

Dear Shareholders,

The Management of MLog S.A. ("MLog" or "Company"), jointly with its direct or indirect subsidiaries Morro do Pilar (Iron Ore Project, "MOPI"), North Capixaba Development Company (Industrial District Project and Porto Multiplo in Linhares, "CDNC"), Asgaard Offshore (Offshore Shipping Company, "Asgaard"), CNA - Companhia de Navegação do Amazônia (Iland Shipping Company, "CNA") and Marsil Mining EIRELI ("Marsil"), in compliance with legal and statutory provisions, hereby submits the Management Report and its Consolidated Quarterly Financial Statements, accompanied by the Independent Auditors' Report, all referring to the quarter ended June 30, 2019. All figures mentioned in this report, related to the Company's Financial Statements, are presented in thousands of reais, unless otherwise indicated.

## 1. Message from the Management

The second quarter of 2019 was another quarter operationally in line with previous ones for our shipping segment, composed of the subsidiaries CNA and Asgaard.

In the mining segment, we had two main fronts until July, 2019. One, small-scale iron ore production through Marsil. In the other, the development of the Company's largest asset, the Morro do Pilar Project, a high-quality and large-scale iron ore.

At Marsil, a company that was experiencing severe financial and operational stress when acquired, we had another quarter of optimization of the operation, in search of expected results. As in the previous quarter, the speed of operational evolution was negatively impacted by Bocaiuva's failure to complete the process of adjusting the company's financial debt position.

The persistence of this scenario led the Company's management to act more emphatically against Bocaiuva, which culminated in the termination of MLog's Marsil acquisition agreement, according to Material Fact published on July 17, 2019. Also as a result of the termination, Bocaiuva ceased to be part of MLog's indirect shareholding.

In the mining activity we continue to evolve in the studies and work required for future protocol of the Morro do Pilar Project ("MOPI") Installation License ("LI"), now expected to be filed in the third quarter of this year. As mentioned in the previous quarter's Management Report, the Company made the decision to postpone the MOPI Project's Installation License ("LI") protocol, previously expected in early 2019. Following Vale's accident in Brumadinho, the additional time was used to advance with the studies and operational design for drying all slime tailings produced by MOPI, making the slime dam structure no longer necessary for the tailings storage.

As the execution of the MOPI Project will require a substantial amount of capital, the Company hired Bank of America Merrill Lynch as an adviser in a fundraising process specifically directed to the development and implementation of the MOPI Project.

The Company actively seeks opportunities for organic and inorganic growth (mergers and acquisitions) for its assets.

In the shipping activity, the generation of AFRMM credits by CNA guarantees the companies capacity for growth, since these credits can be used not only for the construction of new vessels but also for the payment of interest and interest on loans used for the construction of Brazilian vessels.

We are also attentive to the additional opportunities in the mining sector where the global macro-economic changes and the quality of the MOPI Project can be differentiators that sustain the company's vertical growth.

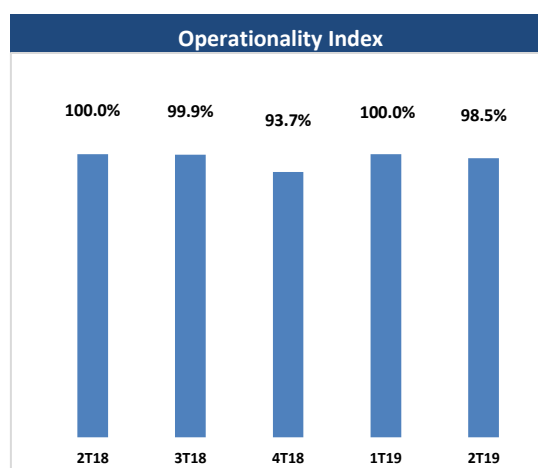
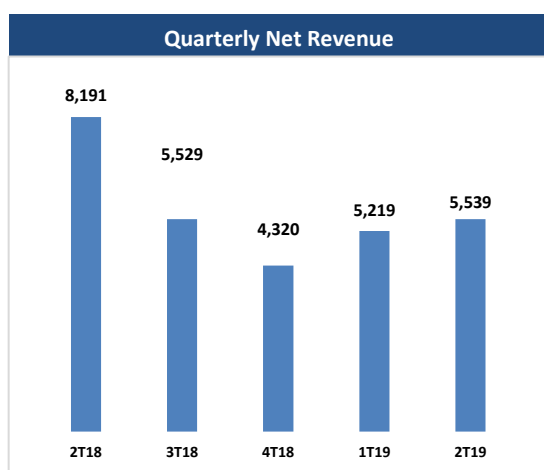
## 2. Operational Performance

Below are the main operational indicators and comments of our subsidiaries for the last quarter.

### i. Asgaard Shipping



Operating since March 2016, OSRV Asgaard Sophia has been showing positive operating rates, as shown in the charts below.



## ii. CNA – Amazon Shipping Company

CNA continues to operate its assets at levels close to the limit given the current regional conditions, both climatic and storage infrastructure. Any significant growth in future revenue will be contingent on increased installed capacity.

An important part of the CNA result is the Merchant Marine Renewal Freight Additional ("AFRMM"), mainly governed by Law 10.893 of 2004. The AFRMM is a federal tax on maritime freight that aims to support the development of merchant marine and the Brazilian shipbuilding and repair industry, and is a basic source of the Merchant Marine Fund (FMM).

AFRMM rates vary depending on the type of product, transportation and region of origin or destination. In the fluvial transport activity of liquid bulk in the North, the AFRMM incident rate is 40% of the freight price. The additional freight generated by the services provided by CNA is subsequently credited to a linked account of the company with Banco do Brasil and may be used by the CNA, its affiliates or its parent company, mainly for:

The acquisition of new vessels, for own use, built in Brazilian shipyards;

for intervention (jumbORIZATION, conversion, modernization, docking or repair) of own vessel in a Brazilian shipyard;

for the payment of principal installment and financing charges granted with FMM funds.

The AFRMM accounting follows the rules of CPC 07 (IAS 20). When the freight service is finalized, the receivable amount of AFRMM is recognized simultaneously in long-term assets and non-current liabilities as deferred revenue, not impacting, at the initial moment, the result of the CNA. In an average term of approximately 30 months, this AFRMM loan is deposited in the linked account of CNA with Banco do Brasil. At this point the AFRMM becomes available for use as permitted.

When AFRMM is used, the non-current liability that was offset against its launch 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 deferred AFRMM revenue.

After the first year of use of the vessel, property, plant and equipment will indicate R\$95 (R\$100 - R\$5 depreciation). The liability will also be reduced by the same amount of depreciation, starting at R\$95. As a counterpart to this reduction in liabilities, the amount of R\$5 in Net Revenue will be posted to income.

That is, although the cash effect of the use of AFRMM occurs in approximately 30 months and its use does not generate a financial liability for the company, the release of

the amounts of this economic benefit to the shareholders occurs in the accounting throughout the useful life of the asset.

**iii. MOPI - Pilar Hill Mining**



In the mining segment, in parallel to our strategy of developing alternative logistics that utilize existing installed capacity in the industry, we have evolved towards the filling of the Installation License ("LI") of the Morro do Pilar Project. Our efforts were divided into two main fronts: (i) extension of the validity of the MOPI Preliminary License ("LP"), and (ii) execution of the studies and activities necessary to fulfill all the conditions of the Project LP.

On May 10, 2018, the Mining Activities Chamber (CMI) of the State Council for Environmental Policy (COPAM) of the State of Minas Gerais approved the extension of the Preliminary License of the MOPI Project for an additional year, which would occur in 6 of November 2018.

During the year 2018, the Company carried out the studies and almost all activities related to compliance with the requirements of the Project LP, but the Administration opted to postpone the filing for the LI within the current year.

As mentioned in the previous quarter's Performance Report, the Company decided to postpone the filing of MOPI Project's LI, initially expected in early 2019, taking advantage of the additional time to advance with the studies and operational design for drying all the slime tailings produced by MOPI, making the slime dam structure no longer necessary for tailings storage. We believe the project's LI request will be filed throughout the third quarter of 2019.

As the execution of the MOPI Project will require a substantial amount of capital, the Company contracted the Bank of America Merrill Lynch as an advisor in the structuring of fundraising specific to the Project.

**iv. Marsil Mining**



The Marsil is a small mining company located in the region known as the Iron Quadrangle, near the municipality of Itabira, in Minas Gerais.

Acquired in April 2018 and after a scheduled stop for improvements, the company resumed operations in September of the same year.

In this second quarter, we continued the work of optimizing the operation toward the expected results. On the operational side, Marsil continued to evolve, but at a speed negatively impacted by Bocaiuva's failure to complete the process of adjusting its financial debt position, as agreed on the acquisition of Marsil.

The acquisition of Marsil was made in such a way that the company became part of the MLog group free of known or unknown contingent liabilities and debts. In the acquisition, the Bocaiuva Group assumed responsibility for the payment of Marsil's bank debt, which totaled R\$71,770 as of June 30, 2019.

On July 5, 2018, Mr. Iracy Parreiras, indirect controller and director of the Bocaiuva Group, responsible for conducting the transaction negotiation by the Bocaiuva Group, died as a result of a sudden illness.

Following the beginning of Mr. Iracy Parreiras' inventory process, the Bocaiuva Group was unsuccessful in equalizing and assuming Marsil's liabilities. Marsil's operating activities have been negatively affected by the situation, also offering risks to MLog.

According to the Material Fact filed on July 17, 2019, the Company formalized the termination of the acquisition of Marsil, ceasing to participate in this company. With this transaction, Marsil's assets and liabilities will no longer be consolidated in MLog. As a result of the operation, Bocaiuva ceased to be part of MLog's indirect shareholding.

#### v. CDNC

The Company continues to analyze the opportunities and possibilities for project development in its Linhares site.

### 3. Consolidated Quarterly Information

#### *Result for the Period*

The Company recorded a consolidated loss of R\$7,337 in the second quarter of 2019. This result is impacted by financial income and expenses arising mainly from the debt from the acquisition of CNA, depreciation, CPC 07 (AFRMM accounting rules) and general and administrative expenses, including the holding companies and the pre-operational MOPI Project.

With the acquisition of Marsil, the Company now reports its activities in two business segments: Mining and Shipping.

The Shipping activity includes the operations of the investees CNA and Asgaard, while Mining is composed of the activities of the MOPI Project, CDNC and Marsil, that is not part of the MLog group since July, 2019.

