Ferroport Logística Comercial Exportadora S.A.

Interim Financial Information
March 31, 2019

KPDS 484013

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 auditors' report on review of interim financial information

To the Shareholders, Board of Directors and Officers of
Ferroport Logística Comercial Exportadora S.A
Rio de Janeiro - RJ

Introduction

We have reviewed the individual and consolidated balance sheet of Ferroport Logística Comercial Exportadora S.A. ("Company"), as of March 31, 2019, and the related statements of income, comprehensive income and changes in shareholders' equity and cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of the individual and consolidated interim financial information in accordance with standard CPC 21(R1) - Demonstração Intermediária. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information, referred above, has not been prepared, in all material respects, in accordance with CPC 21(R1).

Rio de Janeiro, May 14, 2019

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

Luis Claudio França de Araújo
Accountant CRC RJ-091559/O-4

Ferroport Logística Comercial Exportadora S.A.

Balance sheets as of March 31, 2019 and December 31, 2018

(In thousands of Reais)

	Note	Company		Consolidated	
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Assets					
Current assets					
Cash and cash equivalents	**3**	95,032	31,655	95,474	31,925
Accounts receivable from related parties	**12**	63,783	30,126	63,823	30,264
Inventories	**4**	21,741	21,618	21,741	21,618
Recoverable taxes	**6**	73,916	89,345	73,916	89,345
Income taxes and social contribution recoverable	**6**	2,039	787	2,039	787
Prepaid expenses		736	1,842	748	1,844
Other		1,737	939	1,737	939
Total current assets		**258,984**	**176,312**	**259,478**	**176,722**
Noncurrent assets					
Judicial deposits	**7**	36,302	35,974	36,302	35,974
Related parties - asset to be transferred	**12**	210,102	210,102	210,102	210,102
Deferred income tax and social contribution	**5**	17,681	57,709	17,681	57,709
Participation in subsidiary and associate	**8**	450	375	-	-
Right-of-use assets	**9**	2,528	-	2,528	-
Property, plant and equipment	**10**	2,104,672	2,113,754	2,104,672	2,113,754
Intangible assets	**11**	1,182	1,541	1,182	1,541
Deferred charges		3,616	3,781	3,616	3,781
Total noncurrent assets		**2,376,533**	**2,423,236**	**2,376,083**	**2,422,861**
Total assets		**2,635,517**	**2,599,548**	**2,635,561**	**2,599,584**
Liabilities and equity					
Trade accounts payable		15,372	18,510	15,385	18,510
Payroll and related charges		13,974	11,352	13,974	11,352
Taxes payable	**13**	6,240	3,196	6,244	3,200
Lease liabilities	**9**	1,133	-	1,133	-
Income taxes and social contribution payable	**13**	6,705	16,631	6,732	16,663
Related parties - accounts payable	**12**	43,692	47,472	43,692	47,472
Related parties - loans	**12**	115,116	112,426	115,116	112,426
Total current liabilities		**202,232**	**209,587**	**202,276**	**209,623**
Noncurrent liabilities					
Income taxes and social contribution payable	**13**	34,734	34,485	34,734	34,485
Lease liabilities	**9**	1,431	-	1,431	-
Related parties - accounts payable	**12**	269,744	270,859	269,744	270,859
Related parties - loans	**12**	1,352,880	1,365,788	1,352,880	1,365,788
Deferred revenue with related party	**12**	52,287	52,835	52,287	52,835
Provision for contingencies	**14**	14,405	15,613	14,405	15,613
Taxes payable	**13**	4,856	3,984	4,856	3,984
Other		20,560	20,534	20,560	20,534
Total noncurrent liabilities		**1,750,897**	**1,764,098**	**1,750,897**	**1,764,098**
Shareholders’ equity	**15**				
Capital		414,397	414,397	414,397	414,397
Capital reserve		94,589	94,589	94,589	94,589
Contingencies reserve		109,595	109,595	109,595	109,595
Legal reserve		7,282	7,282	7,282	7,282
Accumulated Profit		56,525	-	56,525	-
Total shareholders’ equity		**682,388**	**625,863**	**682,388**	**625,863**
Total liabilities and shareholders’ equity		**2,635,517**	**2,599,548**	**2,635,561**	**2,599,584**

The notes are an integral part of these interim financial information .

Ferroport Logística Comercial Exportadora S.A.

Statements of income

Three-month period ended March 31, 2019 and 2018
(In thousands of Reais)

	Note	Company March 31, 2019	Company March 31, 2018	Consolidated March 31, 2019	Consolidated March 31, 2018
Net revenue of services	**16**	165,288	135,403	165,568	135,403
Costs of services	**17**	(37,392)	(35,377)	(37,517)	(35,377)
Gross profit		**127,896**	**100,026**	**128,051**	**100,026**
Operating income (expenses)					
General and administrative expenses	**18**	(6,709)	(7,284)	(6,763)	(7,284)
Other operating income (expenses), net	**19**	5,675	(2,219)	5,675	(2,219)
		(1,034)	(9,503)	(1,088)	(9,503)
Income before financial income (expenses) and taxes		**126,862**	**90,523**	**126,963**	**90,523**
Equity income		**75**	**-**	**-**	**-**
Financial income (expenses)					
Financial income	**20**	5,038	1,004	5,038	1,004
Financial expenses	**20**	(31,085)	(32,015)	(31,085)	(32,015)
Income before taxes		**100,890**	**59,512**	**100,918**	**59,512**
Income and social contribution taxes					
Current	**5**	(11,558)	(5,514)	(11,586)	(5,514)
Deferred	**5**	(32,807)	1,826	(32,807)	1,826
Total income and social contribution taxes					
Net income for the period		**56,525**	**55,824**	**56,525**	**55,824**

The notes are an integral part of these interim financial information.

Ferroport Logística Comercial Exportadora S.A.

