www.pwc.com.br

Hindalco do Brasil Indústria e Comércio de Alumina Ltda.

Financial statements at March 31, 2021 and independent auditor's report

pwc

Independent auditor's report

To the Management and Quotaholders
Hindalco do Brasil Indústria e Comércio de Alumina Ltda.

Opinion

We have audited the accompanying financial statements of Hindalco do Brasil Indústria e Comércio de Alumina Ltda. (the "Company"), which comprise the balance sheet as at March 31, 2021 and the statements of operations, comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Hindalco do Brasil Indústria e Comércio de Alumina Ltda.as at March 31, 2021, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Belo Horizonte, May 14, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1

Hindalco do Brasil Indústria e Comércio de Alumina Ltda.

Balance sheet at March 31

All amounts in thousands of US Dollars

Assets	Notes	2021	2020
Current assets			
Cash and cash equivalents	3	969	903
Accounts receivable	4	6,434	3,908
Inventories	5	7,858	8,463
Taxes and contributions recoverable	6	473	570
Other	7	1,356	1,040
Total current assets		17,090	14,884
Non-current assets			
Long-term receivables			
Taxes and contributions recoverable	6	993	1,348
Judicial deposits	8	39	38
Fixed assets	10	13,372	14,853
Intangible assets	11	106	115
Total non-current assets		14,510	16,354
Total assets		31,600	31,238

Liabilities and equity	Notes	2021	2020
Current liabilities			
Loans and financing	12	317	854
Suppliers and other accounts payable	13	6,918	5,362
Tax and labor liabilities	14	1,477	1,106
Advances from customers		675	135
Provision for decommissioning of assets	9	6,373	2,407
Total current liabilities		15,760	9,864
Non-current liabilities			
Provision for decommissioning of assets	9	5,483	10,016
Provision for contingencies	8	225	248
Financing and Loans	12	473	
Related Parties loans	12.2	667	
Total non-current liabilities		6,848	10,264
Net equity			
Capital	15	137,724	137,724
Accumulated deficit		(128,732)	(126,614)
		8,992	11,110
Total liabilities and equity		31,600	31,238

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

Hindalco do Brasil Indústria e Comércio de Alumina Ltda.

Statement of operations
Year ended March 31
All amounts in thousands of US Dollars

	Notes	2021	2020
Net operating revenues	16	31,601	40,462
Cost of goods sold	17	(27,976)	(41,804)
Gross loss		3,625	(1,342)
Operating income (expenses)			
General and administrative expenses	17	(610)	(2,022)
Selling expenses	17	(4,616)	(6,681)
Other operating income (expenses)	18	210	568
		(5.016)	(8,135)
Loss before net financial result		(1,391)	(9,477)
Net financial result	19	71	1,745
Loss for the year		(1,320)	(7,732)

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

Hindalco do Brasil Indústria e Comércio de Alumina Ltda.

Statement of comprehensive loss
Year ended March 31
All amounts in thousands of US Dollars

	2021	2020
Loss for the year	(1,320)	(7,732)
Cumulative translation adjustement, net	(798)	(4,040)
Total comprehensive loss for the year	(2,118)	(11,772)

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

Hindalco do Brasil Indústria e Comércio de Alumina Ltda.

Statement of changes in equity
All amounts in thousands of US Dollars

	Notes	Capital	Accumulated deficit	Foreign currency translation gain/(loss)	Total
Balance as of March 31, 2019	15	135,781	(105,682)	(9,160)	20,939
Capital subscription		1,943			1,943
Loss for the year			(7,732)		(7,732)
Foreing currency translation				(4,040)	(4,040)
Balance as of March 31, 2020	15	137,724	(113,414)	(13,200)	11,110
Balance as of March 31, 2020	15	137,724	(113,414)	(13,200)	11,110
Loss for the year			(1,320)		(1,320)
Foreing currency translation				(798)	(798)
Balance as of March 31, 2021	15	137,724	(114,734)	(13,998)	8,992

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

Hindalco do Brasil Indústria e Comércio de Alumina Ltda.

Statement of cash flows
Year ended March 31
All amounts in thousands of US Dollars

	2021	2020
Loss for the year	(1,320)	(7,732)
Depreciation / amortization / depletion	2,552	2,566
Allowance for doubtful accounts	74	427
Exchange variation of customers / suppliers	(376)	(991)
Inventory adjustment / Provision for loss	(300)	(757)
Provision for demobilization of assets	401	(369)
Interest and exchange variation on loans	123	110
Provision for ICMS negative goodwill and losses	70	1,739
Constitution of provision for contingencies	(4)	158
	1,220	(4,849)
Decrease / (increase) in assets		
Accounts receivable	(2,592)	1,410
Inventories	254	2,516
Taxes and contributions recoverable	248	1,921
Judicial escrow deposits	(4)	(21)
Other assets	(412)	(40)
	(2,506)	5,786
Increase / (decrease) in liabilities		
Suppliers	2,232	(15)
Tax and labor liabilities	240	356
Advances from customers	574	89
	3,046	430
Cash provided by (used in) operating activities	1,760	1,367
Cash flow from investing activities		
Proceeds on sale of fixed assets	53	2,139
Acquisition of fixed assets	(2,246)	(6,919)
Cash used in investing activities	(2,193)	(4,780)
Cash flow from financing activities		
Capital subscription paid-in		1,833
Working capital loans	1,513	5,926
Repayment of loans and financing	(938)	(4,953)
Cash and cash equivalents provided by financing activities	575	2,806
Effects of exchange rate changes on cash and cash equivalents	(76)	(325)
Increase (decrease) in cash and cash equivalents	66	(932)
At the beginning of the year	903	1,835
At the end of the year	969	903
Increase / (decrease) in cash and cash equivalents	66	(932)