2Q 2019 – BRL '000	Shipping	Mining	Consolidated
<b>Net Revenue</b>	<b>15,594</b>	<b>4,881</b>	<b>20,475</b>
<b>EBITDA</b>	<b>4,656</b>	<b>-3,479</b>	<b>1,177</b>
Adjustment Accounting Revenue with AFRMM Subsidy - CPC 07	-2,878		-2,878
Non-Recurring Items			0
<b>Adjusted EBITDA</b>	<b>1,778</b>	<b>-3,479</b>	<b>-1,701</b>
Depreciation / Amortization	-159	-4,033	-4,192
Financial expenses	60	23	83
Financial income	-247	-705	-952
PVA + Financial Expenses CNA Acquisition	-3,530	0	-3,530
Accounting Revenue with AFRMM Subsidy - CPC 07	2,878		2,878
Income Taxes	0	0	0
Depreciation / Amortization	77	0	77
<b>Net Profit/Loss</b>	<b>857</b>	<b>-8,194</b>	<b>-7,337</b>
AFRMM Generated in Period	4,065	0	4,065
PVA + Financial Expenses CNA Acquisition	3,530		3,530
Non-Recurring Revenue / Expenses	0		0
Adjustment Depreciation / Revenue AFRMM Grant CPC07	-2,719		-2,719
<b>Economic Result</b>	<b>5,733</b>	<b>-8,194</b>	<b>-2,461</b>

1 <sup>st</sup> Semester 2019 – BRL ´000	Shipping	Mining	Consolidated
<b>Net Revenue</b>	<b>29,752</b>	<b>8,286</b>	<b>38,038</b>
<b>EBITDA</b>	<b>7,087</b>	<b>-6,624</b>	<b>463</b>
Adjustment Accounting Revenue with AFRMM Subsidy - CPC 07	-5,181		-5,181
Non-Recurring Items	-255		-255
<b>Adjusted EBITDA</b>	<b>1,651</b>	<b>-6,624</b>	<b>-4,973</b>
Depreciation / Amortization	-2,810	-4,385	-7,195
Financial expenses	94	64	158
Financial income	-705	-1,170	-1,875
PVA + Financial Expenses CNA Acquisition	-7,034		-7,034
Accounting Revenue with AFRMM Subsidy - CPC 07	5,181		5,181
Income Taxes	255	0	255
Depreciation / Amortization	79		79
<b>Net Profit/Loss</b>	<b>-3,289</b>	<b>-12,115</b>	<b>-15,404</b>
AFRMM Generated in Period	7,325		7,325
PVA + Financial Expenses CNA Acquisition	7,034		7,034
Non-Recurring Revenue / Expenses	-255		-255
Adjustment Depreciation / Revenue AFRMM Grant CPC07	-2,371		-2,371
<b>Economic Result</b>	<b>8,444</b>	<b>-12,115</b>	<b>-3,671</b>

#### *Cash and cash equivalents*

The Company closed the first quarter of 2019 with a consolidated cash position of R\$3,875.

#### *Short Term Assets and Liabilities*

The Company closed the second quarter of 2019 with a consolidated volume of current assets greater than current liabilities. A significant portion of the Company's current assets, however, is represented by AFRMM - Freight Additional of the Merchant Navy, whose use is restricted. Additionally, Mining activity has a significant portion of its assets still in the pre-operational stage (MOPI Project), which demand investments from MLog. The Company's ability to convert AFRMM into free cash and to access other capital channels may influence the speed and ability to execute its investment plan.

#### *Bank loans*

The Company ended the quarter with bank debt of R\$78,608. Of this total, R\$71,770 refers to Marsil's indebtedness, which as per Material Fact disclosed by the Company and Subsequent Events Note in its Notes to this quarterly financial information, is no longer part of the MLog group since July 2019.

#### **4. Social and Environmental Responsibility**

As a way of reinforcing the Company's commitment to the best socio-environmental practices, MLog voluntarily adhered to the United Nations Global Compact. 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. Capital Markets and Corporate Governance**

MLog is a publicly-held company registered with the Brazilian Securities and Exchange Commission (CVM). In the first quarter of 2017, the listing of the Company's shares on BM&FBovespa was not renewed.

The Company's Board of Directors, elected at the Annual Shareholders' Meeting held on April 30, 2019, is currently composed of five members, all with a mandate until the next Annual General Meeting, re-election permitted. Current members of this Board are: Luiz Claudio Souza Alves, Chairman of the Board of Directors, Alvaro Piquet, Otavio Paiva, Patricia Tendrich Pires Coelho and Eduardo Borges.

On May 7, 2019, the Company's Board of Directors elected the Executive Officers for a term to be terminated after the Company's next Annual Shareholders' Meeting. The current Executive Officers are: Elias David Nigri (Interim CEO), Luiz Claudio Souza Alves (Deputy CEO), Julia Souza de Paiva (CFO), Sabrina Juhasz (General Counsel) and Gustavo Barbeito de Vasconcellos Lantimant Lacerda (CIO/IRO).

#### **6. Commitment Clause**

The Company, its shareholders, administrators and members of the Board of Directors are obliged to resolve, through arbitration, any dispute or controversy that may arise between them, related to, or arising from, in particular, the application, validity, effectiveness, interpretation, violation and its effects of the provisions contained in the Bylaws, shareholders' agreements filed at the Company's headquarters, Brazilian Corporate Law, standards issued by the National Monetary Council, the Central Bank of Brazil or CVM, of the CVM, in the BM&FBovespa regulations, in the other



rules applicable to the operation of the capital market in general, in the Arbitration Clauses and in the Arbitration Rules of the Market Arbitration Chamber, conducted pursuant to the latter Regulation

## **7. Independent Auditors**

In compliance with CVM Instruction 381 of 2003, the Company informs that KPMG Auditores Independentes provides external audit services to the Company related to the examination of its financial statements.

Rio de Janeiro, August 16, 2019.

The Administration



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

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

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

### **Introduction**

We have reviewed the interim accounting information, individual and consolidated, of MLog S.A ("the Company"), identified as Parent Company and Consolidated, respectively, included in the quarterly information form - ITR for the quarter ended June 30, 2019, which comprises the balance sheet as of June 30, 2019 and the respective statements of income and comprehensive income, statements of changes in shareholders' equity and of cash flows for the six-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) 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 - Statements of added value**

The individual and consolidated statements of value added for the quarter ended June 30, 2019, 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, August 14, 2019

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

(Original report in Portuguese signed by)  
Thiago Ferreira Nunes  
Accountant CRC RJ-112066/O-0

**Quarterly Financial Information**

**MLog S.A.**

**June 30, 2019**

**with Independent Auditor's Report Quarterly Financial Information**

# **MLog S.A.**

## Quarterly financial information

June 30, 2019

### Contents

Independent auditor's report on review of quarterly financial information ..... 2

### Quarterly financial information

Balance sheets ..... 4

Statements of operations ..... 5

Statements of comprehensive income ..... 6

Statements of changes in equity ..... 7

Statements of cash flows ..... 8

Statements of added value ..... 9

Notes to quarterly financial information ..... 10

**MLog S.A.**

Balance sheets - June 30, 2019 and December 31, 2018

(In thousand Reais)

Assets	Nota	Parent company		Consolidated	
		2019	2018	2019	2018
<b>Current assets</b>					
Cash and cash equivalents	4	122	2,061	3,875	11,289
AFRMM deposits in escrow account	5	-	-	66,635	13,689
Trade accounts receivable	6	-	-	8,572	6,545
Advances to suppliers		48	16	941	337
Inventories		-	-	1,294	1,440
AFRMM to be released	5	-	-	-	24,052
Related parties' loans	12	4,388	4,172	1,029	975
Anticipation of receivables	7	1,785	2,364	9,939	11,420
Recoverable taxes		-	-	818	818
Prepaid expenses		17	92	1,611	605
Rights in the deal	1	-	-	82,429	79,354
Other		598	15	1,410	481
<b>Total current assets</b>		<b>6,958</b>	<b>8,720</b>	<b>178,553</b>	<b>151,005</b>
<b>Non-current assets</b>					
Advances for future capital increase	8	1,224	1,945	-	-
Judicial deposits		-	-	2,359	2,340
Recoverable taxes	7	-	-	142	141
AFRMM to be released	5	-	-	4,199	20,608
Judicial Deposit		312	312	752	752
Investments	8	214,958	216,755	-	-
Property, plant and equipment	9	1,813	2,001	212,529	224,778
Intangible assets	10	766,950	725,806	869,637	829,881
<b>Total non-current assets</b>		<b>985,257</b>	<b>946,819</b>	<b>1,089,618</b>	<b>1,078,500</b>
<b>Total current</b>		<b>992,215</b>	<b>955,539</b>	<b>1,268,171</b>	<b>1,229,505</b>

**MLog S.A.**

Balance sheets - June 30, 2019 and December 31, 2018  
(In thousand Reais)

Liabilities	Nota	Parent company		Consolidated	
		2019	2018	2019	2018
<b>Current liabilities</b>					
Trade accounts payable	13	419	720	7,905	7,392
Bank loans and financing	1	-	-	76,258	71,157
Employee-related accruals		1,236	115	7,984	4,293
Tax liabilities		26	175	4,093	5,487
Related parties' loans	12	44,171	36,292	-	-
Advances from customers		-	-	1,704	1,310
Provisions	17	1,006	918	3,864	3,727
Obligations on acquisition of investments	14	55,931	31,985	55,931	31,985
Other	16	6,822	1,678	9,577	3,586
<b>Total current liabilities</b>		<b>109,611</b>	<b>71,883</b>	<b>167,316</b>	<b>128,937</b>
<b>Non-current liabilities</b>					
Bank loans and financing	1	-	-	2,350	562
Trade accounts payable	13	-	-	700	2,799
Provision for losses on investments	8	1,643	1,648	-	-
Deferred income tax and social contribution	11	-	-	-	89
Refunds to clients	18	-	-	5,875	5,875
Tax liabilities		-	-	380	503
Government subsidies to be appropriated- AFRMM	5	-	-	204,731	203,150
Obligations on acquisition of investments	14	43,332	61,039	43,332	61,039
Other	16	19,757	-	20,879	1,122
Provisions	17	19,242	6,935	23,972	11,389
<b>Non-current liabilities</b>		<b>83,974</b>	<b>69,622</b>	<b>302,219</b>	<b>286,528</b>
<b>Equity</b>	19				
Capital stock		1,161,678	1,161,678	1,161,678	1,161,678
Share-based compensation reserve		25,308	25,308	25,308	25,308
Accumulated losses		(388,356)	(372,952)	(388,356)	(372,952)
<b>Equity attributable to controlling shareholders</b>		<b>798,630</b>	<b>814,034</b>	<b>798,630</b>	<b>814,034</b>
Non-controlling shareholder interest		-	-	6	6
<b>Total equity</b>		<b>798,630</b>	<b>814,034</b>	<b>798,636</b>	<b>814,040</b>
<b>Total liabilities and equity</b>		<b>992,215</b>	<b>955,539</b>	<b>1,268,171</b>	<b>1,229,505</b>

**MLog S.A.**

## Statements of operations

Six months period ended June 30, 2019 and 2018

(in thousand Reais, except for loss per share, in Reais)

