Unaudited Quarterly Financial Information - ITR

Manabi S.A.

September 30, 2012
with Independent Auditor's Report on quarterly financial information

Manabi S.A.

Unaudited quarterly financial information - ITRs

September 30, 2012

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Quarterly information

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A free translation from Portuguese into English of Report on Review of Quarterly Financial Information

Independent auditor's 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 September 30, 2012, which comprises the balance sheet as of September 30, 2012 and the related statements of operations for the three-month and nine-month periods then ended, statement of changes in equity and cash flows for the nine-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.

Conclusion on the individual interim 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 the consolidated interim 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.

Other matters

Interim statements of value added

We have also conducted a review of the interim individual and consolidated interim statements of value added for the nine-month period ended September 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 interim statements of value added are not prepared, in all material aspects, consistently in relation to the overall accompanying individual and consolidated quarterly financial information.

Rio de Janeiro, October 26, 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

Paulo José Machado
Accountant CRC - 1RJ 061.469/O-4

Manabi S.A.

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

		Company		Consolidated	
	Note	9/30/2012	12/31/2011	9/30/2012	12/31/2011
		Unaudited	Audited	Unaudited	Audited
Assets					
Current assets					
Cash and cash equivalents	5	**112,849**	192,906	**112,849**	192,906
Recoverable taxes		**1,677**	432	**1,677**	432
Transaction cost	3.1	**7,773**	-	**7,773**	-
Other assets		**55**	148	**184**	148
Total current assets		**122,354**	193,486	**122,483**	193,486
Non-current assets					
Advances for future capital increase	6	**47,524**	8,941	**-**	-
Investment in subsidiaries	6	**602,569**	585,329	**-**	-
Property and equipment	7	**1,800**	1,593	**35,124**	7,638
Intangible assets	8	**-**	-	**622,004**	591,153
Total non-current assets		**651,893**	595,863	**657,128**	598,791
Total assets		**774,247**	789,349	**779,611**	792,277
Liabilities and net equity					
Current liabilities					
Trade accounts payable		**8,166**	341	**12,326**	3,136
Vacation, Christmas bonus and related charges		**1,934**	392	**1,934**	392
Social security obligations		**394**	429	**428**	429
Tax liabilities		**512**	543	**709**	738
Provision for losses on investments	6	**-**	62	**-**	-
Other		**-**	-	**973**	-
Total current liabilities		**11,006**	1,767	**16,370**	4,695
Net equity	11				
Capital stock		**786,706**	786,706	**786,706**	786,706
Capital reserve		**1**	1	**1**	1
Reserve for share-based payment	10	**6,350**	939	**6,350**	939
Accumulated losses		**(29,816)**	(64)	**(29,816)**	(64)
Total net equity		**763,241**	787,582	**763,241**	787,582
Total liabilities and net equity		**774,247**	789,349	**779,611**	792,277

See accompanying notes.

Manabi S.A.

Unaudited statements of operations
Nine-month period ended September 30, 2012 and from March 10 (date of Company's incorporation) to September 30, 2011
(In thousands of reais except per income (loss) per common share, expressed in Reais)

		Company		Consolidated	
	Note	9/30/2012	9/30/2011	9/30/2012	9/30/2011
Operating expenses					
Personnel		**(21,194)**	(2,119)	**(21,194)**	(2,119)
Services rendered		**(13,587)**	(1,706)	**(13,841)**	(1,706)
General and administrative		**(4,596)**	(691)	**(4,652)**	(691)
Depreciation	**7**	**(250)**	(5)	**(250)**	(5)
Taxes		**(362)**	(80)	**(362)**	(80)
		(39,989)	(4,601)	**(40,299)**	(4,601)
Other operating expenses					
Equity pickup and provision for losses on investments	**6**	**(317)**	-	**-**	-
		(317)	-	**-**	-
Operating loss before financial results		**(40,306)**	(4,601)	**(40,299)**	(4,601)
Financial income and expenses					
Financial income		**10,654**	8,053	**10,654**	8,053
Financial expenses		**(100)**	(47)	**(107)**	(47)
		10,554	8,006	**10,547**	8,006
Income (loss) before income tax and social contribution		**(29,752)**	3,405	**(29,752)**	3,405
Income tax and social contribution	**9**	**-**	-	**-**	-
Income (loss) for the period		**(29,752)**	3,405	**(29,752)**	3,405
Income (loss) per common share (basic and diluted)	**11**	**(37.19)**	7,08		
Income (loss) per preferred share (basic and diluted)	**11**	**(37.19)**	7,08		