Statements of comprehensive income (loss)

Three-month period ended March 31, 2019 and 2018
(In thousands of Reais)

	Company		Consolidated	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Net income for the period	**56,525**	**55,824**	**56,525**	**55,824**
Other comprehensive income (loss)				
Items that can be subsequently reclassified to the result:				
Derivative financial instruments - Hedge accounting gain (loss)	-	763	-	763
Income and social contribution taxes on other comprehensive income, net	-	(259)	-	(259)
Total comprehensive income for the year	56,525	**56,328**	56,525	**56,328**

The notes are an integral part of these interim financial information.

Ferroport Logística Comercial Exportadora S.A.

Statements of changes in shareholders' equity

Three-month period ended March 31, 2019 and 2018

(In thousands of Reais)

	Note	Capital stock	Capital reserve	Contingencies reserve	Legal reserve	Other comprehensive income	Accumulated profit (losses)	Total
Balances as of January 1st, 2018	**15**	**414,397**	**94,589**	**138,356**	**7,282**	**(504)**	**-**	**654,121**
Net income for the period		-	-	-	-	-	55,825	**55,825**
Derivative financial instruments - Hedge accounting		-	-	-	-	504	-	**504**
Balances as of March 31, 2018		**414,397**	**94,589**	**138,356**	**7,282**	**-**	**55,825**	**710,450**
Loss for the period		-	-	-	-	-	(84,587)	**(84,587)**
Compensation loss for the year		-	-	(28,762)	-	-	28,762	**-**
Balances as of December 31, 2018		**414,397**	**94,589**	**109,594**	**7,282**	**-**	**-**	**625,863**
Net income for the period		-	-	-	-	-	56,525	**56,525**
Balances as of March 31, 2019		**414,397**	**94,589**	**109,594**	**7,282**	**-**	**56,525**	**682,388**

The notes are an integral part of these interim financial information

Ferroport Logística Comercial Exportadora S.A.

Statements of cash flows

Three-month period ended March 31, 2019 and 2018

(In thousands of Reais)

	Company		Consolidated	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Operating activities				
Income before taxes	100,890	59,513	100,917	59,513
Adjustments to reconcile income before taxes				
Depreciation and amortization	12,344	14,335	12,344	14,335
Provision for derivative financial instruments	-	(12)	-	(12)
Monetary variation and interest	30,923	31,417	30,923	31,417
Amortization of insurance	1,106	884	1,109	884
Provision for bonus	2,192	389	2,192	389
Provision (reversal) for legal proceeding	(1,208)	449	(1,208)	449
Deferred revenue amortization	(549)	(549)	(549)	(549)
Results in equity-accounted investments	(75)	-	-	-
Provision (reversal) for expected credit losses	(249)	4,884	(249)	4,884
	145,374	**111,310**	**145,479**	**111,310**
(Increase) decrease of assets and increase (decrease) of liabilities:				
Account receivable from related parties	(33,702)	45,389	(33,603)	45,389
Inventories	(46)	(445)	(46)	(445)
Recoverable taxes	630	2,292	630	2,292
Prepaid expenses	-	-	(13)	-
Trade accounts payable	(7,106)	(6,665)	(27,207)	(6,665)
Taxes payable	7,046	1,507	7,014	1,507
Payroll and related charges	439	517	439	517
Accounts payable to related parties	(3,045)	(1,744)	(3,045)	(1,744)
Taxes payable related to intercompany loans	(6,444)	(9,999)	(6,444)	(9,999)
Interest paid	(36,516)	(56,658)	(36,516)	(56,658)
Interest on leases	87	-	87	
Other	(599)	875	(599)	875
Net cash flows generated by operating activities	**46,004**	**86,379**	**46,176**	**86,379**
Investing activities				
Acquisition of intangible assets	(30)	(48)	(30)	(48)
Acquisition of property, plant and equipment	(2,222)	(6,965)	17,892	(6,965)
Net cash flows used in investing activities	**17,862**	**(7,013)**	**17,862**	**(7,013)**
Financing activities				
Intercompany loans settled	-	(34,472)	-	(34,472)
Lease payments	(489)	-	(489)	-
Net cash flows used in financing activities	**(489)**	**(34,472)**	**(489)**	**(34,472)**
Increase in cash and cash equivalents	**63,377**	**44,893**	**63,549**	**44,893**
Cash and cash equivalents				
At beginning of the period	31,655	25,028	31,925	25,028
At end of the period	95,032	69,921	95,474	69,921
Increase in cash and cash equivalents	**63,377**	**44,893**	**63,549**	**44,893**

The notes are an integral part of these interim financial information.

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

1 Operations

In 2007, Ferroport Logística Comercial Exportadora S.A. (“Ferroport” or the “Company”), formerly known as LLX Minas-Rio Logística Comercial Exportadora S.A., located in the state of Rio de Janeiro, Rua da Passagem 123/ 11th floor - Botafogo, was incorporated with the purpose of developing and operating port facilities and providing logistics support services.

Ferroport is joint owner of an area of 300 hectares in the Açu Port which is responsible for iron ore processing, handling, and storage, and an offshore structure comprising an access bridge, access canal, breakwater and two berths for iron ore loading. The development of the project was established by the Framework Agreement and Asset Allocation Agreement (“Agreement”) which sets forth the operating and commercial relations between the Company, Prumo Participações e Investimentos S.A. (“Prumopar”), Prumo’s subsidiary Açu Petróleo S.A. (“ Açu Petróleo”) and Anglo American Minério de Ferro do Brasil S.A. (“AAMFB”).

The Agreement determines that Ferroport was responsible for the construction of the T1 port terminal, and sets out the allocation of assets between the parties, means of payment, transfer of divisible assets to AAMFB and joint ownership rules for the indivisible assets. The assets are transferred to the shareholders according to a formula defined in the Agreement at construction cost. Upon delivery of the assets, the Company recognized the related gain (“Mark-up gain”). The Company records its ownership share in the port and other assets in proportion to the total amount invested in the construction of the assets.