		<u>Parent company</u>		<u>Consolidated</u>	
	<b>Nota</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net operating income	<b>20</b>	-	-	38,038	31,816
Cost of services	<b>20</b>	-	-	(37,122)	(29,746)
<b>Gross profit</b>		<u>-</u>	<u>-</u>	<u>916</u>	<u>2,070</u>
<b>Operating expenses</b>					
Personnel	<b>25</b>	(2,761)	(3,657)	(8,976)	(9,603)
Services rendered		(788)	(2,124)	(1,281)	(2,506)
General and administrative		(590)	(1,453)	(2,473)	(3,427)
Depreciation and amortization		(235)	(453)	(346)	(591)
Taxes		(29)	(102)	(334)	(401)
<b>Other operating income (expenses)</b>					
Equity results in subsidiaries	<b>8</b>	(2,919)	6,403	-	-
Government subsidies - AFRMM	<b>5</b>	-	-	5,181	5,981
Other operating income		-	-	581	230
		<u>(7,322)</u>	<u>(1,386)</u>	<u>(7,648)</u>	<u>(10,317)</u>
<b>Operating loss before financial results</b>		<b>(7,322)</b>	<b>(1,386)</b>	<b>(6,732)</b>	<b>(8,247)</b>
<b>Financial income and expenses</b>					
Financial income	<b>21</b>	85	562	158	7,963
Financial expenses	<b>22</b>	(8,167)	(7,603)	(8,909)	(7,922)
		<u>(8,082)</u>	<u>(7,041)</u>	<u>(8,751)</u>	<u>41</u>
<b>Loss before income tax and social contribution</b>		<b>(15,404)</b>	<b>(8,427)</b>	<b>(15,483)</b>	<b>(8,206)</b>
<b>Income tax and social contribution</b>	<b>11</b>				
Current		-	-	(88)	(342)
Deferred		-	-	167	136
		<u>-</u>	<u>-</u>	<u>79</u>	<u>136</u>
<b>Loss for the period</b>		<b><u>(15,404)</u></b>	<b><u>(8,427)</u></b>	<b><u>(15,404)</u></b>	<b><u>(8,412)</u></b>
<b>Loss attributable to:</b>					
Shareholders of the Parent company				(15,404)	(8,427)
Non-controlling shareholder interest				-	15
Loss per share (basic and diluted))	<b>19</b>	(5.31)	(2.91)		

See accompanying notes.



## MLog S.A.

Statements of operations

Three-months period ended June 30, 2019 and 2018

(in thousand Reais, except for loss per share, in Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
Nota	2019	2018	2019	2018
Net operating income	-	-	20,475	17,366
Cost of services	-	-	(19,101)	(15,466)
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>1,374</b>	<b>1,900</b>
<b>Operating expenses</b>				
Personnel	(1,356)	(1,805)	(4,377)	(4,992)
Services rendered	(269)	(1,524)	(502)	(1,770)
General and administrative	(356)	(1,054)	(1,346)	(1,768)
Depreciation and amortization	(110)	(211)	(166)	(282)
Taxes	(10)	(102)	(216)	(275)
<b>Other operating income (expenses)</b>				
Equity results in subsidiaries	(1,188)	7,445	-	-
Government subsidies - AFRMM	-	-	2,878	2,759
Other operating expenses	-	-	(660)	36
	<b>(3,289)</b>	<b>2,749</b>	<b>(4,389)</b>	<b>(6,292)</b>
<b>Operating loss before financial results</b>	<b>(3,289)</b>	<b>2,749</b>	<b>(3,015)</b>	<b>(4,392)</b>
<b>Financial income and expenses</b>				
Financial income	46	181	83	7,429
Financial expenses	(4,094)	(3,767)	(4,482)	(3,877)
	<b>(4,048)</b>	<b>(3,586)</b>	<b>(4,399)</b>	<b>3,552</b>
<b>Loss before income tax and social contribution</b>	<b>(7,337)</b>	<b>(837)</b>	<b>(7,414)</b>	<b>(840)</b>
<b>Income tax and social contribution</b>				
Current	-	-	(4)	(49)
Deferred	-	-	81	68
	<b>(7,337)</b>	<b>(837)</b>	<b>(7,337)</b>	<b>(821)</b>
<b>Loss for the period</b>	<b>(7,337)</b>	<b>(837)</b>	<b>(7,337)</b>	<b>(821)</b>
<b>Loss attributable to:</b>				
Shareholders of the Parent company			(7,337)	(837)
Non-controlling shareholder interest			-	16
Loss per share (basic and diluted))	<b>19</b>	(2.53)	(0.29)	

See accompanying notes.

**MLog S.A.**

Statements of comprehensive income  
Six months period ended June 30, 2019 and 2018  
(in Thousand Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Loss for the period	(15,404)	(8,427)	(15,404)	(8,412)
<b>Other comprehensive income</b>				
Cumulative translation adjustments	<u>-</u>	<u>(6,575)</u>	<u>-</u>	<u>(6,592)</u>
<b>Comprehensive loss for the year</b>	<u><b>(15,404)</b></u>	<u><b>(15,002)</b></u>	<u><b>(15,404)</b></u>	<u><b>(15,004)</b></u>
<b>Comprehensive loss attributable to:</b>				
Shareholders of the Parent company			(15,404)	(15,002)
Non-controlling shareholder interest			-	(2)

Statements of comprehensive income  
Three months period ended June 30, 2019 and 2018  
(in Thousand Reais)

	<u>Consolidated</u>		<u>Consolidated</u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Loss for the period	(7,337)	(837)	(7,337)	(821)
<b>Other comprehensive income</b>				
Cumulative translation adjustments	<u>-</u>	<u>(6,671)</u>	<u>-</u>	<u>(6,688)</u>
<b>Comprehensive loss for the year</b>	<u><b>(7,337)</b></u>	<u><b>(7,508)</b></u>	<u><b>(7,337)</b></u>	<u><b>(7,509)</b></u>
<b>Comprehensive loss attributable to:</b>				
Shareholders of the Parent company			(7,337)	(7,508)
Non-controlling shareholder interest			-	(1)

See accompanying notes.

**MLog S.A.**

Statements of changes in equity

Six months period ended June 30, 2019 and 2018

(In Thousand Reais)

	<u>Capital stock</u>								
	<u>Subscribed</u>	<u>To be paid</u>	<u>Capital reserve</u>	<u>(-) Equity issuance costs</u>	<u>Share-based compensation reserve</u>	<u>Accumulated losses</u>	<u>Cumulative translation adjustments</u>	<u>Non-controlling shareholder interest</u>	<u>Total</u>
<b>At December 31, 2017</b>	1,276,193	(127,894)	-	(36,464)	25,308	(353,876)	7,088	(99)	<b>790,256</b>
capital increase	-	42,632	7,211	-	-	-	-	-	<b>49,843</b>
Translation adjustments	-	-	-	-	-	-	(6,575)	(17)	<b>(6,592)</b>
Loss for the period	-	-	-	-	-	(8,427)	-	15	<b>(8,412)</b>
<b>At June 30, 2018</b>	<b><u>1,276,193</u></b>	<b><u>(85,262)</u></b>	<b><u>7,211</u></b>	<b><u>(36,464)</u></b>	<b><u>25,308</u></b>	<b><u>(362,303)</u></b>	<b><u>513</u></b>	<b><u>(101)</u></b>	<b><u>825,095</u></b>
<b>At December 31, 2018</b>	1,276,193	(85,262)	7,211	(36,464)	25,308	(372,952)	-	6	<b>814,040</b>
Loss for the period	-	-	-	-	-	(15,404)	-	-	<b>(15,404)</b>
<b>At June 30, 2019</b>	<b><u>1,276,193</u></b>	<b><u>(85,262)</u></b>	<b><u>7,211</u></b>	<b><u>(36,464)</u></b>	<b><u>25,308</u></b>	<b><u>(388,356)</u></b>	<b><u>-</u></b>	<b><u>6</u></b>	<b><u>798,636</u></b>

See accompanying notes.

# MLog S.A.

## Statements of Cash Flows

Six months period ended June 30, 2019 and 2018

(In Thousand Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>				
Loss for the year	(15,404)	(8,427)	(15,404)	(8,412)
<b>Adjustments to reconcile the loss for the year to cash from operating activities</b>				
Depreciation and amortization	235	453	14,224	5,999
Fixed Assets sales	-	15	50	215
Government subsidies - AFRMM	-	-	(5,181)	(5,981)
Interest payable	7,521	7,248	507	7,932
Unrealized exchange variance	-	-	96	(6,604)
Equity results in subsidiaries	2,919	(6,403)	-	-
Income from the AFRMM linked account	-	-	37	-
Deferred income tax and social contribution	-	-	(167)	(136)
<b>Changes in assets and liabilities</b>				
Recoverable taxes	579	1,135	1,604	261
Inventories	-	-	146	(118)
Prepaid expenses	75	85	(1,006)	(760)
Other assets	(583)	(46)	(928)	968
Trade accounts receivable	-	-	(2,027)	12,502
Judicial deposits	-	444	(19)	444
Advances to suppliers	(32)	28	(604)	63
Receipt of AFRMM subsidies	-	-	1,254	4,020
Trade accounts payable	(36)	(123)	(1,495)	(13,217)
Employee-related accruals	1,121	(431)	3,675	492
Tax liabilities	(119)	(542)	(1,594)	(332)
Interest on loans with related parties	211	172	(55)	(51)
Transaction cost	-	-	-	(64)
Advances from customers	-	-	394	(59)
Other liabilities	-	(74)	854	980
Provisions	88	859	364	859
<b>Net cash used in operating activities</b>	<b>(3,425)</b>	<b>(5,607)</b>	<b>(5,275)</b>	<b>(999)</b>
<b>Cash flows from investing activities</b>				
Advances for future capital increase and capital increase in subsidiaries	(406)	(1,369)	-	-
Loans with related parties - granted	(10,732)	(11,121)	-	-
Anticipation of receivables	-	-	-	(818)
Acquisition of investments	-	(50,000)	-	(50,000)
Acquisition of property, plant and equipment	(2)	-	(607)	(248)
Additions to intangible assets	(4,763)	(1,539)	(4,763)	(1,543)
<b>Net cash from investing activities</b>	<b>(15,903)</b>	<b>(64,029)</b>	<b>(5,370)</b>	<b>(52,609)</b>
<b>Cash flows from financing activities</b>				
Payment of Bank loan	-	-	(1,124)	-
Bank loan	-	-	5,150	-
Capital payment	-	49,843	-	49,843
Amortization in the acquisition of investment	(795)	(13,018)	(795)	(13,018)
Loans with related parties - received	18,184	11,568	-	156
<b>Net cash from in financing activities</b>	<b>17,389</b>	<b>48,393</b>	<b>3,231</b>	<b>36,981</b>
<b>Decrease in cash and cash equivalents</b>	<b>(1,939)</b>	<b>(21,243)</b>	<b>(7,414)</b>	<b>(16,627)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,061</b>	<b>21,324</b>	<b>11,289</b>	<b>34,440</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>122</b>	<b>81</b>	<b>3,875</b>	<b>17,813</b>

See accompanying notes.

