MMX Mineração e Metálicos S.A. and subsidiaries

Consolidated financial statements
March 31, 2008 and December 31, 2007

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Contents

KPMG Auditores Independentes
Av. Almirante Barroso, 52 - 4º
20031-000 - Rio de Janeiro, RJ - Brasil
Caixa Postal 2888
20001-970 - Rio de Janeiro, RJ - Brasil

Central Tel 55 (21) 3515-9400
Fax 55 (21) 3515-9000
Internet www.kpmg.com.br

Independent accountants' review report

To
The Board of Directors and Shareholders
MMX Mineração e Metálicos S.A.
Rio de Janeiro - RJ

We have reviewed the accompanying consolidated balance sheets of MMX Mineração e Metálicos S.A. and subsidiaries ("the Company") as of March 31, 2008, and the related consolidated statements of operations, shareholders' equity and comprehensive income, and cash flows for three-month periods ended March 31, 2008 and 2007 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management of MMX Mineração e Metálicos S.A. and subsidiaries.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

The consolidated financial statements for the year ended December 31, 2007 were audited by us and we expressed an unqualified opinion on them including an explanatory paragraph about the Company's ability to continue as a going concern in our report dated April 22, 2008, but we have not performed any auditing procedures since that date.

The accompanying consolidated financial statements have been prepared assuming that the Company and subsidiaries will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company is dependent upon the financial support of the shareholders or capital infusions from third parties up to the moment their operations are profitable. This scenario raises substantial doubt about the Company's and subsidiaries' ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

U.S. generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in Canada. The Company has presented the nature of such differences in Note 22 to the consolidated financial statements.

November 12, 2008

KPMG Auditores Independentes

KPMG Auditores Independentes

MMX Mineração e Metálicos S.A. and subsidiaries

Consolidated balance sheets

(In thousands of U.S. dollars, except share data)

	Note	March 31, 2008 (Unaudited)	December 31, 2007
Assets			
Current assets			
Cash and cash equivalents		25,291	81,422
Marketable securities	3	267,485	151,680
Restricted cash	3	28,406	24,271
Trade accounts receivable	4	36,105	21,581
Recoverable taxes	5	21,711	16,438
Inventories	6	66,803	72,587
Advances to suppliers and employees		11,962	35,047
Related parties	12	2,221	123,691
Other		1,213	4,690
		461,197	531,407
Noncurrent assets			
Property, plant and equipment, net	9	543,767	396,909
Related parties	12	2,055	2,165
Advance for future investment acquisition	10	1,244	1,228
Recoverable taxes	5	11,707	11,060
Advances to suppliers		7,294	-
Other		1,282	8,185
		567,349	419,547
Total assets		1,028,546	950,954
Liabilities and shareholders' equity			
Current liabilities			
Notes payable	13	76,641	43,178
Trade accounts payble		19,849	54,947
Tax, payroll and related charges		15,824	23,789
Spin off accounts payable	16	45,112	44,547
Short-term debt	14	228,184	220,264
Accrued interest	14	10,637	9,328
Related parties	12	-	59
Derivative financial instruments	7	2,686	219
Other current liabilities		1,204	3,514
		400,137	399,845

MMX Mineração e Metálicos S.A. and subsidiaries

Consolidated balance sheets

(In thousands of U.S. dollars, except share data)

	Note	March 31, 2008 (Unaudited)	December 31, 2007
Long-term liabilities			
Notes payable	13	209,077	129,637
Long-term debt	14	9,125	8,655
Asset retirement obligation	11	3,241	2,249
Stock options	17	19,672	16,568
Other accrued liabilities		829	686
		241,944	157,795
Shareholders' equity			
Shares authorized and issued - holding company:	16		
Common stock: 2008 and 2007 - 304,609,840		348,818	348,818
Additional paid-in-capital		65,094	60,369
Deficit accumulated during the exploration stage		(129,816)	(118,116)
Accumulated other comprehensive income		102,369	102,243
		386,465	393,314
Total liabilities and shareholders' equity		1,028,546	950,954
Going Concern	1.*iv*		
Commitments	21		
Subsequent events	23		

See accompanying notes to consolidated financial statements

MMX Mineração e Metálicos S.A. and subsidiaries

Consolidated statements of operations

(In thousands of U.S. dollars, except per share and share data)
(Unaudited)

	Note	March 31, 2008	March 31, 2007
Net revenue			
Iron ore sales		77,433	11,680
Services rendered		3,037	-
		80,470	11,680
Cost of goods sold and services rendered		(57,629)	(11,471)
Gross income		22,841	209
General, sales and administrative expenses		(43,892)	(14,435)
Exploration costs		(783)	(48)
Operating loss		(21,834)	(14,274)
Other income (expenses)			
Financial income	19	17,192	21,142
Financial expenses	20	(6,465)	(1,005)
Total other income		10,727	20,137
Income (loss) before income and social contribution taxes		(11,107)	5,863
Income and social contribution taxes	15	(593)	(1,992)
Net income (loss) for the period		(11,700)	3,871
Net income (loss) per thousand shares of common stock - basic and diluted	18	(0.04)	0.03
Weighted average per shares oustanding - basic and diluted		304,315,282	152,155,140

See accompanying notes to consolidated financial statements.

MMX Mineração e Metálicos S.A. and subsidiaries

Consolidated statements of shareholders' equity and comprehensive income

(In thousands, except share data)

	Capital stock							
	Preferred number	**Commom number**	**Preferred amount**	**Common amount**	**Additional paid-in capital**	**Deficit accumulated during the exploration stage**	**Accumulated other comprehensive income**	**Total shareholders' equity**
Balances at December 31, 2006	-	304,310,240	-	465,008	18,210	(34,946)	13,357	461,629
Spin-off effect (See Note 23)	-	-	-	(4,680)	-	-	-	(4,680)
Net income for the period	-	-	-	-	-	3,871	-	3,871
Currency translation adjustment	-	-	-	-	-	-	19,708	19,708
Comprehensive income	-	-	-	-	-	-	-	23,579
Balances at March 31, 2007 (Unaudited)	-	304,310,240	-	460,328	18,210	(31,075)	33,065	480,528
Share-based compensation	-	-	-	-	49,951	-	-	49,951
Stock options exercised	-	299,600	-	7,792	(7,792)	-	-	-
Spin-off effect (See Note 23)	-	-	-	(119,302)	-	-	-	(119,302)
Loss for the period	-	-	-	-	-	(87,041)	-	(87,041)
Currency translation adjustment	-	-	-	-	-	-	69,178	69,178
Comprehensive loss	-	-	-	-	-	-	-	(17,863)
Balances at December 31, 2007	-	304,609,840	-	348,818	60,369	(118,116)	102,243	393,314
Share-based compensation	-	-	-	-	4,725	-	-	4,725
Loss for the period	-	-	-	-	-	(11,700)	-	(11,700)
Currency translation adjustment	-	-	-	-	-	-	126	126
Comprehensive loss	-	-	-	-	-	-	-	(11,574)
Balances at March 31, 2008 (Unaudited)	-	304,609,840	-	348,818	65,094	(129,816)	102,369	386,465

See accompanying notes to consolidated financial statements

MMX Mineração e Metálicos S.A. and subsidiaries

Combined consolidated statements of cash flows

(In thousands of U.S. dollars)
(Unaudited)

	Three month period ended March 31, 2008	Three month period ended March 31, 2007
Cash flows provided by (used in) operating activities		
Net income (loss) for the period	(11,700)	3,871
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	10,965	958
Share-based compensation	7,829	-
Write-off of mining rights	-	-
Exchange variation gain	(2,477)	(4,380)
Derivative financial intruments	2,686	109
Other	-	25
(Increase) decrease in assets:		
Marketable securities	(121,478)	39,016
Restricted cash	(4,082)	(7)
Trade accounts receivable	(14,986)	(3,742)
Recoverable taxes	(5,457)	(2,945)
Inventories	7,842	(6,025)
Related parties	131,946	(8,581)
Advances to suppliers	17,283	(458)
Other	10,891	(45)
Increase (decrease) in liabilities:		
Trade accounts payable	(37,946)	176
Taxes, payroll and related charges	(10,202)	6,777
Other accrued liabilities	144	(5,267)
Other payables	(6,880)	1,519
Net cash provided by (used in) operating activities	(25,622)	21,002
Cash flows from investing activities		
Additions to property, plant and equipment	(154,483)	(27,475)
Net cash used in investing activities	(154,483)	(27,475)
Cash flows from financing activities		
Notes payable and debt:		
Loans obtained:		
Short-term	62,766	24,869
Long-term	2,615	18,704
Loans paid short term	(56,591)	(15,531)
Notes payable obtained	116,293	765
Related parties	(63)	-
Net cash provided by financing activities	125,020	28,808
Increase (decrease) in cash and cash equivalents	(55,085)	22,335
Cash decrease by the Company's spin-off	(5,906)	(4,680)
Effect of exchange rate changes on cash and cash equivalents	4,860	58
	(56,131)	17,713
Cash and cash equivalents, beginning of the period	81,422	1,355
Cash and cash equivalents, end of the period	25,291	19,068
	(56,131)	17,713
Supplementary disclosure of cash flow information		
Interest paid during the period	2,985	15,531

See accompanying notes to consolidated financial statements

MMX Mineração e Metálicos S.A. and subsidiaries

Consolidated financial statements

March 31, 2008 and December 31, 2007

(In thousands of U.S. dollars, unless otherwise stated)
(Unaudited)

1 The Company and its operations

i. Carve-out

On March 31, 2008, the controlling shareholder of MMX Mineração e Metálicos ("MMX"), certain members of the management of MMX and Anglo American Participações em Mineração Ltda. ("Anglo American Participações"), a wholly owned subsidiary of Anglo American plc ("Anglo American"), entered into a Share Purchase and Sale Agreement ("Agreement"), whereby Anglo American Participações agreed to purchase, and the controlling shareholder and certain members of management of MMX agreed to sell, common shares representing approximately 63.47% of the share capital of IronX Mineração S.A. ("IronX" - currently denominated Anglo Ferrous Brazil S.A.). IronX is a publicly-held company, owner of 51% of the share capital of MMX Minas-Rio Mineração S.A. ("MMX Minas-Rio") and 70% of MMX Amapá Mineração Ltda. ("MMX Amapá"), after the conclusion of the corporate reorganization of MMX ("Reorganization"). The Reorganization also involved the transfer to IronX of 100% of the stock capital of MMX Metálicos Amapá Ltda. ("MMX Metálicos Amapá") and Bay Service Serviços Portuários Ltda. ("Bay Service").

