfer to non-current assets held for sale	—	28,971	276,019	178	—	—	9,080	314,248
Impairment	—	—	—	—	—	90,324	—	90,324
Transfer to current assets	—	11	684	3,778	—	(2,145)	(118)	2,210
Translation adjustment	—	(45,916)	(160,151)	(10,188)	—	(34,438)	(16,913)	(267,606)
Balance at December 31, 2016	**—**	**(299,975)**	**(1,111,989)**	**(66,449)**	**—**	**(169,845)**	**(138,734)**	**(1,786,992)**
Net Balance at December 31, 2016	**96,810**	**356,144**	**804,939**	**31,222**	**302,863**	**1,330,205**	**79,576**	**3,001,759**

(i) Includes a non-cash amount of US$ 6,865 related to a capital contribution made by Vale.

On January 30, 2017, Vale settled in full the balances of loans and financings registered in the current and non-current liabilities, taken before the BNDES. In 2016, borrowing costs relating to property, plant and equipment currently under development or developed during the period, which have been capitalized in “Construction in progress” during the period, amounted to US$3,051 at a weighted-average interest rate of 7.9%.

11 Trade and other payables

Accounting policy

The accounts payable to suppliers are payment obligations for goods and services acquired in the regular course of business, and they are classified as current liabilities if the payment is owed in the regular course of business, by up to one year. After this time period, they are presented in the non-current liabilities. The amounts are initially recognized by the fair value and subsequent measured by the amortized cost.

	September 30, 2017	**December 31, 2016**
Trade payables	155,349	110,738
Trade payables due to related parties (Note 16)	19,362	13,393
Advances from customers	51,381	23,501
Bonus for customers	11,632	12,877
Royalties	2,709	5,119
Taxes with suspended collection	28,645	22,494
Other trade payables	34,001	35,820
	303,079	**223,942**
Fair value adjustment	(2,306)	(2,206)
	300,773	**221,736**
Current	263,051	186,995
Non-current	37,722	34,741
	300,773	**221,736**

12 Supply chain finance (Reverse factoring)

	September 30, 2017	**December 31, 2016**
Raw material suppliers	71,104	73,552
Imputed interest adjustment	(2,306)	(1,151)
	68,798	**72,401**

The Group has entered into supply chain finance transactions with financial institutions in order to allow suppliers to advance receivables related to the Group’s purchases of raw material from foreign suppliers. Interest rates in these transactions were Libor+1.25% a year up to Libor+2.77% a year.

13 Provisions

	September 30, 2017	**December 31, 2016**
Provision for litigations	68,551	71,617
Asset retirement obligation	354,177	307,559
	422,728	**379,176**
Current	8,229	17,650
Non-current	414,499	361,526
	422,728	**379,176**

a. ***Provision for litigations***

Accounting policy

A provision is recognized when the Company has a present obligation, formalized or not, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and its amount can be reliably estimated.

Critical accounting estimates and judgments

By their nature, litigations will be resolved when one or more future event occurs or does not occur. Typically, the occurrence or not of such events is outside the Group's control. Legal uncertainties involve the exercise of significant estimates and judgments by management regarding the results of future events.

The Group is part in labor, civil, tax and other ongoing lawsuits, at administrative and court levels. Provisions for losses resulting from lawsuits are estimated and updated by the Group, based on analysis from the Group's internal and external legal advisors.

	September 30, 2017	December 31, 2016
Tax (i)	19,277	17,918
Civil	3,318	3,384
Labor (ii)	39,955	44,590
Environmental	6,001	5,725
	68,551	**71,617**

Changes in the provision for litigation are as follows:

	September 30, 2017	December 31, 2016
Balance at the beginning of the year	**71,617**	**59,401**
Additions	1,937	6,369
Indexations and interest	4,084	6,177
Payments	(7,844)	(12,325)
Translation adjustment	(1,243)	11,995
Balance at the end of the year	**68,551**	**71,617**

(i) **Provisions for tax litigations**

Tax claims mainly refers to discussions related to: (i) interest and fine from the compensation of the tax losses carryforward regarding the profit calculated according to the Brazilian Tax Law for the fiscal year of 1995; (ii) the definition of the risk level criteria of the Labor Accident Insurance (SAT); (iii) notices of infraction from the National Institute of Social Security (INSS) related to the social security law; and (iv) challenges of certain non-cumulative PIS and COFINS credits; (v) charges of value-added tax on services and circulation of goods (ICMS).

(ii) **Provision for labor litigations**

Represents individual claims by employees and service providers, primarily involving demands for additional compensation for overtime work, time spent commuting or health and safety conditions; and the Brazilian federal social security administration (''INSS'') regarding contributions on compensation programs based on profits.

(iii) **Contingent liabilities**

Relates to legal and administrative claims, with expectation of loss classified as possible, and for which the recognition of a provision is not considered necessary by the Group, based on legal advice are as follows:

	September 30, 2017	**December 31, 2016**
Tax	557,663	521,070
Civil	395,823	320,238
Labor	312,787	273,259
Environmental	6,633	3,420
	1,272,906	**1,117,987**

The main risk proceedings in the tax context are related to the Income Tax over profit of subsidiaries abroad and credits related to PIS and COFINS inspection. In the civil context, the main proceedings involves Fundação Petrobras de Seguridade Social - PETROS regarding the deficit of the plan.

Additionally to the provisions for litigations, the Group have judicial deposits that as of September 30, 2017 amounts US$64,702 (2016: US$61,003). The judicial deposits are mainly guaranties to that legally required and are registered in the non-current asset of the Group until the legal decision of drawing these deposits by the claimant occurs, unless a favorable decision for the Group's occurs.

(iv) Asset retirement obligation

Accounting policy

Refers to costs related to mine closure, completion of mining activities and decommissioning of assets related to mine. When the provision is recognized, the corresponding cost is capitalized as part of property plant and equipment and is depreciated on the same basis over the related asset and recorded in the statement of operations.

The long-term liability is subsequently measured using a long-term risk free discount rate applicable to the liability and recorded in the statement of operations as financial expenses until the Group makes payments related to mine closure and decommissioning of assets mining.

The accrued amounts of these obligations are not deducted from the potential costs covered by insurance or indemnities.

Critical accounting estimates

The Group applies judgment and assumptions when measuring its asset retirement obligation. The Group recognizes an obligation at the present value of the asset retirement obligations in the period in which they occur. The Group considers the accounting estimates related to closure costs of a mine as a critical accounting policy because they involve significant values for the provision and are estimated using several assumptions, such as interest rate, cost of closure, useful life of the asset considering the current state of closure and the projected date of depletion of each mine. The estimates are reviewed annually.

Refers to the costs for the closure of the mines and closure of the related mining assets. Changes in the provision of asset retirement obligations and long-term interest rates (per annum, used to discount these obligations to present value and to update the provisions) are as follows:

The long-term nominal interest rate used to discount at present value and update of the provision as of September 30, 2017 is 4.99% (2016: 5.73%).

	September 30, 2017	December 31, 2016
Balance at the beginning of the year	**307,559**	**242,505**
Interest expenses	70,826	35,019
Settlements	(11,499)	(11,209)
Revision on cash flows estimates	—	49,304
Non-current assets held for sale	(23,208)	(50,706)
Translation adjustment	10,499	42,646
Balance at the end of the year	**354,177**	**307,559**
Current	8,229	17,650
Non-current	345,948	289,909
	354,177	**307,559**

14 Cost and expenses by nature

a. Cost of goods sold and services rendered

	September 30, 2017	September 30, 2016
Personnel	(252,922)	(215,413)
Materials	(509,577)	(538,829)
Fuel oil and gas	(85,376)	(74,374)
Services	(237,719)	(224,263)
Energy	(80,650)	(88,073)
Depreciation and depletion	(222,799)	(306,600)
Others	(132,285)	(52,731)
	(1,521,328)	**(1,500,283)**

b. Selling and administrative expenses

	September 30, 2017	September 30, 2016
Personnel	(29,636)	(27,944)
Services	(4,636)	(5,096)
Selling expenses	(1,953)	(2,040)
Advertising and publicity	(480)	(884)
Depreciation	(342)	(914)
Travel expenses	(535)	(577)
Others	(848)	(2,807)
	(38,430)	**(40,262)**

c. Others operating expenses, net

	September 30, 2017	September 30, 2016
Provision for litigation	(1,937)	(8,504)
Schedule maintenance	(14,124)	(16,470)
Unscheduled stoppage	(14,955)	(3,095)
Research and development expenses	(6,325)	(12,735)
Disposal of assets	(1,750)	1,340
(Loss) / Gain of tax credits from previous years	—	(2,517)
(Impairment) reversal of non-current assets	(1,442)	(440)
Depreciation	(1,364)	(1,899)
Environmental provision	—	—
Others	(3,334)	(14,532)
	(45,231)	**(58,852)**

15 Financial Result, net

	September 30, 2017	September 30, 2016
Financial income		
Interest on cash and cash equivalents	1,917	9,499
Indexation and exchange rate variation	26,276	62,220
Others	1,715	2,493
	29,908	**74,212**
Financial expenses		
Indexation and exchange rate variation	(30,239)	(13,820)
Imputed interest expense	(2,598)	(28,541)
Others	(6,797)	(7,886)
	(39,634)	**(50,247)**
Financial result, net	**(9,726)**	**23,965**

16 Related Parties

In the normal course of operations, the Group enters into contracts with related parties, related to the sale and purchase of products and services, sale of raw material and railway transportation services.

The balances of these related party transactions and their effects on the financial statements are as follows:

(i) Financial position

	September 30, 2017		
Assets	**Trade receivables**	**Other**	**Held for sale**
Current			
Vale S.A.	441	—	8,404
Salobo Metais S.A.	—	—	3,793
Vale Cubatão Fertilizantes Ltda.	12,759	—	—
	13,200	**—**	**12,197**
Non-current			
FCA - Ferrovia Centro-Atlântica S.A.	—	13,974	—
	—	**13,974**	**—**
Total assets	**13,200**	**13,974**	**12,197**

	September 30, 2017			
Liabilities	**Trade payables**	**Borrowings**	**Other**	**Held for sale**
Current				
Ultrafertil S.A.	727	—	—	—
Vale Cubatão Fertilizantes Ltda.	—	—	—	—
Vale International	9,396	—	2,306	—
FCA - Ferrovia Centro-Atlântica S.A.	649	—	—	—
Mitsui	6,284	—	—	—
	17,056	**—**	**2,306**	**—**
Total liabilities	**17,056**	**—**	**2,306**	**—**

	December 31, 2016		
Assets	**Trade receivables**	**Other**	**Held for sale**
Current			
Parent			
Vale S.A.	429	—	2,828
Others			
Salobo Metais S.A.	—	—	1,625
Vale Cubatão Fertilizantes Ltda.	—	—	24
Vale Technology Development Canada	3	—	—
Vale International	8,474	—	—
FCA - Ferrovia Centro-Atlântica S.A.	—	1,509	—
Associates			
TUF Empreend. e Participações S.A.	—	743	—
	8,906	**2,252**	**4,477**
Non-current			
Parent			
Vale S.A.	—	6	—
Others			
FCA - Ferrovia Centro-Atlântica S.A.	—	13,584	—
	—	**13,590**	**—**
Total assets	**8,906**	**15,842**	**4,477**

	December 31, 2016			
Liabilities	**Trade payables**	**Borrowings**	**Other**	**Held for sale**
Current				
Parent				
Vale S.A.	—	—	396	—
Others				
Ultrafertil S.A.	2,157	—	—	173
Vale Cubatão Fertilizantes Ltda.	—	—	—	10,692
Mitsui	10,633	—	—	—
FCA - Ferrovia Centro-Atlântica S.A.	207	—	—	30
BNDES	—	17,447	—	—
	12,997	**17,447**	**396**	**10,895**
Non-current				
Others				
BNDES	—	15,889	—	—
	—	**15,889**	**—**	**—**
Total liabilities	**12,997**	**33,336**	**396**	**10,895**

(i) Statement of profit or loss

	September 30, 2017		
Income	**Net revenue**	**Cost and expenses**	**Finance result**
Parent			
Vale S.A. (i)	27,921	1,498	—
Others			
Vale International (ii)	666	—	—
Salobo Metais S.A.	14,616	—	—
Vale Cubatão Fertilizantes Ltda.	—	3,172	
Ultrafertil S.A.	—	37,115	—
FCA - Ferrovia Centro-Atlântica S.A.	—	19,219	—
Vale Energia	—	11,207	—
MRC Equipamentos Ferroviarios DZOT-FC Ltda.	—	7,174	—
MRC Serviços Ferroviários CBRJ AL Ltda.	—	2,341	—
BNDES	—	—	—
	43,203	**81,726**	**—**

	September 30, 2016 (unaudited)		
Income	**Net revenue**	**Cost and expenses**	**Finance result**
Parent			
Vale S.A. (i)	30,123	1,123	—
Others			
Vale International (ii)	7,489	—	
Salobo Metais S.A.	13,682	—	—
Vale Cubatão Fertilizantes Ltda.	—	2,303	—
BNDES.	—	25,847	—
Vale Energia	—	13,568	—
MRC Equipamentos Ferroviarios DZOT-FC Ltda.	—	8,303	—
MRC Serviços Ferroviários CBRJ AL Ltda.	—	5,947	—
Ultrafértil S.A	—	1,953	2,647
	51,294	**59,044**	**2,647**

(i) Amount of USD 1,498 relates to corporate expenses performed by Vale S.A for Fertilizer Business. See note 2.a.ii

(ii) Amount relate to sales, costs and expenses of Vale International in the purchase of phosphate rock from Miski Mayo and its sale to the market. These are included in these carve-out combined consolidated financial statements - see note 2.a.ii and 2.b.i

17 Risk management

Vale Fertilizantes as part of Vale S.A. Group applies the Vale S.A. risk management strategy. That considers an effective risk management is key to support the achievement of the objectives and to ensure the financial strength and flexibility of the companies and the business continuity. Therefore, Vale S.A. has developed its risk management strategy in order to provide an integrated approach of the risks the companies are exposed to considering not only the risks generated by variables traded in financial markets (market risk) and those arising from liquidity risk, but also the risk from counterparties obligations (credit risk) and those relating to inadequate or failed internal processes, people, systems or external events (operational risk), among others.

a) Risk management policy
The Board of Directors of Vale established a corporate risk management policy defining principles and guidelines applicable to this process in the Group and the corresponding governance structure.

This policy determines that corporate risks should be measured and monitored, regularly, in an integrated manner, in order to ensure that the Group overall risk level remains aligned with its strategic guidelines.

The Executive Risk Management Committee, created by the Board of Directors of Vale, is responsible for supporting the Executive Board in the risk management decisions, issuing opinions and recommendations. It is also responsible for the supervision and revision of the principles and instruments of corporate risk management.

The Executive Board is responsible for the approval of the policy deployment into norms, rules and responsibilities and for reporting to the Board of Directors of Vale about such procedures.

The risk management standards and instructions complement the corporate risk management policy and define practices, processes, controls, roles and responsibilities.

The Group may, when necessary, allocate specific risk limits to management activities, including but not limited to, market risk limit, corporate and sovereign credit limit, in accordance with the acceptable corporate risk limit.

b) Liquidity risk management

The liquidity risk arises from the possibility that the Group might not perform its obligations on due dates, as well as face difficulties to meet its cash requirements due to market liquidity constraints.

The table below analyzes the non-derivative financial liabilities, by expiration ranges, corresponding to the remaining time period in the balance sheet up to the contractual date of the expiration. The values divulged in the table are contracted non-discounted cash flows.

	Accounting balance	**Total**	**Less than one year**	**From one to two years**	**From two to five years**
Trade payables	153,043	153,043	153,043	—	—
Supply chain finance	68,798	68,798	68,798	—	—
Other trade payables	62,646	62,646	40,152	22,494	—
	284,487	**284,487**	**261,993**	**22,494**	**—**

c) Credit risk management

The Group exposure to credit risk arises from trade receivables, guarantees, supply chain finance and cash investments. The Group credit risk management process provides a framework for assessing and managing counterparties’ credit risk and for maintaining our risk at an acceptable level.

(i) Commercial credit risk management

For the commercial credit exposure, which arises from sales to final customers, the risk management area, in accordance with the current delegation level, approves or request the approval of credit risk limits for each counterparty.

Vale Fertilizantes attributes an internal credit risk rating for each counterparty using its own quantitative methodology for credit risk analysis, which is based on market prices, external credit ratings and financial information of the counterparty, as well as qualitative information regarding the counterparty’s strategic position and history of commercial relations.

Based on the counterparty's credit risk, risk mitigation strategies may be used to manage the Group's credit risk. The main credit risk mitigation strategies include non-recourse discount of receivables, insurance instruments, letters of credit, corporate and bank guarantees, mortgages, among others.

The Group has a diversified accounts receivable portfolio from a geographical standpoint and according to each region, different guarantees can be used to enhance the credit quality of the receivables.

(ii) Treasury credit risk management

To manage the credit exposure arising from cash investments, credit limits are approved to each counterparty with whom we have credit exposure.

Furthermore, we control the portfolio diversification and monitor different indicators of solvency and liquidity of the different counterparties that were approved for trading.

d) Market risk management

The Group is exposed to the behavior of several market risk factors that can impact its cash flow. The assessment of this potential impact arising from the volatility of risk factors and their correlations is performed periodically to support the decision making process regarding the risk management strategy, that may incorporate financial instruments, including derivatives.

The portfolio of these financial instruments is monitored on a monthly basis, enabling overview of financial results and its impact on cash flow.

Considering the nature of the Group's business and operations, the main market risk factors which the Group is exposed to are:
Foreign exchange and interest rates;
Product prices and input costs.

e) Foreign exchange and interest rate risk

The Group's cash flow is subjected to volatility of several currencies, as its product are predominantly priced in US dollar, while most of the costs, disbursements and investments are denominated in other currencies, mainly Brazilian real.

In order to reduce the potential impact that arises from this currency mismatch, derivatives instruments may be used as a risk mitigation strategy.