## MLog S.A.

Statements of value added (supplementary information for IFRS purposes)

Six months period ended June 30, 2019 and 2018

(In thousands of Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Operating income</b>				
Services	-	-	43,221	38,608
<b>Inputs acquired from third parties</b>				
Cost of the services	-	-	(31,776)	(20,624)
General and administrative expenses	(1,354)	(3,552)	(2,556)	(5,272)
<b>Other income</b>				
Government subsidies - AFRMM	-	-	5,181	5,981
Depreciation and amortization	(235)	(453)	(346)	(591)
<b>Transferred added value received</b>				
Net financial income	(8,082)	(7,041)	(1,737)	41
Equity results in subsidiaries	(2,919)	6,403	-	-
<b>Total added value to be distributed</b>	<b>(12,590)</b>	<b>(4,643)</b>	<b>11,987</b>	<b>18,143</b>
<b>Distribution of added value</b>				
<b>Personnel</b>				
Direct remuneration	43	39	9,804	8,890
Management fees	2,256	2,799	2,636	3,454
Benefits	229	251	5,367	4,488
Accrued severance indemnity (FGTS)	3	3	954	953
	<b>2,531</b>	<b>3,092</b>	<b>18,761</b>	<b>17,785</b>
<b>Tax</b>				
Federal	240	650	6,219	5,602
State	-	-	1,992	1,969
Municipal	5	6	47	916
<b>Third-party capital remuneration</b>				
Leases	38	36	372	283
<b>Loss for the period attributable to:</b>				
Shareholders of the Parent company	(15,404)	(8,427)	(15,404)	(8,427)
Non-controlling shareholder interest	-	-	-	15
	<b>(12,590)</b>	<b>(4,643)</b>	<b>11,987</b>	<b>18,143</b>

See accompanying notes.

## **MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

### **1. Operational Context**

MLog SA ("Company") has full control of the companies Morro do Pilar Minerais AS ("MOPI"), Companhia de Desenvolvimento do Norte Capixaba ("CDNC"), Dutovias do Brasil AS ("Dutovias"), Asgaard Navegação SA ("Asgaard"), and Mineração Marsil EIRELI ("Marsil"), MLOG also has indirect participation in the Companhia de Navegação da Amazônia - CNA ("CNA") through its subsidiary Asgaard.

The subsidiary CDNC is not operational, and it owns a land in the municipality of Linhares, Espírito Santo. The subsidiaries MOPI, Dutovias and Marsil operate in the mining segments. The subsidiaries Asgaard, and CNA operate in the navigation segment through chartering and operation of maritime support vessels for the oil and gas industry, as in the case of Asgaard, while CNA operates in the fluvial transport (crude oil, its by-products and biofuels).

On April 4<sup>th</sup> of 2017, Asgaard entered into an agreement with Petrobras for four years, renewable for the same period, for the operation of the vessel Asgaard Sophia, which had been operating for the same customer since March 2016 through a short-term contract.

Regarding the Iron Ore Project "Morro do Pilar", the Company continues to work to meet the conditions of the prior license ("LP") obtained in November 2014, necessary for the application for the grant of the Investments License Installation ("LI"), Note 16.

The Company presents accumulated losses in these financial statements of R\$ 388,356, (R\$ 372,952 in December 2018).

Management understands that the recovery of amounts recorded in non-current assets depends on the ability to execute its long-term business plan for mining shipping activities.

The Company closed first quarter 2019 with a consolidated volume of current assets greater than current liabilities. A significant portion of the Company's current assets, however, is represented by AFRMM credits, whose use is restricted. Additionally, Mining activity has a significant portion of its assets still in the pre-operational stage (Morro do Pilar Project), which require significant investments till the beginning of its operations.

The Company's ability to convert AFRMM into free money, the subscription of subscribed capital of R\$ 85,262, foreseen for the 2019 fiscal year according to subscription bulletins and resolutions at Shareholders' Meetings, and access to other capital channels contribute to the plans in the short term and may influence the speed and ability to execute its investment plan.

The Company understands that the bases of operational continuity are adequate, taking into consideration the cash flow forecast and the financial support of the shareholders, so that the Company can fulfill its obligations.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**Business combination – acquisition of Marsil**

The Company acquired all the shares issued by Mineração Marsil EIRELI, as approved at a meeting of the Board of Directors held on April 23, 2018.

In the acquisition of Marsil, the Bocaiuva Group contractually assumed before MLog the responsibility not only for the repayment of the bank's total bank loans, which totaled R\$ 71,770 on June 30, 2019 (R\$ 68,907 on December 31<sup>st</sup> 2018) on restated amounts, but also for other liabilities of various types existing at Marsil until the date of its acquisition, in the amount of R\$ 5,839 (R\$ 5,689 on December 31<sup>st</sup> 2018) totaling R\$ 77,609 to be paid by Bocaiuva. This amount is substantially represented in the consolidated current liabilities in the Bank Loans line and the balance to be offset by Bocaiuva the Company, of the same amount, in the Law line in the business transaction in the consolidated current assets.

Marsil, a company founded 46 years ago and operating in the District of Hematita, Antônio Dias Municipality, in the State of Minas Gerais, is a mining company with a history of annual production of about 200,000 tons of iron ore with a content of 64.5 % Fe. Marsil has a team composed of 98 employees, responsible for the operation of its mine and beneficiation plant.

This transaction is in line with the Company's Business Plan and its signature was approved by the Company's Board of Directors, pursuant to Article 18 (p) of its Bylaws.

The acquisition price recognized at fair value, including contingent consideration, was R\$ 50,000 paid on demand.

The acquisition price of R\$ 50,000 was deferred, in accordance with current legislation and accounting pronouncements, as follows:

- R\$ 3,803: Book value at the date of acquisition
- R\$ 8,033: Goodwill arising from the fair value of the net assets of the investee (assessed as set forth in CPC 15 - Business Combination)
- R\$ 38,164: Intangible assets related to the Mining Rights belonging to the Company (assessed as provided for in CPC 15 - Business Combination)

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

The acquisition price was R\$ 50,000.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

The fair value of the investee's net assets, as stated in CPC 15 (Business Combination), is as follows:

	<b>Base Acquisition date, April 25<sup>th</sup>, 2018</b>	
	<b>Accounting value</b>	<b>Fair value</b>
<b>ASSETS</b>		
<b>Current</b>		
Accounts receivables	454	454
Advance to suppliers	56	56
Recoverable taxes	57	57
Judicial deposits	440	440
Rights in the deal (1)	67,180	67,180
Other	30	30
	<b>68,217</b>	<b>68,217</b>
<b>Non-current</b>		
Related parties loans		
Property, plant and equipment	694	694
Intangible	4,294	12,327
<b>Non-current</b>	-	38,164
	<b>4,988</b>	<b>51,185</b>
<b>LIABILITIES</b>		
<b>Circulante</b>		
<b>Current</b>		
Supplier	371	371
Supplier	62,651	62,651
Loans and financing <sup>1</sup>	1,827	1,827
Payroll and related taxes	2,538	2,538
Tax obligations	341	341
Labor provision	110	110
	<b>67,838</b>	<b>67,838</b>
<b>Non-current</b>		
Tax obligations	442	442
Other payables	1,122	1,122
	<b>1,564</b>	<b>1,564</b>
<b>NET ASSET</b>	<b>3,803</b>	<b>50,000</b>

(1) Update of the amounts reflected for 06/30/2019 in the consolidated balance sheet.

As explained above and in Explanatory Note 23, in the Private Instrument of Assignment and Definitive Transfer of Corporate Shares executed between MLog and Bocaiuva, Bocaiuva was responsible for the total's debts of Marsil, as well as of any and all contingencies, whether accounted for, prior to the date of acquisition.

On 30 st of June 2019, Marsil's total bank indebtedness, liabilities and contingencies totaled approximately R\$ 71,770.

MLog has not paid any payment of bank indebtedness, and the Company's management will act in a way to guarantee the rights of the Company in case there is any violation of the obligations assumed by Bocaiuva in the Private Instrument of Assignment and Definitive Transfer of Corporate Shares.



**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

On 19th of June 2019, MLog filed a claim against Bocaiuva towards the Market Clearing House with the purpose of obtaining the declaration of termination of the Marsil Acquisition Agreement, as per Note 27.

**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, 2018.

The Company's Management authorized the conclusion of the preparation of this quarterly information on May 15, 2019.

**3. Accounting practices**

The quarterly information is presented based on the accounting practices described in Note 3 to the audited financial statements as of December 31, 2018, plus the pronouncements that came into effect on 01/01/2019.

**Accounting judgment, estimates and assumptions**

The preparation of the individual and consolidated quarterly information, in accordance with IFRS and accounting practices adopted in Brazil, requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews with respect to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

In line with the Financial Statements of December 31, 2018 Management does not expect a significant impact on its balance sheet or shareholders' equity when applying the classification and measurement requirements of IFRS 16 / CPC 06 (R2).

All the contracts of the Group companies were analyzed, and since all of them are related to the provision of services, there is therefore no relevant impact on the CPC in question.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**4. Cash and cash equivalents**

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>12/31/2018</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
Cash	7	2,048	3,222	10,050
Cash equivalents	115	13	653	1,239
	<u>122</u>	<u>2,061</u>	<u>3,875</u>	<u>11,289</u>

The Company's management defines as "Cash and cash equivalents" the amounts held for the purpose of meeting short-term commitments and not for investment or other purposes.

The balance on June 30 and December 31, 2018 of cash equivalents, refer mostly to available funds held in cash or credit against financial institutions.

**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 06/30/2019.

	<u>Asset accounts</u>		<u>Liability account</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Non-current</u>	
	<u>AFRMM deposits in escrow account</u>	<u>AFRMM to be released</u>	<u>AFRMM to be released</u>	<u>Government subsidies to be appropriated – AFRMM (1)</u>
<b>Adjusted balance as of 12/31/2018</b>	<u>13,689</u>	<u>24,052</u>	<u>20,608</u>	<u>203,150</u>
AFRMM generated	-	-	6,869	6,869
Deposits in escrow account	54,307	(54,344)	-	-
Linked account earnings	456	-	-	456
Benefit Utilization	(1,254)	-	-	-
Recognition in profit and loss	-	-	-	(5,181)
Recivables from the parent	(563)	-	-	(563)
Transfer from long-term to short-term	-	27,401	(27,401)	-
Loss Adjustment	-	2,891	4,123	-
<b>Balance as of 06/30/2019</b>	<u>66,635</u>	<u>-</u>	<u>4,199</u>	<u>204,731</u>

(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.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

The table below shows the changes in the accounts related to AFRMM in the consolidated balance sheet during the three months period ended 06/30/2018.

	Asset accounts		Liability account
	Current	Non-current	Non-current
	AFRMM deposits in escrow account	AFRMM to be released	Government subsidies to be appropriated - AFRMM
<b>Adjusted balance as of 12/31/2016</b>	<u>90,581</u>	<u>22,978</u>	<u>1 188,621</u>
AFRMM generated			
Deposits in escrow account	32,467	(32,456)	17,346
Release of frozen assets	1,000		
Revenue from escrow account	2,377		2,377
Use of the subsidy	(96,787)		
Recognition in profit and loss			(7,796)
Transfer from long-term to short-term		32,456	(32,682)
Adjust - as per its evaluation report <sup>3</sup>		1,074	1,884
<b>Balance as of 12/31/2017</b>	<u>29,638</u>	<u>24,052</u>	<u>1 200,548</u>
AFRMM generated			
Deposits in escrow account	3,999	(3,999)	6,992
Rendimentos da conta vinculada	342		342
Use of the subsidy	(4,020)		
Recognition in profit and loss			(5,981)
Transfer from long-term to short-term			
<b>Balance as of 06/30/2018</b>	<u>29,959</u>	<u>24,052</u>	<u>201,901</u>

**6. Trade accounts receivable**

On 06/30/2019, the amounts of R\$ 4,597, R\$ 1,981 and R\$ 1,994 (R\$ 3.689, R\$ 1.818 and R\$ 1.068 on 12/31/2018) refer to the regular business of the subsidiaries CNA, Asgaard and Marsil, respectively.

