

UTE GNA I Geração de Energia S.A.

**Interim financial information
as of March 31, 2018**

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UTE GNA I Geração de Energia S.A.

Balance sheets

March 31, 2018 and December 31, 2017

(In thousands of Reais)

	Note	<u>03/31/2018</u>	<u>12/31/2017</u>
Assets			
Current			
Cash and cash equivalents	2	11	260
Prepaid expense	3	8,964	2,084
Total current assets		<u>8,975</u>	<u>2,344</u>
Non-current			
Prepaid expense	3	5,416	-
Property, plant and equipment	4	68,406	12,060
Intangible assets	5	30,000	30,000
Total non-current assets		<u>103,822</u>	<u>42,060</u>
Total assets		<u><u>112,797</u></u>	<u><u>44,404</u></u>

UTE GNA I Geração de Energia S.A.

Balance sheets

March 31, 2018 and December 31, 2017

(In thousands of Reais)

	Note	<u>03/31/2018</u>	<u>12/31/2017</u>
Liabilities			
Current			
Suppliers	6	-	1,461
Salaries and charges payable		10	-
Accounts payable	7	10	623
Taxes payable		1	-
Trade accounts payable	8	10,000	10,000
Total current liabilities		<u>10,021</u>	<u>12,084</u>
Non-current			
Trade accounts payable	8	20,000	20,000
Total non-current liabilities		<u>20,000</u>	<u>20,000</u>
Shareholders' equity	9		
Share capital		1	1
Advance for future capital increase		83,060	12,320
Accumulated losses		(285)	(1)
Total shareholders' equity		<u>82,776</u>	<u>12,320</u>
Total liabilities and shareholders' equity		<u>112,797</u>	<u>44,404</u>

UTE GNA I Geração de Energia S.A.

Statement of operations

Three-month periods ended March 31, 2018 and 2017

(In thousand of Reais)

	Note	<u>03/31/2018</u>	<u>03/31/2017</u>
Operating expenses			
Administrative expenses	10	<u>(273)</u>	<u>-</u>
Net income before financial revenue (expenses)		<u>(273)</u>	<u>-</u>
Financial Revenue/Expense	11		
Finance income		4	-
Finance expenses		<u>(15)</u>	<u>-</u>
Profit before tax		<u>(284)</u>	<u>-</u>
Loss for the period		<u>(284)</u>	<u>-</u>

UTE GNA I Geração de Energia S.A.

Statements of comprehensive income (loss)

Three-month periods ended March 31, 2018 and 2017

(In thousand of Reais)

	<u>03/31/2018</u>	<u>03/31/2017</u>
Loss for the period	(284)	-
Other comprehensive loss	-	-
Total comprehensive loss for the period	<u>(284)</u>	<u>-</u>

UTE GNA I Geração de Energia S.A.

Statements of changes in shareholders' equity

Three-month periods ended March 31, 2018 and 2017

(In thousand of Reais)

	<u>Capital reserve</u>			Total shareholders' equity
	Share capital	Advance for future capital increase	Accumulated loss	
Balance at January 01, 2017	1	-	-	1
Loss for the period	-	-	-	-
Advance for future capital increase	-	-	-	-
Balance as of March 31, 2017	1	-	-	1
Balance at January 01, 2018	1	12,320	(1)	12,320
Loss for the period	-	-	(284)	(284)
AFAC - GNA Infra	-	70,740	-	70,740
Balance as of March 31, 2018	1	83,060	(285)	82,776

UTE GNA I Geração de Energia S.A.

Statements of cash flows

Three-month periods ended March 31, 2018 and 2017

(In thousand of Reais)

	<u>03/31/2018</u>	<u>03/31/2017</u>
Cash flows from operating activities		
Loss before tax	(284)	-
Adjusted net loss	<u>(284)</u>	<u>-</u>
(Increase) decrease in assets and increase (decrease) in liabilities:		
Prepaid expense	(12,296)	-
Suppliers	(1,461)	-
Accounts payable	(613)	-
Taxes payables	1	-
Salaries and charges payable	10	-
Net cash used in operating activities	<u>(14,643)</u>	<u>-</u>
Cash flows from investing activities		
Acquisition of PPE	(56,346)	-
Net cash provided by investing activities	<u>(56,346)</u>	<u>-</u>
Cash flows from financing activities		
Advance for future capital increase by controlling shareholder	70,740	-
Net cash provided by financing activities	<u>70,740</u>	<u>-</u>
Increase in cash and cash equivalents	<u>(249)</u>	<u>-</u>
At the beginning of the period	260	1
At end of period	11	1
Increase in cash and cash equivalents	<u>(249)</u>	<u>-</u>

