Dear Shareholders,

The Management of MLog S.A. ("MLog" or "Company"), jointly with its direct or indirect subsidiaries Morro do Pilar (Iron Ore Project), North Capixaba Development Company (Industrial District Project and Porto Multiplo in Linhares) , Asgaard Offshore (Offshore Shipping Company) and CNA - Companhia de Navegação do Amazônia (Iland Shipping Company), in compliance with legal and statutory provisions, hereby submits a Management Report and its Consolidated Yearly Financial Statements, accompanied by the Independent Auditors' Report, all referring to the year ended December, 31, 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 year 2019 and the beginning of 2020 mark the end of yet another cycle for MLog. The Company's first phase, from 2011 to 2015, was entirely focused on the development of its greatest asset, the large-scale iron ore mining project called Morro do Pilar (“MOPI Project”), conceived and started during the global boom of commodities, especially iron ore.

The end of this bullish cycle came abruptly, notably during 2015, when the world experienced the largest and fastest generalized drop in commodity prices in more than a century. In those circumstances, with 62% Fe iron ore prices being negotiated at US$40.00 per ton, the MOPI Project as initially conceived, integrating a mine, internal logistics and its own port was economically unfeasible. In this context, the second phase of MLog began, with the merger of Manabi and its MOPI Project with Asgaard, a shipping company intended to serve the offshore oil and gas industry, at the time also in the pre-operational phase and whose sector was also facing problems caused by the global commodity crisis and the drop in oil prices.

From 2016 to 2019, the offshore shipping business not only became operational, with the completion of the construction and start of operation of the OSRV (Oil Spill Recovery Vessel) Asgaard Sophia, but opened a new front with the acquisition of Amazon Inland Shipping Company (“CNA”), the largest river transporter of oil and oil products in the North region of Brazil. CNA brought to the group: (i) additional revenue; (ii) AFRMM credits (Additional Freight for Renewal of the Merchant Marine) and (iii) a reduction of the risk (beta) of the group due to the diversification between Asgaard and CNA.

In this period, CNA consolidated itself as a market leader at the same time that it was shifting its customer mix, initially very concentrated in the Petrobras group, to private players operating in the region, especially the Raízen group, today our largest customer.

In parallel, Asgaard has consolidated itself as the best Brazilian offshore supply shipping operator according to Petrobras´ PEOTRAM - Operational Excellence Program in Air and Maritime Transport. Between more than 50 companies evaluated annually, Asgaard was elected number 1 of

PEOTRAM in each of the last 4 years. Despite its operational excellence, Asgaard still needed a minimum operational scale, which we estimated at 2 to 4 additional vessels.

After several negotiations and in accordance with the Material Fact disclosed on February 19, 2020, MLog, together with Asgaard and CNA, entered into a binding commitment with Bourbon Offshore Marítima S.A. (“BOM”) and its parent company involving: (i) the increase in Asgaard's current fleet through the acquisition of 3 (three) Brazilian AHTS vessels owned by BOM (Geonísio Barroso, Haroldo Ramos and Yvan Barreto) and (ii) a partnership to operate Brazilian and foreign offshore support vessels of the Bourbon group and the MLog group in Brazil, a partnership that starts already operating an additional foreign BOM vessel in the country (Bourbon Cormorant). The complete implementation of this operation contains steps already completed and certain steps that are subject to third party approvals.

In addition to reaching a minimum operational scale and creating a partnership with one of the largest and best operators of maritime support vessels in the world, this operation allows the use of existing and future Freight Additional Credits for Renewal of the Merchant Navy (“AFRMM”) generated by CNA.

In the mining segment, from 2018 to 2019, the Company had two main operating fronts. One, the small-scale production of iron ore through Marsil, a company acquired in April 2018 in an operation in which Bocaiuva Group became part of the MLog indirect control group and, in the other, the development of the Company's largest asset, the MOPI Project, a large-scale and high-quality iron ore mine.

During the time that it was under the control of MLog, Marsil, a company that experienced severe financial and operational stress when acquired, was negatively impacted by Bocaiuva's failure to complete the process of adjusting the company's financial situation, as contracted in the acquisition.

The persistence of this scenario led the Company's Management to take a more emphatic action against Bocaiuva, which culminated in the termination of the Marsil acquisition agreement by MLog, as per the Material Fact published on July 17, 2019. Also as an effect of the termination, Bocaiuva ceased to be part of MLog's indirect shareholder structure.

In the same period from 2016 to 2019, the MOPI Project underwent its main strategic change. Initially thought of as an integrated mine-pipeline-port model, the MOPI Project shifted to considering its own production of iron ore, combined with the use of logistical alternatives through partnerships, taking advantage of the current availability of Brazilian iron ore export infrastructure, which has at least five large ports with idle capacity for loading ore within the logistical reach of our mine.

This new strategy of the MOPI Project, combined with the strong increases that have occurred in the price of iron ore since then, were fundamental to the advances that took place, the most important of which being the resumption of the project's Environmental Licensing activities. In the third quarter of 2019, after carrying out studies and activities related to the fulfillment of the conditions of the Preliminary License (“LP”) of the Project, MLog filed an application for the Installation License (“LI”) of the MOPI Project.

For the above facts, we believe that 2020 marks the beginning of a new operational phase for MLog.

With shipping already operating at a minimum scale and with a partnership that will increase the chances of future growth, the holding company will act in a more strategic manner in the activity, with a special focus on new businesses (mergers and acquisitions and also on strategic commercial projects) and capital allocation of the activity.

In mining, after the LI application protocol, we started to reassemble an executive team for the MOPI Project, which will focus its efforts on the technical advances of the project and, mainly, on structuring new commercial and logistical partnerships and raising specific capital for the project development and implementation.

The Company's challenges, however, are still many. With the largest part of its assets in a pre-operational stage, especially those related to the MOPI Project, MLog ended 2019 with a consolidated volume of current assets lower than that of current liabilities.

This circumstance is mainly related to the amount payable for the acquisition of CNA (Obligations in the Acquisition of Investments). The Company's ability to combine the rescheduling of this liability, raising additional capital or executing its business plan, with a focus on generating cash from its shipping activities (including the announced operation with BOM) and converting AFRMM into free cash is important to avoid that its operational and pre-operating activities are compromised.

COVID-19

The Management of MLog and its subsidiaries, following guidance from the CVM in OFFICIAL-CIRCULAR / CVM / SNC / SEP / No. 02/2020, analyzed the potential risks of the COVID-19 pandemic in their business.

With the high-speed spread of COVID-19 not only in China, but in all major countries in the world, financial markets began a period of high volatility and intense devaluation of risk assets, caused by uncertainty about the magnitude and duration of economic and financial impacts of the disease and restrictive measures on the circulation and production of goods.

This type of scenario is usually associated with a reduction in the availability of credit and capital for new investments, in addition to a general fall in asset prices, whether listed or not. The duration of this scenario will depend on the speed and effectiveness of measures to contain the disease and economic incentives taken by world governments.

At the time of this report, we have access to news that suggest both more promising scenarios, where acute and efficient responses lead to a fall or prevent the explosive rise of cases, as in China, Thailand, Japan and South Korea, and others where the spread of COVID-19 seems to take the path of almost no control, like Italy, Iran and possibly the United States and other countries that are still in the initial stage of the disease's impact.

Success in controlling and combating COVID-19 will mean an acute but short-lived harm in the global economy, while a lack of coordination or efficiency in pandemic combat strategies could mean a long period of decline in gross domestic product and International trade flows.

Since the week of March 17, 2020, MLog has implemented operational measures to reduce the risk of contamination by COVID-19 of its employees, including: use of remote work (home office), suspension of face-to-face meetings that can be carried out virtually, communication of preventive contamination measures, risk questionnaires and joint action with their occupational physicians, test laboratories and health plan in case of need.

Although it is difficult to forecast impacts on the Company in such a complex situation, with exceptional scenarios and, to a certain extent, exogenous to management decisions, since COVID-19, more than an individual risk for the Company, is a social problem, Management lists below what it believes to be the main risks associated with this crisis, by business line:

Shipping

MLog's shipping business is comprised offshore shipping, with Asgaard, and logistics services to the oil industry, with CNA.

Today Asgaard operates with firm, longer-term contracts of at least 1 year with Petrobras, with guaranteed contractual demand and price.

Among the main possible risks associated with Asgaard's operations, including BOM, are:

- Interruption of services by Petrobras due to Force Majeure;

- Temporary interruption of Asgaard's ability to provide services due to Force Majeure events such as health quarantine, lack of duly qualified and authorized technical personnel and materials essential to the provision of services, such as fuel oil, crew ranch and parts for maintenance the vessel;

- Increase in operational risks caused by communication, control and management problems, all of which are potentially impacted by the regulatory actions of the government.

CNA operates in the transportation of crude oil and oil products with a diversified portfolio of customers, routes and products in the northern region of Brazil. Its main customers are Raízen and Petrobras and its main routes are Coari-Manaus and Manaus-Porto Velho, where crude oil, diesel, gasoline and other derivatives are transported.

Among the main possible risks associated with CNA are:

- Reduction in demand for oil and oil products transportation services in the region where it operates, which would negatively impact the volume transported, net revenue and the company's operating result;

- Temporary interruption of the capacity to provide services by the CNA due to Force Majeure events such as health quarantine, lack of duly qualified and authorized technical personnel and materials essential to the provision of services, such as fuel oil, crew ranch and parts for maintenance the vessel;

- Increase in operational risks caused by communication, control and management problems, all of which are potentially impacted by the regulatory actions of the government.

According to Note 24 on Insurance, both Asgaard and CNA have insurance contracts that include protections in extreme cases, but some scenarios mentioned above may be outside these coverages, with their impacts being more severe on the results of MLog's Shipping activity.

Mining

MLog's mining business, whose main asset is the Morro do Pilar Project, is in a pre-operational stage. With this, the operational risks generated by COVID-19 and associated with the asset are limited. As mentioned in the previous Financial Information and Statements, the Company is in an effort to raise funds for the development of the Project and maintaining the scenario of volatility and falling asset prices can impact the value of its assets and the timeline for implementing the MOPI Project.

MLog's Management understands that, to date, no adjustment is required in its Financial Statements due to COVID-19 and its consequences, but it is following the evolution of the pandemic, both globally and locally, and will communicate to its shareholders the Material Facts that may be triggered by the situation as new events arise.

2. Operational Performance

Below are the main operating indicators of our subsidiaries for the year ended.

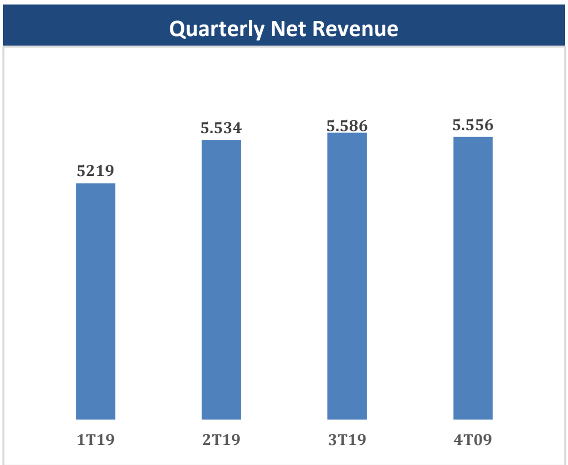
i. Asgaard Shipping

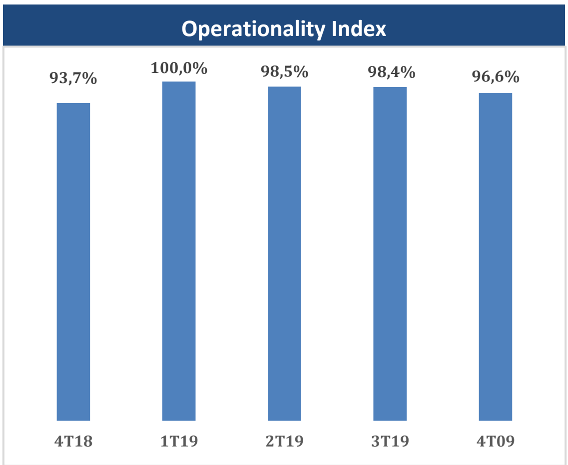
Operating since March 2016, OSRV Asgaard Sophia has been delivering positive operating rates, as shown in the charts below.