The commercial and operating terms of the aforementioned agreements include a take-or-pay commitment from AAMFB, subject to port capacity availability, of 26.6 million Wet Metric Ton (WMT) per year for shipment of iron ore at US$7.10 (seven dollars and ten cents) per WMT, based on July 1, 2013 terms, to be annually escalated by the United States Producer Price Index (“PPI”) up to the first shipment, and then from this date onwards escalated by 2/3 of PPI per annum on each January 1. A reduced tariff is applicable to the shipped volume of iron ore which exceeded the 26.6 million WMT in the year. The contract term is 25 years.

The Port Access agreement with the shareholders provides that Ferroport is responsible for the maintenance of T1 offshore infrastructure, including the dredging of access channel and breakwater, and will charge port fees based on the number of vessels berthing, oil transshipment volume and berthing time.

On March 12, 2018, Anglo American Minério de Ferro Brasil (AAMFB) identified a leakage in the pipeline whereby the iron ore production is transported from the Minas-Rio Mines to the T-ORE Terminal Operated by Ferroport. AAMFB repaired the pipe damaged and resumed operations. On March 29, 2018, AAMFB identified a second leakage in the pipeline, and announced the pipeline operations would be suspended for 90 days, until a detailed inspection of the pipeline is executed.

On April 18, 2018, Ferroport received a notice from AAMFB, indicating the two slurry pipeline leakages, occurred on March 12 and 29, have caused the local authorities to suspend the pipeline license until a detailed inspection throughout its entire length is executed and its safety is confirmed by an independent expert. Besides AAMFB suspended the *take-or-pay* payments.

The amount under discussion was classified as a contingent asset, not recognized in balance sheet as determined by CPC 25 (Contingent liability provision and contingent asset), as mentioned in note 14.

During the operational stoppage to slurry pipeline maintanance, Ferroport has adopted measures to mitigate the financial and operational impacts, including employee's layoff and renegotiation of main contracts.

On December 21, 2018, Anglo announced the resumption of operations at its Minas-Rio iron ore operation in Brazil. The restart of the integrated iron ore operation follows an extensive and detailed technical inspection of the 529 km pipeline that carries the iron ore in slurry form from the mine to the port, the pre-emptive repair of certain sections of the pipeline, and receipt of the appropriate regulatory approvals. The inspection of the entire pipeline by specialist pipeline inspection devices ("PIGs"), and the analysis of the collected data by expert teams drawn from Brazil and internationally, confirmed the pipeline's integrity.

On December 26, 2018, the operation returned, with the first receipt of iron ore after the stoppage.

In 2019, the Company loaded 4.4 million tons of iron ore in 19 vessels (3.2 million tons in 19 vessels during 2018). Since the beginning of operations in October 2014, the Company loaded 49 million tons of iron ore, reaching a mark of 310 vessels berthing at the port.

1.1 Subsidiary

See out below the subsidiary of Ferroport Logística:

	Ownership interest
Ferroport Serviços	100%

In August 2018, Ferroport Serviços EIRELI ("Ferroport Serviços"), a fully controlled subsidiary of Ferroport Logística, started the operations providing maintenance and engineering services to the companies located in the port terminal.

2 Basis of preparation and presentation of the interim financial information and summary of significant accounting practices

a. Statement of compliance

The interim financial information has been prepared in accordance with CPC 21 - *Interim Financial Reporting* issued by the Accounting Pronouncements Committee ("CPC").

The interim financial information does not include all the information and disclosures required in annual financial statements and should be read in conjunction with the financial statements as of December 31, 2018, prepared in accordance with Brazilian reporting standards, including the provisions of Brazilian corporation law and the reporting standards and procedures issued by the CPC.

This is the first set of the Company financial statement in with IFRS 16 has been applied. Changes to significant accounting polices are described in Note 9.

Except for the accounting policies mentioned in note 2.e, the accounting policies mentioned adopted in this interim financial information are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2018 and concluded on March 13, 2019.

The Company's Directors authorized the conclusion of these interim financial information on May 14, 2019.

b. Basis of measurement

The interim financial information have been prepared on the historical cost basis, except for derivative financial instruments, which have been measured at fair value.

c. Functional and reporting currency

These interim financial information are presented in Brazilian *Reais*, which is the Company's functional and reporting currency.

d. Use of estimates and judgments

The preparation of the interim financial information requires management to make judgments, estimates and assumptions which affect the application of accounting practices and the reported values of assets, liabilities, revenues and expenses. Estimates and assumptions are reviewed on a continuous basis. Accounting estimates are recognized in the year in which they are reviewed and in any future periods that may be affected. Actual results may differ from these estimates. The significant issues that may be affected by the use of estimates are: deferred income tax and social contribution, determination of the useful lives of property and equipment and intangible assets, impairment of non-financial assets, provision for legal proceedings and determination of the fair value of financial instruments. Future settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the interim financial information due to the uncertainties inherent to the determination process. The Company reviews its estimates and assumptions at least once a year.

e. Changes in significant accounting policies

IFRS 16 - Leases

IFRS 16 introduced a single, on balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated. It is presented, as previously reported, under IAS 17 and related interpretations.

Definition of lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.
As a lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, The Group recognises right-of-use assets and lease liabilities for most leases - these leases are on-balance sheet.

On transition to IFRS 16, the Company recognized addicional right- of use assets, and additional lease liabilities. The impact of the right-of-use asset and lease liabilities is shown in note 9.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental rate at 1 January 2019. The weighted-average rate applied is 1.011% per month.

