United States
Securities and Exchange Commission

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934

For the month of

February, 2012

Vale S.A.

Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil

(Address of principal executive office)

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

(Check One) Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

(Check One) Yes o No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

(Check One) Yes o No x

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

(Check One) Yes o No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- .

Table of Contents

Financial Statements

December 31, 2011

US GAAP

Filed at CVM, SEC and HKEx on

February 15, 2012

Table of Contents

Vale S.A.

Index to Consolidated Financial Statements

Table of Contents

Report of independent registered

public accounting firm

To the Board of Directors and Stockholders

Vale S.A.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of comprehensive income, of cash flows and of changes in stockholders equity present fairly, in all material respects, the financial position of Vale S.A. and its subsidiaries (the Company) at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Table of Contents

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Rio de Janeiro, February 15, 2012

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 F RJ

Marcos Donizete Panassol

Contador CRC 1SP155975/O-8 S RJ

Table of Contents

Management s Report on Internal Control over Financial Reporting

The management of Vale S.A (Vale) is responsible for establishing and maintaining adequate internal control over financial reporting.

The company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The company s internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate.

Vale s management has assessed the effectiveness of the company s internal control over financial reporting as of December 31, 2011 based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission - COSO. Based on such assessment and criteria, Vale s management has concluded that the company s internal control over financial reporting was effective as of December 31, 2011.

The effectiveness of the company s internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers Auditores Independentes, an independent registered public accounting firm, as stated in their report which appears herein.

February 15, 2012

Murilo Ferreira

Chief Executive Officer

Tito Martins

Chief Financial Officer

Table of Contents

Consolidated Balance Sheets

Expressed in millions of United States dollars

	As of December 31,	
	2011	**2010**
Assets		
Current assets		
Cash and cash equivalents	3,531	7,584
Short-term investments		1,793
Accounts receivable		
Related parties	288	435
Unrelated parties	8,217	7,776
Loans and advances to related parties	82	96
Inventories	5,251	4,298
Deferred income tax	203	386
Unrealized gains on derivative instruments	595	52
Advances to suppliers	393	188
Recoverable taxes	2,230	1,603
Assets held for sale		6,987
Others	946	593
	21,736	**31,791**
Non-current assets		
Property, plant and equipment, net	88,895	83,096
Intangible assets	1,135	1,274
Investments in affiliated companies, joint ventures and others investments	8,093	4,497
Other assets:		
Goodwill on acquisition of subsidiaries	3,026	3,317
Loans and advances		
Related parties	509	29
Unrelated parties	210	165
Prepaid pension cost	1,666	1,962
Prepaid expenses	321	222
Judicial deposits	1,464	1,731
Recoverable taxes	587	361
Deferred income tax	594	
Unrealized gains on derivative instruments	60	301
Deposit on incentive / reinvestment	229	144
Others	203	249
	106,992	**97,348**
Total	**128,728**	**129,139**

Table of Contents

Consolidated Balance Sheets

Expressed in millions of United States dollars

(Except number of shares)

	(Continued) As of December 31, 2011	2010
Liabilities and stockholders equity		
Current liabilities		
Suppliers	4,814	3,558
Payroll and related charges	1,307	1,134
Minimum annual remuneration attributed to stockholders	1,181	4,842
Current portion of long-term debt	1,495	2,823
Short-term debt	22	139
Loans from related parties	24	21
Provision for income taxes	507	751
Taxes payable and royalties	524	264
Employees postretirement benefits	147	168
Railway sub-concession agreement payable	66	76
Unrealized losses on derivative instruments	73	35
Provisions for asset retirement obligations	73	75
Liabilities associated with assets held for sale		3,152
Others	810	874
	11,043	**17,912**
Non-current liabilities		
Employees postretirement benefits	2,446	2,442
Loans from related parties	91	2
Long-term debt	21,538	21,591
Provisions for contingencies (Note 20 (b))	1,686	2,043
Unrealized losses on derivative instruments	663	61
Deferred income tax	5,654	8,085
Provisions for asset retirement obligations	1,697	1,293
Debentures	1,336	1,284
Others	2,460	1,985
	37,571	**38,786**
Redeemable noncontrolling interest	505	712
Commitments and contingencies (Note 20)		
Stockholders equity		
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2010 - 2,108,579,618) issued	16,728	10,370

Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2010 - 3,256,724,482) issued	25,837	16,016
Treasury stock - 181,099,814 (2010 - 99,649,571) preferred and 86,911,207 (2010 - 47,375,394) common shares	(5,662)	(2,660)
Additional paid-in capital	(61)	2,188
Mandatorily convertible notes - common shares	290	290
Mandatorily convertible notes - preferred shares	644	644
Other cumulative comprehensive loss	(5,673)	(333)
Undistributed retained earnings	41,130	42,218
Unappropriated retained earnings	4,482	166
Total Company stockholders equity	**77,715**	**68,899**
Noncontrolling interests	1,894	2,830
Total stockholders equity	**79,609**	**71,729**
Total	**128,728**	**129,139**

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

Table of Contents

Consolidated Statements of Income

Expressed in millions of United States dollars

(Except per share amounts)