Reorganization of MMX

As a result of the Reorganization, the shares of MMX in IronX and LLX Logística S.A ("LLX") owned by MMX were distributed directly to the shareholders of MMX, in the same proportion as their equity interests in the share capital of MMX. Accordingly is preparing the consolidated financial statements of MMX, the Company's equity is IronX and LLX are shown as a deduction from shareholders equity, as the income and cash flow statements of these entities have been eliminated. See Note 23.

ii. Description of business

MMX Mineração e Metálicos S.A. ("the Company" or "MMX") is a holding company of a group of subsidiaries.

The object of MMX is to engage in the following main businesses: mining, transformation, transportation and sale of iron ore; manufacture transformation, transportation and sale of steel inputs; as well as construction, operation and commercial use of maritime and railroad terminals.

Either directly or through subsidiary companies, MMX develops projects in the areas of mining, logistics and industrial processing of metallic products and steel inputs with added value, always based on iron ore mined by the Company itself. MMX has mineral resources resulting from the acquisition of and filing for mining rights whereby the Company itself performs the prospecting work and mines the iron ore.

iii. Current three month-period development

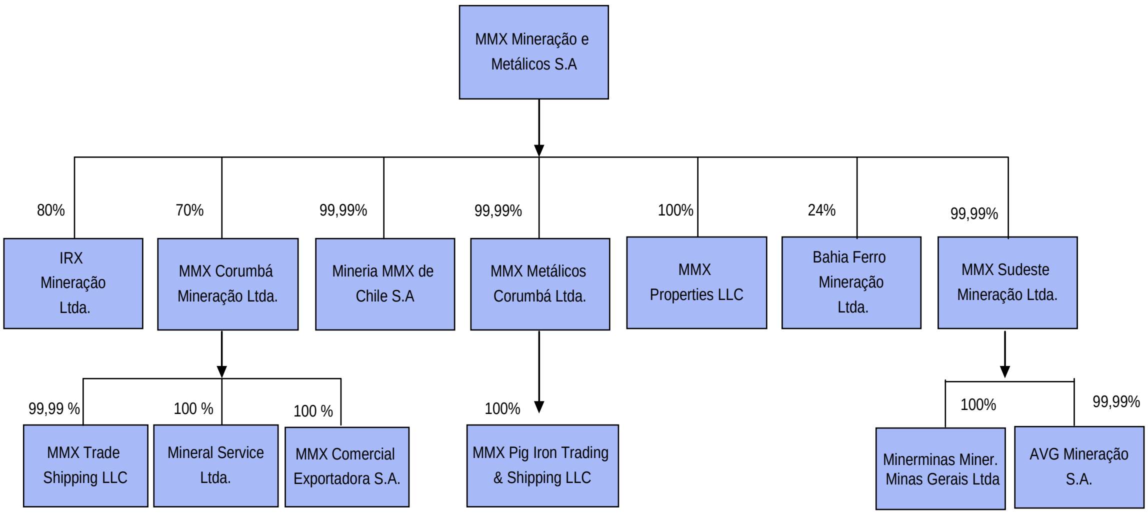
On March 3, 2008, MMX Sudeste Mineração Ltda ("MMX Sudeste" and formerly AVX Mineração e Participação Ltda.), a Company subsidiary, concluded the acquisition of Minerminas - Mineradora Minas Gerais Ltda. ("Minerminas").

In exchange for the purchase of 100% of the shares in Minerminas, MMX Sudeste will pay a total amount of $125,000 in 7 consecutive semi-annual installments. The first installment, in the amount of $17,857, has already been settled and the remaining six installments, in the same amount, will be settled in the forthcoming months of July and January, ending in January 2011.

Through its subsidiary MMX Sudeste, the Company is integrating the operations of AVG Mineração S.A. ("AVG") with those of Minerminas, in order to achieve synergies and efficiency gains.

As detailed in Note 16, in June 2008, a spin off occurred by which the Company transferred its net assets related to MMX Minas-Rio Mineração S.A. ("MMX Minas-Rio"), MMX Mineração do Serro Ltda. ("MMX Serro"), Borbagato Agropastoril S.A. ("Borbagato"), MMX Logística do Amapá Ltda. ("MMX Logística do Amapá"), MMX Amapá Mineração Ltda. ("MMX Amapá"), MMX Metálicos Amapá Ltda. ("MMX Metálicos Amapá") and Bay Service Serviços Portuarios Ltda. ("Bay Service") to a newly formed company IronX. Additionally, the Company's share in the investment LLX Logística S.A. ("LLX Logística") was transferred into LLX Logística itself, as detailed in Note 23. Those transfers was made retroactively to December 31, 2007 and, consequently, as described in Note 2, affected the manner that the Company presents these consolidated financial statements as of March 31, 2008.

As a result of the restructuring process and the subsequent changes in the ownership, the Company has held the following corporate interests as from June 19, 2008:



a. *MMX Corumbá System*

The Company, through its subsidiary MMX Corumbá Mineração Ltda. ("MMX Corumbá"), is the holder and lessee of mining rights in the City of Corumbá, State of Mato Grosso do Sul. MMX Corumbá is in the current phase of limited production of iron ore through the operation of its two mines. During the fourth quarter of 2006, the subsidiary started exporting iron ore. However it has not yet achieved its expected production capacity.

b. *Other operations*

The direct subsidiary MMX Properties LLC ("MMX Properties"), formed on March 9, 2007, is located in the United States of America, in the State of Delaware and owns a purchase option of an aircraft for which it made a down payment in the amount of US$100.

On August 1, 2007, the Company acquired the totality of quotas representing in the capital stock of Nacional Ferrosos S.A., whose corporate name was changed on August 30, 2007 to MMX Comercial Exportadora S.A. ("MMX Comercial Exportadora"), that has as its business purpose the commercialization of iron ore.

On December 4, 2007 the Company acquired 99.99% of the shares of the company EDRJ111 Participações Ltda. ("EDRJ"). The corporate name of EDRJ11 was changed to previously AVX Mineração e Participações Ltda. ("AVX"), and subsequently to MMX Sudeste Mineração Ltda. ("MMX Sudeste"), and a capitalization of R$80,000 thousand was done. AVX's corporate object is engaging to hold equity stakes in the capital of other companies for the new business in the State of Minas Gerais.

On December 13, 2007, the Company, through MMX Sudeste, acquired 99.99% of the shares issued by AVG in the amount of $224,000. See Note 9.

On March 3, 2008, MMX Sudeste concluded the acquisition of Minerminas - Mineradora Minas Gerais Ltda. ("Minerminas"). See Note 9.

iv. Going concern

The Company is dependent upon the financial support of the shareholders or capital infusions from third parties up to the moment their operations are profitable. In the absence of such support, there could be substantial uncertainties about the Company's and subsidiaries' ability to conduct its planned principal operations as a whole. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the possible inability of the Company and its subsidiaries to continue as going concern. Notwithstanding the foregoing, the MMX Corumbá and AVG are already delivering iron ore products.

v. Management of capital risk

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to continue development of its aggregates and related properties and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company considers its share capital and contributed surplus as capital, which at March 31, 2008 totalled $413,912 (December 31, 2007 - $409,187).

The Company manages its capital structure in order to ensure sufficient resources are available to meet day to day operating requirements and to have the financial ability to grow its operations through iron ore. Methods used by the Company to manage its capital, taking into consideration changes in economic conditions, include issuing new share capital or obtaining debt financing. The Company is not subject to any externally imposed capital requirements. The Company's Board of Directors takes full responsibility for managing the Company's capital and does so through quarterly board meetings, review of financial information and regular communication with Officers and senior management.

2 Summary of significant accounting policies

a. Basis of presentation and consolidation

The consolidated financial statements include the accounts of the Company and all majority owned subsidiaries in which the Company directly or indirectly has either: (a) a majority of the equity of the subsidiary or otherwise has management control; or (b) the Company has determined itself to be the primary beneficiary of a variable interest entity in accordance with FIN 46 (R).

These include the accounts of MMX Corumbá Mineração Ltda. ("MMX Corumbá"), MMX Metálicos Corumbá Ltda. ("MMX Metálicos Corumbá"), MMX Properties LLC ("MMX Properties"), IRX Mineração Ltda. ("IRX"), Bahia Ferro Mineração Ltda. ("Bahia Ferro"), MMX Sudeste Mineração Ltda "("MMX Sudeste" and formerly AVX Mineração e Participação Ltda), MMX Trade & Shipping (Nevada) LLC ("MMX Trade"), MMX Comercial Exportadora S.A. ("MMX Comercial Exportadora"), MMX Pig Iron Trading & Shipping (Nevada) LLC ("MMX Pig Iron"), AVG Mineração S.A. ("AVG") and Minerminas - Mineradora Minas Gerais Ltda. ("Minerminas"). All significant transactions and balances between operations of the Company and its subsidiaries have been eliminated.

The companies within MMX's Group were at the exploration stage up to December 31, 2007 and, therefore, statements and notes included information accumulated as from the inception (January 16, 2001), as required by SFAS 7 - Accounting and reporting by Development Stage Enterprises. As from the first quarter of 2008, majority part of the consolidated companies within the MMX's Group are no longer at the exploration stage, beginning their operations as from the first quarter in 2008. Therefore, all 2008 consolidated financial statements do not consider information accumulated as from the inception.

MMX Mineração e Metálicos S.A. and subsidiaries

Consolidated financial statements

(In thousands of U.S. dollars, unless otherwise stated)
(Unaudited)

In the opinion of the management of the Company, the accompanying consolidated financial statements contain all adjustments (which are normal recurring accruals) necessary to present fairly its financial position as of March 31,2008, and its consolidated results of operations and cash flows for the three-month period ended March 31, 2008 and 2007. The interim financial statements shall be read in conjunction with the company's annual report for the year ended December 31, 2007.

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which differ in certain respects from Brazilian accounting principles applied by the Company and its subsidiaries in their statutory financial statements. U.S. generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in Canada. The Company has presented the nature of such differences in Note 22 to the consolidated financial statements.

