Dear Shareholders,

MLog S.A.'s Management ("MLog" or "Company"), formerly named Manabi S.A., in conjunction with its direct or indirect subsidiaries Morro do Pilar (Iron Ore Project), Companhia de Desenvolvimento do Norte Capixaba (Industrial District Project and Multiple Port in Linhares), Asgaard Navegação (Maritime Support Navigation Company) and CNA – Companhia de Navegação da Amazonia (River Navigation Company), in compliance with legal and statutory provisions, submits to your appreciation the Management Report and the Company's Consolidated Financial Statements, including the Independent Auditors' Report, all referring to the fiscal year ended December 31, 2016. All figures mentioned in this report referring to the Company's Financial Statements are presented in thousands of reais, unless stated otherwise.

1. Message from the Management

2016 was a year of profound changes to the MLog group. Starting from an ambitious iron ore mining project with total investment of $4.5 billion and at the lowest point of the last decade for this commodity´s price, associated with what was then a pre-operational offshore shipping company, MLog has overcome important challenges during the year.

The main costs and expenses reduction effort started in 2015, soon after the corporate restructuring involving Asgaard Navegação, has been completed. The costs and expenses of the Parent company with personnel, third party services, general and administrative and tax went from R$65,327 in 2015 to R$13,321 in 2016, an annual decrease of R$52,006, equivalent to the recurring cost reduction from a level of 5.9% to the current 1.2% of the Company's capital.

This decrease was not only due to cost cuts, but also to changes in the organization's culture and team. MLog ends 2016 with a skilled and more multidisciplinary team, appropriate to the moment of the Company and to the structural differences in the businesses of its investees.

In parallel to cost reduction, 2016 was also a year of adjustments to its assets and to the Company's consolidated strategy.

In the mining segment, initially thought as a mine-pipeline-port integrated model, the current Brazilian infra-structure situation reinforces our strategy that a non-integrated model leads to greater risk-adjusted return potential to our shareholders. Brazil has today at least three large ports with idle capacity for loading iron ore located within the logistic range of our mine. This strategic adjustment, combined with a strong increase in the iron ore price at the international market, supported the reversal of previously occurred impairments in the mining assets of the Company, indicating not only its importance in the MLog group but also its potential of cash flow generation.

In the offshore shipping segment, the delivery of the Sophia OSRV to Asgaard in the first quarter of 2016, chartered to Petrobras since then, marks the beginning of the new phase of the Company. Asgaard ends 2016 as an operating company, being evaluated by Petrobras´s PEOTRAM operational excellence program as the best Petrobras' offshore support service provider for the 2015/2016 cycle, overcoming more than 50 companies. After the Sophia's operating start through a short-term agreement that had been renewed since then, Asgaard was rated for the final stage of negotiation of a 4-year contract, which operations should start in the second quarter of 2017. As a first step in the increase of its fleet, taking advantage of the industry distress moment, the Company chartered in bareboat the vessel Austral Abrolhos, a Brazilian MPSV, already part of its fleet and capable of blocking foreign vessels operating in the country.

With the acquisition of CNA - Companhia de Navegação da Amazônia, occurred in August 2016, we entered the inland shipping sector. CNA, founded more than 70 years ago, and considered by our clients and by the market as one of the best inland shipping companies in the North region of the country, is even better positioned as part of our group, gaining institutionality and relative importance that has been already generating positive commercial impacts.

With the end of the integrated mine-port project, MLog started to develop alternatives to its land in Linhares, a region naturally suited for port services. With a good level of infrastructure installed in its surroundings, proximity to the large oil exploration fields of the Brazilian pre-salt and belonging to the Sudene incentive zone, which can provide financing at attractive conditions for investments in the region, MLog started studies for a project called CDNC, to the implementation of an industrial district and future multi-purpose port in this area.

The combination of the Company's costs reduction process, and of the referred adjustments in the strategies of its assets, aims at positioning MLog for capturing the opportunities that the different stages in the macro-economic cycles of their sectors of action can generate and are the base of what we expect for the management of the Company in the next years: lean cost structure, discipline in the allocation of shareholder capital and capacity to take advantage of the cycles, using moments of greater stress for generating opportunities with favorable risk-return and positive asymmetry of returns.

2. Operating Performance

For all the above, especially as it is the first year of operation of the Asgaard Sophia and because the acquisition of CNA occurred in the second half of 2016, the Management understands that a simple analysis of its annual results does not best reflect the current situation of the Company's operation.

Please find below the evolution of the 2016 of the main operational indicators of our subsidiaries.

i. Asgaard Shipping (Asgaard Navegação)

The oil and gas offshore shipping sector experiences an extremely complex moment. The maintenance of the oil price at levels close to $100 per barrel over a long period of time has impacted hiring prices in the shipping industry, triggering a major investment cycle in new installed capacity. With the onset of the sharp drop in the price of this commodity, which began in 2014 and reached its last floor in 2015, when oil was traded below $30 per barrel, investment in new oil exploration and production capacity was drastically reduced, leading different links in the oil service value chain to an overcapacity situation and, consequently, to a drop in occupancy rates and prices charged, with vessel rates falling by more than 50% in the North Sea and idle capacity reaching 40% of the fleet. As a result, there was an abrupt fall in returns on invested capital, which reached negative levels, and a series of corporate problems generated by lack of liquidity and even solvency.

In Brazil, the reduction of the investments in oil exploration and production by Petrobras has also impacted the market, as the daily rates charged fall approximately 30%. The occupancy level has also been adversely affected, but the favoring of the national fleet by the regulation of the country kept the market in a situation of greater balance, with returns over investments falling, although still maintaining positive levels.

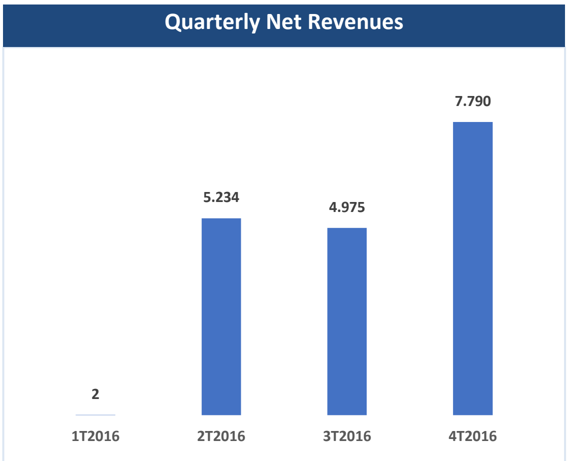
During this stress scenario, which should remain for some time, Asgaard has kept a conservative position, taking advantage of the low leverage for prospecting growth opportunities at attractive prices.

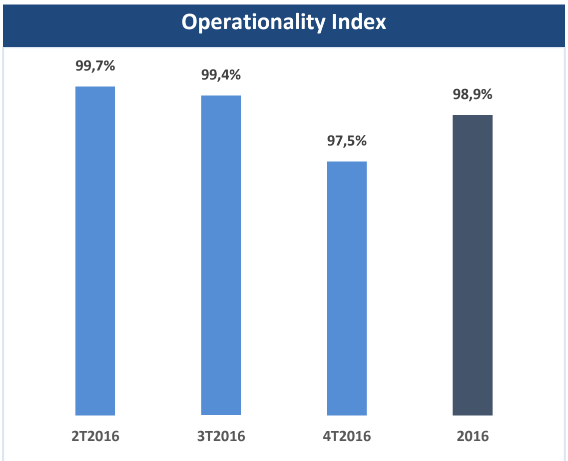
As part of this strategy, the Company has advanced in discussions of a long-term contract with Petrobras for the OSRV Asgaard Sophia, which should be signed during the second quarter of 2017.

Additionally, we reviewed the situation of our long-term contracts with Petrobras for the construction of PSVs 4500. We have negotiated a decrease in the number of newbuilt vessels to be delivered as to reduce the exposure of the Company to construction risk.

Also, we chartered the Austral Abrolhos vessel, a Brazilian vessel whose flexibility of use could mean additional opportunities. As part of the bareboat chartering agreement, Asgaard now holds the option to purchase the vessel. The Abrolhos is now part of our registered fleet and is ready to block similar foreign vessels whose annual operating permits are in the process of being issued or renewed.

Since March 2016, the Asgaard Sophia presented positive indexes of operationality and was fundamental for the evaluation of Asgaard as the best Brazilian offshore shipping company that provides services to Petrobras, as per PEOTRAM operational excellence ranking, which considers several points of quality and operational efficiency of more than 50 providers of offshore support service to Petrobras.





In the table above, the evolution of the Asgaard's revenue from the operation of the vessel can be seen from April 30th, 2016 on. The increase in the Company's revenue in the fourth quarter of the year is attributed to the service rendered with the temporary lease of SBM Installer vessel. The jobs of this ship have initiated in December 2016 and ended in March 2017.

Below are the main financial indicators of the Asgaard subsidiary, not consolidated with its subsidiary CNA.

Financial Indicators	2016
Net Income	**18.001**
Gross Margin	*34%*
EBITDA	**-3.569**
Ebitda Margin	*-20%*
Invested Capital	**119.408**
Net Indebtedness	**3.510**

The negative Ebitda results mostly from the pre-operational costs and expenses of its vessel Asgaard Sophia, in addition to the maintenance of its operating structure before the Company started generating revenues.

ii. CNA – Companhia de Navegação da Amazônia

In August 2016, the Company, through its subsidiary Asgaard, acquired 100% of CNA's shares. Created more than 70 years ago in Manaus, CNA is one of the leading companies in the inland shipping of oil and byproducts in the North region of the country, being considered by its clients and by the Market as one of the best companies of the sector, having transported almost 1 million of cubic meters in the past year. CNA has more than 160 employees allocated in four operational bases, who are responsible for the management of its fleet of 18 pushers and 34 double hull barges for the transport of liquid cargo. CNA´s acquisition price was R$100,654, to be paid in approximately eight years, as detailed in our financial statements.

The oil and byproducts industry has undergone structural changes in the country and in the Northern region. In the North region, two movements in opposite directions happen.

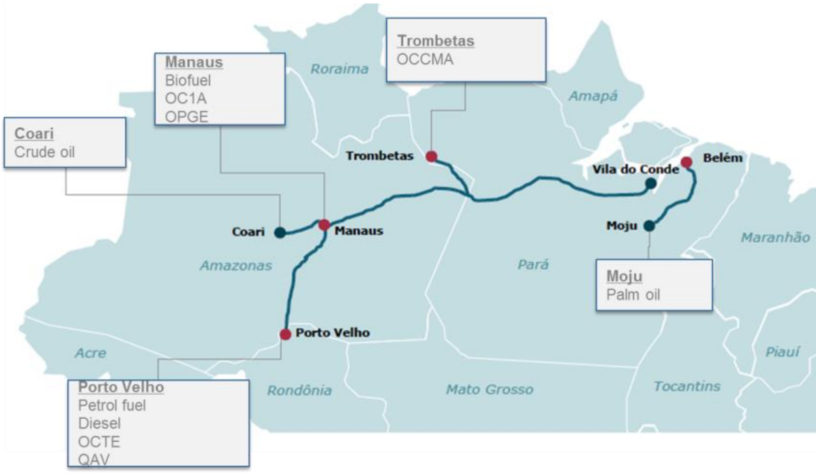
On the one hand, the great fall in the demand for oil and byproducts in the region (and hence of the logistics handling of these products) was due to the change in the local energy matrix. Manaus and other major local consumers' centers had all their demand for electric power supplied by localized (or isolated) generation made by oil and byproducts generators. The generation map of the region changed after the completeness of the "big line" Tucuruí-Macapá-Manaus, when the region became part of the Brazilian Interlinked System, which reduced the need of isolated electric energy generation. Another movement that structurally changed part of the demand for transportation of oil and byproducts in the region was the inauguration of the Urucu-Coari-Manaus gas pipeline, which made it possible to transport the natural gas extracted in Urucu to Manaus. The natural gas arrival brought, among other novelties, the thermoelectric plants of the region. We believe that the demand reduction caused by the regional changes abovementioned are already nearing its end.

On the other hand, the recent change in the Petrobras' pricing policy in Brazil, now based on a parity model with international prices, has led to several investment announcements by its competitors in the distribution segment, since the new and more transparent model ensures isonomy in a market where local production and refining is a *de facto* monopoly. We may wait for the next years a rearrangement of the logistics activities and of the fuel local markets.

