Unaudited Quarterly Financial Information

Manabi Holding S.A.

March 31, 2012
with Independent Auditor's Report on Review of Quarterly Financial Information

Manabi Holding S.A.

Unaudited quarterly financial information

March 31, 2012

Contents

Report on review of quarterly financial information

The Shareholders, Board of Directors and Officers
Manabi Holding S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the individual and consolidated quarterly financial information of Manabi S.A., contained in the quarterly information form (ITR), for the quarter ended March 31, 2012, comprising the balance sheet and the related statements of operations, changes in equity and cash flows for the quarter ended March 31, 2012, including explanatory notes.

Management is responsible for the preparation and presentation of the individual quarterly financial information in accordance with Accounting Pronouncement CPC 21- Interim Financial Information ("CPC 21"), and the consolidated quarterly financial information in accordance with CPC 21 and International Accounting Standard IAS 34 - Interim Financial Reporting ("IAS 34"), issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this quarterly financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of quarterly financial information consists of making inquiries, mainly to the professionals responsible for financial and accounting issues and the application of analytical and other review procedures. A review is significantly less in scope than an audit conducted in accordance with auditing standards and, accordingly, does not allow us to obtain assurance that we became aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on review of quarterly financial information (Continued)

Conclusion on individual quarterly financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above was not prepared, in all material aspects, in accordance with CPC 21 applicable to the preparation of Quarterly Financial Information (ITR) and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on consolidated quarterly financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information referred to above was not prepared, in all material aspects, in accordance with CPC 21 and IAS34 applicable to the preparation of Quarterly Financial Information (ITR), and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis paragraph

As described in Note 1, the Company and its subsidiaries will continue developing business in the mining segment and the investments necessary for implementation of the business plan are significant. Currently, the Company does not have cash-generating activities or sufficient funds to implement its investment plan and accordingly shall depend on funds from shareholders or third parties to implement its business plan.

ERNST & YOUNG TERCO

Report on review of quarterly financial information (Continued)

Other matters

Quarterly statements of value added

We have also conducted a review of the individual and consolidated quarterly statements of value added, for the three-month period ended in March 31, 2012, whose presentation in the quarterly financial information is required by the Brazilian Securities Commission (CVM) and is considered supplementary information under IFRS, which does not require the presentation of such statement of value added. These statements were submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that the quarterly statements of value added are not prepared, in all material aspects, in accordance with Accounting Pronouncement CPC 9 – Statement of Value Added.

Rio de Janeiro, April 13, 2012

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ

Wilson J. O. Moraes
Accountant CRC - 1RJ 107.211/O-1

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Accountant CRC - 1SP 133.169/O-0 - S - RJ

Manabi Holding S.A.

Balance Sheets
March 31,2012 (unaudited) and December 31, 2011
(In thousands of Reais)

		Parent company		Consolidated	
	Note	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Assets					
Current					
Cash and cash equivalents	5	**180,851**	192,906	**180,851**	192,906
Recoverable taxes		**592**	432	**592**	432
Prepaid expenses		**2,535**	-	**2,535**	-
Other		**82**	148	**93**	148
Total current assets		**184,060**	193,486	**184,071**	193,486
Non-current					
Advances for future capital increase	6	**17,619**	8,941	**-**	-
Investment	6	**585,307**	585,329	**-**	-
Property, plant and equipment	7	**1,587**	1,593	**23,129**	7,638
Intangible assets	8	**-**	-	**598,537**	591,153
Total non-current assets		**604,513**	595,863	**621,666**	598,791
Total assets		**788,573**	789,349	**805,737**	792,277
Liabilities and equity					
Current					
Trade accounts payable		**2,262**	340	**4,379**	3,135
Vacation and related charges		**967**	392	**967**	392
Social security obligations		**363**	429	**367**	429
Tax liabilities		**340**	543	**454**	738
Provision for losses on investments	6	**71**	62	**-**	-
Accounts payable		**-**	-	**15,000**	-
Other		**16**	1	**16**	1
Total current liabilities		**4,019**	1,767	**21,183**	4,695
Equity	11				
Capital stock		**786,706**	786,706	**786,706**	786,706
Capital reserve		**1**	1	**1**	1
Share-based payment reserve		**2,664**	939	**2,664**	939
Accumulated losses		**(4,817)**	(64)	**(4,817)**	(64)
Total equity		**784,554**	787,582	**784,554**	787,582
Total liabilities and equity		**788,573**	789,349	**805,737**	792,277

See accompanying notes.

