Quarterly Financial Information

MLog S.A.

March 31, 2016

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

MLog S.A.

Quarterly financial information

March 31, 2016

Contents

Report on the review of quarterly information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and of the International Financial Reporting Standards - IFRS)

To
The Board of Directors and Shareholders of
MLog S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the individual and consolidated interim accounting information of MLog S.A. ("Company"), included in the quarterly information form - ITR for the quarter ended March 31, 2016, which comprises the balance sheet as of March 31, 2016 and the respective statements of operations, comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim accounting information in accordance with the Accounting Pronouncement CPC 21(R1) - Interim Financial Reporting and with the international accounting rule IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on these interim accounting information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all significant matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the interim accounting information

Based on our review, nothing has come to our attention that cause us to believe that the individual and consolidated interim accounting information included in the aforementioned quarterly information has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, applicable to the preparation of the quarterly information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM.

Emphasis

Going concern

We draw attention to Note 1 to quarterly information - ITR, which indicates that the Company, on March 31, 2016, had negative working capital of R$ 13,753 thousand, accumulated losses of R$1,013,577 thousand and losses for the period of R$ 11,857 thousand. Additionally, as described in respective Note, Company become operational on March 30, 2016. Therefore, the Company´s operational results is not sufficient in order its activities become profitable. The business plan prepared by Management, focused on providing support services to oil and gas industry, anticipates revenue growth with future services agreements. The recoverability of the amounts registered in noncurrent assets, as well as the ability to accomplish with its current financial obligations, depends on the success of the plan. These conditions along with other matters described in Note 1, indicate the existence of a material uncertainty, which may cast doubt about the Company’s ability to continue as a going concern. Our conclusion is not qualified due to this matter.

Other matters

Statements of added value

We have also reviewed the of added value, individual and consolidated, for the three-month period ended March 31, 2016, prepared under the responsibility of the Company`s management, for which presentation is required by Brazilian Corporation Law for public companies and considered as supplementary information by IFRS, which does not require the presentation of the statements of added value. These statements were submitted to the same review procedures described previously and, based on our review, nothing has come to our attention that cause us to believe that they have not been prepared, in all material respects, in relation to the individual and consolidated interim accounting information, taken as a whole.

Audit of the figures for the previous year and review of the figures for the first quarter from previous year

The figures corresponding to the year ended December 31, 2015 and quarter ended March 31, 2015, presented for comparison purposes, were examined and reviewed by other independent auditors, who issued an audit report on March 29, 2016 and a review report on May 12, 2015, respectively, which did not have any modification.

Rio de Janeiro, May 11, 2016

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original in Portuguese signed by
Anderson C. V. Dutra
Contador CRC RJ-093231/O-6

A free translation from Portuguese into English of Quarterly financial information

MLog S.A.

Balance sheets
March 31, 2016 and December 31, 2015
(In thousands of Reais)

		Parent company		Consolidated	
	Note	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Assets					
Current assets					
Cash and cash equivalents		**11**	21	**36**	156
Marketable securities	4	**4,839**	42,472	**4,839**	42,472
Related parties loans	10	**2**	-	**1,986**	1,892
Recoverable taxes	5	**7,015**	6,983	**10,556**	10,323
Other		**454**	334	**2,507**	1,187
Total current assets		**12,321**	49,810	**19,924**	56,030
Non-current assets					
Advances for future capital increase	6	**37,419**	5,471	**-**	-
Judicial deposits		**-**	-	**5**	5
Investments	6	**126,812**	134,488	**-**	-
Property, plant and equipment	7	**-**	-	**141,268**	134,591
Intangible assets	8	**-**	-	**492**	526
Total non-current assets		**164,231**	139,959	**141,765**	135,122
Total assets		**176,552**	189,769	**161,689**	191,152
Liabilities					
Current liabilities					
Trade accounts payable	12	**470**	172	**3,833**	3,008
Bank loans	11	**-**	-	**3,543**	20,748
Employee-related accruals		**492**	708	**1,229**	1,198
Tax liabilities		**177**	598	**516**	1,781
Related parties loans	10	**-**	-	**1,652**	1,789
Transaction costs	16	**4,537**	4,597	**20,033**	19,472
Provisions	15	**1,016**	1,381	**2,658**	3,023
Other		**57**	309	**213**	447
Total current liabilities		**6,749**	7,765	**33,677**	51,466
Non-current liabilities					
Provision for losses on investments	6	**47,213**	47,475	**-**	-
Refunds to clients	17	**-**	-	**5,257**	5,257
Tax liabilities		**-**	-	**267**	-
Total non-current liabilities		**47,213**	47,475	**5,524**	5,257
Equity	18				
Capital stock		**1,110,859**	1,110,857	**1,110,859**	1,110,857
Share-based compensation reserve	10	**25,308**	25,394	**25,308**	25,394
Accumulated losses		**(1,013,577)**	(1,001,722)	**(1,013,577)**	(1,001,722)
Equity attributable to controlling shareholders		**122,590**	134,529	**122,590**	134,529
Non-controlling shareholder interest		**-**	-	**(102)**	(100)
Total equity		**122,590**	134,529	**122,488**	134,429
Total liabilities and equity		**176,552**	189,769	**161,689**	191,152

See accompanying notes.