In 2019, Asgaard was elected for the 4th time in a row as the best company among more than 50 evaluated, according to Petrobras' PEOTRAM.

In the fourth quarter of 2019, the operationality index of the Asgaard Sophia was below the previous quarters due to an unscheduled stop of the vessel and the delay in the crew change procedure.

Quarterly Net Revenue was in line with the average for the year, impacted by a lower operational level and a higher exchange rate.





ii. CNA –Amazon Shipping Company

CNA continues to operate its assets at levels close to the limit of its current fleet capacity given current regional conditions, both climatic and storage infrastructure. CNA is studying the construction of new barges to support its organic growth, as any significant growth in future revenue will depend on increased in installed capacity.

In 2019, CNA presented Net Revenue 7% above the previous year. Part of this difference was caused by the lower base of 2018, the year affected by a non-recurring event generated in the renewal of the contract for the Coari route with Petrobras and part due to commercial management efforts. Highlight of the year for the start of spot transportation of corn ethanol produced in Mato Grosso and exported through the so-called North Arc.

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:

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

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

iii. 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

As a result of the accident that occurred with the Vale S.A. dam in Brumadinho in January 2019, the regulation of the mining sector in Brazil has undergone important changes, all of them in order to increase operational safety. The consequences for the mining industry, especially in the state of Minas Gerais, will be felt over the next few years and are likely to mean reduced iron ore production in certain mines and/or producing regions, with the fall in production volumes possibly being offset by new projects in less dense regions and in reserves with natural characteristics that favor fewer use of dams and/or the use of safer tailing storage structures.

The MOPI Project is located in one of the least densely populated areas of the Minas Gerais iron region and the natural characteristics of the waste from our production process favor the adoption of safer technological solutions at competitive costs. For these factors, we understand that the regulatory changes, although they mean greater investment in studies, are positive for the MOPI Project.

In 2019, after carrying out the studies and activities related to the fulfillment of the Project's LP conditions, we filed the request for an Installation License (“LI”) for the Morro do Pilar Project.

In parallel to the Project's licensing efforts, we began to reassemble an executive team dedicated to the MOPI Project, which will focus its efforts on technical advances and, mainly, on structuring new commercial and logistical partnerships and raising specific capital for the development and implementation of the project. Project.

iv. Marsil Mining

Marsil is a small mining company located in the region known as Iron Ore Quadrangle, close to the municipality of Itabira, in the state of Minas Gerais.

Acquired in April 2018 and after a scheduled shutdown to implement improvements, the company resumed operations in September of the same year.

Until the second quarter of 2019, we continued to work on optimizing the operation in search of the expected results. On the operational side, Marsil continued to evolve, but with speed negatively impacted by the failure to complete the process of adjusting the company's financial situation by Bocaiuva, as agreed in the acquisition of Marsil.

The acquisition of Marsil was carried out so that the company became part of the MLog group free of debts and contingent liabilities, known or unknown. In the acquisition, Grupo Bocaiuva assumed responsibility for the payment of Marsil's bank debt, which totaled R$ 71,770 on June 30, 2019.

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

After Mr. Iracy Parreiras' inheritance process started, Grupo Bocaiuva was not successful in equalizing and assuming Marsil's liabilities. Marsil's operational activities were then negatively affected by the situation, also offering risks to MLog.

According to the Material Fact filed on July 17, 2019, the Company formalized the contractual 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. Also, as an effect of the transaction, Bocaiuva ceased to be part of MLog's indirect shareholder structure.

v. CDNC

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

3. Consolidated Financial Information

Result for the Period

The Company presented a consolidated loss of R$ 29,530 in 2019. This result is impacted by financial income and expenses arising mainly from the debt with the acquisition of CNA, by depreciation, by CPC 07 (accounting rules of AFRMM) and by general expenses and administrative, including corporate holding and pre-operational related to the MOPI Project.

In 2018, the Company started to report its activities in two business segments: Mining and Shipping.

Shipping activity includes the operations of investees CNA and Asgaard, while Mining is comprised mainly of the MOPI Project.

4Q 2019	Shipping	Mining	Consolidated
Net Revenue	**17,711**	**0**	**17,711**
EBITDA	**61**	**-3,351**	**-3,290**
Accounting Revenue with AFRMM Grant – IAS20	-3,051	0	**-3,051**
Non-Recurring Items	0	0	**0**
Adjusted EBITDA	**-2,990**	**-3,351**	**-6,341**
Depreciation / Amortization	-2,561	-112	**-2,673**
Financial Expenses	-49	3,681	**3,632**
Financial Revenue	-687	2,529	**1,842**
PVA + CNA Acquisition Financial Expenses	-3,418	0	**-3,418**
Accounting Revenue with AFRMM Grant – IAS20	3,051	0	**3,051**
Non-Recurring Items	0	0	**0**
Taxes	-537	0	**-537**
Net Income	**-7,191**	**2,747**	**-4,444**
AFRMM Generated in Period	4,872	0	**4,872**
PVA + CNA Acquisition Financial Expenses	3,418	0	**3,418**
Non-Recurring Items	0	0	**0**
Depreciation/Revenue AFRMM Grant Adj. IAS20	-490	0	**-490**
Economic Result	**609**	**2,747**	**3,356**

Full Year 2019	Shipping	Mining	Consolidated
Net Revenue	**64,108**	**8,286**	**72,394**
EBITDA	**12,760**	**-16,592**	**-3,832**
Accounting Revenue with AFRMM Grant – IAS20	-10,518		**-10,518**
Non-Recurring Items	-255		**-255**
Adjusted EBITDA	**1,987**	**-16,592**	**-14,605**
Depreciation / Amortization	-10,542	-896	**-11,438**
Financial Expenses	181	3,824	**4,005**
Financial Revenue	-1,265	-603	**-1,868**
PVA + CNA Acquisition Financial Expenses	-15,937		**-15,937**
Accounting Revenue with AFRMM Grant – IAS20	10,518		**10,518**
Non-Recurring Items	255		**255**
Taxes	-460		**-460**
Net Income	**-15,263**	**-14,267**	**-29,530**
AFRMM Generated in Period	16,687		**16,687**
PVA + CNA Acquisition Financial Expenses	15,937		**15,937**
Non-Recurring Items	-255		**-255**
Depreciation/Revenue AFRMM Grant Adj. IAS20	24		**24**
Economic Result	**17,130**	**-14,267**	**2,863**

Cash and cash equivalents

The Company ended 2019 with a consolidated cash position of R$ 1,581.

Current Assets and Liabilities

With most of its assets in a pre-operational stage, especially those related to the Morro do Pilar Project, MLog ended 2019 with a consolidated volume of current assets lower than that of current liabilities.

This circumstance is mainly related to the amount payable for the acquisition of CNA (Obligations in the Acquisition of Investments). The Company's ability to combine the rescheduling of this liability, raising additional capital or executing its business plan, with a focus on generating cash from its shipping activities (including the announced operation with BOM) and converting AFRMM into free cash is important so that your operational and pre-operating activities are not compromised.

Bank loans

The Company ended 2019 with bank debt of R$ 12,943, with most of it due in the short-term.

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 three members, all of whom have a mandate until the next Annual Shareholders' Meeting, with reelection permitted. Current members of this Board are: Luiz Claudio Souza Alves, Chairman of the Board of Directors, Alvaro Piquet and Otavio Paiva. Patricia Tendrich Pires Coelho and Eduardo Borges, elected at the same Shareholder Meeting, resigned from their positions throughout 2019.

On May 7, 2019, the Company's Board of Directors elected the Executive Board for a term to end after the next Annual General Shareholder Meeting of the Company. The current Board consists of Elias David Nigri (Interim CEO), Luiz Claudio Souza Alves (Deputy CEO), Julia Souza de Paiva (CFO), Sabrina Juhasz (Legal 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, March 30, 2020.

The Administration

MLog S.A.

Individual and consolidated financial statements on December 31, 2019 and 2018

(A free translation of the original report in Portuguese as issued in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

KPDS 638589

Contents

KPMG Auditores Independentes
Rua do Passeio, 38 - Setor 2 - 17º andar - Centro
20021-290 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone +55 (21) 2207-9400
kpmg.com.br

Independent Auditor's Report on the Individual and Consolidated Financial Statements

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

Opinion

We have audited the individual and consolidated financial statements of MLog S.A. ("the Company"), respectively referred to as parent and consolidated, which comprise the balance sheet as of December 31, 2019, the statements of operations and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of the MLog S.A as at December 31, 2019, and of its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 – Government Subsidy	
See Notes 3 (m) and 5 of the individual and consolidated financial statements	
Key audit matter	**Our audit approach**
MLOG receives through its indirect subsidiary (Companhia de Navegação da Amazônia - CNA) funds from a government grant. The Adicional de Frete para Renovação da Marinha Mercante (AFRMM) is charged on the freight of the water transportation of the cargo of any nature discharged in the Brazilian port and is transferred in the form of a government grant. Due to the uncertainties related to the timing of the release and availability of AFRMM benefit resources, the characteristics related to the application of these resources as defined in Law 10.893 / 04 and the uncertainty regarding the moment of recognition of this governmental subsidy as income in the year's results, we consider this matter as significant for our audit.	We performed the following main audit procedures: - We assessed the design of key internal controls related to the identification, evaluation, measurement and disclosure of the government grant; - We evaluated the existence and measurement of the amounts considered as a subsidy and the adequacy of the measurement of AFRMM resources registered in restrict cash account for the Company, through external confirmations; - We assessed the reasonability between the use of AFRMM resources and the permitted in the respective AFRMM law (Law 10.893 / 04); - Recalculation of depreciation and test, by sampling, of proofs of expenses with repair, which are basis for the recognition of the subsidy revenue and comparison with record in the result of the year. - We assessed the adequacy of the related disclosures made in the financial statements. Based on the evidence obtained through the procedures summarized above, we consider that the balance of government grants as well as related disclosures are acceptable in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31, 2019.

2 – Recoverable amount of property, plant and equipment and intangible assets	
See notes 3 (d), 3 (e), 9 and 10 of the individual and consolidated financial statements.	
Key audit matter	**Our audit approach**
The Company evaluated the existing indicators of impairment in relation to its cash-generating units ("UGCs") and, for the calculation of the recoverable amount of each UGC, calculated the value in use through discounted cash flow method, based on economic-financial projections for each UGC. In addition, the Company is subject to impairment. Due to uncertainties inherent to projections of cash flow estimates to determine the value in use of property, plant and equipment and intangible assets, as well as to determine the discount rate to be used, which require a significant degree of judgment by the Company, we consider this matter as significant to our audit.	We perform the following main audit procedures: - With the assistance of our corporate finance specialists, we evaluated the assumptions and methodologies used in the preparation of the model and we compared them, where available, with data obtained from external sources, such as, the future price of ore, the future estimative of freight price and vessel rental, projected economic growth, cost inflation and discount rates, as well as evaluating sensitivity analyzes concerning such assumptions. - We evaluated the adequacy of the disclosures related to the recovery of assets recorded by the Company.

	Based on the evidence obtained through the procedures summarized above, we consider the balances of property, plant and equipment and intangible assets as well as related disclosures are acceptable in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31, 2019.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company's management, and presented herein as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Individual and Consolidated Financial Statements

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

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

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

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

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

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

Rio de Janeiro, March 30, 2020

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original report signed in Portuguese by
Thiago Ferreira Nunes
Accountant CRC RJ-112066/O-0

MLog S.A.

