

# **Unaudited Quarterly Financial Information**

## **Manabi S.A.**

June 30, 2015

With Independent Auditor's Report on Review of Quarterly  
Financial Information

## **Manabi S.A.**

### Unaudited quarterly financial information

June 30, 2015

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## With 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. ("Company"), contained in the quarterly financial information form (ITR) as of June 30, 2015, which comprises the balance sheet as of June 30, 2015 and the related statements of operations, statements of comprehensive income for the periods of three and six months then ended, statement of changes in equity and cash flows for the period of six months then ended, including explanatory notes.

Management is responsible for the preparation and presentation of the individual and consolidated quarterly financial information in accordance with Accounting Pronouncement CPC 21 - (R1) Interim Financial Information ("CPC 21 (R1)"), issued by the Brazilian Accounting Standards Board (CPC) and according to 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 Interim 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 interim 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 about quarterly financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated financial information referred to above was not prepared, in all material aspects, in accordance with CPC 21 (R1) and IAS34 applicable to the preparation of Interim Financial Information (ITR), and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

### **Emphasis of a matter**

As described in the Note 1, the Company and its subsidiaries will continue to develop business in the mining sector and the required investments to implement the business plan are significant. Currently, the Company has no cash generating activities or sufficient funds to implement its investment plan, depending on the shareholders' funds and/or third parties to implement the business plan. The recoverability of amounts recorded in non-current assets is contingent upon the success of the future operations of the Company and its subsidiaries, and the lack of funds required for the implementation of the business plans could raise significant doubts as to the continuity of the Company and its subsidiaries. The quarterly financial information were prepared on the assumption that the business will continue as a going concern. Management's plans with respect to operating activities are described in Note 1. Our conclusion is not qualified in respect of this matter.

### **Other matters**

#### **Statements of value added**

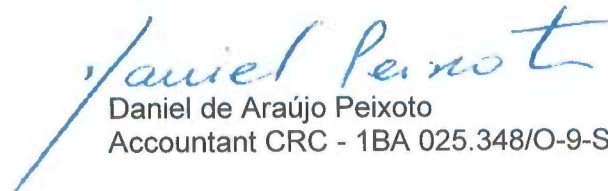
We have also reviewed the individual and consolidated statements of value added for the three months period ended on June, 30 2015, prepared under the Company's Management responsibility, the presentation of which is required by Brazilian corporation law for publicly held companies, and as supplementary information under IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same reviewing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Rio de Janeiro, August 14, 2015.

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



Roberto César Andrade dos Santos  
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**Manabi S.A.**

Balance sheets  
June 30, 2015 (unaudited) and December 31, 2014  
(In thousands of Reais)

	Note	Parent company		Consolidated	
		06/30/2015	12/31/2014	06/30/2015	12/31/2014
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		11	24	11	26
Marketable securities	4	426,939	452,048	426,939	452,048
Recoverable taxes		7,291	8,542	7,319	8,542
Other		207	124	303	154
<b>Total current assets</b>		<b>434,448</b>	<b>460,738</b>	<b>434,572</b>	<b>460,770</b>
<b>Non-current assets</b>					
Advances for future capital increase	5	66	28,072	-	-
Investments	5	62,065	40,126	-	-
Property, plant and equipment	6	253	592	62,638	57,930
Intangible assets	7	106,039	99,664	106,039	99,664
<b>Total non-current assets</b>		<b>168,423</b>	<b>168,454</b>	<b>168,677</b>	<b>157,594</b>
<b>Total assets</b>		<b>602,871</b>	<b>629,192</b>	<b>603,249</b>	<b>618,364</b>
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade accounts payable	10	1,265	4,964	1,597	6,289
Employee-related accruals		1,399	1,976	1,399	1,976
Tax liabilities		309	938	355	1,047
Provision for losses on investments	5	-	12,262	-	-
Other		363	425	363	425
<b>Total current liabilities</b>		<b>3,336</b>	<b>20,565</b>	<b>3,714</b>	<b>9,737</b>
<b>Equity</b>					
Capital stock	13	1,381,666	1,381,666	1,381,666	1,381,666
Capital reserve		1	1	1	1
Share-based compensation reserve	9	25,855	25,873	25,855	25,873
Accumulated losses		(807,987)	(798,913)	(807,987)	(798,913)
<b>Total equity</b>		<b>599,535</b>	<b>608,627</b>	<b>599,535</b>	<b>608,627</b>
<b>Total liabilities and equity</b>		<b>602,871</b>	<b>629,192</b>	<b>603,249</b>	<b>618,364</b>

See accompanying notes

## Manabi S.A.

### Unaudited statements of operations

Six month period ended June 30, 2015 and 2014

(In thousands of Reais, except for loss per share, in Reais)

	Note	Parent company		Consolidated	
		06/30/2015	06/30/2014	06/30/2015	06/30/2014
Operating expenses					
Personnel		(20,334)	(18,975)	(20,334)	(18,975)
Services rendered		(10,303)	(14,419)	(10,992)	(14,807)
General and administrative		(2,250)	(4,345)	(2,578)	(4,616)
Depreciation and amortization		(260)	(497)	(291)	(525)
Taxes		(125)	(205)	(154)	(227)
		<u>(33,272)</u>	<u>(38,441)</u>	<u>(34,349)</u>	<u>(39,150)</u>
Other operating expenses					
Equity results in subsidiaries	5	(1,079)	(708)		
Operating loss before financial results		<u>(34,351)</u>	<u>(39,149)</u>	<u>(34,349)</u>	<u>(39,150)</u>
Financial income and expenses					
Financial income	14	25,338	25,961	25,339	25,963
Financial expenses		(61)	(100)	(64)	(101)
		<u>25,277</u>	<u>25,861</u>	<u>25,275</u>	<u>25,862</u>
Loss before income tax and social contribution		<u>(9,074)</u>	<u>(13,288)</u>	<u>(9,074)</u>	<u>(13,288)</u>
Income tax and social contribution	8				
Loss for the period		<u>(9,074)</u>	<u>(13,288)</u>	<u>(9,074)</u>	<u>(13,288)</u>
Loss per common and preferred share (basic and diluted)	13	(8.73)	(12.78)		

See accompanying notes.