3 Cash and cash equivalents

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Cash and banks	669	401	909	670
Cash equivalents				
Investiment funds	79,928	16,941	80,130	16,941
Bank deposit certificate (CDB)	14,435	14,314	14,435	14,314
	95,032	**31,655**	**95,474**	**31,925**

Highly liquid short-term investments are readily convertible into a known amount of cash and subject to insignificant risk of change in their value. The return of investments was 102,2% of Interbank Deposit (DI) rate in first quarter of 2019. The portfolio currently consists of Investment Fund and deposit certificate issued by Santander and Banco ABC, respectively.

4 Inventories

	Company and Consolidated	
	March 31, 2019	December 31, 2018
Consumables spare parts (maintenance) (a)	21,741	21,618

(a) In 2019, the balance of inventories applied to equipment maintenance totaled R$ 21,741 (R$ 21,618 in 2018).

5 Income tax and social contribution

The changes in the deferred income and social contribution taxes assets and liabilities are as follow:

	Company and Consolidated		
	December 31, 2018	**Additional amount/offset (liability) recorded**	**March 31, 2019**
Assets			
Tax loss carryforwards	93,108	(10,788)	82,320
Temporary differences:			
Provisions of bonus, contingencies and others			
Difference between tax basis and book value - deferred assets	28,764	(15,631)	13,133
Tax credits originated from merger (a)	14,188	(4,729)	9,459
Other			
Total deferred income taxes assets	**136,060**	**(31,148)**	**104,912**
Liabilities			
Difference between tax basis and book value of depreciation rates	(47,791)	(3,297)	(51,088)
Temporary differences:			
Capitalized interests	(28,457)	(5,674)	(34,131)
Judicial deposits	(2,103)	91	(2,012)
Total deferred income taxes liabilities	**(78,351)**	**(8,880)**	**(87,231)**
Net effect	**57,709**	**(40,028)**	**17,681**

(a) At June 30, 2014, the Company's shareholder Centennial Asset Participações Minas-RioS.A. and part of spun-off assets of Anglo American Participações Ltda. was merged into Ferroport with the objective of simplifying the ownership structure of Anglo American's investments in Brazil, reducing costs and the number of legal entities, simplifying the procedures to distribute profits within the corporate structure and permit the use of corporate tax relieves available for Ferroport in the Brazilian law.

The recoverability of the deferred income tax assets is supported by a business plan approved by the Executive Board. The Company's Management evaluates the carrying value of the deferred tax assets based on the Company's projected future taxable income, and maintain these assets at their expected realization value.

The reconciliation of the reported income tax and social contribution and the amount determined by applying the nominal rate for the periods ended March 31, 2019 and 2018, are as follows:

Income Tax and Social Contribution	**Company**		**Consolidated**	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Income before income taxes	**100,890**	**59,513**	**100,918**	**59,513**
Income tax at the nominal rate 34%	(34,303)	(20,234)	(34,303)	(20,234)
tax aliquot effect about presumed profit	-	-	(28)	-
Tax adjustments:				
Tax debt regularization - Government program	3,320		3,320	
Defferred - Provision and reversal provision	(14,660)	16,417	(14,660)	16,417
Other	1,277	129	1,277	129
Total	**(44,366)**	**(3,688)**	**(44,394)**	**(3,688)**
Current income and social contribution tax	(11,558)	(5,514)	(11,586)	(5,514)
Deferred income and social contribution tax	(32,808)	1,826	(32,808)	1,826
Total income and social contribution tax	**(44,366)**	**(3,688)**	**(44,394)**	**(3,688)**
Effective rate	**44%**	**6%**	**44%**	**6%**

6 Recoverable taxes

	Company and Consolidated	
	March 31, 2019	**December 31, 2018**
Income tax - Anticipation	10,616	11,661
Social contribution - Anticipation	3,317	3,313
PIS and COFINS	59,915	74,279
INSS	-	24
ISS	68	68
Subtotal recoverable taxes	**73,916**	**89,345**
Income tax	1,519	784
Social contribution	520	3
Total income taxes and social contribution recoverable	**2,039**	**787**
Total current	**75,955**	**90,132**

7 Judicial deposits

	Company and Consolidated	
	March 31, 2019	December 31, 2018
Income tax and social contribution (a)	34,734	34,485
Other	1,568	1,489
	36,302	**35,974**

(a) The Company challenges the payment of income tax and social contribution on net income recognized in its pre-operating phase and filed an injunction in January 2008, making a judicial deposit in the original amount of R$ 16,403 (actual amount R$34,734). Ferroport obtained an unfavorable decision and is awaiting decision on its appeal. The amount deposited is fully reserved under "Taxes payable".

8 Investments in subsidiary

The investiments in subsidiary are as follow:

a. Movement of participation in subsidiary

	December 31, 2018	Aquisition	Equity	March 31, 2019
Ferroport Serviços EIRELLI	375	-	75	450

b. Relevant information about subsidiary

Direct subsidiaries	%	Number of shares (thousand)	Asset	Liability	Shareholders equity	Capital	Profit for the period
Ferroport Serviços EIRELI	100	100	551	(101)	(375)	100	74

9 Right-of-use assets / Lease Liabilities

The table below describe the contracts within the scope of IFRS 16, segregated by supplier, with their respective initial values, contractual terms and interest rates applied as of January 1, 2019:

Suppliers	Assets	Right of use assets	Lease Liabilities	Months	Monthly Interest rates
Localiza	Vehicles	2,128	2,128	38	1.0280%
Estaf*	Machinery and equipment	16	16	4	0.9902%
Ormec	Machinery and equipment	226	226	22	0.9902%
Santin*	Machinery and equipment	596	596	8	0.9902%
		2,966	**2,966**		

** Contracts originally over 12 months*

To obtain the interest rates, the Company simulated obtaining funds from financial institutions for the acquisition of the underlying assets, with similar terms to the respective contracts.