And in this rearrangement, the Northern region of the country should be affected by its physical proximity to the international producer and refining markets. The competition in the fuels import market should increase, with the entrance of independent distributors acting as importers of products sold on their downstream networks.

Amid this scenario of change, the Company has identified in CNA a platform for its entry into both the inland shipping sector and fuel transportation, as the operational expertise of its new subsidiary can be leveraged in complementary businesses such as transportation of other products in the same region or oil and byproducts in other regions of the country.

The transportation service of CNA is normally offered for specific routes, the largest share of the contracts or transportation program lasting one year. The main clients of the Company are Grupo Petrobras, Raizen and Agropalma. Since CNA´s acquisition, the Company's Management has been prospecting new clients and increasing the relationship with current ones. The image below shows the current Company's main routes.



An integral part of CNA's assets at the time of acquisition was the R$139 million in credits of Freight Additional for the Renovation of the Merchant Marine (Adicional ao Frete para Renovação da Marinha Mercante, AFRMM) belonging to CNA.

AFRMM, governed mainly by Law 10.893 of 2004, is a federal tax on maritime freight, which is intended to support the development of the merchant navy and the Brazilian shipbuilding and repair industry and is a basic source of the Merchant Marine Fund (Fundo da Marinha Mercante, FMM).

The AFRMM tax rates vary according to the type of product, transport and region of origin or destination. In the inland shipping activity for oil cargo in the North regions, the AFRMM rate is 40% of the freight price. The freight additional generated by the Company is subsequently credited to a linked account of the Company with Banco do Brasil and may be used by the Company or by a related entity mainly for:

a. the acquisition of new vessels for own use, built up in Brazilian shipyards;
b. for intervention (jumboizing, conversion, modernization, docking or repair) of own vessel in a Brazilian shipyard;
c. For the payment of principal installment and interests of credit facilities funded by the Merchant Marine Fund (Fundo da Marinha Mercante, FMM).

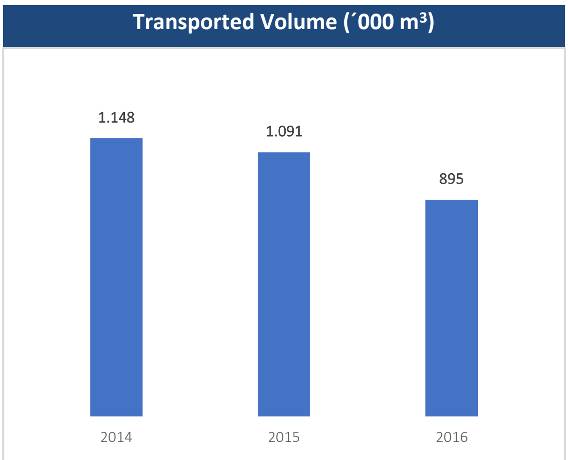
The AFRMM accounting follows the rules of the CPC 07 (IAS 20). When the freight service is completed, the invoice issued, the receivable from AFRMM is recognized simultaneously in long-term assets and long-term liabilities, impacting neither the net revenues nor the results of CNA at the initial moment. In an average term of approximately 30 months, this AFRMM credit is deposited in the linked account of CNA at Banco do Brasil. Now, AFRMM becomes available for being used as allowed. When the AFRMM is used, the long-term liability that was offset against its entry and the revenue are affected as follows:

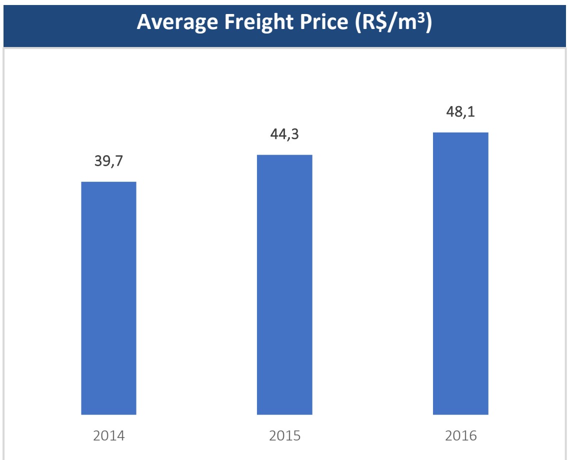
If the Company uses R$ 100 for the purchase of a vessel that will be depreciated in 20 years, its balance will now indicate in the fixed asset the initial value of R$ 100 and the liability will continue to present a value of R$ 100 as AFRMM deferred revenue.

After the first year of use of the vessel, the fixed assets will indicate R$95 (R$100 less R$5 of depreciation). The liability will also be reduced by the same amount of the depreciation, starting to score R$95. As a counterpart to this reduction in liabilities, the amount of R$ 5 will be recognized as Net Revenue.

That is, although the cash effect of the use of AFRMM occurs in approximately 30 months, the entry of the amounts of this economic benefit to the shareholders is accounted for throughout the useful life of the asset. Even though the accounting practices require the counterpart for the assets in the long-term liabilities of the company, the utilization of the AFRMM within its legal object does not generate a liability or obligation of any kind by the Company, as the asset acquired can have its operations suspended or even be sold.

The main non-audited operating information of CNA in the last three years are listed below.





Please, find below the main financial indicators of CNA.

Financial Indicators	3Q16	4Q16	2016
Net Income	5.867	11.503	17.370
Ebitda without AFRMM	**762**	**835**	**1.597**
Ebitda Margin	13,0%	7,3%	9,2%
Invested Capital without AFRMM	**47.095**	**52.749**	**49.922**
Net Indebtedness	**-774**	**-14**	**-14**

Please, find below the evolution of CNA's AFRMM credits. Credits for services performed by CNA are classified as Receivables. These credits may only be used by the Company when deposited by Federal Agencies in Linked Account.

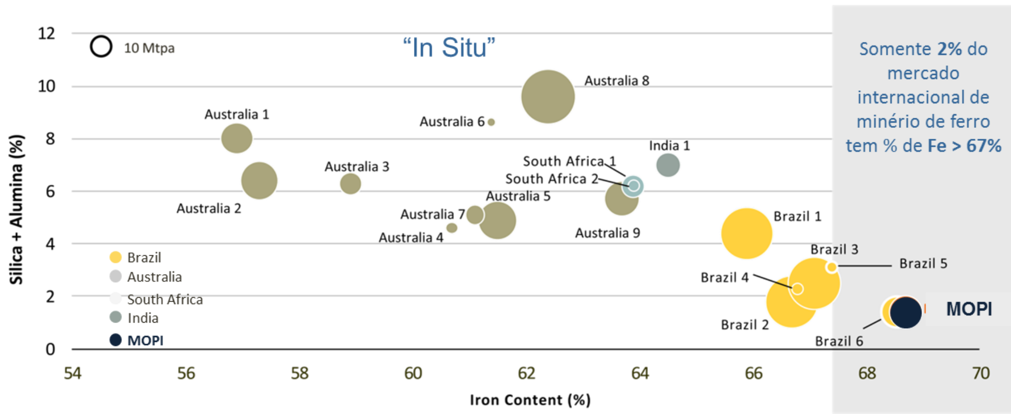
AFRMM - Receivables	2014	2015	2016
AFRMM Credits Receivable (Beginning)	76.997	72.226	70.153
AFRMM Generated	20.392	20.243	17.766
AFRMM Credited in the Linked Account	-25.163	-22.316	-33.182
AFRMM Credits Receivable (Final)	**72.226**	**70.153**	**54.737**

AFRMM – Available in Linked Account	2014	2015	2016
Available AFRMM (Beginning)	15.580	39.285	60.952
AFRMM Credited in the Linked Account	25.163	22.316	33.182
Linked Account Remuneration	2.627	4.617	7.059
AFRMM Used	-4.085	-5.266	-9.223
Available AFRMM (Final)	**39.285**	**60.952**	**91.971**

iii. MOPI - Morro do Pilar

The global iron ore market showed major changes in 2016. After a significant fall in iron ore prices in 2014 and 2015, 2016 began with a movement of appreciation of the product, enlarged during the year. China CFR 62% iron ore, which was traded below $40 a ton, ended 2016 with a price above $80.

For the MOPI's Project product (68.5% of Fe), the increase was even higher, with the premium for each additional Fe% reaching a level significantly higher than the one seen in recent years, mainly because of the limited supply capacity of high-grade product in the world and the increase in demand for more Fe-rich products after stricter environmental legislation was passed in China, as the higher-grade iron ore is also less polluting.



Source: Information compiled by Manabi S.A., based on publicly available information; each number represents a project of a Company or a group of Companies in the location indicated

Based on the report of SRK Consulting ("SRK"), an international consulting company for the mining industry, the mining resources of MOPI classified as measured and indicated (M&I) pursuant to the CIM guidelines (National Instrument 43-101) are of 1.33 billion tons.

The Technical Report also confirms the metallurgy data of the Project, with 80% metallurgical recovery and a process design capable of consistently producing up to 25 million of tons per annum ("Mtpa") of a high-quality product with 68.5% of iron content and low level of impurities.

Just over a year ago, the Company's Management has been analyzing a strategy for MOPI. Initially designed as an integrated mine-pipeline-port model, when ore was close to its highest long-term price levels and global demand seemed insatiable, we believe that in the current stage of the cycle a non-integrated model, where MOPI makes the most of already installed infrastructure capacity by third-parties is the one which presents the best cost/benefit ratio to the Company.

In this new plan, and due to the current price levels, the studies related to the impairment of the investments made in the mineral asset indicate that the present value of the future cash flow for the Project to be higher than the book value, supporting the reversal of previously made impairments in the recoverable amount of R$730 million.

The Company has been preserving its water concessions, sufficient for the mine project and its logistics. We also continued working to meet the conditionings of the prior license ("LP") obtained in November 2014, whose deadline for obtaining the installation license ("LI") goes until November 2018, renewable until November 2020.

To meet these conditions, the Company estimates the required expenditures and investments of approximately R$ 119 million, of which R$ 60 million in land acquisition, R$ 20 million in environmental compensation and R$ 24 million in others, and R$ 15 million in socioenvironmental compensation and support in the implementation of infrastructure for the municipalities located in direct influence of the Project.

iv. CDNC

CDNC owns an area of approximately 3,000 acres in the north coast of the State of Espírito Santo, in the County of Linhares. With the change in the logistics strategy for MOPI, MLog started to develop alternatives for this land, located in a regional naturally suited for port services. With a good level of infrastructure installed in its surroundings, proximity to the large oil exploration fields of the Brazilian pre-salt and belonging to the Sudene incentive zone, which can provide financing at attractive conditions for investments in the region, we are studying the implementation of an industrial district and future multi-purpose port in this area.

In May 3, 2016, the Company, the Government of the State of Espírito Santo, and the County of Linhares, entered into a Memorandum of Understandings (“MoU”), aiming at setting for the initial measures to be adopted by the parties, with a view to the creation of this industrial district. Among other points of the MoU is the possible creation of an Export Processing Zone.

3. Consolidated Financial Statements

Earnings before tax for the year

The Company reported consolidated net income of R$693,480 for the year. These earnings are the combination of the positive net impact in R$729,493 of change in the recoverable amount of its assets (write-off of non-recoverable assets of R$83,964 and reversal of impairment of mining assets of R$813,457) with the negative amount of R$36,013 of its operating and pre-operating activities, and of its financial result.

Cash and Cash Equivalents and Securities

The Company closed the 2016 financial year with a cash position of R$199. Several factors had a negative impact on the Company's cash position. Among them, the last installment of investment in the Asgaard vessel Sophia of R$10,896, and the payment of banking loans in the amount of R$17,000 should be emphasized. The CNA subsidiary reports at the close of the year the amount of R$90,581 in deposits for Freight Additional for the Renovation of the Merchant Marine (Adicional ao Frete para Renovação da Marinha Mercante, AFRMM) in linked account. Throughout the first quarter of 2017, a relevant part of this value was converted in free cash after the acquisition by CNA of the Asgaard Sophia vessel.

Banking Loans

Over 2016, the Company has paid down bank loans in the amount of R$17,000, thus closing the year with a bank debt of R$3,510.