## Manabi S.A.

Unaudited statements of operations  
 Three month period ended June 30, 2015 and 2014  
 (In thousands of Reais, except for loss per share, in Reais)

	Note	Parent company		Consolidated	
		06/30/2015	06/30/2014	06/30/2015	06/30/2014
Operating expenses					
Personnel		(6,618)	(9,947)	(6,618)	(9,947)
Services rendered		(3,435)	(7,314)	(3,849)	(7,534)
General and administrative		(1,113)	(2,069)	(1,310)	(2,193)
Depreciation and amortization		(7)	(246)	(23)	(260)
Taxes		(41)	(15)	(66)	(29)
		<u>(11,214)</u>	<u>(19,591)</u>	<u>(11,866)</u>	<u>(19,963)</u>
Other operating expenses					
Equity results in subsidiaries		(654)	(369)		
Operating loss before financial results		<u>(11,868)</u>	<u>(19,960)</u>	<u>(11,866)</u>	<u>(19,963)</u>
Financial income and expenses					
Financial income		12,965	12,778	12,966	12,780
Financial expenses		(40)	(33)	(43)	(32)
		<u>12,925</u>	<u>12,745</u>	<u>12,923</u>	<u>12,748</u>
Profit (loss) before income tax and social contribution		<u>1,057</u>	<u>(7,215)</u>	<u>1,057</u>	<u>(7,215)</u>
Income tax and social contribution	8				
Profit (loss) for the period		<u>1,057</u>	<u>(7,215)</u>	<u>1,057</u>	<u>(7,215)</u>
Profit (loss) per common and preferred share (basic and diluted)	13	1.02	(6.94)		

See accompanying notes.

## Manabi S.A.

Unaudited statements of comprehensive Income  
Six month period ended June 30, 2015 and 2014  
(In thousands of Reais)

	Parent Company		Consolidated	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Loss for the period	(9,074)	(13,288)	(9,074)	(13,288)
Other comprehensive income	-	-	-	-
Comprehensive loss for the period	<u>(9,074)</u>	<u>(13,288)</u>	<u>(9,074)</u>	<u>(13,288)</u>

## Manabi S.A.

Unaudited statements of comprehensive Income  
Three month period ended June 30, 2015 and 2014  
(In thousands of Reais)

	Parent Company		Consolidated	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Profit (loss) for the period	1,057	(7,215)	1,057	(7,215)
Other comprehensive income	-	-	-	-
Comprehensive profit (loss) for the period	<u>1,057</u>	<u>(7,215)</u>	<u>1,057</u>	<u>(7,215)</u>



## Manabi S.A.

Unaudited statements of changes in equity  
Six month period ended June 30, 2015 and 2014  
(In thousands of Reais)

	Capital stock		Capital reserves			Total
	Subscribed	Equity issuance costs	Subscription warrant	Share-based compensation reserve	Accumulated losses	
At December 31, 2013	1,418,130	(36,464)	1	17,136	(48,507)	1,350,296
Stock options				5,017		5,017
Loss for the period					(13,288)	(13,288)
At June 30, 2014	1,418,130	(36,464)	1	22,153	(61,795)	1,342,025
At December 31, 2014	1,418,130	(36,464)	1	25,873	(798,913)	608,627
Stock options (Note 9)				(18)		(18)
Loss for period					(9,074)	(9,074)
At June 30, 2015	1,418,130	(36,464)	1	25,855	(807,987)	599,535

See accompanying notes.

## Manabi S.A.

Unaudited statements of cash flows  
Six month period ended June 30, 2015 and 2014  
(In thousands of Reais)

	Parent company		Consolidated	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Cash flows from operating activities				
Loss for the period	(9,074)	(13,288)	(9,074)	(13,288)
Adjustments to reconcile the loss for the period to cash from operating activities				
Depreciation and amortization	260	497	291	525
Disposal of non-current assets	118		118	
Stock options	(18)	5,017	(18)	5,017
Marketable securities income	(25,009)	(25,571)	(25,009)	(25,571)
Equity results in subsidiaries	1,079	708		
Changes in assets and liabilities				
Recoverable taxes	1,250	120	1,222	120
Other assets	(83)	(153)	(149)	(257)
Trade accounts payable	468	(534)	487	(573)
Employee-related accruals	1,495	128	1,495	128
Tax liabilities	(449)	(305)	(610)	(300)
Net cash used in operating activities	(29,963)	(33,381)	(31,247)	(34,199)
Cash flows from investing activities				
Advances for future capital increase	(7,274)	(16,147)		
Redemption of marketable securities	50,122	74,810	50,122	74,810
Acquisition of property, plant and equipment	(7)	(212)	(5,999)	(15,540)
Additions to intangible assets	(12,891)	(25,098)	(12,891)	(25,098)
Net cash from investing activities	29,950	33,353	31,232	34,172
Decrease in cash and cash equivalents	(13)	(28)	(15)	(27)
Cash and cash equivalents at the beginning of the period	24	44	26	44
Cash and cash equivalents at the end of the period	11	16	11	17

See accompanying notes.