	06/30/2019	12/31/2018
Trade accounts receivable	8,698	6,676
Doubtful debt	(126)	(131)
	<u>8,572</u>	<u>6,545</u>

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

The amounts in accounts receivable from clients as of 06/30/2019 have the following collection deadlines:

	<u>06/30/2019</u>	<u>12/31/2018</u>
Amounts to mature	7,062	4,934
Amounts due:		
Within 30 days	1,264	1,293
From 31 to 90 days	176	318
From 91 to 180 days	70	-
From 181 to 360 days	-	2
Over 360 days	126	129
	<u>8,698</u>	<u>6,676</u>

**7. Recoverable taxes**

	<u>Current</u>	
	<u>Parent Company</u>	
	<u>06/30/2019</u>	<u>12/31/2018</u>
<b>Withheld at source</b>		
Income tax on financial income	1,785	2,364
	<u>Asgaard</u>	
<b>Withheld at source</b>		
Income tax on financial income	560	47
Income tax on services rendered	-	1,297
Social contributions (PIS and COFINS) on services rendered	409	419
Social contribution (CSLL) on services rendered	99	488
Social security (INSS) on services rendered	98	245
<b>Refund claim</b>		
PIS and COFINS	3,543	3,524
<b>Credits</b>		
PIS and COFINS on inputs	1,445	1,438
PIS and COFINS on vessel acquisitions	30	133
	<u>CNA</u>	
<b>Refund claim</b>		
Income tax on services rendered	129	-
PIS and COFINS on services rendered	121	91
CSLL on services rendered	79	25
<b>Credits</b>		
PIS e COFINS over vessel acquisitions	155	155
Recover of IRPJ and CSLL	467	620
	<u>Marsil</u>	
<b>Refund claim</b>		
Income tax on services rendered	433	60
PIS and COFINS on services rendered	-	274
ICMS To Offset	586	240

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

	<b>Consolidated</b>	
	<b>30/06/2019</b>	<b>31/12/2018</b>
	<b>9,939</b>	<b>11,420</b>
	<b>Non-current</b>	
	<b>Companhia de Navegação da Amazônia</b>	
<b>Credits</b>		
PIS and COFINS on vessel acquisition	64	141
Deferred Taxes	78	-
	<b>Consolidated</b>	
	<b>142</b>	<b>141</b>

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

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

<b>Investments</b>	<b>Interest</b>	<b>12/31/2018</b>	<b>Capital increase</b>	<b>Equity results</b>	<b>06/30/2019</b>
Cia de Desenvolvimento do Norte Capixaba	100%	21,124	21	(5)	21,140
Morro do Pilar Minerais S.A.	100%	7,311	1,100	(396)	8,015
Asgaard Navegação S.A.	100%	139,973	-	1,508	141,481
Mineração Marsil Eireli	100%	48,347	-	(4,025)	44,322
<b>Investment Balance</b>		<b>216,755</b>	<b>1,121</b>	<b>(2,918)</b>	<b>214,958</b>
Dutovias do Brasil S.A.	100%	(1,648)	6	(1)	(1,643)
<b>Liability (1)</b>		<b>(1,648)</b>	<b>6</b>	<b>(1)</b>	<b>(1,643)</b>
		<b>215,107</b>	<b>1,127</b>	<b>(2,919)</b>	<b>213,315</b>

(1) Recognition of this liability is since 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:

	<b>MOPI</b>	<b>CDNC</b>	<b>Dutovias</b>	<b>Marsil</b>	<b>Total</b>
Balances as of 12/31/2018(*)	1,101	21	5	818	1,945
Funds remitted	399	5	2	-	406
Capitalization	(1,100)	(21)	(6)	-	(1,127)
Balances as of 06/30/2019 (*)	<b>400</b>	<b>5</b>	<b>1</b>	<b>818</b>	<b>1,224</b>

(\*) The capitalization of these balances occurs within a period not greater than one year.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**9. Property, plant and equipment****Parent company balances**

	06/30/2019			12/31/2018		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings	289	(62)	227	289	(56)	233
Machinery and equipment	1,782	(633)	1,149	1,782	(545)	1,237
Furniture and fixtures	842	(475)	367	842	(433)	409
IT equipment	528	(471)	57	526	(433)	93
Communication equipment	144	(131)	13	144	(125)	19
Leasehold improvements	1,431	(1,431)	-	1,431	(1,421)	10
	<b>5,016</b>	<b>(3,203)</b>	<b>1,813</b>	<b>5,014</b>	<b>(3,013)</b>	<b>2,001</b>

**Changes in the Parent company balances**

	Depreciation Rate	12/31/2018	Acquisition	Depreciation	06/30/2019
Buildings	4%	233	-	(6)	227
Machinery and equipment	10%	1,237	2	(90)	1,149
Furniture and fixtures	10%	409	-	(42)	367
IT equipment	20%	93	-	(36)	57
Communication equipment	20%	19	-	(6)	13
Leasehold improvements	22%	10	-	(10)	-
		<b>2,001</b>	<b>2</b>	<b>(190)</b>	<b>1,813</b>

**Consolidated balances**

	06/30/2019				12/31/2018			
	Cost	Depreciation	Goodwill (1)	Net amount	Cost	Depreciation	Goodwill (1)	Net amount
Land	30,611	-	2,439	33,050	30,611	-	2,439	33,050
Buildings	1,473	(197)	839	2,115	1,476	(119)	839	2,196
Vessel in construction	1,371	-	-	1,371	1,138	-	-	1,138
Machinery and equipment	6,644	(3,821)	4,481	7,304	6,472	(1,180)	4,481	9,773
Furniture and fixtures	1,218	(602)	17	633	1,202	(534)	17	685
IT equipment	782	(597)	(6)	179	709	(539)	(6)	164
Communication equipment	706	(225)	-	481	657	(189)	-	468
Vessels	203,342	(37,736)	-	165,606	203,340	(28,107)	-	175,233
Vehicles	91	(306)	263	48	91	(35)	263	319
Works of art	97	-	-	97	97	-	-	97
Properties	1,645	-	-	1,645	1,645	-	-	1,645
Leasehold improvements	1,431	(1,431)	-	-	1,431	(1,421)	-	10
	<b>249,411</b>	<b>(44,915)</b>	<b>8,033</b>	<b>212,529</b>	<b>248,869</b>	<b>(32,124)</b>	<b>8,033</b>	<b>224,778</b>

This capital gain refers to the breakdown of Marsil's acquisition price, mentioned in Note 1,

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

	06/30/2018				12/31/2017		
	Cost	Depreciation	Goodwill	Net amount	Cost	Depreciation	Net amount
Land	30,611	-	2,439	33,050	30,480	-	30,480
Buildings	1,476	(71)	839	2,244	289	(43)	246
Vessel in construction	-	-	-	-	212	-	212
Machinery and equipment	5,393	(724)	4,481	9,150	2,299	(435)	1,864
Furniture and fixtures	1,238	(507)	17	748	1,197	(441)	756
IT equipment	700	(486)	(6)	208	682	(422)	260
Communication equipment	668	(202)	-	466	612	(165)	447
Vessels	203,240	(22,880)	-	180,360	203,222	(17,755)	185,467
Vehicles	260	(111)	263	412	257	(78)	179
Works of art	97	-	-	97	97	-	97
Properties	1,645	-	-	1,645	1,645	-	1,645
Leasehold improvements	1,431	(1,243)	-	188	1,431	(1,063)	368
	<u>246,759</u>	<u>(26,224)</u>	<u>8,033</u>	<u>228,568</u>	<u>242,423</u>	<u>(20,402)</u>	<u>222,021</u>

**Changes in the consolidated balances**

	Depreciation rate	12/31/2018	Acquisition	Transfer e write-offs	Depreciation	Recoverable taxes	06/30/2019
Land	-	33,050	-	-	-	-	33,050
Buildings	4%	2,196	-	-	(81)	-	2,115
Vessel in construction	-	1,138	233	-	-	-	1,371
Machinery and equipment	10%	9,773	217	-	(2,640)	(46)	7,304
Furniture and fixtures	10%	685	18	(2)	(68)	-	633
IT equipment	20%	164	71	-	(56)	-	179
Communication equipment	20%	468	49	-	(36)	-	481
Vessels	5%	175,233	50	(48)	(9,629)	-	165,606
Vehicles	20%	319	-	-	(271)	-	48
Works of art	-	97	-	-	-	-	97
Properties	-	1,645	-	-	-	-	1,645
Leasehold improvements	22%	10	-	-	(10)	-	-
		<u>224,778</u>	<u>638</u>	<u>(50)</u>	<u>(12,791)</u>	<u>(46)</u>	<u>212,529</u>

	Depreciation rate	12/31/2017	Transaction Acquisition business	Acquisition	Transfer e write-offs	Depreciation	Added Value	06/30/2018
Land	-	30,480	131	-	-	-	2,439	33,050
Buildings	4%	246	1,187	-	-	(28)	839	2,244
Vessel in construction	-	212	-	-	(212)	-	-	-
Machinery and equipment	10%	1,864	2,930	179	(15)	(289)	4,481	9,150
Furniture and fixtures	10%	756	21	17	3	(66)	17	748
IT equipment	20%	260	21	-	(3)	(64)	(6)	208
Communication equipment	20%	447	-	61	(5)	(37)	-	466
Vessels	5%	185,467	-	-	18	(5,125)	-	180,360
Vehicles	20%	179	4	-	(1)	(33)	263	412
Works of art	-	97	-	-	-	-	-	97
Properties	-	1,645	-	-	-	-	-	1,645
Leasehold improvements	22%	368	-	-	-	(180)	-	188
		<u>222,021</u>	<u>4,294</u>	<u>257</u>	<u>(215)</u>	<u>(5,822)</u>	<u>8,033</u>	<u>228,568</u>

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**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 as well as mining rights from Marsil's acquisitions.

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

	12/31/2018	Additions	Amortization	06/30/2019
Expenditures related to exploration and valuation of mineral resources and prospecting rights	246,530	41,189	-	287,719
Expenditures related to licensing phase	6,404	-	-	6,404
Mining rights *	38,164	-	(1,302)	36,862
Management system (ERP)	133	-	(86)	47
Software	91	-	(45)	46
Intangible assets acquired in business combination	472,791	-	-	472,791
Goodwill on CNA acquisition	65,768	-	-	65,768
	<u>829,881</u>	<u>41,189</u>	<u>(1,433)</u>	<u>869,637</u>

The addition occurred in the quarter refers to the Agreement with the Municipality of Morro do Pilar, as described in Note 16.