4. Social and Environmental Responsibility

To reinforce the Company's commitment to the best socio-environmental practices in force, MLog has voluntarily joined the Global Compact of the United Nations (UN). Among the guiding principles of this commitment are respect for human rights at work, respect for the environment, integrity and the fight against corruption.

5. Stock Market and Corporate Governance

MLog is a public company registered in the Securities Commission (Comissão de Valores Mobiliários, CVM). In 2017, the listing of the Company's shares on the BM&FBovespa was not renewed because the stock exchange listing situation without the shares being available for trading represented a cost to the Company with no benefit to its shareholders. MLog's Management is still focused on generating the opportunities to increase the liquidity of its shares. On December 8, 2016, the Company had its capital reduction approved through to the partial cancellation of the capital increase made by its controlling shareholder Maverick Holding S.A. In February 2017, after the legal deadlines of the act were completed, the Company's capital stock was reduced and it is now represented by 2,899,685 common shares, all with no par value.

The Board of Directors is now formed by six members, whose term of office ends on the next Annual General Meeting, being their re-election permitted.

By the end of year 2016, the Board of Directors of the Company was formed by Otavio Paiva, Chairman of the Board of Directors, Samir Zraick, Charles Putz, Guy Bentinck, Luiz Claudio Souza Alves and Patricia Tendrich Pires Coelho.

By the closing date of this Management Report, the Company's Executive Board was formed by Patricia Tendrich Pires Coelho (Chief Executive Officer), Julia Souza de Paiva (Chief Financial Officer), Paula Machado (Chief Legal Officer) and Gustavo Barbeito de Vasconcellos Lantimant Lacerda (Chief of Planning and Investors Relations Officer).

The Company has additionally the following committees: (i) Audit and Finance and (ii) Governance, Appointment and Compensation.

6. Arbitration Clause

The Company, its shareholders, administrators and members of the Board of Directors shall provide, through arbitration, any and all dispute or controversy that may be raised among them in relation to or originated, specially, from the application, validity, effectiveness, construction, infringement and its effects from the provisions of its Bylaws, by shareholders agreements filed in the Company's headquarters, in the Business Corporation Act, in the rules issued by the National Monetary Council, by the Central Bank of Brazil, or by CVM, in the CVM's regulations, in the BM&FBovespa's regulations, in further rules applicable to the Equity Capital Market as a whole, in the Arbitration Clauses and in the Arbitration Regulations of the Market Arbitration Chamber, conducted in compliance with the Regulations of the Market Arbitration Chamber.

7. External Auditor

In compliance to the Instruction CVM # 381 of 2003, the Company reports that KPMG Independent Auditors provides external auditor services related to its financial statement review.

In compliance to the Instruction CVM # 480 of 2009, the Executive Board states that it has discussed, reviewed and agreed upon the independent auditors' opinion and to the accounting statements related to the year ended on December 31, 2015.

Rio de Janeiro, March 28, 2017.

The Management

Financial Statements

MLog S.A.

December 31, 2016 and 2015
with Independent Auditor's Report

Audited financial statements

December 31, 2016 and 2015

Contents

Independent auditor's report on the financial statements

Audited financial statements

Balance sheets...1
Statements of operations...2
Statements of comprehensive income (loss)...3
Statements of changes in equity...4
Cash flow statements...5
Statements of value added...6
Notes to financial statements...7

Independent Auditors' Report

To
The Board of Directors and Shareholders of

MLog S.A.
Rio de Janeiro - RJ

Opinion

We have audited the individual and consolidated financial statements of MLOG S.A. ("the Company"), identified as Parent Company and Consolidated, respectively, which comprise the individual and consolidated balance sheet as of December 31, 2016, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the individual and consolidated financial position of MLOG S.A. as of December 31, 2016, and of its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board - IASB.

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements of Ethics Standards Boards for Accountants and Professional Standard issued by Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty related to the going concern assumption

We draw attention to Explanatory Note 1 to the individual and consolidated financial statements, which indicate that the Company has accumulated losses at December 31, 2016 of R $ 308,222 thousand (R $ 1.001722 thousand in 2015), additionally, the operating income of the Company is not yet sufficient for its activities to be profitable. Management business plan, focused on the development of the mine and the support services to the oil and gas industry, foresees new investments in the increase of its operations. The recovery of amounts recorded in non-current assets depends on the success of this plan. These conditions, together with other matters described in Note 1, indicate the existence of significant uncertainty that may raise doubts as to the Company's operating capacity. Our opinion is not qualified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the section "Significant uncertainty in relation to operational continuity", we determined that the matters described below are key audit matters to be communicated in our report.

Government Grant – Parent Company and Consolidated
Note 5

MLOG (through its indirect subsidiary - Companhia de Navegação da Amazônia - "CNA") has raised funds from a government grant. Adicional de Frete para Renovação da Marinha Mercante (AFRMM) is a government grant, which is due on the freight that is the remuneration of the water transportation of cargo of any nature dispatched in the Brazilian port. Due to the uncertainties related to the timetable for releasing and making available the resources of AFRMM benefit, the characteristics related to the application of these resources as defined by Law 10.893 / 04 and the moment of recognition of this governmental grant as income in the income statement, we consider this matter as significant for the consolidated financial statements.

Our audit approach
We assessed the design and the implementation of internal controls in connection with identification, evaluation, measurement and disclosure. We evaluated the existing amounts indicated as subsidy and the adequacy of the measurement of the AFRMM funds recorded in the Company, among others, by means of external confirmations. We compared the use of AFRMM funds with the respective AFRMM law (Law 10893/04). In relation to the recognition of the subsidy revenues in the income of the year, we compared it with the related asset depreciation in order to guarantee if the records are booked on accrual basis . We also evaluated the adequacy of the disclosures.

Recoverable amount of property, plant and equipment and intangible assets – Parent Company and Consolidated
Note 8 (property, plant and equipment) and 9 (intangible assets)
The Company evaluated the existing indicators of impairment in relation to its cash-generating units ("UGCs") and, for the calculation of the recoverable amount of each business segment, and used the discounted cash flow method, based on financial and economic projections for each segment. Due to uncertainties inherent to projected cash flow and its estimates to determine the ability to recover property, plant and equipment and intangible assets, as the discount rate used in the determination of the amount in use of the assets, as well as the complexity of the process, which requires from the Company a significant degree of judgment to determine the accounting estimate, we consider this matter as significant to our audit of the individual and consolidated financial statements.

Our audit approach
We assessed the design and the implementation of internal controls in connection with the preparation and review of the business plan, budgets and analyses to the recoverable amount prepared by the Company. We evaluated the adequacy of the accounting estimate prepared by the Company, the determination of the Cash-Generating Unit– UGC and the methodology used for the impairment test. With the assistance of our valuation specialists, we assessed the assumptions and methodologies used in the preparation of the model and we compared them, when available, with data obtained from external sources, such as, the future price of iron ore, the future estimative of freight price and the daily rate for vessel rental, the projected economic growth, the inflation of costs and the discount rates. We also evaluated the sensitivity analyses concerning such assumptions. We compared the sum of the discounted cash flows with the amount recorded in the Company's property, plant and equipment and intangible assets to determine the amount in use. Additionally, we evaluated the adequacy of the disclosures related to the recovery of assets recorded by the Company.

Combination of businesses – Acquisition of Companhia de Navegação da Amazônia ("CNA")- Parent Company and Consolidated
Note 1
Due to uncertainties in relation to the recognition and the measurement of identifiable acquired assets and assumed liabilities, the non-controlling companies interests in the acquired company, the goodwill for expectation of future profitability or the profit from benefits purchase and the determination of information that must be disclosed so that users of financial statements may assess the nature and financial effects of the business combination, we consider this matter as significant to our audit of individual and consolidated financial statements.

Our audit approach
We assessed the adjustments in connection with the opening balance sheet of the acquired company and the contracts formalizing the business combination and we analyzed the supporting documentation in terms of the consideration transferred and the contingent consideration. With the assistance of our valuation specialists, we evaluated the assumptions and methodologies the Company used to determine the fair value of the acquired assets and the assumed liabilities, measurement of the goodwill for future profitability and the allocated purchased price. In addition, with the assistance of our tax specialists, we assessed the nature of temporary differences, as well as direct and indirect taxes and the tax losses and the negative base of social contribution that form the taxable base of the acquired company. Additionally, we evaluated the disclosures in the individual and consolidated financial statements related to the business combination.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2016, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, was submitted for the auditing procedures jointly with audit of the Company's financial statements. For the purposes of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria as defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, this statement of value added have been properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and is consistent with the individual and consolidated financial statements taken as a whole.

Previously financials statements audit by other independent auditor
.
The audit of the corresponding amounts of the individual and consolidated balance sheet for the year ended December 31, 2015 and the individual and consolidated statements of income, comprehensive income, changes in shareholders´ equity, cash flows and added value for the year then ended, were conducted under the responsibility of other independent auditors, who issued an unqualified audit report dated March 29, 2016.

Other information accompanying the individual and consolidated financial statements and the auditor's report
Management is responsible for the other information comprising the management report.
Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and subsidiaries financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 28, 2017.

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Anderson C. V. Dutra
Accountant CRC RJ-093231/O-6

A free translation from Portuguese into English of individual and consolidated financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB)

MLog S.A.

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

		Parent company		Consolidated	
	Nota	**2016**	**2015**	**2016**	**2015**
Assets					
Current assets					
Cash and cash equivalentes	**5**	**19**	21	**199**	156
Marketable securities	**5**		42,472		42,472
AFRMM deposits in escrow account	**6**			**90,581**	
Trade accounts receivable	**7**			**9,721**	
Advances to suppliers		**1,145**		**2,472**	
Inventories				**344**	
AFRMM to be released	**6**			**22,978**	
Related parties loans	**13**	**30,611**		**1,320**	1,892
Recoverable taxes	**8**	**6,501**	6,983	**16,753**	10,323
Prepaid expenses		**180**		**2,381**	
Other		**13**	334	**2,384**	1,187
Total current assets		**38,469**	49,810	**149,133**	56,030
Non-current assets					
Advances for future capital increase	**9**	**709**	5,471		
Related parties loans	**13**	**20,000**			
Judicial deposits				**1,484**	5
Recoverable taxes	**8**			**6,209**	
AFRMM to be released	**6**			**21,788**	
Investments	**9**	**215,178**	134,488		
Property, plant and equipment	**10**	**3,526**		**228,680**	134,591
Intangible assets	**11**	**716,899**		**779,734**	526
Total non-current assets		**956,312**	139,959	**1,037,895**	135,122
Total assets		**994,781**	189,769	**1,187,028**	191,152
Liabilities					
Current liabilities					
Trade accounts payable	**15**	**639**	172	**9,835**	3,008
Bank loans	**14**			**3,510**	20,748
Employee-related accruals		**621**	708	**2,227**	1,198
Tax liabilities		**187**	598	**2,055**	1,781
Related parties loans	**13**	**311**			1,789
Transaction costs	**20**	**5,692**	4,597	**21,437**	19,472
Advances from customers				**4,606**	
Provisions	**19**	**140**	1,381	**1,782**	3,023
Obligations on acquisition of investments	**16**	**16,768**		**16,768**	
Other		**342**	309	**2,143**	447
Total current liabilities		**24,700**	7,765	**64,363**	51,466
Non-current liabilities					
Provision for losses on investments	**9**	**44,042**	47,475		
Deferred income tax and social contribution	**12**			**231**	
Refunds to clients	**21**			**5,812**	5,257
Tax liabilities				**365**	
Government subsidies to be appropriated- AFRMM	**6**			**188,621**	
Obligations on acquisition of investments	**16**	**89,235**		**89,235**	
Provisions	**19**			**1,697**	
Total non-current liabilities		**133,277**	47,475	**285,961**	5,257
Equity	**22**				
Capital stock		**1,111,835**	1,110,857	**1,111,835**	1,110,857
Share-based compensation reserve		**25,308**	25,394	**25,308**	25,394
Accumulated losses		**(308,222)**	(1,001,722)	**(308,222)**	(1,001,722)
Cumulative translation adjustments		**7,883**		**7,883**	
Equity attributable to controlling shareholders		**836,804**	134,529	**836,804**	134,529
Non-controlling shareholder interest				**(100)**	(100)
Total equity		**836,804**	134,529	**836,704**	134,429
Total liabilities and equity		**994,781**	189,769	**1.187.028**	191,152

See accompanying notes.