MLog S.A.

Statements of operations
Three month period ended March 31, 2016 and 2015
(In thousands of Reais, except for loss per share, in Reais)

	Note	Parent company		Consolidated	
		03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Net operating income		**-**	-	**2**	-
Cost of services		**-**	-	**(38)**	-
		-	-	**(36)**	-
Operating expenses					
Personnel		**(3,898)**	(13,717)	**(5,155)**	(13,717)
Services rendered		**(737)**	(6,867)	**(872)**	(7,142)
General and administrative		**(652)**	(1,138)	**(4,673)**	(1,267)
Depreciation and amortization		**-**	(253)	**(557)**	(269)
Taxes		**(143)**	(84)	**(347)**	(88)
Other operating expenses					
Equity results in subsidiaries	**6**	**(7,414)**	(424)	**-**	-
Impairment of assets	**7,8**	**(40)**	-	**(49)**	-
		(12,884)	(22,483)	**(11,653)**	(22,483)
Operating loss before financial results		**(12,884)**	(22,483)	**(11,689)**	(22,483)
Financial income and expenses					
Financial income	**19**	**1,046**	12,373	**1,355**	12,373
Financial expenses		**(17)**	(21)	**(1,523)**	(21)
		1,029	12,352	**(168)**	12,352
Loss for the period		**(11,855)**	(10,131)	**(11,857)**	(10,131)
Loss attributable to:					
Shareholders of the Parent company				**(11,855)**	**(10,131)**
Non-controlling shareholder interest				**(2)**	**-**
Loss per share (basic and diluted)	**18**	**(3.88)**	(9.74)		

See accompanying notes.

MLog S.A.

Statements of comprehensive Income
Three month period ended March 31, 2016 and 2015
(In thousands of Reais)

	Parent company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Loss for the period	**(11,855)**	(10,131)	**(11,857)**	(10,131)
Other comprehensive income	-	-	-	-
Comprehensive loss for the period	**(11,855)**	(10,131)	**(11,857)**	(10,131)
Comprehensive loss attributable to:				
Shareholders of the Parent company			**(11,855)**	**(10,131)**
Non-controlling shareholder interest			**(2)**	**-**

See accompanying notes.

MLog S.A.

Statements of Changes in Equity
Three month period ended March 31, 2016 and 2015
(In thousands of Reais)

	Capital stock			Capital reserves				
	Subscribed	To be paid	Equity issuance costs	Subscription warrant	Share-based compensation reserve	Accumulated losses	Non-controlling shareholder interest	Total
At December 31, 2014	1,418,130	-	(36,464)	1	25,873	(798,913)	-	608,627
Stock options	-	-	-	-	(1,345)	-	-	(1,345)
Loss for the period	-	-	-	-	-	(10,131)	-	(10,131)
At March 31, 2015	1,418,130	-	(36,464)	1	24,528	(809,044)	-	597,151
At December 31, 2015	**1,318,812**	**(171,491)**	**(36,464)**	**-**	**25,394**	**(1,001,722)**	**(100)**	**134,429**
Capital increase	**13**	**(11)**	**-**	**-**	**-**	**-**	**-**	**2**
Stock options (Note 10)	**-**	**-**	**-**	**-**	**(86)**	**-**	**-**	**(86)**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(11,855)**	**(2)**	**(11,857)**
At March 31, 2016	**1,318,825**	**(171,502)**	**(36,464)**	**-**	**25,308**	**(1,013,577)**	**(102)**	**122,488**

See accompanying notes.

MLog S.A.

Statements of Cash Flows
Three month period ended March 31, 2016 and 2015
(In thousands of Reais)

	Parent company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Cash flows from operating activities				
Loss for the period	**(11,855)**	(10,131)	**(11,857)**	(10,131)
Adjustments to reconcile the loss for the year to cash from operating activities				
Depreciation and amortization	**-**	253	**557**	269
Disposals	**80**	41	**81**	41
Stock options	**(86)**	(1,345)	**(86)**	(1,345)
Impairment of assets	**40**	-	**49**	-
Marketable securities income	**(831)**	(12,173)	**(831)**	(12,173)
Equity results in subsidiaries	**7,414**	424	**-**	-
Changes in assets and liabilities				
Recoverable taxes	**(32)**	3,933	**(235)**	3,933
Other assets	**(119)**	(65)	**(1,320)**	(179)
Trade accounts payable	**389**	2,771	**1,570**	2,668
Juros a pagar	**-**	-	**(204)**	-
Employee-related accruals	**(165)**	1,586	**83**	1,586
Tax liabilities	**(408)**	(331)	**(984)**	(323)
Loan with related parties	**-**	-	**(231)**	-
Transaction costs	**(60)**	-	**(60)**	-
Other liabilities	**(252)**	-	**(236)**	-
Provisions	**(62)**	-	**(62)**	-
Net cash used in operating activities	**(5,947)**	(15,037)	**(13,766)**	(15,654)
Cash flows from investing activities				
Advances for future capital increase	**(31,948)**	(3,914)	**-**	-
Redemption of marketable securities	**38,464**	29,388	**38,464**	29,388
Acquisition of property, plant and equipment	**(93)**	-	**(7,329)**	(3,298)
Additions to intangible assets	**(486)**	(10,454)	**(489)**	(10,454)
Net cash from investing activities	**5,937**	15,020	**30,646**	15,636
Cash flows from financing activities				
Payment of Bank loan	**-**	-	**(17,000)**	-
Net cash used in financing activities	**-**	-	**(17,000)**	-
Decrease in cash and cash equivalents	**(10)**	(17)	**(120)**	(18)
Cash and cash equivalents at the beginning of the period	**21**	24	**156**	26
Cash and cash equivalents at the end of the period	**11**	7	**36**	8

See accompanying notes.