See accompanying notes.

Manabi S.A.

Unaudited statements of operations (Continued)
Three-month period ended September 30, 2012 and 2011
(In thousands of reais except per income (loss) per common share, expressed in Reais)

		Company		Consolidated	
	Note	**7/01/2012 to 9/30/2012**	**7/01/2011 to 9/30/2011**	**7/01/2012 to 9/30/2012**	**7/01/2011 to 9/30/2011**
Operating expenses					
Personnel		**(7,076)**	(2,012)	**(7,076)**	(2,012)
Services rendered		**(9,423)**	(1,362)	**(9,514)**	(1,362)
General and administrative		**(1,546)**	(586)	**(1,573)**	(586)
Depreciation		**(91)**	(5)	**(91)**	(5)
Taxes		**(260)**	(29)	**(260)**	(29)
		(18,396)	(3,994)	**(18,514)**	(3,994)
Other operating expenses					
Equity pickup and provision for losses on investments		**(121)**	-	**-**	-
		(121)	-	**-**	-
Operating loss before financial results		**(18,517)**	(3,994)	**(18,514)**	(3,994)
Financial income and expenses					
Financial income		**2,534**	6,555	**2,534**	6,555
Financial expenses		**(33)**	(37)	**(36)**	(37)
		2,501	6,518	**2,498**	6,518
Income (loss) before income tax and social contribution		**(16,016)**	2,524	**(16,016)**	2,524
Income tax and social contribution	**9**	**-**	-	**-**	-
Income (loss) for the period		**(16,016)**	2,524	**(16,016)**	2,524
Income (loss) per common share (basic and diluted)	**11**	**(20.02)**	3.16		
Income (loss) per preferred share (basic and diluted)	**11**	**(20.02)**	3.16		

See accompanying notes.

Manabi S.A.

Unaudited statement of changes in equity
Nine-month period ended September 30, 2012 and from March 10 (date of Company's incorporation) to September 30, 2011
(In thousands of reais)

	Capital stock						
	Subscribed and fully paid in	**To be paid in**	**Equity issuance costs**	**Capital reserve - subscription warrant**	**Reserve for share-based payment**	**Retained earnings (accumulated losses)**	**Total**
Act of corporate information - March 10, 2011	1	(1)	-	-	-	-	-
Payment of capital previously subscribed	-	1	-	-	-	-	1
Capital increase	806,789	-	(19,549)	-	-	-	787,240
Subscription warrant	-	-	-	1	-	-	1
Income for the period	-	-	-	-	-	3,405	3,405
At September 30, 2011	806,790	-	(19,549)	1	-	3,405	790,647
At December 31, 2011 (Audited)	**806,790**		**(20,084)**	**1**	**939**	**(64)**	**787,582**
Stock option plan (Note 10)	**-**	**-**	**-**	**-**	**5,411**	**-**	**5,411**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(29,752)**	**(29,752)**
At September 30, 2012	**806,790**	**-**	**(20,084)**	**1**	**6,350**	**(29,816)**	**763,241**

See accompanying notes.

Manabi S.A.