	12/31/2017	Additions	Amortization	Added Value	06/30/2018
Expenditures related to exploration and valuation of mineral resources and prospecting rights	240,289	2,470	-	-	242,759
Expenditures related to licensing phase	6,404	-	-	-	6,404
Management system (ERP)	-	-	-	38,164	38,164
Software	293	4	(42)	-	255
Intangible assets acquired in business combination	227	-	(135)	-	92
Goodwill on CNA acquisition	472,791	-	-	-	472,791
Expenditures related to exploration and valuation	65,768	-	-	-	65,768
	<u>785,772</u>	<u>2,474</u>	<u>(177)</u>	<u>38,164</u>	<u>826,233</u>

**11. Income tax and Social contribution**

On 06/30/2019, the amount of tax losses and negative basis of social contribution of the Company is of the order of R\$ 382 million (R\$ 358 million as of 12/31/2018), over which, in view of the lack of expectation of future profitability, does not record deferred income tax and social contribution assets.

**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:



**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

<u>Creditor</u>	<u>Debtor</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
<b>(1) Current assets in the Parent Company</b>			
MLog	Patrícia Tendrich Pires Coelho	228	216
<b>Current assets in the consolidated</b>			
Asgaard	Maverick Holding S,A,	709	671
Asgaard	Patrícia Tendrich Pires Coelho	92	88
		<b>1,029</b>	<b>975</b>
<b>Values Eliminated on Consolidation</b>			
Asgaard	MLog	27,850	29,044
Asgaard	CNA	338	115
MLog	Marsil	4,160	3,956
CNA	MLog	16,321	7,248

The loan between MLog S.A. and Patrícia Tendrich Pires Coelho (Company Board Member) in the amount of R\$ 228 is adjusted at the CDI rate plus 5% per annum.

The loan agreement between Asgaard Navegação S.A. and Maverick Holding S.A. (shareholder of MLog) in the amount of R\$ 709 is adjusted at the CDI rate plus 5% per annum.

The loan agreement between Asgaard and Patrícia Tendrich Pires Coelho (Company Board Member) in the amount of R\$ 92, is adjusted at the CDI rate plus 5% per annum.

In addition to the above items, but not involving mutual, Management highlights the following related party event:

The parent company of the Company, Maverick Holding S.A., is the guarantor of the total debt related to the acquisition of the abovementioned Amazônia Navigation Company. The existence of this guarantee was fundamental for the conclusion of the transaction and Maverick Holding S.A. chose not to charge the Company for this guarantee.

**Compensation of key management personnel**

The Company considers all current directors and members of the board as key management personnel. In the three months of 2019, the remuneration of these officers and members of the board was, respectively, R\$ 2,852 and R\$ 785 (R\$ 3,062 and R\$ 1,280 2018). The management's overall compensation for the period from 05/01/2019 to 04/30/2020, up to R\$ 13,650, was approved at the Annual Shareholders' Meeting held on April 30, 2019

**Share based compensation (stock options)**

The Company's shareholders approved, at the Extraordinary General Meeting held on July 21, 2011, the adoption of a compensation plan for directors, officers and employees through a stock option plan. The

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

options of the issuance plan by the Company are of the primary type, therefore, involve issuance of new shares.

As of June 30, 2019, the total number of options granted was 8,260 (eight thousand two hundred and sixty) granted through an individual agreement between the Company and each beneficiary. As a condition for acquiring the right to the stock option, the beneficiary must complete three years of service (vesting period).

The options in proportion to one-third of the total number of shares available for the plan are exercisable in three annual installments, the first one after 12 months from the grant date and the two following, under the same conditions, with respect to the periods of 24 and 36 months also counted from the grant date. Participants have the maximum term of sixty months, from the maturity date, to exercise the options.

The exercise price of the options granted up to August 20, 2012 is R\$ 1,576.00 (one thousand, five hundred and seventy-six Reais) per nominal share and as of this date R\$ 2,547.25 (two thousand, five hundred and forty-seven Reais and twenty-five cents) that must remain the same until the effective date of the exercise of the options, subject to corrections in the case of groupings or stock split.

The compensation based on stock options was measured and recognized at fair value, using Merton's model (1973), an extension of the Black & Scholes model.

The table below shows the result of the calculation of the fair value of the options updated for the date of this quarterly information:

Plan	Grant date	Initial maturity date	Vesting date	Number of shares	Strike price	Annual volatility	Risk free rate	Dilution Factor	Fair value options (R\$ 000)
2011,1	10/15/2011	10/15/2014	10/15/2019	4,050	1,576,00	38.95%	11.34%	98.23%	4,121
Aditivos	01/02/2012	10/15/2014	10/15/2019	450	1,576,00	38.98%	11.06%	97.44%	446
2012,1	01/02/2012	10/15/2014	10/15/2019	100	1,576,00	38.98%	11.06%	97.44%	99
2012,2	01/02/2012	12/01/2014	12/01/2019	300	1,576,00	38.95%	11.06%	97.41%	299
2012,3	02/01/2012	01/15/2015	01/15/2020	1,000	1,576,00	38.80%	11.23%	97.29%	1,001
2012,4	01/13/2012	01/13/2015	01/13/2020	100	1,576,00	38.88%	11.32%	97.37%	101
2012,5	08/20/2012	08/20/2014	08/20/2019	180	1,576,00	38.74%	9.78%	98.11%	164
2012,5	08/20/2012	08/20/2015	08/20/2020	180	1,576,00	38.05%	9.97%	97.19%	173
2013,1	05/02/2013	05/02/2015	05/02/2020	400	2,547,25	38.98%	9.24%	97.78%	577
2013,2	07/01/2013	07/01/2014	07/01/2019	550	2,547,25	40.16%	11.23%	98.48%	793
2013,3	08/15/2013	08/15/2014	08/15/2019	250	2,547,25	40.00%	11.71%	98.44%	365
2013,4	10/01/2013	10/01/2014	10/01/2019	550	2,547,25	39.58%	11.73%	98.38%	799
2013,4	10/01/2013	10/01/2015	10/01/2020	150	2,547,25	38.81%	11.79%	97.46%	232
<b>Total em 06/30/2019</b>				<b>8,260</b>					<b>9,170</b>

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

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

Programs	2011	2012	2013	2014	2015	2016	Total
1st	-	495	2,670	956	-	-	<b>4,121</b>
2nd	-	377	728	(80)	(181)	-	<b>844</b>
3rd	-	293	360	348	-	-	<b>1,001</b>
4th	-	33	35	33	-	-	<b>101</b>
5th	-	60	143	112	22	-	<b>337</b>
6th	-	33	19	-	(52)	-	-
7th	-	-	397	421	(147)	(94)	<b>577</b>
8th	-	-	422	449	(78)	-	<b>793</b>
9th	-	-	263	270	(168)	-	<b>365</b>
10th	-	-	328	878	(183)	8	<b>1,031</b>
	-	<u>1,291</u>	<u>5,365</u>	<u>3,387</u>	<u>(787)</u>	<u>(86)</u>	<b><u>9,170</u></b>
Options expired (1)	<u>939</u>	<u>6,008</u>	<u>3,533</u>	<u>5,350</u>	<u>308</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	<b><u>939</u></b>	<b><u>8,238</u></b>	<b><u>17,136</u></b>	<b><u>25,873</u></b>	<b><u>25,394</u></b>	<b><u>25,308</u></b>	

(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.

In the case of the beneficiary requesting resignation of his post, the options that are not yet exercisable expire without any indemnification or compensation and the options already exercisable may be exercised within ninety days. As of the date of this quarterly information, 16,640 (sixteen thousand, six hundred and forty) shares expired due to the non-exercise of the option, corresponding to R\$ 16,138, amount priced at the moment of grant of shares and recognized in income and shareholders' equity throughout the period of acquisition of the right.

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

In the event that a beneficiary is fired upon removal from office without breach of duties or privileges, the specific rights that may be exercised in accordance with the respective option on the date of its issuance may be exercised within the remaining period of exercise that is available for such recipient. Already rights not yet exercisable expire without any compensation or compensation.

After 2016 no stock options were exercised.

**13. Trade accounts payable**

The consolidated balance of R\$ 8,605 at 06/30/2019 (R\$ 10,191 on 12/31/2018) mainly refers to the agreement with Citigroup. Under this agreement, the Company will pay the total amount of R\$ 7,000 in twenty consecutive monthly installments, the first of which will be due in January 2019.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**14. Obligations on acquisition of investments**

This item refers to the acquisition of all of the shares of CNA, as described in Note 1.

In 2019, the Company did not make all payments provided for the CNA acquisition agreement.

The Libra Group, creditor of these Notes on the acquisition of investments is also responsible for potential liabilities of CNA, as per Notes 15 and 17 below, and it is in Judicial Recovery. Grupo Libra's credit with MLog is part of its approved Judicial Reorganization Plan.

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

Composition of acquisition price	Balances on 12/31/2018	Interest	Unwinding of discount	Payments	Balances on 06/30/2019	Payment term	
						Current	Non-current
Initial installment	41,547	1,900	-	-	43,447	32,854	10,593
Additional installment	35,301	1,326	2,498	(795)	38,330	17,849	20,481
Earn out installment	16,176	480	830	-	17,486	5,228	12,258
	<u>93,024</u>	<u>3,706</u>	<u>3,328</u>	<u>(795)</u>	<u>99,263</u>	<u>55,931</u>	<u>43,332</u>

**15. Litigation**

On 06/30/2019, the Company, together with its subsidiaries Asgaard and CNA, are parties to lawsuits. The lawsuits classified as probable losses are recorded in the balance sheet and basically refer, as mentioned in Note 17, to civil and labor claims owed by the subsidiary CNA.

Management highlights the main lawsuits involving the Company and its subsidiaries, whose chances of loss are classified as possible by the law firms involved and thus were not recorded in their financial statements.

Process number	Type	Author	Nature	Cause Value	Chances of loosing
0020199-78.2014.8.13.0175	Ação Civil Pública	MPE de Minas Gerais	Ambiental	1,000	Possível
0071643-11.2014.4.01.3800 e	Ação Cautelar Inominada	Ministério Público Federal	Ambiental	5,000	Possível
0078416-72.2014.4.01.3800	Ação Civil Pública	Ministério Público Federal	Ambiental	5,000	Possível
1125178-74.2016.8.26.0100	Ação de Execução	Banco BNP Paribas Brasil S.A.	Cível	4,703	Possível

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

Process number	Type	Author	Nature	Cause Value	Chances of loosing
1045114-48.2014.8.26.0100	Ação de Rescisão Contratual c/c Ação de Cobrança	Banco BNP Paribas Brasil S.A.	Cível	1,849	Possível
0101511-61.2017.5.01.0044	Reclamação Trabalhista	Ralph Junior Domkek	Trabalhista	1,152	Possível
0011465-98.2017.5.03.0002	Reclamação Trabalhista	Udo Augusto Gebrath Junior	Trabalhista	172	Possível
10283.721485/2012-45	Processo Administrativo	Delegacia da Receita Federal do Brasil em Manaus - AM/DRF/AM	Administrativa	1,661	Possível
10283.720968/2013-11	Processo Administrativo	Delegacia da Receita Federal do Brasil em Manaus - AM/DRF/AM	Administrativa	7,861	Possível
6042591-38.2015.8.13.0024	Ação de Execução	Itaú Unibanco S,A,	Cível	1,730	Possível
6042603-52.2015.8.13.0024	Ação de Execução	Itaú Unibanco S,A,	Cível	2,398	Possível
5116994-24.2017.8.13.0024	Ação de Execução	Bradesco S,A,	Cível	548	Possível
1056227-91.2017.8.26.0100	Ação de Execução	Santander S,A,	Cível	21,274	Possível
1055551-46.2017.8.26.0100	Ação de Execução	Santander S,A,	Cível	15,547	Possível
24,40732-63.2010.8.13.0024	Ação Civil Pública	MPE de Minas Gerais	Ambiental	1,000	Possível
1015146-91.2015.8.26.0114	Ação de Execução	Lauro Vianna de Oliveira Júnior	Cível	7,250	Possível
0011394-80.2016.4.01.3200	Ação Civil Pública de Improbidade Administrativa	Ministério Público Federal	Administrativa	1,000	Possível
0011345-39.2016.4.01.3200	Ação Civil Pública de Improbidade Administrativa	Ministério Público Federal	Administrativa	400	Possível
5026833-94.2019.8.13.0024	Execução de Título Extrajudicial	Boa Sorte	Tributária	11,308	Possível
02044.010011/2016-92	Processo Administrativo	ICMBIO	Administrativa	400	Possível

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**16. Commitments**

As a result of the Preliminary License ("LP") to the Morro do Pilar Project granted by the Regional Superintendence of Environmental Regularization - SUPRAM on November 6, 2014, a series of conditions and other legal obligations must be met until November 2019, for the formalization of the concession request Installation License("LI").