Notes to the interim financial information

(In thousands of Reais, unless stated otherwise)

1 Operations

UTE GNA I Geração de Energia S.A. ("GNA I" or "Company") was incorporated on September 17, 2015 and on October 20, 2017 the company was changed from a limited company to a privately held corporation. Its core activities are studying, planning, protecting, constructing, operating, maintaining and exploring of electricity generation systems awarded to it by concession or authorization of any nature; trading electricity; activities associated with the electricity service, including the management of energy transmission and generation systems; construction, maintenance, operation and exploration of liquefied natural gas (LNG) terminals and natural gas pipelines; transportation of gases and liquids through pipelines and transfer lines acquiring interests in other companies, and representing Brazilian and foreign companies. Its direct parent company is Gás Natural Açú Infraestrutura S.A. ("GNA Infra") and indirect parent company is Gás Natural S.A. ("GNA HoldCo"), a subsidiary of Prumo Logística S.A. (Prumo).

In the registered share transfer book of GNA 1, on December 15, 2017 the shareholder GNA HoldCo transferred 320,990 shares and the shareholder Prumo transferred 10 shares to GNA Infra.

On June 16, 2017, GNA HoldCo signed an agreement with Termelétrica Novo Tempo S.A. ("UTE Novo Tempo"), the company prevailing at New Energy Auction A-5 in 2014 (Auction 06/2014 - ANEEL), for the transfer of the authorization issued by the Ordinance of the Ministry of Mines and Energy 210 on May 14, 2015, for the construction and operation of a 1,298 MW thermal power plant ("Authorization") to UTE GNA 1. The agreement entails the transfer of the 37 energy trading agreements in the regulated environment (CCEARs) entered into with energy distribution companies.

On December 19, 2017 ANEEL authorizing resolution 6,769 transferred the exploration rights of Usina Termelétrica (UTE) Novo Tempo to GNA 1. The concession term was then 23 years, with operations commencing in 2021.

The project of UTE GNA I Geração de Energia S.A. ("UTE GNA I") entails the construction of a combined-cycle gas-fired thermoelectric power station with an output of approximately 1,300 MW which will handle the contractual obligations of UTE Novo Tempo under its energy trading contracts, an LNG regasification terminal ("Regasification Terminal"), with the capacity to import natural gas for the UTE GNA I project and future power plants and other potential projects in the industrial complex of Porto do Açú, in addition to comprising the development of the "Açú Gas Hub", strategically located in the north-east of Rio de Janeiro state, which offers efficient logistical solutions for the sale and consumption of natural gas and related products.

On August 13, 2017 GNA HoldCo signed an investment agreement with Siemens, with Prumo as guarantor and the parent company Gás Natural Açú Infraestrutura S.A. ("GNA Infra") as the intervening party, to make this project feasible.

Subject to the performance of certain precedent conditions, the investment agreement states that Siemens shall subscribe new shares issued by GNA Infra in the amount of USD 21,000 thousand, accounting for 33% of its share capital (“Initial Contribution”). After the Initial Contribution, the share capital of GNA Infra will consist of 67% of the shares held by GNA HoldCo and 33% of the shares held by Siemens. Siemens will have certain governance rights, such as the right to appoint a member to the Board of Directors of GNA Infra.

The agreement establishes other conditions, such as relevant regulatory approvals, the performance of a shareholders' agreement between GNA HoldCo and Siemens, the approval of the Business Plans for developing UTE GNA I and the Regasification Terminal, the implementation of an EPC agreement (Engineering, Procurement and Construction), the performance of the LTSA (long-term services agreement) consisting of maintenance services and supplying spare parts to ensure the performance and availability of thermal power plant, the performance of an O&M contract (operation and maintenance).