Manabi Holding S.A.

Unaudited Statements of Operations
Three month period ended March 31, 2012 and the period from March 10, 2011 through March 31, 2011
(In thousands of Reais, except for the loss per share, in Reais)

	Note	Parent company		Consolidated (*)
		March 31, 2012	**March 31, 2011**	**March 31, 2012**
Operating expenses				
Personnel		**(6,810)**	-	**(6,810)**
Services rendered		**(1,176)**	(9)	**(1,202)**
General and administrative expenses		**(1,169)**	(19)	**(1,171)**
Depreciation		**(71)**	-	**(71)**
Taxes		**(73)**	-	**(73)**
		(9,299)	(28)	**(9,327)**
Other operating expenses				
Equity results and provision for losses on investments	**6**	**(30)**	-	**-**
		(30)	-	**-**
Operating losses before financial results		**(9,329)**	(28)	**(9,327)**
Financial income and expenses				
Financial income		**4,615**	-	**4,615**
Financial expenses		**(39)**	-	**(41)**
		4,576	-	**4,574**
Loss before income tax and social contribution		**(4,753)**	(28)	**(4,753)**
Income tax and social contribution	**9**	**-**	-	**-**
Loss for the period		**(4,753)**	(28)	**(4,753)**
Loss per common share (basic and diluted)	**11**	**(5.94)**	(280)	
Loss per preferred share (basic and diluted)	**11**	**(5.94)**	-	

(*) The Company did not have subsidiaries for the period from March 10, 2011 through March 31, 2011.

See accompanying notes

Manabi Holding S.A.

Unaudited Statements of Changes in Equity
Three month period ended March 31, 2012 and the period from March 10, 2011 through March 31, 2011
(In thousands of Reais)

	Capital stock						
	Subscribed	**Unpaid capital**	**Equity issuance costs**	**Capital reserve – subscription warrant**	**Stock options reserve**	**Accumulated losses**	**Total**
Subscribed capital – Mach 10, 2011	**1**	**(1)**	**-**	**-**	**-**	**-**	**-**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(28)**	**(28)**
At March 31, 2011	**1**	**(1)**	**-**	**-**	**-**	**(28)**	**(28)**
At December 31, 2011	**806,790**	**-**	**(20,084)**	**1**	**939**	**(64)**	**787,582**
Stock options (Note 10)	**-**	**-**	**-**	**-**	**1,725**	**-**	**1,725**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(4,753)**	**(4,753)**
At March 31, 2012	**806,790**	**-**	**(20,084)**	**1**	**2,664**	**(4,817)**	**784,554**

See accompanying notes.

Manabi Holding S.A.

Unaudited Statements of Cash Flows
Three month period ended March 31, 2012 and the period from March 10, 2011 through March 31, 2011
(In thousands of Reais)

	Parent company		Consolidated (*)
	March 31, 2012	**March 31, 2011**	**March 31, 2012**
Cash flows from operating activities			
Loss before income tax and social contribution	**(4,753)**	(28)	**(4,753)**
Adjustments to reconcile the loss before income taxes to cash from operating activities			
Depreciation	71	-	71
Stock options	1,725	-	1,725
Equity results	21	-	-
Provision for losses on investments	9	-	-
Changes in assets and liabilities			
Recoverable taxes	(160)	-	(160)
Prepaid expenses	(608)	-	(608)
Other assets	67	-	55
Trade accounts payable	(5)	-	(683)
Vacation and related charges	575	-	575
Social security obligations	(66)	-	(62)
Tax liabilities	(203)	-	(284)
Accounts payable	-	28	-
Other liabilities	15	-	15
Net cash used in operating activities	**(3,312)**	**-**	**(4,109)**
Cash flows from investing activities			
Advances for future capital increase	(8,678)	-	-
Acquisition of property, plant and equipment	(65)	-	(562)
Additions to intangible assets	-	-	(7,384)
Net cash used in investing activities	**(8,743)**	**-**	**(7,946)**
Cash flows from financing activities	**-**	**-**	**-**
Decrease in cash and cash equivalents	**(12,055)**	**-**	**(12,055)**
Cash and cash equivalents at the beginning of the period	**192,906**	-	192,906
Cash and cash equivalents at the end of the period	**180,851**	-	180,851

(*) The Company did not have subsidiaries for the period from March 10, 2011 through March 31, 2011.

