Annual Report 2013

1 January 2013 – 31 December 2013

Metalcorp Group B.V.
Amsterdam
18 April 2014

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DIRECTOR'S REPORT

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A. General overview and strategy

Metalcorp Group B.V. ("Metalcorp" or the "Group") is an international group that produces and trades metals and minerals across the globe. It further develops metals and mineral resources in order to secure (future) supply to its trading and production units.

In 2013, the Group has re-organized its segments. In the previous years the operations were divided in steel, non-ferrous and aluminium. In order to benefit from synergies within the group, it was decided to consolidate the non-ferrous and aluminium division. Therefore, the group is now organized through two divisions, Non-Ferrous and Steel. In order to improve the overview of the activities these divisions are divided into the following three sub-divisions: production, trading and resources development.

1. Non-Ferrous

1.1. Production

BAGR Berliner Aluminiumwerk GmbH

BAGR is a secondary aluminium producer. Since 1997, the company has been operating this re-melting and casting plant in a historic industrial area situated in the north of Berlin. With a capacity of up to 90.000 tons per year, BAGR is the leading independent secondary slab producer in Europe. A highly efficient and meanly structured team of qualified employees turns aluminium scrap, alloy additives and small quantities of primary aluminium into high-quality aluminium slabs. These are then further processed by our customers into strips, sheets, plates and cuttings.

Tamarix NOA S.A.

Tamarix is a copper scrap recycler based near Bilbao, Spain. This company converts copper cable scrap into high quality copper granulates. This product is sold to the main copper pipes and plates producers mainly in Europe. Tamarix is acquired by BAGR at the end of November 2013 to add a second industrial base to the group and sustain the further diversification of products. With the proven competencies of BAGR, the objective in 2014 is to develop a successful and sustainable production at Tamarix.

1.2. Trading

Tennant Metals

Tennant Metals is specialized in the physical trading of aluminium, lead, tin zinc, refined metals, ores and concentrates. Tennant Metals has global trading relationships through its offices in Australia, China, Germany, Monaco, South Africa, and a number of agencies around the world. It has a strong know-how in the field of logistics, trade finance and risk management.

1.3. Resources Development

The main objective of the Resources Development activities is to establish off-take agreements that supply our trading and production facilities by utilizing the know-how and global network of our group.

Société des Bauxites de Guinée

The Company's main project is Sociéte des Bauxites de Guinée ("SBG"), which owns a bauxite license in Guinea. Guinea has amongst the world's largest reserves of bauxite (>25 billion tons – almost half of the world's bauxite resources) with renowned

companies such as Alcoa, Rio Tinto and BHP Billiton operating there. The objective of this project is to establish an alumina refinery with a capacity of 1.6 million tons per annum.

In 2013, the Company made another significant step in its exploration program, by increasing its resource at 160 million tons of "Measured Resource", which is the highest standard possible according to the JORC code and basis for funding of the banks. The total resource is now almost 300 million tons, including the Indicated and Inferred Resource, the Company already identified in previous years. The quality of the bauxite is of world class with alumina content higher than 41,5% and Silica levels lower than 2,7%.

In July 2013 a contract was signed with one of China's leading aluminium companies. This company will build a turn-key integrated alumina facility and will arrange the required funding. Currently, this party is finalizing the technical studies, before the start of the construction of the facility.

Minerals and Mining Ltd.

The Company has secured an attractive bauxite license in the Makumre region in Sierra Leone. Based on promising historical data and the results of our initial exploration program, a renowned third party was contracted to provide a study on the potential logistical routes for the export of bauxite. The study concluded that there are multiple viable options. Furthermore, the study concludes that no fatal flaws are detected from an environmental, social, logistical and utility perspective that would block the further development of this project. Therefore, a drilling campaign is planned for 2014 to further explore the deposit and develop a mining plan.

Kanabeam Zinc Ltd.

In July 2013, BAGR acquired Kanabeam Zinc Ltd., which holds an early stage ("green field") zinc license. A desktop study is planned for 2014 as well as a high level environmental and social studies.

2. Steel

The Steel division is headed by Steelcom S.A.M. and consists of trading activities and resources development. This segment currently has no production activities.

2.1. Trading

Steelcom S.A.M. ("Steelcom"), the steel trading arm of the Group, is a renowned independent steel trader with a tradition spanning over 50 years of dedication to international commerce in the steel industry. Its core business consists of the world wide trading of steel and steel-making raw materials.

Through Steelcom, the Company is able to offer a complete and competitive value-added service by providing both importers and exporters worldwide with a secure platform to realize optimal results. Our team of managers and traders, throughout our global network of offices, grant the company a professional market knowledge and trading expertise.