MLog S.A.

Statements of operations
Years ended December 31, 2016 and 2015
(In thousands of Reais, except for profit (loss) per share, in Reais)

	Nota	Parent company 2016	Parent company 2015	Consolidated 2016	Consolidated 2015
Net operating income	**23**			**35,371**	
Cost of services	**23**			**(27,094)**	
Gross profit				**8,277**	
Operating expenses					
Personnel		**(9,657)**	(28,413)	**(17,508)**	(29,278)
Services rendered		**(1,400)**	(32,126)	**(5,709)**	(33,126)
General and administrative		**(2,046)**	(3,756)	**(6,677)**	(7,848)
Depreciation and amortization		**(150)**	(277)	**(897)**	(364)
Taxes		**(218)**	(1,032)	**(1,296)**	(1,451)
Other operating income (expenses)					
Equity results in subsidiaries	**9**	**(14,517)**	(55,026)		
Government subsidies - AFRMM	**6**			**1,988**	
Reversal of impairment (impairment of assets)	**10,11**	**734,350**	(107,892)	**813,457**	(154,986)
Write-off of non-recoverable assets	**10,11**	**(13,151)**		**(83,964)**	
		693,211	(228,522)	**699,394**	(227,053)
Operating profit (loss) before financial results		**693,211**	(228,522)	**707,671**	(227,053)
Financial income and expenses					
Financial income	**24**	**1,749**	43,141	**3,577**	43,143
Financial expenses	**25**	**(1,460)**	(62)	**(17,592)**	(1,535)
		289	43,079	**(14,015)**	41,608
Profit (loss) before income tax and social contribution		**693,500**	(185,443)	**693,656**	(185,445)
Income tax and social contribuiton	**12**				
Current				**(342)**	
Deferred				**166**	
Profit (loss) for the year		**693,500**	(185,443)	**693,480**	(185,445)
Profit (loss) attributable to:					
Shareholders of the Parent company				**693,500**	(185,443)
Non-controlling shareholder interest				**(20)**	(2)
Profit (loss) per share (basic and diluted)	**22**	**227.19**	(110.38)		

See accompanying notes.

MLog S.A.

Statements of comprehensive income
Years ended December 31, 2016 and 2015
(In thousands of Reais)

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Profit (loss) for the year	**693,500**	(185,443)	693,480	(185,445)
Other comprehensive income				
Cumulative translation adjustments (Note 22)	**7,883**		**7,903**	
Comprehensive profit (loss) for the year	**701,383**	(185,443)	**701,383**	(185,445)
Comprehensive profit (loss) attributable to:				
Shareholders of the Parent company			**701,383**	(185,443)
Non-controlling shareholder interest				(2)

See accompanying notes.

MLog S.A.

Statements of changes in equity
Years ended December 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	Cumulative translation adjustments	Non-controlling shareholder interest	Total
At December 31, 2014	1,418,130		(36,464)	1	25,873	(798,913)			608,627
Capital decrease	(353,362)								(353,362)
Capital increase	254,044	(171,491)							82,553
Stock options					(479)				(479)
Loss for the year						(185,443)		(2)	(185,445)
Changes in equity						(17,366)		(98)	(17,464)
Cancellation of subscription warrant				(1)					(1)
At December 31, 2015	1,318,812	(171,491)	(36,464)		25,394	(1,001,722)		(100)	134,429
Capital increase	**13**	**(11)**							**2**
Paid-in capital		**976**							**976**
Translation adjustments (Note 22)							**7,883**	**20**	**7,903**
Stock options (Note 13)					**(86)**				**(86)**
Profit for the year						**693,500**		**(20)**	**693,480**
At December 31, 2016	**1,318,825**	**(170,526)**	**(36,464)**		**25,308**	**(308,222)**	**7,883**	**(100)**	**836,704**

See accompanying notes.

MLog S.A.

Statements of Cash Flows
Years ended December 31, 2016 and 2015
(In thousands of Reais)

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Cash flows from operating activities				
Profit (loss) for the year	**693,500**	(185,443)	**693,480**	(185,445)
Adjustments to reconcile the profit (loss) for the year to cash from operating activities				
Depreciation and amortization	**150**	277	**7,300**	367
Write-off of non-recoverable assets	**13,151**	118	**83,964**	389
Stock options	**(86)**	(479)	**(86)**	(479)
Impairment of assets (reversal of impairment)	**(734,350)**	107,892	**(813,457)**	154,986
Government subsidies - AFRMM			**(1,988)**	
Unrealized exchange variance			**7.326**	58
Marketable securities income	**(880)**	(42,638)	**(880)**	(42,638)
Equity results in subsidiaries	**14,517**	55,026		
Earnings from AFRMM deposits in escrow account			**(667)**	
Deferred income tax and social contribution			**(166)**	
Changes in assets and liabilities				
Recoverable taxes	**482**	1,557	**(2,987)**	1,536
Inventories		(209)	**(67)**	(89)
Prepaid expenses			**(1,293)**	
Other assets	**140**		**(3,018)**	
Trade accounts receivable			**(3,463)**	
Advances to suppliers	**(176)**		**554**	
Receipt of AFRMM subsidies			**4,502**	
Trade accounts payable	**549**	(715)	**6,874**	(7,226)
Interest payable	**1,155**		**6,821**	248
Employee-related accruals	**(36)**	929	**(345)**	634
Tax liabilities	**(399)**	(150)	**(390)**	(967)
Interest on loans with related parties	**161**		**(78)**	
Transaction costs	**(60)**	4,597	**189**	5,999
Advances from customers			**4,606**	
Other liabilities	**33**	309	**(1,382)**	550
Provisions	**(938)**	882	**(956)**	882
Net cash used in operating activities	**(13,087)**	(58,047)	**(15,607)**	(71,195)
Cash flows from investing activities				
Loans with related parties - received	**5,109**			
Loans with related parties - granted	**(566)**		**(876)**	(1,617)
Redemption of marketable securities	**43,350**	452,218	**43,350**	452,218
Acquisition of property, plant and equipment	**(8)**	(5)	**(10,896)**	(14,405)
Additions to intangible assets	**(782)**	(14,419)	**(820)**	(14,428)
Advances for future capital increase and capital increase in subsidiaries	**(34,994)**	(26,679)		
Net cash from investing activities	**12,109**	411,115	**30,758**	421,768
Cash flows from financing activities				
Paid-in capital	**976**	291	**976**	291
Payment of Bank loan			**(17,000)**	2,000
Dividends paid			**(1,650)**	
Capital decrease		(353,362)		(353,362)
Cash equivalents from business combinations (Note 1)			**2,566**	628
Net cash from (used) in financing activities	**976**	(353,071)	**(15,108)**	(350,443)
Increase (decrease) in cash and cash equivalents	**(2)**	(3)	**43**	130
Cash and cash equivalents at the beginning of the year	**21**	24	**156**	26
Cash and cash equivalents at the end of the year	**19**	21	**199**	156

See accompanying notes.

MLog S.A.

Statements of value added (supplementary information for IFRS purposes)
Years ended December 31, 2016 and 2015
(In thousands of Reais)

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Operating income				
Services			**42,108**	
Inputs acquired from third parties				
Cost of the services			**(27,094)**	
General and administrative expenses	**(3,268)**	(34,608)	**(11,844)**	(39,271)
Other income				
Government subsidies - AFRMM			**1,988**	
Expenses with stock options granted	**86**	479	**86**	479
Depreciation and amortization	**(150)**	(277)	**(897)**	(367)
Reversal of impairment (impairment of assets)	**721,199**	(107,892)	**729,493**	(154,986)
Transferred added value received				
Net financial income	**289**	43,079	**(14,015)**	41,608
Equity results in subsidiaries	**(14,517)**	(55,026)		
Total added value to be distributed	**703,639**	(154,245)	**719,825**	(152,537)
Distribution of added value				
Personnel				
Direct remuneration	**3,137**	13,827	**8,279**	14,786
Management fees	**4,167**	8,850	**4,188**	8,850
Benefits	**379**	1,139	**2,066**	1,322
Accrued severance indemnity (FGTS)	**588**	1,554	**1,058**	1,642
	8,271	25,370	**15,591**	26,600
Tax				
Federal	**1,684**	4,542	**7,977**	4,731
Estadual			**2,113**	
Municipal	**6**	12	**118**	14
Third-party capital remuneration				
Leases	**178**	1,274	**546**	1,563
Profit (loss) for the year attributable to:				
Shareholders of the Parent company	**693,500**	(185,443)	**693,500**	(185,443)
Non-controlling shareholder interest			**(20)**	(2)
	703,639	(154,245)	**719,825**	(152,537)

See accompanying notes.

1. Operations

MLog S.A. ("Company") has full control of Morro do Pilar Minerais S.A., Companhia de Desenvolvimento do Norte Capixaba, Dutovias do Brasil S.A., 99.99% of Asgaard Navegação S.A., indirectly by Asgaard Navegação S.A. 100% of Companhia de Navegação da Amazônia – CNA and 99.75% of Asgaard Navigation LLP.

The subsidiaries Morro do Pilar Minerais S.A., Dutovias do Brasil S.A. and Companhia de Desenvolvimento do Norte Capixaba operate in the mining and logistics segments while Asgaard Navegação S.A. and Asgaard Navigation LLP operate in charter and operation of offshore support vessels for the oil and gas industry.

On 03/24/2016, 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.
This vessel started operating on 03/30/2016. On 10/14/2016, Asgaard Navegação S.A., Petrobras, and PB-Log entered into a contract addendum for an additional 180 days as set forth in the initial contract dated 03/24/2016.

Also in March 2016, Petrobras opened a new bidding procedure for charter of an OSRV for a period of four years, renewable for an equal period. On 04/15/2016, Asgaard Navegação S.A. offered vessel Asgaard Sophia in this bidding procedure. On 09/12/2016, the results of this bidding procedure were disclosed and Asgaard Navegação's proposal was classified both technically and commercially. The final result of this bidding procedure will be disclosed in the upcoming months and operation of Asgaard Sophia under this new contract will begin in up to 30-days from procurement.

On 07/27/2016, Asgaard Navegação S.A. entered into a bareboat charter agreement with Gulfmark Serviços Marítimos do Brasil S.A., with definitive purchase option to the MPSV (multi-purpose supply vessel) Austral Abrolhos of Brazilian flag, for a period of 5 years. On 09/15/2016, this vessel was received by Asgaard Navegação S.A. and since then is being prepared for operation by a still undefined client.

On 05/03/2016, the Company, the Government of the State of Espírito Santo and the Municipality of Linhares entered into a Memorandum of understanding (MoU), 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 Companhia de Desenvolvimento do Norte Capixaba in the municipality. The purpose of this MoU is, among other things, to develop studies to provide the project area with logistics and port access as well as the creation of an Export Processing Zone.

As regards the iron ore project, called Pilar Hill Project, the Company continues to work on meeting the conditions of the preliminary license ("PL") obtained in November 2014. Due to the recovery in the average price of iron ore in the international market in the last months of 2016 and the options to redesign the project, the Company resumed the impairment studies of the expenditures incurred with the mineral asset. As a result of such studies, it was verified that the present value of the discounted future cash flow estimated useful life, exceeds the book value. Therefore, in compliance with applicable accounting pronouncements, Management reverted R$ 730 million in impairment.

This impairment reversal resulted from adjustments in this Project's discounted cash flow model, where the Company adopts updated assumptions coherent with the iron ore industry and the alternatives to redesign this Project, especially in its logistic. These adjustments result from public and private information, such as confidentiality agreements in studies hired by the Company, at different times, to identify the investments required for implementation of this Project, estimated operating costs, and certification of the mineral reserves.

The discounted cash flow was prepared with estimated iron ore prices (62% Fe CIF China) based on market information and adjusted for the quality of its product, characterized by the high iron content and low impurity level. The discount rate used in the future cash flow of 12.4% (11.6% used in 2015) as well as other working assumptions, were widely discussed by Management and are related to the Company's projected capital structure, the market risk, the country risk, the size and development phase of the Project (CAPM – Capital Asset Pricing Model).

The assets related to the logistics Projects integrated to the mining activity, the port, the pipeline, and the rail spur related to the logistic in Linhares, in the amount of R$84 million, fully impaired in 2014 and 2015, were, as a result of Management's formal decision not to proceed with such licensing, definitively written-off.