See accompanying notes.

Manabi Holding S.A.

Unaudited Statements of Value Added
Three month period ended March 31, 2012 and the period from March 10, 2011 through March 31, 2011
(In thousands of Reais)

	Parent company		Consolidated (*)
	March 31, 2012	March 31, 2011	March 31, 2012
Inputs acquired from third parties			
Services rendered by third parties	**(1,176)**	(9)	**(1,202)**
Gross value added	**(1,176)**	(9)	**(1,202)**
Depreciation	**(71)**	-	**(71)**
Net value added	**(1,247)**	(9)	**(1,273)**
Transferred value added received			
Equity results	**(21)**	-	**-**
Provision for losses on investments	**(9)**	-	**-**
Financial income	**4,615**	-	**4,615**
Total value added to be distributed (retained)	**3,338**	(9)	**3,342**
Distribution of value added			
Personnel			
Direct remuneration	**4,312**	-	**4,312**
Benefits	**251**	-	**251**
Accrued severance indemnity (FGTS)	**207**	-	**207**
Management fees	**1,104**	-	**1,104**
	5,874	**-**	**5,874**
General and administrative expenses	**1,169**	19	**1,171**
Tax			
Federal	**940**	-	**940**
Municipal	**69**	-	**69**
	1,009	-	**1,009**
Financial expenses	**39**	-	**41**
Loss for the period	**(4,753)**	(28)	**(4,753)**
Value added distributed (retained)	**3,338**	(9)	**3,342**

(*) The Company did not have subsidiaries for the period from March 10, 2011 through March 31, 2011.

See accompanying notes.

Manabi Holding S.A.

Notes to unaudited quarterly financial information
March 31, 2012
(In thousands of Reais, except when otherwise indicated)

1. Operations

Manabi Holding S.A. ("Manabi" or "Company") was incorporated on March 10, 2011 and is a public company, with a head office in the city of Rio de Janeiro. The Company's business purpose, directly and indirectly through its subsidiaries, is to perform the following activities: (i) prospect, develop and negotiate business opportunities in the exploration, economic exploration, development, mining, extraction, production and sale of iron ore and other mineral deposits in Brazil, and (ii) invest, hold equity interest and operate assets and companies in the iron ore and other mineral deposits exploration industry, including logistics, transport, industrial facilities and other infra-structures related to business opportunities, assets and companies.

At March 31, 2012, the Company owns 100% of the companies Morro do Pilar Minerais S.A. (“MOPI”), Morro Escuro Minerais S.A. (“MOES”) and Manabi Logística S.A. (“Manabi Log”).

The subsidiaries MOPI and MOES were acquired on June 8, 2011, and their business purpose is to (a) research, explore, mine, process and transport products and mining products; (b) render geological services; (c) render intermediation services related to the activities described above; (d) hold interest in other companies, in Brazil or abroad; (e) lease of vehicles, drills and equipment for drilling and mining; and (f) rendering of survey services for mining activities.

Manabi Log’s business purpose is to consolidate efficient logistics for the production of iron ore, related to the possible development of a port terminal to export. Manabi Log does not currently have any operations; this subsidiary owns an area where this port terminal might be built.

The Company does not have an operational history; therefore, it will face challenges and uncertainties in financial and operational planning to perform its business plans. However, considering that the mining, logistics, transport and infrastructure markets are increasing, the Company expects opportunities to raise funds for the expansion and financing of its investments.

The development and implementation of an integrated production project and transport of iron ore is capital intensive. In this context, management believes that the funds held in cash are sufficient for the next 15 months of operations. Management has been evaluating alternatives to access the capital markets for raising the funds that will enable the implementation of its business plan.