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

1 Operations

Hindalco do Brasil Indústria e Comércio de Alumina Ltda (the "Company"), is a limited liability company, with its principal offices in Ouro Preto, Minas Gerais, at Av, Américo René Gianetti, Saramenha. Its corporate purpose is the production and processing of special alumina, metallurgic, and chemical and electrochemical materials and products as also research and mining activities of any nature, sale and export of minerals, including bauxite, as well as transportation, treatment, processing and transformation of minerals. The Company can hold interest in other companies, as a shareholder or quotaholder.

The Company's fiscal year begins on April 1 and ends on March 31. The financial statements refer to the year ended March 31.

The Company's quotaholder, AV Minerals (Netherlands) N.V., has contributed, through capital subscriptions, the resources necessary for the continuity of the Company's operations until it reaches forecast profitability.

The Company's financial statements were approved by the Managing Officer on May 14, 2021.

2 Summary of principal accounting policies

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information used by management in the performance of its duties.

The financial statements have been prepared under the historical cost convention. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.15.

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis for the preparation of the financial statements

The financial statements were prepared based on historical cost, except for the measurement of financial assets and liabilities at fair value.

2.1.2 Functional currency and conversion of financial statements:

Functional currency - Items included in the financial statements are measured, using the currency of the principal economic environment in which each company operates ("the functional currency"). The financial statements were prepared in Brazilian reais (R$), which is the Company's functional currency and converted to the US dollar, which is the presentation currency.

Presentation Currency - The Company's results and balance sheets have been converted from the functional currency into the presentation currency, US dollar, using the following procedures:
• Assets and liabilities for each balance sheet presented are converted using the closing rate on the balance sheet date.

• Revenues and expenses for each statement of comprehensive income or statement of income are translated at the average yearly exchange rate.

• The exchange variations resulting from the above items were recognized in a specific account in shareholders' equity, called equity valuation adjustments

The company financial statements measured in the functional currency (R$) are as follows:

(a) Balance Sheet

Assets	2021	2020	Liabilities and equity	2021	2020
Current assets			**Current liabilities**		
Cash and cash equivalents	5,459	4,693	Loans and financing	1,789	4,442
Accounts receivable	36,236	20,321	Suppliers and other accounts payable	38,961	27,885
Inventories	44,257	44,012	Tax and labor liabilities	8,317	5,753
Taxes and contributions recoverable	2,666	2,969	Advances from customers	3,801	704
Other	7,637	5,41	Provision for decommissioning of assets	35,891	12,517
Total current assets	96,255	77,405	**Total current liabilities**	88,759	51,301
Non-current assets			**Non-current liabilities**		
Long-term receivables			Provision for decommissioning of assets	30,878	52,086
Taxes and contributions recoverable	5,59	7,009	Provision for contingencies	1,269	1,291
Judicial deposits	220	197	Financing and Loans	2,669	
Fixed assets	75,306	77,244	Related parties loans	3,750	
Intangible assets	597	597			
			Total non-current liabilities	38,566	53,377
Total non-current assets	81,713	85,047			
			Net equity		
			Capital	424,683	424,683
			Accumulated deficit	(374,040)	(366,909)
				50,643	57,774
Total assets	177,968	162,452	**Total liabilities and equity**	177.968	162,452

(b) Statement of Loss

	2021	2020
Net operating revenues	170,664	165,797
Cost of goods sold	(151.091)	(171,297)
Gross loss	19,574	(5,500)
Operating (expenses) / revenues		
General and administrative expenses	(3.296)	(8,287)
Selling expenses	(25,308)	(27,377)
Other operating income (expenses)	1,515	2,329
	(27,089)	(33,335)
Loss before net financial result	(7,515)	(38,835)
Net financial result	384	7,152
Loss for the year	(7,131)	(31,683)

(c) Statement of changes in equity

	Capital	Accumulated deficit	Total
Balance as of March 31, 2019	417,174	(335,226)	81,948
Payment of capital	7,509		7,509
Loss for the period	-	(31,683)	(31,683)
Balance as of March 31, 2020	424,683	(366,909)	57,774
Balance as of March 31, 2020	424,683	(366,909)	57,774
Payment of capital			-
Loss for the period		(7,131)	(7,131)
Balance as of March 31, 2021	424,683	(374,040)	50,643

