(A free translation of the original in Portuguese)

Brecha Energética Ltda.

Financial statements at March 31, 2017

Brecha Energética Ltda.

Balance sheet

All amounts in Reais **(A free translation of the original in Portuguese)**

Assets	**2017**	**2016**	**Equity**	**2017**	**2016**
Current assets			Equity		
Cash and cash equivalents	1.000	1.000	Share capital	1.000	1.000
Total assets	1.000	1.000	Total equity	1.000	1.000

The accompanying notes are an integral part of these financial statements.

Brecha Energética Ltda.

Statement of changes in equity

All amounts in Reais **(A free translation of the original in Portuguese)**

	Share capital	Retained earnings	Total
Capital subscription (articles of organization of 4/25/14)	1.000	-	1.000
At March 31, 2015	1.000	-	1.000
At March 31, 2016	1.000	-	1.000
At March 31, 2017	1.000	-	1.000

The accompanying notes are an integral part of these financial statements.

1 General information

Brecha Energética Ltda.

Brecha Energética Ltda. is a limited liability company controlled by Novelis do Brasil Ltda., headquartered in the city of Ponte Nova, in the state of Minas Gerais, primarily engaged in the generation, transmission, distribution and wholesale trade of electric energy upon appropriate authorization from the National Electric Energy Agency (Aneel).

The Company is dormant since its incorporation on April 25, 2014, without any activity carried out until the end of its fiscal year on March 31, 2017.

Novelis Group

Novelis do Brasil Ltda. (the "Company" or "Novelis") is a subsidiary of Novelis Inc., headquartered in Atlanta, Georgia, USA. All of the common shares of Novelis Inc. are owned directly by AV Metalis Inc. and indirectly by Hindalco Industries Limited headquartered in Mumbai, the principal company of the multinational Aditya Birla Group.

The Novelis Group is the world leader in aluminum rolled products and aluminum recycling. Its production of aluminum sheet and foil is used mainly in beverage cans, automobiles, specialty products (including electronic goods, architectural and transportation, among others) and foil markets. The Novelis Group has factories in ten countries across four continents North America, South America, Asia and Europe, through 24 operating facilities, including recycling operations in eleven of these plants.

Novelis, with its headquarters in the city of São Paulo, has two plants located in Pindamonhangaba and Santo André, both in the state of São Paulo, which together carry out aluminum sheet and foil rolling, recycling and toll manufacturing operations. It has a total of around 1,500 employees.

The main markets served by Novelis are aluminum cans, specialty products, industrial, foil, packaging and transportation, with the beverage cans segment representing the main market.

Novelis also has eight collection centers distributed across five states (São Paulo, Minas Gerais, Bahia, Recife and Pará) and two small hydroelectric plants in the state of Minas Gerais.

With the goal of ensuring the growth of the aluminum rolling and recycling segments, Novelis has been restructuring its businesses starting in 2013, with the closing of an aluminum production line in Ouro Preto, the sale of the aluminum production assets, the sale of mining rights and properties, sale of its stake in Consórcio da Usina Hidroelétrica de Candonga ("Candonga Consortium"), and sale of the Maynart Energética and Brito Energética plants, all in the State of Minas Gerais.

2 Summary of significant accounting policies

The main accounting policies applied to the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, and those considered immaterial were not included in the financial statements.

2.1 Basis of preparation

The financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee ("CPC"), as well as according to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2.1 .1 New standards not yet effective

The following new standards were issued by the IASB but are not effective for the year ended March 31, 2017. The early adoption of standards, even though encouraged by the IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (“CPC”).

. IFRS 9, "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and is effective from January 10, 2018. It supersedes the guidance included in IAS 39 related to the classification and measurement of financial instruments. The main amendments introduced by IFRS 9 are: (i) new criteria for the classification of financial assets; (ii) a new impairment model for financial assets, which is a hybrid of expected and incurred losses, replacing the current model of incurred losses; and (iii) the relaxation of the requirements for the adoption of hedge accounting. Management has yet to assess IFRS 9’s full impact.

. IFRS 15 - "Revenue from Contracts with Customers" introduces the principles to be applied by an entity to determine the measurement and recognition of revenue. The effective date is January 10, 2018 and it replaces IAS 11 - "Construction Contracts", IAS 18 - "Revenue" and the related interpretations. Management has yet to assess IFRS 15’s full impact.

. IFRS 16 - "Leases" - the new standard requires lessees to recognize the liability for future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. Certain short term and low-value contracts may be outside of the scope of this new standard. The criteria for recognition and measurement of leases in the lessors' financial statements of the lessors are substantially maintained. IFRS 16 is effective for years beginning on or after January 1, 2019 and it replaces IAS 17 - "Leases" and corresponding interpretations. Management is assessing the impact of the adoption of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements

2.2 Cash and cash equivalents

Cash and cash equivalents include deposits with banks.

3 Equity

(a) Share capital

The share capital, subscribed and paid up on April 24, 2014, in the amount of R$ 1.000, is represented by 1.000 quotas with par value of R$ 1.00 each.