Balance sheets - December 31, 2019 and 2018

(In thousands of Reais)

		Parent company		Consolidated	
Assets	**Note**	**2019**	**2018**	**2019**	**2018**
Current assets					
Cash and cash equivalents	**4**	18	2,061	1,581	11,289
AFRMM deposits in escrow account	**5**	-	-	69,278	13,689
Trade accounts receivable	**6**	-	-	6,515	6,545
Advances to suppliers		100	16	226	337
Inventories		-	-	428	1,440
AFRMM to be released	**5**	-	-	-	24,052
Related parties’ loans	**12**	250	4,172	1,093	975
Income tax and social contribution recoverable	**7**	1,573	2,364	3,483	5,115
Other recoverable taxes	**7**	-	-	5,919	6,305
Anticipation of receivables		103	92	695	605
Rights in the business transaction	**1**	-	-	-	79,354
Other		20	15	1,657	1,299
Total current assets		**2,064**	**8,720**	**90,875**	**151,005**
Non-current assets					
Advances for future capital increase	**8**	545	1,945	-	-
Judicial deposits		-	-	3,280	2,340
Deferred taxes	**7**	-	-	-	141
Recoverable taxes	**5**	-	-	9,126	20,608
AFRMM to be released	**12**	53,529	-	53,529	-
Related parties’ loans		296	312	296	752
Rights in the business transaction	**1**	-	-	11,215	-
Investments	**8**	165,859	216,755	-	-
Property, plant and equipment	**9**	1,632	2,001	197,706	224,778
Intangible assets	**10**	738,501	725,806	804,291	829,881
Total non-current assets		**960,362**	**946,819**	**1,079,443**	**1,078,500**
Total current		**962,426**	**955,539**	**1,170,318**	**1,229,505**

The accompanying notes are an integral part of these consolidated and individual financial statements.

MLog S.A.

Statements of operations
Years ended December 31, 2019 and 2018
(In thousands of Reais, except for loss per share, in Reais)

		Parent company		Consolidated	
Liabilities	**Note**	**2019**	**2018**	**2019**	**2018**
Current liabilities					
Trade accounts payable	**13**	289	720	6,952	7,392
Bank loans and financing	**22**	-	-	9,209	71,157
Salaries and social charges		1,619	115	3,971	4,293
Income tax and social contribution payable		996	116	1,507	818
Other taxes payable		23	59	2,038	4,669
Related parties' loans	**12**	51,446	36,292	-	-
Advances from customers		-	-	1,238	1,310
Provisions	**17**	1,991	918	3,633	3,727
Obligations on acquisition of investments	**14**	77,998	31,985	77,998	31,985
Other	**16**	5,761	1,678	8,516	3,586
Total current liabilities		**140,123**	**71,883**	**115,062**	**128,937**
Non-current liabilities					
Bank loans and financing	**22**	-	-	3,734	562
Trade accounts payable	**13**	-	-	-	2,799
Provision for losses on investments	**8**	1,643	1,648	-	-
Deferred taxes		-	-	297	89
Government subsidies to be appropriated- AFRMM	**5**	-	-	208,789	203,150
Obligations on acquisition of investments	**14**	30,157	61,039	30,157	61,039
Other	**16**	-	-	-	1,122
Provisions	**17**	5,999	6,935	21,786	11,389
Other non-current liabilities		-	-	5,983	6.378
Non-current liabilities		**37,799**	**69,622**	**270,746**	**286,528**
Equity	**18**				
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		(402,482)	(372,952)	(402,482)	(372,952)
Equity attributable to controlling shareholders		**784,504**	**814,034**	**784,504**	**814,034**
Non-controlling shareholder interest		-	-	6	6
Total equity		**784,504**	**814,034**	**784,510**	**814,040**
Total liabilities and equity		**962,426**	**955,539**	**1,170,318**	**1,229,505**

The accompanying notes are an integral part of these consolidated and individual financial statements.

MLog S.A.

Statements of operations
Years ended December 31, 2019 and 2018
(in thousand Reais, except for loss per share, in Reais)

		Parent company		Consolidated	
	Note	2019	2018	2019	2018
Net operating income	19	-	-	72,394	66,594
Cost of services	19	-	-	(67,743)	(61,284)
Gross profit		**-**	**-**	**4,651**	**5,310**
Operating expenses					
Personnel	24	(6,312)	(7,273)	(17,900)	(20,133)
Services rendered		(2,249)	(3,277)	(3,110)	(4,063)
General and administrative		(2,419)	(1,973)	(5,551)	(6,216)
Depreciation and amortization		(441)	(857)	(623)	(1,122)
Taxes		(100)	(144)	(569)	(711)
Other operating income (expenses)					
Equity results in subsidiaries	8	(7,696)	9,415	-	-
Government subsidies - AFRMM	5	-	-	10,518	12,040
Other operating income (expenses)		2,320	-	(2,686)	3,203
		(16,897)	**(4,109)**	**(19,921)**	**(17,002)**
Operating loss before financial results		**(16,897)**	**(4,109)**	**(15,270)**	**(11,692)**
Financial income and expenses					
Financial income	20	3,845	649	4,005	9,954
Financial expenses	21	(16,478)	(15,616)	(17,805)	(16,419)
		(12,633)	**(14,967)**	**(13,800)**	**(6,465)**
Loss before income tax and social contribution		**(29,530)**	**(19,076)**	**(29,070)**	**(18,157)**
Income tax and social contribution	11				
Current		-	-	(253)	(739)
Deferred		-	-	(207)	(57)
Loss for the year		**(29,530)**	**(19,076)**	**(29,530)**	**(18,953)**
Loss attributable to:					
Shareholders of the Parent company				(29,530)	(19,076)
Non-controlling shareholder interest				-	123
Loss per share (basic and diluted)	18	(10.18)	(6.58)		

The accompanying notes are an integral part of these consolidated and individual financial statements.

MLog S.A.

Statements of comprehensive income
Years ended December 31, 2019 and 2018
(In thousands of Reais)

	Parent company		Consolidated	
	2019	**2018**	**2019**	**2018**
Loss for the year	**(29,530)**	(19,076)	**(29,530)**	(18,953)
Other comprehensive income				
Cumulative translation adjustments	-	(7,088)	-	(7,106)
Comprehensive loss for the year	**(29,530)**	(26,164)	**(29,530)**	(26,059)
Comprehensive loss attributable to:				
Shareholders of the Parent company			**(29,530)**	(26,164)
Non-controlling shareholder interest			-	105

The accompanying notes are an integral part of these consolidated and individual financial statements.

MLog S.A.

Statements of changes in equity
Years ended December 31, 2019 and 2018
(In thousands of Reais)

	Capital stock								
	Subscribed	**To be paid**	**Capital reserve**	**(-) Equity issuance costs**	**Share-based compensation reserve**	**Accumulated losses**	**Cumulative translation adjustments**	**Non-controlling shareholder interest**	**Total**
At December 31, 2017	1,276,193	(127,894)	-	(36,464)	25,308	(353,876)	7,088	(99)	**790,256**
capital increase	-	42,632	7,211	-	-	-	-	-	**49,843**
Translation adjustments	-	-	-	-	-	-	(7,088)	(18)	**(7,106)**
Loss for the year	-	-	-	-	-	(19,076)	-	123	**(18,953)**
At December 31, 2018	**1,276,193**	**(85,262)**	**7,211**	**(36,464)**	**25,308**	**(372,952)**	**-**	**6**	**814,040**
Loss for the year	-	-	-	-	-	(29,530)	-	-	**(29,530)**
At December 31, 2019	**1,276,193**	**(85,262)**	**7,211**	**(36,464)**	**25,308**	**(402,482)**	**-**	**6**	**784,510**

The accompanying notes are an integral part of these consolidated and individual financial statements.

MLog S.A.

Statements of Cash Flows
Years ended December 31, 2019 and 2018
(In thousands of Reais)

	Parent company		Consolidated	
Cash flows from operating activities	**2019**	**2018**	**2019**	**2018**
Loss for the year	(29,530)	(19,076)	(29,530)	(18,953)
Adjustments to reconcile the loss to cash from operating activities				
Depreciation and amortization	441	857	20,476	12,045
Fixed Assets sales	-	102	50	319
Revenue with investment write-off	(816)	-	(816)	-
Government subsidies - AFRMM	-	-	(10,518)	(12,040)
Interest payable	14,999	14,827	8.299	16,024
Unrealized exchange variance	-	-	45	(7,884)
Equity results in subsidiaries	7,696	(9,415)	-	-
Income from the AFRMM linked account	-	-	37	-
Deferred income tax and social contribution	-	-	207	57
Changes in assets and liabilities				
Recoverable taxes	791	2,007	(78)	1,517
Inventories	-	-	197	(1,112)
Prepaid expenses	(11)	17	(234)	(175)
Other assets	(5)	15	(1,180)	1,183
Trade accounts receivable	-	-	(1,964)	11,195
Judicial deposits	15	513	(45)	(1,359)
Advances to suppliers	(83)	110	12	192
Receipt of AFRMM subsidies	-	-	2,168	18,699
Trade accounts payable	40	(110)	(2,527)	(5,653)
Employee-related accruals	1,505	(427)	2,452	(212)
Tax liabilities	881	(539)	2,328	87
Interest on loans with related parties	(3,036)	286	(3,642)	(94)
Interest on bank loans paid	-	-	(314)	(9)
Transaction cost	-	-	-	(850)
Advances from customers	-	-	394	(45)
Other liabilities	2,985	(1,003)	3,914	(754)
Provisions	1,074	898	6,012	(8,452)
Other non-current liabilities	-	-	(395)	140
Cash used in operating activities	**(3,054)**	**(10,938)**	**(4,652)**	**3,866**
Cash flows from investing activities				
Advances for future capital increase and capital increase in subsidiaries	(545)	(1,945)	-	-
Loans with related parties - granted	(16,976)	(18,414)	(9)	(130)
Receivables Anticipation	-	-	-	(818)
Investments Acquisition	-	(50,000)	-	(50,000)
Acquisition of property, plant and equipment	(2)	-	(2,196)	(2,481)
Additions to intangible assets	(12,177)	(4,344)	(12,177)	(4,371)
Cash from investing activities	**(29,700)**	**(74,703)**	**(14,382)**	**(57,800)**
Cash flows from financing activities				
Payment of Bank loan	-	-	(4,938)	(197)
Bank loan	-	-	15,069	3,000
Capital payment	-	49,843	-	49,843
Amortization in the acquisition of investment	(805)	(22,018)	(805)	(22,018)
Loans with related parties - received	31,516	38,553	-	155
Cash from in financing activities	**30,711**	**66,378**	**9,326**	**30,783**
Decrease in cash and cash equivalents	(2,043)	(19,263)	(9,708)	(23,151)
Cash and cash equivalents at the beginning of the year	2,061	21,324	11,289	34,440
Cash and cash equivalents at the end of the year	**18**	**2,061**	**1,581**	**11,289**

The accompanying notes are an integral part of these consolidated and individual financial statements.

MLog S.A.

Statements of value added (supplementary information for IFRS purposes)
Years ended December 31, 2019 and 2018
(In thousands of Reais)

	Parent company		Consolidated	
	2019	**2018**	**2019**	**2018**
Operating income				
Services	-	-	83,646	79,387
Inputs acquired from third parties				
Cost of the services	-	-	(52,217)	(42,665)
General and administrative expenses	(4,640)	(5,186)	(11,953)	(6,342)
Other income	2,320	-	2,320	-
Other income				
Government subsidies - AFRMM	-	-	10,518	12,040
Depreciation and amortization	(441)	(857)	(623)	(1,122)
Transferred added value received				
Net financial income	(12,633)	(14,967)	(6,786)	(6,465)
Equity results in subsidiaries	(7,696)	9,415	-	-
Total added value to be distributed	**(23,090)**	**(11,595)**	**24,905**	**34,833**
Distribution of added value				
Personnel				
Direct remuneration	83	64	17,450	18,442
Management fees	4,671	5,562	5,344	6,813
Benefits	843	513	11,082	9,200
Accrued severance indemnity (FGTS)	6	6	1,863	1,844
	5,603	**6,145**	**35,739**	**36,299**
Tax				
Federal	746	1,258	12,342	11,371
State	-	-	5,470	4,602
Municipal	11	12	150	953
Third-party capital remuneration				
Leases	80	66	734	561
Loss for the period attributable to:				
Shareholders of the Parent company	(29,530)	(19,076)	(29,530)	(19,076)
Non-controlling shareholder interest	-	-	-	123
	(23,090)	**(11,595)**	**24,905**	**34,833**

The accompanying notes are an integral part of these consolidated and individual financial statements.

MLog S.A.

Individual and consolidated financial statements
on December 31, 2019 and 2018
(In thousands of Reais, except where otherwise stated)

1. Operations

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

The subsidiary CDNC is not operational and owns a piece of land in the municipality of Linhares, in Espírito Santo. The subsidiaries MOPI and Dutovias, operate in the mining segments. The subsidiaries Asgaard and CNA operate in the shipping segment by chartering and operating maritime support vessels for the oil and gas industry, in the case of Asgaard, while CNA operates in the river transport of liquid bulk (crude oil, its derivatives and biofuels)).