Unaudited cash flow statements
Nine-month period ended September 30, 2012 and from March 10 (date of Company's incorporation) to September 30, 2011
(In thousands of reais)

	Company		Consolidated	
	9/30/2012	9/30/2011	9/30/2012	9/30/2011
Cash flows from operating activities				
Income (loss) before income tax and social contribution	**(29,752)**	3,405	**(29,752)**	3,405
Adjustments to reconcile the income (loss) before income tax and social contribution to cash from operating activities				
Depreciation	**250**	5	**250**	5
Stock options	**5,411**	-	**5,411**	-
Equity pickup and provision for losses on investments	**317**	-	**-**	-
Changes in assets and liabilities				
Recoverable taxes	**(1,245)**	(159)	**(1,245)**	(159)
Transaction costs	**(2,300)**	-	**(2,300)**	-
Other assets	**93**	(428)	**(36)**	(429)
Trade accounts payable	**2,352**	426	**2,360**	426
Vacation, Christmas bonus and related charges	**1,542**	228	**1,542**	228
Social security obligations	**(35)**	33	**(35)**	33
Tax liabilities	**(31)**	334	**(31)**	416
Accounts payable	**-**	-	**-**	(33,781)
Other liabilities	**-**	(1)	**-**	822
Net cash provided by (used in) operating activities	**(23,398)**	3,843	**(23,836)**	(29,034)
Cash flows from investing activities				
Advance for future capital increase	**(38,583)**	(674)	**-**	-
Acquisitions of property and equipment	**(457)**	(995)	**(27,357)**	(6,514)
Additions to intangible assets	**-**	-	**(28,864)**	(741)
Capital increase in subsidiaries	**(17,619)**	(38,475)	**-**	(12)
Acquisitions of mineral assets	**-**	(546,868)	**-**	(546,868)
Net cash flow used in investing activities	**(56,659)**	(587,012)	**(56,221)**	(554,135)
Cash flows from financing activities				
Capital increase	**-**	787,241	**-**	787,241
Subscription warrant	**-**	1	**-**	1
Net cash flow from financing activities	**-**	787,242	**-**	787,242
Increase (decrease) in cash and cash equivalents	**(80,057)**	204,073	**(80,057)**	204,073
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	**112,849**	204,073	**112,849**	204,077

See accompanying notes.

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Unaudited statements of value added (supplementary information for IFRS purposes)
Nine-month period ended September 30, 2012 and from March 10 (date of Company's incorporation) to September 30, 2011
(In thousands of reais)

	Company		Consolidated	
	9/30/2012	9/30/2011	9/30/2012	9/30/2011
Inputs acquired from third parties				
Services rendered by third parties	(13,587)	(1,706)	(13,841)	(1,706)
Gross value added	(13,587)	(1,706)	(13,841)	(1,706)
Depreciation	(250)	(5)	(250)	(5)
Net value added	(13,837)	(1,711)	(14,091)	(1,711)
Transferred value added received				
Equity pickup and provision for losses on investment	(317)	-	-	-
Financial income	10,654	8,053	10,654	8,053
Total value added to be distributed (retained)	(3,500)	6,342	(3,437)	6,342
Distribution of value added				
Personnel				
Direct remuneration	13,465	1,394	13,465	1,394
Benefits	740	68	740	68
Accrued severance indemnity (FGTS)	642	80	642	80
Management fees	3,444	577	3,444	577
	18,291	2,119	18,291	2,119
General and administrative expenses	4,596	691	4,652	691
Tax				
Federal	2,903	51	2,903	51
Municipal	144	29	144	29
Intra-segment obligations	218	-	218	-
	3,265	80	3,265	80
Financial expenses	100	47	107	47
Income (loss) for the period	(29,752)	3,405	(29,752)	3,405
Value added distributable (retained)	(3,500)	6,342	(3,437)	6,342

See accompanying notes.

1. Operations

Manabi S.A. ("Manabi" or "Company") is a mining company focusing on high content iron ore, with an integrated logistics plan. As at September 30, 2012, Manabi 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 business purpose of subsidiaries MOPI and MOES is to: (a) research, explore, mine, process and transport goods and mineral products; (b) render 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 vehicles, probes and equipment for analysis and mining; and (f) render survey services for mining.