The Company has already made a significant part of the expenditures and studies related to the conditions of its LP and to the programs of environmental control and compliance with the clauses defined by the Minas Gerais Public Prosecutor's Office required by the LI application protocol. After said protocol and prior to the effective granting of the LI, the Company will incur additional expenses and investments such as land purchase, environmental compensation and others, whose final values will depend on negotiations between the Company and third parties.

Regarding the compensation referred to in article 36 of Law 9.985 / 2000 (National System of Nature Conservation Units - SNUC), the amount of resources to be destined by the entrepreneur for this purpose is limited to 0.5% cent) of the total costs foreseen for the implementation of the project. In this way, the final value to be paid is linked to the total investments in the implementation of the mine, depending on the intended project arrangement by the company in relation to the estimated annual gross production. Once the compensation has been defined, the amount must be paid in up to 4 monthly installments, the first being up to 30 days after the granting of the LI, according to State Decree nº 45.175 / 2009.

On 07/02/2019, the Company entered into an Agreement with the Municipality of Morro do Pilar, whose purpose is the execution by both parties of the obligations set forth in said Agreement, with the purpose of preparing the municipality for the implementation of the Company's business. The total amount involved is R\$ 47,500, with a share maturing only after obtaining LI, with disbursements of R\$ 9,899, already made.

The remaining portion of R\$ 37,601 was classified as other accounts payable (R\$ 25,781) and as a provision (R\$ 11,820), see Note 17.

The composition of other accounts payable is as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>12/31/2018</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
Term of Cooperation - Morro do Pilar	25,781	900	25,781	900
Obligations in the negotiation transaction	-	-	1,122	1,122
Insurance premiums payable	-	-	1,080	183
Others	798	778	2,473	2,503
	<u>26,579</u>	<u>1,678</u>	<u>30,456</u>	<u>4,708</u>
Current	<b>6,822</b>	<b>1,678</b>	<b>9,577</b>	<b>3,586</b>
Non-current	<b>19,757</b>	-	<b>20,879</b>	<b>1,122</b>

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**17. Provisions (consolidated)**

The amounts provisioned in the short-term refer to: (i) the second installment of pipeline concession easement agreements, in the amount of R\$ 1,642 (R\$ 1,642 as of 12/31/2018), due to the regularization of the portfolios by the owners and (ii) recovery of squares and geological drilling accesses in the region of the Morro do Pilar Project in the amount of R\$ 30 (R\$ 30 as of 12/31/2018) and provisions for labor contingencies of R\$ 976 (R\$ 888 as of 12/31/2018).

(i) R\$ 1,216 (R\$ 1,167 on 12/31/2018) due by Marsil as a result of lawsuits and administrative proceedings of R\$ 120 (R\$ 118 as of 12/31/2018) and labor claims of R\$ 1,096 (R\$ 1,049 as of December 31, 12/2018).

The long-term value refers to:

(ii) R\$ 7,422 owed by the Company, as a result of a judicial proceeding categorized as possible, relating to the Extraordinary Tax Appeal Action filed by BNP Paribas Brasil SA ("BNP") against the Company in the amount of R\$ 4,703, in a private instrument of confession of debt and other covenants, where the Company recognizes and acknowledges the obligation of R\$ 7,249, referring to the financial advisory services rendered by BNP, in addition to R\$ 79 related to the expenses incurred by BNP. The Company paid in 2015, in accordance with the agreement done with BNP, the amount of R\$ 3,624, remaining the amount of R\$ 4,703 (restated up to the date of filing of the share). The Company indicated well to the attachment and opposed Execution Embargoes. On 02/14/2017 the court partially rejected the requests made in the Execution Appeals. Considering this ruling, the Company opposed Embargoes of Declaration, which were not accepted. On 06/23/2017, the Company filed an Appeal. (R\$ 6,935 as of 12/31/2018). We are provisioning for being a legal contractual obligation (as per CPC 25), despite possible risk.

(iii) R\$ 4,730 owed by the subsidiary CNA as a result of civil and labor lawsuits, categorized as probable (R\$ 4,454 at 12/31/2018).

(v) R\$ 11,820 dues in accordance with the Agreement with the Municipality of Morro do Pilar (see Note 16), relating to the portion with estimated value and with an uncertain date of disbursement.

**18. Refunds to clients**

Refers to the reimbursement of taxes collected on temporary importation of foreign vessels, whose amount of R\$ 5,875 (R\$ 5,875 on 12/31/2018), when received by the subsidiary Asgaard, shall be passed on to the borrower's customer service.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**19. Equity****Capital**

On 06/30/2019, the Company's subscribed capital stock is represented by 2,899,712 common shares as detailed below:

Shareholders	06/30/2019		12/31/2018	
	Common shares	%	Common shares	%
Maverick Holding S.A,	1,539,186	53.08	1,539,186	53.08
EIG - Global Energy Partners (*)	536,737	18.51	188,969	6.52
Korea Investment Corporation	244,909	8.45	244,909	8.45
Fábrica Holding S.A,	154,072	5.31	154,072	5.31
Others	424,808	14.65	772,576	26.64
	<u>2,899,712</u>	<u>100.00</u>	<u>2,899,712</u>	<u>100.00</u>

\* On 12/07/2018, it was announced to the market that EIG and Rio Sul Investments LLC ("Rio Sul"), whose total shares are held by Luiz Claudio de Souza Alves, director and indirect co-controller of MLog, entered into an agreement purchase and sale of 449,746 common shares of the Company, representing 15.51% of its share capital

Pursuant to the amendment to the Bylaws, approved at the Extraordinary Shareholders' Meeting held on August 26, 2015, the Company's capital stock may be increased by resolution adopted by the Board of Directors, regardless of changes to the Bylaws, until it reaches 6,000,000) of common shares. The Board of Directors may stipulate the number of shares to be issued, the issue price and the conditions of subscription, payment and issuance.

On 04/26/2018, the shareholder Maverick Holding S.A., paid a non-paid-in portion of the Company's capital stock, whose term had matured on 12/12/2017, for a total amount of R \$ 49,843 including the accrued moratorium. Of this total amount, R\$ 42,632 refers to the paid-up portion of the capital and R\$ 7,211, related to the late payments, were recorded in a capital reserve account, in accordance with the provisions of Article 182, paragraph 1, a), of Law 6,404 / 1976.

On 06/29/2018, the Company sent a notice to the market, informing that it received, on the same date, correspondence from the shareholder EIG Manabi Holdings S.À.R.L. (EIG), whereby it reported that it had purchased 347,768 ordinary shares in private negotiation from the Longleaf Partners International Fund, Longleaf Partners Unit Trust (members of "Others" above) and Ontario Teaches' Pension Plan representing 11, 99% of the Company's capital stock. As a result of this acquisition, the EIG now holds 536,737 common shares representing 18.51% of the Company's capital stock.



**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**Loss per share**

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

	<b>Three month period</b>	
	<b>06/30/2019</b>	<b>06/30/2018</b>
Loss attributable to the equity holders	(7,339)	(837)
Outstanding Shares	<u>2,899,712</u>	<u>2,899,712</u>
(Loss) per share - basic and diluted in Reais (*)	<b><u>(2.53)</u></b>	<b><u>(0.29)</u></b>

	<b>Six month period</b>	
	<b>06/30/2019</b>	<b>06/30/2018</b>
Loss attributable to the equity holders	(15,404)	(8,427)
Outstanding Shares	<u>2,899,712</u>	<u>2,899,712</u>
(Loss) per share - basic and diluted in Reais (*)	<b><u>(5.31)</u></b>	<b><u>(2.91)</u></b>

**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 2018, the subsidiary Asgaard Navigation LLP was extinguished.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**20. Net operating income and costs of services**

The revenues and corresponding costs incurred by the subsidiary Asgaard for the vessel Asgaard Sophia, by the subsidiary CNA and as from 2018, also by Marsil are shown below:

	<u>06/30/2019</u>	<u>06/30/2018</u>
<b>Revenue</b>		
Charter	12,450	10,955
Freight	22,039	20,135
Maritime support	-	6,129
Sale of products	8,732	1,389
	<u>43,221</u>	<u>38,608</u>
<b>Gross profit</b>		
<b>Taxes on sales</b>		
Social contributions (PIS and COFINS)	(2,581)	(3,042)
Social security contribution	-	(962)
Tax on services (ISSQN)	-	(400)
Value-Added Tax (ICMS)	(1,950)	(1,999)
Other	(652)	(389)
	<u>38,038</u>	<u>31,816</u>
<b>Net revenue</b>		
<b>Cost of services</b>		
Payroll and related charges	(12,735)	(9,273)
Charter	-	(1,598)
Depreciation	(5,641)	(5,409)
Rentals	(1,183)	(182)
Materials	(10,856)	(8,225)
Insurances	(1,023)	(1,153)
Services (1)	(4,598)	(2,634)
Other	(1,086)	(1,272)
	<u>(37,122)</u>	<u>(29,746)</u>
<b>Gross profit</b>	<u>916</u>	<u>2,070</u>

(1) Increase is basically due to the impact of Marsil's 2019 consolidation in the amount of R\$ 1,833.

**21. Financial income**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2019</u>	<u>06/30/2018</u>
Earnings from financial investment	-	-	-	439
Earnings from recovery taxes	46	443	88	446
Interest on loans with related parties	36	13	56	53
Discounts obtained	-	15	8	16
Exchange variation	-	91	3	7,009
Other	3	-	3	-
	<u>85</u>	<u>562</u>	<u>158</u>	<u>7,963</u>

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**22. Financial expenses**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2019</u>	<u>06/30/2018</u>
Interest on acquisition of investment (CNA- Note 1)	(7,034)	(6,805)	(7,034)	(6,805)
Exchange variation	-	-	(23)	-
Bank charges	(13)	(13)	(650)	(161)
Interest on arrears	(800)	(674)	(802)	(160)
Currency update contingencies	-	-	-	(685)
Other	(320)	(111)	(400)	(111)
	<u>(8,167)</u>	<u>(7,603)</u>	<u>(8,909)</u>	<u>(7,922)</u>

**23. Financial instruments****Financial instruments categories**

On 06/30/2019, the Company and its subsidiaries had no financial assets classified as Fair Value Measurement through profit or loss.

