



## **MANABI S.A.**

Corporate Taxpayer's ID (CNPJ/MF): 13.444.994/0001-87  
Company Registry (NIRE): 33.3.0029745-6  
Publicly-held Corporation – CVM No. 02258-6

### **MATERIAL FACT**

#### **Manabi completes a capital increase of US\$300 million**

**MANABI S.A.** (the “Company”), a publicly-held company organized under the laws of Brazil, hereby informs its shareholders and the market of the completion of its capital increase pursuant to the Notice to Shareholders of the Company dated as of September 11 and published on September 12, 2012 (“Notice”), which reassures the trust of the shareholders of Manabi in the Company.

On October 29, 2012 was the cutoff date for the second allocation of unsubscribed shares (*sobras*) for the Capital Increase of the Company. On this date, the Investment Amount was reached, as approved by the Company’s Board of Directors at the meeting held on September 10, 2012.

In respect of the foregoing, the Board of Directors of the Company held a meeting on the date hereof and unanimously approved (i) the subscription of all 240,000 (two hundred and forty thousand) class B preferred shares issued by the Company, at the issuance price of R\$2,547.25 (two thousand, five hundred and forty-seven *reais* and twenty-five cents), corresponding to the Price per Share of US\$1,250.00 (one thousand, two hundred and fifty dollars), converted into Brazilian *reais* on the basis of the sale and purchase average exchange rate of the United States dollar on September 5, 2012, as published in the Brazilian Central Bank Information System (SISBACEN), PTAX 800, option 5, currency 220, corresponding to a total subscribed amount of R\$611,340,000.00 (six hundred and eleven million, three hundred and forty thousand *reais*); and (ii) the the Capital Increase, as per the terms described in the Notice.

As a result of the approval of the Capital Increase, the corporate capital of the Company is increased to R\$1,418,129,605.28 (one billion, four hundred and eighteen million, one hundred and twenty-nine thousand, six hundred and five *reais* and twenty-eight cents), represented by 250,000 (two hundred and fifty thousand) common shares, 550,000 (five hundred and fifty thousand) class A preferred shares and 240,000 (two hundred and forty thousand) class B preferred shares.

As a result of the approval (*homologação*) of the Capital Increase and closing of the transaction, the amended and restated shareholders’ agreement of the Company, entered into on August 22, 2012 (“New Shareholders Agreement”), is effective on the date hereof. The New Shareholders Agreement will be made available on the IPE System of the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction No. 480/09.

Furthermore, the Company hereby informs that one of its current shareholders, Ontario Teachers’ Pension Plan Board (OTPP), a signatory to the New Shareholders Agreement, expressly waived, irrevocably and permanently, its right to elect one member of the Company’s Board of Directors, as per the terms of Section 2.4.1.1 of the New Shareholders Agreement, after the period of two (2) years counted as from the first shareholders’ meeting of the Company held following the the date hereof.

Capitalized terms not otherwise defined in this Material Fact shall have the meaning ascribed to them in the Notice.

Neither the Company's class A or class B preferred shares have been nor will they be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration.

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, October 30, 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, including 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 shareholding base is formed by shareholders committed to the long-term success of the Company, including Ontario Teachers' Pension Plan (OTPP), Korea Investment Corporation (KIC), EIG Global Energy Funds (EIG) and Southeastern Asset Management, relying on a highly experienced management team, with a strong track record of developing major iron ore projects in Brazil.