## Manabi S.A.

Unaudited statements of added value (supplementary information for IFRS purposes)  
Six month period ended June 30, 2015 and 2014  
(In thousands of Reais)

	Parent company		Consolidated	
	06/30/2015	06/30/2014	06/30/2015	06/30/2014
Inputs acquired from third parties				
General and administrative expenses	(11,659)	(17,601)	(12,576)	(18,150)
Stock options granted	18	(5,017)	18	(5,017)
Depreciation and amortization	(260)	(497)	(291)	(525)
Transferred added value received				
Net financial income	25,277	25,861	25,275	25,862
Equity results in subsidiaries	(1,079)	(708)		
Total added value to be distributed	<u>12,297</u>	<u>2,038</u>	<u>12,426</u>	<u>2,170</u>
Distribution of added value				
Personnel				
Direct remuneration	10,956	6,580	10,956	6,580
Management fees	5,442	3,785	5,442	3,785
Benefits	706	1,154	706	1,154
Accrued severance indemnity (FGTS)	1,104	421	1,104	421
	<u>18,208</u>	<u>11,940</u>	<u>18,208</u>	<u>11,940</u>
Tax				
Federal	2,263	2,182	2,292	2,203
Municipal	6	42	7	43
Third-party capital remuneration				
Leases	894	1,162	993	1,272
Loss for the period	<u>(9,074)</u>	<u>(13,288)</u>	<u>(9,074)</u>	<u>(13,288)</u>
	<u>12,297</u>	<u>2,038</u>	<u>12,426</u>	<u>2,170</u>

See accompanying notes.

## **Manabi S.A.**

Notes to unaudited quarterly financial information

June 30, 2015

(In thousands of Reais, except when otherwise indicated)

### **1. Operations**

Manabi S.A. (“Manabi” or “Company”) is a publicly-held company, with the corporate purpose of (i) exploration, development and negotiation of business opportunities in exploration, economic exploration, development, mining, extraction, production and sale of iron ore and other metal deposits; (ii) investment, equity interests and operation of assets and companies in the sectors of exploration of iron ore deposits and other metal deposits, including logistics, transportation, industrial facilities and other infrastructure related to such business opportunities, assets and companies; (iii) research, exploration, extraction, processing, manufacturing, transportation, export and trading of the mineral assets and products listed in item (i) above; and (iv) render geological services.

Manabi fully controls companies Morro do Pilar Minerais S.A. (“MOPI”), Manabi Logística S.A. (“Manabi Log”), and Dutovias do Brasil S.A. (“Dutovias”).

The Company recognized in the fiscal year ended December 31, 2014, an impairment of R\$733 million, where R\$659 million correspond to the Pilar Hill Project and R\$74 million to the Dark Hill Project. The impairment occurred due to the deterioration of the spot price of iron ore in the international market throughout 2014 and to the perspective that this important variable will continue for our mining projects.

As a contingency measure in light of this deterioration in iron ore prices, Manabi’s Board of Directors approved a lean budget for 2015, which led the Company to implement a significant reduction in its administrative expenses and in the number of employees, in order to preserve cash.

During the first semester, the Company continued working to meet the conditions of the preliminary license (“LP”) for Pilar Hill, received in November 2014 and in addition expects to receive the LP for the North Port and Pipeline during the 2H15 and the LP for the railway during 2016.

## Manabi S.A.

Notes to unaudited quarterly financial information

June 30, 2015

(In thousands of Reais, except when otherwise indicated)

### 1. Operations (Continued)

The development and implementation of an integrated iron ore production and distribution project is capital intensive. In this context, Management believes that the funds held in cash and marketable securities are sufficient for the short term activities. Management continues to evaluate alternatives to raise additional funds that will enable the implementation of its business plan.

On August 10, 2015, Manabi informed to its shareholders and to the market, a material fact, disclosing that will submit to the approval by the shareholders of the Company in a Shareholders' Meeting which shall be timely called by the Company, a merger of Maverick Logística S.A. ("**Maverick Logística**") into the Company ("**Merger**"), a company that, after the corporate reorganization that shall be consummated until the approval of the Merger ("**Asgaard Reorganization**") will hold 99.99% of the share capital of Asgaard Navegação S.A. and 99.75% of the share capital of Asgaard Navigation LLP (together with Maverick Logística, the "**Asgaard Companies**").

The Company, by means of its controlled companies Morro do Pilar S.A., Dutovias do Brasil S.A. e Manabi Logística S.A. (together with the Company, the "**Manabi Companies**"), operates in the mining and logistics areas, mainly in the development of integrated projects of iron ore mine, while the Asgaard Companies are present in the chartering sector and offshore supporting vessels operations for the oil and gas industry.

The Merger has as main purpose to maximize the growth of the involved companies, reduce their costs, optimize their assets and increase the efficiency of their operations, management and administration of the companies. In the opinion of the Company, there is no specific risk related to the Merger.

## Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

June 30, 2015

(In thousands of Reais, except when otherwise indicated)

### 2. Basis for preparation and presentation of the financial statements

The Company's individual and consolidated quarterly information was prepared based on international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil through the Accounting Pronouncements Committee ("CPC") and its technical interpretations ("ICPC") and guidelines ("OCPC"), approved by the Brazilian Securities and Exchange Commission ("CVM").