When measuring the fair value of an asset or a liability, the Company uses observable market data as much as possible. The interest values are classified at different levels in a hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: price quoted (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs, except quoted prices included in Level 1, which are observable for the asset or liability, directly (price) or indirectly (derived from price).
- Level 3: inputs, for the asset or liability, which are not based on observable market data (unobservable inputs).

The financial instruments classified as Loans and receivables are:

<u>Financial assets and liabilities</u>	<u>06/30/2019</u>		<u>12/31/2018</u>		<u>Hierarchy</u>
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>	
<b>Assets</b>					
Cash and cash equivalents	3,875	3,875	11,289	11,289	Nível 1
AFRMM deposits in escrow account	66,635	66,635	13,689	13,689	Nível 2
Trade accounts receivable	8,572	8,572	6,545	6,545	Nível 2
Related parties' loans	1,029	1,029	975	975	Nível 2
Rights in the deal <sup>1</sup>	82,429	82,429	79,354	79,354	Nível 2
Other credits	1,410	1,410	481	481	Nível 2
<b>Liabilities</b>					
Trade accounts payable	8,605	8,605	10,191	10,191	Nível 2
Bank loans <sup>1</sup>	78,608	78,608	71,719	71,719	Nível 2
Obligations on acquisition of investments	99,263	99,263	93,024	93,024	Nível 3

## **MLog S.A.**

Notes to quarterly financial information

June 30, 2019<sup>1</sup>

(In thousand Reais, except when otherwise indicated)

<sup>1</sup> Approximately R\$ 71,770 in restated amounts are the responsibility of the Bocaiuva Group contractually assumed by MLog upon the acquisition of Marsil, referring to the bank loans of the acquiree to financial institutions (Santander R\$ 46,540, Itaú R\$ 17,625, Bradesco R\$ 7,605).

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

### **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:

	<b>Consolidated</b>			
	<b>Up to one year</b>	<b>From one to three years</b>	<b>Over three years</b>	<b>Total</b>
Bank loans	4,488	2,350	-	<b>6,838</b>
Trade accounts payable	7,905	700	-	<b>8,605</b>
Obligations on acquisition of investments	55,931	40,552	2,780	<b>99,263</b>
	<b>68,324</b>	<b>43,602</b>	<b>2,780</b>	<b>114,706</b>

As explained above and in Explanatory Note 1, in the Private Instrument of Assignment and Definitive Transfer of Corporate Shares executed between MLog and Bocaiuva. Bocaiuva was responsible for the debts of Marsil, as well as of any and all contingencies, whether accounted for, preceding the date of the Acquisition.

## **MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

On 06/30/2019, Marsil's total bank indebtedness, liabilities and contingencies totaled approximately R\$ 71,770.

MLog has not effected any payment of bank indebtedness, and the Company's management will act in a way to guarantee the rights of the Company in case there is any violation of the obligations assumed by Bocauiua in the Private Instrument of Assignment and Definitive Transfer of Corporate Shares.

## **24. 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 and CNA hire insurance for its vessels (hull insurance), in addition to Protection and Indemnity (P&I) coverage.

The main coverages are:

Hull Insurance:

- CNA: Total coverage of R\$ 101 million
- Asgaard: Total coverage of US \$ 50 million

Protection and Indemnity (P & I) Insurance:

- CNA: Coverage limited to US\$ 8.2 billion per event and occurrence
- Asgaard: Coverage limited to US\$ 8.2 billion per event and occurrence

In the mining activity, the subsidiary Marsil hired on 03/12/2018, business insurance - RNO - Named Risks with Maximum Collateral Limit: R\$ 53 million.

The liability insurance of directors and administrators (D & O), of the parent company and its subsidiaries, was renewed on 04/07/2018, in the insured amount of up to R\$ 50 million

## **25. Operating expenses with personnel**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>06/30/2018</u>	<u>06/30/2019</u>	<u>06/30/2018</u>
Remuneration & Charges	(2,299)	(2,853)	(6,270)	(7,299)
Social Security Charges	(233)	(553)	(1,543)	(1,426)
Benefits	(229)	(251)	(1,160)	(878)
Other	-	-	(3)	-
	<u>(2,761)</u>	<u>(3,657)</u>	<u>(8,976)</u>	<u>(9,603)</u>

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**26. Information by Business Segment**

Segment information shall be prepared in accordance with CPC 22 (Segment Information), equivalent to IFRS 8, and shall be presented in relation to the business of the Company, its subsidiaries and jointly owned subsidiaries, identified based on its management structure and internal management information.

Mlog uses segments, as described below, that correspond to its strategic business units, which offer different services and products and are managed separately.

The following summary describes the operations on each of the reportable segments.

**• Mining**

It covers the mining activities of iron ore in Minas Gerais, consolidating all operations related to the studies and researches of the works required for the Installation License ("LI") of the Morro do Pilar Project ("MOPI Project"), as well as the implementation of the MOPI Project. In 2018 the group acquired a new Marsil company that already produces and markets high quality iron ore.

The subsidiaries Dutovias, CDNC also has scope related to the logistics segment, linked to mining, although both are in the pre-operational stage.

**• Navigation**

The navigation segment consolidates the operations of Asgaard and CNA. Asgaard has been operating in the maritime support sector since March 2016, serving with OSRV Asgaard Sophia vessel to Petrobras. CNA transports oil and derivatives in the northern region of Brazil, operating its assets at levels close to the limit given the current regional conditions, both climatic and storage infrastructure.

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**Statements of operations - Segments  
Six-month period ended June 30, 2019  
(In thousands Reais)**

	<u>Mining</u>	<u>Navigation</u>	<u>Consolidated</u>
Net operating income	8,286	29,752	38,038
Cost of services	(7,239)	(29,752)	(37,122)
<b>Gross profit</b>	<u><b>1,047</b></u>	<u><b>(131)</b></u>	<u><b>916</b></u>
<b>Operating expenses</b>			
Personnel	(5,924)	(3,052)	(8,976)
Services rendered	(914)	(367)	(1,281)
General and administrative	(1,212)	(1,261)	(2,473)
Depreciation and amortization	(235)	(111)	(346)
Taxes	(76)	(258)	(334)
<b>Other operating income (expenses)</b>			
Government subsidies - AFRMM	-	5,181	5,181
Other operating income	(3,695)	4,276	4,291
	<u><b>(12,056)</b></u>	<u><b>4,408</b></u>	<u><b>581</b></u>
<b>Operating loss before financial results</b>	<u><b>(11,009)</b></u>	<u><b>4,277</b></u>	<u><b>(6,732)</b></u>
<b>Financial income and expenses</b>			
Financial income	64	94	158
Financial expenses	(1,170)	(7,739)	(8,909)
	<u><b>(1,106)</b></u>	<u><b>(7,645)</b></u>	<u><b>(8,751)</b></u>
<b>Loss before income tax and social contribution</b>	<u><b>(12,115)</b></u>	<u><b>(3,368)</b></u>	<u><b>(15,483)</b></u>
Income tax and social contribution			
Current	-	(88)	(88)
Deferred	-	167	167
	<u><b>(12,115)</b></u>	<u><b>(3,289)</b></u>	<u><b>(15,404)</b></u>
<b>Loss for the period</b>	<u><u><b>(12,115)</b></u></u>	<u><u><b>(3,289)</b></u></u>	<u><u><b>(15,404)</b></u></u>

**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

**Segment Information****Assets and Liabilities – 06/30/2019****(In thousands Reais)**

	<u>Mining</u>	<u>Navigation</u>	<u>Consolidated</u>
<b>ASSETS</b>			
AFRMM	-	70,834	70,834
Rights in the negotiation transaction	77,609	4,820	82,429
PPE	41,657	170,802	212,529
Intangible	803,817	65,820	869,637
	<u><b>923,083</b></u>	<u><b>312,346</b></u>	<u><b>1,235,429</b></u>
<b>LIABILITY</b>			
Providers	748	7,857	8,605
Bank Loans	71,770	6,838	78,608
Provisions	23,106	4,730	27,836
Obligation in the Investments acquisition	-	99,263	99,263
AFRMM	-	204,731	204,731
	<u><b>95,624</b></u>	<u><b>323,419</b></u>	<u><b>419,043</b></u>

**Segment Information****Assets and Liabilities – 06/30/2018****(In thousands Reais)**

	<u>Mining</u>	<u>Navigation</u>	<u>Consolidated</u>
<b>ASSETS</b>			
AFRMM	-	58,349	58,349
Direitos na transação negocial	74,596	4,758	79,354
Imobilizado	44,618	180,160	224,778
Intangível	763,987	65,894	829,881
	<u><b>883,201</b></u>	<u><b>309,161</b></u>	<u><b>1,192,362</b></u>
<b>LIABILITY</b>			
Providers	862	9,329	10,191
Bank Loans	68,907	2,812	71,719
Provisions	10,662	4,454	15,116
Obligation in the Investments acquisition	-	93,024	93,024
AFRMM	-	203,150	203,150
	<u><b>80,431</b></u>	<u><b>312,769</b></u>	<u><b>393,200</b></u>

**27. Subsequent Event**

On July 16, 2019, the Company's management entered into with Bocaiuva Participações S.A the Private Termination Instrument, which terminates and terminates the obligations assumed in the Marsil Acquisition agreement. In this instrument Mlog resells control of the quotas of Marsil to Bocaiuva for R\$ 50,000. With this resale, on September 30st 2019, the Company will cease to consolidate Marsil and, consequently, the balances listed in Note 1 - Business Combination - acquisition of Marsil, will be fully written off, which includes the Law values in the transaction. and Bank Loans in the amount of R\$ 77,609. The expected impact on the result will be a gain of approximately R\$ 700 to be recorded and fully disclosed in the quarter ended September 30, 2019.



**MLog S.A.**

Notes to quarterly financial information

June 30, 2019'

(In thousand Reais, except when otherwise indicated)

Among other clauses, the instrument also provides (i) payment of R\$ 50,000 by Maverick to MLog and (ii) the removal of Bocaiuva Group from MLog's indirect and direct shareholding. The Company's Management will call an Extraordinary Meeting to evaluate and decide on actions regarding the balance of R\$ 50,000 receivables from Maverick for this resale of Marsil. This agreement terminated all legal proceedings between the parties including the arbitration request filed by the Company before the Market Arbitration Chamber against Bocaiuva, as mentioned in Note 1.

Elias David Nigri  
Chief Executive Officer

Julia Souza de Paiva  
Chief Administrative and Financial Officer

José Eduardo Pereira Gonçalves  
Counter CRC RJ 063543/O-2

Luiz Felipe Perdigão  
Controller