(d) Statement of cash flows

	2021	2020
Loss for the year	(7,131)	(31,683)
Depreciation / amortization / depletion	13,779	10,513
Allowance for doubtful accounts	402	1,749
Exchange variation of customers / suppliers	(2,029)	(4,059)
Inventory adjustment / Provision for loss	(1,619)	(3,102)
Provision for demobilization of assets	2,166	(1,514)
Interest and exchange variation on loans	663	452
Provision for ICMS negative goodwill and losses	380	7,124
Constitution of provision for contingencies	(22)	650
	6,589	(19,870)
Decrease / (increase) in assets		
Accounts receivable	(14,000)	5,778
Inventories	1,374	10,308
Taxes and contributions recoverable	1,342	7,873
Judicial escrow deposits	(23)	(86)
Other assets	(2,227)	(163)
	(13,534)	23,710
Increase / (decrease) in liabilities		
Suppliers	12,057	(60)
Tax and labor liabilities	1,295	1,460
Advances from customers	3,097	358
	16,449	1,758
Cash provided by (used in) operating activities	9,504	5,598
Cash flow from investing activities		
Proceeds on sale of fixed assets	289	8,764
Acquisition of fixed assets	(12,130)	(28,350)
Cash used in investing activities	(11,841)	(19,586)
Cash flow from financing activities		
Capital subscription paid-in		7,509
Working capital loans	8,169	24,284
Repayment of loans and financing	(5,066)	(20,294)
Cash and cash equivalents provided by financing activities	3,103	11,499
Decrease in cash and cash equivalents	766	(2,489)
Cash and cash equivalents		
At the beginning of the year	4,693	7,182
At the end of the year	5,459	4,693
Increase / Decrease in cash and cash equivalents	766	(2,489)

2.2 Determination of results

Results are determined according to the accrual basis of accounting, and include earnings, accruals and indexation charges, on assets and liabilities and, where appropriate, the effects of adjustments to market or realizable value.

2.3 Cash and cash equivalents

Cash equivalents are held for purposes of meeting short-term cash commitments, and not for investments or other purposes, The Company considers as cash equivalents financial investments that are immediately convertible into a known amount of cash and with insignificant risk of change in value, Consequently, investments are usually classified as cash equivalents when original maturities are three months or less, as from the date they are contracted.

2.4 Trade receivables and allowance for doubtful accounts

Trade receivables are recorded on the balance sheet at their nominal value less an allowance for doubtful accounts, which is constituted considering the individual assessment of the receivables, the aging list, the analysis of the economic environment and the history of losses recorded in the prior years by maturity date, at an amount considered sufficient by Management to cover expected losses from the realization of receivables (Note 4).

2.5 Inventories

Inventories are recorded at cost or net realizable value, whichever is lower, Costs incurred in bringing each product to its present location and condition are accounted for as acquisition cost, and inventories are valued at average cost, Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to realize the sale. Inventories are reduced, when necessary, by a provision for losses, which is periodically reviewed.

2.6 Fixed assets

Fixed assets are recorded at acquisition cost. Depreciation is calculated using the straight-line method, based on the estimated useful life of each asset. The estimated useful lives for depreciation are reviewed at the end of each year and the effect of any changes in estimates is accounted for prospectively.

The rights to tangible assets intended for maintaining the Company's activities are recognized at inception as a fixed asset and a financial liability, and the assets subject to depreciation, are depreciated according to the estimated useful life of the respective assets.

A fixed asset is written off on disposal or when there are no future economic benefits resulting from the continued use of the asset, Gains and losses on disposals are calculated by comparing the disposal value of the items with the residual book values and are recognized in the statement of operations.

2.7 Intangible assets

Intangible assets acquired separately are measured at acquisition cost at initial recognition. Subsequent to initial recognition, intangible assets are presented at cost, less accumulated amortization and impairment losses, if applicable. The intangible assets with a defined useful life are amortized over their economic useful lives and are evaluated in respect of an impairment loss, whenever there is an indication of a loss of economic value.

In the case of mining rights, the exploration and development costs are accumulated and capitalized on initial recognition of the mining right. The amortization of the costs is effected based on production levels, proportional to the depletion of the mineral resource, considering the amount which is expected to be ultimately recoverable. A regular review of mining rights is realized to determine the adequacy of the carrying value and the amount to be amortized.

2.8 Provision for decommissioning of assets

The Company recognized a liability at fair value for the decommissioning of assets, in the period in which it will occur. The Company considers accounting estimates in respect of the recovery of degraded areas and closure costs of a mine and the Marzagão tailing pond as a critical accounting policy because it involves significant amounts of provisions and relates to estimates that involve numerous variables, such as interest rate, useful lives of assets and current and projected depletion stage of each mine, which are reviewed annually.

An environmental liability was recognized in accordance with the environmental policy of the Company and applicable legal requirements. The provision for environmental recovery is constituted on the identification of an impacted area which generates an obligation for the Company.

2.9 Impairment

The Company reviews, at the end of each reporting period, the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable value of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is considered as the higher of an asset's fair value less costs to sell and its value in use. In assessing the value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is immediately recognized in the statement of income.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years. The reversal of the impairment loss is immediately recognized in the statement of income.