The movements of the right of use assets and lease liabilities, with their respective final balances at March 31, 2019, are as follows:

Lease Assets

Right of use	January 01 2019	(-) Depreciation	March 31, 2019
Vehicles	2,128	(31)	2,097
Machinery and equipment	839	(408)	431
	2,967	**(439)**	**2,528**

Lease Liabilities

	January 01 2019	Interest	Transfer	Payments	March 31, 2019
Current	1,047	86	489	(489)	1,133
Noncurrent	1,920	-	(489)	-	1,431
	2,967	**86**	**-**	**(489)**	**2,564**

Payments	March 31, 2019		
	Fixed (Lease)	Variable (Cost)	Total
Vehicles	(68)	(11)	(79)
Machinery and equipment	(421)	(61)	(482)
	(489)	**(72)**	**(561)**

The table below describe the maturity terms of the lease liabilities, considering the future cash flows of principal and interest payments according to the contractual forecast, with position as of March 31, 2019:

	Maturity				
	up to 6 months	**From 6 to 12 months**	**From 1 to 2 years**	**Above 2 years**	**Total**
Lease Liabilities	801	514	770	881	**2,967**

10 Property, plant and equipment

	Annual depreciation rate %	**Cost**	**Accumulated depreciation**	**Net balance at march, 31, 2019**	**Net balance at december 31, 2018**
Improvements	**4**	69,730	(69,416)	314	617
Furniture and fixtures	**10**	680	(446)	234	246
Vehicles	**20**	1,039	(928)	111	118
IT equipment	**20**	7,378	(2,647)	4,731	4,912
Machinery and equipment	**10**	7,676	(2,624)	5,052	5,115
Electronic equipment	**20**	6,096	(4,209)	1,887	1,832
Defenses	**10**	4,031	(1,640)	2,391	2,488
Breakwater	**2.2**	851,450	(81,413)	770,037	774,693
Maritime access canal	**2.2**	451,690	(32,697)	418,993	420,673
Pier - Port Terminal	**2.2**	830,202	(56,471)	773,731	777,210
Safety equipment	**10**	18,558	(5,704)	12,854	13,203
Operational tools and equipment	**10 and 5**	10,657	-	10,657	9,750
Construction in progress	**-**	95,775	-	95,775	94,667
Other equipaments	**-**	10,378	(2,473)	7,905	8,230
		2,365,340	**(260,667)**	**2,104,672**	**2,113,754**

Changes in property, plant and equipment

	Company and consolidated			
	Annual depreciation rate %	December 31, 2018	Additions	March 31, 2019
Cost				
Improvements	**4**	69,730	-	**69,730**
Furniture and fixtures	**10**	676	4	**680**
Vehicles	**20**	1,039	-	**1,039**
IT equipment	**20**	7,361	17	**7,378**
Machinery and equipment	**10**	7,548	128	**7,676**
Electronic equipment	**20**	6,015	81	**6,096**
Defenses	**10**	4,031	-	**4,031**
Breakwater	**2.2**	851,433	17	**851,450**
Maritime access canal	**2.2**	451,690	-	**451,690**
Pier - Port Terminal	**2.2**	830,202	-	**830,202**
Safety equipment	**10**	18,549	9	**18,558**
Operational tools and equipment	**10 and 5**	9,750	907	**10,657**
Construction work in progress		94,667	1,108	**95,775**
Others equipments		10,378	-	**10,378**
		2,363,069	**2,271**	**2,365,340**

	Company and consolidated			
	Annual depreciation rate %	December 31, 2018	Additions	March 31, 2019
Depreciation				
Improvements	**4**	(69,113)	(303)	**(69,416)**
Furniture and fixtures	**10**	(430)	(15)	**(445)**
Vehicles	**20**	(921)	(7)	**(928)**
IT equipment	**20**	(2,449)	(198)	**(2,647)**
Machinery and equipment	**10**	(2,433)	(191)	**(2,624)**
Electronic equipment	**20**	(4,183)	(26)	**(4,209)**
Defenses	**10**	(1,543)	(97)	**(1,640)**
Breakwater	**2.2**	(76,740)	(4,673)	**(81,413)**
Maritime access canal	**2.2**	(31,017)	(1,680)	**(32,697)**
Pier - Port Terminal	**2.2**	(52,992)	(3,479)	**(56,471)**
Safety equipment	**10**	(5,346)	(358)	**(5,704)**
Others equipments	**10 and 5**	(2,148)	(325)	**(2,473)**
		(249,315)	**(11,352)**	**(260,666)**
Property and equipment, net		**2,113,754**	**(9,081)**	**2,104,673**

Asset allocation

As aforementioned, the Company, Açu Petróleo and AAMFB signed the Asset Allocation Agreement, which determines that the Company is responsible for the construction of the T1 port terminal, and sets out the allocation of assets between the parties, means of payment, transfer of divisible assets and joint ownership rules for the indivisible assets. The divisible assets transferred to the parties individually as stated in the Agreement.

As for the indivisible assets, each company has its share of participation in the assets ("condominium agreement") according to the total amount invested in the construction, as follows:

	December 31, 2018	Asset Alocation 2018	Additions/ write-offs	March 31, 2019	% of ownership of assets
Indivisible assets					
Transferred to AAMFB	1,539,492	39.52%	1,427	1,540,919	39.53%
Transferred to Açu Petróleo (a)	304,524	7.82%	-	304,524	7.81%
Ferroport's assets	2,051,733	52.66%	1,252	2,052,985	52.66%
Total indivisible assets	**3,895,749**		**2,679**	**3,898,428**	

Upon the transference of the assets, the Company records a gain corresponding to the costs incurred plus a mark-up defined in the Agreement. As of March 31, 2019 and 2018 there is no mark-up gain recorded.

Construction in progress

The construction in progress at March 31, 2019 is mainly impacted by the conclusion of breakwater and pier enhancements.