MLog S.A.

Statements of added value (supplementary information for IFRS purposes)
Three month period ended March 31, 2016 and 2015
(In thousands of Reais)

	Parent company		Consolidated	
	03/31/2016	**03/31/2015**	**03/31/2016**	**03/31/2015**
Operating income				
Services	**-**	-	**2**	-
Inputs acquired from third parties				
Cost of the services	**-**	-	**(38)**	-
General and administrative expenses	**(1,314)**	(7,583)	**(3,701)**	(7,944)
Expenses with stock options granted	**86**	1,345	**86**	1,345
Depreciation and amortization	**-**	(253)	**(557)**	(269)
Impairment of assets	**(40)**	-	**(49)**	-
Transferred added value received				
Net financial income	**1,029**	12,352	**(168)**	12,352
Equity results in subsidiaries	**(7,414)**	(424)	**-**	-
Total added value to be distributed	**(7,653)**	5,437	**(4,425)**	5,484
Distribution of added value				
Personnel				
Direct remuneration	**1,371**	8,604	**3,286**	8,604
Management fees	**1,498**	3,711	**1,498**	3,711
Benefits	**145**	411	**897**	411
Accrued severance indemnity (FGTS)	**452**	952	**611**	952
	3,466	13,678	**6,292**	13,678
Tax				
Federal	**659**	1,458	**998**	1,462
Municipal	**2**	10	**2**	10
Third-party capital remuneration				
Leases	**75**	422	**140**	465
Loss for the period attributable to:				
Shareholders of the Parent company	**(11,855)**	(10,131)	**(11,855)**	(10,131)
Non-controlling shareholder interest	**-**	-	**(2)**	-
	(7,653)	5,437	**(4,425)**	5,484

See accompanying notes.

MLog S.A.

Notes to quarterly financial information
March 31, 2016
(In thousands of Reais, except when otherwise indicated)

1. Operations

At the Special General Meeting held on 02/17/2016, the Company's corporate name was changed to MLog S.A. (previously Manabi S.A.).

MLog has full control of Morro do Pilar Minerais S.A., Manabi Logística S.A., Dutovias do Brasil S.A., 99.99% of Asgaard Navegação S.A. and 99.75% of Asgaard Navigation LLP.

The subsidiaries Asgaard Navegação S.A. and Asgaard Navigation LLP operate in charter and operation of offshore support vessels for the oil and gas industry, while the subsidiaries Morro do Pilar S.A., Dutovias do Brasil S.A. and Manabi Logística S.A., operates in the mining and logistics segments, especially in the development of integrated iron ore projects,

In March 2016, the Company approved a new business plan according to which the Group's operating activities are now focused on support services for the oil and gas industry. This will initially occur through OSRV (oil spill recovery vessel) Asgaard Sophia, construction of which was completed in January 2016 in the Aliança shipyard.

On March 24, 2016, its subsidiary Asgaard Navegação S.A., Petróleo Brasileiro S.A. ("Petrobras"), and Petrobras Logística de Exploração e Produção ("PB-LOG") entered into a charter agreement for vessel Asgaard Sophia for a term of 180 days, renewable for an equal period. The vessel started operating on March 30, 2016. In addition, the Company, through subsidiary Asgaard Navegação S.A., is participating in Petrobras bidding process for charter of that same vessel for a period of 4 years.

On May 3, 2016, the Company, the Government of the State of Espírito Santo, and the Municipality of Linhares entered into a memorandum of understanding with the purpose of establishing the initial measures to be adopted by the parties in order to create a business district in the area owned by subsidiary Manabi Logística S.A. in the municipality. The purpose of this memorandum is to, among other things, develop studies to provide the project area with logistics and port access and creation of an Export Processing Zone.

As for the Pilar Hill Project, the Company continues to work on meeting the conditions of the Preliminary License obtained in November 2014.

Transaction with Asgaard

As fully detailed in Note 2 of the Financial Statements of December 2015, on August 26, 2015 the Company's shareholders unanimously approved at the Special General Meeting, resolutions encompassing (i) the Merger of Maverick Logística S.A. into the Company, pursuant to the terms of the Protocol and Justification of Merger entered into on August 10, 2015 by the Management of the Company and of Maverick Logística S.A.; (ii) increase of the Company's share capital as a result of the Merger, with capitalization of Maverick Logística S.A.'s equity, in the amount of R$44,565, through issuance of 1,019,650 (one million, nineteen thousand, six hundred and fifty) common, registered, book-entry shares, with no par value, which were subscribed by Maverick Holding S.A.; and (iii) issuance of a subscription warrant by the Company in favor of Maverick Holding S.A., as an additional advantage to subscription of the capital increase resulting from the Merger.