The Company's Management understands that the recoverability of the values recorded in non-current assets is subject to its ability to execute its long-term business plan for the mining, logistics and shipping activities. The Company's ability to meet its short-term financial obligations is supported by the activities related to vessel charter, cargo transportation and maritime support services, including effective management of the credits from the Additional Freight for Renovation of Merchant Marine (*Adicional ao Frete para Renovação da Marinha Mercante* –AFRMM). Such activities contemplate the Asgaard Sophia vessel, hired since 03/30/2016, and acquisition of Companhia de Navegação da Amazônia- CNA, as described in the Note below, a company founded over 70 years ago and one of the largest oil and derivatives transport companies in the Northern region of Brazil, transporting approximately 1 million cubic meters of products annually and which has R$145 million in AFRMM credits to receive, as per Note 6, of which R$90 million are already available for use in an escrow account. On 12/31/2016, the Company has accumulated losses of R$308,222 (R$1,001,722 in 2015).

Transaction with Asgaard

As fully detailed in Note 2 of the Financial Statements of December 2015, on 08/26/2015 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 08/10/2015 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.

The mentioned Special General Meeting also approved, following the Merger, the 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.

On 12/08/2016, in a Shareholders' Meeting, the Company's shareholders approved the partial cancelation of the mentioned capital increase, with cancelation of 152,788 shares of the Company held by Maverick Holding S.A. and the amount equivalent to R$42,632 of such capital increase.

Business combination – acquisition of the Companhia de Navegação da Amazônia – ("CNA")

As mentioned in the Notice of Material Fact disclosed by the Company on 08/11/2016, its subsidiary Asgaard Navegação S.A. acquired all of the shares of CNA.

CNA, which was founded 72 years ago and is headquartered in Manaus-AM, is one of the leaders in river transporter of bulk liquids (raw materials and derivatives, and biofuel) in the Northern Region and has a diversified client portfolio. CNA has a team of 166 professionals, in charge of operation of its fleet of 34 double-hull barges and 18 fluvial towboats, and transported 1 million m³ of liquid bulk in 2016.

This transaction is in line with the Company's Business Plan and execution thereof was approved by the Company's Board of Directors, as set forth in article 18 (p) of its Bylaws.

With completion of this transaction, the Company continues its commitment to its shareholders and Board of Directors to seek cash generating assets to build up its business portfolio.

The price of acquisition based on fair value, including the installment related to contingent consideration, totaled R$100,654 to be paid as follows:

- **Initial installment: R$56,071**

  To be paid in up to eight equal and consecutive semi-annual installments, the first of which matures six months after the date of release for use of the available AFRMM credits. Each installment shall be updated based on the variation of the Interbank Deposit Certificate (“CDI”) rate plus 3% per year.

- **Additional installment: R$32,378**

  To be paid in up to eight semi-annual installments based on each new deposit into the escrow account related to AFRMM credits previous to the acquisition of CNA. Each installment shall be updated based on the variation of the CDI rate plus 3% per year.

- **Earn Out installment: R$12,205 (Contingent consideration)**

  To be paid according to the same conditions of the Additional instalment above, figured on AFRMM credits generated after the acquisition of CNA whose deposits into the escrow account occur until January 8, 2022.

The price of acquisition, equal to R$100,654, was allocated, according to applicable laws and accounting pronouncements, as follows:

- R$9,395: As net identifiable assets (equity as per balance sheet)
- R$28,885: As net write-up of assets based on fair value appraisal (provisionally assessed pursuant to Brazilian Accounting Pronouncement Committee (CPC) 15 - Business Combination)
- R$62,374: As goodwill

In the consolidated balance sheet, the net write-up was allocated in the respective items that gave rise thereto and the goodwill allocated in intangible assets.

The Company studies the potential tax benefit arising from the business combination, related to the fair value of identifiable assets acquired and liabilities assumed, to the extent that they may generate a temporary deductible or taxable difference.

(In thousands of Reais, except where otherwise stated)

The fair value of the invested company's net assets, provisionally assessed pursuant to Brazilian Accounting Pronouncement Committee (CPC) 15 - Business Combination, is shown as follows:

Base date of the acquisition on August 11, 2016

ASSETS	Carrying value	Fair value
Current assets		
Cash and cash equivalents	269	269
AFRMM deposits in escrow account	78,627	78,627
Marketable securities	2,297	2,297
Trade accounts receivable	6,258	6,258
Recoverable taxes	681	681
Inventories	277	277
Prepaid expenses	1,103	1,103
AFRMM to be released	25,075	21,112
Others	111	111
	114,698	**110,735**
Non-current assets		
Long-term assets		
Judicial deposits	1,586	1,586
AFRMM to be released	35,755	29,749
Property , plant and equipment	48,526	87,380
	85,867	**118,715**
LIABILITIES		
Current liabilities		
Trade accounts payable	979	979
Employee-related accruals	2,466	2,466
Accounts payable	3,055	3,055
Dividends payable	1,650	1,650
	8,150	**8,150**
Non-current liabilities		
Deferred Income tax and social contribution	398	398
Tax liabilities	1,714	1,714
Government subsidies to be appropriated- AFRMM	180,908	180,908
	183,020	**183,020**
NET ASSETS	**9,395**	**38,280**

On 12/31/2016, the above acquisition price duly updated, totaled, as per Note 16, R$106,003, where R$16,768 in the short-term and R$89,235 in the long-term.

Pursuant to the share purchase agreement of CNA, the payment obligations could be transferred from Asgaard Navegação S.A. to the Company regardless of authorization by the sellers, which debt assumption occurred on 29/12/2016. The assumption of the debt in the amount of R$106,003, net of the R$5,000 reduction related to the loan between the parties and of a receivable in the amount of R$50,000 resulting from the adequacy of the Company's working capital, as mentioned in Note 13, was agreed upon advance for future capital increase, on an irrevocable and irreversible basis, which shall be effected by 03/24/2017.

2. Basis of preparation and presentation of the financial statements

The Company's individual and consolidated financial statements, were 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 guidance ("OCPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") which are in accordance with accounting practices adopted in Brazil.

The financial statements were prepared on a going concern basis. Management assesses that price volatility, obtainment of the necessary licenses, and reliance on financial resources for implementation of the Morro do Pilar Project are risks that can cause uncertainties to the continuity of this project.

These financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value, and investments in subsidiaries which are accounted for under equity method as described in the accounting practices.

The financial statements are presented in Reais (R$), which is the currency used in the economic environment in which the Company operates ("functional currency").

Management evidences all relevant information in the financial statements, which corresponds to those used by Company in the course of its management.

The Company Management authorized the conclusion of the preparation of these financial statements on 03/28/2017.

3. Summary of significant accounting practices

Below is a description of the main accounting practices used by the Company in its individual financial statements and in subsidiaries included in the consolidated financial statements:

3.1. Financial instruments

The Company and its subsidiaries assessed their financial assets and liabilities in relation to market values, using the available information 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.

Classification of the financial assets, on initial recognition is carried out considering the categories of loans and receivables and measurement at fair value through profit or loss.
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, presented as current or non-current according to the respective maturity dates and basically refer to Cash and cash equivalents, Marketable securities, Trade accounts receivable, and loans with related parties. The category of measurement at fair value through profit or loss encompasses the financial assets held for trading when acquired, especially for short-term sale purposes.

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

3.2. Cash and cash equivalents

Cash equivalents are short-term investments that are readily convertible into a known amount, being subject to an insignificant risk of change in value. An investment usually qualifies as short-term when it matures within three months from the date of acquisition.

3.3. Investments in subsidiaries

Investments in subsidiaries are recorded by the equity method in the Parent company's financial statements and are eliminated for purposes of preparation of the consolidated financial statements.

3.4. Property, plant and equipment

Property, plant and equipment is recorded at acquisition cost, minus accumulated depreciation and, when applicable, impairment.

3.5. Intangible assets

Intangible assets consist mainly of mining rights, expenses with exploration and assessment of mineral resources, obtainment of licenses, and are valued at acquisition cost minus, when applicable, accumulated amortization and impairment.

3.6. Impairment of assets

The carrying amount of the assets is, for impairment purposes, tested annually or when there is a potential indication that assets are considered not recoverable.

3.7. Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation may be made.

3.8. Recognition of assets

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated and its cost or value can be reliably measured.

3.9. Income tax and social contribution

Income tax and Social contribution are calculated based on taxable profit. The basis for calculation takes into account additions and exclusions provided for in applicable legislation. Management only records deferred income tax and social contribution assets, arising from tax losses, when there is evidence of use in future taxable income.

3.10. Accounting judgments, estimates and assumptions

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

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

3.11. Statements of value added

The presentation of statements of value added is required by the Brazilian Corporation Law applicable to publicly-held corporations and is presented as supplementary information for purposes of IFRS.

3.12. Profit (loss) per share

Basic profit (loss) per share is calculated by dividing profit (loss) for the year attributed to the holders of common shares of the Parent company by the weighted average number of shares available in the year.

Diluted profit (loss) per share is calculated by dividing the profit (loss) for the year attributable to holders of common shares of the Parent company, by the average number of shares outstanding during the year, plus the weighted average number of common shares that would be issued on conversion of all potential common shares, diluted into common shares.

3.13. Share based compensation

The executives' share-based compensation is measured and recognized at fair value at the date on which the options were granted, under a specific equity and P&L account, as the contractual conditions are met. The cost of transactions settled with equity instruments is recognized throughout the period in which the performance and/or conditions of service are met, with conclusion on the date on which the executive acquires full right to the bonus (vesting date). Accumulated expenses recognized up to the date of acquisition reflect the extension to which the vesting period has expired and the Company's best estimate as to the number of shares to be acquired.

3.14. Additional Freight for Renovation of Merchant Marine - AFRMM

Subsidiary Companhia de Navegação da Amazônia ("CNA"), mentioned in Note 1, is the beneficiary, in accordance with Law 10,893/2004, of 100% of the AFRMM generated by its river navigation activities. Use of these funds, which extends to CNA's affiliates, subsidiaries or parent company, is subject to acquisition of new vessels, jumboizing, conversion, modernization, docking or repair of self-owned vessels, settlement of interest or amortization of loans related to the uses above.

The balancing entry of the benefit to be used recorded in assets is recognized as deferred revenue in liabilities. Recognition of this liability in profit or loss occurs in the proportion of the recognition of the amounts used above in profit or loss, via depreciation and repair cost or upon amortization of the loans or settlement of interest. The right to use the benefit is extinguished within three years as of the date of deposit of the relevant AFRMM in an escrow account in the name of CNA.

Pursuant to article 30 of Law 12,973/2014, subsidies recognized in profit or loss, up to the limit to the year's net profit, are not subject to taxation, provided they are kept in a profit reserve account (reserve for tax incentives), and use of such reserve is limited exclusively to offsetting of losses or capital increase.

The balance of the subsidies recognized in profit or loss not transferred to the mentioned profit reserve, as a result of the limitation on net profit, shall be transferred upon occurrence of sufficient profits in subsequent years.

3.15. Revenue from services

Revenues from charter of vessels, freight transport and offshore support are measured by fair value of the amount received, net of trade discounts and sales taxes on these services.

3.16. Information by segment

The Company operates in the mining, logistics, and oil and gas segments. As revenue generated in the business was primarily arising from the oil and gas segment, and all of the assets attributed to the other segments had been impaired, the Company had not been disclosing information by segment. Considering that the total assets related to the mining segment underwent significant changes in the amounts evidenced in the 2015 financial statements, pursuant to Notes 9 and 10, the Company notes that the value attributed to the mining segment refers exclusively to impairment reversal. The other assets and revenue from clients are attributed to the oil and gas segment.

(In thousands of Reais, except where otherwise stated)

4. New pronouncements and interpretations

The pronouncements and interpretations issued by IASB, as yet without the equivalents issued by the CPC, in effect as of the 2017 fiscal year, which could impact the financial statements of the Company and its subsidiaries, are:

4.1. IFRS 9 – Financial instruments: Replaces IAS 39 and basically introduces new requirements for classification, measurement, and write-off of financial assets and liabilities, becoming effective as of 01/01/2018. Management decided not to opt for early adoption and continues to assess the impact on future financial statements, although no significant impacts are expected upon adoption.