The Company and its subsidiaries (collectively "the Companies") maintain their statutory accounting records in local currency, the real. The U.S. dollar amounts presented in the consolidated financial statements have been remeasured (translated) from the local currency amounts in accordance with the criteria set forth in Statement of Financial Accounting Standards ("SFAS") no. 52 - Foreign Currency Translation.

The Companies determined the local currency (real) as their functional currency and have translated all assets and liabilities into U.S. dollars at the current exchange rate at March 31, 2008 and December 31, 2007 (R$1.7491 and R$1.7713 to US$1.00, respectively), and all amounts in the statements of operations and cash flows at the average rates prevailing during each of the months within the period ended March 31, 2008 and 2007 and the period from the inception date (January 16, 2001) to March 31,2008, including amounts relative to local currency indexation and exchange variances on assets and liabilities denominated in foreign currency. The related translation adjustments are included in accumulated other comprehensive income (loss), a component of shareholders' equity (deficit).

The subsidiaries in which minority interest exist have presented losses exceeding the minority interest in the equity capital of these subsidiaries, such excess applicable to the minority interest was charged against statements of operations, as there is no obligation for the minority interest to make good such losses. However, if future earnings do materialize, the statements of operations will be credited to the extent of such losses previously absorbed.

b. Use of estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and with respect to the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of inventories, property, plant and equipment, intangibles, deferred income tax assets, environmental liabilities, asset retirement obligations, valuation of derivative instruments, share-based compensation and fair value of financial instruments. Actual results could differ from those estimates. The Company reviews the estimates and assumptions periodically.

c. Recently adopted accounting standards

FASB Statement N° 157, Fair Value Measurements ("SFAS 157")

In September 2006, the FASB issued SFAS 157, which became effective for the Company on January 1, 2008. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements but would apply to assets and liabilities that are required to be recorded at fair value under other accounting standards.

In February 2008, the FASB issued FASB Staff Position (FSP) FSP 157-2, "Effective Date of FASB Statement N° 157", which became effective for the Company on January 1, 2008. This FSP delays the effective date of SFAS 157, for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

The Company implemented SFAS 157 and FSP 157-2 effective on January 1, 2008 with no material impact due to the implementation, other than additional disclosures.

SFAS 157 and FSP 157-2 require disclosures that categorize assets and liabilities measured at fair value on a recurring basis into one of three different levels depending on the observability of the inputs applied in the measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability reflecting the Company's assumptions about pricing by market participants.

The disclosure requirements of SFAS 157 and FSP 157-2 were applied to the Company's derivative instruments recognized in accordance with SFAS 115.

The Company's derivatives, cash and cash equivalents, restricted cash and marketable securities fair values were recognized in accordance with exchanged quoted prices as the balance sheet date for identical assets in active markets, and, therefore, were classified as Level 1. See Note 8.

The fair values of Company's debts and notes payable were calculated using observable market interest rates and discounting the future cash flows, and, therefore, were classified as Level 2. See Note 8.

FASB Statement 159 "The Fair Value Option for Financial Assets and Financial Liabilities." ("SFAS 159")

In February 2007, the FASB issued SFAS 159, that permits the measurement of certain financial instruments at fair value. Entities may choose to measure eligible items at fair value at specified election dates, reporting unrealized gains and losses on such items at each subsequent reporting period. SFAS 159 is effective for fiscal years beginning after November 15, 2007. SFAS 159 became effective for the Company on January 1, 2008 with no impact to its consolidated financial statements.

FASB Statement No. 141 (revised 2007), Business Combinations ("SFAS 141-R")

In December 2007, the FASB issued SFAS 141-R, which will become effective for business combination transactions having an acquisition date on or after January 1, 2009. This standard requires the acquiring entity in a business combination to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date to be measured at their respective fair values. SFAS 141-R changes the accounting treatment for the following items: acquisition-related costs and restructuring costs to be generally expensed when incurred; in-process research and development to be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition to be generally recognized in income tax expense; acquired contingent liabilities to be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined 'under existing guidance for non-acquired contingencies. SFAS 141-R also includes a substantial number of new disclosures requirements. The impact on the application of SFAS 141-R in the consolidation financial statements will depend on the business combinations arising during 2009 and thereafter.

FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial statements, an amendment of ARB No. 51 ("SFAS 160")

In December 2007, the FASB issued SFAS 160, that establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 requires the recognition of a noncontrolling interest (minority interest) as equity in the combined financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in combined net income on the face of the income statement. Certain changes in a parent's ownership interest are to be accounted for as equity transactions and when a subsidiary is deconsolidated, any noncontrolling equity investment in the former subsidiary is to be initially measured at fair value. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest and is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company's presentation of income statement and balance sheet will be significantly changed by the application of SFAS 160.

FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 ("SFAS 161")

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133." This statement requires enhanced disclosures about the use of derivative instruments, the accounting for derivative instruments under SFAS 133 and related interpretations, and the impact of derivative instruments and related hedged items on financial position, financial performance, and cash flows, particularly from a risk perspective. SFAS 157 is effective for fiscal years beginning after November 15, 2008. Adoption of this statement is not expected to have a material impact on the Company's financial position or results of operations.

3 Marketable securities and restricted cash

Marketable securities represent amounts invested in exclusive funds managed by financial institutions and linked to federal government securities and private securities ("CDB") of first-class financial institutions, as well as private securities (Bank Credit Notes and Debentures) issued by companies and financial institutions, all having average profitability equivalent to DI Cetip (CDI - Interbank Deposit Certificate).

The Company has a portion of its financial investments as restricted cash, in the total amount of $28,406 on March 31, 2008 ($24,271 on December 31, 2007), as described below.

(In thousands of U.S. dollars, unless otherwise stated)

The portfolio of marketable securities is broken down as follows:

	Nature of investments				
Financial institution	**Govenment Bonds**	**Purchase and sales commitments**	**CDB (a)**	**Total March 31, 2008**	**Total December 31, 2007**
Exclusive funds:					
Banco Pactual	2,213	186,532	77,729	266,474	150,983
Total exclusive funds	2,213	186,532	77,729	266,474	150,983
Other marketable securities:					
Banco Itaú BBA	-	-	25,223	25,223	24,271
Bradesco and other	-	-	1,011	1,011	697
ABN AMRO Bank	-	-	3,183	3,183	-
Total other marketable securities	-	-	29,417	29,417	24,968
Total marketable securities	2,213	186,532	107,146	295,891	175,951
Restricted cash **(b)**	-	-	(28,406)	(28,406)	(24,271)
Total marketable securities, net	2,213	186,532	78,740	267,485	151,680

(a) Bank deposit certificates issued by Brazilian banks.

(b) The Company is the guarantor of a private instrument of fiduciary release of credit receivables as guarantee of a surety installment agreement in favor of the subsidiary MMX Corumbá, in the amount of $25,223, for the issuance of a letter of guarantee related to the mining rights to explore iron ore in the State of Mato Grosso do Sul, against the acquisition of quotas of the company Mineral Service. The amount of $3,183 refers to the interest earning deposits made in a checking account on behalf of the Company as part of the payment for the acquisition of the real estate named “Fazenda Caruara”, located in the Municipality of São João da Barra, State of Rio de Janeiro. The release of this amount is subject to a future condition, pursuant to the rules set forth in the purchase and sale agreement, in guarantee of the contingency liabilities of the seller.

(In thousands of U.S. dollars, unless otherwise stated)

Exclusive funds are subject to obligations limited to the payment of services rendered by asset management, attributed to the operation of investments, such as custody and auditing fees and other expenses.

4 Trade account receivable

Trade accounts receivable are related to iron ore and pig iron sales, transport fees and are broken down as follows:

	March 31, 2008	**December 31, 2007**
Domestic	16,880	6,654
Foreign	19,225	14,927
Total	36,105	21,581

5 Recoverable taxes

Recoverable taxes are comprised of the following:

	March 31, 2008	**December 31, 2007**
Withholdinhg taxes at source ("IRRF")	18,471	11,425
Value added tax ("ICMS")	12,536	14,507
Other	2,411	1,566
Total	33,418	27,498
Current assets	21,711	16,438
Noncurrent assets	11,707	11,060

(In thousands of U.S. dollars, unless otherwise stated)

6 Inventories

The inventories are comprised by finished goods of iron ore and pig iron, raw material and warehouse, as follows:

	March 31, 2008	**December 31, 2007**
Finished goods	62,145	67,899
Raw material	2,773	2,781
Warehouse	1,885	1,907
Total	66,803	72,587

7 Financial instruments

The Company's subsidiaries have derivative financial instruments to manage their exposure on its foreign currency denominated debt instruments. The Company's subsidiaries do not enter into derivative financial instruments for any purpose other than cash flow hedging purposes. That is, the subsidiaries do not speculate by using derivatives. In order to reduce the impact of fluctuations in the exchange rate, the subsidiaries have adopted a policy of entering into swap contracts.

By using derivative financial instruments to manage exposures to changes in exchange rates, the subsidiaries expose themselves to credit risks and market risks. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the subsidiaries, which creates a credit risk for the subsidiaries. When the fair value of a derivative contract is negative, the subsidiaries owe the counterparty and, therefore, they do not posses a credit risk. The subsidiaries reduce their credit risk in derivative financial instruments by entering into transactions with high quality counterparties.

Market risk, in this case, is the adverse effect on the value of a financial instrument that results from a change in currency exchange rates, managed by establishing and monitoring parameters that limit the types and degree of market risks that may be undertaken.

Management monitors and evaluates its overall position daily in order to evaluate financial results and impact on the subsidiaries' cash flows. All financial derivative instruments are marked-to-market at each balance sheet date, with the impact of changes in their fair value recorded as financial income (expenses).

During the three-month periods ended March 31, 2008 and 2007 gains of $3,938 and $1,632, respectively, were effectively realized and unrealized gains of $(2,686) and $1,160, respectively, for the same periods mentioned above and both recorded in the statements of operations.

Credit risks

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure arises principally from its short term investments and concentrate awaiting settlement. Historically, the Company has not experienced any losses related to individual customers and does not believe it is exposed to a significant concentration of credit risk.

Interest earning bank deposits held are basically, in exclusive funds managed by financial institutions and backed on federal government securities and private securities (CDB) of prime financial institutions, as well as private securities (Bank Credit Notes - CCB and Debentures) issued by companies and financial institutions, all having average profitability equivalent to DI Cetip (Interbank Deposit Certificate - CDI), and are subject to the credit risk of the respective corporate and financial institutions issuers of such securities.