The Group has also exposure to interest rates risks over loans and financings. The US Dollar floating rate debt in the portfolio consists mainly of loans including commercial banks.

Currency exposure
The currency exposure is primarily indexed to the US Dollars as following:

	September 30, 2017	**December 31, 2016**
Liabilities		
Loans and borrowings	—	(3,154)
Suppliers	(10,376)	(10,480)
Supply chain finance	(68,798)	(72,401)
Currency exposure	(79,174)	(86,035)

The following exchange rates were applied during the year

	Average rate		Closing rate	
	September 30, 2017	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**
USD	**3.1735**	**3.4833**	**3.1680**	**3.2591**

Sensitivity analysis
Taking into account the current exposition of the Group to the risk of changes in the exchange rates, a possible devaluation of the Real in relation to the North American dollar will cause an unfavorable effect to the Group.

From the exchange rate from September 30, 2017 (R$ 3.1680 per US$ 1.00), the Group took the following scenarios into account: (i) probable - additional devaluation of 7.39% with regards to the rate of September 30, 2017 (FOCUS/BACEN report released in January 2nd, 2017), with rate of BRL 3.50 per USD 1.00; (ii) possible - additional devaluation of 25% with regards to the rate of September 30, 2017, with rate of BRL 4.07 per USD 1.00; and (iii) remote - additional devaluation of 50% with regards to the rate from September 30, 2017, with exchange reaching BRL 4.89 per USD 1.00.

Taking into account the behavior of the exchange rates for the mentioned dates and scenarios, the administration estimates that the Group would incur in the following losses.

Exchange risk	**Probable**	**Possible**	**Remote**
Exchange increase from BRL 3.168 per USD 1.00	FOCUS/BACEN + 4.17% (BRL 3.30 per USD 1.00)	+ 25% (BRL 3.96) per USD 1.00)	+ 50% (BRL 4.75 per USD 1.00)
Suppliers and suppliers chain finance	(3,604)	(21,604)	(43,209)
Total effect on the result	(3,604)	(21,604)	(43,209)

f) Risk of product and input prices

The Group is also exposed to market risks including commodities price and input price volatilities. In accordance with risk management policy, risk mitigation strategies involving commodities can be used to adjust the cash flow risk profile and reduce the Group’s cash flow volatility.

g) Operational risk management

The operational risk management is the structured approach that the Group uses to manage uncertainty related to possible inadequate or failure in internal processes, people, systems and external events.

The main operational risks are periodically monitored, ensuring the effectiveness of preventive and mitigating key controls in place and the execution of the risk treatment strategy (implementation of new or improved controls, changes in the risk environment, risk sharing by contracting insurance, provisioning of resources, etc.).

Therefore, the Group seeks to have a clear view of its major risks, the best cost-benefit mitigation plans and the effectiveness of the controls in place, monitoring the potential impact of operational risk and allocating capital efficiently.

h) Risks of interest rates

The Group had financings contracted in national currency, subordinated to the interest rate bound to the Long-Term Interest Rate - TJLP. The risks inherent to these liabilities arise due to the possibility of existing fluctuations in these rates. The Group has not negotiated contracts of derivatives for making coverage for this risk because it understands that the risk is mitigated by the existence of assets indexed to the CDI. As of September 30, 2017, there were no financings bound to the TJLP.

The analysis of interest sensitivities on the receivables used as probable scenarios to CDI the current 14%. The administration understands that the risk related to the interest rate refers to a potential decrease of interests. Scenarios I and II take into account a decrease in this rate of 25% and of 50%, respectively.

	Probable scenario	**Scenario I**	**Scenario II**
CDI (per year)	11.5% (CDI)	8.7% (CDI-25%)	5.8% (CDI-50%)
Projected interests - total effect on the result	17,850	17,402	16,938

i) Capital management

The Group's policy aims at establishing a capital structure that will ensure the continuity of our business in the long term. Within this perspective, the Group has been able to deliver value to stockholders through dividend payments and capital gain, and at the same time maintain a debt profile suitable for its activities, with an amortization well distributed over the years, thus avoiding a concentration in one specific period.

According to the summary below, the Group presented net debt on September 30, 2017 and 2016.

	September 30, 2017	**December 31, 2016**
Total liabilities	1,518,194	1,179,933
Less: cash and cash equivalents	(62,982)	(104,419)
Net debt	1,455,212	1,075,514
Net assets	3,935,105	4,043,612
Leverage ratio	0.17	0.27

j) Insurance

The Group contracts several types of insurance policies, such as operational risk policy, engineering risks insurance (projects), civil responsibility, life insurance policy for their employees, among others. The coverage of these policies is similar to the ones used in general by the mining industry and is issued in line with the objectives defined by the Group, with the corporate risk management policy and the limitation imposed by the insurance and reinsurance global market. In general, the Group's assets directly related with its operations are included in the coverage of insurance policies.

Insurance management is performed with the support of existing insurance committees in the various operational areas of the Group. Among the management instruments, Vale uses captive reinsurance to balance the price on reinsurance contracts with the market, as well as, enable direct access to key international markets of insurance and reinsurance.

18 Financial Instruments Classification

The Group classifies its financial instruments in accordance with the purpose for which they were acquired. Due to the short-term cycle, the fair value of cash and cash equivalents balances, financial investments, accounts receivable and accounts payable approximate their book values. The Group determines the classification and initial recognition according to the following categories:

	September 30, 2017		December 31, 2016	
	Loans and receivables or amortized cost	**Total**	**Loans and receivables or amortized cost**	**Total**
Financial assets				
Current				
Cash and cash equivalents	62,982	62,982	104,419	104,419
Judicial deposits	64,702	64,702	61,003	61,003
Trade receivables	75,110	75,110	64,915	64,915
Trade receivables due from related parties	13,200	13,200	11,158	11,158
	215,994	**215,994**	**241,495**	**241,495**
Non-current				
Trade receivables due from related parties	13,974	13,974	13,590	13,590
	13,974	**13,974**	**13,590**	**13,590**
Total of financial assets	**229,968**	**229,968**	**255,085**	**255,085**
Financial liabilities				
Current				
Trade payables	153,043	153,043	107,381	107,381
Supply chain finance	68,798	68,798	72,401	72,401
Loans and borrowings	—	—	17,447	17,447
Finance leases	4,842	4,842	4,506	4,506
Trade payables due to related parties	19,362	19,362	13,393	13,393
	246,045	**246,045**	**215,128**	**215,128**

The classification of financial assets and liabilities by currencies are as follows:

	September 30, 2017					
	R$	**US$**	**EUR**	**CAD**	**ARS**	**Total**
Financial assets						
Current						
Cash and cash equivalents	25,630	36,383	235	2	732	62,982
Judicial deposits	64,702	—	—	—	—	64,702
Trade receivables	73,791	1,168	—	103	48	75,110
Trade receivables due from related parties	13,200	—	—	—	—	13,200
	177,323	**37,551**	**235**	**105**	**780**	**215,994**
Non-current						
Trade receivables due from related parties	13,974	—	—	—	—	13,974
	13,974	**—**	**—**	**—**	**—**	**13,974**
Total of financial assets	**191,297**	**37,551**	**235**	**105**	**780**	**229,968**
Financial liabilities						
Current						
Trade payables	136,533	15,953	—	—	557	153,043
Supply chain finance	68,798	—	—	—	—	68,798
Finance leases	—	4,842	—	—	—	4,842
Trade payables due to related parties	12,996	6,284	—	82	—	19,362
	218,327	**27,079**	**—**	**82**	**557**	**246,045**
Total of financial liabilities	**218,327**	**27,079**	**—**	**82**	**557**	**246,045**

	December 31, 2016					
	R$	**US$**	**EUR**	**CAD**	**ARS**	**Total**
Financial assets						
Current						
Cash and cash equivalents	40,963	61,710	520	871	355	104,419
Judicial deposits	61,003	—	—	—	—	61,003
Trade receivables	56,979	7,842	—	94	—	64,915
Trade receivables due from related parties	11,155	—	—	3	—	11,158
	170,100	**69,552**	**520**	**968**	**355**	**241,495**
Non-current						
Trade receivables due from related parties	13,590	—	—	—	—	13,590
	13,590	**—**	**—**	**—**	**—**	**13,590**
Total of financial assets	**183,690**	**69,552**	**520**	**968**	**355**	**255,085**
Financial liabilities						
Current						
Trade payables	90,602	15,664	—	—	1,115	107,381
Supply chain finance	—	72,401	—	—	—	72,401
Loans and borrowings	17,447	—	—	—	—	17,447
Finance leases	—	4,506	—	—	—	4,506
Trade payables due to related parties	2,369	11,024	—	—	—	13,393
	110,418	**103,595**	**—**	**—**	**1,115**	**215,128**
Total of financial liabilities	**110,418**	**103,595**	**—**	**—**	**1,115**	**215,128**
Non-current						
Loans and borrowings	15,889	—	—	—	—	15,889
Trade payables due to related parties	—	52,694	—	—	—	52,694
	15,889	**52,694**	**—**	**—**	**—**	**68,583**
Total of financial liabilities	**126,307**	**156,289**	**—**	**—**	**1,115**	**283,711**

19 Commitments

The table below sets forth the annual minimum, required and non-cancelable, future payments related to the contractual obligations assumed by the Group as of September 30, 2017.

	2017	2018	2019	2020	2021 and thereafter
Operating lease	27,048	84,464	12,216	6,681	6,718
Total minimum payments required	**27,048**	**84,464**	**12,216**	**6,681**	**6,718**

The Group has operating leases for vehicles, machinery and equipment, as well as property leases for its operational facilities with third parties.

The total amount of operational leasing expenses for the year ended on September 30, 2017 was US$25,102 (2016: US$26,599).

20 Subsequent events

On November 17, 2017, Vale S.A. announced that it entered into a quota purchase agreement with Yara to sell its fully owned subsidiary Vale Cubatão Fertilizantes Ltda., which currently owns and operates the nitrogen and phosphate assets located in Cubatão, Brazil.

The purchase price is US$ 255,000 to be paid in cash upon the closing of the transaction contemplated by the purchase agreement, which is expected to occur in the second semester of 2018. Consummation of the transaction is subject to the satisfaction of various conditions precedent, including the approval of the CADE and other authorities

and a third party's determination not to exercise, or to waive, by the end 2017, its right of first refusal on the same terms and conditions as proposed by Yara.

On the January 8, 2018, Mosaic announced the completion of the acquisition of Vale Fertilizantes S.A. The aggregate consideration paid by Mosaic to Vale S.A. at the closing of the transaction was comprised of (i) approximately $1.08 billion in cash , and (ii) 34,176,574 shares of Mosaic common stock, par value $0.01 per share issued and delivered to Vale and Vale Netherlands.

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Section 4: EX-99.2 (EXHIBIT 99.2 - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF VF)

Exhibit 99.2

Contents

Independent Auditors' Report

The Board of Directors
Vale Fertilizantes S.A.:

We have audited the accompanying carve-out combined consolidated financial statements of the fertilizer operations of Vale S.A. and its subsidiaries (the "Reporting Entity") which comprise the carve-out combined consolidated statement of financial position as of December 31, 2016, and the related carve-out combined consolidated statements of profit or loss, comprehensive income (loss), changes in net assets, and cash flows for the year then ended, and the related notes to the carve-out combined consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out combined consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the carve-out combined consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these carve-out combined consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out combined consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out combined consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the carve-out combined consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Reporting Entity's preparation and fair presentation of the carve-out combined consolidated financial statements 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 Reporting Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out combined consolidated financial statements.

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

Opinion

In our opinion, the 2016 carve-out combined consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Reporting Entity as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Emphasis of Matter

As discussed in Note 2 to the carve-out combined consolidated financial statements, these carve-out combined consolidated financial statements were prepared to present a probable significant acquisition of assets and liabilities, and the associated revenues and expenses, including allocations deemed reasonable by management of the Reporting Entity, for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, based on the purchase and sale agreement between Vale S.A. and the Mosaic Company, as described in Note 1 to the carve-out combined consolidated financial statements. Our opinion does not include a modification related to this matter.

Other Matter

The accompanying carve-out combined consolidated statement of financial position of the Reporting Entity as of December 31, 2015, and the related statements of profit or loss, comprehensive income (loss), changes in net assets and cash flows for the year then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them.

Osasco, December 1, 2017

KPMG Auditores Independentes
CRC 2SP028567/O-1 F-SP

Ulysses M. Duarte Magalhães
Accountant CRC RJ-092095/O-8

Vale Fertilizantes S.A

Combined Consolidated Statements of Financial Position

(In thousands of United States dollars)

Assets	Note	December 31, 2016	(Unaudited) December 31, 2015
Current assets			
Cash and cash equivalents	3	104,419	221,798
Trade and other receivables, net	4	106,333	128,629
Inventories	5	318,447	423,336
Recoverable taxes	6	62,020	87,297
		591,219	**861,060**
Non-current assets held for sale	8	549,250	—
		1,140,469	**861,060**
Non-current assets			
Trade and other receivables, net	4	220,763	177,985
Inventories	5	21,909	21,863
Judicial deposits	13 a	61,003	42,860
Deferred income taxes	7 a	504,616	103,766
Recoverable taxes	6	172,476	104,381
Investments in associates	10	90,138	74,619
Property, plant and equipment, net	11	3,001,759	3,796,556
Intangibles, net		10,412	63,486
		4,083,076	**4,385,516**
Total assets		**5,223,545**	**5,246,576**

Liabilities	Note	December 31, 2016	(Unaudited) December 31, 2015
Current liabilities			
Trade and other payables	12	186,995	208,440
Supply chain finance	13	72,401	266,822
Loans and borrowings		17,447	15,314
Taxes payable		13,061	12,129
Payroll and related charges		46,775	34,937
Provisions	14	17,650	11,170
Finance leases		4,506	4,083
		358,835	**552,895**
Liabilities associated with non-current assets held for sale	8	181,854	—
		540,689	**552,895**
Non-current liabilities			
Trade and other payables	12	34,741	19,534
Loans and borrowings		15,889	27,928
Finance leases		52,694	57,199
Provisions	14	361,526	290,736
Employee benefits	15	174,394	51,745
Advance for future increase of share capital		—	164,063
		639,244	**611,205**
Net assets attributable to parents of the Company		3,808,642	3,821,426
Non-controlling interests		234,970	261,050
Net assets		**4,043,612**	**4,082,476**
Total liabilities and net assets		**5,223,545**	**5,246,576**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements.

Vale Fertilizantes S.A

Carve-out Combined Consolidated Statements of Profit or Loss

(In thousands of United States dollars)

	Note	December 31, 2016	(Unaudited) December 31, 2015
Net operating revenue		1,939,186	2,295,862
Cost of goods sold and services rendered	16 a	(1,951,222)	(1,869,176)
Gross loss / income		**(12,036)**	**426,686**
Selling and administrative expenses	16 b	(59,273)	(43,379)
Other operating expenses, net	16 c	(1,086,133)	(113,205)
Share of profit of equity-accounted investees, net of tax		3,365	5,748
Operating loss / income		**(1,154,077)**	**275,850**
Financial income	17	84,153	46,218
Financial expenses	17	(64,298)	(194,565)
Financial result, net		**19,855**	**(148,347)**
Net income (loss) before income taxes		**(1,134,222)**	**127,503**
Income tax and Social contribution			
Current	8 b	2,915	(55,784)
Deferred	8 b	332,191	(138,222)
Net loss for the year		**(799,116)**	**(66,503)**
Net income attributable to non-controlling interests		**1,921**	**9,061**
Net loss attributable to the parent		**(801,037)**	**(75,564)**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements

Vale Fertilizantes S.A

Carve-out Combined Consolidated Statements of Comprehensive Income (Loss)

(In thousands of United States dollars)

	December 31, 2016	(Unaudited) December 31, 2015
Net loss	**(799,116)**	**(66,503)**
Other comprehensive income (loss), net of taxes		
Items that will not be reclassified to profit or loss;		
Translation adjustments	678,027	(1,693,397)
Employee benefits - Defined benefit plans	(74,201)	8,687
	603,826	**(1,684,710)**
Total comprehensive loss	**(195,290)**	**(1,751,213)**
Comprehensive income attributable to non-controlling interests	**1,911**	**9,061**
Comprehensive loss attributable to the parent	**(197,201)**	**(1,760,274)**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements.

Vale Fertilizantes S.A

Carve-out Combined Consolidated Statements of Changes in Net Assets

(In thousands of United States dollars)

	Share capital	Results from operation with Non-controlling interest	Unrealized fair value gain (losses)	Cumulative translation adjustments	Accumulated losses	Net assets attributable to owners of the Company	Non-controlling interests	Net assets
Balance at January 01, 2015 (Unaudited)	**12,007,626**	**(379,458)**	**35,533**	**(3,703,116)**	**(2,481,065)**	**5,479,520**	**278,479**	**5,757,999**
(Loss) net income	—	—	—	—	(75,564)	(75,564)	9,061	(66,503)
Capital Increase	129,236	—	—	—	—	129,236	13,698	142,934
Allocation of fertilizer business result from Vale (Note 2a)	(11,781)	—	—	—	—	(11,781)	—	(11,781)
Dividends of non-controlling interest	—	—	—	—	—	—	(40,188)	(40,188)
Translation adjustments	—	—	(6,381)	(1,687,016)	—	(1,693,397)	—	(1,693,397)
Changes of NCI without a change in control	—	(15,275)	—	—	—	(15,275)	—	(15,275)
Employee benefits - Defined benefit plans, net of taxes	—	—	8,687	—	—	8,687	—	8,687
Balance at December 31, 2015 (Unaudited)	**12,125,081**	**(394,733)**	**37,839**	**(5,390,132)**	**(2,556,629)**	**3,821,426**	**261,050**	**4,082,476**
(Loss) net income	—	—	—	—	(801,037)	(801,037)	1,921	(799,116)
Capital Increase	188,504	—	—	—	—	188,504	—	188,504
Allocation of fertilizer business result from Vale (Note 2a)	(4,785)	—	—	—	—	(4,785)	—	(4,785)
Dividends of non-controlling interest	—	—	—	—	—	—	(27,991)	(27,991)
Translation adjustments	—	—	122	677,915	—	678,037	(10)	678,027
Changes of NCI without a change in control	—	698	—	—	—	698	—	698
Employee benefits - Defined benefit plans, net of taxes	—	—	(74,201)	—	—	(74,201)	—	(74,201)
Balance at December 31, 2016	**12,308,800**	**(394,035)**	**(36,240)**	**(4,712,217)**	**(3,357,666)**	**3,808,642**	**234,970**	**4,043,612**

The accompanying notes are an integral part of these carve-out combined consolidated financial statements.

