

Dear Shareholders,

MLog S.A.'s Management ("MLog" or "Company"), 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 (Offshore Support Shipping Company) and CNA – Companhia de Navegação da Amazonia (River Shipping Company), in compliance with legal and statutory provisions, submits to your appreciation the Management Report and the Company's Consolidated Quarter Financial Statements, including the Independent Auditors' Report, all referring to the quarter ended March 31, 2017. 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**

In the first quarter of 2017, we continued the execution of the strategic plan of the Company.

In the offshore support shipping segment, OSRV Sophia maintained high operationality in its charter contract with Petrobras, still under a short term contract that had been renewed since the first half of 2016. In April 2017, according to the Notice to the Market previously disclosed, the Company signed a new 4 years contract for the operation of this vessel.

Our inland shipping platform, CNA - Amazon Shipping Company, continued to advance in its strategic plan to diversify the customer base and active search for new growth opportunities given the structural changes by which the sector has been through.

In the mining segment, we have maintained the focus on the development of an alternative logistics solution to use the existing idle installed capacity in the sector. Given the complexity of the issue, progress should be made in a more binary way, by the characteristics of contracts and potential partnerships.

The Company maintains its active pursuit of opportunities that the different stages in the macro-economic cycles of its sectors of activity can generate, both for organic growth and M&A.

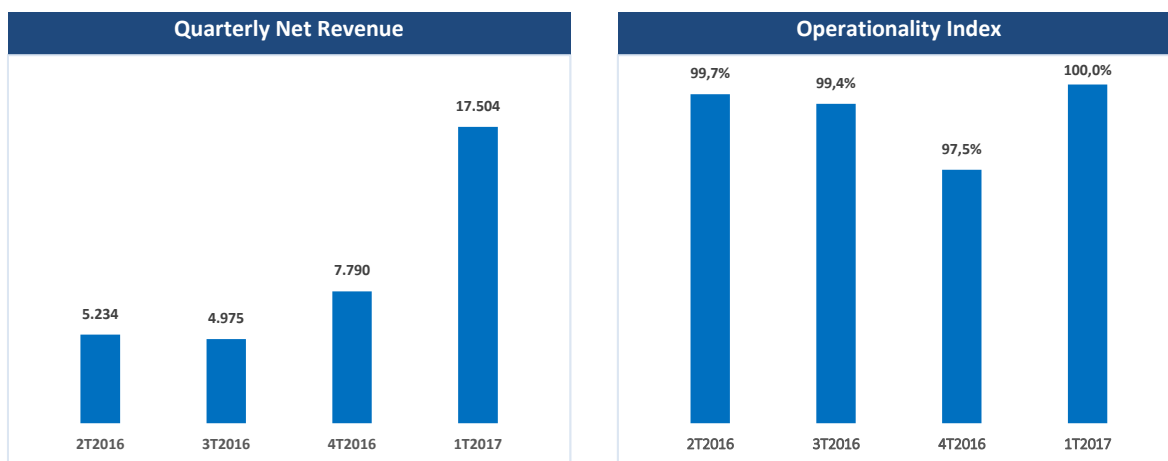
## **2. Operating Performance**

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



**i. Asgaard Navegação**

Since March 2016, the Asgaard Sophia presented positive indexes of operability, as shown below:



In the graph above, the evolution of the Asgaard's revenue from the operation of the vessel can be seen from 2Q 2016 on. The increase in the Company's revenue is attributed to the services rendered with the temporary charter of SBM Installer vessel. The operation of this vessel under the services agreement were initiated in December 2016 and finished in March 2017.

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

Financial Indicators	1Q 2017
<b>Net Revenue</b>	<b>17.504</b>
<i>Gross Margin</i>	8%
<b>EBITDA</b>	<b>-2.991</b>
<i>Ebitda Margin</i>	-17%
<b>Invested Capital</b>	<b>104.289</b>
<b>Net Debt</b>	<b>-66.084</b>

**ii. CNA – Companhia de Navegação da Amazônia**

CNA continued advancing toward its strategic plan to diversify the customer base, with an increase in Raízen's stake in the company's revenue already being perceived. As the industry operation occurs on routes and often in one-year contracts, short-term volume swings may occur in the face of this strategy. We believe that in the medium and long term this decision will prove to be the winner, being one of the company's growth pillars in the coming years.

An integral part of CNA's assets are its 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:

- i. the acquisition of new vessels for own use, built up in Brazilian shipyards;
- ii. for intervention (jumboizing, conversion, modernization, docking or repair) of own vessel in a Brazilian shipyard;
- iii. 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.

It is important to emphasize that revenue recognized in the income statement should be kept in a special tax incentive reserve and the use of this reserve is conditioned exclusively to the absorption of losses or capital increase.

We present below the main financial indicators of CNA.

Financial Indicators	3Q16	4Q16	1Q17
<b>Net Revenue</b>	5.867	11.503	9.255
<b>EBITDA</b>	<b>762</b>	<b>835</b>	<b>-436</b>
EBITDA Margin	13,0%	7,3%	-4,7%
<b>EBITDA with AFRMM</b>	<b>3.240</b>	<b>5.693</b>	<b>3.557</b>
EBITDA Margin	55,2%	49,5%	38,4%
<b>Invested Capital without AFRMM</b>	<b>47.095</b>	<b>52.749</b>	<b>49.791</b>
<b>Net Debt</b>	<b>-774</b>	<b>-14</b>	<b>-1.674</b>

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 the Linked Account.

<b>AFRMM - Receivables</b>	<b>1Q 2017</b>
AFRMM Credits Receivable (Beginning)	54.737
AFRMM Generated	3.993
AFRMM Credited in the Linked Account	-52
<b>AFRMM Credits Receivable (Final)</b>	<b>54.737</b>

<b>AFRMM - Available in Linked Account</b>	<b>1Q 2017</b>
Available AFRMM (Beginning)	90.581
AFRMM Credited in the Linked Account	52
Linked Account Remuneration	1.683
AFRMM Used	-81.267
<b>Available AFRMM (Final)</b>	<b>11.049</b>

### iii. MOPI - Morro do Pilar

The Company has maintained an active posture of dialogue with potential partners and service providers, especially in relation to the logistics of its projected production. In parallel, the Company has been keeping its water rights, sufficient for the mine project and its logistics. We also continue to work to meet the precedent conditions of its preliminary license ("LP") obtained in November 2014, whose deadline for obtaining the installation license ("LI") is 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**

As part of the CDNC's project development, the company has been interacting with public entities to evolve the environmental licensing of the project and any new progress will be communicated to our shareholders.