4.2. IFRS 15 – Revenue from contracts with customers: Replaces IAS 18, establishing a model applicable to recognition of revenues from contracts with customers, becoming effective as of 01/01/2018. Management decided to adopt this pronouncement on the effective date thereof and is evaluating the impact of this change on the revenues of its subsidiaries but does not expect any significant variations upon adoption thereof.

4.3. IFRS 16 – Leases: Replaces IAS 16 setting forth the principles for recognition, measurement and disclosure of leases, becoming effective as of 01/01/2019. Management is assessing the impacts on future financial statements and does not expect relevant impacts upon adoption.

5. Marketable securities, cash and cash equivalents

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Cash and cash equivalents	**19**	21	**199**	156
Marketable securities				
Government bonds		28,661		28,661
Bank Deposits Certificates (CDBs)		13,811		13,811
		42,472		42,472

The government bonds and the CDBs allocated in an exclusive investment fund were fully redeemed during June of this year. During this period, the exclusive investment fund had a return rate of 99% of the Interbank Deposit Certificate (CDI)

(In thousands of Reais, except where otherwise stated)

6. Additional Freight for Renovation of Merchant Marine ("AFRMM")

The table below shows the changes in the entries related to AFRMM in the consolidated balance sheet, in the period between the date of acquisition of Companhia de Navegação da Amazônia (08/11/2016) and the closing date of these financial statements.

	Asset accounts			Liability account
	Current		Non-current	Non-current
	AFRMM deposits in escrow account	AFRMM to be released	AFRMM to be released	Government subsidies to be appropriated-AFRMM
Balance as of 08/11/2016	**78,627**	**25,075**	**35,755**	**180,908**
AFRMM generated			7,336	7,341
Deposits in escrow account	13,429	(13,429)		
Revenue from escrow account	3,027			2,360
Use of the subside	(4,502)			
Recognition in profit or loss				(1,988)
Transfer from long-term to short-term		15,297	(15,297)	
	90,581	**26,943**	**27,794**	**188,621**
Write-down allocation		(3,965)	(6,006)	
Balance as of 12/31/2016	**90,581**	**22,978**	**21,788**	**[1]188,621**

[1] Despite the existence of this amount in long-term liabilities, use of the AFRMM within its legal purpose does not entail financial liabilities or obligation with any effect for the Company, which can, at any time, cease to operate such asset and/or carry out sale thereof.

(In thousands of Reais, except where otherwise stated)

7. Trade accounts receivable

The amounts receivable from clients refer to subsidiaries Asgaard Navegação S.A., with start of operation of the Asgaard Sophia vessel in March 2016, and Companhia de Navegação da Amazônia – CNA, included in the consolidation as of the date of acquisition thereof (08/11/2016).

	Consolidated
	2016
Trade accounts receivable	9,995
Doubtful debt	(274)
	9,721

The amounts in accounts receivable from clients have the following collection deadlines:

Amounts to mature	8,528
Amounts due:	
Within 30 days	956
From 31 to 90 days	219
From 91 to 180 days	3
From 181 to 360 days	17
Over 360 days	272
	9,995

The doubtful debt basically consists of 100% on amounts overdue for more than 90 days.

The average term of receipt, as of billing, is 20 days for Asgaard Navegação S.A. and 29 days for Companhia de Navegação da Amazônia – CNA.

(In thousands of Reais, except where otherwise stated)

8. Recoverable income tax, contributions and other taxes

	Current	
	2016	**2015**
	Parent Company	
Withheld at source		
Income tax on financial income	**6,494**	6,979
Credits		
Others	**7**	4
	Asgaard Navegação S.A.	
Withheld at source		
Income tax on financial income		43
Income tax on services rendered	**796**	
Social contributions (PIS and COFINS) on services rendered	**166**	119
Social contribution (CSLL) on services rendered	**166**	
Social security (INSS) on services rendered	**17**	
Refund claim		
PIS and COFINS	**3,546**	3,143
Credits		
PIS and COFINS on inputs	**1,600**	
PIS and COFINS on vessel acquisition	**2,759**	
Others	**47**	25
	Companhia de Navegação da Amazônia	
Refund claim		
Income tax on services rendered	**932**	
Social contributions (PIS and COFINS) on services rendered	**91**	
Social contribution (CSLL) on services rendered	**132**	
	Other subsidiaries	
Credits		
Others		10
	Consolidated	
	16,753	**10,323**

	Non-current	
	2016	**2015**
	Asgaard Navegação S.A.	
Credits		
PIS and COFINS on vessel acquisition	**6.209**	

(In thousands of Reais, except where otherwise stated)

9. Investments in subsidiaries (Parent company)

Changes in investments during the year are as follows:

Investments	Interest	2015	Advance for future capital increase	Capital increase	Equity results	Cumulative translation adjustments	2016
Cia de Desenvolvimento do Norte Capixaba	100%	19,180		2,000	(496)		20,684
Morro do Pilar Minerais S.A.	100%			40	8.465		8,505
Asgaard Navegação S.A.	99.99%	115,308	[2] 51,003	34,714	(15,036)		185,989
Balance of investments		**134,488**	**51,003**	**36,754**	**(7,067)**		**215,178**
Asgaard Navigation LLP	99.75%	(42,703)			(7,345)	7,883	(42,165)
Dutovias do Brasil S.A.	100%	(4,759)		3,000	(118)		(1,877)
Morro do Pilar Minerais S.A.	100%	(13)			13		
Balance of provision for losses on investments [1]		**(47,475)**		**3,000**	**(7,450)**	**7,883**	**(44,042)**
		87,013	**51,003**	**39,754**	**(14,517)**	**7,883**	**171,136**

[1] Recognition of this liability is due to the fact that the Company is jointly liable for the debts of its subsidiaries.

[2] This advance for future capital increase is irrevocable and irreversible, and must be formalized until 03/24/2017.

The balance related to advances for future capital increase presented the following changes during 2016:

	Morro do Pilar Minerais S.A.	Cia de Desenvolvimento do Norte Capixaba	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	34	532	114	34,312	**34,992**
Capital increase	(40)	(2,000)	(3,000)	(34,714)	**(39,754)**
Balances as of 12/31/2016 [1]	**11**	**468**	**230**		**709**

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

MLog S.A.

Notes to financial statements
December 31, 2016
(In thousands of Reais, except where otherwise stated)

10. Property, plant and equipment

Parent company balances

	2016			2015			
	Cost	Depreciation	Net amount	Cost	Depreciation	Impairment of assets	Net amount
Buildings	**285**	**(33)**	**252**	285	(31)	(254)	
Machinery and equipment	**1,782**	**(186)**	**1,596**	1,782	(144)	(1,638)	
Furniture and fixtures	**857**	**(278)**	**579**	1,028	(304)	(724)	
IT equipment	**515**	**(237)**	**278**	525	(228)	(297)	
Comunication equipment	**144**	**(70)**	**74**	136	(66)	(70)	
Leasehold improvements	**1,435**	**(688)**	**747**	1,435	(639)	(796)	
	5,018	**(1,492)**	**3,526**	5,191	(1,412)	(3,779)	

Changes in the Parent company balances

	Depreciation rate	12/31/2014	Acquisitions	Write-offs	Depreciation	Impairment of assets	12/31/2015
Buildings	**4%**	32			**(6)**	**(26)**	
Machinery and equipment	**10%**	210		**(2)**	**(42)**	**(166)**	
Furniture and fixtures	**10%**	119	**5**	**(86)**	**(1)**	**(37)**	
IT equipment	**20%**	61	**1**	**(79)**	**17**		
Communication equipment	**20%**	13		**(9)**	**(4)**		
Leasehold improvements	**22%**	157		**88**	**(241)**	**(4)**	
		592	**6**	**(88)**	**(277)**	**(233)**	

	Depreciation rate	2015	Acquisitions	Disposals	Depreciation	Reversal of impairment of assets	2016
Buildings	**4%**				**(2)**	**254**	**252**
Machinery and equipment	**10%**				**(41)**	**1,637**	**1,596**
Furniture and fixtures	**10%**			**(128)**	**(18)**	**725**	**579**
IT equipment	**20%**			**(6)**	**(14)**	**298**	**278**
Comunication equipment	**20%**		**8**		**(4)**	**70**	**74**
Leasehold improvements	**22%**				**(49)**	**796**	**747**
			8	**(134)**	**(128)**	**3,780**	**3,526**

Consolidated balances

	2016				2015			
	Cost	Depreciation	Write-up of assets (Note 1)	Net amount	Cost	Depreciation	Impairment of assets	Net amount
Land	**30,480**			**30,480**	29,661		(8,515)	21,146
Buildings	**285**	**(33)**		**252**	285	(31)	(254)	
Vessel in construction	**2,453**			**2,453**	112,624			112,624
Construction in progress					70,591		(70,591)	
Machinery and equipment	**2,198**	**(202)**		**1,996**	1,782	(145)	(1,637)	
Furniture and fixtures	**1,249**	**(317)**		**932**	1,366	(371)	(776)	219
IT equipment	**625**	**(264)**		**361**	668	(284)	(303)	81
Comunication equipment	**447**	**(84)**		**363**	185	(76)	(85)	24
Vessels	**157,278**	**(6,870)**	**38,854**	**189,262**	431	(45)		386
Vehicles	**111**	**(19)**		**92**	26	(12)		14
Works of art	**97**			**97**	97			97
Properties	**1,645**			**1,645**				
Leasehold improvements	**1,435**	**(688)**		**747**	1,536	(740)	(796)	
	198,303	**(8,477)**	**38,854**	**228,680**	219,252	(1,704)	(82,957)	134,591

MLog S.A.

Notes to financial statements
December 31, 2016
(In thousands of Reais, except where otherwise stated)

Changes in the consolidated balances

	Depreciation rate	12/31/2014	Transaction with Asgaard (Note 1)	Acquisitions	Write-offs	Depreciation	Impairment of assets	12/31/2015
Land		22,209					(1,063)	21,146
Buildings	4%	32				(6)	(26)	
Vessel in construction			110,001	2,870	(247)			112,624
Construction in progress		35,002		10,961			(45,963)	
Machinery and equipment	10%	210			(2)	(43)	(165)	
Furniture and fixtures	10%	176	223		(83)	(8)	(89)	219
IT equipment	20%	70	86		(79)	7	(3)	81
Communication equipment	20%	32	25		(9)	(9)	(15)	24
Vessels	20%		390			(4)		386
Vehicles	20%		15			(1)		14
Works of art			97					97
Leasehold improvements	22%	199	20		61	(278)	(2)	
		57,930	110,857	13,831	(359)	(342)	(47,326)	134,591

	Depreciation rate	2015	Acquisition of CNA (Note 1)	Acquisition	Transfer and disposals	Depreciation	Reversal of impairment of assets	Write-up of assets (Note 1)	2016
Land		21,146	819				8,515		30,480
Buildings	4%					(2)	254		252
Vessel in construction		112,624	2,800	9,816	(122,787)				2,453
Construction in progress				221	(70,813)		70,592		
Machinery and equipment	10%		336	80		(57)	1,637		1,996
Furniture and fixtures	10%	219	103	71	(129)	(57)	725		932
IT equipment	20%	81	17	12	(6)	(41)	298		361
Comunication equipment	20%	24	182	105		(18)	70		363
Vessels	5%	386	42,463	610	113,819	(6,870)		38,854	189,262
Vehicles	20%	14	97			(19)			92
Works of art		97							97
Properties			1,645						1,645
Leasehold improvements	22%					(49)	796		747
		134,591	48,462	10,915	(79,916)	(7,113)	82,887	38,854	228,680

As mentioned in Note 1, Management, due to the recovery in iron ore price levels in the international market in the last months and to the options to redesign the Pilar Hill Project, resumed impairment studies of the expenditures incurred with the mineral asset. As a result of such studies, the Company reverted R$ 12 million in PP&E assets related to the impairment carried out in 2014 and 2015.

Also as mentioned in Note 1, expenditures totaling R$70,813 included under Construction in progress, related to the Port and Pipeline projects, fully reduced as impairment in 2014 and 2015, were, as a result of Management's formal decision not to proceed with such licensing processes, definitively written off.