2.10 Current and non-current liabilities

These liabilities are presented at known or calculable amounts plus, if applicable, the corresponding financial charges, are accrued up to the balance sheet date. A present value adjustment was not recorded because its impact was not considered to be significant.

2.11 Non-current assets

Non-current assets comprise assets and rights, which are realizable at least 12 months subsequent to the reporting date, plus, if applicable, the corresponding earnings, up to the balance sheet date.

2.12 Current taxes

The provision for income taxes is based on the taxable profit for the year. Taxable profit differs from the profit reported in the statement of operations, because it does not include non taxable income or non deductible expenses, besides excluding items which are permanently non-taxable or deductible. The provision for income tax is calculated by the Company based on the rates prevailing at the end of the year.

The income tax and social contribution on net income of the Company are calculated as follows:

Income tax: at the rate of 15%, plus 10% for the amount of taxable income that exceeds the amount of R$ 240,000 per year;

Social contribution: at the rate of 9% of the taxable income.

Income tax and social contribution expenses are calculated based on the laws and regulations prevailing at the balance sheet date, according to Brazilian tax regulations.

2.13 Deferred income tax and social contribution

Deferred income tax and social contribution, relating to tax losses, negative basis of social contribution and timing differences, are recorded, when applicable, as non-current assets and/or liabilities, and are calculated at the rates projected at their realization and are reviewed annually. Deferred tax assets are recognized only to the extent that it is probable that there will be taxable income in future years, against which the deferred tax assets can be utilized. Deferred tax assets and liabilities are presented net if there is a legal or contractual right to offset tax assets against tax liabilities and if the taxes relate to the same tax authority and are subject to the same taxing authority.

2.14 Financial instruments

IFRS 9 / CPC 48 - "Financial Instruments" became effective on January 1, 2018. The Company did not identify material impacts from the adoption of this new standard in the years ended March 31, 2020 and March 31, 2021.

(a) Financial assets and liabilities

IFRS 9 / CPC 48 - "Financial Instruments" establishes three primary classification categories for financial assets: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

Upon adoption of this standard, the classification started to be based on the business model by which a financial asset is managed by its contractual cash flows.

The new standard maintained part of the requirements of the previous standard for the classification of financial liabilities. The substantial changes in the fair value classification are presented below:

- the amount corresponding to the change in the fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- the remaining amount of the change in the fair value is presented in profit or loss.

(b) Initial recognition and measurement

A financial asset or financial liability is measured initially at fair value, provided that it is not an item measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition or issue.

(c) Classification of financial assets

Upon initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if both of the following conditions are met:

- the asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that represent payments of principal and interest on the principal amount outstanding.

All the other financial assets are classified as measured at fair value through profit or loss.

In addition, at initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost, as FVOCI or even FVTPL, This designation has the purpose of eliminating or significantly reducing a possible accounting mismatch arising from the gains or losses produced by the respective asset measured on different bases.

2.15 Revenue recognition

At January 1, 2018, IFRS 15 / CPC 47 - Revenue from Contracts with Customers became effective. The Company did not identify any significant impacts when adopting this new standard in the years ended March 31, 2020 and March 31, 2021.

Revenue is presented net of taxes, returns, rebates and discounts. Revenue is recorded when it is probable that the entity will receive the amount to which it is entitled in exchange for the goods or services transferred to the client, and can be reliably measured. Additionally, specific criteria for each of the Company's activities must be met, as follow:

(a) Sales of products

Sales revenue is recognized when the control of the products is transferred to the purchaser, at which point the performance obligation established in the signed contracts is fulfilled. The Company adopts as a policy for revenue recognition the date on which the product is delivered to the purchaser.

(b) Financial income

Financial income is recognized on an accruals basis, using the effective interest rate method.

2.16 Significant accounting judgments and estimates

Management must make judgments and prepare estimates in respect of the book values of assets and liabilities, when not easily obtained from other sources. The estimates and the respective assumptions are based on historical experience and on other factors considered to be significant. The actual results could differ from such estimates.

The underlying estimates and assumptions are continuously reviewed. The effects from the reviews of accounting estimates are recognized in the period in which the review is carried out, if such review affects only that period, or also in later periods if the review affects both the present and future periods.

The following are the main accounting estimates and judgments:

(a) Useful lives of fixed assets

The Company reviews the estimated useful lives, the residual values and the depreciation or amortization method of fixed assets at the end of each reporting period.

(b) Reduction to recoverable value of non-financial assets

A loss of value exists when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available information related to sales transactions of similar assets or market prices less additional removal costs.

(c) Provision for decommissioning of assets

The Company recognizes a liability at its fair value for the decommissioning of assets, in the period in which it will occur. The Company considers accounting estimates related to the recovery of degraded areas and the costs of the closure of the mine and of the Marzagão waste tailing pond as a critical accounting policy because it involves significant amounts of provisions and relates to estimates that involve many variables, such as interest rates, useful lives of assets, current stage of mine depletion and the projected depletion of each mine, which are reviewed annually.

The environmental liability was recognized in accordance with the environmental policy of the Company and applicable legal requirements. The provision for environmental recovery is constituted on the identification of an impacted area which generates an obligation for the Company.