Interest rate risk

The results of the Company and its subsidiaries are susceptible to variations arising from financing and loan operations contracted at floating interest rates.

The Company and its subsidiaries use derivative financial instruments to protect or reduce volatility the financial costs of the financing operations and investments.

The purpose of derivative financial instrument operations, such as swaps and forward exchange contracts, such as hedge, is to reduce the risks in operations, financings and investments. In accordance with its financial policies, the Company has not performed operations involving financial instruments on a speculative basis.

Exchange rate risk

The Company's revenues, in their largest portion, will be generated in U.S. dollars and most of its capital investment needs (CAPEX) are in reais. As a strategy to prevent and reduce the effects of the exchange rate fluctuation, Management has adopted the policy of keeping derivatives, currency forward operations, with the maintenance of related assets also susceptible to exchange variation.

The results of the Company and its subsidiaries are susceptible to significant variations, due to the effects of the volatility of the foreign exchange rate on the liabilities indexed to foreign currencies, especially the U.S. dollar, which the variance for the quarter was -1,25% (-17,1% in 2007).

As a strategy to prevent and reduce the effects of the fluctuation of the exchange rate, management has adopted the policy of maintaining tied assets also susceptible to exchange variation.

The Company is exposed to market risks derived from its operations. Such risks involve mainly exchange rate risk.

8 Fair value of financial instruments

The following estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data and to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. Certain assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value. The estimated fair values of financial instruments, comprised by levels according to SFAS 157, are as follows:

	Level 1		**Level 2**		**Level 3**	
	Carrying amounts	**Fair value**	**Carrying amounts**	**Fair value**	**Carrying amounts**	**Fair value**
Financial assets:						
Cash and cash equivalents	25,291	25,291	-	-	-	-

(In thousands of U.S. dollars, unless otherwise stated)

	Level 1		Level 2		Level 3	
	Carrying amounts	**Fair value**	**Carrying amounts**	**Fair value**	**Carrying amounts**	**Fair value**
Marketable securities	267,485	267,485	-	-	-	-
Restricted cash	28,406	28,406	-	-	-	-
Financial liabilities:						
Debt:						
In foreign currency	-	-	231,374	231,944	-	-
In local currency	-	-	5,935	5,221	-	-
Notes payable:						
In foreign currency	-	-	276,713	276,713	-	-
In local currency	-	-	9,005	9,005	-	-
Derivative financial instruments - net	(2,686)	(2,686)	-	-	-	-

Criteria, assumptions and limitations used to calculate the market value

Cash and cash equivalents

The accounting value approximates the market value of the trading securities due to the short-term maturity of these instruments.

Marketable securities and restricted cash

Both carrying amount and fair value of the marketable securities, including “the part restricted as collateral”, are calculated based on current market rates applicable for such type of debt securities.

(In thousands of U.S. dollars, unless otherwise stated)

Debt

The fair value of the Company's debt is estimated by discounting the future cash flows of each instrument at rates currently offered to the Company for similar debt instruments of comparable maturities by the Company's bankers.

Notes payable

The fair value of notes payable is calculated and recorded through the discounting of the Company's cash flows using a market interest rate of 8%, as the notes an either non -interest bearing or low-interest bearing (see Note 13).

Derivatives financial instruments - swaps

The fair value is determined based on quotations provided by the financial institutions which issued the financial instruments.

The following table presents the estimated fair values of the Company's derivative financial instruments:

	Fair value	
	March 31, 2008	**December 31, 2007**
Currency transactions:		
For a $25,000 amount (Banco Pactual), maturing February 1, 2008	-	(100)
For a $20,000 amount (Banco Pactual S.A.), maturing March 3, 2008	-	(119)
For a $25,000 amount (Banco Bradesco), maturing February 1, 2009	(397)	-
For a $20,000 amount (Banco UNIBANCO), maturing February 1, 2009	(247)	-
For a $50,000 amount (Banco UNIBANCO.), maturing February 2, 2009	586	-
For a $25,000 amount (Banco Itaú BBA.), maturing February 1, 2009	(1,009)	-
For a $30,000 amount (Banco Bradesco), maturing February 1, 2009	(1,619)	-
Total	(2,686)	(219)

(In thousands of U.S. dollars, unless otherwise stated)

9 Property, plant and equipment

		March 31, 2008			December 31, 2007		
	Annual depreciation - depletion rates (%)	**Cost**	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated depreciation**	**Carrying amount**
Mining rights	**(a)**	352,900	(2,707)	350,193	225,984	(652)	225,332
Asset retirement obligation	**(a)**	2,038	-	2,038	2,025	-	2,025
Land	-	27,875	-	27,875	21,697	-	21,697
Forest	**(b)**	3,567	-	3,567	3,508	-	3,508
Aircraft	10	5,939	(49)	5,890	5,864	(57)	5,807
Building and improvements	4	2,969	(320)	2,649	2,254	(278)	1,976
Machinery and equipment	10	119,624	(10,495)	109,129	65,912	(5,502)	60,410
Furniture and fixture	10	4,270	(585)	3,685	1,235	(185)	1,050
Vehicles	20	6,976	(1,537)	5,439	2,704	(1,398)	1,306
Data processing equipment	20	2,142	(386)	1,756	3,868	(533)	3,335
Construction in progress	-	23,577	-	23,577	70,463	-	70,463
Others	-	7,969	-	7,969	-	-	-
Total		559,846	(16,079)	543,767	405,514	(8,605)	396,909

(a) Units of production method.

(b) The depletion of the forest reserves will be calculated based on the volume of timber cut in relation to the potential existing volume.

During the three-month period ended March 31, 2008 and 2007, the Company had capitalized interest in the total amount of $424 and $1,414, respectively.

(In thousands of U.S. dollars, unless otherwise stated)

All property, plant and equipment items are located in Brazil and will be employed in the mining business. The Company's management believes that the balance of its fixed assets is recoverable through cash flows from its future operations, as from the operation's start-up date.

Mining rights are detailed as follows

Subsidiary	**State**	**Mining right**	**March 31, 2008**	**December 31, 2007**
Acquisitions:				
MMX Corumbá **(a)**	Mato Grosso do Sul	Iron ore	15,873	16,347
AVG **(b)**	Minas Gerais	Iron ore	12,828	13,350
AVG **(c)**	Minas Gerais	Iron ore	198,820	195,853
Minerminas **(c)**	Minas Gerais	Iron ore	123,399	-
Other			1,637	95
			352,557	225,645
Accumulated depletion:				
MMX Corumbá			(681)	(573)
AVG			(86)	(79)
AVG			(1,227)	-
Minerminas			(713)	-
			(2,707)	(652)
Advances for mining rights acquisition:				
MMX **(d)**	Paraíba	Iron ore	343	339
Total			350,193	225,332

(a) Located in the Municipality of Corumbá, acquired by the subsidiary MMX Corumbá in August 2005, at an initial cost of $12,500, which was fully paid in 2005.

(b) Mining right acquired by Companhia de Mineração Serro da Farofa- (“CEFAR”), in the location known as Conjunto das Farofas, in the municipalities y Brumadinho and Igarapé, State of Minas Gerais.

(c) The acquisition of Minerminas and AVG resulted in the purchase price allocation of $322,219 to the mining rights. The Company will review such allocation during 2008, within the one-year-period window from the purchase date; however, the Company’s management considers that no material effect will be raised on this review.

(d) Mining rights acquired on May 18, 2007 located in the municipalities of São José da Lagoa Tapada, Coremas, Nazarezinho and Aguiar, in the State of Paraíba.

The Company acquired the mining rights to explore iron ore in Bahia and in Piauí, through the acquisition of 120,000 quotas with a par value of R$1 each, equivalent to 24% of equity interest in Bahia Ferro Mineração Ltda. (“Bahia Ferro”). Accordingly to the shareholder agreement, such interest grants the control to the Company and, consequently, the subsidiary’s financial statements were consolidated. This purchase had generated a non allocated goodwill, amounting to $5,471, on which the Company’s management had considered a full impairment charge accounted for in 2007. On September 11, 2008, the Company discontinued this investment, as mentioned in Note 23g.

Aircraft lease-back operation

The subsidiary MMX Metálicos (currently “MMX Metálicos Corumbá”) acquired an aircraft in February 2006, at the price of $6,000, and, subsequently, on May 16, 2006, the subsidiary signed an aircraft sale-lease-back agreement in the amount of $5,400, for a term of 120 months and with a residual value of $1,350. The $600 loss was recognized in the statement of operations for the period ended June 30, 2006. The lease is repayable quarterly, which began in October 2006.

(In thousands of U.S. dollars, unless otherwise stated)

10 Advance for future investment acquisition

On July 11, 2006, the subsidiary MMX Corumbá advanced the amount of $1,244 for the future acquisition of shares of the company Mineral Service Ltda. ("Mineral Service"), who is the owner of the mining rights to explore for iron ore in the State of Mato Grosso do Sul. The completion of the acquisition is subject to the effective transfer of mining rights to Mineral Service and the total cost will be $14,000, which will be paid after Mineral Service accomplishes some terms according to the contract. If Mineral Service does not accomplish the terms of the contract, MMX has the right to request reimbursement for the advanced amount. The Company granted a guarantee in favor of MMX Corumbá, amounting to $17,952, for this operation.

11 Asset retirement obligations

The Company has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities when the right to perform mining activities is over. The liability is initially measured at fair value and subsequently adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized and for the operational assets are being depreciated over the related long-lived asset's useful life by the unit of production method. The following table presents the activity for the asset retirement obligations:

	March 31, 2008	**December 31, 2007**
Beginning balance	2,249	707
Liabilities incurred	813	1,276
Accretion expense - net	179	266
Ending balance	3,241	2,249

(In thousands of U.S. dollars, unless otherwise stated)

12 Transactions with related parties

	Assets		Liabilities	
	March 31, 2008	**December 31, 2007**	**March 31, 2008**	**December 31, 2007**
MMX Minas-Rio	1,516	3,317	-	25
MPX Mineração	187	-	-	-
MMX Metálicos Amapá	-	5,861	-	-
OGX Petróleo e Gás Ltda.	150	40	-	-
MMX Amapá	-	81,918	-	34
MPX Energia S.A.	-	105	-	-
Bay Service	-	2,727	-	-
Spritit of Brazil Ltda.	4	-	-	-
EBX Siderurgia da Bolívia Ltda.	381	335	-	-
Terminal de Cargas Sarzedo Ltda.	1,670	1,709	-	-
GVA Mineração Ltda.	165	121	-	-
LLX Minas-Rio	199	115	-	-
LLX Logística do Amapá	-	928	-	-
LLX Açu	-	26,621	-	-
LLX Logística	-	2,052	-	-
Other	4	7	-	-
	4,276	125,856	-	59
Current	2,221	123,691	-	59
Long-term	2,055	2,165	-	-

The balances as of March 31, 2008 and December 31, 2007 resulted from transactions of the Company with its direct and indirect subsidiaries, which were made under usual market conditions for the respective types of operations.