**3. Consolidated Financial Statements***Earnings before tax for the quarter*

The Company recorded a consolidated loss of R\$15,584 in the first quarter of 2017. This result was impacted by financial expenses, mainly those related to debt from the acquisition of CNA, and general and administrative expenses, including corporate expenses.

*Cash, Cash Equivalents and Securities*

The Company closed the first quarter of 2017 with a cash position of R\$71,244. The main change in the Company's cash position was the conversion of the majority of the AFRMM available in free cash to the Company through the purchase of the Asgaard Sophia vessel by CNA, with immediate bareboat agreement of the vessel to its controlling entity Asgaard.

*Banking Loans*

The Company ended the quarter with bank debt in the amount of R\$3,484, which was paid at the beginning of the second quarter of 2017.

**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. The Board of Directors of the Company elected at the Annual Shareholders' Meeting held on April 28, 2017 is currently composed of six members, all with a mandate until the next Annual General Meeting, with re-election being permitted. Current members of the Board are: Luiz Claudio Souza Alves, Chairman of the Board, Alvaro Piquet, Charles Putz, Otavio Paiva, Patricia Tendrich Pires Coelho and Samir Zraick.

On the same date, the Company's Board of Directors elected the Executive Officers for a term to be terminated after the Company's next Annual General Meeting. The Executive Officers are: Patricia Tendrich Pires Coelho (Chief Executive Officer), Luiz Claudio Souza Alves (Deputy Chief Executive Officer), Julia Souza de Paiva (Administrative and Financial Officer), Sabrina Juhasz (Legal Director) and Gustavo Barbeito de Vasconcellos Lantimant Lacerda (Chief Planning, Investment and Investor Relations Officer). The Company has additionally an Audit and Finance Committee.

## 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.

Rio de Janeiro, May 12, 2017.

The Management

# **Quarterly Financial Information**

**MLog S.A.**

March 31, 2017  
with Independent Auditor's Report Quarterly Financial Information



# **MLog S.A.**

## Quarterly financial information

March 31, 2017

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## **Report on the review of quarterly information – ITR**

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

To the Board and  
Directors of  
MLOG S.A.  
Rio de Janeiro - RJ

### **Introduction**

We have reviewed the individual and consolidated interim accounting information of MLOG S.A. (“the Company”), included in the quarterly information form - ITR for the quarter ended March 31, 2017, which comprises the balance sheet as of March 31, 2017 and the respective statements of income and comprehensive income, statements of changes in stockholders’ equity and cash flows for the three month period then ended, including the explanatory notes.

The Company’s Management is responsible for the preparation of these interim accounting information in accordance with the CPC 21(R1) – Demonstração Intermediária and the IAS 34 - Interim Financial Reporting, issued by the *International Accounting Standards Board* IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

### **Scope of the review**

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

### **Conclusion on the individual and consolidated interim accounting information**

Based on our review, we are not aware of any fact that might lead us to believe that the individual and consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

## **Other matters**

### **Significant uncertainty related to the going concern assumption**

We draw attention to Note 1 of the individual and consolidated financial statements, which indicates that on March 31, 2017 the Company's presents accumulated losses of R\$ 323.801 and operational losses of R\$ 15.584, showing that results remain insufficient to make its activities profitable. In addition, the referred explanatory note describes that the Management's business plan, focused on the provision of services for the oil and gas industry, foresees an increase in revenues from future service contracts, as well as the acquisition of other companies to increase its operations. The recovery of the amounts recorded in the non-current assets as well as the ability to pay its short-term financial obligations, relies on the success of this plan. These conditions, combined with other issues described under Note 1, indicates a significant uncertainty that may raise doubts to the ability of the Company to continue its business on a going concern basis. Our conclusion regarding interim accounting information is not qualified in relation to this matter..

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

The individual and consolidated statements of value added for the quarter ended March 31, 2017, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements were reconciliated to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Rio de Janeiro, May 12, 2017

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

(Original report in Portuguese signed by)  
Marcelo Nogueira de Andrade  
Contador CRC-RJ 086312/O-6

A free translation from Portuguese into English of quarterly financial information

**MLog S.A.**

Balance sheets - March 31, 2017 and December 31, 2016

(In thousands of Reais)

	Note	Parent company		Consolidated	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	2	19	71,244	199
AFRMM deposits in escrow account	5			11,049	90,581
Trade accounts receivable	6			21,533	9,721
Advances to suppliers		301	1,145	2,754	2,472
Inventories				376	344
AFRMM to be released	5			22,978	22,978
Related parties loans	12	50,623	30,611	1,385	1,320
Recoverable taxes	7	6,337	6,501	16,233	16,753
Prepaid expenses		108	180	2,560	2,381
Other		262	13	2,247	2,384
<b>Total current assets</b>		<b>57,633</b>	<b>38,469</b>	<b>152,359</b>	<b>149,133</b>
<b>Non-current assets</b>					
Advances for future capital increase	8	785	709		
Related parties loans	12		20,000		
Judicial deposits				1,473	1,484
Recoverable taxes	7			7,778	6,209
AFRMM to be released	5			25,729	21,788
Investments	8	209,413	215,178		
Property, plant and equipment	9	3,398	3,526	224,504	228,680
Intangible assets	10	716,907	716,899	779,693	779,734
<b>Total non-current assets</b>		<b>930,503</b>	<b>956,312</b>	<b>1,039,177</b>	<b>1,037,895</b>
<b>Total assets</b>		<b>988,136</b>	<b>994,781</b>	<b>1,191,536</b>	<b>1,187,028</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade accounts payable	14	335	639	19,909	9,835
Bank loans	13			3,484	3,510
Employee-related accruals		349	621	2,274	2,227
Tax liabilities		383	187	2,287	2,055
Related parties loans	12	5,380	311		
Transaction costs	19	5,274	5,692	19,757	21,437
Advances from customers				6,421	4,606
Provisions	18	140	140	1,782	1,782
Obligations on acquisition of investments	15	17,558	16,768	17,558	16,768
Other		207	342	2,495	2,143
<b>Total current liabilities</b>		<b>29,626</b>	<b>24,700</b>	<b>75,967</b>	<b>64,363</b>
<b>Non-current liabilities</b>					
Provision for losses on investments	8	43,957	44,042		
Deferred income tax and social contribution	11			197	231
Refunds to clients	20			5,875	5,812
Tax liabilities				364	365
Government subsidies to be appropriated- AFRMM	5			193,058	188,621
Obligations on acquisition of investments	15	91,700	89,235	91,700	89,235
Provisions	18			1,623	1,697
<b>Total non-current liabilities</b>		<b>135,657</b>	<b>133,277</b>	<b>292,817</b>	<b>285,961</b>
<b>Equity</b>					
Capital stock	21	1,111,835	1,111,835	1,111,835	1,111,835
Share-based compensation reserve		25,308	25,308	25,308	25,308
Accumulated losses		(323,801)	(308,222)	(323,801)	(308,222)
Cumulative translation adjustments		9,511	7,883	9,511	7,883
<b>Equity attributable to controlling shareholders</b>		<b>822,853</b>	<b>836,804</b>	<b>822,853</b>	<b>836,804</b>
Non-controlling shareholder interest				(101)	(100)
<b>Total equity</b>		<b>822,853</b>	<b>836,804</b>	<b>822,752</b>	<b>836,704</b>
<b>Total liabilities and equity</b>		<b>988,136</b>	<b>994,781</b>	<b>1,191,536</b>	<b>1,187,028</b>