The quarterly information should be read together with the financial statements of December 31, 2014.

The Company's Management authorized the conclusion of the preparation of these financial statements on August 14, 2015.

### 3. Accounting practices

The quarterly financial information is presented based on the same accounting policies described in Note 3 of the audited financial statements of December 31, 2014.

#### 3.1. Accounting judgment, estimates and assumptions

Preparation of the individual and consolidated financial statements in accordance with IFRS and CPC standards requires Management to make judgments, estimations and assumptions that affect the application of accounting policies and the informed value of assets, liabilities, revenues and expenses. The settlement of transactions involving such estimates may result in amounts different from those recorded in the financial statements.

Estimations and assumptions are revised continuously. Revisions related to accounting estimates are recognized in the period in which the estimations are revised and in any future periods affected.

### 4. Marketable securities

	Parent company and consolidated	
	06/30/2015	12/31/2014
Government bonds	360,074	388,954
Bank Deposit Certificates (CDBs)	66,865	63,094
	<b>426,939</b>	<b>452,048</b>

## Manabi S.A.

Notes to unaudited quarterly financial information

June 31, 2015

(In thousands of Reais, except when otherwise indicated)

### 4. Marketable securities (Continued)

Government bonds are broken down as follows:

Security	Beginning	Maturity	Index	Parent company and consolidated			
				06/30/2015		12/31/2014	
				Number	Value	Number	Value
LFT	11/07/2012	09/07/2015	Selic	5,622	38,933	20,571	134,474
LFT	11/08/2012	09/07/2015	Selic	18,534	128,347	18,534	121,157
LFT	04/25/2014	09/07/2015	Selic	4,935	34,175	4,935	32,260
LFT	05/21/2014	09/07/2015	Selic	4,901	33,940	4,901	32,038
LFT	06/30/2014	09/07/2017	Selic	2,657	18,400	2,657	17,370
LFT	12/22/2014	09/01/2018	Selic	2,894	20,041	-	-
LFT	01/20/2015	09/01/2018	Selic	1	7	-	-
LFT	02/18/2015	03/01/2019	Selic	2,896	20,055	-	-
LFT	04/20/2015	03/01/2021	Selic	1,625	11,253	-	-
LFT	05/26/2015	09/01/2018	Selic	2,923	20,242	-	-
LFT	01/11/2013	09/01/2018	Selic	-	-	2,894	18,918
LFT	06/18/2014	09/07/2015	Selic	2,896	20,055	2,896	18,931
LFT	08/13/2014	09/01/2018	Selic	2,112	14,626	2,112	13,806
					<u>360,074</u>		<u>388,954</u>

Bank Deposit Certificates are broken down as follows:

Investment	Bank	Beginning of operation	Maturity of operation	Index CDI	Parent company and consolidated	
					03/31/2015	12/31/2014
CDB	CEF	08/15/2014	08/12/2016	101.0%	66,865	63,094

The government bonds are allocated in an exclusive investment fund and their earnings are based on the Selic rate. These bonds had an average return rate of 100% of the Interbank Deposit Certificate (CDI) in the six month period of 2015. The government bonds have high liquidity, low credit risk (sovereign risk) and can be negotiated for use in the operations of the Company and its subsidiaries.

The earnings of the investments in CDBs of Caixa Econômica Federal (CEF) with immediate liquidity and low credit risk are based on the variation of the CDI rate, with a rate of return of 101% of the CDI in the first semester of 2015 and, like the LFT's, is fully allocated in the Company's exclusive investment fund.

## Manabi S.A.

Notes to unaudited quarterly financial information

June 31, 2015

(In thousands of Reais, except when otherwise indicated)

### 5. Investments in subsidiaries (Parent company)

Changes in investments during the period are as follows:

	12/31/2014	Capital increase	Equity results	06/30/2015
Investments				
MOPI	¹(295)	1,480	(121)	1,064
Manabi Log	40,126	17,200	(877)	56,449
Dutovias	¹(11,967)	16,600	(81)	4,552
	<u>27,864</u>	<u>35,280</u>	<u>(1,079)</u>	<u>62,065</u>

¹ These amounts were shown within liability as provision for losses on investments.

The advances for future capital increase are remitted to the subsidiaries basically to support expenditures on engineering, environmental studies, research, registration, appraisal, negotiation and documentation of the project areas.

The changes of these remittances during the period are as follows:

	MOPI	LOG	Dutovias
Advances for future capital increase			
Balances as of 12/31/2014	1,324	11,615	15,133
Funds remitted	157	5,644	1,473
Capital increase	(1,480)	(17,200)	(16,600)
Balances as of 06/30/2015 ¹	<u>1</u>	<u>59</u>	<u>6</u>

¹ The capitalization of these balances occurs within a period not greater than one year.