Vale Fertilizantes S.A

Carve-out Combined Consolidated Statements of Cash Flows - Indirect Method

(In thousands of United States dollars)

	December 31, 2016	(Unaudited) December 31, 2015
Cash flows from operating activities		
Net income (loss) before income taxes	**(1,134,222)**	**127,503**
Depreciation, amortization and depletion	328,935	337,192
Results on measurement or sale of non-current assets	7,521	(12,541)
Impairment charges	1,018,719	(21,115)
Share of profit of equity-accounting investees, net of tax	(3,365)	(5,748)
Unrealized financial results, net	41,825	83,574
Provision for litigations and employee benefits	5,097	20,603
Allocations of corporate overheads from companies combined that not impact cash	(4,785)	(11,781)
	259,725	**517,687**
Changes in assets and liabilities		
Trade and other receivables, net	(17,547)	(16,148)
Recoverable taxes	(349)	(20,892)
Inventories	95,157	(104,716)
Trade and other payables	6,996	(79,728)
Supply chain finance	(166,477)	49,142
Income tax paid	(9,472)	25,330
Interests paid on loans and borrowings	(3,242)	(4,581)
Net cash provided by operating activities	**164,791**	**366,094**
Cash flow (used in) investing activities		
Purchase of investments	(396)	(115,832)
Acquisitions of fixed and intangible assets	(270,962)	(253,046)
Others	3,690	1,340
Net cash used in investing activities	**(267,668)**	**(367,538)**
Cash flows provided by (used in) financing activities		
Dividends paid to shareholders	(27,990)	(40,188)
Capital increase and advanced payment for future increase of capital	—	238,422
Cash absorbed by acquisition of subsidiary	—	26
Payment of loans and leases	(17,572)	(19,671)
Net cash provided by (used in) financing activities	**(45,562)**	**178,589**
Effect of exchange rate changes on cash and cash equivalents	31,060	(77,057)
(Decrease) increase in cash and cash equivalents	**(117,379)**	**100,088**
Cash and cash equivalents in the beginning of the year	221,798	121,710
Cash and cash equivalents at end of the year	104,419	221,798
	(117,379)	**100,088**
Non-cash transactions		
Additions to property, plant and equipment	1,220	—

The accompanying notes are an integral part of these carve-out combined consolidated financial statements.

Notes to the Combined Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

1 Corporate information

Vale S.A. and its direct and indirect subsidiaries ("Vale") 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. Vale also produces copper, metallurgical and thermal coal, potash, phosphates and other fertilizer nutrients, manganese ore, ferroalloys, platinum group metals, gold, silver and cobalt.

In December 2016, Vale 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 ("Miski Mayo"); (iii) the potassium assets located in Brazil; and (iv) the potash projects in Canada.

The agreed transaction price is US$2,500,000, of which US$1,250,000 will be paid in cash and US$1,250,000 with 42.3 million common shares to be issued by Mosaic, which at the transaction date represents around 11% of Mosaic's total outstanding common shares.

Completion of the transaction is expected for the end of 2017 and is subject to the spin-off of the nitrogen assets from Vale Fertilizantes S.A.; 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. (Note 22)

Vale may receive additional earn-out of the transaction up to US$260,000 in circumstances where the phosphate price ("MAP"- Monoammonium Phosphate) and the Real exchange rate exceed certain levels during each of the twelve month periods after the completion of the transaction during two years.

The assets located in Cubatao, which are mostly dedicated to the operation with nitrogen, was transferred from Vale Fertilizantes S.A. to an independent legal entity, for which the Group is actively seeking to identify potential buyers.

These carve-out combined consolidated financial statements comprise the combination of Vale Fertilizantes S.A., Vale International and selling, general and administrative expenses for fertilizer segment recorded in Vale S.A (together the "Vale Fertilizantes Group" or the "Group" and defined as "Vale Fertilizantes" in these combined consolidated financial statements). The carve-out combined consolidated financial statements presented herein reflect the assets and liabilities, income and expenses, and cash flows of those operations that have been carved out from Vale's consolidated financial statements for the purpose of presenting the financial position, results of operations and cash flows of Vale Fertilizantes on a stand-alone basis as explained in the section basis for preparation of the carve-out combined financial statements.

2 Basis of preparation of the carve-out combined financial statements

Vale Fertilizantes S.A. has prepared these Carve-out Combined Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by International Accounting Stantards Board ("IASB")

Vale Fertilizantes S.A. used the same accounting policies and valuation methods for the preparation of these Carve-out Combined Financial Statements, as those used by the Vale companies for the the preparation of the financial information included in Vale S.A.'s Consolidated Financial Statements. These accounting policies have been disclosed in the respective notes to the financial statements.

The carve-out combined consolidated financial statements have been prepared on a carve-out basis using the historical assets and liabilities, income and expenses, and cash flows attributable to operations subject of the carve-out combined transaction as described in note 1.
The purpose of these Carve-out Combined Consolidated Financial statements is to provide general purpose historical financial information of the fertilizer segment in connection with the transaction with Mosaic described in note 1. Therefore, the Carve-out Combined consolidated financial statements present only historical information of those entities that are combined as part of Vale Ferilizantes.

The carve-out financial statements are presented to provide additional analyses of Vale Fertilizantes Group operations; accordingly, they do not represent the parent company or consolidated financial statements of Vale S.A. and its subsidiaries, and are not be used as basis for dividend and tax calculations or any other corporate purposes or profitability and performance analysis.

The preparation of the carve-out financial statements requires Management to use its judgment to determine and record accounting estimates. Assets and liabilities subject to these estimates and assumptions substantially relate to deferred income tax assets, the provision for litigation liabilities, asset retirement obligation, provision for employee benefits, the fair value measurement of the financial instruments and allocation of expenses from the Parent. The settlement of transactions involving these estimates may result in amounts that differ from those estimated due to inaccuracies inherent to its determination. The estimates and assumptions adopted are periodically reviewed by Vale Fertilizantes Group Management.

The carve-out combined consolidated financial statements have been prepared on the historical cost basis.

IFRS does not provide guidance for the preparation of carve-out financial statements, and accordingly in preparing the carve-out combined consolidated financial statements certain accounting conventions commonly used for the preparation of historical financial statements have been applied. The criteria below were adopted for the carve-out of the parent company financial statements of each company that comprise the combined business:

a. ***Carve-out criteria***

During the period Vale Fertilizantes operated as part of the larger group of companies controlled by Vale S.A., and accordingly, a process has been completed to specifically indentify assets, liabilities, revenues, expenses and cash flows associated to the Group in preparing the carve out combined consolidated financial statements. Assets, liabilities and costs that were related to the larger business of Vale S.A. were also assessed to allocate these items between Vale Fertilizantes S.A. (Fertilizer) and the rest of the business of Vale S.A.. This allocation has been completed based on the following general process:

i. Vale International, a subsidiary of Vale S.A. acquires phosphate rock from Misk Mayo (subsidiary of Vale Fertilizantes) and resells to the market, the outcome of this operation is related to the fertilizers business. The outcome of the aforementioned transaction is being combined at Vale Fertilizantes Group.

ii. Corporate overhead functions performed for the Group - These functions include, but are not limited to executive oversight, legal, finance, human resource, internal audit, financial reporting and tax planning. The costs of such services has been allocated to the Business based on the most relevant allocation method to the service provided, primarily based on the headcount. Management of Vale Fertilizantes S.A. (Vale S.A.) believes that such allocation is reasonable, however, they may not be indicative that would have been incurred had the Group been operating as a separate entity apart from Vale S.A.. The cost allocated for these functions is included in administrative expenses in the carve-out financial statements for the relevant periods presented. The amount related to the aforementioned corporate expenses is disclosed on note 18.

The Group believes the basis for preparation described above results in the financial information reflecting the assets and liabilities associated with the business and reflects cost associated with the functions that would be necessary to operate independently.

b. ***List of companies included in the carve-out combined consolidated financial statements***

The significant direct and indirect subsidiaries of Vale Fertilizantes, included in the carve-out combined consolidated financial statements, are as follows:

Subsidiaries	Location	Main activity/Business	Equity interest - % 2016	Equity interest - % (Unaudited) 2015
Vale Fertilizer International Holding B.V	Netherlands	Holding	100.0%	100.0%
Potasio Rio Colorado S.A.	Argentina	Potash project	100.0%	100.0%
Vale Potash Canada Limited	Canada	Potash project	100.0%	100.0%
Vale Exploracion Argentina S.A.	Argentina	Potash project	90.0%	90.0%
Ferteco Europa Sarl	Luxembourg	Holding	100.0%	100.0%
MVM Resources Intenational B.V (i)	Netherlands	Holding	40.0%	40.0%
Compañia Minera Misk Mayo S.R.L (ii)	Peru	Fertilizer	40.0%	40.0%
Prairie Potash Mines Limited	Canada	Potash project	66.7%	66.7%
Cubatão Nitrogenados S.A.	Brazil	Holding	100.0%	100.0%
Industria de Fosfatados Catarinense Ltda.	Brazil	Phosphate project	99.9%	99.9%

(i) As of December 31, 2016 the percentages for each shareholder are Ferteco Europa Sarl (40.0%), Mitsui Bussan Fertilizer Resources B.V. (25.0%) and Bayovar Holdings S.A.R.L. (35.0%). The voting rights in the MVM Resources International B.V. are held by Ferteco Europa Sarl (51.0%), Mitsui Bussan Fertilizer Resources B.V. (25.0%) and Bayovar Holdings S.A.R.L. (24.0%).

(ii) As of December 31, 2016 MVM Resources International B.V holds 99.88% of shares in the Compañia Minera Misk Mayo S.R.L.

The financial position and statement of operations of the companies included in the carve out combined consolidated financial statements as at December 31, 2016 and 2015 are detailed below:

	Total assets		Net assets		Results of operations	
	2016	(Unaudited) 2015	2016	(Unaudited) 2015	2016	(Unaudited) 2015
Vale Fertilizantes S.A.	5,223,545	5,246,576	4,043,612	4,082,476	(805,822)	(87,345)
Vale International	—	—	6,283	13,280	6,283	13,280
Vale S.A. (SG&A)	0	0	(1,498)	(1,499)	(1,498)	(1,499)

c. ***Functional currency and presentation currency***

The carve-out combined consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”), which in the case of the Company is the Brazilian real (“BRL” or “R$”). For presentation purposes, these financial statements are presented in United States dollar (“USD” or “US$”). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of operations which functional currency is different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of operations which functional currency is different from the presentation currency are translated into USD at the exchange rates at the dates of the transactions.

Presentation currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

d. ***Pronouncements issued but not yet adopted***

The Group has not early adopted any standards and interpretations that have been issued or amended but which are not yet in force. The accounting policies of subsidiaries, affiliates and joint ventures are adjusted to ensure consistency with the policies adopted by the Group.

Significant and relevant accounting policies for the understanding of the financial statements were included in the respective notes, with a summary of the recognition and measurement basis used by the Group.

The brief description of the recent accounting pronouncements issued by the IASB, which are not yet in force, and the current assessment performed by the Group of the impacts on its financial statements, subject to changes based on continuing evaluation and analysis, are detailed below:

- IFRS 9 Financial instrument-In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard brings new approaches about: (i) classification and measurement of financial assets and liabilities, (ii) impairment and (iii) hedge accounting. This standard shall apply for annual periods beginning on or after January 1, 2018.

  The Group does not plan the early adoption of this new standard. Based on the history of financial instruments traded by the Group, significant impacts are not expected on financial statements by applying the IFRS 9 requirements.

- IFRS 15 Revenue from Contracts with Customers-In May 2014, the IASB issued IFRS 15, which replaces IAS 18 Revenues and the related interpretations. IFRS 15 introduces the five-step model for revenue recognition from contract with a customer. The new standard is based on the principle that revenue is recognized when the control of a good or service to be transferred to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard shall apply for annual periods beginning on or after January 1, 2018.

  The Group does not plan the early adoption of this new standard. Based on the history of Contracts with Customers traded by the Group, significant impacts are not expected on financial statements by applying the IFRS 15 requirements.

- IFRS 16 Lease-In January 2016, the IASB issued IFRS 16, which replaces IAS 17 Leases and related interpretations. IFRS 16 set forth that in all leases with a maturity of more than 12 months, with limited exceptions, the lessee must recognize the lease liability in the financial position at the present value of the payments, plus costs directly allocated and at the same time that it recognizes a right of use corresponding to the asset. During the term of the lease, the lease liability is adjusted to reflect interest and payment made and the right to use is amortized, similar to the financial lease settled up in accordance with IAS 17. This standard shall apply for annual periods beginning on or after January 1, 2019.

The Group has not yet quantified the impact of adopting IFRS 16 on its assets and liabilities. The quantitative effect of the adoption of IFRS 16 will depend specifically on the Group´s decision related to the method of transition, the use of practical expedients approach and exemptions for recognition, and any additional leases that Group will hold. The Group expects to disclose its transition approach and quantitative information prior to adoption, planned for January 1, 2019.

- IAS 7 Amendments (Disclosure Initiative)-The amendments to IAS 7 Statement of Cash Flows are part of the IASB’s Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate cash flows and non-cash changes in liabilities arising from financing activities. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Group. The Group did not early adopt this amendment.

e. *Use of judgement and estimates*

The preparation of financial statements requires the use of certain critical accounting estimates, assumptions and judgments by the management of the Group. These estimates are based on the best knowledge and information existing at the financial position date. Changes in facts and circumstances may lead to the revision of these estimates. Actual future results may differ from the estimates.

The significant estimates, assumptions and judgments used by Group are decribed in these notes as follows:

Note	**Significant estimates, assumptions and judgments**
2 a	Allocation of expenses from Vale S.A.
7 a.	Deferred income taxes
9	Impairment test of non-current assets
11	Mineral reserves and life cycle of the mines
14 a.	Litigation
14 b.	Asset retirement obligation
15	Post-retirement benefits

3 Cash and cash equivalents

Accounting policy

The amounts recognized as cash and cash equivalents correspond to the values available in cash, bank deposits and highly liquid short-term investments, with original maturities less than 90 days, and with insignificant risk of changing value.

	2016	**(unaudited) 2015**
Cash	23,411	32,917
Cash equivalents	81,008	188,881
	104,419	221,798

Cash equivalents includes immediately redeemable deposits and short-term investments indexed to the Brazilian Interbank Interest rate (“DI Rate” or “CDI”).

Cash and cash equivalents includes US$40,963 (2015: US$127,539) denominated in US$, US$61,710 (2015: US$91,469) denominated in R$ and US$1,746 (2015: US$2,790) denominated in other currencies.

4 Trade and other receivables, net

Accounting policy

Trade and other receivables are financial instruments classified in the category loan and receivables and represent the total amount due from sale of products and services rendered by the Group. The receivables are initially recognized at fair value and subsequently measured at amortized cost, net of impairment losses, when applicable.

Trade receivables related to sales of phosphate rocks of the Peruvian operation are initially invoiced according to the provisional price. Subsequently, trade accounts receivable are adjusted with price provisional adjustment to month-end or the final settlement (Trued-up Transfer Pricing).

		(unaudited)
	2016	**2015**
Trade receivables	80,868	73,268
Trade receivables due from related parties	24,748	33,632
Other receivables (i)	237,433	207,934
	343,049	**314,834**
Impairment of trade receivables	(15,953)	(8,220)
	327,096	**306,614**
Current	106,333	128,629
Non Current	220,763	177,985
	327,096	**306,614**

(i) The Group sold in 2013 the subsidiary Araucária Nitrogenados S.A. to the Petróleo Brasileiro S.A. ("Petrobras”). The account receivable, which is indexed to 100% of the Certificate of Interbank Deposit (CDI), is being paid by Petrobras in a quarterly basis in the amounts equivalent to the royalties of the potassium assets and mining rights of Taquari-Vassouras and Carnallite projects which are owed by the Group to Petrobras. In case of Taquari-Vassouras closes its mine before Petrobras settle this amount, Petrobras will pay cash of the remaining amount until 2030. As at December 31, 2016 the receivable related to the aforementioned transaction amounted to US$201,988 (2015: US$169,643). The remaining amount relates to several other receivables.

Trade receivables are non-interest-bearing and are generally on terms of 1 to 60 days.

As at 31 December 2016, trade receivables with a nominal value of US$15,953 (2015: US$8,220) were impaired and fully provided for. Movements in the allowance for impairment of receivables were as follows:

		(unaudited)
	2016	**2015**
At 1 January	(8,220)	(6,403)
Charge for the year	(6,082)	(2,133)
Amounts written off	111	9
Transfer to non current assets held for sale	7	0
Translation adjustment	(1,769)	307
	(15,953)	**(8,220)**

As at 31 December 2016, the analysis of trade receivables that were past due, but not impaired, is, as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**> 60 days**
2016	80,868	73,897	6,891	0	80
2015	73,268	19,126	38,173	9,092	6,877

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty.

5 Inventories

Accounting policy

Inventories are stated at the lower of cost or the net realizable value. The inventory production cost is determined on the basis of variable and fixed costs, direct and indirect costs of production, using the average cost method.