The mentioned Special General Meeting also approved, following the Merger and subject to effectiveness thereof, increase of the Company's share capital, by means of a private subscription, in the amount of R$209,492, upon issuance of 750,800 (seven hundred and fifty thousand eight hundred) common shares, at an issue price of R$279.02 (two hundred and seventy nine reais and two cents) per share, established in accordance with article 170, paragraph 1, item I, of Law No. 6404/76.

2. Basis for preparation and presentation of the quarterly financial information

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 accounting practices adopted in Brazil (BR GAAP).

The quarterly financial information should be read together with the financial statements of December 31, 2015.

The Company's Management authorized the conclusion of the preparation of this quarterly information on May 11, 2016.

(In thousands of Reais, except when otherwise indicated)

3. Accounting practices

The quarterly financial information is presented based on the same accounting policies described in Note 4 of the audited financial statements of December 31, 2015.

Accounting judgment, estimates and assumptions

Preparation of the individual and consolidated financial statements in accordance with IFRS and accounting practices adopted in Brazil, 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

This investment is broken down as follows:

	Consolidated	
	03/31/2016	**12/31/2015**
Government bonds	**4,839**	28,661
Bank Deposit Certificates (CDBs)	**-**	13,811
	4,839	42,472

The government bonds are allocated in an exclusive investment fund and earnings are based on the Central Bank Benchmark rate (Selic). These bonds had an average return rate of 99% of the Interbank Deposit Certificate (CDI) in this first quarter of 2016. The government bonds have high liquidity and can be negotiated for use in the operations of the Company and its subsidiaries.

(In thousands of Reais, except when otherwise indicated)

5. Tax recoverable

	Consolidated	
	03/31/2016	**12/31/2015**
Withholding income tax	**7,052**	7,015
Social contributions credits (PIS and COFINS)	**3,473**	3,143
Other	**31**	165
	10,556	10,323

6. Investments in subsidiaries (Parent company)

Changes in investments during the period are as follows:

Investments	Interest	12/31/2015	Equity results	03/31/2016
Manabi Logística S.A.	100%	19,180	(154)	19,026
Asgaard Navegação S.A.	99,99%	115,308	(7,522)	107,786
Balance of investments		**134,488**	**(7,676)**	**126,812**
Asgaard Navigation LLP	99,75%	(42,703)	291	(42,412)
Dutovias do Brasil S.A.	100%	(4,759)	(1)	(4,760)
Morro do Pilar Minerais S.A.	100%	(13)	(28)	(41)
Balance of provision for losses in investments		**(47,475)**	**262**	**(47,213)**
		87,013	**(7,414)**	**79,599**

The changes in future capital contributions in the period are as follows:

	Morro do Pilar Minerais S.A.	Manabi Logística S.A.	Dutovias do Brasil S.A.	Asgaard Navegação S.A.	Total
Balances as of 12/31/2015	17	1,936	3,116	402	5,471
Funds remitted	27	177	1	31,743	31,948

(In thousands of Reais, except when otherwise indicated)

Balances as of 03/31/2016 *	**44**	**2,113**	**3,117**	**32,145**	**37,419**

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

7. Property, plant and equipment

Parent company balances

	03/31/2016				12/31/2015			
	Cost	Depreciation	Impairment of assets	Net amount	Cost	Depreciation	Impairment of assets	Net amount
Buildings	**285**	**(31)**	**(254)**	**-**	285	(31)	(254)	-
Machinery and equipment	**1,782**	**(145)**	**(1,637)**	**-**	1,782	(144)	(1,638)	-
Furniture and fixtures	**861**	**(260)**	**(601)**	**-**	1,028	(304)	(724)	-
IT equipment	**515**	**(225)**	**(290)**	**-**	525	(228)	(297)	-
Comunication equipment	**144**	**(66)**	**(78)**	**-**	136	(66)	(70)	-
Leasehold improvements	**1,435**	**(639)**	**(796)**	**-**	1,435	(639)	(796)	-
	5,022	**(1,366)**	**(3,656)**	**-**	5,191	(1,412)	(3,779)	-

Changes in the Parent company balances in the period

	Depreciation rate	12/31/2015	Acquisitions	Disposals	Depreciation	Impairment of assets	03/31/2016
Buildings	**4%**	**-**	**-**	**-**	**-**	**-**	**-**
Machinery and equipment	**10%**	**-**	**-**	**-**	**-**	**-**	**-**
Furniture and fixtures	**10%**	**-**	**-**	**(125)**	**-**	**125**	**-**
IT equipment	**20%**	**-**	**-**	**(6)**	**-**	**6**	**-**
Comunication equipment	**20%**	**-**	**8**	**-**	**-**	**(8)**	**-**
Leasehold improvements	**22%**	**-**	**-**	**-**	**-**	**-**	**-**
		-	**8**	**(131)**	**-**	**123**	**-**