On 04/17/2017 Asgaard signed a four-year contract with Petrobras, renewable for the same period, for the operation of the vessel Asgaard Sophia, which had been operating for the same client since March 2016 through a short-term contract.

Regarding the project for the extraction of iron ore called "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 of the Installation License ("LI"), Explanatory Note n.16.

According to the Material Fact of 19 February , 2020, MLog SA entered, together with its affiliates Asgaard and CNA, a binding commitment with Bourbon Offshore Marítima SA ("BOM") and its parent company involving: (i) the increase in the current fleet of Asgaard for the acquisition of 3 (three) Brazilian AHTS vessels owned by BOM, (ii) the use of credits from the Freight Additional for Renewal of the Merchant Navy ("AFRMM") and (iii) a partnership for the operation of support vessels Brazilian and foreign shipping companies of the Bourbon group and the MLog group in Brazil. The complete implementation of the operation contains steps already completed and certain steps that are subject to third party approvals.

The Company presents in these financial statements accumulated losses of R$ 402,482 (R$ 372,952 as of December 31, 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 and navigation activities.

Additionally, the Mining activity has a significant portion of its assets still in a pre-operational stage (Morro do Pilar Project), which require significant investments until the beginning of its operation.

With most of its assets in a pre-operational stage, especially those related to the Morro do Pilar Project, the Company ended 2019 with a consolidated volume of current assets lower than that of current liabilities. This situation is mainly related to the amounts payable for the acquisition of CNA (Obligations in the Acquisition of Investments). The Company's ability to combine the rescheduling of this liability, raising additional capital or executing its business plan, with a focus on generating cash from its shipping activities (including the announced operation with BOM) and converting AFRMM into free cash is important so that your operational and pre-operating activities are not compromised.

Business combination - acquisition of Marsil

In April 2018, the Company acquired all shares issued by Marsil, which was controlled by the Bocaiuva Group.

In the acquisition of Marsil, Grupo Bocaiuva assumed contractually before MLog the responsibility not only for the payment of all acquired bank loans, which totaled R$ 68,907 in 12/31/2018 in updated amounts, but also for other liabilities of different types existing at Marsil until the date of its acquisition, in the amount of R$ 5,689 on 12/31/2018 totaling R$ 74,596 to be paid by Bocaiuva.

The acquisition price recognized at fair value, including a contingent consideration installment, was R$ 50,000 paid in cash. This amount was broken down, in line 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 (provisionally 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 set forth in CPC 15 - Business Combination)

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

(In thousands of Reais, except where otherwise stated)

The fair value of the net assets of the investee, assessed as set forth in CPC 15 (Business Combination), is as follows:

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

[1] In the Private Instrument of Assignment and Definitive Transfer of Corporate Quotas signed between MLog and Bocaiuva, Bocaiuva was responsible for the totality of Marsil's debts, as well as for any and all contingencies, accounted for or not, whose operative event is prior to the acquisition date.

On 06/19/2019 due to Bocaiuva's contractual breaches, MLog filed a request for an arbitration institution against Bocaiuva before the Market Arbitration Chamber in order to obtain the declaration of termination of the Marsil Acquisition Agreement.

On 07/16/2019, the Company's management signed the Private Instrument of Termination with Bocaiuva, where it canceled the obligations assumed in the Marsil Acquisition contract. This instrument assigns the totality of Marsil's shares to Bocaiuva for the amount of R$ 50,000. With this Termination, the Company stopped consolidating Marsil and, consequently, the balances related to Business Combination - acquisition of Marsil, were fully written off, which includes the amounts of Rights in the business transaction and Bank loans. The impact on the result was a gain of R$ 816, recorded in the other operating income account.

The Private Instrument of Termination also provides, among other clauses, (i) assumption of the obligation to pay Bocaiuva's R$ 50,000 to MLog by the shareholder Maverick Holding SA (“Maverick Holding”) and (ii) the withdrawal of Bocaiuva Group from the board and MLog's indirect control block.

After the conclusion of the transaction, Maverick Holding asked the Company to call an Extraordinary General Meeting to approve the possibility of replacing the credit commitment assumed in the amount of R $ 50,000, restated by interest equivalent to IGPM plus 12% per annum, by payment commitment, by Maverick Holding to the Company, of an amount corresponding to 11.39% of the net amount to be received by the Company in the event of a total or partial sale of the Morro do Pilar Project.

This Meeting was suspended at the request of a minority shareholder holding more than5% of the shares of MLog. Management is waiting for the evolution of the discussions on the subject to take the necessary measures to execute the referred credit and / or its conversion into an alternative instrument, if so determined by the Company's General Meeting.

2. Basis of preparation and presentation of the financial statements

The Company's individual and consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and also in accordance with accounting practices adopted in Brazil (BR GAAP), approved by the Brazilian Securities and Exchange Commission (CVM).

The financial statements were prepared based on the assumption to continue as a going concern.

These financial statements were prepared based on historical cost, except for certain financial assets and liabilities measured at fair value and investments measured using the equity method, as described in accounting practices.

The financial statements are presented in reais (R$), which is the currency of the economic environment in which the Company operates (“functional currency”).

Management shows all relevant information in the financial statements, which corresponds to that used by it in its management.

The Company's management authorized the conclusion of these financial statements on March 30, 2020.

(In thousands of Reais, except where otherwise stated)

2.1 Basis of consolidation and corporate investments

The consolidated financial statements, which include information on the Company, its subsidiaries and their joint operation, were prepared using consistent accounting practices and, when necessary, adjustments are made to the statements of these investees to ensure compliance with the accounting policies adopted by the Company.

All transactions, balances, income and expenses between the Company, its subsidiaries and joint operations are eliminated in full in the consolidated statements.

The equity interests included in the consolidation process are:

Investments	Share 31/12/2019	Share 31/12/2018
Cia de Desenvolvimento do Norte Capixaba	100%	100%
Morro do Pilar Minerais S.A.	100%	100%
Asgaard Navegação S.A.	100%	100%
Mineração Marsil Eireli	0%	100%
Dutovias do Brasil S.A.	100%	100%

Subsidiaries

The subsidiaries are consolidated from the date on which control is obtained until the date on which that control ceases to exist.

The Company controls the investee when it is exposed or has rights to the variable returns arising from its involvement with the investee and can affect those returns through its power over the investee.

In the parent company's individual financial statements, the financial information of subsidiaries is recognized using the equity method.

Joint Business

Joint business is one in which two or more parties have joint control established by contract, which may be a joint operation or a jointly controlled venture, depending on the rights and obligations of the parties.

In a joint operation, the integrating parties have rights over the assets and obligations over the liabilities related to the business, whereas in a jointly controlled venture, the parties have rights over the net assets of the business.

The Company recognizes in the consolidated statements its participation in the revenues, expenses, assets and liabilities held in the joint operation. In the individual financial statements, the joint operation, constituted through a vehicle entity with its own legal personality, is recognized by the equity method.
Investments in jointly controlled ventures are recognized using the equity method in the individual and consolidated financial statements.

Affiliate

Affiliate is the entity over which the Company has significant influence, defined as the power to participate in the decisions on the financial and operating policies of an investee, but without individual or joint control over those policies.

Investments in associates are recognized using the equity method in the individual and consolidated financial statements.

3. Summary of significant accounting practices

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

a. Financial instruments

CPC 48 establishes, among others, new requirements for: classification and measurement of financial assets, measurement and recognition of impairment of financial assets, changes in the terms of financial assets and liabilities and disclosure.

i. Classification and measurement of financial assets

CPC 48 establishes three categories for the classification of financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification is based on the characteristics of contractual cash flows and the business model for managing the asset.

ii. Modification of contractual cash flow of financial liabilities

CPC 48 establishes that the accounting balances of financial liabilities measured at amortized cost, whose contractual terms were not substantially modified, should reflect the present value of their cash flows under the new terms, using the original effective interest rate. The difference between the book balance of the instrument remeasured when a substantial change in its terms and its book balance immediately prior to such modification shall be recognized as gain or loss in the period result.

The Company does not carry out hedging, swap or any other operations involving derivative financial instruments.

b. Cash and cash equivalents

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

c. Investments in subsidiaries

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

d. Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, less accumulated depreciation and, when applicable, a reduction in their recoverable value. When significant parts of an item of property, plant and equipment have different useful lives, they are recorded as separate items (main components) of property, plant and equipment.

Any gains and losses on the disposal of an item of property, plant and equipment are recognized in the result. Subsequent costs are capitalized only when it is probable that future economic benefits associated with the expenses will be earned by the Company.

Depreciation is calculated to amortize the cost of property, plant and equipment items, net of their estimated residual values, using the straight-line method based on the estimated useful life of the items. Depreciation is recognized in the income statement. Land is not depreciated. The estimated useful lives of property, plant and equipment are presented in Note 9. Depreciation methods, useful lives and residual values are reviewed at each reporting balance sheet date and adjusted if appropriate.

e. Intangible assets

Intangible assets comprise mainly mining rights, expenses with exploration and evaluation of mineral resources and obtaining licenses and are valued at acquisition cost less, when applicable, accumulated amortization and impairment.

Expenses with exploration and evaluation of mineral resources and obtaining licenses are capitalized only if the future economic benefits are probable and if the Company intends to complete the development and use or sell the asset.

Other intangible assets that are acquired by the Company and that have finite useful lives are measured at cost, less accumulated amortization and any accumulated losses due to impairment.

Subsequent expenses are capitalized only when they increase benefits
future economic conditions incorporated into the specific asset to which they relate. All other expenses are recognized in the income statement as incurred.
Amortization is calculated using the straight-line method based on the estimated useful life of the items, net of their estimated residual values. Amortization is recognized in income. Goodwill is not amortized.

The estimated useful lives of the intangible asset are presented in Note 10.
Amortization methods, useful lives and residual values are reviewed at each reporting date.
balance sheet and adjusted if appropriate.

f. Impairment of assets

The book values of the assets are, for purposes of devaluation, reviewed annually or when there is a potential indication of impairment.
Assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and or depreciation, such as property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The latter is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units)..

g. Provisions

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

h. Income tax and social contribution

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

i. Accounting judgments, estimates and assumptions

The preparation of the financial statements requires the use of estimates and the exercise of judgment by Management in the application of the Company's accounting policies. These estimates are based on Management's experience and knowledge in the information available at the balance sheet date and other factors, including expectations of future events that are believed to be reasonable under normal circumstances. Changes in facts and circumstances may lead to a review of these estimates. Actual future results may differ from those estimated.

The significant estimates and judgments applied by the Company in preparing these financial statements are presented in the following notes:

Accounting estimates and judgments:	Notes
Expected credit losses	6
Determination of the useful life of property, plant and equipment	9
Assumptions for impairment tests	9
Estimates related to lawsuits and contingencies	15

j. Statements of value added

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

k. Profit (loss) per share

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

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

l. Share based compensation

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

m. Additional Freight for Renovation of Merchant Marine - AFRMM

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

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

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

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

n. Revenue from services

Revenues from charter of vessels, freight transport and offshore support are measured by fair value of the amount received, net of trade discounts and sales taxes on these services.
The Company recognizes revenue when it transfers control over the product or service to the customer.

Revenue is recognized over time as services are provided. The completion stage to determine the amount of revenue to be recognized is assessed based on assessments of progress in the work performed. If services under a single contract take place at different times, the consideration will be allocated based on their individual sales prices. The individual selling price is determined based on the list prices at which the Company sells services in separate transactions

o. Information by segment

Segment results that are reported to the Company's Management include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis.

(In thousands of Reais, except where otherwise stated)

3.1 New pronouncements and interpretations

The standards, changes in standards and interpretations that came into effect for the first time for the year started on January 1, 2019 had no significant impact on the Group.

Estimates and assumptions are reviewed on an ongoing basis. Reviews with respect to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

The Company did not have a significant impact on its balance sheet or shareholders' equity when applying the classification and measurement requirements of IFRS 16 / CPC 06 (R2) and other standards that came into force in 2019.

There are no other IFRS standards or IFRIC interpretations that have not yet come into force that could have a significant impact on the Group's financial statements.

4. Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Cash	**9**	2,048	**1,019**	10,050
Cash equivalents	**9**	13	**562**	1,239
	18	**2,061**	**1,581**	**11,289**

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

On 12/31/2019, the balance of cash equivalents refers to investments in Certificates of Deposit - CDBs, with daily liquidity and return tied to the Interbank Deposit Certificate – CDI.

(In thousands of Reais, except where otherwise stated)

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 12-month period ended 12/31/2019.

	Asset accounts			Liability account
	Current		Non-current	Non-current
	AFRMM deposits in escrow account	AFRMM to be released	AFRMM to be released	Government subsidies to be appropriated – AFRMM (1)
Adjusted balance as of 12/31/2018	**13,689**	**24,052**	**20,608**	**203,150**
AFRMM generated	-	-	15,658	15,658
Deposits in escrow account	58,169	(58,206)	-	-
Judicial blocks	(911)	-	-	-
Linked account earnings	1,119	-	-	1,119
Benefit Utilization	(2,168)	-	-	-
Recognition in profit and loss	-	-	-	(10,518)
Receivables from the parent	(620)	-	-	(620)
Transfer from long-term to short-term	-	31,263	(31,263)	-
Loss Adjustment	-	2,891	4,123	-
Balance as of 12/31/2019	**69,278**	**-**	**9,126**	**208,789**

[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.

For purposes of comparison, the table below shows the changes in the AFRMM-related items in the consolidated balance sheet for the 12-month period ended 12/31/2018:

	Asset accounts			Liability account
	Current		Non-current	Non-current
	AFRMM deposits in escrow account	AFRMM to be released	AFRMM to be released	Government subsidies to be appropriated – AFRMM (1)
Adjusted balance as of 12/31/2017	**29,638**	**24,052**	**8,734**	**200,548**
AFRMM generated	-	-	15,873	15,873
Deposits in escrow account	3,999	(3,999)	-	-
Linked account earnings	582	-	-	582
Benefit Utilization	(18,699)	-	-	-
Recognition in profit and loss	-	-	-	(12,040)
Receivables from the parent	(1,831)	-	-	(1,813)
Transfer from long-term to short-term	-	3,999	(3,999)	-
Balance as of 12/31/2018	**13,689**	**24,052**	**20,608**	**203,150**

(In thousands of Reais, except where otherwise stated)

6. Trade accounts receivable

On 12/31/2019, the amounts of R$ 4,500 and R$ 2,015 (on 12/31/2018 R$ 3,659 and R$ 1,818) refer to the regular businesses of the subsidiaries CNA and Asgaard respectively. In addition to R$ 1,068 on 12/31/2018, related to Marsil.

	12/31/2019	12/31/2018
Trade accounts receivable	**6,652**	6,676
Doubtful debt	**(137)**	(131)
	6,515	**6,545**

The amounts of accounts receivable from customers, on December 31, 2019, have the following receipt term

	31/12/2019	12/31/2018
Amounts to mature	**4,280**	4,934
Amounts due:		
Within 30 days	**2,028**	1,293
From 31 to 90 days	**171**	318
From 91 to 180 days	**36**	-
From 181 to 360 days	**11**	2
Over 360 days	**126**	129
	6,652	**6,676**

The average receipt period for recurring operations, from billing, is 20 days at Asgaard Navegação S.A., 29 days at Companhia de Navegação da Amazônia and 30 days at Marsil for both 2019 and 2018.

7. Recoverable income tax, contributions and other taxes

	Parent company		Consolidated	
Current assets	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Withheld at source				
Income tax on financial income	1,573	2,364	1,573	2,411
Income tax on services rendered	-	-	983	1,297
Social contribution (CSLL) on services rendered	-	-	164	787
Credits				
Recover of IRPJ and CSLL	-	-	763	620
	1,573	**2,364**	**3,483**	**5,115**

(In thousands of Reais, except where otherwise stated)

Other taxes recoverable

	Consolidated	
	12/31/2019	12/31/2018
Current assets		
Withheld at source		
PIS and COFINS on services rendered	418	570
Social security (INSS) on services rendered	98	245
ICMS To Offset	-	240
Refund claim		
PIS and COFINS	3,518	3,524
Credits		
PIS and COFINS on inputs	1,435	1,438
PIS e COFINS over vessel acquisitions	285	155
Others	165	133
	5,919	**6,305**
Non-current assets		
Credits		
PIS e COFINS over vessel acquisitions	-	141
	-	**141**

8. Investments in subsidiaries (Parent company)

Changes in investments during the year are as follows:

Investments	Interest	12/31/2018	Capital increase	Equity results	Investment write-off	12/31/2019
Cia de Desenvolvimento do Norte Capixaba	100%	21,124	21	(20)	-	**21,125**
Morro do Pilar Minerais S.A.	100%	7,311	1,100	(463)	-	**7,948**
Asgaard Navegação S.A.	100%	139,973	-	(3,187)	-	**136,786**
Mineração Marsil Eireli	100%	48,347	-	(4,025)	(44,322)	-
Investment Balance		**216,755**	**1,121**	**(7,695)**	**(44,322)**	**165,859**
Dutovias do Brasil S.A.	100%	(1,648)	6	(1)	-	**(1,643)**
Balance of the provision for uncovered liability[1]		**(1,648)**	**6**	**(1)**	**-**	**(1,643)**
		215,107	**1,127**	**(7,696)**	**(44,322)**	**164,216**

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

(In thousands of Reais, except where otherwise stated)

For purposes of comparison, mainly for the equity method, we present below the changes in investments in the same year of the previous year,

Investments	Interest	2017	Business deal with Marsil	Capital increase	Equity results	Shareholders transaction	Cumulative translation adjustments	2018
Cia de Desenvolvimento do Norte Capixaba	100%	20,863	-	296	(35)	-	-	21,124
Morro do Pilar Minerais S.A.	100%	7,659	-	735	(1,083)	-	-	7,311
Asgaard Navegação S.A.	100%	177,032	-	-	5,701	(42,760)	-	139,973
Mineração Marsil Eireli	100%	-	50,000	-	(1,653)	-	-	48,347
Investment Balance		**205,554**	**50,000**	**1,031**	**(2,930)**	**(42,760)**	**-**	**216,755**
Asgaard Navigation LLP	99.75%	(42,162)	-	-	6,490	42,760	(7,088)	-
Dutovias do Brasil S.A.	100%	(1,656)	-	13	(5)	-	-	(1,648)
Balance of the provision for uncovered liability[1]		**(43,818)**	**-**	**13**	**6,485**	**42,760**	**(7,088)**	**(1,648)**
		161,736	**50,000**	**1,044**	**9,415**	**-**	**(7,088)**	**215.107**

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

The movement of the advances for future capital increases in the year is shown below:

	Morro do Pilar Minerais	Cia de Desenvolvimento do Norte Capixaba	Dutovias do Brasil	Mineração Marsil	Total
Balances as of 12/31/2018(*)	1,101	21	5	**818**	**1,945**
Funds remitted	526	17	2	**-**	**545**
Write-off	-	-	-	**(818)**	**(818)**
Capitalization	(1,100)	(21)	(6)	**-**	**(1,127)**
Balances as of 12/31/2019 (*)	**527**	**17**	**1**	**-**	**545**

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

For purposes of comparison, we present below the movement of the advances for future capital increases in the same year of the previous year:

	Morro do Pilar Minerais S.A.	Cia de Desenvolvimento do Norte Capixaba	Dutovias do Brasil S.A.	Mineração Marsil Eireli	Total
Balances as of 12/31/2017(*)	736	296	14	-	**1,046**
Funds remitted	1,100	21	4	818	**1,943**
Capitalization	(735)	(296)	(13)	-	**(1,044)**
Balances as of 12/31/2018 (*)	**1,101**	**21**	**5**	**818**	**1,945**

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

(In thousands of Reais, except where otherwise stated)

9. Property, plant and equipment

Parent company balances

		Parent company					
Cost		**12/31/2017**	**Acquisition**	**Transfer e write-offs**	**12/31/2018**	**Acquisition**	**12/31/2019**
Buildings		**289**	**-**	**-**	**289**	**-**	**289**
Machinery and equipment		**1,782**	**-**	-	**1,782**	**-**	**1,782**
Furniture and fixtures		**842**	**-**	**-**	**842**	**-**	**842**
IT equipment		**541**	**-**	(15)	**526**	**2**	**528**
Communication equipment		**144**	**-**	-	**144**	**-**	**144**
Vehicles		**87**	**-**	(87)	**-**	**-**	**-**
Leasehold improvements		**1,431**	**-**	-	**1,431**	**-**	**1,431**
		5,116	**-**	**(102)**	**5,014**	**2**	**5,016**
Depreciation	**Rate**						
Buildings	**4%**	**(43)**	(13)	**-**	**(56)**	(11)	**(67)**
Machinery and equipment	**10%**	**(367)**	(178)	**-**	**(545)**	(177)	**(722)**
Furniture and fixtures	**10%**	**(352)**	(81)	**-**	**(433)**	(84)	**(517)**
IT equipment	**20%**	**(359)**	(74)	**-**	**(433)**	(76)	**(509)**
Communication equipment	**20%**	**(108)**	(17)	**-**	**(125)**	(13)	**(138)**
Vehicles	**20%**	**(12)**	12	**-**	**-**	-	**-**
Leasehold improvements	**22%**	**(1,063)**	(358)	**-**	**(1,421)**	(10)	**(1,431)**
		(2,304)	**(709)**	**-**	**(3,013)**	**(371)**	**(3,384)**
		2,812	**(709)**	**(102)**	**2,001**	**(369)**	**1,632**

Consolidated Balances for the Year

Cost		**12/31/2018**	**Acquisition**	**Transfer e write-offs**	**Tax to be recovered**	**Business transaction write-off**	**Added value write-off**	**12/31/2019**
Land		**33,050**	**-**	**-**	**-**	**(131)**	**(2,439)**	**30,480**
Buildings		**2,315**	**-**	**-**	**-**	**(1,187)**	**(806)**	**322**
Vessel in construction		**1,138**	**1,484**	**-**	**-**	**-**	**-**	**2,622**
Machinery and equipment		**10,879**	**438**	**(7)**	**(46)**	**(4,149)**	**(2,356)**	**4,759**
Furniture and fixtures		**1,259**	**39**	**(13)**	**-**	**(22)**	**(15)**	**1,248**
IT equipment		**707**	**89**	**-**	**-**	**(18)**	**(3)**	**775**
Communication equipment		**706**	**96**	**-**	**-**	**(12)**	**-**	**790**
Vessels		**203,240**	**50**	**(1,531)**	**-**	**-**	**-**	**201,759**
Vehicles		**435**	**-**	**-**	**-**	**(3)**	**(6)**	**426**
Works of art		**97**	**-**	**-**	**-**	**-**	**-**	**97**
Properties		**1,645**	**-**	**-**	**-**	**-**	**-**	**1,645**
Leasehold improvements		**1,431**	**-**	**-**	**-**	**-**	**-**	**1,431**
		256,902	**2,196**	**(1,551)**	**(46)**	**(5,522)**	**(5,625)**	**246,354**
Depreciation	**Rate**							
Land	**4%**	**(119)**	**(86)**	**-**	**-**	**105**	**-**	**(100)**
Machinery and equipment	**10%**	**(1,106)**	**(2,769)**	**7**	**-**	**839**	**-**	**(3,029)**
Furniture and fixtures	**10%**	**(574)**	**(133)**	**12**	**-**	**4**	**-**	**(691)**
IT equipment	**20%**	**(543)**	**(115)**	**-**	**-**	**12**	**-**	**(646)**
Communication equipment	**20%**	**(238)**	**(76)**	**-**	**-**	**1**	**-**	**(313)**
Vessels	**5%**	**(28,007)**	**(15,515)**	**1,482**	**-**	**-**	**-**	**(42,040)**
Vehicles	**20%**	**(116)**	**(285)**	**-**	**-**	**3**	**-**	**(398)**
Leasehold improvements	**22%**	**(1,421)**	**(10)**	**-**	**-**	**-**	**-**	**(1,431)**
		(32,124)	**(18,989)**	**1,501**	**-**	**964**	**-**	**(48,648)**
		224,778	**(16,793)**	**(50)**	**(46)**	**(4,558)**	**(5,625)**	**197,706**

(In thousands of Reais, except where otherwise stated)

Cost		12/31/2017	Transaction Acquisition business	Acquisition	Transfer e write-offs	Added Value	12/31/2018
Land		30,480	131	-	-	2,439	33,050
Buildings		289	1,187	-	-	839	2,315
Vessel in construction		212	-	1,138	(212)	-	1,138
Machinery and equipment		2,299	2,930	1,184	(15)	4,481	10,879
Furniture and fixtures		1,197	21	29	(5)	17	1,259
IT equipment		682	21	13	(3)	(6)	707
Communication equipment		612	-	108	(14)	-	706
Vessels		203,222	-	-	18	-	203,240
Vehicles		257	4	(1)	(88)	263	435
Works of art		97	-	-	-	-	97
Properties		1,645	-	-	-	-	1,645
Leasehold improvements		1,431	-	-	-	-	1,431
		242,423	4,294	2,471	(319)	8,033	256,902
Depreciation	rate						
Land	4%	(43)	-	(76)	-	-	(119)
Machinery and equipment	10%	(435)	-	(671)	-	-	(1,106)
Furniture and fixtures	10%	(441)	-	(133)	-	-	(574)
IT equipment	20%	(422)	-	(121)	-	-	(543)
Communication equipment	20%	(165)	-	(73)	-	-	(238)
Vessels	5%	(17,755)	-	(10,252)	-	-	(28,007)
Vehicles	20%	(78)	-	(38)	-	-	(116)
Leasehold improvements	22%	(1,063)	-	(358)	-	-	(1,421)
		(20,402)	-	(11,722)	-	-	(32,124)
		222,021	4,294	(9,251)	(319)	8,033	224,778

In the valuation of recoverability of assets, the Company used the value in use per Cash Generating Unit (CGU) based on projections approved by Management and assumptions consistent with the analysis performed on 12/31/2019, which consider:

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

- Country macroeconomic scenario;

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

- Discount rate in constant dollars of 12.5%, based on the weighted average cost of capital ("WACC").