1. Operations (Continued)

According to the current Company's budget approved by its shareholders for the next 12 months, the Company plans on investing mainly in (i) improvement of its knowledge regarding mineral assets with exploration reports and research, drilling, characterization and molding, (ii) engineering, (iii) obtain the licenses necessary for operations, (iv) logistic structure, and (v) negotiation of contracts with potential buyers. The Company began engaging renowned companies to render drilling, sample analysis, chemical analysis of samples, preparation of environmental studies and development of conceptual engineering for the mine, pipeline, and port terminal.

On September 12, 2011, the Company received the approval to register the Company as publicly held at CVM (Brazilian Securities Commission) and at BM&FBOVESPA (São Paulo Stock Exchange). This request was motivated by the intention to hold an initial public offering of common shares, according to CVM Instruction no. 400, of December 29, 2003, as amended.

2. Basis for preparation and presentation of quarterly information

The individual financial information has been prepared and are presented in accordance with CPC 21- Interim Financial Statements, and consolidated interim financial information in accordance with CPC 21 and International Accounting Financial Reporting Standard IAS 34 - Interim Financial Reporting (IAS 34).

The quarterly financial information should be read in conjunction with the financial statements at December 31, 2011, whose individual financial statements were prepared in accordance with accounting practices adopted in Brazil, which includes the provisions of Brazilian Corporate Law and accounting standards and procedures issued by the CVM and the Accounting Pronouncements Committee ("CPC"); and the consolidated financial statements were prepared in accordance with international financial reporting standards ("IFRS") issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil.

Until March 31, 2011, the Company had no subsidiaries and, therefore, no comparatives are shown for the period from March 10, 2011 through March 31, 2011.

The Company's management approved this quarterly financial information on April 13, 2012.

3. Summary of significant accounting practices

The quarterly financial information is presented based on the same accounting policies described in the Note 3 of the audited financial statements of December 31, 2011, complemented by the following accounting practice.

<u>Prepaid expenses</u>

The costs related to the initial public offering of the Company are recorded as prepaid expenses. These costs will be transferred to equity, net of tax, after completing the initial public offering, or will be recognized in the statement of operations if the Company's shareholders decide to cancel the initial public offering.

3.1. <u>Judgment, estimates and assumptions</u>

The Company uses significant accounting judgment, estimates and assumptions to measure and recognize certain assets and liabilities in the financial statements. The determination of these estimates involves past and present events, as well as expectation about future events and other objective and subjective matters.

Significant items subject to estimates, which were considered or will affect the Company after the beginning of production, include: useful lives of property, plant and equipments, reserves estimates included in the unit of production depreciation method, recoverable amount of each cash generating unit, impairment of assets, deferred income tax and social contribution, provision for contingencies and others.

The actual transaction involving estimates can result in different outcomes from what has been recorded in the financial statements due to the assumptions involved in the determination process. The Company review the estimates and assumptions at least annually.

(In thousands of Reais, except when otherwise indicated)

4. Business combinations

On June 8, 2011, the Company acquired all shares of MOPI and MOES, which are the holders of certain mining rights and have compiled studies and research into the extraction of iron ore.

A summary of acquisitions is as follows:

		MOPI	MOES	Total
Book values of assets acquired and liabilities assumed				
Cash		2	2	4
Intangible assets		30,658	7,813	38,471
Accounts payable		(30,652)	(7,811)	(38,463)
Net assets acquired at book value		8	4	12
Excess paid, allocated to intangible assets acquired	(a)	491,427	55,441	546,868
Consideration transferred	(b)	491,435	55,445	546,880

(a) The intangible assets acquired are represented by prospecting rights and existing mineral reserves held by the acquired entities. Fair value measurement was carried out by a specialist through estimated discounted cash flows relating to mining reserves. The acquired companies had recorded R$ 38,471 on their balance sheets relating to prospecting rights and capitalized costs. According to management evaluation the total fair value of intangible assets was R$ 585 million. Accordingly, all the excess paid was allocated to intangible assets.

(b) The consideration transferred was fully paid in cash on the acquisition date June 8, 2011.