Consolidated balances

	03/31/2016				12/31/2015			
	Cost	Depreciation	Impairment of assets	Net amount	Cost	Depreciation	Impairment of assets	Net amount
Land	**29,946**	**(31)**	**(8,769)**	**21,146**	29,661	-	(8,515)	21,146
Buildings	**-**	**-**	**-**	**-**	285	(31)	(254)	-
Vessel in construction	**-**	**-**	**-**	**-**	112,624	-	-	112,624
Construction in progress	**72,381**	**(145)**	**(72,236)**	**-**	70,591	-	(70,591)	-
Machinery and equipment	**861**	**(260)**	**(601)**	**-**	1,782	(145)	(1,637)	-
Furniture and fixtures	**797**	**(244)**	**(341)**	**212**	1,366	(371)	(776)	219
IT equipment	**233**	**(75)**	**(84)**	**74**	668	(284)	(303)	81
Comunication equipment	**43**	**(5)**	**(15)**	**23**	185	(76)	(85)	24
Vessel	**120,208**	**(505)**	**-**	**119,703**	431	(45)	-	386
Vehicles	**14**	**(1)**	**-**	**13**	26	(12)	-	14
Works of art	**1,532**	**(639)**	**(796)**	**97**	97	-	-	97
Leasehold improvements	**5,123**	**(1,467)**	**(3,656)**	**-**	1,536	(740)	(796)	-
	231,138	**(3,372)**	**(86,498)**	**141,268**	219,252	(1,704)	(82,957)	134,591

(In thousands of Reais, except when otherwise indicated)

Changes in the consolidated balances in the period

	Depreciation rate	12/31/2015	Acquisitions	Transfer and disposals	Depreciation	Impairment of assets	03/31/2016
Land		21,146	-	-	-	-	21,146
Buildings	4%	-	-	-	-	-	-
Vessel in construction		112,624	7,198	(119,822)	-	-	-
Construction in progress		-	9	-	-	(9)	-
Machinery and equipment	10%	-	-	-	-	-	-
Furniture and fixtures	10%	219	-	(126)	(7)	125	211
IT equipment	20%	81	-	(6)	(6)	6	75
Comunication equipment	20%	24	8	-	(1)	(8)	23
Vessel	20%	386	-	119,822	(505)	-	119,703
Vehicles	20%	14	-	-	(1)	-	13
Works of art		97	-	-	-	-	97
Leasehold improvements	22%	-	-	-	-	-	-
		134,591	7,215	(132)	(520)	114	141,268

In 2014 and 2015, Management carried out impairment testing of the integrated iron ore project. As a result of such tests, a loss of R$83 million was verified in property, plant & equipment. The value recognized in the first quarter of 2016 refers to additions and reversals of the portion related to write-offs during such period.

Construction in progress 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.

The item Vessels refers primarily to the Asgaard Sophia OSRV (oil spill recovery vessel), built by the Aliança shipyard, which was completed in January 2016.

8. Intangible assets

According to the Company's accounting practices, and in line with IFRS 6 – Exploration for and Evaluation of Mineral Rights, the total expenditure with exploration and evaluation, related to the integrated iron ore project, that was capitalized over the years was subject to impairment in 2015 and 2014 in the amount of R$805 million. The loss recognized in the first quarter of 2016, refers to additions during such period.

(In thousands of Reais, except when otherwise indicated)

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

	12/31/2015				03/31/2016			
	Cost	Impairment of assets	Amortization	Net amount	Additions	Amortization	Impairment of assets	Net amount
Expenditures related to exploration and valuation of mineral resources and prospecting rights	238,225	(238,225)	-	-	**163**	**-**	**(163)**	**-**
Expenditures related to licensing phase	6,404	(6,404)	-	-	**-**	**-**	**-**	**-**
Management system (ERP)	551	-	(25)	526	**3**	**(37)**	**-**	**492**
Intangible assets acquired in business combination	546,868	(546,868)	-	-	**-**	**-**	**-**	**-**
Rail spur	13,151	(13,151)	-	-	**-**	**-**	**-**	**-**
	805,199	(804,648)	(25)	526	**166**	**(37)**	**(163)**	**492**

9. Income tax and social contribution

As of March 31, 2016, the Company’s income tax and social contribution losses amounted to R$94 million (R$93 million as of December 31, 2015), in relation to which Management, taking into consideration the lack of expected future profitability, does not record deferred income tax and social contribution in this phase 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.

(In thousands of Reais, except when otherwise indicated)

10. Related parties loans

Loans between individuals and entities

The balances of transactions with related parties as of March 31, 2016 are listed below.

Lender	Borrower	03/31/2016	12/31/2015
	Current assets Parent company		
MLog S.A.	Asgaard Navigation LLP	2	
	Current assets Consolidated		
Asgaard Navegação S.A.	Maverick Holding S.A.	584	556
Asgaard Navegação S.A.	Maverick Navegação Ltda	1,020	974
Asgaard Navegação S.A.	Patrícia Tendrich Pires Coelho	382	362
		1,986	1,892
	Current liabilities Consolidated		
Maverick Holding S.A.	Asgaard Navigation LLP	231	232
Patrícia Tendrich Pires Coelho	Asgaard Navigation LLP	1,421	1,557
		1,652	1,789
	Loans between subsidiaries Eliminated in the consolidated		
Asgaard Navegação S.A.	Asgaard Navigation LLP	37,696	37,696
Asgaard Navegação S.A.	Asgaard Navigation LLP	1,398	1,285

The loan of R$37,696 between subsidiaries Asgaard Navegação S.A. and Asgaard Navigation LLP is denominated in Reais with maturity on 11/25/2016 and is not subject to interest.