### 6. Property, plant and equipment

#### a) Parent company balances

	06/30/2015				12/31/2014			
	Cost	Depreciation	Impairment of assets	Net amount	Cost	Depreciation	Impairment of assets	Net amount
Buildings	285	(30)	(228)	27	285	(25)	(228)	32
Machinery and equipment	1,782	(137)	(1,472)	173	1,784	(102)	(1,472)	210
Furniture and fixtures	1,031	(295)	(687)	49	1,259	(306)	(834)	119
IT equipment	525	(228)	(297)	-	809	(317)	(431)	61
Communication equipment	136	(66)	(70)	-	181	(78)	(90)	13
Leasehold improvements	1,435	(639)	(792)	4	2,221	(966)	(1,098)	157
	<u>5,194</u>	<u>(1,395)</u>	<u>(3,546)</u>	<u>253</u>	<u>6,539</u>	<u>(1,794)</u>	<u>(4,153)</u>	<u>592</u>



## Manabi S.A.

Notes to unaudited quarterly financial information

June 31, 2015

(In thousands of Reais, except when otherwise indicated)

### 6. Property, plant and equipment (Continued)

#### b) Changes in the Parent company in the period

	Depreciation rate	12/31/2014	Acquisitions	Disposals	Depreciation	06/30/2015
Buildings	4%	32	-	-	(5)	27
Machinery and equipment	10%	210	-	(2)	(35)	173
Furniture and fixtures	10%	119	5	(83)	8	49
IT equipment	20%	61	1	(79)	17	-
Communication equipment	20%	13	-	(9)	(4)	-
Leasehold improvements	22%	157	-	88	(241)	4
		<u>592</u>	<u>6</u>	<u>(85)</u>	<u>(260)</u>	<u>253</u>

#### c) Consolidated balances

	06/30/2015				12/31/2014			
	Cost	Depreciation	Impairment of assets	Net amount	Cost	Depreciation	Impairment of assets	Net amount
Land	29,661	-	(7,452)	22,209	29,661	-	(7,452)	22,209
Buildings	285	(30)	(228)	27	285	(25)	(228)	32
Construction in progress	64,714	-	(24,633)	40,081	59,635	-	(24,633)	35,002
Machinery and equipment	1,782	(137)	(1,472)	173	1,784	(102)	(1,472)	210
Furniture and fixtures	1,094	(304)	(687)	103	1,322	(312)	(834)	176
IT equipment	444	(197)	(240)	7	819	(318)	(431)	70
Communication equipment	156	(69)	(70)	17	201	(79)	(90)	32
Leasehold improvements	1,536	(723)	(792)	21	2,322	(1,025)	(1,098)	199
	<u>99,672</u>	<u>(1,460)</u>	<u>(35,574)</u>	<u>62,638</u>	<u>96,029</u>	<u>(1,861)</u>	<u>(36,238)</u>	<u>57,930</u>

#### d) Changes in the consolidated balances in the year

	Depreciation rate	12/31/2014	Acquisitions	Disposals	Depreciation	06/30/2015
Land		22,209	-	-	-	22,209
Buildings	4%	32	-	-	(5)	27
Construction in progress		35,002	5,079	-	-	40,081
Machinery and equipment	10%	210	-	(2)	(35)	173
Furniture and fixtures	10%	176	5	(83)	6	104
IT equipment	20%	70	1	(79)	15	7
Communication equipment	20%	32	-	(9)	(6)	17
Leasehold improvements	22%	199	-	87	(266)	20
		<u>57,930</u>	<u>5,085</u>	<u>(86)</u>	<u>(291)</u>	<u>62,638</u>

## **Manabi S.A.**

Notes to unaudited quarterly financial information

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### **6. Property, plant and equipment (Continued)**

Construction in progress (consolidated) includes expenditures with development of the port and pipeline projects related to: (i) environmental licensing, additional environmental and engineering studies; (ii) basic engineering project; and (iii) licensing and negotiation of the pipeline's easement areas.

On December 31, 2014, Management conducted impairment testing of the Company's Projects. As a result of such tests, it was verified that the carrying amounts recorded in plant, property and equipment related to the projects as presented in table (c) here above, exceeded in R\$36 million the amount of the respective discounted future cash flows. This impairment was recorded in the income statement as impairment of assets.

For the six month period ended June 30, 2015, the acquisitions are in line with the Company's business plan and no indication of impairment was identified.

### **7. Intangible assets**

Intangible assets include exploration expenditures with prospecting rights and mineral resources represented by 81 mining rights related to the MOPI and MOES projects, located in the State of Minas Gerais, of which 5 are in application for research stage, 62 in research permit stage, 8 in application for mining stage and 6 are qualifications in edicts of areas considered available by the DNPM (National Department of Mineral Production).

The certification report for the MOPI project, issued on February 24, 2014, was conducted by one of the world's leaders in independent certification of mineral resources based on 449 drill holes, including an extension of 100 thousand linear meters, and certified 1.33 billion tons of measured and indicated (M&I) resources and 312 million tons of inferred resources. In addition, the report noted an additional exploration potential between 500 Mt and 1,200 Mt.

This report was updated on May 23, 2014. Among the results of the additional works performed by SRK, the updated report showed a reduction in the mine's operating cost and in operating expenses (OPEX), in the investment (CAPEX) and in the environmental impact of the Pilar Hill Project, due to the revision of the mining plan, pursuant to the material fact issued on June 11, 2014.

## Manabi S.A.

Notes to unaudited quarterly financial information

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(In thousands of Reais, except when otherwise indicated)

### 7. Intangible assets (Continued)

The MOES project's certification report, also prepared by the same external company in April 2012, included approximately 389 Mt in resources categorized as Inferred and additional exploration potential of 250 to 450 Mt.

As of December 31, 2014, in the context of the significant decline in the price of iron ore in the international market, Management conducted an impairment testing of the Company's Projects.

Such tests, indicated that the carrying amounts associated to the Pilar Hill and Dark Hill Projects, recorded in intangible assets, were greater than the present value of the respective discounted future cash flows, related to the estimated useful life periods for these Projects and, therefore, there was an impairment loss of R\$697 million, recorded in the income statement as impairment of assets, of which R\$623 million refer to the Pilar Hill Project and R\$74 million to the Dark Hill Project.