10. Intangible assets

This item, in line with IFRS 6 Exploration for and Evaluation of Mineral Rights, refers to the exploration and evaluation expenses of the Morro do Pilar Iron Ore Project, as well as the mining rights resulting from the acquisition of Marsil Mineração EIRELI.

(In thousands of Reais, except where otherwise stated)

Changes in intangible assets in the year are as follows:

Parent company

Cost		12/31/2017	Additions	12/31/2018	Additions	12/31/2019
Expenditures related to exploration and valuation		240,289	6,241	246,530	**12,765**	**259,295**
Software		930	-	930	**-**	**930**
Expenditures related to licensing phase		6,404	-	6,404	**-**	**6,404**
Intangible assets acquired in business combination		472,791	-	472,791	**-**	**472,791**
		720,414	6,241	726,655	**12,765**	**739,420**
Amortization	**Rate**					
Software	**20%**	(703)	(146)	(849)	**(70)**	**(919)**
		(703)	(146)	(849)	**(70)**	**(919)**
		719,711	6,095	725,806	**12,695**	**738,501**

Consolidated

Cost		12/31/2017	Additions	Goodwill	Transfer e write-off s	12/31/2018	Additions	Added value write-off	12/31/2019
Expenditures related to exploration and valuation of mineral resources and prospecting rights		240,289	6,241			246,530	**12,765**	**-**	**259,295**
Expenditures related to licensing phase		6,404	-	-		6,404	**-**	**-**	**6,404**
Mining rights *			-	38,164		38,164	**-**	**(38,164)**	**-**
Management system (ERP)		1,188	27	-	(10)	1,205	**-**	**(25)**	**1,180**
Software		930	-	-		930	**-**	**-**	**930**
Intangible assets acquired in business combination		472,791	-	-		472,791	**-**	**-**	**472,791**
Goodwill on CNA acquisition		65,768	-	-		65,768	**-**	**-**	**65,768**
		787,370	6,268	38,164	(10)	831,792	**12,765**	**(38,189)**	**806,368**
Amortization	**rate**								
Mining rights		-	-	-	-	-	**(1,302)**	**1,302**	**-**
Management system (ERP)	**20%**	(895)	(187)	-	10	(1,072)	**(105)**	**19**	**(1,158)**
Software	**20%**	(703)	(136)	-	-	(839)	**(80)**	**-**	**(919)**
		(1,598)	(323)	-	10	(1,911)	**(1,487)**	**1,321**	**(2,077)**
		785,772	5,945	38,164	-	829,881	**11,278**	**(36,868)**	**804,291**

11. Income tax and Social contribution

As of 12/31/2019, the amount of tax losses and negative basis of social contribution of the Company is of the order of R$ 398 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.

(In thousands of Reais, except where otherwise stated)

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

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Loss before income tax and social contribution	(29,530)	(19,076)	(29,070)	(18,157)
Income tax and social contribution calculated at the rate of 34%	10,040	6,486	9,884	6,173
Effects of additions and exclusions				
Equity in earnings	(2,617)	3,201	-	-
Temporary differences	(616)	(306)	(2,383)	3,985
Permanent differences	-	-	3,344	1.795
	6,807	**9,381**	**10.845**	**11,953**
Deferred assets are not recognized due to the lack of expected future profitability	(6,807)	(9,381)	(10,385)	(12,749)
Income and social contribution taxes on income	**-**	**-**	**(460)**	**(796)**
Effective rate	0%	0%	1.6%	4.4%

12. Related parties' transactions

Loans and transactions between related parties

The balances involving related parties' transactions at the date of this financial information are listed below:

Creditor	Debtor	12/31/2019	12/31/2018
(1) Current assets in the Parent Company			
MLog S.A.	Patrícia Tendrich Pires Coelho	**250**	216
MLog S.A.	Maverick Holding S.A.	**53,529**	-
Current assets in the consolidated			
Asgaard Navegação S.A.	Maverick Holding S.A.	**746**	671
Asgaard Navegação S.A.	Patrícia Tendrich Pires Coelho	**97**	88
		54,622	**975**
Values Eliminated on Consolidation			
Asgaard Navegação S.A.	MLog S.A.	**29,345**	29,044
Asgaard Navegação S.A.	Companinha de Navegação da Amazônia	**-**	115
Companinha de Navegação da Amazônia	Asgaard Navegação S.A.	**126**	-
MLog S.A.	Mineração Marsil	**-**	3,956
Companinha de Navegação da Amazônia	MLog S.A.	**22,101**	7,248

The loan between MLog S.A. and Patrícia Tendrich Pires Coelho (Previous Chief Executive Officer of the Company) in the amount of R$ 250 is adjusted at the CDI rate plus 5% per annum.

The loan between Asgaard Navegação S.A. and Maverick Holding S.A. (shareholder of MLog S.A) in amount of R$ 746, is adjusted at the CDI rate plus 5% per annum.

The loan agreement between Asgaard Navegação S.A. and Patrícia Tendrich Pires Coelho (Previous Chief Executive Officer of the Company) in the amount of R$ 97 is adjusted at the CDI rate plus 5% per annum.

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

The Company's parent company, Maverick Holding S.A., is the guarantor of the total debt related to the acquisition of the above-mentioned 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.

As explained in Note 1, Maverick Holding S.A., assumed the obligation to pay R$ 53,529 to MLog for the resale of Marsil.

Compensation of key management personnel

The Company considers all current officers and board members to be key management personnel. For the twelve-month period of 2019, the compensation of these officers and board members was R$ 6,028 and R$ 1,431, respectively (R$ 6,230 and R$ 2,426 in 2018). The overall management compensation for the period from 05/01/2019 to 04/30/2020, up to R$13,650, was approved in the Annual General Meeting held on 04/28/2019.

Share based compensation (stock options)

The Company's shareholders approved, at the Extraordinary General Meeting of July 21, 2011, the adoption of a compensation plan for directors, board members and employees through the stock option plan. The options of the issuance plan by the Company are of the primary type, therefore, they involve the issuance of new shares. As of December 31, 2019, the total number of options granted was 1,830 (one thousand, eight hundred and thirty) realized through an individual contract 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 the proportion of one third of the total shares available for the plan, are exercisable in three annual installments, the first after 12 months have elapsed since the grant date and the following two, under the same conditions, observing the periods of 24 and 36 months also counted from the grant date. Participants have a maximum period of sixty months, from the date of maturity, to exercise the options.

The exercise price of the options granted until August 20, 2012 is R$ 1,576.00 (one thousand, five hundred and seventy-six reais) per nominal share and from this date on, R$ 2,547.25 (two thousand, five hundred and forty-five) 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 split of the share.

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

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

Plan	Grant date	Initial maturity date	Vesting date	Number of shares	Strike price	Annual volatility l	Risk free rate	Dilution Facto	Fair value options (R$ 000)
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	08/20/2015	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
2013,4	10/01/2013	10/01/2015	10/01/2020	150	2,547.25	38.81%	11.79%	97.46%	232
Total on 12/31/2019				**1,830**					**2,084**

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	-	-	-	-	-	-	-
2nd	-	-	-	-	-	-	-
3rd	-	293	360	348	-	-	**1,001**
4th	-	33	35	33	-	-	**101**
5th	-	46	88	17	22	-	**173**
6th	-	33	19	-	(52)	-	-
7th	-	-	397	421	(147)	(94)	**577**
8th	-	-	312	185	(497)	-	-
9th	-	-	233	148	(381)	-	-
10th	-	-	284	123	(183)	8	**232**
	-	405	1,728	1,275	(1,238)	(86)	**2,084**
Options expired **(1)**	939	6,894	7,170	7,462	759	-	
Recorded in income statement	939	7,299	8,898	8,737	(479)	(86)	
Accumulated amount in equity	**939**	**8,238**	**17,136**	**25,873**	**25,394**	**25,308**	

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

In the event the beneficiary resigns from his position, the options not yet exercisable expire without any indemnity or compensation and the exercisable options may be exercised within ninety days. To date of these financial statements, 23,070 (twenty three thousand and seventy) shares expired due to non-exercise of the option, corresponding to R$ 23,224, measured upon granting of the options and recognized in P&L and equity during the vesting period.

From the beginning of adoption of the plan up to the date of this annual information, no stock options were exercised.

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

In the event the beneficiary is dismissed from his position without breach of duties and privileges, the specific rights that may be exercised in accordance with the relevant option on the date of issue may be exercised within the remaining exercise period available to such beneficiary. In this case, the non-exercisable options expire without any indemnity or compensation

No stock options were exercised in the twelve months of 2019.

13. Trade accounts payable

The consolidated balance of R$ 6,952 on 12/31/2019 (R$ 10,191 on 12/31/2018) mainly refers to the contract signed with Citigroup. In this contract, the Company will pay the total amount of R$ 7,000 in twenty consecutive monthly installments, of which 11 installments have been paid, leaving 9 installments due.

14. Obligations on acquisition of investments

This account refers to payment obligations assumed due to the acquisition of all shares of CNA.

Grupo Libra, creditor of these Obligations in the acquisition of investments and also responsible for potential liabilities of CNA, according to Notes 15 and 17, below, is in Judicial Recovery. Grupo Libra's credit with MLog was part of its approved Judicial Recovery Plan.

On December 26, 2019, in accordance with the approved Judicial Recovery Plan, Grupo Libra donated in payment to its original creditors of these Obligations in the acquisition of Investments due by MLog. Grupo Libra's Payment Instrument to its creditors contained a suspensive clause that linked the execution of this donation to MLog's approval, which took place in January 2020.

With this approval, the creditors from Grupo Libra became creditors of these Notes. The banks Bradesco (29.3%), Santander (26.3%) and Itaú (36.5%) make up approximately 92% of total credits, with the remainder being distributed among several other creditors from Grupo Libra.

Since April 2019, the Company has stopped paying these Notes. Management has been in contact with its new creditors in order to resolve this case, whether with the reestablishment of the payment of these obligations, its renegotiation or even the sale of these credits by the current creditors.

The success in resolving this issue is relevant for determining the future of the Company, since the Obligations due and due in 2020 of this contract make up the majority of MLog's Current Liabilities.