(In thousands of U.S. dollars, unless otherwise stated)

13 Notes payable

Notes payable are related to the acquisition of mining rights and subsidiaries and are detailed as follows:

		March 31, 2008		December 31, 2007	
		Current	**Long-term**	**Current**	**Long-term**
$186,111 face amounts as of March 31, 2008 non-interest bearing (less unamortized discount based on imputed interest rate of 3.92% - 2008: $23,017), due in December 2011	**(a)**	36,651	126,443	40,972	123,016
$10,395 face amounts as of December 31, 2007, non-interest bearing (less unamortized discount of $1,390, based on imputed interest rate of 8% - 2008: $1,390), due in August 2011	**(b)**	2,251	6,754	2,206	6,621
$113,219 face amount, bearing market interest	**(c)**	37,739	75,480	-	-
Other		-	400	-	-
Total		76,641	209,077	43,178	129,637

(a) Outstanding balance payable to the seller, due in four annual installments restated according to the United States Consumer Price Index (USCPI) in the amount of $45,000, on December 5, 2008, 2009, 2010 and 2011, respectively, as detailed in Note 9 item c.

(b) Remaining balance payable to the seller, payable in four annual installments of $2,600 on August 30, 2008, 2009, 2010 and 2011, respectively, as detailed in Note 9 item b.

(c) Remaining balance payable in connection with the acquisition of Minerminas, due in four six-monthly installments, each of a sum equal to $26,000 on the payment date, with maturities on July and December 2008 and 2009 respectively, restated according to the CDI variation, as detailed in Note 9 item c.

(In thousands of U.S. dollars, unless otherwise stated)

14 Debt

Bank	Currency	Interest % p.a.	Garantees	Final maturity date	Consolidated March 31, 2008	Consolidated December 31, 2007
Leasing Aircraft	US$	Libor + 2.85%	**(a)**	07/01/2016	5,334	4,774
Banco Fibra	US$	5.95%	**(b)**	03/19/2009	2,000	-
Banco Fibra	US$	6.60%	**(b)**	06/16/2008	3,038	3,000
Banco Votorantim S.A.	US$	7.70%	**(b)**	04/07/2008	3,000	3,000
Banco Votorantim S.A.	US$	7.70%	**(b)**	03/05/2008	25,000	25,000
Banco Santander Banespa	US$	8.55%	**(b)**	03/24/2008	-	10,000
Banco Bradesco S.A.	US$	6.77%	**(b)**	06/20/2008	10,000	10,000
Banco Votorantim S.A.	US$	6.98%	**(b)**	06/30/2008	13,000	13,000
Banco Votorantim S.A.	US$	6.95%	**(b)**	07/18/2008	8,000	8,000
Banco Votorantim S.A.	US$	6.90%	**(b)**	08/07/2008	10,000	10,000
Banco Votorantim S.A.	US$	7.60%	**(b)**	08/11/2008	15,000	15,000
Banco Bradesco S.A.	US$	8.50%	**(b)**	08/11/2008	30,000	30,000
Banco Bradesco S.A.	US$	6.70%	**(b)**	02/21/2009	10,000	-
Banco Unibanco S.A.	US$	Libor + 2.85%	**(a)**	09/04/2008	12,000	12,000
Banco Unibanco S.A./BNDES	R$	12.60%	**(a)**	03/15/2010	317	-
Banco Itaú BBA S.A./BNDES	R$	12.60%	**(a)**	10/15/2010	942	1,005
Banco Votorantim S.A.	US$	6.90%	**(b)**	06/13/2008	4,000	4,000
Banco Votorantim S.A.	US$	6.90%	**(b)**	08/07/2008	5,000	5,000
Banco Votorantim S.A.	US$	6.90%	**(b)**	09/05/2008	5,000	5,000
Banco Itaú BBA S.A./BNDES	R$	11.60%	**(a)**	08/16/2010	3,371	3,673
Banco Itaú BBA S.A./BNDES	R$	5.60%	**(a)**	08/16/2010	592	645
Banco Santander Banespa	US$	7.20%	**(b)**	01/14/2008	-	5,023
Banco Santander Banespa	US$	7.10%	**(b)**	02/01/2008	-	5,023
Banco Santander Banespa	US$	6.90%	**(b)**	02/29/2008	-	10,046
Banco Santander Banespa	US$	6.97%	**(b)**	03/10/2008	-	5,023
Banco Votorantim S.A.	US$	7.00%	**(b)**	03/18/2008	-	9,000
Banco Bradesco S.A.	US$	6.85%	**(b)**	04/04/2008	7,000	7,000
Banco Bradesco S.A.	US$	6.80%	**(b)**	04/14/2008	13,000	13,000
Banco Bradesco S.A.	US$	6.70%	**(b)**	02/21/2009	10,000	-
Banco Bradesco S.A.	US$	6.10%	**(b)**	03/13/2009	10,000	-
Banco ABC Brasil S.A.	US$	5.55%	**(b)**	02/20/2009	5,000	-
Banco Safra	US$	7.00%	**(b)**	05/19/2008	5,000	5,000
Banco Bradesco S.A. - Financ.	R$	-	**(c)**	10/25/2008	83	83

(In thousands of U.S. dollars, unless otherwise stated)

Bank	Currency	Interest % p.a.	Garantees	Final maturity date	Consolidated March 31, 2008	 December 31, 2007
Banco Finasa S.A. - Financ	R$	-	**(c)**	06/01/2008	9	17
Bradesco Finame/BNDES	R$	-	**(c)**	07/15/2009	623	679
Bradesco S.A. - ACC	US$	-		01/04/2008	-	5,928
Banco Santander Banespa	US$	6.15%	**(b)**	05/18/2008	3,000	-
Banco Fibra	US$	6.20%	**(b)**	06/23/2008	3,000	-
Banco Votorantim S.A.	US$	6.00%	**(b)**	09/15/2008	10,000	-
Banco Itaú BBA S.A.	US$	5.55%	**(b)**	20/02/2009	5,000	-
					237,309	228,919
Short-term					228,184	220,264
Long-term					9,125	8,655
					237,309	228,919
Interest short-term					10,637	9,328

(In thousands of U.S. dollars, unless otherwise stated)

Composition of foreign currency denominated debt by currency:

	March 30, 2008	**December 31, 2007**
Currency:		
United States dollars	231,374	222,917
Local currency (reais)	5,935	6,002
Total	237,309	228,919

As March, 31, 2008, the Company's long term debt matures as follows:

2010	3,791
2016 and after	5,334
Total	9,125

Guarantees:

(a) All debts are guaranteed by personal guarantee from the controlling shareholder as intervening party or co-obligor.

(b) Consolidated subsidiaries' debts guaranteed by the Company.

(c) Pledge of equipment.

(In thousands of U.S. dollars, unless otherwise stated)

15 Income taxes

Income tax expense attributable to income from continuing operations was $593 and $1,992, for the periods ended March 31, 2008 and December 31,2007, respectively, and differed from the amounts computed by applying the Brazilian Federal income tax rate of 34% (combined rate of federal income tax of 25% and social contribution of 9%) to pretax income from continuing operations as a result of the following:

	Three month-period ended March 31, 2008	**Three month-period ended March 31, 2007**
Loss before income and social contribution taxes and minority interest	(11,107)	5,863
Expected federal income and social contribution taxes benefit at statutory rates - 34%	3,776	(1,993)
Permanent differences:		
Share-based compensation	(2,662)	-
Undeductible depletion of mining rights from allocated goodwill	(920)	-
Other	(915)	3,967
	(721)	1,974
Valuation allowance allocated to deferred income and social contribution taxes expense	128	(3,966)
Income and social contribution taxes for the year	(593)	(1,992)

(In thousands of U.S. dollars, unless otherwise stated)

The tax effects of temporary differences that give rise to significant portions of the deferred income and social contribution taxes assets are presented below:

	March 31, 2008	**December 31, 2007**
Deferred income and social contribution taxes assets (liabilities):		
Tax loss carryforwards	21,220	23,719
Temporary differences - differences between the Brazilian tax basis and the reporting basis raised from:		
Start-up costs deferred for statutory accounting purposes	10,479	4,316
Discount through a market interest rate on notes payable and the related mining rights acquired	(1,399)	(829)
Unrealized loss (gain) on derivative instruments	-	-
Capitalization of interest	(1,545)	(1,381)
Other	1,335	4,393
Total gross deferred income and social contribution taxes asset, net	30,090	30,218
Less valuation allowance	(30,090)	(30,218)
Net deferred income and social contribution taxes assets	-	-

Tax loss carry forwards may be carried-forward indefinitely against the profits of future periods; however, the offset is limited to 30% of current year taxable income. Total tax loss carryforwards are $62,411 and $69,762 for March 31, 2008 and December 31, 2007 respectively. No carry-back of losses is allowed.

The valuation allowance for deferred tax assets as of March 31, 2008 and December 31, 2007 was $30,090 and $30,218 respectively. The net change in the total valuation allowance for the periods ended March 31, 2008 and 2007, was $128 and $3,966, respectively.

In assessing the realizability of deferred income and social contribution taxes assets, management considers whether it is more likely than not that some portion or all of the deferred income and social contribution taxes assets will not be realized. The ultimate realization of deferred income and social contribution taxes assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income and social contribution taxes liabilities, projected future taxable income and tax planning strategies in making this assessment. In order to fully realize the deferred income and social contribution taxes asset, the Company will need to generate future taxable income. Management considers that the subsidiaries will not generate future taxable income in the short-term, in order to fully or partially recover such tax asset. As a result, a 100% valuation allowance on the deferred tax asset has been recorded.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109” (FIN 48). FIN 48 provides guidance on recognition, classification and disclosure concerning uncertain income tax liabilities. The evaluation of a tax position requires recognition of a tax benefit if it is more likely than not it will be sustained upon examination. The Company adopted FIN 48 on January 1, 2007. The adoption did not have a material impact on MMX’s consolidated financial statements.