2.17 Changes in accounting policies and disclosures

New or revised pronouncements applied for the first time in 2020

The company applied or considered applying for the first time certain rules and changes, in force for annual periods beginning on January 1, 2020 or after that date. The nature and impact of the changes resulting from the adoption of these new standards and changes are described below:

Changes in CPC 15 (R1) - Business definition

The amendments to CPC 15 (R1) clarify that, to be considered a business, an integrated set of activities and assets must include, at a minimum, an input - input of resources and a substantive process that together contribute significantly to the capacity to generate output - output of resources. In addition, he clarified that a business can exist without including all the inputs - inputs of resources and processes necessary to create outputs - outputs of resources. These changes had no impact on the company's financial statements, but may impact future periods if the Company enters into any business combinations.

Changes to CPC 38, CPC 40 (R1) and CPC 48 - Reference Interest Rate Reform

The amendments to Pronouncements CPC 38 and CPC 48 provide exemptions that apply to all protective relationships directly affected by the reference interest rate reform. A protection relationship is directly affected if the reform raises uncertainties about the period or the value of cash flows based on the reference interest rate of the hedged item or hedging instrument. These changes have no impact on the Company's financial statements, since they do not have interest rate hedging relationships.

Changes to CPC 26 (R1) and CPC 23 - Material definition

The amendments provide a new definition of material that states, "the information is material if its omission, distortion or obscurity can reasonably influence decisions that primary users of general purpose financial statements make based on those financial statements, which provide financial information on entity-specific report ". The amendments clarify that the materiality will depend on the nature or magnitude of the information, individually or in combination with other information, in the context of the financial statements. Distorted information is material if it could reasonably be expected to influence decisions made by primary users. These changes have had no impact on the financial statements, nor are they expected to have any future impact.

Review in CPC 00 (R2) - Conceptual Framework for Financial Reporting

The revision of the pronouncement introduces some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These changes had no impact on the financial statements.

Changes in CPC 06 (R2) - Benefits Related to Covid-19 Granted to Tenants in Lease Agreements

The amendments provide for concession to tenants in the application of the guidelines of CPC 06 (R2) on modification of the lease agreement, when accounting for the related benefits as a consequence direct response to the Covid-19 pandemic. As a practical expedient, a lessee may choose not to assess whether a benefit related to Covid-19 granted by the lessor is a modification of the lease. The lessee who makes this option must account for any change in the lease payment resulting from the benefit granted

in the lease contract related to Covid-19 in the same way that it would account for the change by applying CPC 06 (R2) if the change was not a modification of the contract lease. This change had no impact on the financial statements.

The Company decided not to adopt in advance any other standards, interpretations or changes that have been issued, but are not yet in force.

Accounting pronouncements and interpretations recently issued and not yet adopted

Reference Interest Rate Reform - Phase 2 (Amendments to CPC 48 / IFRS 9, CPC 38 / IAS 39, CPC 40 / IFRS 7 and CPC 11 / IFRS 4): in September 2020, the IASB published the second phase of the Reference Interest Rate Reform, which establishes amendments to the following accounting pronouncements: - CPC 11 - IFRS 4: Insurance Contracts , - CPC 38 - IAS 39: Financial Instruments: Recognition and Measurement - CPC 40 (R1) - IFRS 7: Financial Instruments: Disclosure - CPC 48 - IFRS 9: Financial Instruments The amendments address issues that may affect the financial statements as a result the reform of the reference interest rate, including the effects of changes in the contractual cash flows of financial assets and liabilities and lease liabilities, or hedge relationships arising from the replacement of the reference interest rate with an alternative reference rate. The effectiveness of the proposed changes will be established by Organs regulatory bodies that approve "Review of Technical Pronouncements No. 17", and in order to fully comply with international accounting standards, the entity must apply them in the annual periods beginning on, or after, January 1, 2021. The Company is evaluating potential impacts on its financial statements.

2.18 Risk management and financial instruments

2.18.1 Financial risk management

Financial risk factors

The Company's activities expose it to several financial risks: (i) market risk (including currency and interest rate risk); (ii) liquidity risk and (iii) capital management. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the Company's financial department, and the policies are approved by the Managing Officer.

(a) Market risk

The Company is exposed to market risks arising from its business activities. These market risks mainly involve the possibility of changes in interest rates.

(b) Interest rate risk

The Company's interest rate risk derives from loans and financing linked to the US dollar. The Company's management has a policy of maintaining assets and liabilities subject to variable interest rates.

(c) Liquidity risk

The prudent management of liquidity risk requires maintaining sufficient securities, cash and cash equivalents and standby credit facilities to settle obligations.
Management monitors the level of liquidity of the Company, considering the expected cash flow and unused credit lines.

2.18.2 Capital management

The Company's objective in managing its capital is to safeguard its ability to continue to provide returns to quotaholders and benefits to other stakeholders, as well as to maintain an optimal capital structure to reduce this cost,

The Company is in the initial stage of its activities and investments and relies on resources from the quotaholders to sustain growth and ensure the settlement of commitments.