	Three-month period ended (unaudited)			Year ended as of December 31,		
	December 31, 2011	September 30, 2011	December 31, 2010	2011	2010	2009
Operating revenues, net of discounts, returns and allowances						
Sales of ores and metals	13,015	14,783	13,021	53,200	39,422	19,502
Aluminum products			691	383	2,554	2,050
Revenues from logistic services	420	503	334	1,726	1,465	1,104
Fertilizer products	856	1,037	768	3,547	1,845	413
Others	464	418	393	1,533	1,195	870
	14,755	**16,741**	**15,207**	**60,389**	**46,481**	**23,939**
Taxes on revenues	(328)	(380)	(278)	(1,399)	(1,188)	(628)
Net operating revenues	**14,427**	**16,361**	**14,929**	**58,990**	**45,293**	**23,311**
Operating costs and expenses						
Cost of ores and metals sold	(4,699)	(4,737)	(4,258)	(17,898)	(13,326)	(9,853)
Cost of aluminum products			(565)	(289)	(2,108)	(2,087)
Cost of logistic services	(346)	(391)	(285)	(1,402)	(1,040)	(779)
Cost of fertilizer products	(592)	(788)	(674)	(2,701)	(1,556)	(173)
Others	(388)	(335)	(258)	(1,283)	(784)	(729)
	(6,025)	**(6,251)**	**(6,040)**	**(23,573)**	**(18,814)**	**(13,621)**
Selling, general and administrative expenses	(827)	(654)	(647)	(2,334)	(1,701)	(1,130)
Research and development expenses	(529)	(440)	(301)	(1,674)	(878)	(981)
Gain on sale of assets				1,513		
Others	(1,023)	(643)	(774)	(2,810)	(2,205)	(1,522)
	(8,404)	**(7,988)**	**(7,762)**	**(28,878)**	**(23,598)**	**(17,254)**
Operating income	**6,023**	**8,373**	**7,167**	**30,112**	**21,695**	**6,057**
Non-operating income (expenses)						
Financial income	139	188	117	718	290	381
Financial expenses	(547)	(822)	(926)	(2,465)	(2,646)	(1,558)
Gains (losses) on derivatives, net	46	(568)	473	75	631	1,528
Foreign exchange and indexation gains (losses), net	(108)	(2,191)	51	(1,641)	344	675
Gain (loss) on sale of investments						40
	(470)	**(3,393)**	**(285)**	**(3,313)**	**(1,381)**	**1,066**
	5,553	**4,980**	**6,882**	**26,799**	**20,314**	**7,123**

Income before discontinued operations, income taxes and equity results						
Income taxes						
Current	(1,038)	(1,197)	(1,549)	(5,547)	(4,996)	(2,084)
Deferred	(109)	846	412	265	1,291	(16)
	(1,147)	**(351)**	**(1,137)**	**(5,282)**	**(3,705)**	**(2,100)**
Equity in results of affiliates, joint ventures and other investments	167	282	303	1,135	987	433
Net income from continuing operations	**4,573**	**4,911**	**6,048**	**22,652**	**17,596**	**5,456**
Discontinued operations, net of tax					(143)	
Net income	**4,573**	**4,911**	**6,048**	**22,652**	**17,453**	**5,456**
Net income (loss) attributable to noncontrolling interests	(99)	(24)	131	(233)	189	107
Net loss attributable to redeemable noncontrolling interests						
Net income attributable to the Company s stockholders	**4,672**	**4,935**	**5,917**	**22,885**	**17,264**	**5,349**
Earnings per share attributable to Company s stockholders:						
Earnings per preferred share	0.89	0.93	1.12	4.33	3.23	0.97
Earnings per common share	0.89	0.93	1.12	4.33	3.23	0.97
Earnings per convertible note linked to preferred share	1.21	1.78	1.61	6.39	4.76	1.71
Earnings per convertible note linked to common share	2.82	1.79	1.68	8.15	6.52	2.21

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

Table of Contents

Consolidated Statements of Comprehensive Income (deficit)

Expressed in millions of United States dollars

	Three-month period ended (unaudited)			Year ended as of December 31,		
	December 31, 2011	September 30, 2011	December 31, 2010	2011	2010	2009
Comprehensive income is comprised as follows:						
Company s stockholders:						
Net income attributable to Company s stockholders	4,672	4,935	5,917	22,885	17,264	5,349
Cumulative translation adjustments	(267)	(7,486)	12	(4,985)	1,519	9,721
Available-for-sale securities						
Gross balance as of the period/year end			7	(13)	12	(47)
Tax (expense) benefit	1		(5)	11	(9)	30
	1		**2**	**(2)**	**3**	**(17)**
Surplus (deficit) accrued pension plan						
Gross balance as of the period/year end	(261)	(467)	(306)	(740)	(53)	10
Tax (expense) benefit	82	150	93	232	32	(14)
	(179)	**(317)**	**(213)**	**(508)**	**(21)**	**(4)**
Participation on other comprehensive income from affiliated company						
Cash flow hedge						
Gross balance as of the period	(145)	123	(190)	130	(16)	11
Tax (expense) benefit	5	26	57	25	(10)	(9)
	(140)	**149**	**(133)**	**155**	**(26)**	**2**
Total comprehensive income attributable to Company s stockholders	**4,087**	**(2,719)**	**5,585**	**17,545**	**18,739**	**15,051**
Noncontrolling interests:						
Net income attributable to noncontrolling interests	(99)	(24)	131	(233)	189	107
Cumulative translation adjustments	73	(269)	(85)	(210)	104	823
Pension plan		(1)		4		
Cash flow hedge			5	1	40	(18)
Total comprehensive income (deficit) attributable to Noncontrolling interests	**(26)**	**(294)**	**51**	**(438)**	**333**	**912**

Total comprehensive income	**4,061**	**(3,013)**	**5,636**	**17,107**	**19,072**	**15,963**