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

On September 10, 2012, the Company’s shareholders and Board of Directors approved a capital increase in the amount of R$ 611,340, via private subscription, with the issuance of 240,000 (two hundred forty thousand) new preferred class B shares, which EIG Manabi Holdings S.à.r.l. (on behalf of the funds administered by EIG Global Energy Partners, “EIG”), U.S.-based company and global institutional investor in the energy and infrastructure segments, will invest R$ 305,670 in Manabi. The remainder will be contributed by the Company’s existing shareholders. These contributions are expected to be subscribed by November 2012.

The development and implementation of an integrated production and transport project of iron ore is capital intensive. In this context, management believes that the funds held in cash, plus those deriving from the capital increase in progress and which should be part of the Company’s cash in the fourth quarter of 2012, are sufficient for at least the next 18 months of operations. Management has been studying alternatives to access capital markets for fundraising that allow the implementation of its business plan.

1. **Operations** (Continued)

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 probing, chemical analysis of samples, preparation of environmental studies and development of conceptual engineering for the mine, pipeline, and port terminal.

2. Basis for preparation and presentation of quarterly information

The individual quarterly information was prepared and is presented according to CPC 21 – Interim Financial Statements.

The consolidated quarterly information was prepared according to CPC 21 and IAS 34 – Interim Financial Reporting.

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 September 30, 2011 were adjusted as follows:

Adjustment description		Effects on statements of operations	Effects on net equity
Reversal of deferred income tax and social contribution asset	(a)	(5,484)	(5,484)
Reversal of issuance costs to equity	(b)	1,836	-
		(3,648)	(5,484)

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

(b) Until September 2011, the Company incurred in R$ 1,836 for expenses related to fundraising by issuing shares, and such expenditure were incorrectly recorded in losses for the period. For comparison purposes, these expenses were reclassified to net equity as a reduction of the captation.

Company management authorized the conclusion of this quarterly financial information on October 26, 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

The costs related to capital capitation will be transferred to equity, net of taxes, after the funding has been completed.

In the event the funding does not materialize, the balance of prepaid expenses will be posted to the income statement.

Significant accounting judgments, 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 and social contribution taxes; 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.

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(In thousands of reais, except when indicated otherwise)

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

(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 approximately 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.

5. Cash and cash equivalents

	Company		Consolidated	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011
Cash and banks	56	415	56	415
Short-term investments				
Bank Deposit Certificates (CDBs)	66,712	95,903	66,712	95,903
Debentures with repurchase clauses	46,081	96,588	46,081	96,588
	112,849	192,906	112,849	192,906

Earnings of cash equivalents are linked to the Interbank Deposit Certificates (CDI), generating average remuneration of 101.10% 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.

(In thousands of reais, except when indicated otherwise)

5. Cash and cash equivalents (Continued)

Investment in allocated CDBs and debentures is as follows:

					9/30/2012	12/31/2011
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%	410	-
CDB	Itaú BBA	6/8/2011	5/29/2013	101.6%	34,494	42,642
CDB	Banco do Brasil	6/8/2011	5/29/2013	100.6%	31,808	53,261
Debentures	Itaú BBA	6/8/2011	5/29/2013	101.0%	-	54,627
Debentures	Itaú BBA	9/24/2012	10/24/2012	80.0%	1,306	-
Debentures	Bradesco	6/8/2011	5/29/2013	101.7%	44,775	41,961
					112,793	192,491

Although the maturities exceed 90 days, the banks guarantee the buyback of these securities with no loss in value at any moment Management requires.

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 R$ 30,653 and R$ 7,811, respectively. The funds were fully utilized to pay debts in the same amount.