(In thousands of Reais, except where otherwise stated)

The table below shows the changes in the debt at the date of these financial statements:

Composition of acquisition price	Balances on 12/31/2018	Interest and fines	Unwinding of discount	Payments	Balances on 12/31/2019	Payment term Current	Payment term Non-current
Initial installment	41,547	6,179	-	-	**47,726**	44,698	3,028
Additional installment	35,301	3,896	-	(805)	**38,392**	25,782	12,610
Earn out installment	16,176	1,608	4,253	-	**22,037**	7,518	14,519
	93,024	**11,683**	**4,253**	**(805)**	**108,155**	**77,998**	**30,157**

For purposes of comparison, we present below the table with the debt transaction for the year 2018:

Composition of acquisition price	Balances on 12/31/2018	Interest and fines	Unwinding of discount	Payments	Balances on 12/31/2019	Payment term Current	Payment term Non-current
Initial installment	49,918	4,190	-	(12,561)	**41,547**	21,146	20,401
Additional installment	36,834	2,750	5,174	(9,457)	**35,301**	10,839	24,462
Earn out installment	14,423	-	1,753	-	**16,176**	-	16,176
	101,175	**6,940**	**6,927**	**(22,018)**	**93,024**	**31,985**	**61,039**

15. Litigation

On 12/31/2019, 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 the civil and labor lawsuits owed by the subsidiary Companhia de Navegação da Amazônia – CNA.

(In thousands of Reais, except where otherwise stated)

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

Process number	Type	Author	Nature	Value of the cause	Chances Of Loss
0071643-11.2014.4.01.3800 e	Unlawful Custody Action and Public Civil Action	Ministério Público Federal	Environmental	5.000	Possible
0078416-72.2014.4.01.3800	Public Civil Action	Ministério Público Federal	Environmental	5.000	Possible
10283.721485/2012-45	administrative process	Delegacia da Receita Federal do Brasil em Manaus - AM/DRF/AM	Administrative	1.661	Possible
10283.720968/2013-11	administrative process	Delegacia da Receita Federal do Brasil em Manaus - AM/DRF/AM	Administrative	7.861	Possible
0011394-80.2016.4.01.3200	Ação Civil Pública de Improbidade Administrativa	Ministério Público Federal	Administrative	1.000	Possible
0011345-39.2016.4.01.3200	Ação Civil Pública de Improbidade Administrativa	Ministério Público Federal	Administrative	400	Possible
5026833-94.2019.8.13.0024	Execution of Extrajudicial Title	Boa Sorte	Cívil	11.308	Possible
02044.010011/2016-92	Administrative process	ICMBIO	Administrative	400	Possible
0001127-66.2019.5.11.0004	Lawsuit	W.S.S	Labor	103	Possible

16. Commitments

As a result of the Preliminary License to the Morro do Pilar Project granted by the Regional Superintendence of Environmental Regularization - SUPRAM on 11/6/2014, a series of conditions and other legal obligations should be satisfied by November 2019, for the formalization of the request for the concession of the Installation License - LI.

These conditions and studies required for the LI Protocol were completed in 2019 and the Company formalized the LI request with government agencies.
After the aforementioned protocol and before the effective granting of the Installation License - 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.

(In thousands of Reais, except where otherwise stated)

As for the compensation referred to in article 36 of Law No. 9,985 / 2000 (National System of Nature Conservation Units - SNUC), the amount of resources to be allocated by the entrepreneur for this purpose is limited to 0.5% (means by percent) of the total estimated costs for the implementation of the enterprise. Thus, the final amount to be paid is linked to the total investments in the implementation of the mine, depending on the project arrangement intended by the company with respect 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 one being up to 30 days after the granting of the Implantation License - LI, according to State Decree nº 45.175 / 2009. Based on the legal documentation related to this topic, the Company estimates the amount of this compensation to be up to R$ 20,000.

On 02/07/2019, the Company entered into a Term of Agreement with the Municipality of Morro do Pilar, which has as its object, the execution by both parties, of obligations established in the referred Term of Agreement, in order to prepare the municipality for the implementation of the Company's enterprise. The total amount involved is R$ 47,500, with disbursements of R$ 11,826, already made. The remaining portion is R$ 35,674, of which R$ 4,097 accounted for in other accounts payable and R$ 31,577 which will be accounted for only after the granting of the Installation License (LI).

On 08/08/2019, the Company entered into a Term of Agreement with the Municipality of Santo Antônio do Rio Below (SARA), which has as its object, the execution by both parties, of obligations established in the referred Term of Agreement, with in order to prepare the municipality for the implementation of the Company's enterprise. The total amount involved is R $ 10,200, with disbursements of R $ 429, already made. The remaining portion of R $ 9,771 had, R $ 1,036 accounted for in other accounts payable and R $ 8,735 which will be accounted for only after the granting of the Installation License (LI).

The composition of other accounts payable is as follows:

	Parent company		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Term of Cooperation - Morro do Pilar	**5,133**	900	**5,133**	900
Obligations in the negotiation transaction	**-**	-	**-**	1,122
Insurance premiums payable	**-**	-	**541**	183
Others	**628**	778	**2,842**	2,503
	5,761	**1,678**	**8,516**	**4,708**

17. Provisions (Consolidated)

The amounts provided for 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 property by real estate owners and (ii) recovery of squares and accesses of geological survey 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$ 1,961 (R$ 888 on 12/31/2018).

(i) R$ 1,167 on 12/31/2018 due to Marsil as a result of lawsuits and R$ 118 on 12/31/2018 as a result of administrative actions and R$ 1,049 on 12/31/2018 resulting from labor lawsuits, with the sale of Marsil, such contingencies are no longer part of Mlog's consolidated balance sheet.

The long-term value refers to:

(ii) R$ 5,999 owed by the Company, as a result of a lawsuit categorized as possible, related to an Extrajudicial Enforcement Action filed by BNP Paribas Brasil SA (“BNP”) against the Company in the amount of R$ 4,703, backed by in a private instrument for the acknowledgment of debt and other covenants, where the Company recognizes and confesses owed the amount of R$ 7,249, related to the financial advisory services provided by BNP, in addition to R$ 79 related to expenses incurred by BNP. In 2015, the Company paid, in accordance with the agreement entered into with the BNP, the amount of R$ 3,624, remaining the amount of R$ 4,703 (restated up to the date of filing the lawsuit). The Company indicated the pledge well and opposed Embargoes to Execution. On 02/14/2017 the court partially rejected the requests made in the Execution Embargoes. In view of this sentence, the Company filed a Motion for Clarification, which was not accepted. On 06/23/2017, the Company filed an Appeal. (R$ 6,935 on 12/31/2018). We are provisioning because it is a legal contractual obligation (as per CPC 25).

(iii) R$ 10,946 due by the subsidiary Companhia de Navegação da Amazônia as a result of civil and labor lawsuits, classified as probable (R$ 4,454 on 12/31/2018).

(iv) The subsidiary Asgaard Navegação is a defendant in the Contractual Termination Action combined with the Collection Action filed by BNP Paribas Brasil SA with a view to receiving amounts allegedly due to the Services Rendering Agreement, in the original amount of R$ 1,849, plus monetary restatement and legal interest. As the loss prognosis was changed from possible to probable, the amount of R$ 4,841 was provisioned, which was recorded in non-current liabilities against the income for the year, under other operating expenses.

(In thousands of Reais, except where otherwise stated)

18. Equity

Capital

On 12/31/2019, the Company's subscribed capital stock is represented by 2,899,712 common shares as detailed below:

	12/31/2019		12/31/2018	
Shareholders	**Common shares**	**%**	**Common shares**	**%**
Maverick Holding S.A.	1,539,186	53.08	1,539,186	53.08
Fjords Limited	536,737	18.51	86,991	3.00
Rio Sul Investments LLC	-	-	449,746	15.51
Korea Investment Corporation	244,909	8.45	244,909	8.45
Fábrica Holding S.A.	154,072	5.31	154,072	5.31
Outros	424,808	14.65	424,808	14.65
	2,899,712	**100.00**	**2,899,712**	**100.00**

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, manager and indirect co-controller of MLog, entered into a contract purchase and sale of 449,746 common shares of the Company, representing 15.51% of its share capital.

In October 2019, the transfer of shares was formalized, under the terms of the applicable regulation, and Rio Sul became a shareholder of the Company and EIG stopped having any shares of the Company.

On 12/17/2019, a notice was issued to the market informing that:

(i) Fjords Limited received 449,746 shares representing 15.51% of MLog's share capital, previously owned by Rio Sul Investments LLC;

(ii) Rio Sul Investments LLC received from Fjords a future purchase option of 268,368 common shares of MLog, representing 9.25% of the Company's capital stock.

With this transaction, the following relevant shareholdings were changed:

- Rio Sul Investments LLC, previously a direct and indirect holder of 29.52% of MLog's shares, now indirectly holds the equivalent of 14.01% of MLog's shares;

- Luiz Claudio de Souza Alves, previously indirect holder of 45.59% of MLog shares, now indirectly holds the equivalent of 30.08% of MLog shares;

- Rio Sul Investments LLC now holds a future call option equivalent to 9.25% of MLog's shares; and

(In thousands of Reais, except where otherwise stated)

- Fjords Limited, previously holding 3.00% of MLog's shares, now directly holds the equivalent of 18.51% of MLog's shares.

In January 2020, the transfer of shares was formalized, pursuant to the applicable regulations.

The operations described above did not aim at or change the composition of the control or the administrative structure of the Company.

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

On 04/26/2018, the shareholder Maverick Holding S.A. paid up the subscribed and unpaid portion of the capital stock of the Company, whose term had expired on 12/09/2017, for a total amount of R$ 49,843 including the arrears. Of this total amount, R$ 42,632 refers to the paid-up portion of capital and R$ 7,211, relating to arrears, were recorded in a capital reserve account, in accordance with the provisions of Art. 182, § 1, a), of Law 6,404 / 1976.

Profit (loss) per share

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

	12/31/2019	12/31/2018
Loss attributable to the equity holders	(29,530)	(19,076)
Outstanding Shares	2,899,712	2,899,712
Loss per share - basic and diluted in Reais	**(10.18)**	**(6.58)**

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

Cumulative translation adjustments

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

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

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

(In thousands of Reais, except where otherwise stated)

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

19. Net operating income and costs of services

The revenues and corresponding costs incurred by the subsidiary Asgaard relating to the vessel Asgaard Sophia, by the subsidiary CNA as from April 2018 till June 2019, also by the Marsil are shown below:

	12/31/2019	12/31/2018
Revenue		
Charter	23,766	22,687
Freight	51,148	45,472
Maritime support	-	6,129
Sale of products	8,732	5,099
Gross profit	**83,646**	**79,387**
Taxes on sales		
Social contributions (PIS and COFINS)	(5,138)	(5,697)
Social security contribution	-	(1,572)
Tax on services (ISSQN)	(60)	(403)
Value-Added Tax (ICMS)	(5,402)	(4,599)
Other	(652)	(522)
Net revenue	**72,394**	**66,594**
Cost of services		
Payroll and related charges	(23,425)	(18,382)
Charter	-	(1,582)
Depreciation	(10,815)	(10,923)
Rentals	(1,271)	(783)
Materials	(20,469)	(20,495)
Insurances	(2,164)	(2,223)
Services **(1)**	(7,344)	(5,445)
Other	(2,255)	(1,451)
	(67,743)	**(61,284)**
Gross profit	**4,651**	**5,310**

In 2018, the amounts related to the revenue from maritime support and the cost of chartering, in the amounts of R$ 6,129 and R$ 1,582, respectively, refer to the final settlement of the SBM Installer service agreement.

The possibility of payment of social security contribution on billing by the shipping companies was extinguished in August 2018.

(In thousands of Reais, except where otherwise stated)

20. Financial income

	Parent company		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Earnings from financial investment	**-**	443	**8**	934
Earnings from recovery taxes	**212**	158	**290**	230
Interest on loans with related parties	**3,579**	33	**3,645**	104
Discounts	**-**	15	**8**	16
Exchange variation	**-**	-	**-**	8,669
Other	**54**	-	**54**	1
	3,845	**649**	**4,005**	**9,954**

[1] The value of the exchange variation is basically due to the effect of the extinction of Asgaard Navigation LLP.

21. Financial expenses

	Parent company		Consolidated	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Interest on bank loans	**-**	-	**(314)**	(9)
Interest on acquisition of investment (CNA Note 14)	**(15,937)**	(13,867)	**(15,937)**	(13,867)
Exchange variation	**-**	-	**(41)**	(1,102)
Bank charges	**(27)**	(26)	**(942)**	(217)
Interest on arrears	**(514)**	(1,379)	**(449)**	(880)
Other	**-**	(344)	**(122)**	(344)
	(16,478)	**(15,616)**	**(17,805)**	**(16,419)**

22. Financial instruments

Financial instruments categories

On 12/31//2019, the Company and its subsidiaries did not have any financial assets classified under the Measurement at fair value through profit or loss category.