The other loan of R$1,398 between the subsidiaries above is denominated in Reais, has no maturity and is not subject to interest.

The other loans involving subsidiary Asgaard Navegação S.A., as lender, as presented in the above chart, occurred with the following entities and pursuant to the following conditions:

(i) Maverick Holding S.A. (Company shareholder) in the amount of R$584 is adjusted by the Interbank Deposit Certificate (CDI) plus 5% per year and maturing on 04/29/2016;

(ii) Maverick Navegação S.A. (entity controlled by the Company's CEO) in the amount of R$1,020 is adjusted by CDI plus 5% per year and maturing on 04/29/2016.

(iii) Patrícia Tendrich Pires Coelho (Company's CEO) in the amount of R$382 is adjusted by CDI plus 5% per year and maturing on 04/29/2016.

Management understands that the interest to which such loans is subject are in line with the rates adopted in the market.

On 05/02/2016, Asgaard Navegação S.A. and its counterparties entered into amendments to such loans, establishing that the new maturity date would be June 30, 2016.

The loans taken out by subsidiary Asgaard Navigation LLP with Maverick Holding S.A., in the amount of R$231, with MLog S.A., in the amount of R$2 are denominated in Reais while the loan with Patrícia Tendrich Pires Coelho, in the amount equivalent to R$1,421, is denominated in US dollars. Neither loan is subject to interest nor has a maturity date.

Compensation of key management personnel

The Company considers all current officers and board members to be key management personnel. For the first quarter of 2016, the compensation of these officers and board members was R$844 and R$570, 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 March 31, 2016, a total of 22,420 (twenty-two thousand, for hundred and twenty) 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.

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.

MLog S.A.

Notes to quarterly financial information
March 31, 2016
(In thousands of Reais, except when otherwise indicated)

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	4,250	40.41%	11.35%	99.41%	**3,850**
2011.1	10/15/2011	10/15/2013	10/15/2018	4,250	39.47%	11.35%	98.82%	**4,098**
2011.1	10/15/2011	10/15/2014	10/15/2019	4,250	38.95%	11.34%	98.23%	**4,324**
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**
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**
2013.2	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	550	39.58%	11.73%	98.38%	**799**
2013.4	10/01/2013	10/01/2015	10/01/2020	150	38.81%	11.79%	97.46%	**232**
Total 03/31/2016				**22,420**				**22,659**

(In thousands of Reais, except when otherwise indicated)

The monetary effects of share-based compensation for purchase of shares recorded in equity and in P&L are as follows:

Programs	2011	2012	2013	2014	2015	2016	Total
1º	904	4,135	4,086	3,147			12,272
2º		1,193	1,131	620			2,944
3º		880	962	962	**40**		2,844
4º		92	96	95	**4**		287
5º		60	163	163	**105**		491
6º		33	19	-	**(52)**		-
7º			749	1,124	**(147)**	(94)	1,632
8º			422	449	**(78)**		793
9º			263	270	**(168)**		365
10º			328	878	**(183)**	8	1,031
	904	6,393	8,219	7,708	**(479)**	(86)	22,659
Options expired [1]	35	906	679	1,029	-	-	
Recorded in income statement	939	7,299	8,898	8,737	(479)	[2] (86)	
Accumulated amount in equity	939	8,238	17,136	25,873	25,394	**25,308**	

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

[2] This amount was recognized as investment considering the irrevocability condition to increase capital by 02/26/2016.

In the event the beneficiary resigns from his position, the options not yet exercisable expire without any indemnity or compensation and the exercisable options may be exercised within ninety days. To date, 2,480 (two thousand, four hundred and eighty) shares expired due to non-exercise of the option, corresponding to R$2,649, measured upon granting of the options and recognized in P&L and equity during the vesting period.

(In thousands of Reais, except when otherwise indicated)

No stock options were exercised during first quarter of 2016.

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

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. In this case, the non-exercisable options expire without any indemnity or compensation.

11. Bank loans

At the end of the 2015, subsidiary Asgaard Navegação S.A. had credit lines, in the amount of R$20,500, with Banco Itaú being one line of R$3,500 and another in the amount of R$17,000.

The amounts were obtained for a term of 30 days and are renewable for equal and successive periods. On March 14, 2016, Management paid-off the credit line of R$17,000 and kept the R$3,500 line with effective cost of 4.72% per month.

Debt composition is as follows:

	03/31/2016			12/31/2015		
	current			current		
	Interest	Principal	Total	Interest	Principal	Total
Banco Itaú	-	-	-	141	17,000	17,141
Banco Itaú	43	3,500	3,543	107	3,500	3,607
	43	3,500	3,543	248	20,500	20,748

12. Trade accounts payable

The consolidated balance of R$3,833 as of March 31, 2016 (R$3,008 as of December 31, 2015) largely relates to general and administrative services, with an average settlement period of 30 days, not subject to financial charges.

13. Litigation

As of March 31, 2016, the Company and its subsidiary Asgaard Navegação S.A. are parties to the lawsuits listed below, which, pursuant to the concept of assessment adopted for legal liabilities and based on legal opinion, were classified as possible or remote losses.