The financial leverage ratios at March 31, 2021 and March 31, 2020 are as follows:

	2021	2020
Total loans and financing, including related parties	1,457	854
Cash and cash equivalents	(969)	(903)
Net position	488	(49)
Total equity	8,992	11,110
Total capitalization (equity + net debt)	9,480	11,061
Financial leverage index %	5,15%	(0,44%)

3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and financial investments. These financial investments are stated at cost, plus the remuneration earned up to the balance sheet date. They mature within 90 days, or have no dates for redemption, thereby being immediate liquid, and are subject to an insignificant risk of change in value:

	2021	2020
Cash and banks	58	19
Financial investments	911	883
	969	903

4 Accounts receivable

(a) Composition of balances per type of transaction

	2021	2020
Domestic market customers	3,202	1,704
Foreign market customers	3,786	2,726
Impairment losses on accounts receivable	(554)	(522)
	6,434	3,908

(b) Composition of the balances by maturity

Not yet due	5.775	3.621
Past due		
For 1 to 30 days	532	146
For 31 to 60 days	155	78
For 61 to 90 days	15	26
For 91 to 180 days	25	42
Above to 180 days	486	517
	6.988	4.430

5 Inventories

	2021	2020
Raw material	1,033	629
Consumables	427	448
Work-in-process	3,458	3,865
Finished products	3,151	4,061
Provision for losses	(211)	(540)
	7,858	8,463

Change in provision for loss in value of inventories:

	2020	Addition	Reversal	2021
Change in provision	(540)		329	(211)

6 Taxes and contributions recoverable

	2021	2020
State Value-added Tax on Sales and Services (ICMS)	1,057	1,222
Provision for discount on sale of ICMS credits	(718)	(777)
Provision for loss - ICMS	(94)	(175)
Excise Tax (IPI)	178	48
ICMS on fixed assets	197	194
Prepaid income tax		263
Withholding Income Tax (IRRF)	29	30
Social Integration Program (PIS)	4	13
Social Contribution on Revenues (COFINS)	22	
Tax Refund - IPI, PIS, COFINS	791	1,100
	1,466	1,918
Current	473	570
Non-current	993	1,348
	1,466	1,918

The Company utilizes the Export Drawback Exemption for the purchases of inputs in the domestic and external markets. This tax benefit also assists in avoiding accumulating balances of PIS and COFINS credits for recovery.

Tax refunds refer to requests filed with the Federal Revenue Service, through PER / DCOMP (Electronic Reimbursement Request), according to Articles 37 and 45, of Normative Instruction RFB No, 1717/2017. There is currently no date foreseen for receipt; classified as non-current,

The ICMS recoverable decreased in the year, due to the negotiation for sale of ICMS credits, mainly with XCMG Indústria, from which the Company had acquired 12 machines / equipment for production, which it settled with ICMS credits. The sale of ICMS export credits also decreased the balance.

7 Other current assets

	2021	2020
Prepaid expenses	207	235
Settlement of Energy - Provision	22	
Advance to suppliers	839	625
Other credits	288	180
	1,356	1,040

8 Judicial deposits and provisions for contingencies

The Company made judicial deposits related to civil processes, as follows:

	2021	2020
Civil	39	38

The Company is a party to certain environmental, labor and civil lawsuits arising in the normal course of its operations, which under the advice of legal counsel, it considers the likelihood of loss to be probable:

	2021	2020
Labor	225	224
Others		24
Total	225	248

Additionally, possible risk of loss amount was $ 254 as of March 31, 2021 ($ 402 as of March 31, 2020).

9 Provision for asset decommissioning

The Company's obligations for decommissioning assets are related to the obligation to restore the area utilized for the bauxite ore exploration and processing, as well as to remove installations for which no use is expected on the completion of operations. The review of future expenditures is done annually for the non-current assets of US$ 1,041 (Note 10) for the Carangola, Sapê and Gama mines. A provision for environmental recovery is recorded of US$ 11,856 in non-current liabilities. The amount of US$ 129 was recorded in results for the amortization of the Marzagão tailing pond and of the Sapê, Gama and Carangola complex mines. The provision is classified in current and non-current liabilities based on the estimated realization of the disbursements for the settlement of this obligation.

The change in the provision for the decommissioning of assets was as follows:

	2021	2020
Environmental Recovery - Vargem / Carangola / Marzagão / Sape / Gama	6,373	2,407
Environmental Recovery - Marzagão	3,990	8,591
Environmental Recovery - Carangola	780	1,054
Environmental Recovery - Sape	204	371
Environmental Recovery - Gama	509	
	11,856	12,423
Current	6,373	2,407
Non-current	5,483	10,016
	11,856	12,423

