



MANABI S.A.

Corporate Taxpayer's ID (CNPJ/MF): 13.444.994/0001-87

Company Registry (NIRE): 33.3.0029745-6

Publicly-held Company – CVM nº 02258-6

Material Fact

Manabi to Raise US\$300 million Through Private Placement

MANABI S.A. (“Manabi” or “Company”), an integrated iron ore mining company in the high-grade arena, in accordance with article 157, paragraph 4th, of Law nº. 6.404, of December 15th, 1976, as amended (“Brazilian Corporations Law”) and CVM Instruction 358 of January 3, 2002, as amended, informs its shareholders and the market that:

On the date hereof the Company entered into a Subscription Agreement with EIG Manabi Holdings S.à r.l. (on behalf of funds managed by EIG Global Energy Partners, “EIG”) and certain current shareholders of the Company (the “Backstop Investors”), pursuant to which, among others: (a) the Company will consummate a capital increase in an aggregate amount in Brazilian currency equivalent to US\$300 million¹ (the “Investment Amount”), through a private placement, upon the issuance of 240,000 (two hundred and forty thousand) Class B preferred shares at an issuance price in Brazilian currency equivalent to US\$1,250.00² per share (the “Capital Increase”); and (b) the Backstop Investors will subscribe and pay for sufficient Class B preferred shares of the Capital Increase, in order to reach the Investment Amount; and (c) certain of the Company’s shareholders agreed to assign for the benefit of the Backstop Investors, fully or partially, their preemptive rights to enable the Backstop Investors to subscribe for the shares in the Capital Increase in the amount they agreed.

Pursuant to article 171 of Brazilian Corporations Law, shareholders of the Company, as of the date of the publication of a Notice to Shareholders (*Aviso aos Acionistas*), will have the preemptive right to participate in the Capital Increase in accordance with the terms and conditions to be described in such Notice to Shareholders for a term of thirty (30) days, and may assign their preemptive rights, in accordance with article 171, paragraph 6, of the Brazilian Corporations Law.

Lead investor EIG, a U.S. based firm and leading institutional investor in the global energy and infrastructure sector, will invest US\$150 million in Manabi. The balance of the US\$300 million is being provided by Ontario Teachers’ Pension Plan (OTPP) and other existing shareholders.

Upon completion, the Company believes that the success of this equity raising, supported by the commitment of the Company’s lead shareholders, will underpin the premium quality and scale of its resources, the strength of its mining and logistics development plan and the confidence in its highly experienced management team.

An Extraordinary General Meeting of shareholders will be called to discuss, among other matters, the amendment of the Company’s Bylaws to reflect the creation of the Class B preferred shares.

Additional information regarding the Capital Increase, once approved by the Company’s Board of Directors, will be published in a Notice to Shareholders (*Aviso aos Acionistas*) as noted above.

The Class B preferred shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Act”) and may not be offered or sold in the United States absent registration or an applicable exemption

¹ The applicable exchange rate will be determined as of the business day immediately prior to the Board Meeting that will decide on the Capital Increase, based on the US\$ average purchase and sale rate informed by the Central Bank of Brazil in its information system (SISBACEN), transaction PTAX 800, option 5, currency 220 or, if such service is discontinued, any successor source reasonably acceptable to the Company.

² Idem.

from registration. The preemptive rights process will be open to certain qualified investors under certain exemptions from registration under the Act, as applicable.

This communication is not an offer to sell, or a solicitation to buy, any of our securities. Any such offers or solicitations, may only be made in accordance with all applicable laws.

Rio de Janeiro, August 22, 2012.

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About Manabi:

Manabi is a Brazilian pre-operational mining company created in March 2011 and focused on the production of iron ore in Brazil and development of integrated logistics including a private port terminal. Manabi owns several mining rights, which includes Pilar Hill and Dark Hill sites already under exploration, located in areas contiguous to the Iron Ore Quadrangle (*Quadrilátero Ferrífero*) in the center of the State of Minas Gerais. For the development of its private port terminal ("North Port"), Manabi owns an area of approximately 3,000 acres on the coast of the State of Espírito Santo. Pilar Hill and Dark Hill are large, world class, iron ore deposits with approximately 1.5 billion tons of inferred mineral resources, that could produce up to 31 Mtpy of very high grade pellet feed (68.5% Fe content), low impurity, out of which 25 Mtpy to be exported through the North Port and the remaining 6 Mtpy sold in the domestic market. Manabi's current shareholder base is formed by shareholders committed to the long-term success of the Company, including Ontario Teachers' Pension Plan (OTPP), Korea Investment Corporation (KIC) and Southeastern Asset Management, relying on a highly experienced management team, with a strong track record of developing major iron ore projects in Brazil.