See accompanying notes.

## MLog S.A.

### Statements of operations

Three month period ended March 31, 2017 and 2016

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

	Note	Parent company		Consolidated	
		2017	2016	2017	2016
Net operating income	22			26,759	2
Cost of services	22			(25,903)	(38)
Gross profit				856	(36)
Operating expenses					
Personnel		(1,830)	(3,898)	(3,649)	(5,155)
Services rendered		(2,662)	(737)	(3,008)	(872)
General and administrative		(521)	(652)	(2,602)	(4,673)
Depreciation and amortization		(150)		(225)	(557)
Taxes		(206)	(143)	(449)	(347)
Other operating income (expenses)					
Equity results in subsidiaries		(7,308)	(7,414)		
Government subsidies - AFRMM	5			1,239	
Other operating expenses				(2,670)	
Impairment of assets			(40)		(49)
		(12,677)	(12,884)	(11,364)	(11,653)
Operating loss before financial results		(12,677)	(12,884)	(10,508)	(11,689)
Financial income and expenses					
Financial income	23	516	1,046	757	1,355
Financial expenses	24	(3,418)	(17)	(5,745)	(1,523)
		(2,902)	1,029	(4,988)	(168)
Loss before income tax and social contribution		(15,579)	(11,855)	(15,496)	(11,857)
Income tax and social contribution	11				
Current				(123)	
Deferred				35	
Loss for the period		(15,579)	(11,855)	(15,584)	(11,857)
Loss attributable to:					
Shareholders of the Parent company				(15,579)	(11,855)
Non-controlling shareholder interest				(5)	(2)
Loss per share (basic and diluted)	21	(5.37)	(3.88)		

See accompanying notes.

## MLog S.A.

Statements of comprehensive income  
Three month period ended March 31, 2017 and 2016  
(In thousands of Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Loss for the period	<b>(15,579)</b>	(11,855)	<b>(15,584)</b>	(11,857)
Other comprehensive income				
Cumulative translation adjustments (Note 21)	<b>1,628</b>		<b>1,632</b>	
Comprehensive loss for the period	<b><u>(13,951)</u></b>	<u>(11,855)</u>	<b><u>(13,952)</u></b>	<u>(11,857)</u>
Comprehensive loss attributable to:				
Shareholders of the Parent company			<b>(13,951)</b>	(11,855)
Non-controlling shareholder interest			<b>(1)</b>	(2)

See accompanying notes.

## MLog S.A.

Statements of changes in equity  
 Three month period ended March 31, 2017 and 2016  
 (In thousands of Reais)

	Capital stock			Share-based compensation reserve	Accumulated losses	Cumulative translation adjustments	Non-controlling shareholder interest	Total
	Subscribed	To be paid	(-) Equity issuance costs					
At December 31, 2015	1,318,812	(171,491)	(36,464)	25,394	(1,001,722)		(100)	134,429
Capital increase	13	(11)						2
Stock options				(86)				(86)
Loss for the period					(11,855)		(2)	(11,857)
At March 31, 2016	<u>1,318,825</u>	<u>(171,502)</u>	<u>(36,464)</u>	<u>25,308</u>	<u>(1,013,577)</u>		<u>(102)</u>	<u>122,488</u>
At December 31, 2016	1,318,825	(170,526)	(36,464)	25,308	(308,222)	7,883	(100)	836,704
Capital decrease (Note 21)	(42,632)	42,632						
Translation adjustments (Note 21)						1,628	4	1,632
Loss for the period					(15,579)		(5)	(15,584)
At March 31, 2017	<u>1,276,193</u>	<u>(127,894)</u>	<u>(36,464)</u>	<u>25,308</u>	<u>(323,801)</u>	<u>9,511</u>	<u>(101)</u>	<u>822,752</u>

See accompanying notes.