Capitalized interest

After the beginning of the operations in October 2014, capitalization of interest was ceased.

Borrowing costs were calculated at the capitalization rate of CDI plus 2% p.a., over the qualified assets during the construction in progress amounting R$ 601,138 as of March 31, 2019 and December 31, 2018.

11 Intangible assets

		Company and Consolidated		
	Amortization	**December 31, 2018**	**Additions**	**March 31, 2019**
Cost				
Right-of-way (a)	3 years	5,528	-	5,528
Software use license	5 years	10,635	30	10,665
Total Cost		**16,163**	**30**	**16,193**
Amortization				
Right-of-way	3 years	(5,528)	-	(5,528)
Software use license	5 years	(9,094)	(389)	(9,483)
Total Amortization		**(14,622)**	**(389)**	**(15,011)**
		1,541	**(359)**	**1,182**

(a) Right-of-way of the Company in areas owned by a third-parties for the execution of construction works is amortized based on the agreement term, which is three years as from the execution date of the agreement

12 Transactions with related parties

	Company		Consolidated	
	March 31, 2019	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**
Assets				
Assets to be transferred to AAMFB (a)	210,102	210,102	210,102	210,102
Accounts receivable from AAMFB (b)	59,978	26,005	59,978	26,005
Accounts receivable from Açu Petróleo (c)	2,887	3,485	2,984	3680
	272,967	**239,593**	**273,064**	**239,787**
Credit Note				
AAMFB	611	325	611	325
Açu Petróleo	250	254	250	254
Ferroport Serviços	57	56		-
Current	63,783	30,126	63,823	30,264
Noncurrent	210,102	210,102	210,102	210,102

	March 31, 2019	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**
Liabilities				
Advances of the asset allocation				
AAMFB (a)	210,102	210,102	210,102	210,102
Debit notes				
AAFMB (e)	-		-	
Debit asset allocation				
AAMFB (f)	15,076	16,751	15,076	16,751
Açu Petróleo (f)	12,732	14,147	12,732	14,147
Intercompany loans				
Prumo Participações e Investimentos	786,725	791,485	786,725	791,485
Withholding income tax on loan	75,525	77,329	75,525	77,329
Anglo American Capital London	681,271	686731	681,271	686,731
	1,781,431	**1,796,545**	**1,781,431**	**1,796,545**
Deferred revenue				
Deferred revenue with related party (d)	52,287	52,835	52,287	52,835
Current	158,808	159,898	158,808	159,898
Noncurrent	1,622,624	1,636,647	1,622,624	1,636,647

(a) This refers to the divisible assets to be transferred to AAMFB, according to the Agreement described in Note 1.

(b) Receivables from the take-or-pay agreement with AAMFB.

(c) Receivables from the Port Access agreement related to T-Oil operations.

(d) In January 2008, an agreement was entered into with Porto do Açu for granting the right of accessing the port facilities to load and unload ships. This contract, amounting to R$ 62,159, is effective for 35 years, renewable for another 35 years, and was fully paid as of December 31, 2009. The revenue will be recognized over the contract term. After the start-up of operation in October 2014, this amount started to be monthly recognized as other revenues.

(e) This refers to the assignment of power supply with Light and intercompany recharges.

(f) The amount refers to the financial inefficiency in the taking of tax credits, according to shareholders agreement.

Maturity and interest

Intercompany loans are subject to annual interest of 100% of the CDI plus 2% p.a. Intercompany loans have no covenants or guarantees.

The Company shall repay all amounts outstanding, including any outstanding interest thereon, under all shareholder loans by no later than December 31, 2030.

The transactions that affect the profit or loss are as follows:

	Revenues (expenses)			
	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue				
AAMFB - take-or-pay agreement	158,792	149,503	158,792	149,503
Açu Petróleo	7,501	4,798	7,501	4,798
Ferroport Serviços	280	-	-	-
Expenses/Costs				
Anglo American	(6,748)	(4,300)	(6,748)	(4,300)
Financial expenses				
Interest on loans				
Prumo Participações e Investimentos	(15,881)	(16,114)	(15,881)	(16,114)
Anglo American Capital London	(15,056)	(15,324)	(15,056)	(15,324)
	128,888	**118,563**	**128,608**	**118,563**

Reconciliation of assets and liabilities to cash flows from financing activities:

(In thousands os Reais)	Liabilities Intercompany loans
Opening balances on january 1, 2019	**1,688,274**
Variations in cash	
Interest paid	(36,516)
Income tax on intercompany loans	(4,641)
Total variations in financing cash flows	**(41,157)**
Other variations	
Related liabilities	
Interest expense	30,937
Others	44
Total other variations related liabilities	**30,981**
Closing balances on March 31, 2019	**1,678,098**

Key management compensation was as follows:	March 31, 2019	March 31, 2018
Payroll and related charges	842	816

13 Taxes payable

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
PIS and COFINS	5,879	2,773	5,882	2,776
ISS	52	89	52	89
ICMS	4,856	3984	4,856	3984
Income tax and social contribution (*)	41,168	50,552	41,195	50,585
Other	580	898	581	898
	52,535	**58,296**	**52,566**	**58,332**
Current	12,945	19,827	12,976	19,863
Noncurrent (*)	39,590	38,469	39,590	38,469

(*) This refers to the judicial deposit for income tax and social contribution described in Note 6.