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

Table of Contents

Consolidated Statements of Cash Flows

Expressed in millions of United States dollars

	Three-month period ended (unaudited)			Year ended as of December 31,		
	December 31, 2011	September 30, 2011	December 31, 2010	2011	2010	2009
Cash flows from operating activities:						
Net income	**4,573**	**4,911**	**6,048**	**22,652**	**17,453**	**5,456**
Adjustments to reconcile net income to cash from operations:						
Depreciation, depletion and amortization	1,168	1,018	1,073	4,122	3,260	2,722
Dividends received	205	240	629	1,038	1,161	386
Equity in results of affiliates, joint ventures and other investments	(167)	(282)	(303)	(1,135)	(987)	(433)
Deferred income taxes	109	(846)	(412)	(265)	(1,291)	16
Loss on disposal of property, plant and equipment	15	17	248	223	623	293
Gain on sale of assets available for sale				(1,513)		(40)
Discontinued operations, net of tax					143	
Foreign exchange and indexation gains, net	808	2,218	(595)	2,879	(787)	(1,095)
Unrealized derivative losses (gains), net	290	642	532	490	594	(1,382)
Unrealized interest (income) expense, net	150	78	(43)	194	187	(25)
Others	(68)	(37)	(27)	(183)	58	20
Decrease (increase) in assets:						
Accounts receivable	456	(730)	(639)	(821)	(3,800)	616
Inventories	(203)	(324)	404	(1,343)	(425)	530
Recoverable taxes	20	(392)	(70)	(563)	42	108
Others	(16)	(219)	709	(315)	307	(455)
Increase (decrease) in liabilities:						
Suppliers	(156)	829	(445)	1,076	928	121
Payroll and related charges	225	212	204	285	214	159
Income taxes	(185)	(2,745)	(93)	(2,478)	1,311	(234)
Others	288	(379)	(35)	153	192	373
Net cash provided by operating activities	**7,512**	**4,211**	**7,185**	**24,496**	**19,183**	**7,136**

Cash flows from investing activities:						
Short term investments			(1,793)	1,793	1,954	(1,439)
Loans and advances receivable						
Related parties						
Loan proceeds					(28)	(181)
Repayments						7
Others	(58)	57	(17)	(178)	(30)	(25)
Judicial deposits	(59)	(239)	96	(186)	(94)	(132)
Investments	(345)	(18)	(36)	(504)	(87)	(1,947)
Additions to property, plant and equipment	(6,071)	(3,711)	(4,742)	(16,075)	(12,647)	(8,096)
Proceeds from disposal of investments				1,081		606
Acquisition (sale) of subsidiaries					(6,252)	(1,952)
Net cash used in investing activities	**(6,533)**	**(3,911)**	**(6,492)**	**(14,069)**	**(17,184)**	**(13,159)**
Cash flows from financing activities:						
Short-term debt						
Additions	21	20	229	859	2,233	1,285
Repayments	(36)	(63)	(147)	(955)	(2,132)	(1,254)
Loans						
Related parties						
Proceeds			2	19	24	16
Repayments			(22)	(1)	(25)	(373)
Issuances of long-term debt						
Third parties						
Proceeds	214	479	891	1,564	4,436	3,104
Repayments	(82)	(769)	(958)	(2,621)	(2,629)	(307)
Treasury stock	(1,001)	(2,001)	(1,132)	(3,002)	(1,510)	(9)
Mandatorily convertible notes						934
Transactions of noncontrolling interest	(1,134)			(1,134)	660	
Dividends and interest attributed to Company s stockholders	(3,000)	(3,000)	(1,750)	(9,000)	(3,000)	(2,724)
Dividends and interest attributed to noncontrolling interest	(40)		(81)	(100)	(140)	(47)
Net cash provided by (used in) financing activities	**(5,058)**	**(5,334)**	**(2,968)**	**(14,371)**	**(2,083)**	**625**
Increase (decrease) in cash and cash equivalents	(4,079)	(5,034)	(2,275)	(3,944)	(84)	(5,398)
Effect of exchange rate changes on cash and cash equivalents	45	(628)	136	(109)	375	2,360
Cash and cash equivalents, beginning of period	7,565	13,227	9,723	7,584	7,293	10,331
Cash and cash equivalents, end of period	**3,531**	**7,565**	**7,584**	**3,531**	**7,584**	**7,293**
Cash paid during the period for:						
Interest on short-term debt	(1)		(2)	(3)	(5)	(1)
Interest on long-term debt	(198)	(234)	(314)	(1,143)	(1,097)	(1,113)
Income tax	(1,060)	(4,097)	(1,100)	(7,293)	(1,972)	(1,331)
Non-cash transactions						
Income tax paid with credits	(681)			(681)		
Interest capitalized	78	54	38	234	164	266
Conversion of mandatorily convertible notes using						

75,435,238 treasury stock (see
note 17).

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

Table of Contents

Consolidated Statements of Changes in Stockholders Equity

Expressed in millions of United States dollars

(Except number of shares)