The cash flows were prepared based on (i) estimated expenditures for the implementation phase of the projects, (ii) certification of resources and reserves by independent companies, (iii) long term iron ore (62% Fe CIF China) prices in line with estimates by institutions that cover the mining industry, (iv) estimates of operating costs developed by experts and (v) discount rate related to Company's projected capital structure and country risk (CAPM - Capital Asset Pricing Model methodology).

For the six month period ended June 30, 2015, the additions are in line with the Company's business plan and no indication of impairment was identified.

The changes in intangible assets during the period are as follows:

	<u>12/31/2014</u>	<u>Additions</u>	<u>06/30/2015</u>
Expenditures related to exploration and valuation of mineral resources and prospecting rights	26,689	4,174	30,863
Expenditures related to licensing phase	699	47	746
Intangible assets acquired in business combination	61,445		61,445
Rail spur	10,831	2,154	12,985
	<u>99,664</u>	<u>6,375</u>	<u>106,039</u>

## **Manabi S.A.**

Notes to unaudited quarterly financial information

June 30, 2015

(In thousands of Reais, except when otherwise indicated)

### **8. Income tax and social contribution**

As of June 30, 2015, the Company's tax loss carryforward and negative social contribution basis amounted to R\$78,488 (R\$70,528 as of December 31, 2014), in relation to which Management opted not to record deferred tax assets in this stage of the project. Tax loss carryforwards generated in Brazil do not expire and are offset with future taxable profit, limited to 30% of the taxable profit in each year.

### **9. Transactions with related parties**

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

#### **Compensation of key management personnel**

The Company considers all current officers and board members to be key management personnel. For the six month period ended June 30, 2015, the compensation of these officers and board members was R\$4,678 and R\$712 respectively. The annual fees of the officers and board members for the period from May 1, 2015 to April 30, 2016 in the aggregate amount of up to R\$5,700 and R\$2,000, respectively, were approved in the Annual General Meeting held on April 30, 2015.

#### **Share based compensation (stock options)**

In the Annual Shareholders' Meeting held on July 21, 2011, the Company's shareholders approved a stock option plan for officers, members of the Board of Directors, and employees. The stock options issued by the Company under the plan are primary and, therefore, involve the issuance of new shares.

As at June 30, 2015, a total of 24,570 (twenty-four thousand and five hundred seventy) options had been granted, by means of individual agreements between the Company and each beneficiary. As a condition for entitlement to the stock purchase option, the beneficiary must complete three years of service (vesting period). These options, in the proportion of one third of the total number of shares available for the plan, are exercisable in three annual tranches. The first tranche can be exercised in 12 months from the grant date and the following tranches, pursuant to the same conditions, can be exercised in 24 and 36 months from the grant date. The participants have a maximum term of sixty months from the maturity date to exercise the options.

## Manabi S.A.

Notes to unaudited quarterly financial information

June 30, 2015

(In thousands of Reais, except when otherwise indicated)

### 9. Transactions with related parties (Continued)

#### Share based compensation (stock options) (Continued)

The exercise price of the options granted until August 20, 2012 is R\$1,576.00 (one thousand, five hundred and seventy six reais) per share and, after such date, R\$2,547.25 (two thousand, five hundred and forty-seven reais and twenty-five cents), which shall remain unchanged until the effective exercise date of the option, subject to adjustment in the event of share grouping or share split. As the Company has not paid dividends to date, the valuation of these options assumes no payment of dividends for the duration of the stock option program.

Share-based compensation was measured and recognized at fair value, using the Merton (1973) model, which is an extension of the Black & Scholes model.

The table below shows the result of the fair value measurement of the stock options at the date of this quarterly financial 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	4,550	40.41%	11.35%	99.41%	4,122
2011.1	10/15/2011	10/15/2013	10/15/2018	4,550	39.47%	11.35%	98.82%	4,387
2011.1	10/15/2011	10/15/2014	10/15/2019	4,550	38.95%	11.34%	98.23%	4,629
Amendments	01/02/2012	10/15/2012	10/15/2017	450	40.86%	11.00%	99.24%	398
Amendments	01/02/2012	10/15/2013	10/15/2018	450	39.58%	11.04%	98.33%	422
Amendments	01/02/2012	10/15/2014	10/15/2019	450	38.98%	11.06%	97.44%	446
2012.1	01/02/2012	10/15/2012	10/15/2017	400	40.86%	11.00%	99.24%	354
2012.1	01/02/2012	10/15/2013	10/15/2018	400	39.58%	11.04%	98.33%	375
2012.1	01/02/2012	10/15/2014	10/15/2019	100	38.98%	11.06%	97.44%	99
2012.2	01/02/2012	12/01/2012	12/01/2017	300	40.67%	10.99%	99.20%	267
2012.2	01/02/2012	12/01/2013	12/01/2018	300	39.51%	11.05%	98.30%	284
2012.2	01/02/2012	12/01/2014	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	01/15/2014	01/15/2019	1,000	39.47%	11.19%	98.18%	951
2012.3	02/01/2012	01/15/2015	01/15/2020	1,000	38.80%	11.23%	97.29%	1,001
2012.4	01/13/2012	01/13/2013	01/13/2018	100	40.47%	11.23%	99.20%	90
2012.4	01/13/2012	01/13/2014	01/13/2019	100	39.41%	11.31%	98.28%	96
2012.4	01/13/2012	01/13/2015	01/13/2020	100	38.88%	11.32%	97.37%	101
2012.5	08/20/2012	08/20/2013	08/20/2018	180	39.99%	9.65%	99.05%	154
2012.5	08/20/2012	08/20/2014	08/20/2019	180	38.74%	9.78%	98.11%	164
2012.5	08/20/2012	08/20/2015	08/20/2020	180	38.05%	9.97%	97.19%	173
2012.6	11/19/2012	11/19/2013	11/19/2018	200	39.90%	9.06%	98.68%	270
2012.6	11/19/2012	11/19/2014	11/19/2019	200	38.72%	9.20%	97.97%	288
2013.1	05/02/2013	05/02/2014	05/02/2019	780	39.96%	9.10%	98.54%	1,055
2013.1	05/02/2013	05/02/2015	05/02/2020	400	38.98%	9.24%	97.78%	577
2013.1	05/02/2013	05/02/2016	05/02/2021	400	38.13%	9.39%	97.68%	613
2013.2	07/01/2013	07/01/2014	07/01/2019	550	40.16%	11.23%	98.48%	793
2013.3	08/15/2013	08/15/2014	08/15/2019	250	40.00%	11.71%	98.44%	365
2013.4	10/01/2013	10/01/2014	10/01/2019	850	39.58%	11.73%	98.38%	1,235
2013.4	10/01/2013	10/01/2015	10/01/2020	150	38.81%	11.79%	97.46%	232
2013.4	10/01/2013	10/01/2016	10/01/2021	150	38.01%	11.84%	97.21%	246
<b>Total 06/30/2015</b>				<b>24,570</b>				<b>25,378</b>