In evaluating asset impairment, the Company applied the value in use per cash generating unit (CGU) based on projections approved by Management and assumptions consistent with the analysis performed on 12/31/2016 and 2015, which take into consideration:

- Review of the scenarios for each CGU according to business plans;

- Country's macroeconomic scenario;

- Cash flow period compatible with proven mineral reserves, without perpetuity, since the Company is in the initial stages of its operations, including assets with long maturation periods;

- Constant dollar discount rate of 12.4%, based on the weighted average cost of capital ("WACC").

11. 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.

As mentioned in Note 1, Management, due to the recovery in iron ore price levels in the international market in the last year and to the options to redesign the Pilar Hill Project, resumed impairment studies of the expenditures incurred with the mineral asset. As a result of such studies, the Company reverted in intangible assets the amount of R$ 718 million. The impairment evaluation carried out by Management and the assumptions used for property, plant and equipment and intangible assets are described in Note 10.

Also as mentioned in Note 1, expenditures in the amount of R$13,151 included under Rail spur, fully reduced as impairment in 2014 and 2015, were, as a result of Management's formal decision not to proceed with such licensing processes, definitively written off.

(In thousands of Reais, except where otherwise stated)

The consolidated balances in 2015 and the changes during 2016 are as follows:

	2015			
	Cost	**Amortization**	**Impairment of assets**	**Net amount**
Expenditures related to exploration and valuation of mineral resources and prospecting rights	237,295		(237,295)	
Expenditures related to licensing phase	6,404		(6,404)	
Management system (ERP)	551	(25)		526
Softwares	930	(268)	(662)	
Intangible assets acquired in business combination	546,868		(546,868)	
Rail spur	13,151		(13,151)	
	805,199	(293)	(804,380)	526

	2016							
	Net amount	**Additions**	**Reclassification adjustment**	**Amortization**	**Reversal of impairment of assets**	**Write downs**	**Goodwill (Note 1)**	**Net amount**
Expenditures related to exploration and valuation of mineral resources and prospecting rights		**470**	[1] **(969)**		**218,926**			**218,427**
Expenditures related to licensing phase					**6,404**			**6,404**
Management system (ERP)	**526**	**100**		**(187)**				**439**
Softwares					**662**			**662**
Intangible assets acquired in business combination					**491,427**			**491,427**
Rail spur					**13,151**	**(13,151)**		
Goodwill							**62,375**	**62,375**
	526	**570**	**(969)**	**(187)**	**730,570**	**(13,151)**	**62,375**	**779,734**

[1] This reclassification adjustment refers to studies related to energy transmission for the Pilar Hill Project, where such studies are reimbursable to the Company in accordance with the concession contract with the National Energy Agency (*Agencia Nacional de Energia Elétrica* - ANEEL).

12. Income tax and Social contribution

As of 12/31/2016, the Company’s income tax and social contribution losses amounted to R$119 million (R$93 million as of 12/31/2015), in relation to which Management, taking into consideration the lack of expected future profitability, does not record deferred income tax and social contribution. 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 where otherwise stated)

The R$231 net value included under Deferred taxes in subsidiary Companhia de Navegação da Amazônia is comprised of:

- Temporary difference of income tax and social contribution, in the amount of R$1,811, between the tax basis and the deemed cost recorded pursuant to Brazilian Technical Interpretation -ICPC 10.

- Deferred income tax, in the amount of R$1,580, on tax losses carryforward.

The net amount of R$176 shown as Income tax and Social contribution in the income statement, related to the subsidiary Companhia de Navegação da Amazônia, is comprised of a positive deferred tax of R$166 and negative current tax of R$342.

The reconciliation between the nominal and effective rates is shown below:

	Parent company		Consolidated	
	2016	2015	2016	2015
Profit (loss) before income tax and social contribution	**693,500**	(185,443)	**693,656**	(185,445)
Income tax and social contribution calculated at a rate of 34%	**(235,790)**	63,050	**(235,843)**	63,051
Effects of additions and exclusions:				
Equity results in subsidiaries	**(4,935)**	(18,710)		
Reversal of impairment of assets	**249,679**		**276,575**	
Impairment of assets		(36,683)		(40,208)
Temporary diferences		(265)	**2,816**	(265)
Permanent diferences	**(32)**	158	**94**	158
	8,922	7,550	**43,642**	22,736
Non-constitution of deferred assets due to lack of expectation of future profitability	**(8,922)**	(7,550)	**(43,818)**	(22,736)
Income tax and social contribution			**(176)**	
Effective rate			**0.0254%**	

(In thousands of Reais, except where otherwise stated)

13. Related parties transactions

Loans between individuals and entities

The balances as of 12/31/2016 and 2015, involving loans transactions are listed below:

Lender	Borrower	2016	2015
[1] Current assets Parent company			
MLog S.A.	Patrícia Tendrich Pires Coelho	**609**	
Current assets consolidated			
Asgaard Navegação S.A.	Maverick Holding S.A.	**648**	556
Asgaard Navegação S.A.	Maverick Navegação Ltda		974
Asgaard Navegação S.A.	Patrícia Tendrich Pires Coelho	**63**	362
		1,320	1,892
Current liabilities consolidated			
Maverick Holding S.A.	Asgaard Navigation LLP		232
Patrícia Tendrich Pires Coelho	Asgaard Navigation LLP		1,557
			1,789
Loans between group entities eliminated in the consolidated			
Asgaard Navegação S.A.	Asgaard Navigation LLP	**37,696**	37,696
Asgaard Navegação S.A.	Asgaard Navigation LLP	**1,628**	1,285
Asgaard Navegação S.A.	Asgaard Navigation LLP	**1,300**	
Asgaard Navegação S.A.	MLog S.A.	**311**	
MLog S.A.	Asgaard Navigation LLP	**2**	
MLog S.A.	Asgaard Navigação S.A.	**50,000**	
Companhia de Navegação da Amazônia	Asgaard Navegação S.A.	**2,265**	

[1] *Amounts eliminated in consolidation not included.*

The loan of R$609 between MLog S.A. and Patrícia Tendrich Pires Coelho (Company's CEO), is adjusted by Interbank Deposit Certificate ("CDI") plus 5% per year and maturing on 03/30/2017.

The loan of R$648 between Asgaard Navegação S.A. and Maverick Holding S.A. (Company shareholder), is adjusted by CDI plus 5% per year and maturing on 03/30/2017.

The loan of R$63 between Asgaard Navegação S.A. and Patrícia Tendrich Pires Coelho (Company's CEO), is adjusted by CDI plus 5% per year and maturing on 03/30/2017.

The loans involving subsidiaries Asgaard Navegação S.A. and Asgaard Navigation LLP have the following amounts and conditions:

(i) The loan of R$37,696 is denominated in Reais, not subject to interest and maturing on 11/25/2017.
(ii) The loan of R$1,628 also denominated in Reais, has no maturity date and is not subject to interest.
(iii) The loan of R$1,300, equivalent to US$398,739.45, has no maturity date and is not subject to interest.

The loan of R$311 between Asgaard Navegação S.A. and MLog S.A. is adjusted by CDI plus 5% per year and has no maturity date.

The loan of R$2 between MLog S.A. and Asgaard Navigation LLP is denominated in Reais, has no maturity date and is not subject to interest.

The amount of R$50,000 to be received by MLog S.A. from Asgaard Navegação S.A., without any interest and maturing on 03/31/2017 and 02/28/2018, in the amounts of R$30,000 and R$20,000 respectively, results, as mentioned in Note 1, from net assumption of the debt from acquisition of Companhia de Navegação da Amazônia for reasons of adequacy of the Company's working capital, since the inflow of funds for payment of the Company's capital, in the amount of R$128 million, will only occur in three annual installments starting on December 2017.

The loan of R$2,265 between subsidiaries Companhia de Navegação da Amazônia and Asgaard Navegação S.A., is adjusted by CDI plus 5% per year, and has no maturity date.

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

In addition to the preceding items, and in the context of the events involving related parties, Maverick Holding S.A., the Company's parent company, is a guarantor of all of the debt related to acquisition of Companhia de Navegação da Amazônia mentioned in Note 1. The existence of such guarantee was essential for completion of the transaction and Maverick Holding S.A. opted not to charge the Company for this guarantee.

Compensation of key management personnel

The Company considers all current officers and board members to be key management personnel. For the year of 2016, the compensation of these officers and board members was R$4,312 and R$1,876, respectively. The overall management compensation for the period from 05/01/2016 to 04/30/2017, up to R$6,500, was approved in the Annual General Meeting held on 04/28/2016.

Share based compensation (stock options)

In the Annual Shareholders' Meeting held on 07/21/ 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.

On 12/31/2016, 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 08/20/2012 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.

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

(In thousands of Reais, except where otherwise stated)

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

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 as of 12/31/2016				**22,420**				**22,659**

(In thousands of Reais, except where otherwise stated)

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
1st	904	4,135	4,086	3,147			**12,272**
2nd		1,193	1,131	620			**2,944**
3rd		880	962	962	**40**		**2,844**
4th		92	96	95	**4**		**287**
5th		60	163	163	**105**		**491**
6th		33	19		**(52)**		
7th			749	1,124	**(147)**	(94)	**1,632**
8th			422	449	**(78)**		**793**
9th			263	270	**(168)**		**365**
10th			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 includes reversal of non-exercisable options, previously recorded in P&L due to the dismissal of beneficiaries during the period.

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 of these financial statements, 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.

No stock options were exercised during the year 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

(In thousands of Reais, except where otherwise stated)

14. 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.

Management settled on 03/14/2016 the loan of R$ 17,000, remaining the working capital credit line of R$ 3,500, at an effective cost of 4.72% per month.

On 10/16/2016, the Company renegotiated the credit line with Banco Itaú. The amount of R$ 3,500 will be paid in 12 monthly installments, being the first on 10/31/2016 and, as a result of such renegotiation, the effective cost was reduced to 2.42% per month.

Debt composition is as follows:

	2016			2015		
	Current			Current		
	Interest	Principal	Total	Interest	Principal	Total
Banco Itaú				141	17,000	17,141
Banco Itaú	**239**	**3,271**	**3,510**	107	3,500	3,607
	239	**3,271**	**3,510**	248	20,500	20,748

15. Trade accounts payable

The consolidated balance of R$9,835 on12/31/2016 (R$3,008 on 12/31/2015), largely related to operating costs of the vessels and to general and administrative services, has an average settlement period of 30 days and is not subject to financial charges.

On the date of these financial statements, there was approximately R$3 million in arrears, settlement of which has been made in line with the influx of operating resources, with strict control of cash flow by Management.

(In thousands of Reais, except where otherwise stated)

16. Obligations on acquisition of investments

This item refers to the acquisition of all of the shares of Companhia de Navegação da Amazônia - CNA, as described in Note 1.

The table below shows the changes in this debt between the date of acquisition (08/11/2016) and the closing date of these financial statements.

Composition of acquisition price (Note 1)	Balance on 08/11/2016	Interest	Unwinding of discount	Balance on 12/31/2016	Payment term	
					Current	Non-current
Initial installment	56,071	2,692		58,763	14,691	44,072
Additional installment	32,378	67	1,879	34,324	2,077	32,247
Earn out installment	12,205		711	12,916		12,916
	100,654	**2,759**	**2,590**	**106,003**	**16,768**	**89,235**

17. Litigation

On 12/31/2016, the Company, together with their subsidiaries Asgaard Navegação S.A and Companhia de Navegação da Amazônia are involved in the legal proceedings.
The lawsuits classified as probable losses are recorded in the balance sheet and basically refer, as mentioned in Note 19, to the civil and labor lawsuits due by subsidiary Companhia de Navegação da Amazônia.

The legal proceedings listed below, based on the understanding of the acting law firms, were classified, according to the concept of evaluation adopted for judicial liabilities, as possible and remote chances of loss.

Public Civil Action, filed on 10/28/2014 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 Pilar Hill Project.With the change in legislation related to soil use and occupation by the Municipality of Morro do Pilar, occurred upon publication of Municipal Supplementary Law 617/2017, the issuance of a new Statement of Compliance on 01/13/2017 and publication of the SEMAD Order dated 02/07/2017, fully reestablishing the effects of this Project's Preliminary License, this civil suit lost its grounds and should be dismissed.