10 Fixed assets

	Land	Buildings and improvements	Machinery and equipment/molds	IT Equipment	Furniture and fixtures	Construction in progress	Vehicles	Decommissioning of assets	Total
Cost									
At April 1, 2020	6	5,009	10,147	289	72	1,724	1,763	6,108	25,118
Additions			298	21	4	1,167	155	509	2,154
Write-off			(50)		(1)				(51)
Transfer / adjustments		76	1,362			(1,438)			
Other Adjustments(Foreign currency translation)		(384)	(777)	(23)	(5)	(132)	(135)	(468)	(1,924)
At March 31, 2021	6	4,701	10,980	287	70	1,321	1,783	6,149	25,297
Accumulated depreciation/Amortization									
At April 1, 2020		(622)	(3,916)	(218)	(30)		(87)	(5,392)	(10,265)
Additions		(189)	(1,775)	(26)	(7)		(321)	-	(2,318)
Write-off									
Transfer / Settings									
Amortization								(129)	(129)
Other Adjustments(Foreign currency translation)		47	299	17	2		9	413	787
At March 31, 2021		(764)	(5,392)	(227)	(35)		(399)	(5,108)	(11,925)
At April 1, 2020	6	4,387	6,231	71	42	1,724	1,676	716	14,853
At March 31, 2021	6	3,937	5,588	60	35	1,321	1,384	1,041	13,372
Depreciation rates		4%	10% - 20%	25%	10%		20%		

	Land	Buildings and improvements	Machinery and equipment/ molds	IT Equipment	Furniture and fixtures	Construction in progress	Vehicles	Decommissioning of assets	Total
Cost									
At April 1, 2019	8	5,161	10,428	347	95	4,604	118	7,615	28,376
Additions			914	2	1	3,093	1,066	377	5,453
Write-off				(3)		(1,684)	(3)		(1,690)
Transfer / adjustments		1,125	1,385	29		(3,150)	611		
Other Adjustments(Foreign currency translation reserve)	(2)	(1,277)	(2,580)	(86)	(24)	(1,139)	(29)	(1,884)	(7,021)
At March 31, 2020	6	5,009	10,147	289	72	1,724	1,763	6,108	25,118
Accumulated depreciation/Amortization									
At April 1, 2019		(593)	(3,094)	(242)	(30)		(51)	(6,948)	(10,958)
Additions		(176)	(1,588)	(39)	(7)		(48)		(1,858)
Write-off				3			1		4
Amortization								(163)	(163)
Other Adjustments(Foreign currency translation reserve)		147	766	60	7		11	1,719	2,710
At March 31, 2020		(622)	(3,916)	(218)	(30)		(87)	(5,392)	(10,265)
At April 1, 2019	8	4,568	7,334	105	65	4,604	67	667	17,418
At March 31, 2020	6	4,387	6,231	71	42	1,724	1,676	716	14,853
Depreciation rates		4%	10% - 20%	25%	10%		20%		

Impairment of Assets test

The impairment test was carried out in accordance with CPC 01 (R1) - "Impairment of Assets".

The methodology used for the impairment calculation was the discounted cash flow. The tests consisted of the analysis of the return on assets, evaluating the results based on budget projections for future years disclosed by the Company's management.

In the preparation of impairment tests, specific revenue growth assumptions were considered, which vary from 6% to 3%, in accordance with the actual market demand and the utilization rate of installed capacity. These revenue growth assumptions were based on initiatives presented in the business plan, projecting an average annual growth of net revenue arising from volume and price.

Regarding costs and expenses, a nominal growth was considered based on inflation rates for the coming years, varying from 6% to 3%p.a. Since most contracts for suppliers, maintenance services and outsourced services are adjusted according to inflation rates, this assumption reflects the reality of the growth in the Company's costs.

The discount rate was calculated based on the risk-free rate, country risk, size premium and industry beta. Additionally, the Company's current capital structure was taken into consideration, as well as its evolution over the period in question, as well as the tax allocation of each portion of own and third party capital. A rate of 11,75% was computed by the Company.

A period of 11 was considered in the preparation of cash flows, since this is the period utilized by the Company for its financial modeling and consequent long-term projections, increased by a perpetuity value with an average nominal growth of 5% p.a. for all cash-generating units.

Management believes that any changes in the main assumptions utilized in the test would not result in reductions of the recoverable amounts to levels lower than the costs recorded for these cash-generating units.

11 Intangible assets

	2021	2020
Cost		
Concessions and mining rights	106	115
Amortization		
Mining rights	-	-
	106	115

12 Loans and financing

12.1 Third party Loans and financing

	2021	2020
Loans for working capital	716	854
Other loans	74	
	790	854
Current	317	854
Non-current	473	
	790	854

Movement	2021	2020
Opening balance	854	-
Working capital loans - Funding	818	5.926
Disbursement of loans and financing	(938)	(4.953)
Interest on loans and financing	123	(110)
Exchange variation - Loans	(67)	(9)
	790	854

The Company has two working capital loan agreements with Banco Daycoval, in Brazilian reais, whose interest rate is 0,85% a.m. These loans were guaranteed by receivables (duplicates).
The payments will be colletcted as follows:

	Short term	2022	2023	2024
Loans and financing	317	185	247	41

12.2 Related Party

	Currency	Rate	2021	2020
Novelis do Brasil Ltda.	Reais	0,81% a. m.	667	
			667	
Non-current liabilities			667	

On August 29, 2020, the Company raised funds from related parties for the purpose of investing in preventive safety civil works for a mineral dam of its respective title, called “Marzagão Dam”, located in Ouro Preto / MG, including the installation surface leakage system and decommissioning project. The

interest rate is 10.2% per annum, due on August 24, 2025. There was no guarantee linked to the contract.

