Quarterly Financial Information (ITRs) (Unaudited)

Manabi S.A.

June 30, 2012
with Independent Auditor's Report on Limited Review

Manabi S.A.

Quarterly financial information - ITR

June 30, 2012

Contents

Quarterly financial information

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A free translation from Portuguese into English of the Report on review of quarterly financial information

Report on review of quarterly financial information

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

Introduction

We have reviewed the accompanying individual and consolidated quarterly financial information of Manabi S.A., contained in the quarterly financial information form (ITR) as of June 30, 2012, which comprises the balance sheet as of June 30, 2012, and the related statements of operations for the three-month and six-month periods then ended and changes in equity and cash flows for the six month period then ended, 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”), issued by the Brazilian Accounting Standards Board (CPC), 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 of matter

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.

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 six-month period ended in June 30, 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 relation to the overall accompanying individual and consolidated interim financial information.

Rio de Janeiro, July 30, 2012

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

Wilson J. O. Moraes	Paulo José Machado
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Manabi S.A.

Balance sheets (unaudited)
June 30, 2012 and December 31, 2011
(In thousands of reais)

		Company		Consolidated	
	Note	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Assets					
Current assets					
Cash and cash equivalents	5	146,649	192,906	146,649	192,906
Recoverable taxes		947	432	947	432
Transaction cost	3.1	10,655	-	10,655	-
Other assets		18	148	413	148
Total current assets		158,269	193,486	158,664	193,486
Non-current assets					
Advances for future capital increase	6	25,368	8,941	-	-
Investment in subsidiaries	6	602,688	585,329	-	-
Property and equipment	7	1,822	1,593	31,891	7,638
Intangible assets	8	-	-	608,334	591,153
Total non-current assets		629,878	595,863	640,225	598,791
Total assets		788,147	789,349	798,889	792,277
Liabilities and equity					
Current liabilities					
Trade accounts payable		8,443	341	18,227	3,136
Vacation, christmas bonus and related charges		1,553	392	1,553	392
Social security obligations		371	429	382	429
Tax liabilities		366	543	544	738
Provision for losses on investments	6	-	62	-	-
Other		-	-	769	-
Total current liabilities		10,733	1,767	21,475	4,695
Equity	11				
Capital stock		786,706	786,706	786,706	786,706
Capital reserve		1	1	1	1
Reserve for share-based payment	10	4,507	939	4,507	939
Accumulated losses		(13,800)	(64)	(13,800)	(64)
Total equity		777,414	787,582	777,414	787,582
Total liabilities and equity		788,147	789,349	798,889	792,277

See accompanying notes.

Manabi S.A.

Statements of operations (unaudited)
Six-month period ended June 30, 2012 and from March 10, (date of Company's incorporation) to June 30, 2011
(In thousands of reais)

		Company		Consolidated	
	Note	**June 30, 2012**	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Operating expenses					
Personnel		**(14,118)**	(107)	**(14,118)**	(107)
Services rendered		**(4,164)**	(344)	**(4,327)**	(344)
General and administrative		**(3,050)**	(105)	**(3,079)**	(105)
Depreciation		**(160)**	-	**(160)**	-
Taxes		**(101)**	(51)	**(101)**	(51)
		(21,593)	(607)	**(21,785)**	(607)
Other operating expenses					
Equity results and provision for losses on investments	**6**	**(196)**	-	**-**	-
		(196)	-	**-**	-
Operating loss before financial results		**(21,789)**	(607)	**(21,785)**	(607)
Financial income and expenses					
Financial income		**8,120**	1,498	**8,120**	1,498
Financial expenses		**(67)**	(10)	**(71)**	(10)
		8,053	1,488	**8,049**	1,488
Income (loss) before income tax and social contribution		**(13,736)**	881	**(13,736)**	881
Income tax and social contribution	**9**	**-**	-	**-**	-
Income (loss) for the period		**(13,736)**	881	**(13,736)**	881
Gain (loss) per common share (basic and diluted)	**11**	**(17.17)**	1.62		
Gain (loss) per preferred share (basic and diluted)	**11**	**(17.17)**	5.59		

See accompanying notes.

Manabi S.A.