	Three-month period ended (unaudited)			Year ended as of December 31,		
	December 31, 2011	**September 30, 2011**	**December 31, 2010**	**2011**	**2010**	**2009**
Preferred class A stock (including twelve golden shares)						
Beginning of the period	16,728	16,728	10,370	10,370	9,727	9,727
Capital increase				6,358		
Transfer from undistributed retained earnings					643	
End of the period	**16,728**	**16,728**	**10,370**	**16,728**	**10,370**	**9,727**
Common stock						
Beginning of the period	25,837	25,837	16,016	16,016	15,262	15,262
Capital increase				9,821		
Transfer from undistributed retained earnings					754	
End of the period	**25,837**	**25,837**	**16,016**	**25,837**	**16,016**	**15,262**
Treasury stock						
Beginning of the period	(4,661)	(2,660)	(1,528)	(2,660)	(1,150)	(1,141)
Sales (acquisitions)	(1,001)	(2,001)	(1,132)	(3,002)	(1,510)	(9)
End of the period	**(5,662)**	**(4,661)**	**(2,660)**	**(5,662)**	**(2,660)**	**(1,150)**
Additional paid-in capital						
Beginning of the period	318	318	2,188	2,188	411	393
Change in the period	(379)			(2,249)	**1,777**	**18**
End of the period	**(61)**	**318**	**2,188**	**(61)**	**2,188**	**411**
Mandatorily convertible notes - common shares						
Beginning of the period	290	290	290	290	1,578	1,288
Change in the period					(1,288)	290
End of the period	**290**	**290**	**290**	**290**	**290**	**1,578**
Mandatorily convertible notes - preferred shares						
Beginning of the period	644	644	644	644	1,225	581
Change in the period					(581)	644
End of the period	**644**	**644**	**644**	**644**	**644**	**1,225**
Other cumulative comprehensive income (deficit)						
Cumulative translation adjustments						
Beginning of the period	(4,971)	2,515	(265)	(253)	(1,772)	(11,493)
Change in the period	(267)	(7,486)	12	(4,985)	1,519	9,721
End of the period	**(5,238)**	**(4,971)**	**(253)**	**(5,238)**	**(253)**	**(1,772)**
Unrealized gain (loss) - available-for-sale securities, net of tax						

Beginning of the period			1	3		17
Change in the period	1		2	(2)	3	(17)
End of the period	**1**		**3**	**1**	**3**	
Surplus (deficit) of accrued pension plan						
Beginning of the period	(388)	(71)	154	(59)	(38)	(34)
Change in the period	(179)	(317)	(213)	(508)	(21)	(4)
End of the period	**(567)**	**(388)**	**(59)**	**(567)**	**(59)**	**(38)**
Participation on other comprehensive income of subsidiaries						
Cash flow hedge						
Beginning of the period	271	122	109	(24)	2	
Change in the period	(140)	149	(133)	155	(26)	2
End of the period	**131**	**271**	**(24)**	**131**	**(24)**	**2**
Total other cumulative comprehensive income (deficit)	**(5,673)**	**(5,088)**	**(333)**	**(5,673)**	**(333)**	**(1,808)**
Undistributed retained earnings						
Beginning of the period	25,685	30,082	27,730	42,218	28,508	18,340
Transfer from/to unappropriated retained earnings	15,445	(4,397)	14,488	13,221	15,107	10,168
Transfer to capitalized earnings				(14,309)	(1,397)	
End of the period	**41,130**	**25,685**	**42,218**	**41,130**	**42,218**	**28,508**
Unappropriated retained earnings						
Beginning of the period	17,487	11,211	13,612	166	3,182	9,616
Net income attributable to the Company s stockholders	4,672	4,935	5,917	22,885	17,264	5,349
Remuneration of mandatorily convertible notes						
Preferred class A stock	(15)	(40)	(23)	(97)	(72)	(58)
Common stock	(36)	(16)	(10)	(70)	(61)	(93)
Dividends and interest attributed to stockholders equity						
Preferred class A stock	(912)	(1,231)	(1,863)	(2,143)	(1,940)	(570)
Common stock	(1,269)	(1,769)	(2,979)	(3,038)	(3,100)	(894)
Appropriation from/to undistributed retained earnings	(15,445)	4,397	(14,488)	(13,221)	(15,107)	(10,168)
End of the period	**4,482**	**17,487**	**166**	**4,482**	**166**	**3,182**
Total Company stockholders equity	**77,715**	**77,240**	**68,899**	**77,715**	**68,899**	**56,935**
Noncontrolling interests						
Beginning of the period	2,644	2,905	2,826	2,830	2,831	1,892
Disposals (acquisitions) of noncontrolling interests	(748)			(631)	1,629	83
Cumulative translation adjustments	73	(269)	(85)	(210)	104	823
Cash flow hedge			5	1	40	(18)
Net income (loss) attributable to noncontrolling interests	(99)	(24)	131	(233)	189	107
Net income (loss) attributable to redeemable noncontrolling interests	52	22		207		
Dividends and interest attributable to noncontrolling interests	(40)		(18)	(105)	(104)	(56)
Capitalization of stockholders advances	12	11	27	31	27	
Pension plan		(1)		4		
Assets and liabilities held for sale			(56)		(1,886)	
End of the period	**1,894**	**2,644**	**2,830**	**1,894**	**2,830**	**2,831**
Total stockholders equity	**79,609**	**79,884**	**71,729**	**79,609**	**71,729**	**59,766**
Number of shares issued and outstanding:						
Preferred class A stock (including twelve golden shares)	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618	2,108,579,618
Common stock	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482
Beginning of the period	(226,119,469)	(147,024,956)	(108,299,565)	(147,024,965)	(152,579,803)	(151,792,203)

Acquisitions	(41,893,200)	(79,094,780)	(38,725,400)	(120,987,980)	(69,880,400)	(831,400)
Conversions	1,648	267		1,924	75,435,238	43,800
End of the period	**(268,011,021)**	**(226,119,469)**	**(147,024,965)**	**(268,011,021)**	**(147,024,965)**	**(152,579,803)**
	5,097,293,079	**5,139,184,631**	**5,218,279,135**	**5,097,293,079**	**5,218,279,135**	**5,212,724,297**

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

Table of Contents

Notes to the Consolidated Financial Statements

Expressed in millions of United States dollars, unless otherwise stated

1 The Company and its operations

Vale S.A., (Vale , Company or we) is a limited liability company incorporated in Brazil. Operations are carried out through Vale and our subsidiary companies, joint ventures and affiliates, and mainly consist of mining, basic metals production, fertilizers, logistics and steel activities.