# MLog S.A.

## Statements of Cash Flows Three month period ended March 31, 2017 and 2016 (In thousands of Reais)

	Parent company		Consolidated	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Loss for the period	(15,579)	(11,855)	(15,584)	(11,857)
Adjustments to reconcile the loss for the year to cash from operating activities				
Depreciation and amortization	150		3,479	557
Write-off of assets		80		81
Stock options		(86)		(86)
Impairment of assets		40		49
Government subsidies - AFRMM			(1,239)	
Interest payable	3,532		3,816	(204)
Unrealized exchange variance			1,586	
Marketable securities income		(831)		(831)
Equity results in subsidiaries	7,308	7,414		
Deferred income tax and social contribution			(35)	
Changes in assets and liabilities				
Recoverable taxes	164	(32)	(184)	(235)
Inventories			(32)	
Prepaid expenses	72		(177)	
Other assets	(249)	(119)	149	(1,320)
Trade accounts receivable			(11,812)	
Advances to suppliers	844		(282)	
Receipt of AFRMM subsidies			81,267	
Trade accounts payable	(305)	389	10,099	1,570
Employee-related accruals	(272)	(165)	47	83
Tax liabilities	196	(408)	235	(984)
Interest on loans with related parties	10		(57)	(231)
Transaction costs	(675)	(60)	(1,937)	(60)
Advances from customers			1,815	
Other liabilities	(135)	(252)	351	(236)
Provisions		(62)	(74)	(62)
Net cash provided by (used in) operating activities	(4,939)	(5,947)	71,431	(13,766)
<b>Cash flows from investing activities</b>				
Advances for future capital increase	(76)	(31,948)		
Loans with related parties - granted	(6)		(8)	
Redemption of marketable securities		38,464		38,464
Acquisition of property, plant and equipment		(93)	(81)	(7,329)
Additions to intangible assets	(29)	(486)	(29)	(489)
Net cash provided by (used in) investing activities	(111)	5,937	(118)	30,646
<b>Cash flows from financing activities</b>				
Payment of Bank loan			(248)	(17,000)
Payment of obligations on acquisition of investments	(20)		(20)	
Loans with related parties - received	5,053			
Net cash provided by (used in) financing activities	5,033		(268)	(17,000)
Increase (decrease) in cash and cash equivalents	(17)	(10)	71,045	(120)
Cash and cash equivalents at the beginning of the period	19	21	199	156
Cash and cash equivalents at the end of the period	2	11	71,244	36

See accompanying notes.



## MLog S.A.

Statements of value added (supplementary information for IFRS purposes)

Three month period ended March 31, 2017 and 2016

(In thousands of Reais)

	Parent company		Consolidated	
	2017	2016	2017	2016
Operating income				
Services			31,181	2
Inputs acquired from third parties				
Cost of the services			(21,406)	(38)
General and administrative expenses	(3,132)	(1,314)	(5,696)	(3,701)
Stock options		86		86
Other income				
Government subsidies - AFRMM			1,239	
Depreciation and amortization	(150)		(225)	(557)
Impairment of assets		(40)		(49)
Transferred added value received				
Net financial income	(2,902)	1,029	(4,988)	(168)
Equity results in subsidiaries	(7,308)	(7,414)		
Total added value to be distributed	(13,492)	(7,653)	105	(4,425)
Distribution of added value				
Personnel				
Direct remuneration	469	1,371	5,101	3,286
Management fees	857	1,498	863	1,498
Benefits	95	145	1,478	897
Accrued severance indemnity (FGTS)	172	452	675	611
	1,593	3,466	8,117	6,292
Tax				
Federal	437	659	5,215	998
Estadual			1,144	
Municipal	1	2	732	2
Third-party capital remuneration				
Leases	56	75	481	140
Loss for the year attributable to:				
Shareholders of the Parent company	(15,579)	(11,855)	(15,579)	(11,855)
Non-controlling shareholder interest			(5)	(2)
	(13,492)	(7,653)	105	(4,425)

See accompanying notes.

## **MLog S.A.**

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

### **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 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 03/21/2017, subsidiary Asgaard Navegação S.A. sold vessel Asgaard Sophia to subsidiary Companhia de Navegação da Amazônia, for R\$106,303, resulting in release of funds from the Additional Freight for Renovation of Merchant Marine (AFRMM) that were in escrow account in the amount of R\$79,345. The remaining R\$26,958 will be settled as new AFRMM become available in such escrow account.

On 04/17/2017, Asgaard Navegação S.A. entered into a four year contract with Petrobras for operation of the Asgaard Sophia vessel, which it had been operating for the same client since March 2016 through a short term contract.

As part of the strategy of the transaction described above, immediately prior to the purchase and sale of the vessel Asgaard Sophia, subsidiaries Asgaard Navegação S.A. and Companhia de Navegação da Amazônia entered into a bareboat charter agreement related to such vessel, so that the vessel continues to be operated by Asgaard Navegação S.A. for the contract with Petrobras.

As a result of the acquisition of Companhia de Navegação da Amazônia, mentioned in detail in Note 1 of the 2016 annual Financial Statement and, as set forth in the share purchase agreement, the payment obligations could be transferred from Asgaard Navegação S.A. to the Company, regardless of the sellers' authorization, and assumption of such debt occurred on 12/29/2016. 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 adjustment of the Company's working capital was effected on 03/24/2017 by means of a capital increase.

## MLog S.A.

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

The fair value of the net assets of this acquisition, also mentioned in detail in Note 1 of the Company's relevant Financial Statements, was provisionally assessed pursuant to CPC 15 (Business combination) and Management is obtaining a report from independent evaluators for definitive recording by the third quarter of 2017.

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.

The company showed in this quarterly financial information, accumulated losses of R\$323,801 and a loss of R\$15,584 during the three-month period.

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,

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.

## **MLog S.A.**

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

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

The Company's individual and consolidated quarterly information was prepared based on international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and accounting practices adopted in Brazil (BR GAAP).

This quarterly financial information does not include all information and disclosures required for the annual financial statements therefore, should be read together with the financial statements of December 31, 2016.

The Company's Management authorized the conclusion of the preparation of this quarterly information on May 12, 2017.

### **3. Accounting practices**

This quarterly information is presented based on the same accounting practices described in Note 3 of the audited financial statements of December 31, 2016.

#### **Accounting judgment, estimates and assumptions**

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

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

## MLog S.A.

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

### 4. Cash and cash equivalents

	Parent Company		Consolidated	
	2017	2016	2017	2016
Cash	2	10	1,771	188
Cash equivalents		9	69,473	11
	<u>2</u>	<u>19</u>	<u>71,244</u>	<u>199</u>

The financial investments in the amount of R\$69,473 held by subsidiary Asgaard Navegação S.A., refer to Bank Deposit Certificates – CDBs with financial institutions Banco do Brasil and Caixa Econômica Federal, return on which is tied to the Interbank Deposit Certificate (CDI), with a term of 360 days and daily liquidity.

### 5. Additional Freight for Renovation of Merchant Marine (“AFRMM”)

The table below shows the changes in the accounts related to AFRMM in the consolidated balance sheet during the three month period ended 03/31/2017.