	2016	**(unaudited) 2015**
Finished goods	247,869	295,545
Raw materials	26,419	72,472
Spare parts	57,857	54,643
Imports in transit	8,211	22,539
	340,356	**445,199**
Current	**318,447**	**423,336**
Non Current	21,909	21,863
	340,356	**445,199**

6 Recoverable taxes

	2016	**(unaudited) 2015**
Brazilian federal contributions (i)	181,296	150,063
Value-added tax (VAT)	41,246	52,144
Income tax and social contribution	29,833	6,296
Others	1,784	1,399
	254,159	**209,902**
Impairment of value-added tax (VAT)	(19,663)	(18,224)
	234,496	**191,678**

(i) Relates to Brazilian Federal Contributions (PIS and COFINS) credits which will be used to settle other taxes administered by the Federal Tax Authority.

Current	62,020	87,297
Non Current	172,476	104,381
	234,496	**191,678**

7 Income taxes

Accounting policy

The recognition of income taxes and social contribution as deferred taxes is based on temporary differences between carrying value and the tax basis of assets and liabilities as well as taxes losses carryforwards. The deferred income taxes assets and liabilities are offset when there is a legally enforceable right on the same taxable entity.

The deferred taxes assets arising from taxes losses and temporary differences are not recognized when their recovery amount are not probable.

Income taxes are recognized in the statement of operations, except for items recognized directly in Other Comprehensive Income (loss). The provison for income taxes is calculated individually for each entity and Group based on local taxes rates, on and accrual basis.

Tax charges in the Combined Carve Out Consolidated Financial Statements have been determined based on the tax charges recorded by Vale Fertilizantes companies in their statutory accounts, adjusted for the impact of the adjustments made for carve-out combined financial statements purposes.

Critical accounting estimates and judgments

Deferred tax assets arising from tax losses carryforward and temporary differences are recognized taking into account the analysis of future performance, considering economic and financial projections, prepared based on internal assumptions and macroeconomic, trade and tax scenarios that may be subject to changes in the future. The assumptions of future profits are based on production and sales planning, commodity prices, operational costs, restructuring plans, reclamation and planned capital costs.

a. **Deferred income tax assets and liabilities**

	2016	(unaudited) 2015
Tax losses carryforward	**24,320**	**3,291**
Temporary differences:		
Employee benefits	64,052	17,593
Provision for litigation	24,031	19,586
Provision for assets retirement obligations	75,578	48,433
Impairment	304,157	0
Finance lease	2,014	2,725
Depreciation and depletion	6,231	21,995
Others	4,233	(9,857)
	480,296	**100,475**
Total	**504,616**	**103,766**
Assets	525,849	116,964
Liabilities	(21,233)	(13,198)
	504,616	**103,766**

Changes in deferred tax are as follows:

	Assets	Liabilities	Total
Balance at December 31, 2014 (Unaudited)	**271,632**	**33,470**	**238,162**
Taxes losses carryforward	(26,594)	0	(26,594)
Impairment of non-financial assets	(130,660)	0	(130,660)
Others	(1,240)	(20,272)	19,032
Effect in statement of profit or loss	**(158,494)**	**(20,272)**	**(138,222)**
Employee benefits - Defined benefit plans	3,826	0	3,826
Balance at December 31, 2015 (Unaudited)	**116,964**	**13,198**	**103,766**
Taxes losses carryforward	19,865	0	19,865
Impairment of non-financial assets	303,274	0	303,274
Others	15,273	6,221	9,052
Effect in statement of profit or loss	**338,412**	**6,221**	**332,191**
Employee benefits - Defined benefit plans	70,473	1,814	68,659
Balance at December 31, 2016	**525,849**	**21,233**	**504,616**

The Group projections shows deferred tax assets substantially being realized in the next five years. The tax loss carryforward do not expire and in the Brazilian jurisdiction the compensation is limited to 30% of the taxable income for the year. For local results there is no restriction to compensated profits from foreign subsidiaries against previously recorded deferred tax assets.

b. **Income taxes reconcilliation**

The total amount presented as income taxes in the statement of operations is reconciled to the rate established by law, as follows:

	2016	(unaudited) 2015
Net Income (losses) before income taxes	(1,134,222)	127,503
Income taxes at statutory rates - 34%	385,635	(43,351)
Adjustments that effect the basis of taxes		
Share of profit of equity accounting investees, net of tax	1,144	1,960
Nondeductible effect of impairment	(10,386)	(133,367)
Unrecognized tax losses of the year	(44,658)	(17,023)
Others	3,371	(2,225)
Income taxes	**335,106**	**(194,006)**

Brazilian income taxes are subject to review for a five-year period, during which the tax authorities might audit and assess the Group for additional taxes and penalties. The subsidiaries located abroad are taxed in their respective jurisdictions, according to local regulations.

8 Non-current assets and liabilities held for sale

Accounting policy

A non-current asset is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continuing use.

The criteria for recognition the non-current assets as held for sale are only considered satisfied when the sale is highly probable and the asset (or disposal group of assets) is available for immediate sale in its present condition. The Group measures the assets held for sale (or group of assets) at the lower of its carrying amount and fair value less costs to sell. If the carrying amount exceeds the fair value less costs to sell an impairment loss is recognized against income.

Any subsequent reversal of impairment is recognized only to the extent of the loss previously recognized.

The assets and liabilities of a disposal group classified as held for sale are presented separately in the statement of financial position.

	2016
Assets	
Trade and other receivables, net	28,507
Inventories	75,525
Recoverable taxes	1,556
Property, plant and equipment, net	410,341
Intangibles	33,321
	549,250
Liabilities	
Trade and other payables	103,466
Taxes payable	1,991
Payroll and related charges	11,697
Employee benefits	13,994
Provisions	50,706
	181,854
Net non-current assets held for sale	**367,396**

The Group is actively trying to identify potential buyers to its assets located in Cubatão, which are mainly dedicated to the nitrogenous operation (“Cubatão business”). As such, Cubatão business’ assets and liabilities were classified as assets and liabilities held for sale according to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

The Group did not identify any decrease in the recoverable value in Cubatão’s assets.

9 Impairment of non-financial assets

Accounting policy

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset´s carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal (“FVLCS”) and value in use (”VIU”).

Fair value less costs to sell (FVLCS) is the amount obtainable from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties, less the costs of disposal.VIU model is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form. Value in use is determined by applying assumptions specific to the Group’s continued use and cannot take into account future development.

The future cash flows are based on the current life-of-mine plan or long-term production plan for the cash-generating unit. Assets that have an indefinite useful life and are not subject to amortization, such as goodwill, are tested annually for impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGUs)). Goodwill is allocated to Cash Generating Units or Cash Generating Units groups that are expected to benefit from the business combinations in which the goodwill arose and are identified in accordance with the operating segment.

Non-current assets (excluding goodwill) in which the Group recognized impairment in the past are reviewed whenever events or changes in circumstances indicate that the impairment may no longer be applicable. In such cases, an impairment reversal will be recognized.

Critical Accounting Estimate

The Group tests the recoverability of its tangible (when there is evidence of impairment) and intangible assets annually segregated per cash generating unit, using the discounted cash flow criterion that depends on different estimations, which are influenced by the market conditions in force at the moment when this recoverability is tested.

CGUs are determined as (i) phosphate assets, including mines and assets of the production of phosphate goods, (ii) potassium assets and (iii) assets of Cubatão business, which were classified as non-current assets held for sale.

The phosphate assets, where an indicator of impairment was identified, were tested using the value in use (“VIU”) model. The VIU amount of impaired Cash Generating Units (“CGU”) was USD 2,377 million and assessed considering “Level 3” fair value measurements, as it is derived from valuation techniques that includes inputs that are not based on observable market data.

These cash flows were discounted using a discount rate after the taxes of 7.5% in 2016 and 7.73% in 2015. The discount rate was based on the weighted average cost of capital (”WACC”) which reflects market assessments of the inflation and the specific risks for the CGU.

The base prices premises for phosphate products used in the calculation of the VIU were in intervals (in USD per ton) 98 to 115 in 2016 and 105 to 125 in 2015.

This decrease of the prices and the valuation of the BRL in relation to the USD in 2016 contributed to the decrease of the recoverable value of the phosphate assets.

The impairment recorded in the statement of operations as other operating expenses, net are presented below:

Assets	**2016**	**(unaudited) 2015**
Property, plant and equipment	(988,171)	21,115
Intangibles	(30,548)	—
	(1,018,719)	**21,115**

The Company determines its cash flows based on the budgets approved by management, which require the use of the following key assumptions: (i) mineral reserves and mineral resources measured by internal experts; (ii) costs and investments based on the best estimate of projects as supported by past performance; (iii) sale prices consistent with projections available in reports published by industry considering the market price when appropriate; (iv) the life of each cash-generating unit (ratio between production and mineral reserves); and (v) discount rates that reflect specific risks relating to the relevant assets in each cash-generating unit. These assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will change these projections, which may impact the recoverable amount of the assets.

10 Investments in associates

a. The material non-consolidated entities for the Group are as follows**:**

Entities	Ownership and voting capital %		Investment		Equity results in the statement of profit or loss	
	2016	2015 (unaudited)	2016	2015 (unaudited)	2016	2015 (unaudited)
TUF Empreendimentos e Participações S.A.	18,99	24,19	90,092	74,497	3,365	5,748
Others	0	0	46	122	0	0
			90,138	**74,619**	**3,365**	**5,748**

TUF Emprendimentos e Participações S.A."TUF" is a holding company that has interest in Ultrafertil S.A., maritime terminal located in Santos. TUF recognizes in its results share of profit of equity-accounted of investee (Ultrafertil).

The Company has interest in TUF since 2013 and the interest are accounted for using the equity method.

b. Investee information

Entities	2016			
	Assets	Liabilities	Equity	Net income
TUF Empreendimentos e Participações S.A.	478,329	3,911	474,418	15,480
	478,329	**3,911**	**474,418**	**15,480**

Entities	2015 (Unaudited)			
	Assets	Liabilities	Equity	Net income
TUF Empreendimentos e Participações S.A.	351,663	43,696	307,967	17,951
	351,663	**43,696**	**307,967**	**17,951**

c. Non-controlling interest

The summarized financial information, prior to the eliminations of the intercompany balances and transactions, about subsidiaries with non-controlling interest are as follows:

	December 31, 2016		
	MVM Resources International B.V. (Consolidated)	Vale Exploration Argentina S.A.	Total
Current assets	114,627	1,421	116,048
Non-current assets	419,079	1,884	420,963
Total assets	**533,706**	**3,305**	**537,011**
Current liabilities	43,611	49	43,660
Non-current liabilities	99,021	0	99,021
Total liabilities	**142,632**	**49**	**142,681**
Stockholders' equity	**391,074**	**3,256**	**394,330**
Equity attributable to non-controlling interests	234,644	326	234,970
Net income (loss)	**3,130**	**426**	**3,556**
Income (loss) attributable to non-controlling interests	1,878	43	1,921
Dividends paid	**46,652**	**0**	**46,652**
Dividends attributable to non-controlling interests	27,991	0	27,991

	December 31, 2015 (unaudited)		
	MVM Resources International B.V. (Consolidated)	**Vale Exploration Argentina S.A.**	**Total**
Current assets	119,554	624	120,178
Non-current assets	481,300	2,366	483,666
Total assets	**600,854**	**2,990**	**603,844**
Current liabilities	65,137	61	65,198
Non-current liabilities	101,122	0	101,122
Total liabilities	**166.259**	**61**	**166,320**
Stockholders' equity	**434,595**	**2.929**	**437,524**
Equity attributable to non-controlling interests	260,757	293	261,050
Net income (loss)	**16,300**	**(7,195)**	**9,105**
Income (loss) attributable to non-controlling interests	9,780	(720)	9,061
Dividends paid	**66,980**	**0**	**66,980**
Dividends attributable to non-controlling interests	40,188	0	40,188

11 Property, plant and equipment, net

Accounting policy

Property, plant and equipment are evaluated at the cost of acquisition or construction, net of amortization and impairment.

Mineral properties developed internally are determined by (i) direct and indirect costs attributed to build the mine site and plant, (ii) financial charges incurred during the construction period, (iii) depreciation of other fixed assets used during construction, (iv) estimated decommissioning and site restoration expenses, and (v) other capitalized expenditures occurred during the development phase (phase when the project demonstrates its economic benefit to the Group, and the Group has ability and intention to complete the project).

The depletion of mineral properties is determined based on the ratio between production and total proven and probable mineral reserves.

Property, plant and equipment, other than mineral properties are depreciated using the straight-line method based on the estimated useful lives, from the date on which the assets become available for their intended use and are capitalized, except for land which is not depreciated.

The estimated useful lives are as follows:

	Useful life in years
Building and improvement	25-40
Equipment and facilities	10-27
Vehicles	3-8
Mining assets	Production
Others:	
Furniture, utensils and equipment	3-10

The residual values and useful lives of assets are reviewed at the end of each fiscal year and adjusted if necessary.

Gains and losses on disposals of property, plant and equipment items are calculated by comparing the proceeds of the disposals with their net book values and recognized in other operationg expenses, net in the statement of operations at the disposal date.

Maintenance Cost
Significant industrial maintenance costs, including spare parts, assembly services, and others, are recorded in property, plant and equipment and depreciated through the next programmed maintenance overhaul.

Stripping costs
The cost associated with the removal of overburden and other waste materials ("stripping costs") incurred during the development of mines, before production takes place, are capitalized as part of the depreciable cost of the mineral properties. These costs are subsequently amortized over the useful life of the mine.

Post-production stripping costs are included in the cost of inventory, except when a new project is developed to permit access to a significant ore deposits. In such cases, the cost is capitalized as a non-current asset and is amortized during the extraction of the ore deposits, over the useful life of the ore deposits.

Stripping costs are measured at fixed and variable costs directly and indirectly attributable to its removal and, when applicable, net of any impairment losses measured in the same basis adopted for the cash generating unit of which it belongs.

Critical accounting estimates and judgments

The estimations of proven and probable reserves are periodically assessed and updated. These reserves are determined using techniques of generally accepted geological estimations. The calculation of the reserves required the Group to takes positions on future conditions which are uncertain, including future prices of the mineral, exchange and inflation rates, mining technology, licenses availability and production costs. Alterations in some of these positions assumed can significantly impact in the proven reserves and probable reserves of the Group.

The estimated volume of mineral reserves is used as basis for the calculation of depletion of the mineral properties, and also for the estimated useful life which is a major factor to quantify the provision for asset retirement obligation, environmental recovery of mines and impairment of long lived asset. Any changes to the estimates of the volume of mine reserves and the useful lives of assets may have a significant impact on the depreciation, depletion and amortization charges and assessments of impairment.

	Land	Building	Equipment	Vehicles	Construction in progress	Mineral properties	Others	Total
Cost								
Balance at January 1, 2016	**134,233**	**625,829**	**2,100,698**	**66,438**	**177,388**	**2,200,356**	**165,548**	**5,470,490**
Additions (i)	7,303	673	21,790	50	256,603	(46,174)	36,467	276,712
Asset retirement obligation	—	—	—	—	—	27,391	22,699	50,090
Disposal	(115)	(415)	(55,378)	(28)	—	(12,466)	(4,203)	(72,605)
Transfer to non-current assets held for sale	(27,001)	(85,528)	(560,247)	(246)	(13,944)	—	(37,623)	(724,589)
Impairment	(51,983)	—	—	—	—	(1,026,512)	—	(1,078,495)
Transfer to current assets	—	(569)	77	(4,433)	—	—	(1,637)	(6,562)
Transfers	16,401	13,073	94,331	22,399	(153,875)	2,145	5,526	—
Translation adjustment	17,972	103,056	315,657	13,491	36,691	355,310	31,533	873,710
Balance at December 31, 2016	**96,810**	**656,119**	**1,916,928**	**97,671**	**302,863**	**1,500,050**	**218,310**	**4,788,751**
Acummulated Depreciation / Depletion								
Balance at January 1, 2016	**—**	**(250,066)**	**(1,054,026)**	**(44,090)**	**—**	**(230,816)**	**(94,936)**	**(1,673,934)**
Additions	—	(33,071)	(229,582)	(16,156)	—	(5,239)	(39,955)	(324,003)
Disposal	—	96	55,067	29	—	12,469	4,108	71,769
Transfer to non-current assets held for sale	—	28,971	276,019	178	—	—	9,080	314,248
Impairment	—	—	—	—	—	90,324	—	90,324
Transfer to current assets	—	11	684	3,778	—	(2,145)	(118)	2,210
Translation adjustment	—	(45,916)	(160,151)	(10,188)	—	(34,438)	(16,913)	(267,606)
Balance at December 31, 2016	**—**	**(299,975)**	**(1,111,989)**	**(66,449)**	**—**	**(169,845)**	**(138,734)**	**(1,786,992)**
Net Balance at December 31, 2016	**96,810**	**356,144**	**804,939**	**31,222**	**302,863**	**1,330,205**	**79,576**	**3,001,759**

(i) Includes a non-cash amount of US$ 6,865 related to a capital contribution made by Vale.