At December 31, 2011, our principal consolidated operating subsidiaries are the following:

Subsidiary	% ownership	% voting capital	Location	Principal activity
Compañia Minera Miski Mayo S.A.C.	40.00	51.00	Peru	Fertilizer
Ferrovia Centro-Atlântica S. A.	99.99	99.99	Brazil	Logistics
Ferrovia Norte Sul S.A.	100.00	100.00	Brazil	Logistics
Mineração Corumbaense Reunida S.A. - MCR	100.00	100.00	Brazil	Iron Ore and Manganese
PT International Nickel Indonesia Tbk	59.20	59.20	Indonesia	Nickel
Sociedad Contractual Minera Tres Valles	90.00	90.00	Chile	Copper
Vale Australia Pty Ltd.	100.00	100.00	Australia	Coal
Vale Austria Holdings GMBH	100.00	100.00	Austria	Holding and Exploration
Vale Canada Limited	100.00	100.00	Canada	Nickel
Vale Coal Colombia Ltd.	100.00	100.00	Colombia	Coal
Vale Fertilizantes S.A	99.05	99.98	Brazil	Fertilizer
Vale International S.A	100.00	100.00	Switzerland	Trading
Vale Manganês S.A.	100.00	100.00	Brazil	Manganese and Ferroalloys
Vale Mina do Azul S. A.	100.00	100.00	Brazil	Manganese
Vale Moçambique S.A.	100.00	100.00	Mozambique	Coal
Vale Nouvelle-Calédonie SAS	74.00	74.00	New Caledonia	Nickel
Vale Oman Pelletizing Company LLC	100.00	100.00	Oman	Pellets
Vale Shipping Holding PTE Ltd.	100.00	100.00	Singapore	Logistics

2 Basis of consolidation

All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. Subsidiaries over which control is achieved through other means, such as stockholders agreement, are also consolidated even if we hold less than 51% of voting capital. Our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted under the equity method (Note 14).

We evaluate the carrying value of our equity investments in relation to publicly quoted market prices when available. If the quoted market price is lower than book value, and such decline is considered other than temporary, we write-down our equity investments to the level of the quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a stockholders agreement. We define affiliates as businesses in which we participate as a noncontrolling interest but with significant influence over the operating and financial policies of the investee.

Our participation in hydroelectric projects in Brazil is made via consortium contracts under which we have undivided interests in the assets, and are liable for our proportionate share of liabilities and expenses, which are based on our proportionate share of power output. We do not have joint liability for any obligations. No separate legal or tax status is granted to consortia under the Brazilian law. Accordingly, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects (note 12).

Table of Contents

3 Summary of significant accounting policies

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, the selection of useful lives of property, plant and equipment, impairment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired in business combinations, income tax valuation allowances, employee post retirement benefits and other similar evaluations. Actual results could differ from those estimated.

a) Basis of presentation

We have prepared our consolidated financial statements in accordance with United States generally accepted accounting principles (US GAAP), which differ in certain respects from the accounting practices adopted in Brazil (BR GAAP), compliant with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), which are the basis for our statutory financial statements.

Our consolidated interim financial statements for the three-month periods ended December 31, 2011, September 30, 2011 and December 31, 2010 presented herein are unaudited. However, in our opinion, such consolidated financial statements include all adjustments necessary for a fair statement of the results for these periods.

The Brazilian Real is the parent Company s functional currency. We have selected the US dollar as our reporting currency.

In 2011, based on entity business assessment, the subsidiary Vale International had its functional currency changed from Brazilian Real to US dollar. This change did not cause significant effects in the financial statements presented.

All assets and liabilities have been translated to US dollars at the closing rate of exchange at each balance sheet date (or, if unavailable, the first available exchange rate). All statement of income accounts have been translated to US dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates. Translation gains and losses are recorded in the Cumulative Translation Adjustments account (CTA) in stockholders equity.

The results of operations and financial position of our entities that have a functional currency other than the US dollar, have been translated into US dollars and adjustments to translate those statements into US dollars are recorded in the CTA in stockholders equity.

The exchange rates used to translate the assets and liabilities of the Brazilian operations at December 31, 2011 and 2010, were R$1.8683 and R$1.6662, respectively.

The net transaction gain (loss) included in our statement of income (Foreign exchange and indexation gains (losses), net) was US$ (1,382), US$102 and US$665 in the years ended December 31, 2011, 2010 and 2009, respectively.

b) Information by Segment and Geographic Area

The company discloses information by consolidated operational business segment and revenues by consolidated geographic area, in accordance with the principles and concepts used by decision makers in evaluating performance.
The information is analyzed by segment as follows:

Bulk Material - includes the extraction of iron ore and pellet production and transport systems of North, South and Southeast, including railroads, ports and terminals, related to mining operations. The manganese ore and ferroalloys are also included in this segment.

Basic metals comprises the production of non-ferrous minerals, including nickel operations (co-products and byproducts), copper and aluminum - includes the trading of aluminum, alumina refining and aluminum smelting metals and investments in joint ventures and associated bauxite mining.

Fertilizers comprises three major groups of nutrients: potash, phosphate and nitrogen. This business is being formed through a combination of acquisitions and organic growth. This is a new business reported in 2010.

Table of Contents

Logistic services includes our system of cargo transportation for third parties divided into rail transport, port and shipping services.

Others - comprises our investments in joint ventures and associate in other businesses.

c) Cash equivalents and short-term investments

Cash flows from overnight investments and fundings are reported net. Short-term investments that have a ready market and original maturities of 90 days or less are classified as Cash equivalents . The remaining investments, between 91 day and 360 day maturities are stated at fair value and presented as Short-term investments .

d) Non-current assets and liabilities

Assets and liabilities that are realizable or due more than 12 months after the balance sheet date are classified as non-current.

e) Inventories

Inventories are recorded at the average cost of purchase or production, reduced to market value (net realizable value less a reasonable margin) when lower. Stockpiled inventories are accounted as processed when they are removed from the mine. The cost of finished goods is comprised of depreciation and all direct costs necessary to convert stockpiled inventories into finished goods.

