MINERVA S.A.

Companhia Aberta
CNPJ/MF n.º 67.620.377/0001-14
NIRE 35.300.344.022

MATERIAL FACT
FRISA'S ACQUISITION

Minerva S.A. ("Minerva" or "Company"), one of the leaders in South America in the production and sale of fresh beef, live cattle and cattle byproducts, with operations also in the beef processing segment, pursuant to the provisions of article 157, paragraph 4, of Law no. 6,404 of December 15, 1976, as amended ("Corporations Law"), and in accordance with CVM Instruction 358 of January 3, 2002, as amended ("ICVM 358/02"), hereby informs its shareholders and the market in general that:

The Board of Directors, in a meeting held on the date hereof, resolved, among other matters, to approve the execution, by the Company, of a Share Purchase Agreement and Other Covenants ("SPA"), by means of which the Company will, subject to the verification of certain conditions precedent, acquire shares issued by **Frisa Frigorífico Rio Doce S.A.** representing 99.56% (ninety-nine point fifty-six percent) of its total capital stock, being 100% (one hundred percent) of its voting capital stock and 98.41% (ninety-eight point forty-one percent) of its capital stock without voting rights ("Acquired Shares").

Frisa is one of the major cattle meat producers in Brazil, with facilities in Colatina (State of Espírito Santo, with slaughter capacity of 500 heads/day), Nanuque (State of Minas Gerais, with slaughter capacity of 800 heads/day) and Teixeira de Freitas (State of Bahia, with slaughter capacity of 400 heads/day), with both its center of distribution and office located in the city of Niteroi, State of Rio de Janeiro. In 2015, Frisa had net revenues amounting R$ 942 million and approximate EBTDA of R$ 43 million. The export represents around 33% (thirty-three) of the Frisa's total sales.

Frisa's acquisition constitutes an excellent strategic opportunity to the Company and represents one more step into the sector consolidation in Brazil and South America. Frisa's facilities are complementary to the Company`s industrial and distribution operations, adding two (2) States in which we currently do not have slaughtering plants (ES and BA), expanding our geographic diversification. In the commercial area, the Frisa's domestic distribution operation, concentrated in the States of Espírito Santo, Bahia and Rio de Janeiro, is also complementary to Minerva's operations, in line with both our expansion and distribution strategies in the domestic market, focused on the small and medium retail, and food service. Yet, it is worth mentioning that some Frisa's factories are certificated to export, including to countries such as China and the United States. After the conclusion of the Transaction the Company will have a total slaughter capacity of 19.000,00 (nineteen thousand) heads/day, distributed in nine (9) States in Brazil and Uruguay, Paraguay and Colombia.

Considering that on the closing date of the Transaction specified in the SPA, Frisa will be the owner of the totality of **Frigorífico Nordeste Alimentos Ltda.'s** capital stock , as well as the of **Frisa Comercial S.A.'s** capital stock (referred jointly as "Subsidiaries"), the Company will also have the indirect control of the Subsidiaries ("Transaction").

For the transference of the ownership of the Acquired Shares, the Company committed to pay to the sellers the total value of R$205 million increased of Frisa's working capital, which, on the date base of December 31, 2016, amounted approximately R$ 45 million, as conditions established in the SPA ("Purchase Price"), The Purchase Price will be increased or decreased according to the variation of Frisa's working capital.

Additionally, the Purchase Price will be paid in installments, being the first installment, corresponding to 50% (fifty percent) of the value, paid on the closing date of the Transaction and the remaining value paid in three (3) annually consecutive instalments of 10% (ten percent), 20% (twenty percent) and 20% (twenty percent), respectively.

The conclusion of the Transaction is subject to the implementation of some conditions precedent, among which is included: (a) the approval of the Transaction's terms and conditions by the Administrative Council of Economic Defense (CADE), in accordance with the Brazilian Antitrust Law; (b) the finish, in a satisfactory manner to the Company, of the process of legal accounting, operational, procedural, accounting and financial Frisa's and Subsidiaries' due diligence; and (c) approval of the Extraordinary Shareholders Meeting of the Company of the implementation of the Transaction as established in the SPA, according to the Article 256 of the Brazilian Corporate Law.

Considering that, the value of the Purchase Price is considered as a relevant investment according to the Articles 247 and 256 of the Corporate Law, the execution of the SPA will depend on the later ratification by the Extraordinary Shareholders Meeting of the Company.

The Company, jointly with its legal and financial advisors, is currently assessing if the Purchase Price per share of the controlling block surpass one and a half times the biggest value established in the subsection II of the *caput* of the Article 256 of the Corporate Law. In this sense, it is not possible, at this time, to define if the later ratification of the Transaction by the Extraordinary Shareholders Meeting will grant the withdraw right to the shareholders who may not consent with the Transaction, as provided in the second paragraph of Article 256 of the Brazilian Corporate Law.

As soon as the Company finishes the studies in this regard, the Company will inform the market if the ratification of the Transaction will give rise or not to the withdraw right to those shareholders who may not consent with the Transaction.

In case the Company decides that the ratification of Transaction by its Shareholders Meeting will give rise to the Company's shareholders who may not consent with the Transaction, the Company will make public the date from which the shares will be trade without the withdraw right, being in accordance with the rules and operational proceedings of the BM&FBovespa's Central Securities Depository.

Once finished the studies on the existence or not of the withdraw right for the shareholders that may not consent with the Transaction, the Extraordinary Shareholders Meeting to ratify the Transaction will be properly called by the Company's management.

The Company has been informed that, in a previous meeting held on November 4, 2016, in accordance with the Shareholders Agreement executed on December 23, 2015, the shareholders VDQ Holdings S.A. ("VDQ") and SALIC (UK) Limited ("SALIC") committed to cast their votes in order to approve the ratification of the execution of the SPA in the Extraordinary Shareholders Meeting to be convened to resolve on this issue, even in the case that the such Shareholders Meeting resolve on the grant of the withdraw right to the Company's shareholders.

The Company reaffirms its commitment to keep the shareholders and the market in general informed about any developments of this matter, as well as any other matters that may be relevant to the market.

Barretos, November 07, 2016.

Minerva S.A.
Eduardo Pirani Puzziello
Diretor de Relações com Investidores