	Asset accounts		Liability account	
	Current	Non-current	Non-current	Government subsidies to be appropriated - AFRMM
	AFRMM deposits in escrow account	AFRMM to be released <sup>3</sup>	AFRMM to be released <sup>3</sup>	
<b>Balance as of 12/31/2016</b>	90,581	26,943	27,794	188,621
AFRMM generated			3,993	3,993
Deposits in escrow account	52	(52)		
Revenue from escrow account	1,683			1,683
Use of the subsidy	(81,267)			
Recognition in profit and loss				(1,239)
Transfer from long-term to short-term		52	(52)	
<b>Balance as of 03/31/2017</b>	<u>11,049</u>	<u>26,943</u>	<u>31,735</u>	<u>193,058</u>
Write-down allocation <sup>2</sup>		(3,965)	(6,006)	
<b>Adjusted balance as of 03/31/2017</b>	<u>11,049</u>	<u>22,978</u>	<u>25,729</u>	<u><sup>1</sup> 193,058</u>

<sup>1</sup> 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.

<sup>2</sup> This write-down adjustment, in the amount of R\$3,965 as current and R\$6,006 as non-current, is arising from the purchase price allocation of the acquisition of Companhia de Navegação da Amazônia, mentioned in Note 1.

<sup>3</sup> The opening balance does not contemplate the write-down adjustment related to observation <sup>2</sup> above.

## MLog S.A.

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

### 6. 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, included in the consolidation as of the date of acquisition thereof (08/11/2016).

	<u>2017</u>	<u>2016</u>
Trade accounts receivable	21,814	9,995
Doubtful debt	<u>(281)</u>	<u>(274)</u>
	<u>21,533</u>	<u>9,721</u>

The amounts in accounts receivable from clients as of 03/31/2017 have the following collection deadlines:

Amounts to mature	21,248
Amounts due:	
Within 30 days	241
From 31 to 90 days	23
From 91 to 180 days	17
From 181 to 360 days	8
Over 360 days	<u>277</u>
	<u>21,814</u>

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.

## MLog S.A.

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

### 7. Recoverable taxes

	<b>Current</b>	
	<b>2017</b>	<b>2016</b>
	<b>Parent Company</b>	
<b>Withheld at source</b>		
Income tax on financial income	<b>6,330</b>	6,494
<b>Credits</b>		
Others	<b>7</b>	7
	<b>6,337</b>	6,501
	<b>Asgard Navegação S.A.</b>	
<b>Withheld at source</b>		
Income tax on financial income	<b>2</b>	
Income tax on services rendered	<b>508</b>	796
Social contributions (PIS and COFINS) on services rendered	<b>359</b>	166
Social contribution (CSLL) on services rendered	<b>224</b>	166
Social security (INSS) on services rendered	<b>17</b>	17
<b>Refund claim</b>		
PIS and COFINS	<b>3,626</b>	3,546
<b>Credits</b>		
PIS and COFINS on inputs	<b>1,908</b>	1,600
PIS and COFINS on vessel acquisition		2,759
Others	<b>48</b>	47
	<b>Companhia de Navegação da Amazônia</b>	
<b>Refund claim</b>		
Income tax on services rendered	<b>442</b>	932
Social contributions (PIS and COFINS) on services rendered	<b>94</b>	91
Social contribution (CSLL) on services rendered	<b>26</b>	132
<b>Credits</b>		
PIS and COFINS on vessel acquisition	<b>2,611</b>	
Others	<b>31</b>	
	<b>Consolidated</b>	
	<b>16,233</b>	16,753
	<b>Non-current</b>	
	<b>2017</b>	<b>2016</b>
	<b>Asgard Navegação S.A.</b>	
<b>Credits</b>		
PIS and COFINS on vessel acquisition		<b>6,209</b>
	<b>Companhia de Navegação da Amazônia</b>	
<b>Credits</b>		
PIS and COFINS on vessel acquisition	<b>7,778</b>	

## MLog S.A.

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

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

Changes in investments during the three-month period are as follows:

Investments	Interest	2016	Equity results	Cumulative translation adjustments	2017
Cia de Desenvolvimento do Norte Capixaba	100%	20,684	(56)		20,628
Morro do Pilar Minerais S.A.	100%	8,505	(113)		8,392
Asgaard Navegação S.A.	99.99%	185,989	(5,596)		180,393
Balance of investments		<b>215,178</b>	<b>(5,765)</b>		<b>209,413</b>
Asgaard Navigation LLP	99.75%	(42,165)	(1,542)	1,628	(42,079)
Dutovias do Brasil S.A.	100%	(1,877)	(1)		(1,878)
Balance of provision for losses on investments <sup>1</sup>		<b>(44,042)</b>	<b>(1,543)</b>	<b>1,628</b>	<b>(43,957)</b>
		<b>171,136</b>	<b>(7,308)</b>	<b>1,628</b>	<b>165,456</b>

<sup>1</sup> Recognition of this liability is due to the fact that the Company is jointly liable for the debts of its subsidiaries.

The balance related to advances for future capital increase presented the following changes during the three-month period:

	Morro do Pilar Minerais S.A.	Cia de Desenvolvimento do Norte Capixaba	Dutovias do Brasil S.A.	Total
Balances as of 12/31/2016	11	468	230	<b>709</b>
Funds remitted	9	62	5	<b>76</b>
Balances as of 03/31/2017 <sup>1</sup>	<b>20</b>	<b>530</b>	<b>235</b>	<b>785</b>

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



## MLog S.A.

Notes to quarterly financial information

March 31, 2017<sup>1</sup>

(In thousands of Reais, except when otherwise indicated)

### 9. Property, plant and equipment

#### Parent company balances

	2017			2016		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings	285	(36)	249	285	(33)	252
Machinery and equipment	1,782	(226)	1,556	1,782	(186)	1,596
Furniture and fixtures	857	(295)	562	857	(278)	579
IT equipment	514	(252)	262	515	(237)	278
Communication equipment	144	(73)	71	144	(70)	74
Leasehold improvements	1,435	(737)	698	1,435	(688)	747
	<b>5,017</b>	<b>(1,619)</b>	<b>3,398</b>	<b>5,018</b>	<b>(1,492)</b>	<b>3,526</b>