Statements of operations (unaudited)
Three-month period ended June 30, 2012 and June 30, 2011
(In thousands of reais)

	Note	Company		Consolidated	
		4/1/2012 to 6/30/2012	4/1/2011 to 6/30/2011	4/1/2012 to 6/30/2012	6/8/2011 to 6/30/2011
Operating expenses					
Personnel		**(7,308)**	(107)	**(7,308)**	(107)
Services rendered		**(2,988)**	(335)	**(3,125)**	(335)
General and administrative		**(1,881)**	(86)	**(1,908)**	(86)
Depreciation		**(88)**	-	**(88)**	-
Taxes		**(29)**	(51)	**(29)**	(51)
		(12,294)	(579)	**(12,458)**	(579)
Other operating expenses					
Equity results and provision for losses on investments		**(166)**	-	**-**	-
		(166)	-	**-**	-
Operating loss before financial results		**(12,460)**	(579)	**(12,458)**	(579)
Financial income and expenses					
Financial income		**3,505**	1,498	**3,505**	1,498
Financial expenses		**(28)**	(10)	**(30)**	(10)
		3,477	1,488	**3,475**	1,488
Income (loss) before income tax and social contribution		**(8,983)**	909	**(8,983)**	909
Income tax and social contribution	**9**	**-**	-	**-**	-
Income (loss) for the period		**(8,983)**	909	**(8,983)**	909
Gain (loss) per common share (basic and diluted)	**11**	**(11.23)**	1.62		
Gain (loss) per preferred share (basic and diluted)	**11**	**(11.23)**	4.64		

See accompanying notes.

Manabi S.A.

Statements of changes in equity (unaudited)
Six-month period ended June 30, 2012 and from March 10 (date of Company's incorporation) to June 30, 2011
(In thousands of reais)

	Capital stock						
	Subscribed	Unpaid capital	(-) Equity issuance costs	Capital reserve - subscription warrant	Reserve for share-based payment	Retained earnings (accumulated losses)	Total
Subscribed capital - March 10, 2011	1	(1)	-	-	-	-	-
Payment of capital previously subscribed	-	1	-	-	-	-	1
Capital increase	806,789	-	(4,721)	-	-	-	802,068
Subscription warrant (Note 11)	-	-	-	1	-	-	1
Income for the period	-	-	-	-	-	881	881
At June 30, 2011	806,790	-	(4,721)	1	-	881	802,951
At December 31, 2011	**806,790**		**(20,084)**	**1**	**939**	**(64)**	**787,582**
Stock options (Note 10)	**-**	**-**	**-**	**-**	**3,568**	**-**	**3,568**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(13,736)**	**(13,736)**
At June 30, 2012	**806,790**	**-**	**(20,084)**	**1**	**4,507**	**(13,800)**	**777,414**

See accompanying notes.

Manabi S.A.

Cash flow statements (unaudited)
Six-month period ended June 30, 2012 and from March 10 (date of Company's incorporation) to June 30, 2011
(In thousands of reais)

	Company		Consolidated	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Cash flows from operating activities				
Income (loss) before income tax and social contribution	**(13,736)**	881	**(13,736)**	881
Adjustments to reconcile the income (loss) before income tax and social contribution to cash from operating activities				
Depreciation	**160**	-	**160**	-
Stock options	**3,568**	-	**3,568**	-
Equity results	**196**	-	**-**	-
Changes in assets and liabilities				
Recoverable taxes	**(515)**	-	**(515)**	-
Transaction costs	**(2,488)**	-	**(2,488)**	-
Other assets	**130**	(48)	**(265)**	(48)
Trade accounts payable	**(66)**	18	**483**	18
Management fees	**-**	107	**-**	107
Vacation, christmas bonus and related charges	**1,161**	-	**1,161**	-
Social security obligations	**(58)**	-	**(47)**	-
Tax liabilities	**(176)**	32	**(193)**	32
Accounts payable	**-**	41	**-**	(38,422)
Net cash provided by (used in) operating activities	**(11,824)**	1,031	**(11,872)**	(37,432)
Cash flows from investing activities				
Advances for capital increase	**(16,426)**	-	**-**	-
Acquisition of property and equipment	**(388)**	(15)	**(17,973)**	(15)
Additions to intangible assets	**-**	-	**(16,412)**	-
Capital increase in subsidiaries	**(17,619)**	(38,475)	**-**	(12)
Acquisitions of mining assets	**-**	(546,868)	**-**	(546,868)
Net cash used in investing activities	**(34,433)**	(585,358)	**(34,385)**	(546,895)
Cash flows from financing activities				
Capital increase	**-**	802,068	**-**	802,068
Subscription warrant	**-**	1	**-**	1
Net cash from financing activities	**-**	802,069	**-**	802,069
Increase (decrease) in cash and cash equivalents	**(46,257)**	217,742	**(46,257)**	217,742
Cash and cash equivalents at the beginning of the period	**192,906**	-	**192,906**	4
Cash and cash equivalents at the end of the period	**146,649**	217,742	**146,649**	217,746