16 Shareholder’s equity (deficit)

Capital Stock

At March 31, 2008 and December 31, 2007, the capital stock was comprised of 304,609,840 common shares, with no par value, all considering regular and reverse and stock splits occurred.

17 Share-based options plans

Equity plan

In order to encourage increased performance by the Company's top executives, in June 2006 and in March 2007, the controlling shareholder granted 200.581 call options (16.046.480 after all regular and reverse splits) for shares of MMX belonging to him, on behalf of 7 Company officers and 20 of the main managers. This granting of options by the Company's controlling shareholder represents a mechanism of remuneration and retention, for the period of five years, of the Company's officers and executives, without implying any cost or dilution to the minority shareholders of the Company. The contribution of the shares by the controller shareholder has been accounted for as capital contribution. On behalf of the officers, the controlling shareholder granted options for them to acquire globally over 5.5% of his own shares. The options granted to these officers can be exercised in a period varying from immediately to 6 years after the initial public offering of the Company. The beneficiaries of the option will be subject to the sale restrictions described in the Final Prospectus of the primary public offering of shares of the Company, filed with the CVM on July 21, 2006, which forbids the sale of shares for a 3-year period, beginning from the date of the public offering, except if they obtain express authorization of the Company's controlling shareholder.

The price per share in the public offering, of R$10,1875 (equivalent to $5,8244 at March 2008), and that can be exercised mainly in the proportion of 20% at each one of the first 5 anniversaries of the public offering.

As the above described stock-based awards have a graded-vesting and the vesting is based only on a service condition, the Company has elected to recognize compensation cost for the awards over the requisite service period for each separately vesting portion of the awards as if the awards, is in-substance, multiple awards.

(In thousands of U.S. dollars, unless otherwise stated)

The stock-based awards had their fair value based on the following assumptions:

	Options granted on March 1, 2007	**Options granted on July 21, 2006**
Expected annual volatility	from 31.37 to 32.85%	from 30.79 to 33.03%
Weighted average volatility	31.91%	31.74%
Expected dividends	0%	0%
Expected remaining option life (in years)	2,71 years	2,08 years
Weighted average risk free rate	12.08% p.a.	15.20% p.a.

Expected term - The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on expected experience of similar awards, giving consideration to the contractual terms of the share-based awards, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its share-based awards.

Expected volatility - The Company uses the trading history and implied volatility of the stocks of similar mining companies (as the recent public offering at July 21, 2006) in determining an estimated volatility factor when using option-pricing formula to determine the fair value of options granted.

Expected dividend - The Company has not declared dividends. Therefore, the Company uses a zero value for the expected dividend value factor when using the option-pricing formula to determine the fair value of options granted.

Risk-free interest rate - The risk-free rate for periods within the contractual term of the share option is based on the Brazilian Treasury yield curve in effect at the time of grant.

Estimated forfeitures - When estimating forfeitures, the Company considers voluntary and involuntary termination behavior as well as analysis of actual option forfeitures.

(In thousands of U.S. dollars, unless otherwise stated)

As required by SFAS no. 123(R), the Company made an estimate of expected forfeitures and is recognizing compensation cost only for those equity awards expected to vest. As of March 31, 2008, the total compensation cost related to unvested stock-based awards granted to employees under the Company's stock option plans but not yet recognized was $20,739, net of estimated forfeitures. This cost will be amortized on straight-line basis over a weighted average term of 2.41 years and will be adjusted for subsequent changes in estimated forfeitures.

A summary of share option activity under the Plan as of March 31, 2008, and the changes for the accumulated period as from the inception to March 31, 2008 then ended is presented as follows:

	Options	**Weighted-average exercise price ($Per thousands)**	**Weighted-average remaining contractual term**	**Aggregate intrinsic value ($)**
Granting on July 21, 2006	14,758,400	9.50	-	-
Exercises	-	-	-	-
Forfeitures or expirations	-	-	-	-
Outstanding at December 31, 2006	14,758,400	9.50	3.06	196,832
Granting on March 1, 2007	1,288,080	0.00	3.98	17,179
Exercises	(4,992,120)	9.50		(31,125)
Forfeitures or expirations	-	-	-	-
Outstanding at December 31, 2007	11,054,360	9.50	2.66	293,256
Transfer to other company within the Group	(2,588,840)	9.50	2.66	(69,927)
Exercises	-	-	-	-
Forfeitures or expirations	-	-	-	-
Outstanding at March 31,2008	8,465,520	3.28	2.41	228,662
Exercisable at December 31, 2007	1,070,940	9.50	2.66	28,410
Exercisable at March 31, 2008	1,121,964	3.28	2.41	30,305

The aggregate intrinsic value in the table above represents the total pretax intrinsic value, the difference between the Company's closing stock price at equivalent to $27,0139 (after the split) on the last trading day of March 31, 2008 and the exercise price of $3,28 per thousand , times the number of option that would have been received by the option holders had all option holders exercised their options on March 31, 2008. This amount changes are based on the fair market value of the Company's common stock. Total intrinsic value of options exercised was $31,125 up to March 31, 2008.

Liability plan

In addition to this remuneration mechanism, the Company, in an Extraordinary General Meeting held on April 28, 2006, approved a company issued share call option program. According to the share call option program, the Board of Directors can grant share call options on behalf of officers, executives and associates of the Company that represent no more than 1% of the shares in circulation. However, at the same General Meeting of Shareholders, it was determined that the Board would not grant any share call options in the fiscal year of 2006, whereas the only share call options to be granted were on behalf of seven of the full members of the Board of Directors and to one advisor of the Board of Directors. All participants already have the mutual understanding of such share option granting. The Company granted 1,712,000 call options of shares (originally 21.400 before all splits occurred) that have a financial fair value at the granting date of July 21, 2006 amounting to $7,531, which may be exercised in the proportion of 20% at each of the first 5 anniversaries of the Offering, at a current average strike price equivalent to $0.25 per share, adjusted by IPCA - inflation index up to the exercising date.

As the above described stock-based awards have a graded-vesting and the vesting is based only on a service condition, the Company has elected to recognize compensation cost for the awards over the requisite service period for each separately vesting portion of the awards as if the awards, is in-substance, multiple awards.

Considering the provisions of SFAS no. 123R, the option price contains an inflation index (IPCA) which is considered to be an "other condition". As a result, the Company accounts for this option plan as a liability plan.

(In thousands of U.S. dollars, unless otherwise stated)

The fair value of stock-based awards was estimated based on the following assumptions for period ended March 31, 2008:

Expected annual volatility	From 35.72 to 50.06%
Weighted average volatility	41.03%
Expected dividends	0%
Expected remaining option life (in years)	2.34 years
Weighted average risk free rate	8.11% p.a.
Expected inflation	5.24%

Expected term - The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on expected experience of similar awards, giving consideration to the contractual terms of the share-based awards, vesting schedules and expectations of future employee behavior as influenced by changes to the terms of its share-based awards.

Expected volatility - The Company uses the trading history and implied volatility of the stocks of similar mining companies (as the recent public offering at July 21, 2006) in determining an estimated volatility factor when using option-pricing formula to determine the fair value of options granted.

Expected dividend - The Company has not declared dividends. Therefore, the Company uses a zero value for the expected dividend value factor when using the option-pricing formula to determine the fair value of options granted.

Risk-free interest rate - The risk-free rate for periods within the contractual term of the share option is based on the Brazilian Treasury yield curve in effect at the time of grant.

Estimated forfeitures - When estimating forfeitures, the Company considers voluntary and involuntary termination behavior as well as analysis of actual option forfeitures.

Inflation - Expected inflation determined based on the information available with BACEN (Brazilian Central Bank).

(In thousands of U.S. dollars, unless otherwise stated)

The changes in this liability plan were as follows:

	Number of options	Fair value ($)
Granted options at July 21, 2006	1,712,000	7,531
Changes up to December 31, 2006:		
Changes in the fair value of the plan	-	1,115
Recognition as expense	-	(771)
Balance of unrecognized compensation cost - December 31, 2006 to be recognized in 3.6 years in average	1,712,000	7,875
Changes during 2007 up to December 31, 2007:		
Changes in the fair value of the plan	-	34,122
Recognition as expense	-	(23,589)
	-	10,533
Changes during 2008 up to March 31, 2008		
Changes in the fair value of the plan	-	20,035
Recognition as expense	-	(3,104)
	-	16,931
Balance of unrecognized compensation cost - March 31, 2008 to be recognized in 2.35 years, in average	1,712,000	27,464
Excercised in 2007	(299,600)	(7,792)
Balance of unrecognized compensation cost - March 31, 2008	1,412,400	19,672

(In thousands of U.S. dollars, unless otherwise stated)

The movement of the recorded stock option liability as from the grant date (July 2006) to March 31, 2008 is as follows:

	Number of options	**Fair value ($)**
Total recognized from the grant		
Total recognized from the grant date(July, 2006) to March 31, 2008:		
Exercises in 2007	1,712,000	33,946
Effect of the Company`s spin off	(299,600)	(7,792)
Balance of the stock option liability	-	(10,529)
	1,412,400	15,625

The fair value of the recognized compensation cost, in the amount of $19,672 has been classified within stock options in long-term liabilities, and the compensation expense as general and administration expense.

18 Net loss per share

There were no adjustments to net loss in calculating diluted net loss per share. In addition, as the Company had a net loss from continuing operations for the period ended March 31, 2008, the dilutive effect of the 12,466,760 stock options for each period were not considered in the diluted per share calculation.