13 Suppliers and other accounts payable

	2021	2020
Domestic suppliers	4,888	4,204
Overseas suppliers	681	460
Other accounts payable	1,349	698
	6,918	5,362

14 Tax and labor liabilities

	2021	2020
Labor liabilities		
Payroll and related charges	136	97
Provision for vacation pay	248	255
Provision for 13th month salary and related charges	51	57
Government Severance Indemnity Fund (FGTS)	38	42
National Institute of Social Security (INSS)	255	176
Other liabilities	110	98
	838	725
Tax liabilities		
IRRF	31	3
Service Tax (ISS)	6	9
ICMS	9	15
PIS/ Cofins	529	295
State Mineral Resources Tax (TFRM) - Installment	4	3
Others	60	56
Total tax liabilities	639	381
	1,477	1,106

15 Equity

(a) Capital

Capital was held of record by the following quotaholders:

As of March 31, 2021

Quotaholder	To be paid	Paid	%	Quotes
AV Minerals (Netherlands) N.V.	(541)	137,724	100	427,729,133
Isabel Cristina Silami				1
	(541)	137,724	100	427,729,134

As of March 31, 2020

Quotaholder	To be paid	Paid	%	Quotes
AV Minerals (Netherlands) N.V.	(586)	137,724	100	427,729,133
Isabel Cristina Silami				1
	(586)	137,724	100	427,729,134

(b) Appropriation of results

Annual net profit is appropriated as determined by the quotaholders. The distribution of dividends is proportional to the quotas held. At the end of each six-month period, a balance sheet is prepared and the quotaholders can declare dividends in respect of the profit determined in this balance sheet. Quotaholders can also declare dividends from retained earnings or revenue reserves as per the last annual or half-year balance sheet. In view of the losses for the year and accumulated deficit, there were no distribution for the years ended March 31, 2020 and March 31, 2021.

16 Net operating revenue

	2021	2020
Revenue from sales in the domestic market	22,370	29,062
Revenue from sales in the foreign market	14,270	18,079
	36,640	47,141
(-) Deduction from revenues		
ICMS	(2,744)	(3,545)
PIS	(366)	(478)
COFINS	(1,685)	(2,202)
Sales returns	(244)	(454)
	(5,039)	(6,679)
Total net revenue	31,601	40,462

17 Costs and expenses by nature

	2021	2020
Raw and direct materials	(16.482)	(28,493)
Personnel expenses	(4,145)	(5,782)
Maintenance (services and materials)	(1,951)	(2,841)
Corporate services	(996)	(1,895)
Energy	(2,139)	(2,561)
Freight	(987)	(1,565)
General export expenses	(3,471)	(3,970)
Depreciation and amortization	(2,386)	(2,383)
Other costs and expenses	(645)	(1,017)
Total	(33,202)	(50,507)

	2021	2020
Cost of sales	(27,976)	(41,804)
General and administrative expenses	(610)	(2,022)
Selling expenses	(4,616)	(6,681)
Total	(33,202)	(50,507)

18 Other income and expenses

	2021	2020
Rent	6	7
Energy sales	136	121
Other	(32)	36
Sales of scrap	100	40
	210	204
Other expenses		
Provision for discount on sale of credits - ICMS		(1,769)
Provision for loss of ICMS		
Reversal of provision for loss of ICMS		2,133
	-	364
	210	568

19 Net financial result

	2021	2020
Financial revenues		
Income on financial investments	7	14
Other financial income	42	37
	49	51
Financial expenses		
Interest on loans	(236)	(292)
Advances of invoices and miscellaneous interest	(1)	(8)
Discounts to customers	(97)	(38)
Banking fees	(524)	712
Financial cost of provision for decommissioning of assets	(5)	(20)
Tax on Financial Operations (IOF)	(863)	354
Foreign exchange	896	1,477
Foreign exchange gains/losses on assets	(11)	(137)
	885	1,340
	71	1,745

20 Insurance coverage (not audited)

The Company has an insurance policy consistent with the risks and contracted at amounts considered to be sufficient by Management, taking into consideration the nature of the Company's activities and the advice of insurance consultants. As of March 31, 2021, the company had insurance policies with a maximum expected indemnity of R$ 350,352, in which fixed and movable assets are covered.

21 Subsequent Events

Covid-19

Due to the Coronavirus pandemic (COVID-19), the Company has taken steps to reduce the effects on its financial results and risks to its employees, as far as possible. Shortly before issuance of these financial statements, there has been a slight reduction in sales orders. However, management believes it will be offset by higher sales to companies operating in the water treatment segment, which are experiencing high demand during the quarantine period. It is not currently possible to estimate the effects of the pandemic on the financial statements.

New investments

Hindalco invested in the acquisition of a boiler for the generation of steam powered by biomass. This reduced production costs as it replaces the oil powered equipment. This equipment started operating in May / June 2020.

* * *