The main items are shown below:

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, issued by the Municipality of Morro do Pilar, for purposes of implementation of the Morro do Pilar Project (MOPI). 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 amending its legislation for the use and occupation of the land in order to conform to federal law requirements, with which the MOPI Project is compliant. With the amendment to 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 adequate 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 is allegedly 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.

Writ of Prevention filed on 09/17/14 by the Public Attorney's Office of the State of Minas Gerais (in which the Federal Public Attorney's Office subsequently became part of the lawsuit as claimant) and Civil Class Action filed on 10/17/14 questioning the validity of the consent issued by IBAMA for purposes of future suppression of forest fragment within the Atlantic Forest Biome, in the context of the licensing process for the MOPI project. The Claimants claim that there is Biome vegetation in the primary stage that would prevent any mining activity. The injunction was granted to suspend the Preliminary Consent, having been reformed in the Suspension of Injunction managed by the Municipality of Morro do Pilar on 10/16/14. Thus, once the injunction was canceled, the lawsuit resumed the usual procedure and is currently in evidence discovery phase. Once it is demonstrated that the Preliminary Consent was duly granted, the lawsuit will lack grounds.

Writ of Mandamus filed on 02/25/2015 by subsidiary Asgaard Navegação S.A. against acts of the Acting Supervisory Assistant of the State of Rio de Janeiro and of the State Inspector of the Inspection Department Specialized in Foreign Trade, in course before the 11th Court of Public Finance of the Justice Court of Rio de Janeiro. The actual value of the dispute is R$6,550 and the purpose of this lawsuit is to seek suspension of the enforceability of the State Value-Added Tax (ICMS) levied on customs clearance of imported vessels under the Temporary Admission Regime. In this lawsuit, Asgaard Navegação S.A. obtained approval of the injunction. To date there is no final decision on the proceedings in reference as to the possibility of loss upon resolution of the above-mentioned matter.

In addition to the preceding items, on November 24, 2015, the Company, its subsidiary Asgaard Navegação S.A. (Asgaard) and bank BNP Paribas Brasil S.A. (BNP) entered into an agreement for acknowledgement of debt and other covenants. The purpose of the acknowledgement of debt is to suspend, until April 5, 2016, the lawsuit filed by BNP against Asgaard. This lawsuit, filed in 2014, refers to a contract dispute regarding a success fee in the amount of R$1,849, originated by BNP's role as Asgaard's financial advisor in a strategic transaction. The extinction of the lawsuit is subject to settlement of the amount due to BNP by the Company for its role as advisor in the Transaction with Asgaard mentioned in Note 1.

In 2015, the Company, in the context of the mentioned Transaction, paid, pursuant to the agreement with BNP, R$3,704, and an amount of R$3,625 remain outstanding. This amount was not paid on the date of the mentioned acknowledgement of debt and settlement thereof is subject to anticipation of the contribution by shareholder Maverick Holding S.A., pursuant to the mentioned Transaction, other contributions or operating cash generation.

Throughout the first quarter of 2016, the Company received three labor subpoenas being two from former contractors and one from former employee. One of the suit from former contractor was shelved after a labor settlement was approved by the competent court after payment of R$241 and the other suits are still in progress. Management accepts that the measures taken for restructuring of the Company in 2015, may give rise to new labor lawsuits during the statutory limitation period.

14. 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, until November of 2018 extendable to 2020, for the Pilar Hill Project to be granted:

The Company must acquire approximately 3,700 hectares of land for implementation of the project in phase 1. In addition to this area, it is necessary to acquire 3,600 hectares of land to be used for constitution of environmental compensations and regularization of legal reserve. These expenditures are estimated at R$60 million.

The Company estimates an amount of R$20 million related to the environmental compensation set forth in article 36 of Law No. 9985/2000 (national nature conservation units system - SNUC). This amount is payable in four monthly installments, 30 days after granting of the Construction License.

In order to meet the other environmental conditions and obligations, the Company estimates R$21 million in expenditures primarily related to environmental control programs and compliance with the provisions defined by the Public Attorney's Office of Minas Gerais.

In addition to the conditions mentioned above, also subject to implementation of the Pilar Hill Project, the Company estimates R$15 million in other expenditures related to social and environmental compensations and support in the implementation of infrastructure of the municipalities located in the Project's area of direct influence.

(In thousands of Reais, except when otherwise indicated)

15. Provisions

The consolidated amounts refer to: (i) second installment of right of way agreements for the pipeline, in the amount of R$1,642 (R$1,642 as of December 31, 2015), due upon notarial regularization by the owners of the affected properties, (ii) recovery of geological survey squares and accesses in the Pillar Hill project region, in the amount of R$47 (R$350 as of December 31, 2015), and (iii) undefined costs related to the Transaction with Asgaard mentioned in Note 1, in the amount of R$969 (R$1,031 as of December 31, 2015)

16. Transaction costs

Refer mainly to success fees due to financial advisors as a result of the Transaction with Asgaard mentioned in Note 1.

17. Refunds do clientes

This amount to be refunded refers to tax paid in excess on temporary import of foreign vessel, which, when received, should be passed on to the customer receiving the services.

