

## **MMX MINERAÇÃO E METÁLICOS S.A.**

CNPJ/MF: 02.762.115/0001-49

NIRE: 33.3.0026111-7

(Public Company)

### **MATERIAL FACT**

**MMX MINERAÇÃO E METÁLICOS S.A. ("MMX" or "Company")**, iron ore mining company listed on the Novo Mercado of BM&FBovespa, pursuant to Article 157, paragraph 4, of Law 6,404 / 1976 and the provisions of the Securities and Exchange Commission No. 358/2002, as amended, hereby informs its shareholders and the market in general that on October 28, 2016, its subsidiary MMX Sudeste Mineração SA - in Judicial Recovery ( "MMX Sudeste"), as part of its bankruptcy proceedings (case No. 2988666-18.2014.8.13.0024 in process before the 1st Corporate Court of the Judicial District of Belo Horizonte, Minas Gerais), completed the sale of certain assets gathered in a UPI - Unit of Isolated Production under the Bankruptcy Law and Corporate Restructuring (Law No. 11,101 / 05). Said UPI - UPI Mine, consisting of the mines Ipe and Tico-Tico and their processing plants and dams, in addition to other assets, contracts and licenses related to them, was sold through competitive process won by the investor group of EAV Lux 2 S.À.RL, the company Mubadala group ("Mubadala") and Trafigura Ventures VIII BV, a company of the Trafigura group ("Trafigura" and, together with Mubadala, "Investors").

The purchase price of the UPI mining operation, as provided for in the Judicial Recovery Plan was (i) R\$ 70 million in domestic currency, which, after deductions provided for in the Judicial Recovery Plan, will go to payment of unsecured creditors of MMX Sudeste, (ii) the right to receive the corresponding royalties to 3% (three percent) of the gross revenue of the UPI after it reaches the production of 6 million tons of iron ore per year, up to the limit of R\$ 70 million, this right was also passed on to unsecured creditors of MMX Sudeste and, finally, (iii) 49% stake in UPI Mina (so that upon completion of the transaction, Investor will own 51% of UPI Mine and the remaining 49% will be held by unsecured creditors of MMX Sudeste), observed that the right to receive royalties and 49% in UPI mining operation will be passed on only to the creditors expressly chosen to receive such rights under Judicial Recovery Plan.

The sale of UPI Mine completes the most important milestone of the Judicial Recovery Plan of MMX Sudeste. MMX Sudeste, had fully paid the credits held (i) by labor creditors (Class I), (ii) by micro lenders and small businesses (Class IV), (iii) and by unsecured creditors (Class III) with credits lower than R\$ 40 thousand who expressly chose to receive their credits in accordance with the terms of the Reorganization Plan. Thus, with the sale of UPI Mine,

MMX Sudeste will have made the sale of assets that had the greatest potential to generate value to unsecured creditors (based on minimum values of sale of UPIs provided for in the Judicial Recovery Plan).

MMX will keep its shareholders and the market informed about other relevant developments under the bankruptcy of its subsidiary MMX Sudeste.

Rio de Janeiro, October 31st 2016.

Ricardo Furquim Werneck Guimarães  
CEO and Investor Relations Director  
**MMX Mineração e Metálicos S.A.**