14 Provision for legal proceedings

Contingent Liabilities

The Company is subject to legal proceedings involving civil and administrative matters arising from the ordinary course of business. The Company classified as probable loss the following amounts:

Company and consolidated	March 31, 2019	December 31, 2018
Labor claims	2,952	2,928
Tax claims	-	1,220
Civil claims	11,453	11,465
	14,405	**15,613**

Contingent movements

	December 31, 2018	Additions	write-offs	March 31, 2019
Labor	2,928	24	-	2,952
Tax	1,220	-	(1,220)	-
Civil	11,465	-	(12)	11,453
	15,613	**24**	**(1,232)**	**14,405**

According to the legal counsel, the main proceedings classified as possible loss are demonstrated bellow:

	Company and consolidated	
	March 31, 2019	December 31, 2018
Labor claims	6,187	6,057
Tax claims	5,768	5,764
Civil claims [(a)]	192,315	192,681
Total	**204,270**	**204,502**

(a) Impacted mainly by ARG/Civilport litigation in the amount of R$ 151,278 (R$ 151,444 in December 31, 2018) and Arcoenge R$ 39,587 (R$ 39,630 in December 31, 2018). The claims are due to breach of the contract (Lump Sum and Turn Key contracts) and the costs related to decommissioning.

Contingent Assets

Ferroport received a notice from AAMFB, indicating the two slurry pipeline leakages, occurred on March 12 and 29, 2018, have caused the local authorities to suspend the pipeline license until a detailed inspection throughout its entire length is executed and its safety is confirmed by an independent expert. Besides AAMFB suspended the *take-or-pay* payments.

On December 26, 2018, the operation returned, with the first receipt of iron ore after the stoppage, according described in Note 1.

The amount under discussion was classified as a contingent asset, not recognized in balance sheet as determined by CPC 25 (Contingent liability provision and contingent asset).

15 Shareholders' equity

Capital

The Company's shareholding structure at March 31, 2019 and December 31, 2018, is as follows:

Shareholders	Number of shares	%
Prumo Participações e Investimentos S.A. (a)	539,988	50
Anglo American Investimentos - Minério de Ferro Ltda.	539,988	50
	1,079,976	100

Reserves

In accordance with the Brazilian Corporate Law, the legal reserve, which is intended to ensure the integrity of capital and may only be used to offset losses or increase the capital stock, is set up on an annual basis at 5% of the net income for the year and it cannot exceed 20% of the capital stock.

Dividends

The Shareholder´s Agreement determines that dividends will be distributed after loans and financings with related parties are fully settled.

16 Net revenue from services

	Company		**Consolidated**	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Shipment of iron ore (Take or Pay)	178,450	149,503	178,450	149,503
Oil transshipment (T-Oil)	7,871	4,004	7,871	4,004
Port services	-	-	299	-
Net effect on derivate financial instruments	-	1,590	-	1,590
	186,321	**153,507**	**186,620**	**153,507**

	Company		**Consolidated**	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Gross revenue (a)	186.321	153.507	186.620	153.507
Net effect on derivate financial instruments (b)	-	1.590	-	1.590
Taxes on gross revenue - PIS/COFINS	(17.306)	(16.623)	(17.317)	(16.623)
Tax on services - ISS	(3.726)	(3.070)	(3.734)	(3.070)
Net revenue from services	**165.288**	**135.404**	**165.568**	**135.404**

(a) On April 18, 2018, AAMFB notified Ferropport discussing the occurrence of several incidents involving the Slurry Pipeline and the ToP payments were suspended. The amount under discussion was classified as a contingent asset, not recognized in the balance sheet as determined by CPC 25 (Contingent Liability Provisions and Contingent Assets).

(b) In 2018 the Company opted for the discontinuation of hedge operations.

17 Costs of services

	Company		Consolidated	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Payroll and related charges	(9,602)	(8,938)	(9,720)	(8,938)
Depreciation and amortization	(10,314)	(12,785)	(10,314)	(12,785)
Third-parties services	(3,613)	(4,375)	(3,613)	(4,375)
Leases and rents	(627)	(1,064)	(632)	(1,064)
Insurance	(934)	(865)	(934)	(865)
Consumables spare parts	(10,576)	(7,092)	(10,579)	(7,092)
Depreciation of rights of use assets	(408)	-	(408)	-
Other	(1,318)	(259)	(1,315)	(259)
	(37,392)	**(35,378)**	**(37,515)**	**(35,378)**

18 General and administrative expenses

	Company		Consolidated	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Payroll and related charges	(3,059)	(3,691)	(3,103)	(3,691)
Third party services	(1,515)	(966)	(1,515)	(966)
Depreciation and amortization	(1,592)	(1,550)	(1,592)	(1,550)
Insurance	(21)	(20)	(25)	(20)
Travel expenses	(67)	(89)	(67)	(89)
Leases and rents	(54)	(89)	(54)	(89)
Depreciation of rights of use assets	(31)	-	(31)	-
Other	(369)	(881)	(376)	(881)
	(6,708)	**(7,286)**	**(6,762)**	**(7,286)**

19 Other operating income (expenses)

	Company		Consolidated	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Non-consumed electric energy (a)	4,928	2,159	4,928	2,159
Provision for expected credit losses - Non-consumed electric energy (b)	249	(4,884)	249	(4,884)
Deferred revenue - right of use	498	498	498	498
Other	-	8	-	8
	5,675	**(2,219)**	**5,675**	**(2,219)**

(a) Refers to gain with the negotiation of non-consumed electric energy with CCEE - *Câmara de Comércio de Energia Elétrica and other energy traders.*

(b) Provision recognized according to IFRS 9 - Financial Instruments

20 Financial income (expenses)

	Company		Consolidated	
	March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Financial expenses				
Tax on financial transactions (IOF)	(14)	(286)	(14)	(286)
Interest - intercompany loan	(30,937)	(31,438)	(30,937)	(31,438)
Interest on leases	(86)	-	(86)	-
Other	(48)	(355)	(48)	(355)
	(31,085)	**(32,079)**	**(31,085)**	**(32,079)**
Financial income				
Reversal interest on tax debt regularization - Government program	4,009	-	4,009	-
Interest income	1,029	1,069	1,031	1,069
	5,038	**1,069**	**5,040**	**1,069**
Financial results, net	**(26,047)**	**(31,011)**	**(26,045)**	**(31,011)**

21 Commitments

The Company undertook future purchase commitments amounting to R$ 162,066 (R$ 150,180 on December 31, 2018) and these should be fulfilled in the course of the operations.