See accompanying notes.

Manabi S.A.

Statements of value added (unaudited)
Six-month period ended June 30, 2012 and from March 10, (date of Company's incorporation) to June 30, 2011
(In thousands of reais)

	Company		Consolidated	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Inputs acquired from third parties				
Services rendered by third parties	**(4,164)**	(344)	**(4,327)**	(344)
Gross value added	**(4,164)**	(344)	**(4,327)**	(344)
Depreciation	**(160)**	-	**(160)**	-
Net value added	**(4,324)**	(344)	**(4,487)**	(344)
Transferred value added received				
Equity results	**(196)**	-	**-**	-
Financial income	**8,120**	1,498	**8,120**	1,498
Total value added to be distributed	**3,600**	1,154	**3,633**	1,154
Distribution of value added				
Personnel				
Direct remuneration	**8,975**	-	**8,975**	-
Benefits	**489**	-	**489**	-
Accrued severance indemnity (FGTS)	**433**	-	**433**	-
Management fees	**2,274**	107	**2,274**	107
	12,171	107	**12,171**	107
General and administrative expenses	**3,050**	105	**3,079**	105
Tax				
Federal	**1,947**	-	**1,947**	-
Municipal	**101**	-	**101**	-
Intra-segment obligations	**-**	51	**-**	51
	2,048	51	**2,048**	51
Financial expenses	**67**	10	**71**	10
Income (loss) for the period	**(13,736)**	881	**(13,736)**	881
Value added distributed	**3,600**	1,154	**3,633**	1,154

See accompanying notes.

1. Operations

Manabi S.A. ("Manabi" or "Company"), before called Manabi Holding S.A., incorporated on March 10, 2011, is a public company, with a head office in the city of Rio de Janeiro. The Company's direct and indirect business purpose, through 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 South America, (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 infrastructures related to business opportunities, assets and companies, (iii) research, exploration, extraction, processing, manufacturing, transportation, export and trade for goods and minerals listed in item (i) above and, (iv) provision of services geological.

At June 30, 2012, the Company holds full control over 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 goods and mineral products; (b) rendering of geological services; (c) render intermediation services related to the activities and materials 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.

Manabi Log’s business purpose is to consolidate efficient logistics for the production of iron ore. Manabi Log does not currently have any operations; this subsidiary owns an area where Porto Norte, a 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.

1. **Operations** (Continued)

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 12 months of operations. Management has been studying alternatives to access capital markets for fundraising that allow the implementation of its business plan.

According to the current Company 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) logistics infrastructure; and (v) negotiation of contracts with potential buyers. The Company began engaging renowned companies to render drilling, 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 SEC) and the São Paulo Stock Exchange (BM&F BOVESPA). This request was motivated by the intention to hold a future initial public offering of common shares issued by the Company, as per CVM Rule No. 400, of December 29, 2003, and subsequent amendments.

2. Basis for preparation and presentation of quarterly information

The individual quarterly information was prepared and is presented according to CPC 21.

The consolidated quarterly information was prepared according to CPC 21 and IAS 34.

The quarterly information should be read jointly with the financial statements at December 31, 2011, whose individual financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions contained in the Brazil's Corporation Law and accounting standards and procedures issued by CVM and the Brazilian FASB (CPC). The consolidated financial statements were prepared according to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also according to accounting practices adopted in Brazil.