On December 22, 2017 GNA HoldCo and BP Global Investments Limited (BP) entered into an investment agreement establishing:

- (i) The terms and conditions for BP to acquire 30% of GNA's capital via the subscription of new shares in the amount of USD 7,500 thousand, which will occur in the course of FY 2018;
- (ii) The rules governing the investment by Prumo and BP, in GNA 1, a subsidiary of GNA Infra, and the capital commitment necessary for this investment, proportional to its equity interests in GNA HoldCo, subject to the USD 79,200 thousand limit on BP's capital investment in the project's construction capex;
- (iii) The rules of the company and potential investment by BP in future projects to be created by Gás Natural or its subsidiaries.

BP Agreement

On May 4, 2018 Prumo and BP signed a Shareholders' Agreement by which BP ratified the commitment to invest up to USD 79,200 thousand for GNA 1, a subsidiary of GNA HoldCo, to build a 1,298 MW thermal power plant. Under the Shareholders' Agreement, BP is entitled to appoint up to two members to the GNA HoldCo Board of Directors and one member to GNA 1's Board of Directors, indirectly by way of GNA Infra, in addition to GNA HoldCo's Compliance Officer.

Siemens Agreement

On May 4, 2018 the following agreements were made (i) Shareholders' Agreement of GNA Infra between GNA HoldCo and Siemens Energy Inc., which established Siemens Energy Inc.'s right to appoint two members to the Board of Directors of GNA Infra; and (ii) the Shareholders' Agreement of GNA 1 between GNA Infra and Dresser-Rand Participações Ltda., a wholly-owned subsidiary of Siemens (“Siemens”). In addition to confirming Siemens' investment commitment to have the 1,298 MW thermal power plant built by GNA 1, amongst other things the Shareholders' Agreement establishes Siemens' right to appoint up to two members to the Board of Directors of GNA 1, in addition to its CFO.

2 Cash and cash equivalents

	03/31/2018	12/31/2017
Cash and bank deposits	11	260
Total	11	260

3 Prepaid expense

	03/31/2018	12/31/2017
Insurance premium (a)	14,262	1,461
Transaction cost (b)	118	623
Total	14,380	2,084
Current	8,964	2,084
Non-current	5,416	-
Total	14,380	2,084

- (a) Insurance premiums: engineering risks, civil liability, transportation and bail.
- (b) Transaction cost to obtain financing from the thermal and LNG regasification terminal, both projects mentioned in Note 1. The amounts are presented in current and non-current assets until the effective funding of the financing resources occurs, where they will be from that moment, reclassified to the liability, as reducing accounts of the outstanding balance of the loans.

4 Property, plant and equipment

a. Balance breakdown

	Annual depreciation rate %	Cost	Accumulated depreciation	Net 03/31/2018	Net 12/31/2017
Advances for property, plant and equipment formation	-	24,893	-	24,893	8,138
Works in progress and equipment under construction	-	43,514	-	43,514	3,922
		68,407	-	68,407	12,060

	Annual depreciation rate %	Cost	Accumulated depreciation	Net	Net
				12/31/2017	12/31/2016
Advances for property, plant and equipment formation	-	8,138	-	8,138	-
Works in progress and equipment under construction	-	3,922	-	3,922	-
		<u>12,060</u>	<u>-</u>	<u>12,060</u>	<u>-</u>

b. Change in the cost

	12/31/2017		Change			03/31/2018
	Cost	Additions	Accumulated depreciation	Writte- off PPE	Transfers (*)	Cost
Cost						
Advances for property, plant and equipment formation	8,138	16,755	-	-	-	24,893
Works in progress and equipment under construction	3,922	39,592	-	-	-	43,514
	<u>12,060</u>	<u>56,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,407</u>

(*) Advance for formation of fixed assets: The balance of advances on March 31, 2018 consists of advances made to suppliers for equipment delivery.

(**) The works in progress as of March 31, 2018 consists of expenses incurred on works on the thermal power plant.

5 Intangible assets

	Usefull life	03/31/2018	12/31/2017
Energy sale receivable (*)	23 years	30,000	30,000
Total		<u>30,000</u>	<u>30,000</u>

(*) By way of authorizing resolution 6769, on December 19, 2017 ANEEL transferred the energy trading right, as mentioned in note 01 - Operations.