(In thousands of Reais, except when otherwise indicated)

5. Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2012	**December 31, 2011**	**March 31, 2012**	**December 31, 2011**
Cash and banks	**23**	415	**23**	415
Cash equivalents				
Bank Deposit Certificates (CDBs)	**98,694**	95,903	**98,694**	95,903
Debentures with repurchase clauses	**82,134**	96,588	**82,134**	96,588
	180,828	192,491	**180,828**	192,491
	180,851	192,906	**180,851**	192,906

Cash equivalents earnings are linked to Interbank Deposit Certificates (CDI), generating remuneration between 100.00% to 101.70% of CDI, of a highly liquid nature (redeemable within 3 months from the acquisition date), low credit risk, and available for use in the Company's and its subsidiaries operations.

Cash equivalents represented by debentures and CDBs with repurchase clauses are as follow:

Note	Issuer	Beginning of operation	Maturity of operation	Index CDI	March 31, 2012 Parent company and consolidated	December 31, 2011 Parent company and consolidated
CDB	Bradesco	3/26/2012	3/17/2014	100,0%	**394**	-
CDB	Itaú BBA	6/8/2011	5/29/2013	101,6%	**43,701**	42,642
CDB	Banco do Brasil	6/8/2011	5/29/2013	100,6%	**54,599**	53,261
Debentures	Itaú BBA	6/8/2011	5/29/2013	101,0%	**39,125**	54,627
Debentures	Bradesco	6/8/2011	5/29/2013	101,7%	**43,009**	41,961
					180,828	192,491

Although the maturities are in 2013 and 2014, the banks guarantee the repurchase of these securities with no loss in value and at any moment as requested by Management.

(In thousands of Reais, except when otherwise indicated)

6. Investments in subsidiaries (Company)

The investments in the subsidiaries MOPI and MOES were acquired on June 8, 2011, as mentioned in Note 4. On that date the Company increased the capital of the investees by R$ 30,653 and R$ 7,811, respectively. The funds were fully utilized to pay liabilities of the same amount.

Changes in investments during the period are as follows:

	December 31, 2011	Equity pickup / Provision for losses on investments	March 31, 2012
Investments			
MOPI	30,651	**(13)**	**30,638**
MOES	7,810	**(8)**	**7,802**
Excess paid on acquisition			
MOPI	491,427	**-**	**491,427**
MOES	55,441	**-**	**55,441**
	585,329	**(21)**	**585,307**
Provision for loss on investments			
Manabi Log	(62)	**(9)**	**(71)**
Equity results and provision for losses on investments		**(30)**	

Other investment information

	MOPI	MOES	Manabi Log
Total common shares	3,066,060,942	781,455,405	900
Company's interest	100%	100%	100%
Equity	30,638	7,802	(71)

Until March 31, 2012, the Company remitted funds to the subsidiaries MOPI, MOES and Manabi Log, amounting to R$ 9,657, R$ 1,365 and R$ 6,597, respectively (R$ 2,429, R$ 723 and R$ 5,789 at December 31, 2011, respectively), for acquisition of land on the coast of Espírito Santo, drilling, environmental studies and surveys, registration, assessment, negotiation and document regulation of project areas. These balances are classified as advances for future capital increase, and capitalization should occur within one year.

(In thousands of Reais, except when otherwise indicated)

7. Property, plant and equipment

Parent company

	Parent company					
	March 31, 2012			December 31, 2011		
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Machinery and equipment	14	(1)	13	14	-	14
Furniture and fixtures	607	(28)	579	602	(13)	589
IT equipment	198	(19)	179	163	(11)	152
Communication equipment	62	(5)	57	59	(3)	56
Software	121	(9)	112	110	(2)	108
Leasehold improvements	685	(38)	647	674	-	674
	1,687	(100)	**1,587**	1,622	(29)	1,593

Changes in parent company balances

	Parent company			
	December 31, 2011	Additions	Depreciation	March 31, 2012
Machinery and equipment	14	-	(1)	13
Furniture and fixtures	589	5	(15)	579
IT equipment	152	35	(8)	179
Communication equipment	56	3	(2)	57
Software	108	11	(7)	112
Leasehold improvements	674	11	(38)	647
	1,593	65	(71)	1,587

Consolidated

	Consolidated					
	March 31, 2012			December 31, 2011		
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Land	20,823	-	20,823	**5,523**	**-**	**5,523**
Construction in progress	719	-	719	**522**	**-**	**522**
Machinery and equipment	14	(1)	13	**14**	**-**	**14**
Furniture and fixtures	607	(28)	579	**602**	**(13)**	**589**
IT equipment	198	(19)	179	**163**	**(11)**	**152**
Communication equipment	62	(5)	57	**59**	**(3)**	**56**
Software	121	(9)	112	**110**	**(2)**	**108**
Leasehold improvements	685	(38)	647	**674**		**674**
	23,229	(100)	23,129	**7,667**	**(29)**	**7,638**