We classify proven and probable reserve quantities attributable to stockpiled inventories as inventories. These reserve quantities are not included in the total proven and probable reserve quantities used in the units of production, depreciation, depletion and amortization calculations.

We periodically assess our inventories to identify obsolete or slow-moving inventories and, if needed, we recognize definitive allowances for them.

f) Removal of waste materials to access mineral deposits

Stripping costs (the costs associated with the removal of overburdened and other waste materials) incurred during the development of a mine, before production takes place, are capitalized as part of the depreciable cost of developing the property. Such costs are subsequently amortized during the useful life of the mine based on proven and probable reserves.

Post-production stripping costs are included in the cost of the inventory produced (that is extracted), at each mine individually during the period that stripping costs are incurred.

g) Property, plant and equipment and intangible assets

Property, plant and equipment are recorded at cost, including interest cost incurred during the construction of major new facilities. We compute depreciation on the straight-line method at annual average rates which take into consideration the useful lives of the assets, as follows: 3.73% for railroads, 1.5% for buildings, 4.23% for installations and 7.73% for other equipment. Expenditures for maintenance and repairs are charged to operating costs and expenses as incurred.

We capitalize the costs of developing major new ore bodies or expanding the capacity of operating mines and amortize these to operations on the unit-of-production method based on the total probable and proven quantity of ore to be recovered. Exploration costs are expensed. Once the economic viability of mining activities is established, subsequent development costs are capitalized.

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. All our intangible assets have definite useful lives and are carried at cost less accumulated amortization, which is calculated using the straight-line method over their estimated useful lives.

h) Business combinations

We apply accounting for business combinations to record acquisitions of interests in other companies. The purchase

Table of Contents

method , requires that we reasonably determine the fair value of the identifiable tangible and intangible assets and liabilities assumed of acquired companies and segregate goodwill as an intangible asset.

We assign goodwill to reporting units and test each reporting unit s goodwill for impairment at least annually, and whenever circumstances indicating that recognized goodwill may not be fully recovered are identified. We perform the annual goodwill impairment tests during the last quarter of each year.

Goodwill is reviewed for impairment utilizing a two step process. In the first step, we compare a reporting unit s fair value with its carrying amount to identify any potential goodwill impairment loss. If the carrying amount of a reporting unit exceeds the unit s fair value, based on a discounted cash flow analysis, we carry out the second step of the impairment test, measuring and recording the amount, if any, of the unit s goodwill impairment loss.

i) Impairment of long-lived assets

All long-lived assets are tested to determine if they are recoverable from operating earnings on an undiscounted cash flow basis over their useful lives whenever events or changes in circumstance indicate that the carrying value may not be recoverable.

When we determine that the carrying value of long-lived assets and definite-life intangible assets may not be recoverable, we measure any impairment loss based on a projected discounted cash flow method using a discount rate determined to be commensurate with the inherent risk of our current business model.

j) Available-for-sale equity securities

Equity securities classified as available-for-sale are recorded pursuant to accounting for certain investments in debt and equity securities. Accordingly, we classify unrealized holding gains and losses, net of taxes, as a separate component of stockholders equity until realized.

k) Compensated absences

The liability for future compensation for employee vacations is fully accrued as earned.

l) Derivatives and hedging activities

We apply accounting for derivative financial instruments and hedging activities, as amended. This standard requires that we recognize all derivative financial instruments as either assets or liabilities on our balance sheet and measure such instruments at fair value. Changes in the fair value of derivatives are recorded in each period in current earnings or in other comprehensive income, in the latter case depending on whether a transaction is designated as an effective hedge and has been effective during the period.

m) Asset retirement obligations

Our asset retirement obligations consist primarily of estimated closure costs. The initial measurement is recognized as a liability discounted to present value and subsequently accreted through earnings. An asset retirement cost equal to the initial liability is capitalized as part of the related asset s carrying value and depreciated during the asset s useful life.

n) Revenues and expenses

Revenues are recognized when title is transferred to the customer or services are rendered. Revenue from exported products is recognized when such products are loaded on board the ship. Revenues from products sold in the domestic market are recognized when delivery is made to the customer. Revenues from logistic services are recognized when the service order is fulfilled. Expenses and costs are recognized on the accrual basis.

o) Income taxes

The deferred tax effects of tax loss carryforwards and temporary differences are recognized pursuant to accounting for income taxes. A valuation allowance is made when we believe that it is more likely than not that tax assets will not be fully recovered in the future.

Table of Contents

p) Earnings per share

Earnings per share are computed by dividing net income by the weighted average number of common and preferred shares outstanding during the period.

q) Interest attributed to stockholders equity (dividend)

Brazilian corporations are permitted to distribute interest attributable to stockholders equity. The calculation is based on the stockholders equity amounts as stated in the statutory accounting records and the interest rate applied may not exceed the long-term interest rate (TJLP) determined by the Brazilian Central Bank. Also, such interest may not exceed 50% of net income for the year nor 50% of retained earnings plus revenue reserves as determined by Brazilian GAAP .

The notional interest charge is tax deductible in Brazil. The benefit to us, as opposed to making a dividend payment, is a reduction in our income tax charge. Income tax of 15% is withheld on behalf of the stockholders relative to the interest distribution. Under Brazilian law, interest attributed to stockholders equity is considered as part of the annual minimum mandatory dividend (Note 17). This notional interest distribution is treated for accounting purposes as a deduction from stockholders equity in a manner similar to a dividend and the tax credit recorded in income.

r) Pension and other post retirement benefits

We sponsor private pensions and other post retirement benefits for our employees which are actuarially determined and recognized as an asset or liability or both depending on the funded or unfunded status of each plan in accordance with employees´ accounting for defined benefit pension and other post retirement plans . The cost of our defined benefit and prior service costs or credits that arise during the period and are not components of net periodic benefit costs are recorded in other cumulative comprehensive income (deficit).