## Manabi S.A.

Notes to unaudited quarterly financial information

June 30, 2015

(In thousands of Reais, except when otherwise indicated)

### 9. Transactions with related parties (Continued)

#### Share based compensation (stock options) (Continued)

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

Programs	2011	2012	2013	2014	2015	2016	Total
1 <sup>st</sup>	904	4,407	4,407	3,452			13,138
2 <sup>nd</sup>		1,193	1,193	620			2,944
3 <sup>rd</sup>		880	880	962	40		2,844
4 <sup>th</sup>		92	92	95	4		287
5 <sup>th</sup>		60	60	163	105		491
6 <sup>th</sup>		33	33	288	(52)		558
7 <sup>th</sup>				1,124	168	204	2,245
8 <sup>th</sup>				449	(78)		793
9 <sup>th</sup>				270	(168)		365
10 <sup>th</sup>				1,314	(113)	184	1,713
	904	6,665	6,665	8,737	(94)	388	25,378
Options expired <sup>1</sup>	35	634	120				
Recorded in statement of operations	939	7,299	8,898	8,737	(18) <sub>2</sub>		
Accumulated amount recorded in equity	939	8,238	17,136	25,873	24,528		

1 In accordance with accounting standards, the options expired due to failure to exercise the rights, previously recorded in statement of operation, are not subject to reversal.

2 This amount related to the first semester of 2015 includes reversal of non-mature options, previously recorded in statement of operation, due to the dismissal of beneficiaries during the period.

In the event the beneficiary resigns from his position, the non-mature options expire without any indemnity or compensation and the mature options may be exercised within ninety days. To date, 880 (eight hundred and eighty) shares expired due to non-exercise of the option, corresponding to R\$789, amount measured in the moment that the options were granted and recognized in statement of operations and equity during the vesting period.

In the event the beneficiary's employment contract is terminated for cause, all rights expire automatically, regardless of notice or indemnification.

In the event the beneficiary is dismissed from his position without breach of duties and privileges, the specific rights that may be exercised in accordance with the relevant option on the date of issue may be exercised within the remaining exercise period available to such beneficiary. The rights not yet vested lapse without any restitution or compensation (3,460 expired stocks in the six months ended on June 30, 2015 because of dismissal of executives).

## **Manabi S.A.**

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June 30, 2015

(In thousands of Reais, except when otherwise indicated)

### **10. Trade accounts payable**

The balances as of June 30, 2015 largely comprise consulting in environmental studies, conceptual engineering, lawyer's fees and general and administrative services, with an average settlement period of 30 days, which are not subject to financial charges.

### **11. Litigation**

As of June 30, 2015, the Company is part of the lawsuits listed below, which, based on the concept of assessment adopted for judicial liabilities, were all classified as possible losses.

Public Civil Action, filed on 10/28/14 by the State Attorney's Office, questioning the validity of the Statement of Conformity with the municipal laws related to use and occupation of municipal land, which is issued by the Municipality of Morro do Pilar, for purposes of implementation of the MOPI Project. Management believes that, even if an injunction or an unfavorable decision is granted against the Company, this would not impact the project since the Municipality of Morro do Pilar is in the process of altering its legislation for the use and occupation of the land in order to conform it to federal law requirements, with which the MOPI Project is compliant. With the change in legislation by the Municipality, the lawsuit would lose its purpose and be dismissed.

Public Civil Action by the State Attorney's Office and Injunction by the Federal Attorney's Office, filed on 11/5/14, alleging the existence of traditional communities in the area of the MOPI Project and absence of due legal treatment of these communities. Management believes that the claim of the Attorney's Office will be weakened due to the non-existence of the "self-declaration" condition for the relevant communities.

