

MATERIAL FACT

Bradespar S.A. announces that its Executive Board, after reviewing the cash flow generation and profit distribution of its investees given the "Indicative Policy of Annual Compensation to the Shareholder of Bradespar S.A.", resolved to submit to the Board of Directors, at a meeting to be held on December 28, a proposal to pay an interest on shareholders' equity in the amount of **R\$217,000,000.00**, with **R\$0.585504889** per common share and **R\$0.644055377** per preferred share.

If the proposal was approved, the aforementioned interest:

- 1) will benefit shareholders registered in the Company's records on December 28, 2018 (date of declaration) and the shares will be traded "ex-dividends/interest on shareholders' equity" as of **January 2, 2019**;
- 2) will be computed, net of Withholding Income Tax, in the calculation of mandatory dividends for the year, as provided for in the Bylaws;
- 3) will be paid on **January 31, 2019** in the net amount of **R\$0.497679155** per common share and **R\$0.547447070** per preferred share, after deducting 15% (fifteen percent) of Withholding Income Tax, except for corporate shareholders that are exempt of this tax, subject to the following criteria:
 - a) to those shareholders with shares held in custody at B3 S.A. - Brasil, Bolsa, Balcão, upon payment to said B3, which will transfer the amount to the holder of the shares through the custody agents;
 - b) to the shareholders who keep the bank data updated, through a credit to be made in the checking accounts at a financial institution appointed by them. Those without current data or who do not have a checking account at the financial institution must go to a Bradesco agency chosen by them with an ID and the "Notice for Receipt of Earnings from Book-Entry Shares" that will be sent via mail to those with updated address in the Company's records.

São Paulo, SP, December 21, 2018

Bradespar S.A.

Fernando Jorge Buso Gomes
CEO and
Investor Relations Officer