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: quoted prices (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).

(In thousands of Reais, except where otherwise stated)

The main financial instruments of the Company as of December 31, 2019 and 2018 are listed below:

	12/31/2019		12/31/2018		
Financial assets and liabilities	**Book value**	**Fair value**	**Book value**	**Fair value**	**Hierarchy**
Assets					
Cash and cash equivalents	**1,581**	**1,581**	11,289	11,289	Level 1
AFRMM deposits in escrow account	**69,278**	**69,278**	13,689	13,689	Level 2
Trade accounts receivable	**6,515**	**6,515**	6,545	6,545	Level 2
Related parties' loans	**53,529**	**53,529**	975	975	Level 2
Rights in the deal	**11,215**	**11,215**	79,354	79,354	Level 2
Other credits	**1,657**	**1,657**	1,299	1,299	Level 2
Liabilities					
Trade accounts payable	**6,952**	**6,552**	10,191	10,191	Level 2
Bank loans [1]	**12,943**	**12,943**	71,719	71,719	
Obligations on acquisition of investments	**108,155**	**108,155**	93,024	93,024	Level 3

[1] Approximately R$ 68,907 in restated amounts are the responsibility of the Bocaiuva Group, contracted to MLog when the acquisition of Marsil, related to the bank loans of the acquiree to the financial institutions (Santander R$ 43,995, Itaú R$ 17,625, Bradesco R$ 7,287)

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.

(In thousands of Reais, except where otherwise stated)

Liquidity risk

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

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

	Consolidated			
	Up to one year	**From one to three years**	**Over three years**	**Total**
Bank loans	9,400	3,543	-	**12,943**
Trade accounts payable	6,952	-	-	**6,952**
Obligations on acquisition of investments	77,998	22,721	7,436	**108,155**
	93,950	**26,264**	**7,436**	**128.050**

As explained above and also 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 or not accounted for, preceding the date of the Acquisition.

The table below details the maturity of the main financial liabilities of the Company and its subsidiaries on the date of these financial statements:

	Consolidated			
	Up to one year	**From one to three years**	**Over three years**	**Total**
Bank loans	9,400	3,543	-	**12,943**
Trade accounts payable	6,552	-	-	**6,552**
Obligations on acquisition of investments	77,998	22,721	7,436	**108,155**
	93,950	**26,264**	**7,436**	**128,050**

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(In thousands of Reais, except where otherwise stated)

				Consolidated	
				31/12/2019	31/12/2018
CURRENT					
Company	**Financial Institution**	**Type**	**Interest Rate (p.y.)**		
CNA	Banco BASA	Working Capital	4.03%	1,463	2,250
CNA	Banco Itaú	Working Capital	17.98%	2,060	-
Asgaard	Banco Itaú	Working Capital	17.46%	456	-
Asgaard	Banco Itaú	Revolving	19.50%	910	-
CNA	Banco do Brasil	Working Capital	4.30%	4,320	-
Marsil	Banco Santander			-	43,995
Marsil	Banco Bradesco			-	7,287
Marsil	Banco Itaú			-	17,625
				9,209	**71,157**
NON CURRENT					
Company	**Financial Institution**	**Type**	**Interest Rate (p.y.)**		
CNA	Banco BASA	Working Capital	4.03%	1,350	562
CNA	Banco Itaú	Working Capital	17.98%	1,180	-
Asgaard	Banco Itaú	Working Capital	17.46%	191	-
CNA	Banco do Brasil	Working Capital	4.30%	1,013	-
				3,734	**562**
				12,943	**71,719**

As explained above and also in Explanatory Note 1, in the Private Instrument of Assignment and Definitive Transfer of Corporate Quotas signed between MLog and Bocaiuva, Bocaiuva was responsible for Marsil's debts, as well as for any and all contingencies, accounted for or not, whose fact generator is prior to the date of the Acquisition.

As of 12/31/2018, Marsil's total bank debt, liabilities and contingencies amount to an approximate amount of R$ 68,907.

On 07/16/2019, the Company's management signed the Private Instrument of Termination with Bocaiuva Participações S.A, where it canceled the obligations assumed in the Marsil Acquisition contract. In this instrument, Mlog resells all of Marsil's shares to Bocaiuva for R$ 50,000. With this resale, on 09/30/2019 the Company stopped consolidating Marsil and, consequently, the balances related to Business Combination - acquisition of Marsil, were fully written off, which includes the amounts of Rights in the business transaction and Bank loans. The impact on the result was a gain of R$ 816.

(In thousands of Reais, except where otherwise stated)

23. Insurance coverage

The Company and its subsidiaries have several insurance policies in order to protect their operation and assets.

In the navigation activities, the subsidiaries Asgaard and CNA contract insurance of their vessels (hull insurance), as well as protection and indemnification (P & I) coverage
The main coverages are:

Hull Insurance:

- CNA : Full coverage of R$101,000
- Asgaard: Full coverage of US$50,000

Protection and Indemnity Insurance (P&I):

- CNA : limited coverage to US$8,2,000,000 by event and occurrence.
- Asgaard: limited coverage to US$8,2,000,000 by event and occurrence.

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

On July 4, 2019, the civil liability insurance for directors and administrators (D&O), the parent company and its subsidiaries was renewed, in the insured amount of up to R $ 50 million.

24. Operating expenses with personnel

	Parent company		**Consolidated**	
	12/31/2019	**12/31/2018**	**12/31/2019**	**12/31/2018**
Remuneration & Charges	**(4,754)**	(5,646)	**(12,178)**	(15,146)
Social Security Charges	**(715)**	(1,113)	**(3,002)**	(3,191)
Benefits	**(843)**	(514)	**(2,696)**	(1,786)
Other	-	-	**(24)**	(10)
	(6,312)	**(7,273)**	**(17,900)**	**(20,133)**

25. Subsequent event

Transaction with Bourbon Offshore Marítima S.A.

According to the Material Fact issued by the Company on February 19, 2020, MLog entered into a binding agreement with its affiliates Asgaard and CNA with Bourbon Offshore Marítima SA (“BOM”) and its parent company involving: (i) the increase in the fleet Asgaard's current plan for the acquisition of 3 (three) Brazilian AHTS vessels owned by BOM, (ii) the use of credits from the Freight Additional for Renewal of the Merchant Navy (“AFRMM”) and (iii) a partnership for the operation of vessels of Brazilian and foreign maritime support from the Bourbon group and the MLog group in Brazil. The complete implementation of the operation contains steps already completed and certain steps that are subject to third party approvals.

COVID-19

On January 31, 2020, the World Health Organization (WHO) announced that the coronavirus (COVID-19) is a global health emergency. The outbreak triggered significant decisions by governments and private sector entities, which added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents.

Management constantly assesses the impact of the outbreak on the Company's operations and equity and financial position, with the objective of implementing appropriate measures to mitigate the impacts of the outbreak on operations and financial statements. Up to the date of authorization for issuing these financial statements, there were no material impacts on operations and financial statements. It is not possible at this time to measure or anticipate any future economic and financial impacts resulting from an epidemic of COVID-19.

The Company will continue to closely monitor the development of this situation.

26. Information by Business Segment

The information by segment must be prepared in accordance with CPC 22 (Information by Segment), equivalent to IFRS 8, and must be presented in relation to the business of the Company, its subsidiaries and jointly controlled companies, 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 in each of the reportable segments.

• **Mining**

It covers iron ore mining activities in Minas Gerais consolidating all operations related to the studies and research of the works necessary for the protocol of 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. This company was sold on 07/16/2019.

The subsidiaries Dutovias do Brasil S.A, Companhia de Desenvolvimento do Norte Capixaba also have scope related to the logistics segment, linked to mining, although both are in pre-operational stage.

• **Navigation**

The shipping segment consolidates the operations of Asgaard and CNA. Asgaard has been operating in the maritime support sector since March 2016, providing services with the 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.

Statements of operations - Segments
Years ended December 31, 2019
(In thousands Reais)

	Mining	Navigation	Consolidated
Net operating income	8,286	64,108	72,394
Cost of services	(7,239)	(60,504)	(67,743)
Gross profit	**1,047**	**3,604**	**4,651**
Operating expenses			
Personnel	(11,142)	(6,758)	(17,900)
Services rendered	(2,375)	(735)	(3,110)
General and administrative	(3,042)	(2,509)	(5,551)
Depreciation and amortization	(441)	(182)	(623)
Taxes	(160)	(409)	(569)
Other operating income (expenses)			
Government subsidies - AFRMM	-	10,518	10,518
Other operating income	(1,375)	(1,311)	(2,686)
	(18,535)	**(1,386)**	**(19,921)**
Operating loss before financial results	**(17,488)**	**2,218**	**(15,270)**
Financial income and expenses			
Financial income	3,824	181	4,005
Financial expenses	(603)	(17,202)	(17,805)
	3,221	**(17,021)**	**(13,800)**
Loss before income tax and social contribution	**(14,267)**	**(14,803)**	**(29,070)**
Income tax and social contribution			
Current	-	(253)	(253)
Deferred	-	(207)	(207)
Loss for the year	**(14,267)**	**(15,263)**	**(29,530)**

Statements of operations - Segments
Years ended December 31, 2018
(In thousands Reais)

	Mining	Navigation	Consolidated
Net operating income	4,726	61,868	66,594
Cost of services	(2,647)	(58,637)	(61,284)
Gross profit	**2,079**	**3,231**	**5,310**
Operating expenses			
Personnel	(13,740)	(6,393)	(20,133)
Services rendered	(3,293)	(770)	(4,063)
General and administrative	(2,866)	(3,350)	(6,216)
Depreciation and amortization	(871)	(251)	(1,122)
Taxes	(201)	(510)	(711)
Other operating income (expenses)			
Government subsidies - AFRMM	-	12,040	12,040
Other operating income	8	3,195	3,203
	(20,963)	**3,961**	**(17,002)**
Operating loss before financial results	**(18,884)**	**7,192**	**(11,692)**
Financial income and expenses			
Financial income		10,957	9,954
Financial expenses	(27)	(17,395)	(16,419)
	(27)	**(6,438)**	**(6,465)**
Loss before income tax and social contribution	**(18,911)**	**754**	**(18,157)**
Income tax and social contribution			
Current	-	(739)	(739)
Deferred	-	(57)	(57)
Loss for the year	**(18,911)**	**(42)**	**(18,953)**

Segment Information
Assets and Liabilities – 12/31/2019
(In thousands Reais)

	Mining	Navigation	Consolidated
ASSETS			
AFRMM	-	78,404	78,404
Rights in the negotiation transaction	-	11,215	11,215
Loans with related parties	53.779	843	54.622
PPE	31,293	166,413	197,706
Intangible	738,501	65,790	804,291
Other	2.110	21.970	24.080
	825.683	**344.635**	**1.170.318**
LIABILITY			
Providers	289	6,263	6,552
Bank Loans	-	12,943	12,943
Provisions	9,632	15,496	25,419
Obligation in the Investments acquisition	-	108,155	108,155
AFRMM	-	208,789	208,789
Other	8.443-	15.107	
	18.364	**367.444**	**385.808**

MLog S.A.

Individual and consolidated financial statements
on December 31, 2019 and 2018
(In thousands of Reais, except where otherwise stated)

Segment Information
Assets and Liabilities – 12/31/2018
(In thousands Reais)

	Mining	Navigation	Consolidated
ASSETS			
AFRMM	-	58,349	58,349
Rights in the negotiation transaction	74,596	4,758	79,354
PPE	44,618	180,160	224,778
Intangible	763,987	65,894	829,881
Other	9.192	27.951	37.143
	892.393	**337.112**	**1.229.505**
LIABILITY			
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
Other	8.586-	13.679	22.265
	89.017	**326.448**	**415.465**

Elias David Nigri
Chief Executive Officer

Julia Souza de Paiva
Chief Administrative and Financial Officer

Gustavo Barbeito
Investor Relations Officer

Luiz Felipe Perdigão
Controller

José Eduardo Pereira Gonçalves
Accountant – CRC RJ 063543/O-2