(In thousands of U.S. dollars, unless otherwise stated)

19 Financial income

	Three month period ended March 31, 2008	Three month period ended March 31, 2007
Interest income	10,663	13,694
Gain on derivative instruments	1,252	2,792
Foreign exchange gain	5,277	4,656
	17,192	21,142

20 Financial expenses

	Three month-period ended March 31, 2008	Three month-period ended March 31, 2007
Interest expense	(6,889)	(2,419)
Capitalized interest	424	1,414
	(6,465)	(1,005)

(In thousands of U.S. dollars, unless otherwise stated)

21 Commitments

At March 31, 2008, the Company and its subsidiaries had commitments with suppliers of goods and services as follows:

Object of service contract	Date of signing	Due date	Balance of the contract March 31, 2008
Basic engineering, detailed engineering, supply management and implementation management	04/12/2005	01/26/2009	19,329
Contracts related to the operation of the of the processing plant of Mine 63	12/08/2005	02/28/2017	314,393
Contracts related to supply of the raw material for Corumbá System	01/08/2007	05/29/2009	15,271
Contracts related to forest projects	01/08/2007	05/31/2009	743
			349,736

22 Summary of principal differences between Canadian Gaap and USGAAP

These consolidated financial statements have been prepared in accordance with US GAAP. Material variations in the accounting principles, practices and methods used in preparing these consolidated financial statements from principles, practices and methods accepted by generally accepted accounting principles in Canada ("Canadian GAAP") are described below.

a. Description of GAAP differences

(i) Mineral properties

Under US GAAP, acquisition costs and exploration costs must be expensed as incurred unless the resource properties have proven and probable reserves at which time costs incurred to bring the mine into production are capitalized as development costs.

Under Canadian GAAP, resource property acquisition costs and exploration costs may be deferred and amortized to the extent they meet certain criteria. The accounting practice adopted by the Company under Canadian GAAP is to expense exploration costs as incurred.

(ii) Pre-operating costs

US GAAP requires pre-operating costs to be expensed as incurred.

Canadian GAAP allows pre-operating costs to be capitalized until commercial production is established. The accounting practice adopted by the Company under Canadian GAAP is to expense pre-operating costs as incurred.

(iii) Stock options

U.S. GAAP requires stock option compensation awards that contain other condition, such as inflation, to be recognized as liability awards and remeasured at each reporting period.

Canadian GAAP requires such award to be classified as equity and its compensation cost determined only at the grant date.

(In thousands of U.S. dollars, unless otherwise stated)

b. Reconciliation of the differences between US GAAP and Canadian GAAP

	March 31, 2008	March 31, 2007
i. Net income (loss) for the period		
Net income (loss) for the period under US GAAP	(11,700)	3,871
Stock option compensation	2,467	497
Net income (loss) for the period under Canadian GAAP	(9,233)	4,368

	March 31, 2008	December 31, 2007
ii. Shareholders' equity		
Shareholders' equity under US GAAP	386,465	393,314
Stock option compensation	19,672	16,568
Shareholders' equity under Canadian GAAP	406,137	409,882

c. Canadian GAAP supplementary information:

i. Recently issued accounting standards

- Goodwill and Intangible Assets

  In February 2008, the CICA issued Section 3064, ''Goodwill and Intangible Assets'' (''Section 3064'') which is effective for the Company on January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. The Company is currently evaluating the impact of this standard.

ii. *Recently adopted accounting standards*

- Financial instruments - Disclosure and presentation

  In December 2006, the Canadian Institute of Chartered Accountants ("CICA") published the following two sections of the CICA Handbook: Section 3862 Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation. These standards introduce disclosure and presentation requirements that will enabled financial statements' users to evaluate, and enhance their understanding of, the significance of financial instruments for the entity's financial position, performance and cash flows, and the nature and extent of risks arising from financial instruments to which the entity is exposed, and how those risks are managed. The Company adopted this standard in the 2008 fiscal year. See Note 7 for additional details.

- Capital disclosures

  In December 2006, the CICA published section 1535 of the Handbook, Capital disclosures, which requires disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This information will enable financial statements' users to evaluate the entity's objectives, policies and processes for managing capital.

- Inventories

  In January 2007, the CICA published section 3031 of the Handbook, Inventories, which prescribes the accounting treatment for inventories. Section 3031 provides guidance on determination of costs and its subsequent recognition as an expense, and provides guidance on the cost formulas used to assign costs to inventories. The Company concluded that there was no impact of these new recommendations on its financial statements on January 1, 2008, the date of adoption.

d. *Financial Instruments and Hedging Activities*

Effective January 1, 2005, the Company adopted the CICA section 3855, “Financial Instruments - Recognition and Measurement”, section 3865, “Hedges”, section 1530, “Comprehensive Income” and section 3861, “Financial Instruments - Disclosure and Presentation”. As applied to the Company, there are no differences between US GAAP and Canadian GAAP in these areas.

23 Subsequent events

a. *Disclosure of technical report on the mineral resources and reserves of MMX Corumbá*

On April 4, 2008, the Company communicated to its shareholders and investors that a new Technical Report had been issued on the mineral resources and reserves of MMX Corumbá.

The report was audited by SRK Consulting, a company that specializes in independent geology and mining work, pursuant to the standards established by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM Standards) and by the document entitled National Instrument 43-101 of the Canadian Securities Administrators (NI 43-101).

This report covered the resources of the area of Urucum NE, involving 70 million tons of demarcated mineral resources, in addition to the resources previously presented relating just to Mine Mina 63.

The estimated resources presented in the annual report was based on data from geological surveys conducted through September 2007 and shows the results for two areas surveyed - Mine 63, which is operating at present, and the exploratory target of Urucum NE.

The resources and reserves of Mine 63 have not been reappraised, merely adjusted by exclusion of the amounts mined from January to September of 2007.

b. Split of common shares

Pursuant to the provisions contained in Article 157 of the Brazilian Corporation Law (No. 6.404/76), as well as Instruction No. CVM 358/02 issued by the Brazilian Securities Commission, MMX communicated to the market that, in accordance with the Minutes of the Extraordinary General Meeting held on April 7, 2008, the Stockholders unanimously approved, without qualification, the split of the common shares of the Company's capital stock, whereby every 1 (one) share of common stock correspond to 20 (twenty) shares of the same class.

The stockholders of MMX are entitled to receive the split shares based on the ownership structure as of April 7, 2008, such that the shares were credited to them on April 11, 2008. The Company further informed the public that, in line with such split, it has requested the CVM to make the respective proportional alteration between the shares and the Global Depositary Receipts ("GDRs") in the context of its Level I GDR Program.

Accordingly, each share of MMX common stock that previously corresponded to 20 (twenty) GDRs, began corresponding to 1 (one) GDR, without any issue of new GDR's.

c. Information on the Proposed Partial Spin-off of MMX

On April 7, 2008 MMX submitted to the consideration of its stockholders at an EGM a proposal to partially spin off the Company, with transfer of part of its assets to IronX, a joint stock corporation under Brazilian law presently in the process of going public, according to the terms and conditions presented below ("Partial Spin-off").

The Partial Spin-off of MMX comprised: (a) the conversion of part of the spun-off shareholders' equity of MMX corresponding to its interest in LLX Logística to LLX Logística itself and, as a result, the interest of MMX in LLX Logística being assigned directly to the current shareholders of MMX, in the exact proportion of their interest in the capital stock of MMX and (b) the conversion to IronX of part of the spun-off shareholders' equity of MMX corresponding: (i) to its direct and indirect interests, as applicable, in MMX Minas-Rio, MMX Serro, Borbagato, MMX Amapá, MMX Logística do Amapá, MMX Metálicos Amapá and Bay Service (all jointly designated "Subsidiaries of IronX"); and (ii) other direct assets and obligations, resulting in a capital increase of IronX with the consequent issuance of new shares by IronX, to be assigned to the current shareholders of MMX, in proportion to their interest in the capital stock of MMX, on the date of approval of the Partial Spin-off.

Ownership interest in subsidiaries MMX Corumbá, MMX Metálicos Corumbá and MMX Sudeste and other assets remain as investments in MMX.

By means of the partial spin-off, MMX shareholders became shareholders of two publicly-held companies to be listed in the BOVESPA New Market, the IronX and LLX Logística, in addition to MMX itself, which remained as a publicly-held company with shares listed in the BOVESPA New Market.

The Partial Spin-off proposal was approved by the Boards of Directors of MMX, LLX Logística and IronX ("Companies") in meetings held on April 7, 2008, at which the managements of the Companies were authorized to sign the Protocol and Justification of Partial Spin-off of MMX ("Protocol"). The Protocol was signed by the managements of the Companies also on April 7, 2008.

As a result of the Partial Spin-off, the portion of spun-off shareholders' equity corresponding to net assets of MMX transferred to LLX Logística for shares of LLX Logística (which shares were delivered directly to the shareholders of MMX, in proportion to the interest held thereby in the capital stock of MMX) is treated as a distribution to the shareholders of MMX for accounting purposes.

In addition, as a result of the Partial Spin-off, certain assets and liabilities of MMX listed in the Protocol were transferred to IronX, and the new shares of IronX were issued to MMX. MMX distributed these IronX shares to the current shareholders of MMX (shareholders on the date of approval of the Partial Spin-off), in proportion to the interest held thereby in the capital stock of MMX. This has been accounted for as a distribution to the shareholders of MMX.

The base date for appraisal of the spun-off portions of net assets of MMX is December 31, 2007. The appraisal was performed at book value, with a basis on the annual financial statements of MMX brought up on December 31, 2007.

The equity variations of MMX occurring between December 31, 2007 and the date of the Partial Spin-off were properly entered in the books by LLX Logística or by IronX, if said variations are related to the portion of shareholders' equity of MMX converted to each one of these companies, respectively, or (ii) withheld by MMX, if they are related to the assets that should remain with this company.

The portion of shareholders' equity of MMX to be converted to LLX Logística was valued, under the terms of articles 183 and 184 of Law nº. 6,404/76. As said portion is formed by the actual interest held by MMX in LLX Logística, there was no capital increase in LLX Logística. Immediately before the Partial Spin-off, at the same General Meeting of Shareholders' of LLX Logística that decided on the split of the shares of LLX Logística, in the proportion of 59.4940978:1 and, as a result of this operation, the total number of shares of the LLX Logística immediately before the Partial Spin-off was 358,364 book-entry nominative common shares with no par value.

The existing shares of LLX, formerly held by MMX, after the split mentioned above, were delivered directly to the current shareholders of MMX in the proportion of 1 share of LLX Logística to every 1 share of MMX.

The portion of shareholders' equity of MMX converted to IronX was valued, under the terms of articles 183 and 184 of Law nº. 6,404/76 In this manner, with the approval of the Partial Spin-off, the capital stock of IronX was increased through the issuance of 1,633,543,454 new nominative common shares with no par value, of IronX, resulting in a total quantity of 1,633,544,254 shares of IronX. Immediately after the aforesaid capital increase there was a reverse split of shares of IronX in the proportion of 5.3627402647 to 1. As a result of the aforesaid reverse split of shares and of the Partial Spin-off, the capital stock of IronX was be divided into 304,609,989 book-entry nominative common shares with no par value.