	Land	Building	Equipment	Vehicles	Construction in progress	Mineral properties	Others	Total
Cost								
Balance at January 1, 2015 (unaudited)	**183,231**	**823,844**	**2,808,287**	**13,857**	**130,284**	**2,524,339**	**175,778**	**6,659,619**
Additions	—	128	58,781	115,942	239,862	946	444	416,103
Impairment reversal	120	890	11	—	18,292	395,299	242	414,854
Disposal	—	(37)	(53,137)	(534)	—	—	(852)	(54,560)
Asset retirement obligation	—	—	(301)	—	—	(45,045)	3,120	(42,226)
Transfer of assets for sale	—	—	(90)	(111)	—	—	(2,172)	(2,373)
Transfers	84	35,901	46,859	(29,004)	(167,156)	70,336	42,980	—
Translation adjustment	(49,201)	(234,897)	(759,712)	(33,712)	(43,894)	(745,519)	(53,992)	(1,920,928)
Balance at January 31, 2015 (unaudited)	**134,233**	**625,829**	**2,100,698**	**66,438**	**177,388**	**2,200,356**	**165,548**	**5,470,489**
Accumulated Depreciation / Depletion								
Balance at January 1, 2015 (unaudited)	**—**	**(313,058)**	**(1,293,781)**	**(9,257)**	**—**	**(243,448)**	**(31,969)**	**(1,891,513)**
Additions	—	(33,173)	(243,749)	(52,886)	—	(43,218)	(27,812)	(400,838)
Impairment reversal	—	—	—	—	—	(3,853)	—	(3,853)
Disposal	—	17	53,064	534	—	—	772	54,387
Transfer of assets for sale	—	—	73	111	—	—	1,901	2,085
Transfers	—	(1,423)	67,459	2,786	—	(17,569)	(51,253)	—
Translation adjustment	—	97,571	362,908	14,622	—	77,271	13,426	565,798
Balance at January 31, 2015 (unaudited)	**—**	**(250,066)**	**(1,054,026)**	**(44,090)**	**—**	**(230,817)**	**(94,935)**	**(1,673,934)**
Net Balance at December 31, 2015 (unaudited)	**134,233**	**375,763**	**1,046,672**	**22,348**	**177,388**	**1,969,539**	**70,613**	**3,796,556**

Borrowing costs relating to property, plant and equipment currently under development or developed during the period, which have been capitalised in ’Construction in progress’ during the period, amounted to US$3,051 (2015: US$4,670) at a weighted-average interest rate of 7.9% (2015: 7.7%).

12 Trade and other payables

Accounting policy

The accounts payable to suppliers are payment obligations for goods and services acquired in the regular course of business, and they are classified as current liabilities if the payment is owed in the regular course of business, by up to one year. After this time period, they are presented in the non-current liabilities. The amounts are initially recognized by the fair value and subsequent measured by the amortized cost.

	2016	2015 (unaudited)
Trade payables	108,532	103,188
Trade payables due to related parties (Note 18)	13,393	32,654
Advances from customers	23,501	16,384
Bonus for customers	12,877	5,097
Royalties	5,119	19,852
Other taxes	22,494	5,186
Other trade payables	35,820	45,613
	221,736	**227,974**

Current	186,995	208,440
Non Current	34,741	19,534
	221,736	**227,974**

13 Supply chain finance (Reverse factoring)

	2016	2015 (unaudited)
Raw material suppliers	73,552	270,472
Imputed interest adjustment	(1,151)	(3,650)
	72,401	**266,822**

The Group has entered into supply chain finance transactions with financial institutions in order to allow suppliers to advance receivables related to the Group's purchases of raw material from foreign suppliers. Interest rates in these transactions were Libor+0.4% a year up to Libor+1.3% a year.

14 Provisions

		2016	(unaudited) 2015
Provision for litigations	14 a.	71,617	59,401
Asset retirement obligation	14 b.	307,559	242,505
		379,176	**301,906**
Current		17,650	11,170
Non Current		361,526	290,736
		379,176	**301,906**

a. ***Provision for litigations***

Accounting policy

A provision is recognized when the Company has a present obligation, formalized or not, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and its amount can be reliably estimated.

Critical accounting estimates and judgments

By their nature, litigations will be resolved when one or more future event occurs or does not occur. Typically, the occurrence or not of such events is outside the Group's control. Legal uncertainties involve the exercise of significant estimates and judgments by management regarding the results of future events.

The Group is part in labor, civil, tax and other ongoing lawsuits, at administrative and court levels. Provisions for losses resulting from lawsuits are estimated and updated by the Group, based on analysis from the Group's internal and external legal advisors.

	2016	**(unaudited) 2015**
Tax (i)	17,918	16,704
Civil	3,384	5,558
Labor (ii)	44,590	32,030
Environmental	5,725	5,109
	71,617	**59,401**

Changes in the provision for litigation are as follows:

	2016	**(unaudited) 2015**
Balance at the beginning of the year	**59,401**	**98,662**
Additions	6,369	20,233
Indexations and interest	6,177	11,434
Payments	(12,325)	(40,417)
Translation adjustment	11,995	(30,510)
Balance at the end of the year	**71,617**	**59,401**

(i) **Provisions for tax litigatitions**

Tax claims mainly refers to discussions related to: (i) interest and fine from the compensation of the tax losses carryforward regarding the profit calculated according to the Brazilian Tax Law for the fiscal year of 1995; (ii) the definition of the risk level criteria of the Labor Accident Insurance (SAT); (iii) notices of infraction from the National Institute of Social Security (INSS) related to the social security law; and (iv) challenges of certain non-cumulative PIS and COFINS credits; (v) charges of value-added tax on services and circulation of goods (ICMS).

(ii) **Provision for labor litigatitions**

Represents individual claims by employees and service providers, primarily involving demands for additional compensation for overtime work, time spent commuting or health and safety conditions; and the Brazilian federal social security administration (''INSS'') regarding contributions on compensation programs based on profits.

(iii) **Contingent liabilities**

Relates to legal and administrative claims, with expectation of loss classified as possible, and for which the recognition of a provision is not considered necessary by the Group, based on legal advice are as follows:

	2016	**(unaudited) 2015**
Tax	521,070	386,510
Civil	320,238	30,894
Labor	273,259	179,693
Environmental	3,420	2,223
	1,117,987	**599,320**

The main risk proceedings in the tax context are related to the Income Tax tax over profit of subsidiaries abroad and credits related to PIS and COFINS inspection. In the civil context, the main proceedings involves Fundação Petrobras de Seguridade Social - PETROS regarding the deficit of the plan.

Additionally to the provisions for litigations, the Group have judicial deposits that as of December 31, 2016 amounts US$61,003 (2015: US$42,860). The judicial deposits are mainly guaranties to that legally required and are registered in the non-current asset of the Group until the legal decision of drawing these deposits by the claimant occurs, unless a favorable decision for the Group's occurs.

(iv) Asset retirement obligation

Accounting policy

Refers to costs related to mine closure, completion of mining activities and decommissioning of assets related to mine. When the provision is recognized, the corresponding cost is capitalized as part of property plant and equipment and is depreciated on the same basis over the related asset and recorded in the statement of operations.

The long-term liability is subsequently measured using a long-term risk free discount rate applicable to the liability and recorded in the statement of operations as financial expenses until the Group makes payments related to mine closure and decommissioning of assets mining.

The accrued amounts of these obligations are not deducted from the potential costs covered by insurance or indemnities.

Critical accounting estimates

The Group applies judgment and assumptions when measuring its asset retirement obligation. The Group recognizes an obligation at the present value of the asset retirement obligations in the period in which they occur. The Group considers the accounting estimates related to closure costs of a mine as a critical accounting policy because they involve significant values for the provision and are estimated using several assumptions, such as interest rate, cost of closure, useful life of the asset considering the current state of closure and the projected date of depletion of each mine. The estimates are reviewed annually.

Refers to the costs for the closure of the mines and closure of the related mining assets. Changes in the provision of asset retirement obligations and long-term interest rates (per annum, used to discount these obligations to present value and to update the provisions) are as follows:

The long-term nominal interests rate used to discount at present value and update of the provision as of December 31, 2016 is 5.73% (2015: 7.30%).

	2016	(unaudited) 2015
Balance at the beginning of the year	**242,505**	**237,918**
Interest expenses	35,019	33,471
Settlements	(11,209)	(12,057)
Revision on cash flows estimates	49,304	(46,371)
Non-current assets held for sale	(50,706)	0
Translation adjustment	42,646	29,544
Balance at the end of the year	**307,559**	**242,505**
Current	17,650	11,170
Non current	289,909	231,335
	307,559	**242,505**

15 Employee benefits

Accounting policy

a. *Short-term benefits - incident salaries, vacations and charges.*
Payments of benefits such as wages or accrued vacation, as well the related social security taxes over those benefits are expensed monthly, on an accruals basis.

b. *Short-term benefits - profit sharing*
The Group has an Annual Incentive Program (AIP) based on team and business units contribution, as well as the Group's performance through operational cash generation. The Group makes an accrual based on the periodic evaluation of goals achieved and Group results, which is based on the present obligation arising from past events in the estimated outflow of resources in the future. The accrual is recorded as cost of goods sold and services rendered or operating expenses in accordance with the activity of each employee.

c. *Long-term benefit - long-term incentive programs*
The Group has established a procedure for awarding certain eligible executives (Matching and Virtual Shares Programs) with the goal of encouraging employee retention and optimum performance. Obligations are measured at each reporting date, at fair values based on market prices. The compensation costs incurred are recognized in income during the vesting period as defined.

d. *Long-term benefit - pension costs and other post-retirement benefits*
The Group has retirement plans for its employees.

For defined contribution plans, the Group's obligations are limited to a monthly contribution linked to a pre-defined percentage of the remuneration of employees enrolled in to these plans.

For defined benefit plans, actuarial calculations are periodically obtained for liabilities determined in accordance with the Projected Unit Credit Method in order to estimate the Group's obligation. The liability recognized in the financial position represents the present value of the defined benefit obligation as at that date, less the fair value of plan assets. The Group recognized in the statement of profit or loss, the interest expense of the obligations and the interest income of the plan assets. The remeasurement of gains and losses, return on plan assets (excluding the amount of interest on return of assets, which is recognized in income for the year) and changes in the effect of the ceiling of the active and onerous liabilities are recognized in other comprehensive income (loss) for the year.

For overfunded plans, the Group does not recognize any assets or benefits in the financial position or statement of profit or loss until such time as the use of the surplus is clearly defined. For underfunded plans, the Group recognizes actuarial liabilities and expenses arising from the actuarial valuation.

Critical accounting estimates and judgments

Post-retirement benefits for employees
The amount recognized and disclosed depend on a number of factors that are determined based on actuarial calculations using various assumptions in order to determine costs and liabilities. One of these assumptions is selection and use of the discount rate. Any changes to these assumptions will affect the amount recognized.

At the end of each year the Group and external actuaries review the assumptions that will be used for the following year. These assumptions are used in determining the fair values of assets and liabilities, costs and expenses and the future values of estimated cash outflows, which are recorded in the plan obligations.

The Group has commitments related to pension plans and other post-retirement benefits, which is mainly related to the Pension Fund - FGTS fine and certain health benefits for employees eligible at the moment of retirement.

The pension plans are divided in the plans below:

- **PETROS Plan**

  The Group, through *Fundação PETROBRAS de Seguridade Social - PETROS*, maintains supplementation plans of the benefits provided by the Social Security, defined benefits, to employees hired up to September 1993 by the Group. In 2012 a corporate reorganization took place that resulted in the companies: Vale Fertilizantes S.A., Araucária Nitrogenados S.A. and Ultrafertil S.A. as sponsors of the Plan. Segregation of the plan among the companies determined group of participants for each sponsor. Observing the proportion between the mathematical reserves of each group and the total mathematical reserves of the Plan after segregation, it was agreed a non-existence of solidarity among sponsors.As at December 31, 2016, the plan has 1,609 participants (2015: 1,609), from which 1,546 are receiving retirement/pension in 2016 (2015: 1,537);

- **Vale Mais Plan**

  Certain of the Group’s employees are participants of plans Vale Mais with components of defined benefit (specific coverage for death, pensions and disability allowances) and components of defined contributions (for programmable benefits). The estimated cost of the plan establishes the level of contribution necessary for the constitution of the reserves guaranteeing benefits, funds, provisions and the coverage of other expenses, in accordance with the criteria established by *PREVIC (Nacional National Superintendence of Complementary Pensions). A*ny technical deficit in this Plan will be covered by the sponsors, participants, including assisted participants and beneficial owners, in proportion to their contributions to the Plan, as provided by the legislation.

  The regular monthly ordinary contribution of the sponsor is: 100% (one hundred percent) of the ordinary monthly contribution of the participant, resulting from the application of the Vale Mais Plan Regulation; plus one hundred percent (100%) of the ordinary monthly contribution of the active participant. In 2016, the contribution made by the company was for a total amount of USD 2,746 (2015: 2,542).

  The sponsor contribution may not exceed the application of the percentage of 9% (nine percent) on the share of the participation salary that exceeds 10 (ten) RU (Reference unit) where each unit represents the amount of USD 1,152.64 considering the minimum contribution of 1% of each participant salary.

  This plan serves the employees not served by PETROS plan and by Vale Fertilizantes plan (former Bungeprev).The defined benefits plan is subject to actuarial evaluations. The defined contribution plan represents a fixed amount held on behalf of the participants.

  Information disclosed is in accordance with Vale S.A (Parent Company) financial statements.

The plan was overfunded as at December 31, 2016 and 2015. As at December 31, 2016, 7,297 Group's employees were participants of this plan (2015: 7,037), from which 24 are receiving retirement/pension in 2016 (2015: 12).

- **Vale Fertilizantes Plan (former Bungeprev)**
  Complementary welfare plan with characteristics of defined benefit, to the employees coming from BPI Participações acquired in 2010. In 2014, the administration of this plan was assumed by VALIA and its name was changed to *Plano Vale Fertilizantes*, with no changes on plan's terms. As at December 31, 2016, the plan has 697 participants (2015: 824).

Employers' disclosure about pensions and other post-retirement benefits on the status of the defined benefit elements of all plans is provided as follows:

a. Change in benefit obligation

	Pension plans	Other benefits
Benefit obligation as at December 31, 2014 (unaudited)	**387,728**	**45,838**
Service costs	1,300	1,289
Interest costs	38,167	4,589
Benefits paid	(24,689)	(844)
Participant contributions	249	—
Effect of changes in the actuarial assumptions	(21,445)	(17,873)
Translation adjustment	(127,822)	(15,334)
Benefit obligation as at December 31, 2015 (unaudited)	**253,488**	**17,666**
Service costs	801	281
Intelrest costs	37,431	2,620
Benefits paid	(29,655)	(706)
Participant contributions	471	—
Effect of changes in the actuarial assumptions	(79,307)	(34,652)
Translation adjustment	212,123	73,947
Benefit obligation as at December 31, 2016	**395,352**	**59,156**

b. Evolution of assets fair value

	Pension plans	Other benefits
Fair value of plan assets as at December 31, 2014 (unaudited)	**350,041**	**—**
Interest income	34,318	—
Employer contributions	2,593	844
Participant contributions	249	—
Benefits paid	(24,689)	(844)
Return on plan assets (excluding interest income)	(17,874)	—
Translation adjustment	(122,625)	—
Fair value of plan assets as at December 31, 2015 (unaudited)	**222,013**	**—**
Interest income	33,003	—
Employer contributions	1,620	706
Participant contributions	471	—
Benefits paid	(29,655)	(706)
Return on plan assets (excluding interest income)	(11)	—
Translation adjustment	43,068	—
Fair value of plan assets as at December 31, 2016	**270,509**	**—**

c. Reconciliation of assets and liabilities recognized in the statement of financial position

Amount recognized in the statement	**Pension plans**	**Other benefits**
Present value of actuarial liabilities	(395,352)	(59,156)
Fair value of assets	270,511	—
Effect of the asset ceiling	(3,824)	—
Translation adjustment - asset ceiling	(567)	—
Transfer to held for sale	—	13,994
Liabilities at end of the year - 2016	**(129,232)**	**(45,162)**

Amount recognized in the statement	**Pension plans**	**Other benefits**
Present value of actuarial liabilities	(253,488)	(17,666)
Fair value of assets	222,014	—
Effect of the asset ceiling	(2,629)	—
Translation adjustment - asset ceiling	23	—
Liabilities at end of the year - 2015 (unaudited)	**(34,080)**	**(17,666)**

d. Costs recognized in the statement of profit or loss

				(unaudited)
		2016		**2015**
	Pension plans	**Other benefits**	**Pension plans**	**Other benefits**
Service cost	801	281	1,300	1,289
Interest on expense on liabilities	37,431	2,620	38,167	4,589
Interest income on plan assets	(33,003)	0	(34,318)	-
Total of cost, net	**5,229**	**2,901**	**5,149**	**5,878**

e. Costs recognized in other comprehensive income

				(unaudited)
		2016		**2015**
	Pension plans	**Other benefits**	**Pension plans**	**Other benefits**
Balance at beginning of the year	**(4,991)**	**13,678**	**(33,082)**	**655**
Effect of changes actuarial assumptions	(76,323)	(33,347)	24,865	20,723
Return on plan assets (excluding interest income)	(1,568)	-	(29,379)	-
Change of asset ceiling / costly liabilities (excluding interest income)	(1,187)	-	(3,048)	-
	(79,078)	**(33,347)**	**(7,562)**	**20,723**
Deferred income tax	26,886	11,338	2,571	(7,045)
Others comprehensive income	**(52,192)**	**(22,009)**	**(4,991)**	**13,678**

f. Actuarial and economic assumptions and sensitivity analysis

All calculations involve future actuarial projections about some parameters, such as: salaries, interest, inflation, the trend of INSS benefits, mortality and disability.

The economic and actuarial assumptions adopted have been formulated considering the long-term period for maturity and should therefore be examined accordingly. In the short term they may not necessarily be realized.