(In thousands of reais, except when indicated otherwise)

2. Basis for preparation and presentation of quarterly information (Continued)

For comparison purposes, the amounts of June 30, 2011 were adjusted as follows:

Adjustments description		Effects on statement of operations	Effects on equity
Reversal of deferred income tax and social contribution asset	(a)	**(1,306)**	**(1,306)**
Reversal of issuance costs to equity	(b)	**4,721**	-
		3,415	**(1,306)**

(a) In the first semester of 2011, the Company recorded benefits of income tax and social contribution. However, chose to reverse them in the second semester, setting as accounting policy that such benefits will be recorded only when the mineral resources are proven. For comparison purposes, the balances of June 30, 2011 were adjusted by that amount.

(b) In the first semester of 2011, the Company incurred in 4,721 for expenses related to fundraising by issuing shares, and such expenditure were incorrectly recorded in the income statement. For comparison purposes, these expenses were reclassified to equity as a reduction of the captation.

Company management authorized the conclusion of this quarterly financial information on July 30, 2012.

3. Summary of significant accounting practices

The interim 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.

3.1. Prepaid Expenses

On June 30, 2012, the Company is in a process of initial public offering of stock, which has not been completed yet. 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 of shares. The balance recorded in prepaid expenses will be recognized in income if the Company's shareholders decide to cancel the initial public offering.

(In thousands of reais, except when indicated otherwise)

3. Summary of significant accounting practices (Continued)

Judgment, estimates and assumptions

Judgments, estimates and assumptions are used to measure and recognize certain assets and liabilities in the Company's quarterly financial information. The determination of these estimates takes into consideration past, current and presupposed future events in addition to other objective or subjective factors.

Significant items subject to estimates that were considered or that shall affect the Company after production begins include: the selection of useful lives of property, plant and equipment; the estimate of reserves used in the depreciation calculation by the units produced method; evaluation of the recoverability of cash generating units; analysis of the recoverability of property, plant and equipment; deferred income tax and social contribution; the provision for contingencies, among others.

The settlement of transactions may result in different estimate values in the quarterly financial information due to uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions on an annual basis at minimum.

4. Business combination

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 surveys 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

(In thousands of reais, except when indicated otherwise)

4. Business combination (Continued)

(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 mineral reserves. The acquired companies had recorded 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 approximately 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.

5. Cash and cash equivalents

	Company		Consolidated	
	June 30, 2012	**December 31, 2011**	**June 30, 2012**	**December 31, 2011**
Cash and banks	**163**	415	**163**	415
Short-term investments				
Bank Deposit Certificates (CDBs)	**100,432**	95,903	**100,432**	95,903
Debentures with repurchase clauses	**46,054**	96,588	**46,054**	96,588
	146,649	192,906	**146,649**	192,906

Earnings of cash equivalents are linked to the 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 follows:

					June 30, 2012	December 31, 2011
Note	**Issuer**	**Beginning of operation**	**Maturity of operation**	**Index CDI**	**Company and Consolidated**	**Company and Consolidated**
CDB	Bradesco	3/26/2012	3/17/2014	**100.0%**	403	-
CDB	Itaú BBA	6/8/2011	5/29/2013	**101.6%**	44,634	42,642
CDB	Banco do Brasil	6/8/2011	5/29/2013	**100.6%**	54,620	53,261
CDB	Banco do Brasil	4/17/2012	4/8/2014	**100.6%**	775	-
Debentures	Itaú BBA	6/8/2011	5/29/2013	**101.0%**	2,133	54,627
Debentures	Bradesco	6/8/2011	5/29/2013	**101.7%**	43,921	41,961
					146,486	192,491

Although they mature in 2013 and 2014, the banks guarantee the repurchase of these securities with no loss in value and at any moment management requires.

(In thousands of reais, except when indicated otherwise)

6. Investments in subsidiaries (Company)

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

Changes in investments in the period were as follows:

	December 31,2011	Capital increase	Equity results/ provision for losses on investments	June 30, 2012
Investments				
MOPI	30,651	**9,658**	**(141)**	**40,168**
MOES	7,810	**1,365**	**(21)**	**9,152**
Manabi Log	-	**6,596**	**(96)**	**6,500**
Excess paid on acquisition of:				
MOPI	491,427	**-**	**-**	**491,427**
MOES	55,441	**-**	**-**	**55,441**
	585,329	**17,619**	**(258)**	**602,688**
Provision for losses on investments				
Manabi Log	(62)	**-**	**62**	**-**
Equity results and provision for losses on investments			**(196)**	

Other investment information - June 30, 2012

	MOPI	MOES	Manabi Log
Number of shares (common)	**4,031,860**	**782,820**	**659,600**
Company's interest	**100%**	**100%**	**100%**
Equity	**40,168**	**9,152**	**6,500**

Until June 30, 2012, the Company remitted funds to the subsidiaries MOPI, MOES and Manabi Log, amounting to 7,771, 935 and 16,662, 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.