Action for Maintenance of Possession and Petitory Action filed, respectively, on 10/18/13 and 08/15/2014, alleging that the Company invaded part of the property called Fazenda das Lages that allegedly, is owned by the Claimants, requiring maintenance of possession and demanding ownership of the land. Management believes that these claims do not result in significant risks for the project, since, even if the Court accepts the claims, the project would not be at risk.

## Manabi S.A.

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### 12. Commitments

As a result of the Preliminary License granted by the Regional Superintendence for Environmental Regulation (SUPRAM) on 11/6/14, the following conditions shall be met in order for the Construction License for the MOPI Project to be granted:

The Company is expected to acquire approximately 4,000 hectares of land for implementation of the project, 2,400 hectares for the implementation of an environmental compensation area and incur related reallocation expenses of land owners. The acquisition of such land and reallocation expenses were estimated at R\$98 million.

The Company estimates to pay R\$20 million related to environmental compensation contribution set forth under article 36 of Law 9,985/2000 (National nature conservation units system (SNUC))

In order to meet several other ancillary conditions primarily related to environmental studies, the Company estimates an expenditure of R\$9 million.

In addition to the mentioned conditions, the Company estimates R\$59 million in expenses related to social and environmental compensations to Municipalities directly impacted or under direct influence of the mine and pipeline projects.

### 13. Equity

#### Capital stock

As of June 30, 2015, the subscribed and paid-in capital is represented by 1,040,000 shares, of which 250,000 are registered common shares, 550,000 are preferred class "A" shares and 240,000 are preferred class "B" shares, of no par value, as detailed below:

Shareholders	Number of shares			Total	%
	Common	Preferred			
		Class "A"	Class "B"		
Fábrica Holding S.A.	150,000	3,000	320	153,320	14.74%
Ontario Teachers' Pension Plan	-	165,000	19,904	184,904	17.78%
Korea Investment Corporation	-	100,000	80,000	180,000	17.31%
EIG - Global Energy Partners	-	-	120,000	120,000	11.54%
Southeastern Asset Management	-	100,000	800	100,800	9.69%
Michael Stephen Vitton	50,000	11,000	360	61,360	5.90%
Mathew Todd Goldsmith	50,000	6,000	160	56,160	5.40%
Other	-	165,000	18,456	183,456	17.64%
	250,000	550,000	240,000	1,040,000	100.00%



## **Manabi S.A.**

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June 31, 2015  
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### **13. Equity (Continued)**

#### Capital stock (Continued)

The Company is authorized to increase its capital up to the additional limit of R\$3,000,000,000.00 (three billion reais), upon decision of the Board of Directors regardless of amendment to the Bylaws, which shall establish the number and type of shares to be issued, the issue price, and the conditions for subscription, payment and issuance.

Each common share entitles its holder to 1(one) vote in the Shareholders' Meetings, whereas each preferred share entitles its holder to the number of votes in Shareholders' Meetings based on the number of common shares into which each preferred share is convertible, as applicable, according and subject to the Shareholders' Agreement.

#### Capital reserves

Capital reserves are composed of subscription warrants and stock options 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 entitle the holders to an option to subscribe a maximum of 44,854 common shares for R\$0.01 (one cent), in accordance with the terms and conditions set forth in the Subscription Warrant Certificate, as amended at the Special Shareholders' Meeting held on September 10, 2012, exercisable, in whole or in part, at the holder's discretion, upon occurrence of the events defined ("Execution Events").

Shareholder Fábrica Holding S.A. has the right to subscribe 60% of such shares the other two shareholders may subscribe 20% each.

The mentioned Execution Events had not occurred by June 30, 2015 and these events are outside the control of the option holders. Therefore, these options did not have any impact on the financial statements.

## Manabi S.A.

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### 13. Equity (Continued)

#### Profit (loss) per share

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

	Three month period ended June 30, 2015			
	Common	Preferred		Total
		class "A"	class "B"	
Profit attributable to the equity holders	254	559	244	1,057
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Profit per share - basic and diluted in Reais (*)	1.02	1.02	1.02	

	Three month period ended June 30, 2014			
	Common	Preferred		Total
		class "A"	class "B"	
Loss attributable to the equity holders	(1,734)	(3,816)	(1,665)	(7,215)
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Loss per share - basic and diluted in Reais (*)	(6.94)	(6.94)	(6.94)	

	Six month period ended June 30, 2015			
	Common	Preferred		Total
		class "A"	class "B"	
Loss attributable to the equity holders	(2,181)	(4,799)	(2,094)	(9,074)
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Loss per share - basic and diluted in Reais (*)	(8.73)	(8.73)	(8.73)	

	Six month period ended June 30, 2014			
	Common	Preferred		Total
		class "A"	class "B"	
Loss attributable to the equity holders	(3,194)	(7,027)	(3,067)	(13,288)
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Loss per share - basic and diluted in Reais (*)	(12.78)	(12.78)	(12.78)	

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

## Manabi S.A.

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

### 14. Financial income

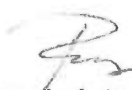
	Consolidated	
	06/30/2015	06/30/2014
Bank deposit certificates (CDBs)	3,916	
Government bonds	21,093	25,571
Other financial revenues	330	392
	<u>25,339</u>	<u>25,963</u>

### 15. Financial instruments

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

### 16. Insurance coverage

On July 5, 2015, the liability insurance for directors and officers was renewed in the insured amount of up to R\$70,000. The renewal was carried out with Ace Seguradora S.A., which granted more favorable commercial conditions to the Company.

  
Ricardo Antunes Carneiro  
CEO

  
Antonio Borges Leal Castello Branco  
CFO