Changes in investments in the period were as follows:

	12/31/2011	**Capital increase**	**Equity pickup/ provision for losses on investments**	**9/30/2012**
Investments				
MOPI	30,651	9,658	(226)	40,083
MOES	7,810	1,365	(32)	9,143
Manabi Log	-	6,596	(121)	6,475
Excess paid on acquisition of:				
MOPI	491,427	-	-	491,427
MOES	55,441	-	-	55,441
	585,329	17,619	(379)	602,569
Provision for losses on investments				
Manabi Log	(62)	-	62	-
Equity pickup and provision for losses on investments			(317)	

(In thousands of reais, except when indicated otherwise)

6. Investments in subsidiaries (Company) (Continued)

Other investment information - September 30, 2012

	MOPI	**MOES**	**Manabi Log**
Number of shares (common)	4,031,860	782,820	659,600
Interest held	100%	100%	100%
Equity	40,083	9,143	6,475

Until September 30, 2012, the Company remitted funds to subsidiaries MOPI, MOES and Manabi Log, amounting to R$ 26,205, R$ 2,823 and R$ 18,496, 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 funds 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					
	9/30/2012			12/31/2011		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Machinery and equipment	**15**	**(1)**	**14**	14	-	14
Furniture and fixtures	**614**	**(59)**	**555**	602	(13)	589
IT equipment	**218**	**(40)**	**178**	163	(11)	152
Communication equipment	**86**	**(12)**	**74**	59	(3)	56
Software	**458**	**(51)**	**407**	110	(2)	108
Leasehold improvements	**688**	**(116)**	**572**	674	-	674
	2,079	**(279)**	**1,800**	1,622	(29)	1,593

Changes in company balances

		Company			
	Depreciation rate	12/31/2011	Acquisitions	Depreciation	9/30/2012
Machinery and equipment	10%	14	1	(1)	14
Furniture and fixtures	10%	589	12	(46)	555
IT equipment	20%	152	55	(29)	178
Communication equipment	20%	56	27	(9)	74
Software	20%	108	348	(49)	407
Leasehold improvements	22%	674	14	(116)	572
		1,593	457	(250)	1,800

Consolidated balances

	Consolidated					
	9/30/2012			12/31/2011		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Land	28,193	-	28,193	5,523	-	5,523
Construction in progress	4,510	-	5,122	522	-	522
Machinery and equipment	15	(1)	14	14	-	14
Furniture and fixtures	621	(59)	562	602	(13)	589
IT equipment	220	(40)	180	163	(11)	152
Communication equipment	86	(12)	74	59	(3)	56
Software	458	(51)	407	110	(2)	108
Leasehold improvements	1,300	(116)	572	674	-	674
	35,403	(279)	35,124	7,667	(29)	7,638

(In thousands of reais, except when indicated otherwise)

7. Property and equipment (Continued)

Changes in consolidated balances

	Consolidated				
	Depreciation rate	12/31/2011	Acquisitions	Depreciation	9/30/2012
Land	-	5,523	22,670	-	28,193
Construction in progress	-	522	3,988	-	4,510
Machinery and equipment	10%	14	1	(1)	14
Furniture and fixtures	10%	589	19	(46)	562
IT equipment	20%	152	57	(29)	180
Communication equipment	20%	56	27	(9)	74
Software	20%	108	348	(49)	407
Leasehold improvements	22%	674	626	(116)	1,184
		7,638	27,736	(250)	35,124

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 R$ 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 R$ 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)

In November 2011, the construction of the port terminal was started. Costs incurred up to September 30, 2012, amounting to R$ 4,510, 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		
	12/31/2011	**Additions**	**9/30/2012**
Research / development expenditures and prospecting rights	44,285	30,851	75,136
Intangible assets acquired in business combination (Note 4)	546,868	-	546,868
	591,153	30,851	622,004

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 September 30, 2012, the Company's accumulated tax loss carryforward and negative basis of social contribution amounted to R$ 40,377 (R$ 19,107 at December 31, 2011), on which management decided not to record deferred income 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 taxable profit of each year.