4 Accounting pronouncements

Accounting standards adopted in 2011

Accounting Standards Update - ASU number 2011-12 Comprehensive Income (Topic 220). The amendments in this update supersede certain pending paragraphs in Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, to effectively defer only those changes in update 2011-05 that relate to the presentation of reclassification adjustments out of accumulated other comprehensive income. The amendments in this Update are effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2011.

ASU number 2011-11 Balance Sheet: Disclosures about Offsetting Assets and Liabilities (Topic 210). Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. This pronouncement will be effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods.

ASU number 2011-08 Intangibles Goodwill and Other (Topic 350). The objective of this Update is to simplify how entities, both public and nonpublic, test goodwill for impairment. The amendments in the update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011.

ASU number 2011-05 Comprehensive Income (Topic 220): Presentation of Comprehensive Income. The objective of this update is to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income, so an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011.

ASU number 2011-04: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in USGAAP

Table of Contents

and IFRSs. The amendments in this update generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. The amendments are effective during interim and annual periods beginning after December 15, 2011.

ASU number 2011-03: Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements. The amendments in this update remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The Company adopted this standard with no impact on our financial position, results of operations or liquidity. The amendments in this update are effective for the first interim or annual period beginning on or after December 15, 2011.

ASU number 2011-02: Receivables (Topic 310) - A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring. The amendments in this update would provide additional guidance to assist creditors in determining whether a restructuring of a receivable meets the criteria to be considered a troubled debt restructuring. The Company adopted this standard with no impact on its financial position, results of operations or liquidity. The amendments in this update are effective for the first interim or annual period beginning on or after June 15, 2011.

5 Major acquisitions and disposals

a) Sale of aluminum assets

In February 2011, we concluded the transaction announced in May, 2010 with Norsk Hydro ASA (Hydro), to transfer all of our stakes in Albras-Alumínio Brasileiro S.A. (Albras), Alunorte-Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP), along with its respective off-take rights and outstanding commercial contracts, and 60% of Mineração Paragominas S.A (Paragominas), and all our other Brazilian bauxite mineral rights. In December 31, 2010 these assets were demonstrated as assets held for sale in our balance sheet.

For this transaction we received US$ 1,081 in cash and 22% equivalent to 447,834,465 shares of Hydro s outstanding common shares outstanding (approximately US$ 3.5 billion according to Hydro s closing share price at the date of the transaction). Three and five years after the closing of the transaction, we will receive two equal tranches of US$ 200 each in cash, related to the remaining payment of 40% of Mineração Paragominas S.A. From the date of the transaction, Hydro has been accounted for by the equity method.

The gain on this transaction, of US$ 1,513 was recorded in the income statement in the line Gain on sale of assets.

b) Fertilizers Businesses

In 2010, we acquired 78.92% of the total capital and 99.83% of the voting capital of Vale Fertilizantes S.A and 100% of the total capital of Vale Fosfatados. In 2011 we concluded several transactions including a public offer to acquire the free floating shares of Vale Fertilizantes S.A. During this offer both the common and preferred shares were acquired for R$ 25.00 per share, amounting to a total of R$ 2,078 billion, equivalent to US$ 1,134 at the date the financial settlement of the transaction. After the public offer, we hold 99,05% of the total shares of Vale Fertilizantes S.A.

The purchase price allocation based on the fair values of acquired assets and liabilities was based on studies performed by us with the assistance of external valuation specialists and was finalized during 2011.

The goodwill balance arises primarily due to the synergies between the acquired assets and the potash operations in Taquari-Vassouras, Carnalita, Rio Colorado and Neuquém and phosphates in Bayóvar I and II, in Peru, and Evate, in Mozambique. The future development of our projects combined with the acquisition of the portfolio of fertilizer assets will allow Vale to be one of the top players in the global fertilizer business.

Table of Contents

Purchase price	5,795
Non-controlling consideration	767
Book value of property, plant and equipment and mining rights	(1,987)
Book value of other assets acquired and liabilities assumed, net	(395)
Adjustment to fair value of property, plant and equipment and mining rights	(5,146)
Adjustment to fair value of inventories	(98)
Deferred taxes on the above adjustments	1,783
Goodwill	**719**

c) Acquisition of NESA

In 2011, we acquired 9% of Norte Energia S.A. (NESA) from Gaia Energia e Participações S.A. (Gaia) for US$ 70. NESA was established with the sole purpose of implementing, operating and exploring the Belo Monte hydroelectric plant, which is still in the early development stage. Vale estimated an investment of R$ 2,300 (Equivalent of US$ 1.2 billion) of future capital contributions arising from the acquired stake, until December 31, 2011 the total capital contribution was US$ 84.

6 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite enacted tax rate applicable in the periods presented is 34%. In other countries where we have operations, we are subject to various taxes rates depending on the jurisdiction.

We analyze the potential tax impact associated with undistributed earnings by each of our subsidiaries. For those subsidiaries in which the undistributed earnings would be taxable when remitted to the parent company, no deferred tax is recognized, based on generally accepted accounting principles.