On April 30, 2012, the Company increased capital in its subsidiaries according to the amounts stated above.

(In thousands of reais, except when indicated otherwise)

7. Property and equipment

Company balances

	Company					
	June 30, 2012			December 31, 2011		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Machinery and equipment	**15**	**(1)**	**14**	14	-	14
Furniture and fixtures	**614**	**(44)**	**570**	602	(13)	589
IT equipment	**198**	**(29)**	**169**	163	(11)	152
Communication equipment	**67**	**(9)**	**58**	59	(3)	56
Software	**429**	**(29)**	**400**	110	(2)	108
Leasehold improvements	**688**	**(77)**	**611**	674	-	674
	2,011	**(189)**	**1,822**	1,622	(29)	1,593

Changes in company balances:

	Company			
	December 31, 2011	Acquisitions	Depreciation	June 30, 2012
Machinery and equipment	14	**1**	**(1)**	**14**
Furniture and fixtures	589	**12**	**(31)**	**570**
IT equipment	152	**36**	**(19)**	**169**
Communication equipment	56	**7**	**(5)**	**58**
Software	108	**319**	**(27)**	**400**
Leasehold improvements	674	**14**	**(77)**	**611**
	1,593	**389**	**(160)**	**1,822**

Consolidated balances

	Consolidated					
	June 30, 2012			December 31, 2011		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Land	**27,740**	**-**	**27,740**	5,523	-	5,523
Construction in progress	**2,326**	**-**	**2,326**	522	-	522
Machinery and equipment	**15**	**(1)**	**14**	14	-	14
Furniture and fixtures	**617**	**(44)**	**573**	602	(13)	589
IT equipment	**198**	**(29)**	**169**	163	(11)	152
Communication equipment	**67**	**(9)**	**58**	59	(3)	56
Software	**429**	**(29)**	**400**	110	(2)	108
Leasehold improvements	**688**	**(77)**	**611**	674		674
	32,080	**(189)**	**31,891**	7,667	(29)	7,638

(In thousands of reais, except when indicated otherwise)

7. Property and equipment (Continued)

Changes in consolidated balances

	Consolidated			
	December 31, 2011	Acquisitions	Depreciation	June 30, 2012
Land	5,523	**22,217**	**-**	**27,740**
Construction in progress	522	**1,804**	**-**	**2,326**
Machinery and equipment	14	**1**	**(1)**	**14**
Furniture and fixtures	589	**15**	**(31)**	**573**
IT equipment	152	**36**	**(19)**	**169**
Communication equipment	56	**7**	**(5)**	**58**
Software	108	**319**	**(27)**	**400**
Leasehold improvements	674	**14**	**(77)**	**611**
	7,638	**24,413**	**(160)**	**31,891**

On September 14, 2011, through subsidiary Manabi Log, the Company acquired 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. The acquisition price for the land, in accordance with the terms of the purchase option agreement, was 5,320, fixed and non-adjustable.

On March 26, 2012, also through subsidiary Manabi Log, the Company acquired 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 land price, fixed and non-adjustable, in accordance with the agreement for real estate purchase and sale commitment and assignment of ownership rights, was 15,300.

For both acquisitions, there are areas of assignment of ownership rights commitments 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 thousands of reais, except when indicated otherwise)

7. Property and equipment (Continued)

Changes in consolidated balances (Continued)

In November 2011, the initial works related to the port terminal was started. Costs incurred up to June 30, 2012, amounting to 2,326, regarding the environmental licensing process, oceanographic studies and a bathymetric study and the beginning of the port's conceptual engineering project, were fully capitalized to property and equipment.

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 subsidiaries MOPI and MOES.