(In thousands of Reais, except when otherwise indicated)

7. Property, plant and equipment (Continued)

Changes in consolidated balances

	Consolidated			
	December 31, 2011	Additions	Depreciation	March 31, 2012
Land	5,523	15,300	-	**20,823**
Construction in progress	522	197	-	**719**
Machinery and equipment	14	-	(1)	**13**
Furniture and fixtures	589	5	(15)	**579**
IT equipment	152	35	(8)	**179**
Communication equipment	56	3	(2)	**57**
Software	108	11	(7)	**112**
Leasehold improvements	674	11	(38)	**647**
	7,638	15,562	(71)	**23,129**

On September 14, 2011, the subsidiary Manabi Log acquired a land measuring 3,390,034 m^2 (three million, three hundred and ninety thousand and thirty-four square meters), located in Degredo - Suruaca, Regência district on the coast of Espírito Santo State, where it is assessing the option of developing a port terminal. The acquisition price for the land, in accordance with the terms of the purchase option agreement was R$ 5,320, fixed and non-adjustable.

On March 26, 2012, the subsidiary Manabi Log acquired another land measuring 6,618,430 m^2 (six million, six hundred and eighteen thousand, four hundred and thirty square meters) located in the same location. The acquisition price for this land, in accordance with the committed terms of agreement was R$ 15,300, fixed and non-adjustable. The Company made a down payment of R$ 300 and the remaining balance of R$15,000, recorded as accounts payable, in current liabilities, will be fully settled within 90 days from the final signed agreement.

For both acquisitions, there are areas of commitments of rights of possession of 430,706 m^2 (four hundred thirty thousand seven hundred and six square meters) and 985,500 m^2 (nine hundred eighty-five thousand five hundred square meters), respectively.

The acquisitions described above are part of the Company’s strategy to develop the project’s logistics, which includes transport of mining products and the development of a private port terminal to export, handling and storage of iron ore provided by MOPI, as well as other cargos that might be required by the Brazil’s National Maritime Transport Regulatory Agency (ANTAQ), under applicable legislation.

In November 2011, the construction of the port terminal was started. Costs incurred up to March 31, 2012 were R$ 719, from the environmental licensing process, oceanographic studies and a bathymetric study and the beginning of the port’s conceptual engineering project, were capitalized.

(In thousands of Reais, except when otherwise indicated)

8. Intangible assets (Consolidated)

Intangible assets were acquired mainly through business combinations on June 8, 2011, represented by prospecting rights and existing mineral reserves of the subsidiaries MOPI and MOES.

The intangible assets are represented by more than 65 mining rights, related reserves and exploratory costs. These mining rights are located in the State of Minas Gerais, which are basically in the research authorization, request for authorization or in availability process, and capitalized costs corresponding to the development of the mines, as follows:

	Consolidated		
	December 31, 2011	Additions	March 31, 2012
Research / development expenses and prospecting rights	44,285	7,384	51,669
Intangible assets acquired (Note 4)	546,868	-	546,868
	591,153	**7,384**	**598,537**

The Company is making the necessary actions for the transfer of the ownership of the acquired mining rights with the regulatory agency.

9. Income and social contribution taxes

At March 31, 2012 and December 31, 2011, the Company’s accumulated tax loss carryforwards and negative basis of social contribution amounted to R$ 23,819 and R$ 19,107, respectively, which management decided not to record deferred tax assets in this prospecting phase.

Tax loss carryforwards generated in Brazil do not expire and are offset with future taxable profit, limited to 30% of the taxable profit of each year.

10. Transactions with related parties

The Company is currently in the prospection phase and has no operational transactions with related parties.

Remuneration of key management personnel

The Company considers all current directors as key management personnel. For the three-month period ended March 31, 2012, the remuneration of these directors was R$ 1,572, relating to salaries, fees and social charges. Directors fees were approved in the Shareholder's Meeting at an overall amount of R$ 3,480 for 2012.