#### Changes in the Parent company balances

	Depreciation rate	2016	Depreciation	2017
Buildings	4%	252	(3)	249
Machinery and equipment	10%	1,596	(40)	1,556
Furniture and fixtures	10%	579	(17)	562
IT equipment	20%	278	(16)	262
Communication equipment	20%	74	(3)	71
Leasehold improvements	22%	747	(49)	698
		<b>3,526</b>	<b>(128)</b>	<b>3,398</b>

#### Consolidated balances

	2017			2016			
	Cost	Depreciation	Net amount	Cost	Depreciation	<sup>1</sup> Write-up of assets	Net amount
Land	30,480		30,480	30,480			30,480
Buildings	285	(36)	249	285	(33)		252
Vessel in construction				2,453			2,453
Machinery and equipment	2,228	(255)	1,973	2,198	(202)		1,996
Furniture and fixtures	1,255	(350)	905	1,249	(317)		932
IT equipment	624	(286)	338	625	(264)		361
Communication equipment	490	(96)	394	447	(84)		363
Vessels	197,740	(10,096)	187,644	157,278	(6,870)	38,854	189,262
Vehicles	111	(30)	81	111	(19)		92
Works of art	97		97	97			97
Properties	1,645		1,645	1,645			1,645
Leasehold improvements	1,435	(737)	698	1,435	(688)		747
	<b>236,390</b>	<b>(11,886)</b>	<b>224,504</b>	<b>198,303</b>	<b>(8,477)</b>	<b>38,854</b>	<b>228,680</b>

<sup>1</sup> This write-up amount refers to the purchase price allocation arising from the acquisition of Companhia de Navegação da Amazônia, mentioned in Note 1

## MLog S.A.

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

### Changes in the consolidated balances

	Depreciation rate	2016	Acquisition	Transfer	Recoverable taxes	Depreciation	2017
Land		30,480					30,480
Buildings	4%	252				(3)	249
Vessel in construction		2,453		(2,453)			
Machinery and equipment	10%	1,996	30			(53)	1,973
Furniture and fixtures	10%	932	6			(33)	905
IT equipment	20%	361				(23)	338
Communication equipment	20%	363	43			(12)	394
Vessels	5%	189,262	20	2,453	(866)	(3,225)	187,644
Vehicles	20%	92				(11)	81
Works of art		97					97
Properties		1,645					1,645
Leasehold improvements	22%	747				(49)	698
		<u>228,680</u>	<u>99</u>	<u>-</u>	<u>(866)</u>	<u>(3,409)</u>	<u>224,504</u>

## 10. Intangible assets

This item, in line with IFRS 6 Exploration For and Evaluation of Mineral Rights, refers basically to expenditures with exploration and evaluation of the Pilar Hill iron ore project.

Changes in intangible assets during the three-month period are as follows:

	2016	Additions	Amortization	2017
Expenditures related to exploration and valuation of mineral resources and prospecting rights	218,427	29		218,456
Expenditures related to licensing phase	6,404			6,404
Management system (ERP)	439		(48)	391
Softwares	662		(22)	640
Intangible assets acquired in business combination	491,427			491,427
Goodwill on CNA acquisition (Note 1)	62,375			62,375
	<u>779,734</u>	<u>29</u>	<u>(70)</u>	<u>779,693</u>

## **MLog S.A.**

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

### **11. Income tax and Social contribution**

As of 03/31/2017, the Company's income tax and social contribution losses amounted to R\$127 million (R\$119 million as of 12/31/2016), in relation to which Management, taking into consideration the lack of expected future profitability, does not record deferred income tax and social contribution.

The R\$197 net value included under Deferred taxes in subsidiary Companhia de Navegação da Amazônia is comprised of:

- Temporary difference of income tax and social contribution liability, in the amount of R\$1,776, between the tax basis and the deemed cost recorded pursuant to Brazilian Technical Interpretation -ICPC 10.
- Deferred income tax asset, in the amount of R\$1,579, on tax losses carryforward.

The net amount of R\$88 shown as Income tax and Social contribution in the income statement, is comprised of a positive deferred tax of R\$35 and negative current tax of R\$123.

## MLog S.A.

Notes to quarterly financial information

March 31, 2017<sup>1</sup>

(In thousands of Reais, except when otherwise indicated)

### 12. Related parties transactions

#### Loans between individuals and entities

The balances involving loans transactions at the date of this quarterly financial information are listed below:

Lender	Borrower	2017	2016
<b><sup>1</sup> Current assets Parent company</b>			
MLog S.A.	Patrícia Tendrich Pires Coelho	641	609
<b>Current assets Consolidated</b>			
Asgaard Navegação S.A.	Maverick Holding S.A.	676	648
Asgaard Navegação S.A.	Patrícia Tendrich Pires Coelho	68	63
		<u>1,385</u>	<u>1,320</u>
<b>Loans between group entities eliminated in the consolidated</b>			
Asgaard Navegação S.A.	Asgaard Navigation LLP	37,696	37,696
Asgaard Navegação S.A.	Asgaard Navigation LLP	1,628	1,628
Asgaard Navegação S.A.	Asgaard Navigation LLP	1,264	1,300
Asgaard Navegação S.A.	MLog S.A.	5,300	311
MLog S.A.	Asgaard Navigation LLP	2	2
Companhia de Navegação da Amazônia	Asgaard Navegação S.A.	1,988	2,265
Companhia de Navegação da Amazônia	MLog S.A.	80	
Asgaard Navegação S.A.	Companhia de Navegação da Amazônia	26,958	
MLog S.A.	Asgaard Navegação S.A.	49,980	50,000

<sup>1</sup> Amounts eliminated in consolidation not included

## **MLog S.A.**

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

The loan of R\$641 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 06/30/2017.

The loan of R\$676 between Asgaard Navegação S.A. and Maverick Holding S.A. (Company shareholder), is adjusted by CDI plus 5% per year and maturing on 06/30/2017.

The loan of R\$68 between Asgaard Navegação S.A. and Patrícia Tendrich Pires Coelho (Company's CEO), is adjusted by CDI plus 5% per year and maturing on 06/30/2017.

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\$1,264, equivalent to US\$398,739.45, has no maturity date and is not subject to interest.

The loan of R\$5,300 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 loan of R\$1,988 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.

The loan of R\$80 between Companhia de Navegação da Amazônia and MLog 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.