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**	**June 30, 2012**
Research / development expenses and prospecting rights	44,285	**17,181**	**61,466**
Intangible assets acquired in business combination (Note 4)	546,868	**-**	**546,868**
	591,153	**17,181**	**608,334**

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

9. Income and social contribution taxes

At June 30, 2012 and December 31, 2011, the Company's accumulated tax loss carryforward and negative basis of social contribution amounted to 28,548 and 19,107, respectively, on which management decided not to record deferred income tax and social contribution asset in this prospecting phase.

Tax loss carryforwards generated in Brazil do not expire and are offset against future taxable profit, limited however 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 officers key management personnel. In the period ended June 30, 2012, the remuneration of these directors totaled 3,223, referring to salaries, fees and social charges. Management fees were approved in the General Shareholder's Meeting in an overall amount of 5,100 for 2012.

Share-based payment (stock options)

The Company's shareholders approved in the General Shareholder's 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.

(In thousands of reais, except when indicated otherwise)

10. Transactions with related parties (Continued)

Share-based payment (stock options) - Continued

At June 30, 2012, a total of 22,590 (twenty-two thousand, five hundred and ninety) shares were granted, through individual agreement between the Company and each beneficiary. To acquire the purchase option right, the beneficiary should have been with the Company at least three years (vesting period). The options, in the proportion of one third of the total shares available for the plan, may be exercised in three annual installments, the first after 12 months of the granting date and the remaining ones, observing the same conditions, within 24 and 36 months therefrom. The participants have a maximum of sixty months, as from the end of the vesting period, to exercise the options.

The option strike price is 1,576 (one thousand, five hundred and seventy-six reais) per share and must remain the same until the effective option exercise date, liable to corrections in the event of stock or reverse splits. As the Company has not paid dividends to date, the valuation of these options assumes no payment of dividends in the fair value measurement.

Stock options were measured and recognized at fair value, based on the Merton model (1973).

The table below presents the result of the calculation of fair value of options at the date of this quarterly information:

Plan	Grant date	Initial maturity date	Maturity date	Number of shares	Annual volatility	Risk free rate	Dilution factor	Fair value of 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 12/31/2011				14,190				13,658
Amendments	1/2/2012	10/15/2012	10/15/2017	500	40.86%	11.00%	99.24%	442
Amendments	1/2/2012	10/15/2012	10/15/2018	500	39.58%	11.04%	98.33%	469
Amendments	1/2/2012	10/15/2012	10/15/2019	500	38.98%	11.06%	97.44%	495
2012.1	1/2/2012	10/15/2012	10/15/2017	900	40.86%	11.00%	99.24%	795
2012.1	1/2/2012	10/15/2012	10/15/2018	900	39.58%	11.04%	98.33%	844
2012.1	1/2/2012	10/15/2012	10/15/2019	900	38.98%	11.06%	97.44%	890
2012.2	1/2/2012	12/1/2012	12/1/2017	300	40.67%	10.99%	99.20%	267
2012.2	1/2/2012	12/1/2012	12/1/2018	300	39.51%	11.05%	98.30%	284
2012.2	1/2/2012	12/1/2012	12/1/2019	300	38.95%	11.06%	97.41%	299
2012.3	2/1/2012	1/15/2013	1/15/2018	1,000	40.55%	11.04%	99.08%	892
2012.3	2/1/2012	1/15/2013	1/15/2019	1,000	39.47%	11.19%	98.18%	951
2012.3	2/1/2012	1/15/2013	1/15/2020	1,000	38.80%	11.23%	97.29%	1,001
2012.4	1/13/2012	1/13/2013	1/13/2018	100	40.47%	11.23%	99.20%	90
2012.4	1/13/2012	1/13/2013	1/13/2019	100	39.41%	11.31%	98.28%	96
2012.4	1/13/2012	1/13/2013	1/13/2020	100	38.88%	11.32%	97.37%	101
Total for the period				8,400				7,916
Total 6/30/2012				22,590				21,574

(In thousands of reais, except when indicated otherwise)

10. Transactions with related parties (Continued)

Share-based payment (stock options) - Continued

The effects of share-based compensation for purchase of shares, covering all granted and outstanding options, on equity and statement of operations for the period, are as follows:

	1st program	2nd program	3rd program	Total recorded in statement of operations for the period	Total recorded in equity
2011	939	-	-	939	939
2012	4,464	2,697	92	3,568	4,507
2013	4,452	2,762	96		
2014	3,511	2,422	95		
2015	-	40	4		
	13,366	7,921	287		

Should the beneficiary withdraw from his position, options not yet exercisable expire, with no right to indemnification or compensation, and options already exercisable may be exercised in up to 90 days.