Share-based payment (stock options)

The Company's shareholders approved in the Annual Shareholders' Meeting held on July 21, 2011, the adoption of a stock option plan for directors, officers and employees. The stock options issued by the Company will be settled with the issuance of new shares.

At March 31, 2012, a total of 22,290 shares have been granted, through individual agreement between the Company and each beneficiary. As a condition for acquisition of the shares the beneficiary should have completed three years of service (vesting period). These options, to the proportion of a third of shares available for the plan, are exercisable in three annual tranches. The first tranche exercisable 12 months from the grant date and the following tranches, in accordance with the same conditions, are exercisable 24 and 36 months from the grant date. The participants have a maximum term of sixty months to exercise the options from maturity.

The exercise price of the options granted is R$ 1,576 (one thousand, five hundred and seventy-six Reais) per share which shall remain at this price until the exercise date. As the Company has not paid dividends to date, the valuation of these options assumes no payment of dividends in the fair value measurement.

The stock options were measured and recognized at fair value using the Merton model (1973).

(In thousands of Reais, except when otherwise indicated)

10. Transactions with related parties (Continued)

Share-based payment (***stock options***) (Continued)

The table below shows the result of the fair value measurement of the stock options at the date of this quarterly information:

Plan	Grant date	Initial maturity date	Vesting date	Number of shares	Annual volatility	Risk free rate	Dilution factor	Fair value options
2011.1	10/15/2011	10/15/2012	10/15/2017	4,730	40.41%	11.35%	99.41%	4,285
2011.1	10/15/2011	10/15/2012	10/15/2018	4,730	39.47%	11.35%	98.82%	4,561
2011.1	10/15/2011	10/15/2012	10/15/2019	4,730	38.95%	11.34%	98.23%	4,812
Total at 12/31/2011				14.190				13,658
Amendments	01/02/2012	10/15/2012	10/15/2017	500	40.86%	11.00%	99.24%	442
Amendments	01/02/2012	10/15/2012	10/15/2018	500	39.58%	11.04%	98.33%	469
Amendments	01/02/2012	10/15/2012	10/15/2019	500	38.98%	11.06%	97.44%	495
2012.1	01/02/2012	10/15/2012	10/15/2017	900	40.86%	11.00%	99.24%	795
2012.1	01/02/2012	10/15/2012	10/15/2018	900	39.58%	11.04%	98.33%	844
2012.1	01/02/2012	10/15/2012	10/15/2019	900	38.98%	11.06%	97.44%	890
2012.2	01/02/2012	12/01/2012	12/01/2017	300	40.67%	10.99%	99.20%	267
2012.2	01/02/2012	12/01/2012	12/01/2018	300	39.51%	11.05%	98.30%	284
2012.2	01/02/2012	12/01/2012	12/01/2019	300	38.95%	11.06%	97.41%	299
2012.3	02/01/2012	01/15/2013	01/15/2018	1,000	40.55%	11.04%	99.08%	892
2012.3	02/01/2012	01/15/2013	01/15/2019	1,000	39.47%	11.19%	98.18%	951
2012.3	02/01/2012	01/15/2013	01/15/2020	1,000	38.80%	11.23%	97.29%	1,001
Total for the quarter				8,100				7,629
Total at 3/31/2012				22,290				21,287

The effects of the stock options granted and outstanding recorded in equity and in the statements of operations are as follows:

	1st program	2nd program	Total recorded in statement of operations for the period	Total recorded in equity
2011	**939**	**-**	**939**	**939**
2012	**4,464**	**2,697**	**1,725**	**2,664**
2013	**4,452**	**2,762**		
2014	**3,511**	**2,422**		
2015	**-**	**40**		
	13,366	**7,921**		

In case of the beneficiary resignation, the non-vested options retire with no compensation and the vested options can be exercised within ninety days.

In case of the beneficiary being dismissed with due cause, the vested and non-vested options retire immediately, independently of warning or compensation.