Notice of Tax Assessment issued on 06/20/2016 by the Environmental and Sustainable Development Secretariat of the Municipality of Morro do Pilar, imposing a warning penalty against the Company. On 07/19/2016, the Company filed an Administrative Defense alleging, in brief summary, the nullity of the notice of tax assessment due to the existence of a formalization defect and impossibility of characterizing the conducts described in the assessment as infractions. Management understands that even in the event of imposition of punishment, such fact shall not compromise the Pilar Hill Project.

Writ of Mandamus filed against an act of the Environmental and Sustainable Development Secretariat and Chairman of the Municipal Environmental Council ("CODEMA") of the Municipality of Morro do Pilar to, *in limine*, suspend the effects of meetings of Morro do Pilar's CODEMA. The Company's injunction request for the meetings to occur upon prior notice by Company was granted. In light thereof, a Bill of Review was filed by the Municipality of Morro do Pilar, which was granted by the State Court of Appeals of Minas Gerais – TJMG on 12/15/2016, and the effects of the CODEMA meetings were suspended. Management understands that such proceeding does not change the course of the Pilar Hill Project.

Public Civil Action by the State Attorney's Office and Injunction by the Federal Attorney's Office, filed on 11/05/14, alleging the existence of traditional communities in the area of the Pilar Hill 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 10/18/2013 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 Pilar Hill Project would not be at risk.

Writ of Prevention filed on 09/17/2014 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 10/23/2014 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 Pilar Hill 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 10/16/2014 and canceled on 10/28/2014. 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 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.

The Company, its subsidiary Asgaard Navegação S.A. and bank BNP Paribas Brasil S.A. (BNP) on 11/24/2015 entered into an agreement for acknowledgement of debt and other covenants. The purpose of the acknowledgement of debt was to suspend, until 04/05/2016, the lawsuit filed by BNP against Asgaard Navegação S.A.. 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 Navegação S.A. 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 Navegação S.A., occurred in 2015 as mentioned in Note 1.

The Company, in the context of the aforementioned Transaction with Asgaard Navegação, S.A. paid a sum of R$3.704 in 2015, pursuant to the agreement executed with BNP, and an updated balance of R$4.219 remains, which, on the date of this quarterly financial information, remained outstanding. On 06/29/2016, BNP requested that the proceeding against the mentioned subsidiary be resumed.On 11/25/2016, the judge ruled against BNP, who appealed and this appeal was also denied by the Court.

BNP filed a suit against the Company for enforcement of an extrajudicial enforcement instrument in the amount of R$4,441, based on a "Instrument of Debt Confession and Other Covenants", dated 11/24/2015, whereby the Company recognizes and acknowledges that it owes an amount of R$7,249, related to the financial advisory services rendered by BNP, as well as R$80 related to expenses incurred by BNP, totaling R$7,329, to be paid in two installments of R$3,624. The Company has already indicated assets for attachment and filed a Stay of Execution.

Subsidiaries Asgaard Navegação S.A. and Companhia de Navegação da Amazônia filed on 12/19/2016 a writ of mandamus against the Chairman of BNDES and the Chairman of the Board of Directors of the Merchant Marine Fund (*Conselho Diretor do Fundo da Marinha Mercante* - CDFMM) in order for BNDES to maintain the amounts of the AFRMM account that would have expired. The Judge granted the request for injunction for the parties to abstain from disregarding such amounts from the AFRMM escrow account. Management is awaiting the Court's definitive ruling.

Subsidiary Companhia de Navegação da Amazônia is involved in four labor lawsuits that should be mentioned. In summary, the lawsuits were filed due to dismissals for cause, unhealthy activities, and failure to comply with ancillary obligations. The aggregate value of such claims is approximately R$ 600.

Companhia de Navegação da Amazônia is also involved in approximately 80 lawsuits related to various issues, such as civil, labor, environmental, tax and others. Any awards to be paid under such lawsuits, and under the labor claims, as well as the related attorneys' fees, shall be reimbursed by this subsidiary's former controlling shareholders, as set forth in share purchase agreement executed with the Libra Group.

18. Commitments

As a result of the Preliminary License granted by the Regional Superintendence for Environmental Regulation (SUPRAM) on 11/06/14, the following conditions shall be met in order for the Construction License, until November of 2018, 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$24 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.

19. Provisions (Consolidated)

The short term 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 12/31/2015), due by subsidiary Dutovias do Brasil S.A.to be paid 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$67 (R$350 as of 12/31/2015) due by Company, and (iii) undefined costs related to the Transaction with Asgaard mentioned in Note 1, in the amount of R$73 (R$1,031 as of 12/31/2015) due by Company.

The long-term portion of R$1,697 refers basically to the civil and labor lawsuits, classified as probable losses, due by the subsidiary Companhia de Navegação da Amazônia.

20. Transaction costs

Refer primarily to success fees due to financial advisors as a result of the Transaction with Asgaard, mentioned in Note 1, where R$5,692 are due by the Company and R$15,745 by subsidiary Asgaard Navegação S.A. These fees are in arrears and Management has been negotiating new deadlines with the creditors.

21. Refunds to clients

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

(In thousands of Reais, except where otherwise stated)

22. Equity

Capital

As of 12/31/2016, the Company's subscribed share capital is represented by 3,052,500 common shares as detailed below:

Shareholders	Common shares	%
Maverick Holding S.A.	**1,691,974**	55.43
Korea Investment Corporation	**244,909**	8.02
Ontario Teachers' Pension Plan	**227,578**	7.46
EIG - Global Energy Partners	**188,969**	6.19
Fábrica Holding S.A.	**154,072**	5.05
Other	**544,998**	17.85
	3,052,500	100.00

On 12/08/2016, as mentioned in Note 1, an Extraordinary Shareholders' Meeting approved a reduction of the Company's capital in the amount of R$42,632, with cancelation of 152,788 subscribed shares that had not been paid-in by shareholder Maverick Holding S.A.

Such reduction became effective on 02/10/2017, after lapse of the 60-day period as of the date of publication of the minutes of the relevant Extraordinary Shareholders' Meeting, in accordance with article 174 of Law 6,404/76.

In this context, after the effective date above, the subscribed capital, represented by 2,899,712 common shares, shall be as follows:

Shareholders	Common shares	%
Maverick Holding S.A.	**1,539,186**	53.08
Korea Investment Corporation	**244,909**	8.45
Ontario Teachers' Pension Plan	**227,578**	7.85
EIG - Global Energy Partners	**188,969**	6.52
Fábrica Holding S.A.	**154,072**	5.31
Other	**544,998**	18.79
	2,899,712	100.00

(In thousands of Reais, except where otherwise stated)

Pursuant to the amendment to the articles of incorporation, approved at the Special General Meeting held on 08/26/2015, 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.

Profit (loss) per share

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

	2016	**2015**
Profit (loss) attributable to the equity holders	**693,500**	(185,443)
Shares outstanding	**3,052,500**	1,680,072
Profit (loss) per share – basic and diluted in Reais *	**227.19**	(110.38)

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

Cumulative translation adjustments

The cumulative translation adjustments result from the difference between exchange rates in the conversion of the financial statements of subsidiary Asgaard Navigation LLP from Dollars to Reais, considering the following procedures:

(i) The assets and liabilities are converted using the closing rate on the date of the conversions, except for non-monetary items, which are converted based on the rate of the date of the transaction;

(ii) The balances of the changes in equity are converted based on the historic exchange rates of the respective transactions;

(iii) The items contained in the income statements are converted based on the average rate for the period.

(In thousands of Reais, except where otherwise stated)

23. Net operating income and costs of services

The revenues and corresponding costs incurred by subsidiary Asgaard Navegação S.A., as of the start of operation of vessel Asgaard (03/30/2016), and by subsidiary Companhia de Navegação da Amazônia after the date of acquisition thereof (08/11/2016) mentioned in Note 1 are shown below:

	2016
Revenue	
Charter	19,461
Freight	19,784
Maritime support	2,863
Taxes on sales	
Social contributions (PIS and COFINS)	(3,756)
Social security contribution	(796)
Tax on services (ISSQN)	(103)
Value-Added Tax (ICMS)	(2,082)
Net revenue	**35,371**
Cost of services	
Payroll and related charges	(8,455)
Charter	(2,397)
Depreciation	(4,312)
Rentals	(392)
Materials	(7,374)
Insurances	(1,247)
Services	(1,743)
Other	(1,174)
	(27,094)
Gross profit	**8,277**

24. Financial income (consolidated)

	2016	2015
Earnings from financial investments	889	42,638
Update of recoverable taxes	1,357	464
Interest on loas with related parties	275	34
Exchange variation	385	
Other	671	7
	3,577	**43,143**

(In thousands of Reais, except where otherwise stated)

25. Financial expenses (consolidated)

	2016	2015
Interest on bank loans	**2,941**	1,273
Interest on acquistion of investment (CNA – Note 1)	**5,349**	
Exchange variation	**7,704**	98
Bank charges	**308**	
Interest on arrears	**1,206**	82
Other	**84**	82
	17,592	1,535

26. Financial instruments

Financial instruments categories

On 12/31//2016, the Company and its subsidiaries did not have any financial assets classified under the Measurement at fair value through profit or loss category.

The financial instruments classified as Loans and receivables are:

Financial assets and liabilities	2016	2015
Assets		
Cash and cash equivalents	**199**	156
Marketable securities		42,472
AFRMM deposits in escrow account	**90,581**	
Trade accounts receivable	**9,721**	
Related parties loans	**1,320**	1,892
Other credits	**2,232**	
Liabilities		
Trade accounts payable	**9,835**	3,008
Bank loans	**3,510**	20,748
Related parties loans		1,789
Transaction costs	**21,437**	19,472
Obligations on acquisition of investments	**106,003**	

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

(In thousands of Reais, except where otherwise stated)

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.

The table below details the maturity period of the key financial liabilities of the Company and its subsidiaries:

	Consolidated			
	Up to one year	**From one to three years**	**Over three years**	**Total**
Trade accounts payable	9,835			9,835
Bank loans	3,510			3,510
Transaction costs	21,437			21,437
Obligations on acquisition of investments	16,768	33,536	55,699	106,003
Balances on 12/31/2016	**51,550**	**33,536**	**55,699**	**140,785**

27. Insurance coverage

The Company and its subsidiaries hold several insurance policies with the purpose of protecting its operation and assets. In the shipping activities, subsidiaries Asgaard Navegação S.A. and Companhia de Navegação da Amazônia- CNA hire insurance for its vessels (hull insurance), in addition to Protection and Indemnity (P&I) coverage.

The main coverages are:

Hull Insurance:

- CNA: Full coverage of R$93,000
- Asgaard: Full coverage of US$80,000

Protection and Indemnity Insurance (P&I):

- CNA: Unlimited coverage for third parties, limited to US$1,000,000 for environmental pollution and US$6,000 for civil liability
- Asgaard: Unlimited coverage

On 07/04/2016, the D&O insurance was renewed in the insured amount of up to R$50,000. The renewal was carried out with insurer Chubb Seguros, who submitted commercial conditions more favorable for the Company. On 08/11/2016, subsidiary CNA was included in the policy, without any change in the insured amount.

28. Subsequent events

On 01/05/2017, the listing of the Company's shares with BM&FBovespa was not renewed since the status of the stock market registration, without shares available for trading, represented a cost for the Company without any resulting benefit for its shareholders. Management will remain attentive to any opportunities to increase the liquidity of its shares.

In the Extraordinary Shareholders' Meeting held on 01/26/2017, the Company's shareholders accepted the resignation of Wilson Nélio Brumer as member of the Board and elected Patrícia Tendrich Pires Coelho and Luiz Cláudio de Souza Alves as new members of the Board.

In a meeting held on 03/03/2017, The Company's Board of Directors accepted the resignation of Paulo Marcos Vargas de Andrade as Chief Financial Officer and, at that time, elected Julia Souza de Paiva and Gustavo Barbeito de Vasconcelos Lantimant Lacerda as Chief Administrative and Financial Officer and Strategic Planning and Investor Relations Officer, respectively.

On 03/21/2017, subsidiary Asgaard Navegação S.A. sold vessel Asgaard Sophia to subsidiary Companhia de Navegação da Amazônia, for the amount of R$106,303, thus giving rise to release of AFRMM funds from the escrow account mentioned in Note 6.

Patrícia Tendrich Pires Coelho	Julia Souza de Paiva
Chief Executive Officer	Chief Administrative and Financial Officer