## **MLog S.A.**

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

The amount of R\$26,958 due by Companhia de Navegação da Amazônia to Asgaard Navegação S.A. refers to a balance to be received as a result of the sale of the Sophia vessel mentioned in Note 1, settlement of which, without interest, will occur as new resources become available in the AFRMM escrow account of Companhia de Navegação da Amazônia held with Banco do Brasil.

The amount of R\$49,980 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\$29,980 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.

In addition to the items above, but not involving loans, Management highlights the following related parties events:

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.

The company had an agreement with Rio Grande Investimentos Ltda., related to provision of services related to strategic planning, mergers and acquisitions, capital market (equity and debt), and structured transactions, the purpose of which was temporary expansion of the capacity of demand, analysis, and negotiation of the Company's merger and acquisition and strategic planning opportunities.

As part of these services, Rio Grande Investimentos Ltda. actively participated in the Company's organizational restructuring, in the strategic realignment of the mining and navigation assets, and also in the acquisition of Companhia de Navegação da Amazônia. Rio Grande Investimentos Ltda.'s managing partner, Luiz Claudio de Souza Alves, was elected as a member of the Company's Board of Directors in the Extraordinary Shareholders' Meeting held on 01/26/2017 and the other managing partner, Gustavo Barbeito de Vasconcellos Lantimant Lacerda, was elected as the Company's strategic planning and investor relations officer in the Extraordinary Shareholders' Meeting held on 03/03/2017. This agreement was terminated on 04/30/2017 and, in the period during which the managing partners were members of the Company's Management, there were, pursuant to the terms of the agreement, payments totaling R\$1,822 until 03/31/2017 and R\$95 between such date and the date of termination thereof, all duly approved by the Company's Board of Directors.

## **MLog S.A.**

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

The Company considers all current officers and board members to be key management personnel. For the three-month period of 2017, the compensation of these officers and board members was R\$936 and R\$394, respectively. The overall management compensation for the period from 05/01/2016 to 04/30/2017, up to R\$7,300, was approved in the Annual General Meeting held on 04/28/2017.

### **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 03/31/2017, 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.

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

Plan	Grant date	Initial maturity date	Vesting date	Number of shares	Annual volatility	Risk free rate	Dilution factor	Fair value options
2011.1	10/15/2011	10/15/2012	10/15/2017	4,050	40.41%	11.35%	99.41%	3,669
2011.1	10/15/2011	06/01/2017	06/01/2017	200	40.41%	11.35%	99.41%	181
2011.1	10/15/2011	10/15/2013	10/15/2018	4,050	39.47%	11.35%	98.82%	3,905
2011.1	10/15/2011	06/01/2017	06/01/2017	200	40.41%	11.35%	98.82%	193
2011.1	10/15/2011	10/15/2014	10/15/2019	4,050	38.95%	11.34%	98.23%	4,121
2011.1	10/15/2011	01/06/2017	06/01/2017	200	38.95%	11.34%	98.23%	203
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
<b>Total as of 03/31/2017</b>				<b>22,420</b>				<b>22,659</b>



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

<u>Programs</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
1 <sup>st</sup>	904	4,135	4,086	3,147				12,272
2 <sup>nd</sup>		1,193	1,131	620				2,944
3 <sup>rd</sup>		880	962	962	40			2,844
4 <sup>th</sup>		92	96	95	4			287
5 <sup>th</sup>		60	163	163	105			491
6 <sup>th</sup>		33	19		(52)			
7 <sup>th</sup>			749	1,124	(147)	(94)		1,632
8 <sup>th</sup>			422	449	(78)			793
9 <sup>th</sup>			263	270	(168)			365
10 <sup>th</sup>			328	878	(183)	8		1,031
	<u>904</u>	<u>6,393</u>	<u>8,219</u>	<u>7,708</u>	<u>(479)</u>	<u>(86)</u>		<u>22,659</u>
Options expired <sup>1</sup>	<u>35</u>	<u>906</u>	<u>679</u>	<u>1,029</u>				
Recorded in income statement	<u>939</u>	<u>7,299</u>	<u>8,898</u>	<u>8,737</u>	<u>(479)</u>	<u>(86)</u>		
Accumulated amount in equity	<u>939</u>	<u>8,238</u>	<u>17,136</u>	<u>25,873</u>	<u>25,394</u>	<u>25,308</u>	<u>25,308</u>	<u>25,308</u>

<sup>1</sup> 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.

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 quarterly financial information, 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 three-month period of 2017.

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

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### 13. Bank loans

The balance as of 03/31/2017, refers to a credit line of the subsidiary Asgaard Navegação S.A. with Banco Itaú, to be paid in 6 monthly installments at an effective cost of 2,42% per month.

Debt composition is as follows:

	2017			2016		
	Current			Cuurrent		
	Interest	Principal	Total	Interest	Principal	Total
Banco Itaú	222	3,262	3,484	239	3,271	3,510
	<u>222</u>	<u>3,262</u>	<u>3,484</u>	<u>239</u>	<u>3,271</u>	<u>3,510</u>

This debt was fully settled on 04/05/2017.

### 14. Trade accounts payable

The consolidated balance of R\$19,909 on 03/31/2017 (R\$9,835 on 12/31/2016), 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.

Management, within a strict cash flow control, has been renegotiating and settling all outstanding balances.

### 15. Obligations on acquisition of investments

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

The table below shows the changes in this debt at the date of this quarterly financial information.

Composition of acquisition price	Balances on 12/31/2016	Interest	Unwinding of discount	Payments	Balances on 03/31/2017	Payment term	
						Current	Non-current
Initial installment	58,763	2,229			60,992	15,248	45,744
Additional installment	34,324	340	335	(20)	34,979	2,310	32,669
Earn out installment	12,916		371		13,287		13,287
	<u>106,003</u>	<u>2,569</u>	<u>706</u>	<u>(20)</u>	<u>109,258</u>	<u>17,558</u>	<u>91,700</u>

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### **16. Litigation**

On 03/31/2017, the Company together with their subsidiaries Asgaard Navegação S.A and Companhia de Navegação da Amazônia, are involved in the legal proceedings below that, based on the acting law firms, were classified, according to the concept of evaluation adopted for judicial liabilities, as possible and remote chances of loss.

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, 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 11/05/2014, 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, since, even if the Court accepts the claims, the Pilar Hill Project would not be affected.

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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 occurred in 2015 when Asgaard group was absorbed by the Company.