(In thousands of Reais, except when otherwise indicated)

11. Equity

a) Capital stock

At March 31, 2012, subscribed and paid in capital amounts to 800,000 shares, with 250,000 common shares and 550,000 preferred shares, all nominative and without par value as detailed below:

	Number of shares			
Shareholders	**Common**	**Preferred**	**Total**	**%**
Fábrica Holding S.A.	150,000	3,000	153,000	19.13%
Ontário Teachers Pension Plan	-	165,000	165,000	20.63%
Korea Investment Corporation	-	100,000	100,000	12.50%
Southeastern Asset Management	-	100,000	100,000	12.50%
Michael Stephen Vitton	50,000	11,000	61,000	7.63%
Mathew Todd Goldsmith	50,000	6,000	56,000	7.00%
Other	-	165,000	165,000	20.63%
	250,000	550,000	800,000	100.00%

Each common and preferred share awards the holder the right to one vote in shareholder meetings.

b) Capital reserves

Capital reserves are composed of amounts which were not recorded in the statement of operations as revenue, as they refer to amounts which do not demand any services or products from the Company. These reserves are composed of subscription warrants and stock options reserve.

On June 8, 2011, the Company issued subscription warrants to the shareholders (i) Fábrica Holding S.A., (ii) Mathew Todd Goldsmith and (iii) Michael Stephen Vitton. These warrants grant the holders the right to subscribe 1,000 common shares for R$ 0.01 (one cent) in accordance with the terms and conditions provided in the subscription certificate which are exercisable in whole or in part on occurrence of the 'Execution Events', as defined in the agreement.

The execution events did not happen until March 31, 2012 and these events are not in the control of the holders. Therefore, these options did not have any impact in the March 31, 2012 financial information.

(In thousands of Reais, except when otherwise indicated)

11. Equity (Continued)

c) Legal reserve and dividends

The legal reserve is set up on an annual basis at 5% of the net income for the year and it cannot exceed 20% of the capital stock, it is intended to ensure the integrity of capital and may only be used to offset losses or increase the capital stock.

In accordance with statutory provisions, the minimum mandatory dividend is 0.0001% of the net income for the year as adjusted under the Brazilian Corporation Law limited to the net income for the year in which it was realized. It is submitted to deliberation and approval at the Ordinary Shareholders' Meeting. The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements at the end of the year and any amount over the mandatory minimum is only recorded when approved by the shareholders in the Shareholders' Meeting.

d) Loss per share

The table below presents the results and share data used in the basic and dilutive loss per share computations:

	Three-month period ended March 31, 2012		
	Common	**Preferred**	**Total**
Loss attributed to equity holders of the parent company	**(1,485)**	**(3,268)**	**(4,753)**
Weighted average number of shares	**250,000**	**550,000**	**800,000**
Loss per share – basic and diluted (*) in Reais	**(5.94)**	**(5.94)**	

(*) The loss in the period is antidilutive for the holders of stock options and subscription warrants.

	Period from March 10, 2011 to March 31, 2011	
	Common	**Total**
Loss attributed to equity holders of the parent company	(28)	(28)
Weighted average number of shares	100	100
Loss per share – basic and diluted in Reais	(280.00)	

12. Financial instruments

Financial instruments at March 31, 2012 are represented by cash and cash equivalents, in the amount of R$ 180,851 (R$ 192,906 at December 31, 2011) and are classified and measured at fair value through profit and loss.

Financial liabilities are represented by trade accounts payable and accounts payable in the amounts of R$ 2,262 (R$ 340 at December 31, 2011) in the parent company, and R$ 19,379 (R$ 3,135 at December 31, 2011) in the consolidated balance, recorded at amortized cost. Trade accounts payable average payment period is 30 days. At March 31, 2012, there were no relevant differences between carrying amounts and fair values.

The Company does not carry out hedge, swap or any other operations that involve derivative financial instruments.

The Company holds its cash and cash equivalents with various highly liquid financial institutions and has a policy to limit exposure to each institution.

13. Insurance

In the Board of Directors' meeting on June 28, 2011, the Board analyzed and approved a proposal forwarded by management based on a proposal from the insurance company, Chartis Seguros Brasil S.A., for an insurance policy for Directors and Officers civil liability at an insured amount of US$ 25,000,000 and an annual premium of approximately US$ 116,000. The insurance contracted by the Company includes (i) director and management damages, and (ii) Company reimbursement. At an opportune moment the Board may discuss the expansion of coverage of this insurance and/ or increase in the total amount insured.