In the evaluations were adopted the following assumptions:

				(unaudited)
		2016		**2015**
	Pension plans	**Other benefits**	**Pension plans**	**Other benefits**
Discount rate to determine benefit obligation	10.98% - 11.14%	11.00% - 11.20%	13.71% - 3.82%	13.5% - 13.60%
Nominal average rate to determine expense/ income	10.98% - 11.14%	N/A	13.71% - 3.82%	N/A
Nominal average rate of salary increase	4.85% - 6.95%	N/A	6.00% - 8.12%	N/A
Nominal average rate of benefit increase	4.85%	N/A	6.00%	N/A
Immediate health care cost trend rate	N/A	8.00%	N/A	9.18%
Ultimate health care cost trend rate	N/A	8.00%	N/A	9.18%
Nominal average rate of price inflation	4.85%	4.85%	6.00%	6.00%

For the sensitivity analysis, the Company considers the effect of 1% in nominal discount rate to determine the actuarial liability. The effects of this change in actuarial liabilities in premise and adopted the average duration of the plan are as follows:

	2016	
	Pension plans	**Other benefits**
Nominal discount rate - 1% increase		
Actuarial liability balance	353,944	50,577
Assumptions made	11.98% - 12.14%	12% - 12.20%
Nominal discount rate - 1% reduction		
Actuarial liability balance	425,044	41,920
Assumptions made	9.98% - 10.14%	10% - 10.20%

16 Cost and expenses by nature

a. Cost of goods sold and services rendered

		(unaudited)
	2016	**2015**
Personnel	(304,368)	(237,457)
Materials	(680,170)	(803,034)
Fuel oil and gas	(101,154)	(92,269)
Services	(294,706)	(267,924)
Energy	(103,786)	(94,662)
Depreciation and depletion	(341,943)	(335,937)
Others	(125,095)	(37,893)
	(1,951,222)	**(1,869,176)**

b. Selling and administrative expenses

	2016	(unaudited) 2015
Personnel	(41,883)	(28,546)
Services	(7,188)	(6,950)
Selling expenses	(3,159)	(3,461)
Advertising and publcity	(1,893)	(646)
Depreciation	(1,224)	(2,035)
Travel expenses	(821)	(711)
Others	(3,105)	(1,030)
	(59,273)	**(43,379)**

c. Others operating expenses, net

	2016	(unaudited) 2015
Provision for litigation	(6,369)	(20,235)
Schedule maintenance	(17,575)	(20,732)
Unscheduled stoppage	(3,985)	(7,074)
Research and development expenses	(16,247)	(82,179)
Disposal of assets	2,000	4,966
(Loss) / Gain of tax credits from previous years	(3,347)	20,877
(Impairment) reversal of non current assets	(1,018,719)	21,115
Depreciation	(2,325)	(1,970)
Environmental provision	(9,929)	(17,708)
Others	(9,637)	(10,265)
	(1,086,133)	**(113,205)**

17 Financial Result, net

	2016	(unaudited) 2015
Financial income		
Interest on cash and cash equivalentes	12,511	15,977
Indexation and exchange rate variation	70,439	28,145
Others	1,203	2,096
	84,153	**46,218**
Financial expenses		
Indexation and exchage rate variation	(47,326)	(181,089)
Imputed interest expense	(6,142)	(2,219)
Others	(10,830)	(11,257)
	(64,298)	**(194,565)**
Financial result, net	**19,855**	**(148,347)**

18 Related Parties

In the normal course of operations, the Group enters into contracts with related parties, related to the sale and purchase of products and services, sale of raw material and railway transportation services.

The balances of these related party transactions and their effects on the financial statements are as follows:

(i) **Financial position**

	December 31, 2016		
Assets	**Trade receivables**	**Other**	**Held for sale**
Current			
Parent			
Vale S.A.	429	—	2,828
Others			
Salobo Metais S.A.	—	—	1,625
Vale Cubatão Fertilizantes Ltda.	—	—	24
Vale Technology Development Canada	3	—	—
Vale International	8,474	—	—
FCA - Ferrovia Centro-Atlântica S.A.	—	1,509	—
Associates			
TUF Empreend. e Participações S.A.	—	743	—
	8,906	**2,252**	**4,477**
Non-current			
Parent			
Vale S.A.	—	6	—
Others			
FCA - Ferrovia Centro-Atlântica S.A.	—	13,584	—
	—	**13,590**	**—**
Total assets	**8,906**	**15,842**	**4,477**

	December 31, 2016			
Liabilities	**Trade payables**	**Borrowings**	**Other**	**Held for sale**
Current				
Parent				
Vale S.A.	—	—	396	—
Others				
Ultrafertil S.A.	2,157	—	—	173
Vale Cubatão Fertilizantes Ltda.	—	—	—	10,692
Mitsui	10,633	—	—	—
FCA - Ferrovia Centro-Atlântica S.A.	207	—	—	30
BNDES	—	17,447	—	—
	12,997	**17,447**	**396**	**10,895**
Non-current				
Others				
BNDES	—	15,889	—	—
	—	**15,889**	**—**	**—**
Total liabilities	**12,997**	**33,336**	**396**	**10,895**

	December 31, 2015	
Assets	**Trade receivables**	**(unaudited) Other**
Current		
Parent		
Vale S.A.	9,385	—
Associates		
TUF Empreend. e Participações S.A.		906
Others		
Ultrafétril S.A	1,740	—
Vale International	6,623	
Salobo Metais S.A.	1,710	—
VLI Operações Portuárias S.A.	25	—
	19,483	**906**
Parent		
Vale S.A.	13,243	—
	13,243	**—**
Total assets	**32,726**	**906**

	December 31, 2015		
Liabilities	**Trade payables**	**Borrowings**	**(unaudited) Other**
Current			
Parent			
Vale S.A.	6,879	—	—
Others			
Ultrafertil S.A.	1,995	—	—
Salobo Metais S.A.	—	—	14
Vale Cubatão Fertilizantes Ltda.	6,518	—	—
Vale Technology Development Canada	3,263	—	—
Vale Canada Limited	1,812	—	—
Komatsu	8,123	—	—
FCA - Ferrovia Centro-Atlântica S.A.	4,050	—	—
BNDES	—	15,314	—
	32,640	**15,314**	**14**
Non-current			
Others			
BNDES	—	27,928	—
	—	**27,928**	**—**
Total liabilities	**32,640**	**43,242**	**14**

(i) **Statement of profit or loss**

	December 31, 2016		
Income	**Net revenue**	**Cost and expenses**	**Financial expenses**
Parent			
Vale S.A. (i)	37,879	1,498	—
Others			
Vale International (ii)	182.525	176,242	—
Salobo Metais S.A.	18,147	—	—
Ultrafertil S.A.	—	37,115	—
FCA - Ferrovia Centro-Atlântica S.A.	—	19,219	—
Vale Energia	—	11,207	—
MRC Equipamentos Ferroviarios DZOT-FC Ltda.	—	7,174	—
MRC Serviços Ferroviários CBRJ AL Ltda.	—	2,341	—
BNDES	—	—	3,051
	238,551	**254,796**	**3,051**

	December 31, 2015		
			(unaudited)
Income	**Net revenue**	**Cost and expenses**	**Financial expenses**
Parent			
Vale S.A. (i)	57,225	1,499	—
Others			
Vale International (ii)	219,576	206,296	
Salobo Metais S.A.	15,666	—	—
Vale Cubatão Fertilizantes Ltda.	—	3,086	—
BNDES.	—	40,840	—
Vale Energia	—	7,327	—
MRC Equipamentos Ferroviarios DZOT-FC Ltda.	—	7,531	—
MRC Serviços Ferroviários CBRJ AL Ltda.	—	2,496	—
Ultrafértil S.A	—	—	4,668
	292,467	**269,075**	**4,668**

(i) Amount of of USD 1,498 relates to corporate expenses performed by Vale S.A for Fertilizer Business. See note 2.a.ii

(ii) Amount relate to sales, costs and expenses of Vale International in the purchase of phosphate rock from Miski Mayo and its sale to the market. These are included in these carve-out combined consolidated financial statements - see note 2.a.ii and 2.b.i

19 Risk management

Vale Fertilizantes as part of Vale S.A. Group applies the Vale S.A. risk management strategy. That considers an effective risk management is key to support the achievement of the objectives and to ensure the financial strength and flexibility of the companies and the business continuity. Therefore, Vale S.A. has developed its risk management strategy in order to provide an integrated approach of the risks the companies are exposed toconsidering not only the risks generated by variables traded in financial markets (market risk) and those arising from liquidity risk, but also the risk from counterparties obligations (credit risk) and those relating to inadequate or failed internal processes, people, systems or external events (operational risk), among others.

a) Risk management policy

The Board of Directors of Vale established a corporate risk management policy defining principles and guidelines applicable to this process in the Group and the corresponding governance structure.

This policy determines that corporate risks should be measured and monitored, regularly, in an integrated manner, in order to ensure that the Group overall risk level remains aligned with its strategic guidelines.

The Executive Risk Management Committee, created by the Board of Directors of Vale, is responsible for supporting the Executive Board in the risk management decisions, issuing opinions and recommendations. It is also responsible for the supervision and revision of the principles and instruments of corporate risk management.

The Executive Board is responsible for the approval of the policy deployment into norms, rules and responsibilities and for reporting to the Board of Directors of Vale about such procedures.

The risk management standards and instructions complement the corporate risk management policy and define practices, processes, controls, roles and responsibilities.

The Group may, when necessary, allocate specific risk limits to management activities, including but not limited to, market risk limit, corporate and sovereign credit limit, in accordance with the acceptable corporate risk limit.

b) Liquidity risk management

The liquidity risk arises from the possibility that the Group might not perform its obligations on due dates, as well as face difficulties to meet its cash requirements due to market liquidity constraints.

The table below analyzes the non-derivative financial liabilities, by expiration ranges, corresponding to the remaining time period in the balance sheet up to the contractual date of the expiration. The values divulged in the table are contracted non-discounted cash flows.

	2016				
	Accounting balance	**Total**	**Less than one year**	**From one to two years**	**From two to five years**
Loans and borrowings	33,336	35,813	19,304	16,509	0
Trade payables	107,381	107,381	107,381	0	0
Supply chain finance	72,401	72,401	72,401	0	0
Other trade payables	58,314	61,281	35,880	23,692	1,709
	271,432	**276,876**	**234,966**	**40,201**	**1,709**

c) Credit risk management

The Group exposure to credit risk arises from trade receivables, guarantees, supply chain finance and cash investments. The Group credit risk management process provides a framework for assessing and managing counterparties' credit risk and for maintaining our risk at an acceptable level.

(i) Commercial credit risk management

For the commercial credit exposure, which arises from sales to final customers, the risk management area, in accordance with the current delegation level, approves or request the approval of credit risk limits for each counterparty.

Vale Fertilizantes attributes an internal credit risk rating for each counterparty using its own quantitative methodology for credit risk analysis, which is based on market prices, external credit ratings and financial information of the counterparty, as well as qualitative information regarding the counterparty's strategic position and history of commercial relations.

Based on the counterparty's credit risk, risk mitigation strategies may be used to manage the Group's credit risk. The main credit risk mitigation strategies include non-recourse discount of receivables, insurance instruments, letters of credit, corporate and bank guarantees, mortgages, among others.

The Group has a diversified accounts receivable portfolio from a geographical standpoint and according to each region, different guarantees can be used to enhance the credit quality of the receivables.

(ii) Treasury credit risk management

To manage the credit exposure arising from cash investments, credit limits are approved to each counterparty with whom we have credit exposure.

Furthermore, we control the portfolio diversification and monitor different indicators of solvency and liquidity of the different counterparties that were approved for trading.

d) Market risk management

The Group is exposed to the behavior of several market risk factors that can impact its cash flow. The assessment of this potential impact arising from the volatility of risk factors and their correlations is performed periodically to support the decision making process regarding the risk management strategy, that may incorporate financial instruments, including derivatives.

The portfolio of these financial instruments is monitored on a monthly basis, enabling overview of financial results and its impact on cash flow.

Considering the nature of the Group's business and operations, the main market risk factors which the Group is exposed to are:
Foreign exchange and interest rates;
Product prices and input costs.

e) Foreign exchange and interest rate risk

The Group's cash flow is subjected to volatility of several currencies, as its product are predominantly priced in US dollar, while most of the costs, disbursements and investments are denominated in other currencies, mainly Brazilian real.

In order to reduce the potential impact that arises from this currency mismatch, derivatives instruments may be used as a risk mitigation strategy.

The Group has also exposure to interest rates risks over loans and financings. The US Dollar floating rate debt in the portfolio consists mainly of loans including commercial banks.

Currency exposure
The currency exposure is primarily indexed to the US Dollars as following:

		(unaudited)
	2016	**2015**
Liabilities		
Loans and borrowings	(3,154)	(5,106)
Suppliers	(10,480)	(14,400)
Supply chain finance	(72,401)	(266,822)
Currency exposure	(86,035)	(286,328)

The following exchange rates were applied during the year

	Average rate		**Closing rate**	
		(unaudited)		**(unaudited)**
	2016	**2015**	**2016**	**2015**
USD	**3.4833**	**3.3387**	**3.2591**	**3.9048**

Sensitivity analysis

Taking into account the current exposition of the Group to the risk of changes in the exchange rates, a possible devaluation of the Real in relation to the North American dollar will cause an unfavorable effect to the Group.

From the exchange rate from December 31, 2016 (R$ 3.2591 per US$ 1.00), the Group took the following scenarios into account: (i) probable - additional devaluation of 7.39% with regards to the rate of December 31st, 2016 (FOCUS/BACEN report released in January 2nd, 2017), with rate of BRL 3.50 per USD 1.00; (ii) possible - additional devaluation of 25% with regards to the rate of December 31st, 2016, with rate of BRL 4.07 per USD 1.00; and (iii) remote - additional devaluation of 50% with regards to the rate from December 31, 2016, with exchange reaching BRL 4.89 per USD 1.00.

Taking into account the behavior of the exchange rates for the mentioned dates and scenarios, the administration estimates that the Group would incur in the following losses.

Exchange risk	**Probable**	**Possible**	**Remote**
	FOCUS/BACEN +		
Exchange increase from	7.39% (BRL 3.50	+ 25% (BRL 4.07	+ 50% (BRL 4.89
BRL 3.2591 per USD 1.00	per USD 1.00)	per USD 1.00)	per USD 1.00)
Loans and borrowings	(233)	(788)	(1,577)
Suppliers and suppliers chain finance	(11,327)	(38,318)	(76,636)
Total effect on the result	(11,560)	(39,106)	(78,213)

f) Risk of product and input prices

The Group is also exposed to market risks including commodities price and input price volatilities. In accordance with risk management policy, risk mitigation strategies involving commodities can be used to adjust the cash flow risk profile and reduce the Group’s cash flow volatility.

g) Operational risk management

The operational risk management is the structured approach that the Group uses to manage uncertainty related to possible inadequate or failure in internal processes, people, systems and external events.

The main operational risks are periodically monitored, ensuring the effectiveness of preventive and mitigating key controls in place and the execution of the risk treatment strategy (implementation of new or improved controls, changes in the risk environment, risk sharing by contracting insurance, provisioning of resources, etc.).

Therefore, the Group seeks to have a clear view of its major risks, the best cost-benefit mitigation plans and the effectiveness of the controls in place, monitoring the potential impact of operational risk and allocating capital efficiently.

h) Risks of interest rates

The Group has financings contracted in national currency, subordinated to the interest rate bound to the Long-Term Interest Rate - TJLP. The risks inherent to these liabilities arise due to the possibility of existing fluctuations in these rates. The Group has not negotiated contracts of derivatives for making coverage for this risk because it understands that the risk is mitigated by the existence of assets indexed to the CDI.

The analysis of interests sensitiveness on the financings used as probable scenarios to TJLP the current 7.5%. The administration understands that the risk related to the interest rate refers to a potential increase of interests. Scenarios I and II take into account an increase in this rate of 25% and of 50%, respectively.

	Probable scenario	**Scenario I**	**Scenario II**
TJLP (per year)	7.5% (TJLP)	7.50% (TJLP+25%)	7.50% (TJLP+50%)
Projected interests - total effect on the result	(973)	(1,208)	(1,437)

The analysis of interests sensitivities on the receivables used as probable scenarios to CDI the current 14%. The administration understands that the risk related to the interest rate refers to a potential decrease of interests. Scenarios I and II take into account an decrease in this rate of 25% and of 50%, respectively.

	Probable scenario	**Scenario I**	**Scenario II**
CDI (per year)	14.0% (CDI)	10.5% (CDI-25%)	7.0% (CDI-50%)
Projected interests - total effect on the result	27,204	20,403	13,602

i) Capital management

The Group's policy aims at establishing a capital structure that will ensure the continuity of our business in the long term. Within this perspective, the Group has been able to deliver value to stockholders through dividend payments and capital gain, and at the same time maintain a debt profile suitable for its activities, with an amortization well distributed over the years, thus avoiding a concentration in one specific period.

According to the summary below, the Group presented net debt on December 31st, 2016 and 2015.

		(unaudited)
	2016	**2015**
Total liabilities	1,179,933	1,164,100
Less: cash and cash equivalents	(104,419)	(221,798)
Net debt	1,075,514	942,302
Net assets	4,043,612	4,082,476
Leverage ratio	0.27	0.23

j) Insurance

The Group contracts several types of insurance policies, such as operational risk policy, engineering risks insurance (projects), civil responsibility, life insurance policy for their employees, among others. The coverage of these policies is similar to the ones used in general by the mining industry and is issued in line with the objectives defined by the Group, with the corporate risk management policy and the limitation imposed by the insurance and reinsurance global market. In general, the Group's assets directly related with its operations are included in the coverage of insurance policies.

Insurance management is performed with the support of existing insurance committees in the various operational areas of the Group. Among the management instruments, Vale uses captive reinsurance to balance the price on reinsurance contracts with the market, as well as, enable direct access to key international markets of insurance and reinsurance.

20 Financial Instruments Classification

The Group classifies its financial instruments in accordance with the purpose for which they were acquired, and determines the classification and initial recognition according to the following categories:

	December 31, 2016		(unaudited) December 31, 2015	
	Loans and receivables or amortized cost	**Total**	**Loans and receivables or amortized cost**	**Total**
Financial assets				
Current				
Cash and cash equivalents	104,419	104,419	221,798	221,798
Judicial deposits	61,003	61,003	42,860	42,860
Trade receivables	64,915	64,915	65,048	65,048
Trade receivables due from related parties	11,158	11,158	20,389	20,389
	241,495	**241,495**	**350,095**	**350,095**
Non-current				
Trade receivables due from related parties	13,590	13,590	13,243	13,243
	13,590	**13,590**	**13,243**	**13,243**
Total of financial assets	**255,085**	**255,085**	**363,338**	**363,338**
Financial liabilities				
Current				
Trade payables	107,381	107,381	99,538	99,538
Supply chain finance	72,401	72,401	266,822	266,822
Loans and borrowings	17,447	17,447	15,314	15,314
Finance leases	4,506	4,506	4,083	4,083
Trade payables due to related parties	13,393	13,393	32,654	32,654
	215,128	**215,128**	**418,411**	**418,411**

Due to the short-term cycle, the fair value of cash and cash equivalents balances, financial investments, accounts receivable and accounts payable approximate their book values.