The Company, in the context of the aforementioned Transaction 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.

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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\$3,664. The Company has already indicated assets for attachment and filed a Stay of Execution and is awaiting review of the Motions to Stay Execution by the Court.

On 12/19/2016, subsidiaries Asgaard Navegação S.A. and Companhia de Navegação da Amazônia filed 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 while the release process is being discussed. The Judge granted the request for injunction for the parties to abstain from disregarding such amounts from the AFRMM escrow account. On 03/21/2017, a decision was issued to extend the effects of the injunction previously granted to the other installments of the AFRMM that are under imminent risk of lapsing, awaiting the Court's definitive decision.

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 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.

## **17. 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.

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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.

### **18. 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 12/31/2016), 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\$67 as of 12/31/2016), and (iii) undefined costs in the amount of R\$73 (R\$73 as of 12/31/2016) related to the Transaction occurred in 2015 when Asgaard group was absorbed by the Company.

The long-term portion of R\$1,623 (R\$1,697 as of 12/31/2016) refers basically to the civil and labor lawsuits, classified as probable losses, due by the subsidiary Companhia de Navegação da Amazônia.

### **19. Transaction costs**

Refer primarily to success fees due to financial advisors as a result of the Transaction occurred in 2015, when Asgaard group was absorbed by the Company, where R\$5,274 are due by the Company (R\$5,692 as of 12/31/2016) and R\$14,483 by subsidiary Asgaard Navegação S.A. (R\$15,745 as of 12/31/2016). Part of these fees are in arrears and Management has been negotiating new deadlines and conditions with the creditors.

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### 20. Refunds to clients

This amount to be refunded refers to tax paid in excess on temporary import of foreign vessel, in the amount of R\$5,875 (R\$5,812 as of 12/31/2016) which, when received by subsidiary Asgaard Navegação S.A., should be passed on to the customer receiving the services. This obligation is adjusted based on the Selic interest rate (Special settlement and custody system).

### 21. Equity

#### Capital

As of 03/31/2017, the Company's subscribed share capital is represented by 2,899,712 common shares as detailed below:

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

This number of shares contemplates the capital reduction occurred in the Extraordinary Shareholders' Meeting held on 12/08/2016, effective as of 02/10/2017, in accordance with article 174 of Law 6,404/76, after lapse of the 60-day period from publication of such Extraordinary Shareholders' Meeting.

The capital reduction was in the amount of R\$42,632, leading to cancelation of 152,788 shares that were subscribed and not paid-in by shareholder Maverick Holding S.A.

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.

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### Loss per share

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

	Three month period	
	2017	2016
Loss attributable to the equity holders	(15,579)	(11,855)
Shares outstanding	2,899,712	3,052,500
Loss per share – basic and diluted in Reais (*)	(5.37)	(3.88)

(\*)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.



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### 22. Net operating income and costs of services

The revenues and corresponding costs incurred by subsidiaries Asgaard Navegação S.A., as of the start of operation of vessel Asgaard Sophia on March 2016, and from procurement of the SBM Installer vessel in December 2016 and Companhia de Navegação da Amazônia after the date of acquisition thereof (08/11/2016) mentioned in Note 1 are shown below:

	<u>03/31/2017</u>	<u>03/31/2016</u>
Revenue		
Charter	7,120	2
Freight	10,127	
Maritime support	13,934	
Taxes on sales		
Social contributions (PIS and COFINS)	(2,094)	
Social security contribution	(452)	
Tax on services (ISSQN)	(732)	
Value-Added Tax (ICMS)	(1,144)	
<b>Net revenue</b>	<b><u>26,759</u></b>	<b><u>2</u></b>
Cost of services		
Payroll and related charges	(4,299)	(9)
Charter	(10,272)	
Depreciation	(2,084)	(5)
Rentals	(198)	(1)
Materials	(3,974)	
Insurances	(481)	(1)
Services	(1,480)	(2)
Other	(3,115)	(20)
	<b><u>(25,903)</u></b>	<b><u>(38)</u></b>
<b>Gross profit</b>	<b><u>856</u></b>	<b><u>(36)</u></b>

### 23. Financial income (consolidated)

	<u>03/31/2017</u>	<u>03/31/2016</u>
Earnings from financial investment	109	831
Trade discounts	328	
Interest on loans with related parties	129	309
Exchange variation	191	215
	<b><u>757</u></b>	<b><u>1,355</u></b>

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### 24. Financial expenses (consolidated)

	<u>03/31/2017</u>	<u>03/31/2016</u>
Interest on bank loans	222	43
Interest on acquisition of investment (CNA- Note 1)	3,275	
Exchange variation	419	58
Bank charges	32	22
Interest on arrears	1,763	1,396
Other	34	4
	<u>5,745</u>	<u>1,523</u>

### 25. Financial instruments

#### Financial instruments categories

On 03/31//2017, 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:

<u>Financial assets and liabilities</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	71,244	199
AFRMM deposits in escrow account	11,049	90,581
Trade accounts receivable	21,533	9,721
Related parties loans	1,385	1,320
Other credits	1,751	2,232
<b>Lialibilities</b>		
Trade accounts payable	19,909	9,835
Bank loans	3,484	3,510
Transaction costs	19,757	21,437
Obligations on acquisition of investments	109,258	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.

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### 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 at the date of this quarterly financial information:

	Consolidated			
	Up to one year	From one to three years	Over three years	Total
Trade accounts payable	19,909			19,909
Bank loans	3,484			3,484
Transaction costs	19,757			19,757
Obligations on acquisition of investments	17,558	35,156	56,544	109,258
	<b>60,708</b>	<b>35,156</b>	<b>56,544</b>	<b>152,408</b>

## **MLog S.A.**

Notes to quarterly financial information

March 31, 2017'

(In thousands of Reais, except when otherwise indicated)

### **26. Information by segment**

The Company operates in the mining, logistics and oil & gas segments and the business revenues are exclusively from the oil & gas segment.

Management notes that the value attributed to the mining segment refers exclusively to reversal of impairment in 2016, as mentioned in Notes 10 and 11 of those financial statements. Other assets and revenues from external customers are therefore attributed to the oil and gas segment.

### **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.

Patrícia Tendrich Pires Coelho  
Chief Executive Officer

Julia Souza de Paiva  
Chief Administrative and Financial Officer