6 Suppliers

	03/31/2018	12/31/2017
National suppliers	-	1,461
Total	<u>-</u>	<u>1,461</u>

7 Related parties

The Company adopts practices of Corporate Governance and/or recommendations required by law. Furthermore, the Company's Corporate Governance Policy establishes that the members of the Board of Directors must monitor and administrate any potential conflicts of interest among the executive officers, the members of the Board and the partners, in such a way as to avoid the inappropriate use of Company assets and, especially, abusive conduct in transactions between related parties.

In compliance with Corporation Law, all members of the Company's Board of Directors are prohibited from voting in any assembly or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The main balances of related-party assets and liabilities as of March 31, 2018 and December 31, 2017, as well as the related-party transactions that affected income for the period, are the result of transactions between the Company and its subsidiaries, members of Management and other related parties, as follows:

	03/31/2018	03/31/2017
Assets:		
Expenses to be recovered		
GNA HoldCo	-	623
Total	-	623
Liabilities		
Accounts payables		
GNA HoldCo	10	-
Lakeshore	-	623
Total	10	623
Operating expenses		
	03/31/2018	03/31/2017
Shared costs		
GNA HoldCo	(10)	-
Total	(10)	-

8 Trade accounts payable

	03/31/2018	03/31/2017
Bolognesi Energia (a)	30,000	30,000
Total	30,000	30,000
Current	10,000	10,000
Non-current	20,000	20,000
Total	30,000	30,000

(a) In the contract the payable amounts are divided into fixed installments. R\$ 30,000 has already been provisioned for, which will be restated annually by the IPCA price index until the effective payment. The variable installments will be recognized at the start of the operation and will be paid annually, on the first business day of the month of April, based on the audited financial statements for the previous year with installments equal to 3% calculated on the free cash flow from the shareholder, defined as:

- = EBITDA
- (+/-) working capital variation;
- (-) IR/CSSL paid;
- (-) finance expenses
- (+) financial revenue from reserve accounts *;
- (-) investment in maintenance;
- (-) amortization of financing;
- (+) disbursement of financing
- (+/-) change in reserve accounts *

If the reserve accounts are funded with operating cash generation, the formula above will not include the variation in the reserve account and corresponding finance income.

The nonpayment of any of the amounts established in this contract shall trigger monetary restatement according to the variance of the CDI rate until the effective payment date, in addition to arrears interest at 1% (one percent) a month, in addition to an arrears fine of 2% (two percent) of the debit balance.

9 Shareholders' equity

Shareholder's	03/31/2018		12/31/2017	
	Number of common shares (thousand)	% participation	Number of common shares (thousand)	% participation
GNA Infra	1	100%	1	100%
Siemens	-	-	-	-
Total	1	100%	1	100%

a. Share capital

At March 31, 2018, the Company's capital stock is R\$ 1, represented by 1 registered common shares with no par value (R\$ 1 as of December 31, 2017).

b. Advance for future capital increase – (“AFAC”)

At March 31, 2018 the parent company GNA Infra had an advance for future capital increase of R\$ 70,740 (R\$ 12,320 as of December 31, 2017). These contributions are irrevocable and irreversible, and convertible into the corresponding number of shares, subject to the par value.

c. Dividends

The Company's shares have an equal participation in dividend payments, interest on shareholders' equity and other shareholder benefits. The corporate by-laws determine the distribution of a minimum compulsory dividend of 25% of the net income for the year, adjusted in accordance with article 202 of Law 6404/76. The Company reported a loss in the financial year ended December 31, 2017 and did not pay out dividends.

10 General and administrative expenses

	03/31/2018	03/31/2017
Salaries and charges	(22)	-
Taxes and fees	(2)	-
Insurance	(249)	-
Total	<u><u>(273)</u></u>	<u><u>-</u></u>

11 Financial Results

As of March 31, 2018, the balance of finance income, amounted to R\$ (11), as follows:

	03/31/2018	03/31/2017
Finance costs		
IOF	(15)	-
	<u>(15)</u>	<u>-</u>
Finance income		
Interest on investments	4	-
	<u>4</u>	<u>-</u>
Net finance income	<u><u>(11)</u></u>	<u><u>-</u></u>