The classification of financial assets and liabilities by currencies are as follows:

	December 31, 2016					
	R$	**US$**	**EUR**	**CAD**	**ARS**	**Total**
Financial assets						
Current						
Cash and cash equivalents	40,963	61,710	520	871	355	104,419
Judicial deposits	61,003	0	0	0	0	61,003
Trade receivables	56,979	7,842	0	94	0	64,915
Trade receivables due from related parties	11,155	0	0	3	0	11,158
	170,100	**69,552**	**520**	**968**	**355**	**241,495**
Non-current						
Trade receivables due from related parties	13,590	0	0	0	0	13,590
	13,590	**0**	**0**	**0**	**0**	**13,590**
Total of financial assets	**183,690**	**69,552**	**520**	**968**	**355**	**255,085**
Financial liabilities						
Current						
Trade payables	90,602	15,664	0	0	1,115	107,381
Supply chain finance	0	72,401	0	0	0	72,401
Loans and borrowings	17,447	0	0	0	0	17,447
Finance leases	0	4,506	0	0	0	4,506
Trade payables due to related parties	2,369	11,024	0	0	0	13,393
	110,418	**103,595**	**0**	**0**	**1,115**	**215,128**
Non-current						
Loans and borrowings	15,889	0	0	0	0	15,889
Trade payables due to related parties	0	52,694	0	0	0	52,694
	15,889	**52,694**	**0**	**0**	**0**	**68,583**
Total of financial liabilities	**126,307**	**156,289**	**0**	**0**	**1,115**	**283,711**

	(unaudited) December 31, 2015					
	R$	**US$**	**EUR**	**CAD**	**ARS**	**Total**
Financial assets						
Current						
Cash and cash equivalents	127,539	91,469	858	315	1,617	221,798
Judicial deposits	42,860	0	0	0	0	42,860
Trade receivables	64,941	0	0	107	0	65,048
Trade receivables due from related parties	20,389	0	0	0	0	20,389
	255,729	**91,469**	**858**	**422**	**1,617**	**350,095**
Non-current						
Trade receivables due from related parties	13,243	0	0	0	0	13,243
	13,243	**0**	**0**	**0**	**0**	**13,243**
Total of financial assets	**268,972**	**91,469**	**858**	**422**	**1,617**	**363,338**
Financial liabilities						
Current						
Trade payables	78,665	19,732	0	0	1,141	99,538
Supply chain finance	0	266,822	0	0	0	266,822
Loans and borrowings	15,314	0	0	0	0	15,314
Finance leases	0	4,083	0	0	0	4,083
Trade payables due to related parties	19,456	8,123	0	5,075	0	32,654
	113,435	**298,760**	**0**	**5,075**	**1,141**	**418,411**
Non-current						
Loans and borrowings	27,928	0	0	0	0	27,928
Trade payables due to related parties	0	57,199	0	0	0	57,199
	27,928	**57,199**	**0**	**0**	**0**	**85,127**

Total of financial liabilities	**141,363**	**355,959**	**0**	**5,075**	**1,141**	**503,538**

21 Commitments

The table below sets forth the annual minimum, required and non-cancelable, future payments related to the contractual obligations assumed by the Group as of December 31.

	2017	2018	2019	2020	2021 and thereafter
Operating lease	108,193	84,464	12,216	6,681	6,718
Total minimum payments required	**108,193**	**84,464**	**12,216**	**6,681**	**6,718**

The Group has operating leases for vehicles, machinery and equipment, as well as property leases for its operational facilities with third parties.

The total amount of operational leasing expenses for the year ended on December 31, 2016 was US$26,599 (2015: US$9,936).

22 Subsequent events

On January 30, 2017, by decision of Vale S.A., the Group settled in full the balances of loans and financings registered in the current and non-current liabilities.

Vale S.A sent as AFAC (Advanced payment for future increase of capital), the amount of USD 163,734, in September 2017, which will remain in classified as a AFAC until the next Extraordinary General Meeting in 2017.

The spin-off of Cubatão (SP) nitrogen and phosphate units into Vale Cubatão Fertilizantes Ltda. was completed on July 1, 2017 as part of the foregoing conditions for the conclusion of the acquisition of Vale Fertilizantes Group from Vale S.A. by Mosaic. Net assets transferred to Vale Cubatão is represented by amount of USD 367,396 based on appraisal report issued on July 1, 2017 (Note 8).

In August 2017, CADE (Administrative Council for Economic Defense), a Brazilian antitrust authority approved, without restrictions, the acquisition of Vale Fertilizantes by Mosaic.

On November 17, 2017 Vale S.A. announced that it entered into a quota purchase agreement with Yara International ASA (Yara), a company listed on the Oslo Stock Exchange, to sell its fully owned subsidiary Vale Cubatão Fertilizantes Ltda., which currently owns and operates the nitrogen and phosphate assets located in Cubatão, Brazil.

The purchase price is US$ 255,000 to be paid in cash upon the closing of the transaction contemplated by the purchase agreement, which is expected to occur in the second semester of 2018. Consummation of the transaction is subject to the satisfaction of various conditions precedent, including the approval of the CADE and other authorities and a third party’s determination not to exercise, or to waive, by the end 2017, its right of first refusal on the same terms and conditions as proposed by Yara.

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Section 5: EX-99.3 (EXHIBIT 99.3 - UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS)

Exhibit 99.3

Summary Unaudited Pro Forma Condensed Combined Financial Data of The Mosaic Company and Vale Fertilizantes S.A.

On January 8, 2018, The Mosaic Company (“Mosaic” or “Company”) completed its acquisition (the “Acquisition”) of the global phosphate and potash operations of Vale Fertilizantes S.A. (“Vale Fertilizantes”) pursuant to an agreement entered into on December 19, 2016 and amended on

December 28, 2017. The consideration paid by Mosaic at closing, valued at approximately $2.0 billion, was comprised of approximately $1.08 billion in cash (after giving effect to certain adjustments based on matters such as the working capital of Vale Fertilizantes, which were estimated at closing) and 34,176,574 shares of Mosaic common stock, par value $0.01 per share. The final purchase price is subject to determination of the actual working capital of Vale Fertilizantes at closing, a fair value determination of potential contingent consideration of up to $260 million, and evaluation of other consideration associated with assumed liabilities. The assets acquired by Mosaic include five Brazilian phosphate rock mines; four Brazilian chemical plants; a potash mine in Brazil; an additional 40% economic interest in the Miski Mayo Mine in Peru, which increased Mosaic's aggregate interest to 75%; and a potash project in Kronau, Saskatchewan.

The following unaudited pro forma condensed combined financial statements are based on the historical financial statements of Mosaic and the carve-out historical financial statements of Vale Fertilizantes after giving effect to the Acquisition and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The effective date of the Acquisition was January 8, 2018. Vale Fertilizantes has prepared its carve-out historical financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

The following selected unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting, with Mosaic being the acquiring entity, and reflects estimates and assumptions deemed appropriate by Company management to give effect to the Acquisition as if it had been completed effective September 30, 2017, with respect to the Unaudited Pro Forma Condensed Combined Balance Sheet, and as of January 1, 2016 (the beginning of the Company's 2016 fiscal year), with respect to the Unaudited Pro Forma Condensed Combined Income Statement.

The preliminary allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based upon preliminary estimates. The preliminary estimated fair values of certain assets and liabilities have been determined with the assistance of a third-party valuation firm and such firm's preliminary work. Mosaics' estimates and assumptions are subject to change during the measurement period (up to one year from the acquisition date) as Mosaic finalizes the valuations of certain tangible and intangible assets acquired and liabilities assumed in connection with the Acquisition.

The unaudited pro forma combined financial statements are presented for informational purposes only. It is not intended to represent or be indicative of the results of operations or financial position of Mosaic that would have been reported had the Acquisition been completed as of the dates presented, and should not be taken as representative of the future results of operations or financial position of Mosaic. The unaudited pro forma financial statements, including the notes thereto, do not reflect any potential operating efficiencies and cost savings that Mosaic may achieve with respect to the combined companies. The unaudited pro forma combined financial statements and notes thereto should be read in conjunction with the historical financial statements of Mosaic included in the annual report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 15, 2017, and in conjunction with the subsequent quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2017 filed with the SEC on November 3, 2017, and in conjunction with the historical financial statements of Vale Fertilizantes included in Exhibits 99.1 and 99.2 of the Company's Form 8-K/A to which this Exhibit 99.3 is attached. The unaudited key pro forma financial data as a result of the Acquisition is as follows:

in millions, except per share data	As of and for the nine months ended September 30, 2017	For the year ended December 31, 2016
Results of operations		
Net sales	$ 6,199.4	$ 8,361.8
Cost of goods sold	5,741.6	7,505.5
Net earnings (loss) including noncontrolling interests	195.5	235.6
Net earnings (loss) attributable to Mosaic	203.0	232.4
Basic net earnings per share attributable to Mosaic	0.53	0.60
Diluted net earnings per share attributable to Mosaic	0.53	0.60
Balance sheet data		
Total assets	$ 21,477.4	
Total liabilities	$ 10,214.3	
Other selected data		
EBITDA	932.0	1,200.9
Weighted average common shares outstanding - basic	385.1	384.6
Weighted average common shares outstanding - diluted	386.1	385.9

A reconciliation of EBITDA to income (loss) determined in accordance with GAAP for the nine months ended September 30, 2017 and is provided below:

Nine months ended September 30, 2017

	Historical			
	The Mosaic Company	Vale Fertilizantes	Pro forma adjustments	Pro forma combined
Income (loss) from continuing operations	$ 323.9	$ (140.3)	$ 19.4	$ 203.0
Add Back:				
Interest expense, net	98.4	0.9	43.9	143.2
Provision (Benefit) for income taxes	4.7	(79.0)	33.5	(40.8)
Depreciation and amortization expense	493.5	233.2	(100.1)	626.6
EBITDA	$ 920.5	$ 14.8	$ (3.3)	$ 932.0

A reconciliation of EBITDA to income (loss) from continuing operations determined in accordance with GAAP for the year ended December 31, 2016 is provided below:

Year ended December 31, 2016

	Historical			
	The Mosaic Company	Vale Fertilizantes	Pro forma adjustments	Pro forma combined
Income (loss) from continuing operations	$ 297.8	$ (801.0)	$ 735.6	$ 232.4
Add Back:				
Interest expense, net	112.4	(17.1)	65.2	160.5
Provision (Benefit) for income taxes	(74.2)	(335.1)	328.6	(80.7)
Depreciation and amortization expense	711.2	298.8	(121.3)	888.7
EBITDA	$ 1,047.2	$ (854.4)	$ 1,008.1	$ 1,200.9

The Mosaic Company

Unaudited Pro Forma Condensed Combined Statement of Earnings

For the nine months ended September 30, 2017

In millions, except per share amounts

	Historical		Pro Forma		
	The Mosaic Company	Vale Fertilizantes	Adjustments	Note 3	Combined
Net sales	$ 5,317.5	$ 1,374.5	$ (492.6)	(A)	$ 6,199.4
Cost of goods sold	4,754.8	1,521.3	(534.5)	(B)	5,741.6
Gross margin	562.7	(146.8)	41.9		457.8
Selling, general and administrative expenses	218.2	38.4	11.7	(C)	268.3
Other operating expenses (income)	5.9	44.8	(63.2)	(D)	(12.5)
Operating earnings (loss)	338.6	(230.0)	93.4		202.0
Interest expense, net	(98.4)	(0.9)	(43.9)	(E)	(143.2)
Foreign currency transaction gain	76.6	0.4	—		77.0
Other expenses	(2.0)	(9.2)	1.6	(F)	(9.6)
Earnings (loss) from consolidated companies before income taxes	314.8	(239.7)	51.1		126.2
Provision for (benefit from) for income taxes	4.7	(79.0)	33.5	(G)	(40.8)
Earnings (loss) from consolidated companies	310.1	(160.7)	17.6		167.0
Equity in net earnings of nonconsolidated companies	15.5	—	13.0	(H)	28.5
Net earnings (loss) including noncontrolling interests	325.6	(160.7)	30.6		195.5
Less: Net earnings (loss) attributable to noncontrolling interests	1.7	(20.4)	11.2	(I)	(7.5)
Net earnings (loss) attributable to Mosaic	$ 323.9	$ (140.3)	$ 19.4		$ 203.0
Basic net earnings per share attributable to Mosaic	$ 0.92				$ 0.53
Basic weighted average number of shares outstanding	350.9			(J)	385.1
Diluted net earnings per share attributable to Mosaic	$ 0.92				$ 0.53
Diluted weighted average number of shares outstanding	351.9			(J)	386.1

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements

The Mosaic Company
Unaudited Pro Forma Condensed Combined Statement of Earnings
For the year ended December 31, 2016
In millions, except per share amounts

	Historical		Pro Forma		
	The Mosaic Company	Vale Fertilizantes	Adjustments	Note 3	Combined
Net sales	$ 7,162.8	$ 1,939.2	$ (740.2)	(A)	$ 8,361.8
Cost of goods sold	6,352.8	1,951.2	(798.5)	(B)	7,505.5
Gross margin	810.0	(12.0)	58.3		856.3
Selling, general and administrative expenses	304.2	59.3	1.1	(C)	364.6
Other operating expenses (income)	186.8	1,082.7	(1,071.9)	(D)	197.6
Operating earnings (loss)	319.0	(1,154.0)	1,129.1		294.1
Interest expense, net	(112.4)	17.1	(65.2)	(E)	(160.5)
Foreign currency transaction gain	40.1	40.9	—		81.0
Other expenses	(4.3)	(38.2)	—	(F)	(42.5)
Earnings (loss) from consolidated companies before income taxes	242.4	(1,134.2)	1,063.9		172.1
(Benefit from) provision for income taxes	(74.2)	(335.1)	328.6	(G)	(80.7)
Earnings (loss) from consolidated companies	316.6	(799.1)	735.3		252.8
Equity in net loss of nonconsolidated companies	(15.4)	—	(1.8)	(H)	(17.2)
Net earnings (loss) including noncontrolling interests	301.2	(799.1)	733.5		235.6
Less: Net earnings (loss) attributable to noncontrolling interests	3.4	1.9	(2.1)	(I)	3.2
Net earnings (loss) attributable to Mosaic	$ 297.8	$ (801.0)	$ 735.6		$ 232.4
Basic net earnings per share attributable to Mosaic	$ 0.85				$ 0.60
Basic weighted average number of shares outstanding	350.4			(J)	384.6
Diluted net earnings per share attributable to Mosaic	$ 0.85				$ 0.60
Diluted weighted average number of shares outstanding	351.7			(J)	385.9

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements

The Mosaic Company
Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2017
In millions, except per share amounts

	Historical		Pro Forma		
	The Mosaic Company	Vale Fertilizantes	Adjustments	Note 4	Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 685.7	$ 63.0	$ 161.2	(A)	$ 909.9
Receivables, net	592.3	75.1	27.3	(B)	694.7
Inventories	1,666.2	349.9	(54.3)	(C)	1,961.8
Other current assets	431.3	125.3	(40.6)	(D)	516.0
Assets held for sale	—	562.3	(562.3)	(E)	—
Total current assets	3,375.5	1,175.6	(468.7)		4,082.4
Property, plant and equipment, net	9,696.3	3,067.7	(949.0)	(F)	11,815.0
Investments in nonconsolidated companies	1,138.9	93.9	(161.0)	(G)	1,071.8
Goodwill	1,703.4	—	—		1,703.4
Deferred income taxes	765.1	605.0	(141.3)	(H)	1,228.8
Other assets	1,123.9	510.5	(58.4)	(I)	1,576.0
Total assets	$ 17,803.1	$ 5,452.7	$ (1,778.4)		$ 21,477.4
Liabilities and Equity					
Current liabilities:					
Short-term debt	$ 58.6	$ —	$ —		$ 58.6
Current maturities of long-term debt	134.2	4.8	1.9	(J)	140.9
Structured accounts payable arrangements	370.4	68.8	2.3	(K)	441.5
Accounts payable	547.9	347.7	(0.2)	(L)	895.4
Accrued liabilities	786.7	—	62.4	(M)	849.1
Liabilities held for sale	—	184.5	(184.5)	(E)	—
Total current liabilities	1,897.8	605.8	(118.1)		2,385.5
Long-term debt, less current maturities	3,722.3	49.0	1,255.6	(N)	5,026.9
Deferred income taxes	1,072.6	—	—		1,072.6
Other noncurrent liabilities	954.9	827.5	(53.1)	(O)	1,729.3
Equity:					
Preferred stock, $0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of September 30, 2017	—	—	—		—
Common stock, $0.01 par value, 1,000,000,000 shares authorized, 388,998,498 shares issued and 385,226,223 shares outstanding as of September 30, 2017	3.5	—	0.3		3.8
Capital in excess of par value	39.8	12,308.6	(11,388.9)		959.5
Retained earnings	11,079.8	(3,498.0)	3,498.0		11,079.8
Accumulated other comprehensive income (loss)	(1,008.9)	(5,054.8)	5,054.8		(1,008.9)
Total Mosaic stockholders' equity	10,114.2	3,755.8	(2,835.8)	(P)	11,034.2
Non-controlling interests	41.3	214.6	(27.0)	(Q)	228.9
Total equity	10,155.5	3,970.4	(2,862.8)		11,263.1
Total liabilities and equity	$ 17,803.1	$ 5,452.7	$ (1,778.4)		$ 21,477.4

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Tables in millions, except per share amounts

Note 1. Description of Transaction and Preliminary Purchase Price Allocation

On January 8, 2018, Mosaic completed the acquisition of the global phosphate and potash operations of Vale Fertilizantes pursuant to an agreement entered into on December 19, 2016 and amended on December 28, 2017. The consideration paid by Mosaic at closing, valued at approximately $2.0 billion, was comprised of approximately $1.08 billion in cash (after giving effect to certain adjustments based on matters such as the working capital of Vale Fertilizantes, which were estimated at closing) and 34,176,574 shares of Mosaic common stock, par value $0.01 per share. The final purchase price is subject to determination of the actual working capital of Vale Fertilizantes at closing, a fair value determination of potential contingent consideration of up to $260 million, and evaluation of other consideration associated with assumed liabilities. The assets acquired by Mosaic include five Brazilian phosphate rock mines; four Brazilian chemical plants; a potash mine in Brazil; an additional 40% economic interest in the Miski Mayo Mine in Peru, which increased Mosaic's aggregate interest to 75%; and a potash project in Kronau, Saskatchewan.