The amount reported as income tax expense in our consolidated financial statements is reconciled to the statutory rates as follows:

	Three-month period ended (unaudited)								
	December 31, 2011			**September 30, 2011**			**December 31, 2010**		
	Brazil	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**
Income before discontinued operations, income taxes, equity	5,259	294	5,553	4,187	793	4,980	5,581	1,301	6,882

results and noncontrolling interests									
Exchange variation (not taxable) or not deductible		96	96		(188)	(188)		114	114
	5,259	**390**	**5,649**	**4,187**	**605**	**4,792**	**5,581**	**1,415**	**6,996**
Tax at Brazilian composite rate	(1,788)	(133)	(1,921)	(1,424)	(207)	(1,631)	(1,898)	(481)	(2,379)
Adjustments to derive effective tax rate:									
Tax benefit on interest attributed to stockholders	383		383	578		578	369		369
Difference on tax rates of foreign income		117	117		331	331		699	699
Tax incentives	274		274	67		67	198		198
Social contribution contingency payment				506		506			
Reversal/Constitution of provisions for loss of tax loss carryfoward	129	(285)	(156)						
Other non-taxable, income/non deductible expenses	63	93	156	36	(238)	(202)	82	(106)	(24)
Income tax per consolidated statements of income	**(939)**	**(208)**	**(1,147)**	**(237)**	**(114)**	**(351)**	**(1,249)**	**112**	**(1,137)**

	Year ended as of								
	December 31, 2011			**December 31, 2010**			**December 31, 2009**		
	Brazil	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**
Income before discontinued operations, income taxes, equity results and noncontrolling interests	21,267	5,532	26,799	16,586	3,728	20,314	10,024	(2,901)	7,123
Exchange variation (not taxable) or not deductible		26	26		265	265		5,162	5,162
	21,267	**5,558**	**26,825**	**16,586**	**3,993**	**20,579**	**10,024**	**2,261**	**12,285**
Tax at Brazilian composite rate	(7,231)	(1,890)	(9,121)	(5,639)	(1,358)	(6,997)	(3,408)	(769)	(4,177)
Tax benefit on interest attributed to stockholders	1,655		1,655	995		995	502		502
Difference on tax rates of foreign income		1,415	1,415		1,673	1,673		1,079	1,079
Tax incentives	704		704	642		642	148		148
Social contribution contingency payment	506		506						
Reversal/Constitution of provisions for loss of tax loss carryfoward	129	(426)	(297)						
Other non-taxable, income/non deductible expenses	48	(192)	(144)	13	(31)	(18)	100	248	348
Income tax per consolidated statements of income	**(4,189)**	**(1,093)**	**(5,282)**	**(3,989)**	**284**	**(3,705)**	**(2,658)**	**558**	**(2,100)**

Table of Contents

Vale and some subsidiaries in Brazil were granted with tax incentives that provide for a partial reduction of the income tax due related to certain regional operations of iron ore, railroad, manganese, copper, bauxite, alumina, aluminum, kaolin and potash. The tax benefit is calculated based on taxable profit adjusted by the tax incentive (so-called exploration profit) taking into consideration the operational profit of the projects that benefit from the tax incentive during a fixed period. In general such tax incentives last for 10 years. The Company s tax incentives will expire in 2020. The tax savings must be registered in a special capital (profit) reserve in the Stockholders equity of the entity that benefits from the tax incentive and cannot be distributed as dividends to the stockholders.

We are also allowed to reinvest part of the tax savings in the acquisition of new equipment to be used in the operations that have the tax benefit subject to subsequent approval from the Brazilian regulatory agencies Superintendência de Desenvolvimento da Amazônia - SUDAM and Superintendência de Desenvolvimento do Nordeste - SUDENE. When the reinvestment is approved, the corresponding tax benefit must also be accounted for in a special profit reserve and is also subject to the same restrictions with respect to future dividend distributions to the stockholders.

We also have income tax incentives related to our Goro project under development in New Caledonia (The Goro Project). These incentives include an income tax holiday during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 per cent income tax holiday. The Goro Project also qualifies for certain exemptions from indirect taxes such as import duties during the construction phase and throughout the commercial life of the project. Certain of these tax benefits, including the income tax holiday, are subject to an earlier phase out, should the project achieves a specified cumulative rate of return. We are subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. To date, we have not recorded any taxable income for New Caledonian tax purposes. The benefits of this legislation are expected to apply with respect to taxes payable once the Goro Project is in operation. We obtained tax incentives for our projects in Mozambique, Oman and Malaysia, that will take effects when those projects start their commercial operation.

We are subject to an examination by the tax authorities for up to five years regarding our operations in Brazil, up to ten years for Indonesia, and up to seven years for Canada for income taxes.

Tax loss carry forwards in Brazil and in most of the jurisdictions where we have tax loss carry forwards have no expiration date, though in Brazil, offset is restricted to 30% of annual taxable income.

The Company adopts the provision accounting for Uncertainty in Income Taxes.

The reconciliation of the beginning and ending amounts is as follows: (see note 20(b)) tax related actions)

	Three-month period ended (unaudited)			Year ended as of December 31,		
	December 31, 2011	September 30, 2011	December 31, 2010	2011	2010	2009
Beginning of the period	**338**	**372**	**392**	**2,555**	**396**	**657**
Increase resulting from tax positions taken	1	1	2,121	1,076	2,130	47
Decrease resulting from tax positions taken (a)	(90)	(2)	(2)	(3,409)	(24)	(474)
Cumulative translation adjustments	14	(33)	44	41	53	166
End of the period	**263**	**338**	**2,555**	**263**	**2,555**	**396**

(a) In July 2011, we made a payment as a consequence of a Brazilian court decision in a case related to the exemption of the Social Contribution (Contribuição Social sobre o Lucro Líquido).

Table of Contents

	December 31, 2011	December 31, 2010
Current deferred tax assets		
Accrued expenses deductible only when disbursed	**203**	**386**
Assets		
Related to provision for losses and write-downs of investments		