22 Financial instruments

The Company is engaged in transactions involving financial instruments managed through operational strategies and internal control intended for liquidity, profitability and protection. Control policy consists of permanent monitoring of contracted rates versus market rates in effect. In 2018, the hedge strategy to protect the fluctuations of the dollar was revalued and considered not effective.

The estimated realizable values of the financial assets and liabilities of the Company were determined based on available market information and proper valuation methodologies. However, considerable judgment was required in interpreting market data to develop the most adequate estimate of realizable value. Consequently, the estimates do not necessarily indicate the values that could be realized in the current exchange market.

Financial assets and liabilities at March 31, 2019 and December 2018 are as follows:

	Company					
	March 31, 2019			**December 31, 2018**		
Classifications	**Book Value**	**Measurement**	**Fair value measurement hierarchy**	**Book Value**	**Measurement**	**Fair value measurement hierarchy**
Assets						
Fair Value through Profit and losses						
Cash and cash equivalents	95,032	Fair value	2	31,655	Fair value	2
Accounts receivable	63,783	Amortized cost	2	30,126	Fair value	2
Liabilities						
Other financial liabilities						
Trade accounts payable	15,372	Amortized cost	2	42,608	Amortized cost	2
Related parties loans	1,781,432	Amortized cost	2	1,796,545	Amortized cost	2

- **Level 1:**quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2:** valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3:** valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Consolidated					
	March 31, 2019			**December 31, 2018**		
Classifications	**Book Value**	**Measurement**	**Fair value measurement hierarchy**	**Book Value**	**Measurement**	**Fair value measurement hierarchy**
Assets						
Fair Value through Profit and losses						
Cash and cash equivalents	95,474	Fair value	2	31,925	Fair value	2
Accounts receivable	63,823	Fair value	2	30,264	Fair value	2
Liabilities						
Other financial liabilities						
Trade accounts payable	15,385	Amortized cost	2	42,608	Amortized cost	2
Related parties loans	1,781,432	Amortized cost	2	1,796,545	Amortized cost	2

- **Level 1:** quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2:** valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- **Level 3:** valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial assets and liabilities, due to their characteristics and due dates, Management understands that fair values do not differ relevantly from their booking values.

The Company's financial transactions are subject to the following risk factors:

Currency risk

Risk of fluctuation in foreign exchange rates, which may be associated with the assets and liabilities of the Company. The Company manages foreign exchange risk to identify and mitigate risks associated with fluctuations in the value of the currencies with which its global assets and liabilities are associated. Currently, the only U.S. Dollar denominated transaction is the take-or-pay contract, converted into *Reais* when billed.

An exhibition summary to foreign exchange risk in the table below:

	March 31, 2019		December 31, 2018	
	R$	**USD**	**R$**	**USD**
Accounts receivable (Related parties)	63,823	16,381	30,264	7,784
	63,823	**16,381**	**30,264**	**7,784**

Liquidity risk

The table below provides the Company's main financial liabilities at March 31, 2019. These amounts are gross and are not discounted, and include payments of estimated interest and exclude the impact of the offsetting agreements.

	No maturity	Up to 6 months	Up to 1 year	From 1 year to 5 years	Above 5 Years	Total
Financial liabilities						
Trade accounts payable	-	15,372	-	-	-	15,372
Related parties - loans	210,102	236,778	219,162	1,421,817	-	2,087,859
Total by maturity range	**210,102**	**252,150**	**219,162**	**1,421,817**	**-**	**2,103,231**

The Company's shareholders have supported the implementation of the business plan. Up to March 2019, the additional funds needed for the Company to complete its construction were funded by its shareholders. The remaining Capex to completion will be funded by Company's cash generation and the shareholders when required by the Agreement.

Credit risk

This risk arises from the possibility of the Company incurring losses arising from default of their counterparties or financial institutions depository of funds.
The Company uses rating analyzes of the financial institutions through rating reports provided by the risk agencies, for the purpose of classifying and systematically follow up on the risk and performance of each bank.

The measures expected credit losses for short-term trade receivables using a provision matrix based on historical observed default rates adjusted by current and forward-looking information when applicable and available without undue cost or effort.

The balances exposed to credit risk are the following:

Financial instruments	**March 31, 2019**	**December 31, 2018**
Cash equivalents	95,474	31,925
Accounts receivable (Related parties)	63,823	30,264
	159,297	**62,189**

For the period ended on March 31, 2019 and December 2018, the Company's service revenue is entirely related to services provided to the related parties and cash and banks and cash equivalents are invested in banks with at least A- rating.

Capital Management

The Company's funds to develop its business plan have been entirely funded through capital contributions and loans from the shareholders. The Company's treasury monitors the funds needed for working capital and capital expenditures, which are provided by the shareholders every month. The Company started its operations in October 2014 and started generating operating cash since then; the additional funds needed for the conclusion of the port construction will also be funded by its shareholders through additional loans when required by the Agreement, and operational cash generation.

23 Insurance coverage

The Company's policy consists of entering into insurance coverage for assets subject to risks at amounts deemed sufficient by management to cover claims, if any, considering the nature of its activity. The policies are in force and the premiums were duly paid.

As of March 31, 2019 and December 2018, the insurance coverage was as follows:

	March 31, 2019	**December 31, 2018**
Property and equipment damages	2,932,700	2,299,900
Civil liability	194,835	193,740
Environmental Liability	30,000	30,000
Directors & Management	60,000	60,000

* * *

Carsten Bosselmann
Chief Executive Officer

Marcelo Amaral Palladino
Chief Financial Officer

Douglas dos Santos Guimarães
Accountant CRC-RJ-110416/O-0