10. Transactions with related parties

The Company is currently in the exploration and evaluation of mineral resources 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 September 30, 2012, the remuneration of these directors totaled R$ 4,891, referring to salaries, fees and social charges. Management fees were approved in the General Shareholder's Meeting in an overall amount of R$ 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 September 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 R$1,576 (one thousand, five hundred and seventy-six reais) per registered 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 restated to 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 9/30/2012				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 statements of operations for the period, are as follows:

	1st program	2nd program	3rd program	Total recorded in statements of operations for the period	Total recorded in equity
2011	939	-	-	939	939
2012	4,464	2,697	92	5,411	6,350
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 September 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 class "A" shares without par value as detailed below:

(In thousands of reais, except when indicated otherwise)

11. **Equity** (Continued)

a) Capital (Continued)

	Number of shares			
Shareholders	**Common**	**Preferred class "A"**	**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 share awards the holder the right to one vote in decisions made in General Meetings, and each preferred share entitles its holder to such number of votes in General Meetings as the number of common shares as the preferred shares are convertible into, in either case in accordance with and subject to the terms of the Shareholders' Agreement.

The Special Meeting held on September 10, 2012 approved the introduction of new preferred class "B" shares with no capital increase, and existing preferred shares were reclassified as preferred class "A" shares. Preferred class "B" shares will be similar to preferred class "A" shares, in accordance with the Shareholders Agreement.

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, maximum, the total of 44,854 shares for R$0.01 (one cent) in accordance with the terms and conditions provided for in the subscription warrant certificate, added at the Special Meeting on September 10, 2012, 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").

Fabrica Holding S.A. has the right to subscribe 60% of these shares and the other two shareholders, 20% each.

(In thousands of reais, except when indicated otherwise)

11. Equity (Continued)

b) Capital reserves (Continued)

No exercise events occurred until September 30, 2012 and are not under the control of the option holders. As such, these options do not lead to impacts 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.

d) Earnings (loss) per share

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

	Three-month period ended 9/30/2012		
	Common	**Preferred class "A"**	**Total**
Loss attributable to shareholders	(5,005)	(11,011)	(16,016)
Weighted average number of outstanding shares	250,000	550,000	800,000
Loss per share - basic and diluted - R$ (*)	(20.02)	(20.02)	-

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

(In thousands of reais, except when indicated otherwise)

11. **Equity** (Continued)

d) Earnings (loss) per share (Continued)

	Three-month period ended 9/30/2011		
	Common	**Preferred**	**Total**
Earnings attributable to shareholders	789	1,735	2,524
Weighted average number of outstanding shares	250,000	550,000	800,000
Earnings per share - basic and diluted - R$	3.16	3.16	-

	Nine-month period ended 9/30/2012		
	Common	**Preferred class "A"**	**Total**
Loss attributable to shareholders	(9,297)	(20,455)	(29,752)
Weighted average number of outstanding shares	250,000	550,000	800,000
Loss per share - basic and diluted - R$ (*)	(37.19)	(37.19)	-

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

	From 3/10/2011 (date of Company's incorporation) to 9/30/2011		
	Common	**Preferred**	**Total**
Earnings attributable to shareholders	991	2,414	3,405
Weighted average number of outstanding shares	139,975	340,951	480,926
Earnings per share - basic and diluted - R$	7.08	7.08	-

12. Financial instruments

At September 30, 2012, financial assets are represented by cash and cash equivalents, in the amount of R$ 112,854 (R$ 192,906 at December 31, 2011), classified and measured at fair value through profit or loss.

Financial liabilities are represented by trade accounts payable and accounts payable in the amounts of R$ 8,166 (R$ 341 at December 31, 2011), Company, and R$12,326 (R$ 3,136 at December 31, 2011), Consolidated, recorded at amortized cost. Trade accounts payable mature, on average, in 30 days and, therefore, there

12. Financial instruments (Continued)

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, approval was given to the 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 and an annual premium of approximately US$ 116.

The insurance policy was renewed on July 4, 2012 for a total sum insured of R$50,000 and annual premium of R$ 146. The insurance policy aims at compensating third parties for losses caused by the insured person as a result of a claim.

At an opportune moment the Board may discuss the expansion of coverage of this policy and/or increase in the total amount insured.