18. Equity

Capital

As of March 31, 2016, the Company's subscribed share capital is represented by 3,052,500 common shares as detailed below:

Shareholders	Common shares	%
Maverick Holding S.A.	**1,765,912**	57.85
Fábrica Holding S.A.	**154,072**	5.05
Ontario Teachers' Pension Plan	**227,578**	7.46
Korea Investment Corporation	**244,909**	8.02
EIG - Global Energy Partners	**188,969**	6.19
Other	**471,060**	15.43
	3,052,500	100.00

Pursuant to the amendment to the articles of incorporation, approved at the Speical General Meeting held on August 26, 2015, the Company's share capital may be increased by decision of the Board of Directors, regardless of any amendment to the articles of incorporation, by up to 6,000,000 (six million) common shares. The Board of Directors may determine the number of shares to be issued, the issue price, and the conditions for subscription, payment and issuance.

(In thousands of Reais, except when otherwise indicated)

Loss per share

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

	03/31/2016	03/31/2015
Loss attributable to the equity holders	**(11,855)**	(10,131)
Average weighted number of common shares	**3,052,500**	1,040,000
Loss per share – basic and diluted in Reais *	**(3.88)**	(9.74)

* The loss in the year is antidilutive for the holders of stock options and subscription warrants

19. Financial income

The financial income for the period consists primarily of the proceeds from marketable securities mentioned in Note 4.

20. Financial instruments

Analysis of financial instruments

The Company and its subsidiaries assessed their financial assets and liabilities in relation to market values, using the available financial statements and appropriate valuation methodologies. However, interpretation of market data and selection of valuation methods require considerable judgment and estimates to calculate the most appropriate realizable value. As a result, the estimates presented do not necessarily indicate the amounts that may be realized in the current market. Use of different market assumptions and/or methodologies may have a material effect on the estimated realizable values.

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

Classifications of financial instruments by category

Classification of the financial assets and liabilities of the Company and its subsidiaries by category is as follows:

(In thousands of Reais, except when otherwise indicated)

	Consolidated			
	03/31/2016		12/31/2015	
Financial assets (liabilities)	**Carrying basis**	**Measurement**	**Carrying basis**	**Measurement**
Cash and cash equivalente	**36**	**Cost to be amortized**	156	**Cost to be amortized**
Marketable securities	**4,839**	**Cost to be amortized**	42,472	**Cost to be amortized**
Trade accounts payable	**3,833**	**Cost to be amortized**	3,008	**Cost to be amortized**
Bank Loans	**3,543**	**Cost to be amortized**	20,748	**Cost to be amortized**
Transactions with related parties	**1,652**	**Cost to be amortized**	1,789	**Cost to be amortized**
Transaction costs	**20,033**	**Cost to be amortized**	19,472	**Cost to be amortized**
	33,936		87,645	

The Company's assessment on financial instruments did not identify significant difference between measured value and fair value of its financial assets and liabilities.

Measurement of fair value

The table below shows an analysis of the financial instruments recognized at fair value, after initial recognition. These financial instruments are grouped into levels from 1 to 3, based on the degree that their fair value is quoted:

Level 1 – measurement of fair value is derived from quoted prices (unadjusted) in active markets based on identical assets and liabilities;

Level 2 - measurement of fair value is derived from other priced inputs included in Level 1, that are priced through an asset or liability, whether directly (that is, as the prices) or indirectly (that is, derived from prices);

Level 3 - measurement of fair value is derived from valuation techniques that include an asset or liability without active market.

	Level 1	**Level 2**	**Level 3**
Marketable securities	**-**	**4,839**	**-**

Risk management

The financial transactions of the Company and its subsidiaries are carried out by the financial department in accordance with the conservative strategy, seeking safety, reliability and liquidity, in line with the Company's Treasury and Cash Management Policy. The policy establishes criteria for protection against financial risks resulting from undertaking of obligations, whether in foreign or local currency, in order to manage the exposure risks associated with foreign exchange and interest rate.

The main market risk factors that may affect the business of the Company and its subsidiaries are:

Credit risk

Financial instruments subject to credit risks refer to the cash equivalents and receivables. All transactions are carried out with institutions with recognized liquidity and in line with the Company's Treasury and Cash Management Policy.

Interest rate risk

This risk results from the possibility of incurring losses due to interest rate fluctuations that increase financial expenses arising primarily from loans. The inherent risk arises from the possibility of significant fluctuations in the CDI.

Liquidity risk

Represents the risk of shortage and difficulty for the Company to honor its debts. The Company and its subsidiaries seek to align the maturity of its debts with the cash generation period to avoid discrepancies and the need for greater leverage.

21. Insurance coverage

On July 4, 2015, the D&O insurance was renewed in the insured amount of up to 70,000. The renewal was carried out with insurer Ace Seguradora S.A., who submitted commercial conditions more favorable for the Company.

As a result of the Transaction with Asgaard mentioned in Note 1, the Company included its new subsidiaries Asgaard Navegação S.A. and Asgaard Navigation LLP in the same policy.

Patrícia Tendrich Pires Coelho
Chief Executive Officer

Paulo Marcos Vargas de Andrade
Chief Financial Officer