If the beneficiary's employment contract is terminated for cause, all rights that may be exercised or that may not still be exercised expire automatically, regardless of notice or severance.

11. Equity

a) Capital

At June 30, 2012 and December 31, 2011, subscribed and paid-in capital is represented by 800,000 shares, of which 250,000 are common registered shares and 550,000 are preferred shares without par value as detailed below:

Shareholders	Number of shares 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%

11. Equity (Continued)

a) Capital (Continued)

Each common and preferred share awards the holder the right to one vote in decisions made in General Shareholder's Meeting.

b) Capital reserves

These capital reserves are composed of subscription warrants and stock options plan granted.

On June 8, 2011, the Company issued subscription warrants to shareholders (i) Fábrica Holding S.A., (ii) Mathew Todd Goldsmith and (iii) Michael Stephen Vitton. These warrants grant the holders the option to subscribe 1,000 shares for R$0.01 (one cent) in accordance with the terms and conditions provided for in the subscription warrant certificate, which shall be exercisable, in whole or in part, at the holder's discretion, upon occurrence of the events defined in the agreement ("execution events").

No execution events occurred until June 30, 2012 and are not under the control of the option holders. As such, these options do not lead to impact on the quarterly information.

c) Legal reserve and dividends

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

According to the articles of incorporation, mandatory minimum dividend is of 0.0001% of net income for the year, adjusted under the Corporation Law, limited to net income for the year that has been realized, to be submitted for approval at General Shareholder's Meeting. Mandatory minimum dividends are recognized as liabilities in the financial statements at the year end, and any exceeding amount is only recorded on the date of approval at the General Shareholder's Meeting.

(In thousands of reais, except when indicated otherwise)

11. **Equity** (Continued)

d) Loss per share

The table below shows the share information used to calculate basic and diluted loss per share:

	Three-month period ended June 30, 2012		
	Common	**Preferred**	**Total**
Loss attributed to shareholders	(2,807)	(6,176)	(8,983)
Weighted average number of outstanding shares	250,000	550,000	800,000
Loss per share - basic and diluted (*)	(11.23)	(11.23)	

(*) Loss for the period does not have a diluted impact on holders of share options and subscription warrants.

	Three-month period ended June 30, 2011		
	Common	**Preferred**	**Total**
Gain attributed to shareholders	284	625	909
Weighted average number of outstanding shares	174,822	134,822	309,644
Earnings per share - basic and diluted - R$	1.62	4.64	

	Six-month period ended June 30, 2012		
	Common	**Preferred**	**Total**
Loss attributed to shareholders	(4,292)	(9,444)	(13,736)
Weighted average number of outstanding shares	250,000	550,000	800,000
Loss per share - basic and diluted - R$ (*)	(17.17)	(17.17)	

(*) Loss for the period does not have a diluted impact on holders of share options and subscription warrants.

	Period from March 10 (date of Company's incorporation) to June 30, 2011		
	Common	**Preferred**	**Total**
Gain attributed to shareholders	275	606	881
Weighted average number of outstanding shares	170,045	108,438	278,482
Earnings per share - basic and diluted - R$	1.62	5.59	

12. Financial instruments

At June 30, 2012, financial assets are represented by cash and cash equivalents, in the amount of 146,649 (192,906 at December 31, 2011), 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 8,443 (341 at December 31, 2011), Company, and 18,227 (3,136 at December 31, 2011), Consolidated, recorded at amortized cost. Trade accounts payable mature, on average, in 30 days and, therefore, there are no differences between book values and fair values.

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

The Company holds its funds with various highly liquid financial institutions and adopts the policy of limiting exposure in each institution.

13. Insurance coverage

At the Board of Directors' meeting held on June 28, 2011, the Board analyzed and approved a proposal presented by management based on a sales proposal from insurer Chartis Seguros Brasil S.A., for an insurance policy for Directors and Officers Civil Liability Insurance 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 policy and/or increase in the total amount insured.