The shares of capital stock of IronX issued by IronX, as a result of the aforementioned capital increase and after the aforementioned reverse split of shares, were assigned directly to the current shareholders of MMX, in the proportion of 1 share of IronX to every 1 share of MMX.

As a result of the partial spin-off, the capital stock of MMX and other shareholders' equity accounts were decreased by a total amount of $584,818 (equivalent to R$1,037,873 thousands at local books under the Brazilian GAAP at June 19, 2008, when the spin off officially occurs), which includes a spin off accounts payable, amounting to $45,112 (2007 - $44,547), related to the Company's cash that will be spun off at June 19, 2008.

The capital decrease of MMX does not imply a change in the quantity of shares into which this capital is divided.

On June 19, 2008, MMX S.A, in compliance with the provisions of article 157, paragraph 4, of Law No. 6404/76 and CVM instructions No. 319/99 and 358/02, informs that its shareholders had approved, in an Ordinary and Extraordinary Shareholders' Meeting held on that day, a spin-off of the Company with transfer of portions of its assets to IronX and to LLX Logística, under the terms and conditions described in the Significant Matter Notice published by the Company on April 8, 2008, and in accordance with the Partial Spint-Off Justification and Protocol ("Protocol"), also approved in said meeting.

d. *Acquisition of Bom Sucesso mining rights*

On July 1, 2008, Company through MMX Sudeste' subsidiary, AVG, entered into an agreement (the "Agreement") with LGA - Mineração e Siderurgia Ltda. ("LGA") regarding the purchase of mining rights owned by LGA, located in an area of 755.65 hectares in the Municipality of Bom Sucesso in the State of Minas Gerais (the "Mining Rights" or the "Bom Sucesso Mine").

The Mining Right is located 200 km away from Belo Horizonte, the state capital, and 250 Km away from the LLX Sudeste Port, and is 40 km away from the railroad operated by MRS.

For the acquisition of the Mining Right, AVG will pay LGA the amount equivalent to $193,300, in four installments, restated by the Consumer Price Index (CPI), up the settlement date, the last of which falls due on January 5, 2010. Complementary disbursements may be made depending on the results of the exploration program that the Company will carry out in the Mining Right within 18 months. Accordingly, should the mineral resources volume, as specified in the Agreement, exceed 241.6 million tons, AVG will pay LGA the amount of $0.80 per additional ton measured.

The Company will, in parallel, start the exploration and engineering studies to establish the amount of investment necessary for developing the Bom Sucesso Mine, and foresees the start-up for 2012, with an estimated potential production of up to 10 million tons per year of high-quality iron ore, to be channeled to foreign markets. MMX intends to convey the Bom Sucesso Mine production by railroad down to the LLX Sudeste Port , in the state of Rio de Janeiro.

With the closing of said transaction, MMX Sudeste System comprises the Serra Azul unit - which includes the AVG and Minerminas mines - and the Bom Sucesso mine, and its capacity may reach 25 to 30 million tons of high-quality iron ore per year beginning in 2012.

On July 3, 2008, MMX, giving continuity to the Significant Event Notice published on July 1, 2008, informs that, through AVG, a subsidiary of MMX Sudeste, has completed the transaction for acquiring the mineral rights of the Bom Sucesso mine, held by LGA.

e. *Partial Spin-off withdrawal rights*

On July 23, 2008, MMX informed that no Company shareholders had exercised the right of withdrawal as a result of its partial spin-off (the "Partial Spin-Off") with transfer of portions of its assets to IronX and LLX Logística, as approved by the MMX Extraordinary Shareholders' Meeting held on June 19, 2008 ("Meeting").

Taking into account that the deadline for exercising said withdrawal rights was July 21, 2008, the Company hereby fully ratifies the effects of the Partial Spin-off, confirming as definitive the decision of the Meeting.

Accordingly, the Company communicates that, effective July 28, 2008, all shares issued by IronX and LLX Logística will start being traded separately in the New Market segment of BOVESPA, and it is confirmed that those who are shareholders of the Company at the time of the BOVESPA session of July 25, 2008, will be entitled to receiving shares issued by IronX and LLX Logística.

f. *Investigation by the Federal Police*

On July 11, 2008, a search warrant was executed, having been issued based on the decision rendered by the 1st Federal Court of Macapa, in view of an investigation carried out by the Federal Police into the companies MMX Amapá and MMX Logística. On July 23, 2008, MMX Amapá clarified, by means of a notice to the market, the following:

Amapá Railway ("EFA") was built in 1957 by Icomi, owned by the Caemi Group, and was returned to the State of Amapá (the "State") in 2004, after a fierce legal dispute, because the State was not interested in taking over the management of a railway that reported losses and was deteriorating.

In this context, MMX Amapá volunteered to operate it on emergency basis, in the capacity of licensee, over six (6) months, upon the guarantee that the State would follow a judicial resolution (requested by the Federal Government) of calling for a bid and that it would include in the bid's public notice a clause that would guarantee the indemnification, by the bid winner, of the investments required for recovering the railway. In the license contract, MMX Amapá undertook to invest at least R$3 million over six (6) months and without additional guarantees, in addition to maintain the railway operations with the operating losses reported previous to its operations. The bid with the highest offer would win the license; that is, the bidder who offered the highest value for the EFA would be declared the winner, had its Public Notice regularly published and the joint inspection of the EFA facilities provided for therein took place in the presence of seven (7) companies. However, in the initial session of the public bid, held on January 31, 2006, only a company of the same economic group of MMX Amapá pledged the proposal guarantee required by the contract, through a bank guarantee of approximately R$1,600.

The bid process that resulted in the concession of EFA was unsuccessfully questioned in Court.

Contrary to what was reported in the media - that the bid had been "driven" by MMX Amapá, the public bid at glance referred to a highest bid price, which rules and guarantees to be complied by bidders were proportional to the responsibilities required from them due to the utility service to be provided, without any intention of excluding the participation of idoneous participants.

The Group's company that won the bid, MMX Logística do Amapá, paid for the concession grant the amount of R$814 and also undertook, as required in the public notice, to make a minimum investment of R$40,700 over the first two years of contract, when it recovered the railway. The group's investments in the railway have, however, already exceeded R$70 million and EFA is operating reporting monthly consecutive losses, having accumulated over R$60 million of losses up to date.

In addition to the bid, suspicions were raised as to illicit practices related to the federal tax evasion by Mineração Pedra Branca do Amapari ("MPBA") in the sale of gold and about favors that this company would have exchanged with companies that are directly related to the state government. However, MPBA is not controlled by the group that controls MMX since January 2004, when it had not even started its gold mining operations in the State.

After reviewing the entire material related to the investigation made by the consultants of Anglo American Participações, this company and Eike Batista, controlling shareholder of the Company and of IronX, on August 5, 2008, completed the transaction through which Anglo American Participações acquired the control of IronX, the company that controls the iron mining project of the Minas-Rio System and Amapá System.

In relation to the investigation in progress, Eike Batista offered a personal indemnification, which will not give rise to additional obligation to MMX, and that will cover any possible losses that may be incurred by Anglo American Participações as a result of such investigation. Anglo American Participações accepted the terms and conditions of the indemnification.

g. Highlight from the text. Voluntary cancellation of the listing in the Toronto Stock Exchange, Canada - "TSX"

On October 30, 2008, MMX announced it decision to cancel voluntarily its listing in the Toronto Stock Exchange, Canada - "TSX", of the Global Depositary Receipt ("GDR") program. The GDRs will have their registration cancelled and will cease to be traded in the TSX at the end of that stock exchange's trading session on November 6, 2008.

The Company decided to participate in the North American capital market by listing its GDRs in the TSX in June 2007, with a view to improving its position for funding itself in Canada, and also gaining the benefits of access to a broader investor base, obtaining additional coverage and increased visibility by specialized (institutional) investors. Nonetheless, the Company has not made any security offerings in Canada to date, and has no intention of doing so in the future.

Furthermore, the Company's key investors are the same ones that acquired common shares in the initial public offering in the São Paulo Stock Exchange ("Bovespa") in 2006, and they do not use MMX's enrollment in the TSX to trade Company shares. It is important to point out that a major portion of the daily trading volume of securities issued by the Company takes place in the Bovespa, and the volume traded in the TSX has assumed a minor role in this context.

h. MMX announces a new business opportunity in Chile

On November 5, 2008, the Company informed the market of the conclusion of the acquisition of two mining rights by its wholly-owned subsidiary MMX Chile, in adjacent areas 90 km from the city of Copiapó, in the north of Chile.

These Mining Rights cover an area of roughly 1,760 hectares and are located approximately 50 km from the Chilean coast, with access to naturally deep waters.

The acquisition's total worth, should the options be exercised, may total $44.5 million. Of this sum, $26 million has already been paid and the remainder will be disbursed in installments until conclusion of the exploration campaign. Geological plotting and the environmental license are already in progress, and the mineralogy exploration and definition program is estimated to last two years, and should be started during the first quarter of 2009.

The exploration campaign should require funds estimated at roughly $17 million. Based on the regional geology and in published technical reports, MMX believes that the geological potential of the recently acquired Mining Rights may represent an opportunity for a new iron ore system, with expressive volumes and favorable logistics to transport production.

i. MMX suspends temporarily its Corumbá operations

On November 7, 2008, MMX disclosed that it is taking steps to adapt itself to the slow-down in global economic growth. By adjusting its programs for the production of metals and iron ore, which may imply in reducing the pace of its operations during this final quarter of 2008. We believe that this decision will contribute to reduce costs in our activities and to avoid inventory increases. To this end, MMX is taking the necessary steps, as of late November, to suspend completely its activities in the Metals Mill and Corumbá Mine, located in the state of Mato Grosso. This suspension will be temporary and will not imply in releasing employees, and operations should be resumed when conditions in the world economic scenario improve. There will be no down time or a reduced pace in MMX's activities in the Southeast region.

Also as a result of the global economic slow-down, MMX decided to postpone indefinitely its investments in the Corumbá Billets Plant, which estimated investments of roughly $ 200 million in accordance with the Company's investment program.