The Unaudited Pro Forma Condensed Combined Financial Statements include various assumptions, including those related to the preliminary purchase price allocation of Vale Fertilizantes assets acquired and liabilities assumed based on Mosaic's estimates of fair value using information available at the time these Unaudited Pro Forma Condensed Combined Financial Statements have been prepared. The final purchase price allocation may vary based on final appraisals, valuations and analysis of the fair value of the acquired assets and assumed liabilities. Accordingly, the pro forma adjustments are preliminary and have been prepared and made available for illustrative purposes. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments.

The acquisition of Vale Fertilizantes has been accounted for as a business combination, under the acquisition method of accounting, which results in acquired assets and assumed liabilities being measured at their estimated fair values as of January 8, 2018 (the acquisition date).

The following table illustrates the contents of the purchase price:

New shares issued (par value $.01)		34,176,574
Price of Mosaic common stock at closing	$	26.92
Stock consideration transferred		920
Cash received by Vale		1,080
Total purchase price	$	2,000

The following table is a preliminary allocation of the assets acquired and the liabilities assumed by Mosaic in the acquisition of Vale:

Total current assets	$	805
Property, plant and equipment, net		1,655
Deferred income taxes		464
Other assets		129
Total assets acquired		3,053
Total current liabilities		324
Other noncurrent liabilities		744
Total liabilities assumed acquired		1,068
Net identifiable assets acquired		1,985
Working capital adjustments		15
Cash and cash equivalents acquired		(62)
Total consideration transferred (net of cash acquired)	$	1,938

Note 2. Basis of Presentation

The unaudited pro forma condensed combined financial statements are prepared in accordance with Article 11 of SEC Regulation S-X. The historical financial information has been adjusted to give effect to the transactions that are (i) directly attributable to the Acquisition, (ii) factually supportable and (iii) with respect to the unaudited pro forma condensed combined statements of income, expected to have a continuing impact on the operating results of the combined company. The historical financial information of Mosaic is presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The historical information of Vale was prepared in accordance with IFRS.

The acquisition accounting adjustments relating to the Acquisition are preliminary and subject to change, as additional information becomes available and as additional analyses are performed. There can be no assurances that the final valuations will not result in material changes to this preliminary purchase price allocation. The unaudited pro forma condensed combined financial statements do not give effect to the potential impact of any anticipated benefits from cost savings or synergies that may result from the Acquisition or to any future integration costs. These financial statements are not necessarily indicative of the future results of operations or financial condition of Mosaic as of any future date or for any future period. In addition, the preparation of these financial statements required management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses for the reporting periods presented. Actual results could differ from those estimates.

The assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the Unaudited Pro Forma Condensed Combined Financial Statements.

The carve-out combined consolidated financial statements of Vale Fertilizantes include certain entities that were not included in the Acquisition. The adjustments to remove the historical results of operations and the related assets, liabilities and equity of these entities have been included in the Adjustments to the unaudited pro forma condensed combined financial statements. Certain reclassifications have been made to Vale Fertilizantes' historical financial statements to conform to the presentation used in Mosaic's historical consolidated financial statements. Such reclassifications had no material effect on Vale Fertilizantes' previously reported financial position or results of operations.

Note 3. Statement of Earnings Adjustments

The unaudited pro forma condensed combined statement of earnings reflects the following adjustments:

(A) Net sales were adjusted as follows:

	September 30, 2017	December 31, 2016
Excluded net sales[1]	$ (286.7)	$ (413.2)
U.S. GAAP/Mosaic accounting policy changes[2]	39.1	33.2
Mosaic and Vale Fertilizantes eliminations[3]	(235.0)	(357.1)
Miski Mayo consolidation reclassifications	(10.0)	(3.1)
Total pro forma adjustments to net sales	$ (492.6)	$ (740.2)

(1) Represents adjustments related to Cubatão, Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(3) Represents the elimination of Vale Fertilizantes' sales to Mosaic as reported in Vale Fertilizantes' historical statement of earnings and Miski Mayo sales to Mosaic as reported in Miski Mayo's historical statement of earnings.

(B) Cost of goods sold were adjusted as follows:

	September 30, 2017	December 31, 2016
Excluded cost of goods sold[(1)]	$ (278.3)	$ (411.2)
Adjustment to depreciation/depletion of Vale Fertilizantes assets acquired[(2)]	(101.1)	(126.2)
U.S. GAAP/Mosaic accounting policy changes[(3)]	123.9	121.5
Mosaic and Vale Fertilizantes eliminations[(4)]	(235.0)	(357.1)
Miski Mayo consolidation reclassifications	(15.5)	1.0
Corporate allocated expenses adjustment	(28.5)	(26.5)
Total pro forma adjustments to cost of goods sold	$ (534.5)	$ (798.5)

(1) Represents adjustments related to Cubatão, Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the adjustment to Vale Fertilizantes historical depreciation and amortization as a result of preliminary fair value adjustments to the acquired depreciable and adjustments to their respective estimated remaining useful lives, see Note 4(F).

(3) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(4) Represents the elimination of Vale Fertilizantes' sales to Mosaic as reported in Vale Fertilizantes' historical statement of earnings and Miski Mayo sales to Mosaic as reported in Miski Mayo's historical statement of earnings.

(C) Selling, general and administrative expenses were adjusted as follows:

	September 30, 2017	December 31, 2016
Excluded selling, general and administrative expenses[(1)]	$ (4.7)	$ (8.9)
Adjustment to depreciation/depletion of Vale Fertilizantes assets acquired[(2)]	(0.1)	(0.4)
U.S. GAAP/Mosaic accounting policy changes[(3)]	9.5	2.3
Miski Mayo consolidation reclassifications	1.3	0.4
Corporate allocated expenses adjustment	5.7	7.7
Total pro forma adjustments to selling, general and administrative expenses	$ 11.7	$ 1.1

(1) Represents adjustments related to Cubatão, Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the adjustment to Vale Fertilizantes historical depreciation and amortization as a result of preliminary fair value adjustments to the acquired depreciable and adjustments to their respective estimated remaining useful lives, see Note 4(F).

(3) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(D) Other operating (income) expenses were adjusted as follows:

	September 30, 2017	December 31, 2016
Excluded other operating (income) expenses[(1)]	$ (8.6)	$ (22.6)
U.S. GAAP/Mosaic accounting policy changes[(2)]	(48.2)	(21.6)
Transaction costs[(3)]	(13.5)	(6.4)
Asset impairment charge[(4)]	—	(1,018.7)
Adjustment to accretion expenses of Vale Fertilizantes assets acquired[(5)]	—	(0.2)
Miski Mayo consolidation reclassifications	7.1	(2.4)
Total pro forma adjustments to other operating (income) expenses	$ (63.2)	$ (1,071.9)

(1) Represents adjustments related to Cubatão, Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(3) Relates to due diligence, integration and synergy costs incurred for the nine months ended September 30, 2017 and the fiscal year ended December 31, 2016, which are directly attributable to the Acquisition, but which are not expected to have a continuing impact on results following consummation of the Transactions.

(4) Represents the reversal of a prior year asset impairment charge as this would have occurred prior to the Acquisition.

(5) Represents adjustment to Vale Fertilizantes' historical accretion expense as a result of preliminary fair value adjustments to the acquired asset retirement obligations, see Notes 4(L) and 4(O).

(E) Interest expense was adjusted as described below in Note 5, Financing Adjustments

(F) Other income (expense) was adjusted as follows:

	September 30, 2017	December 31, 2016
Excluded other income (expenses)[(1)]	$ 1.4	$ (15.0)
U.S. GAAP/Mosaic accounting policy changes[(2)]	0.2	17.0
Miski Mayo consolidation reclassifications	—	(2.0)
Total pro forma adjustments to other income (expenses)	$ 1.6	$ —

(1) Represents adjustments related to Cubatão, Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(G) The preliminary deferred tax assets estimate is based on a preliminary valuation and is subject to change. The preliminary deferred income tax assets were calculated using the enacted tax rates for the jurisdictions in which they are expected to reverse and reflects a valuation allowance on non-U.S. net operating losses and net non-operating losses. This rate does not reflect Mosaic's effective tax rate, which would reflect the U.S. statutory rate and include other tax items such as state and non-U.S. tax impacts as well as other tax charges and benefits, and does not take into account any historical or possible future tax events that may impact Mosaic following the consummation of the Acquisition.

(H) Equity in net earnings (loss) of nonconsolidated companies was adjusted as follows:

	September 30, 2017	December 31, 2016
Excluded equity in net earnings (loss) of nonconsolidated companies[1]	$ (0.5)	$ (3.3)
Elimination of nonconsolidated earnings (loss)[2]	13.0	(1.9)
U.S. GAAP/Mosaic accounting policy changes[3]	0.5	3.4
Total pro forma adjustments to equity in net earnings (loss) of nonconsolidated companies	$ 13.0	$ (1.8)

(1) Represents an adjustment to the TIPLAM equity earnings that were not transferred in accordance with the Acquisition.

(2) Represents the elimination of Mosaic's equity earnings (loss) from Miski Mayo as a result of Miski Mayo being consolidated on a pro forma basis due to Mosaic's interest being 75%.

(3) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(I) Net earnings (loss) attributable to non-controlling interests were adjusted to represent the elimination of noncontrolling interest loss from Vale Fertilizantes records and subsequently record the 25% noncontrolling interest related to the consolidation of the 75% interest in Miski Mayo.

(J) The adjustment to both the September 30, 2017 and December 31, 2016 weighted average shares outstanding and diluted weighted average shares outstanding to reflect the 34.2 million shares of Mosaic common stock issued to fund part of the acquisition.

Note 4. Balance Sheet Adjustments

The unaudited pro forma condensed combined balance sheet reflects the following adjustments:

(A) Cash and cash equivalents were adjusted as follows:

	September 30, 2017
Excluded cash[1]	$ (0.6)
Proceeds from debt issuance[2]	1,240.0
Cash received by Vale for Acquisition	(1,078.2)
Total pro forma adjustments to cash and cash equivalents	$ 161.2

(1) Represents adjustments related to Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) For more detail of Mosaic's debt issuance proceeds, see Note 5, Financing Adjustments, below.

(B) Represents Miski Mayo consolidation reclassifications.

(C) Inventory were adjusted as follows:

	September 30, 2017
Excluded inventory[1]	$ (3.0)
Preliminary fair value adjustment[2]	(50.8)
Miski Mayo consolidation reclassifications	(0.5)
Total pro forma adjustments to inventory	$ (54.3)

(1) Represents adjustments related to Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the estimated fair value adjustment to Vale Fertilizantes' inventory (included spare parts) based upon a preliminary fair value estimate of $357 million.

(D) Other current assets were adjusted as follows:

		September 30, 2017
Excluded other current assets[1]	$	(2.4)
Preliminary fair value adjustment[2]		(32.7)
Miski Mayo consolidation reclassifications		(5.5)
Total pro forma adjustments to other current assets	$	(40.6)

(1) Represents adjustments related to Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the estimated fair value adjustment to Vale Fertilizantes' current portion of recoverable taxes based upon a preliminary fair value estimate of $142 million.

(E) Represents the Cubatão business assets and liabilities that were classified as held for sale and that were not transferred to Mosaic in accordance with the Acquisition.

(F) Property, plant and equipment, net was adjusted as follows:

		September 30, 2017
Excluded property, plant and equipment, net[1]	$	(14.7)
Preliminary fair value adjustment[2]		(943.9)
U.S. GAAP/Mosaic accounting policy changes[3]		9.6
Total pro forma adjustments to property, plant and equipment, net	$	(949.0)

(1) Represents adjustments related to Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the estimated fair value adjustment to Vale Fertilizantes' property, plant and equipment based upon a preliminary fair value estimate of $2 billion.

(3) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(G) Investments in nonconsolidated companies were adjusted as follows:

		September 30, 2017
Elimination of MVM Resources investment	$	(75.0)
Elimination of TIPLAM investment		(93.0)
TIPLAM investment[1]		7.0
Total pro forma adjustments to investments in nonconsolidated companies	$	(161.0)

(1) Represents the estimated fair value of Mosaic's interest in the TIPLAM port.

(H) Represents the estimated fair value adjustment to Vale Fertilizantes' deferred income taxes and valuation allowances based upon preliminary fair value estimates of $464 million.

(I) Other assets were adjusted as follows:

	September 30, 2017
Excluded other assets[1]	$ (8.7)
Miski Mayo consolidation reclassifications	(10.6)
Preliminary fair value adjustment[2]	(194.3)
Pension indemnification asset[3]	168.0
U.S. GAAP/Mosaic accounting policy changes[4]	(12.8)
Total pro forma adjustments to other assets	$ (58.4)

(1) Represents adjustments related to Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the estimated fair value adjustment to Vale Fertilizantes' long-term portion of recoverable taxes based upon a preliminary fair value estimate of $142 million, and represents the estimated fair value adjustment to Vale Fertilizantes' Petrobras receivable based upon preliminary fair value estimate of $118 million.

(3) Represents a contractual asset, under Brazilian law, for assuming the Petro pension plan and corresponding indemnification due to the on-going litigation. Mosaic is being indemnified for any losses related to the outcome of the litigation as well as any net liability of the plan as per its normal operations.

(4) Represents adjustments made to Vale Fertilizantes' interim unaudited nine month and annual audited financial statements to convert from IFRS to U.S. GAAP or to certain Mosaic accounting policy elections, which are in accordance with U.S. GAAP.

(J) Current maturities of long-term debt was adjusted as described below in Note 5, Financing Adjustments.

(K) Represents the estimated fair value adjustment to structured accounts payable arrangements based upon a preliminary fair value estimate of $98 million.

(L) Accounts payable were adjusted as follows:

	September 30, 2017
Excluded accounts payable[1]	$ (9.7)
Preliminary fair value adjustment[2]	(1.7)
Miski Mayo consolidation reclassifications	11.2
Total pro forma adjustments to accounts payable	$ (0.2)

(1) Represents adjustments related to Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the estimated fair value adjustment to Vale Fertilizantes' current portion of asset retirement obligations based upon a preliminary fair value estimate of $253 million.

(M) Accrued liabilities were adjusted for transaction costs of due diligence, integration and synergy costs that have not yet been recognized in the historical financial statements.

(N) Long-term debt, less current maturities was adjusted as described below in Note 5, Financing Adjustments.

(O) Other noncurrent liabilities were adjusted as follows:

	September 30, 2017
Excluded other noncurrent liabilities[1]	$ (6.3)
Preliminary fair value adjustment[2]	(59.8)
Transaction costs[3]	13.0
Total pro forma adjustments to other noncurrent liabilities	$ (53.1)

(1) Represents adjustments related to Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Represents the estimated fair value adjustments to Vale Fertilizantes' long-term portion of asset retirement obligations and pension obligations based upon a preliminary fair value estimates of $253 million and $213 million, respectively.

(3) Represents adjustments for transaction costs of due diligence, integration and synergy costs that have not yet been recognized in the historical financial statements.

(P) Stockholder's equity was adjusted as follows:

	September 30, 2017
Excluded stockholders' equity[1]	$ (391.3)
Equity issuance[2]	920.0
Elimination of total combined Vale Fertilizantes shareholders' equity[3]	(3,364.5)
Total pro forma adjustments to stockholders' equity	$ (2,835.8)

(1) Represents adjustments related to Cubatão, Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

(2) Relates to the 34.2 million shares of Mosaic common stock issued to Vale as part of the Acquisition.

(3) Represents the elimination of Vale Fertilizantes shareholders' equity consisting of paid in capital of $(12.3) million, retained earnings of $3.5 million and accumulated other comprehensive loss of $5.0 million.

(Q) Noncontrolling interests was adjusted to record the noncontrolling interest equity related to the Miski Mayo Mine third party.

Note 5. Financing Adjustments

(A) Current maturities of long-term debt were adjusted to reflect capital lease adjustments based upon preliminary fair value estimates.

(B) Long-term debt was adjusted as follows:

	September 30, 2017
Unsecured note, due November 2022	$ 545.6
Unsecured note, due November 2027	694.4
Capital leases	15.6
Total pro forma adjustments to long-term debt	$ 1,255.6

The unaudited pro forma condensed combined statement of operations reflects adjustments to include an estimate of the interest expense on the additional indebtedness to be incurred in connection with the Transactions. A summary of the adjustments to current installments of long-term debt, long-term debt and interest expense are as follows:

	Annual Average Interest Rate	Debt	Interest Expense for nine months ended September 30, 2017	Interest Expense for the year ended December 31, 2016
Unsecured note, due November 2022	3.25%	$ 550.0	$ (13.4)	$ (17.1)
Unsecured note, due November 2027	4.05%	700.0	(16.0)	(20.4)
Excluded interest expense[1]		—	(4.6)	4.2
GAAP/Accounting policy reclassifications		—	(12.7)	(21.2)
Pre-issuance hedge elimination		—	10.0	—
Capital leases		17.5	(1.2)	(1.7)
Petrobras receivable		—	(6.9)	(10.1)
Amortization of new debt issuance costs		(10.0)	0.9	1.1
		1,257.5	(43.9)	(65.2)

(1) Represents adjustments related to Cubatão, Potassio Rio Colorado and Vale Exploration Argentina operations that were not transferred in accordance with the Acquisition.

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