Steelcom covers a wide range of steel-making raw materials (such as coal, metallurgical coke, iron ore, pig iron, hot briquetted iron (HBI) and direct reduced iron (DRI), semi-finished products (such as slabs and billets), and finished industrial steel products (such as long and flat finished steel products, from structural sections to high-value-added coated and pre-painted products).

This division's core strategy is combining local presence with dedicated supply chain management and risk assessment. The ongoing international expansion reflects Steelcom's objective to establish direct presence in all local markets in order to further diversify the product mix to a whole range of steel-making raw materials, semi-finished, and finished industrial steel products. Steelcom is actively seeking opportunities in upstream and downstream steel-related activities in the main markets around the world, which can increase the vertical integration of the company, enhance the profitability and reduce the exposure to risks.

Steelcom is headquartered in Monaco and operates from offices in Dubai, Spain, China, Taiwan, Australia, India, and the United States and through representatives in Brazil, Egypt and Turkey. Its supplier portfolio includes top first and second tier steel and raw materials producers across the world.

2.2. Resources Development

The company has played a significant role in developing Forward Mining. The initial deposit delivers a JORC Inferred Resource of 19,72mt of 37,4% Fe, 0,08% SnO_2 and 0,08% WO_3, with low impurity levels. Altogether, it is a highly prospective group of licences with target resource of 40-50mt. The initial production rate will be around 1Mtpa magnetite concentrates with expansion to 3Mtpa. Power, rail and port infrastructure are available and the expected capital and operational expenditures are relatively low. In 2013, the Company sold its equity stake to an investor (with a profit of EUR 483 thousand), which will finance Forward Mining and bring it into production. Steelcom retained its off-take agreement for 10mt of magnetite concentrates.

B. Business performance

Although the market prices for metals have decreased significantly over the last year and the global economy is still not stabilized, the Company has made significant steps in 2013:

On 27 July 2013, the Company made its entrance on the capital markets by placing a bond on the Frankfurt Exchange. Initially an amount of almost EUR 10 million was placed. The maximum volume of the bond is EUR 30 million and the remainder can be placed until 27 June 2014. The bond is mainly used as cash collateral to support the further growth of the Trading activities. This cash collateral remains as liquidity in our Company, which means that generally the funds can be repaid at any time (after clearance of the deals).

Furthermore, the Company has successfully started up a new niche business for Steel products and incorporated Steelcom Pipes International LLC ("SPI") in Houston. A proven team has joined us, which sources steel pipes and tubes from around the globe and sell it to their customer base in the American markets, which are currently buoyant given the developments in the American energy industry.

In the Non-Ferrous division, a team of traders and support has joined that will further grow our non-ferrous trading activities in Europe, Africa and the Americas in particular. This team brings additional sourcing and selling channels as well as additional specific knowledge on risk management and logistics.

The table below provides a segmented overview of the Revenue and Gross margin ("GM") of the Company:

	Revenue		GM		Result	
EUR 1.000	2013	2012	2013	2012	2013	2012
Non-ferrous						
- Trading	108.424	106.395	1.829	3.327	948	1.185
- Production	38.542	37.084	6.849	6.924	2.211	2.734
Total Non-ferrous	**146.966**	**143.479**	**8.678**	**10.251**	**3.159**	**3.919**
Steel						
- Trading	**151.820**	**242.627**	**6.081**	**5.628**	**594**	**641**
Other	2.877	1.065	2.877	1.065	-921	-2.861
Total	**301.663**	**387.171**	**17.636**	**16.944**	**2.832**	**1.699**

The gross margin of the Group is 5,8%, which increased from 4,4% last year. This is caused by the addition of the Trading activities of SPI, which increases the Steel trading GM from 2,3% to 4,0%. The profitability in percentage of the Non-Ferrous division has improved, despite the decrease in GM. This is caused by the re-organization of the Non-ferrous trading activities and cutting out labor-intensive/low-return activities.

Furthermore, services have been provided in relation to business development to third and related parties. This is accounted for under Other.

The solvency (total group equity divided by the balance sheet total) at the balance sheet date decreased from 56,0% in 2012 to 45,2% in 2013. However, this includes self-liquidating Trade Finance, which is added to the current liabilities. Trade Finance is utilized to finance the deals of the Trading division and lead to a corresponding increase in inventory and accounts receivable, which are both pledged to the Trade Finance Banks. When receivables are paid by our customers, our Company receives the profit made on these deals and the Trade Finance facility is repaid. The solvency excluding self-liquidating Trade Finance (reference is made to note 11 to the consolidated financial statements) is 65,3% at 31 December 2013.

C. Outlook

1. General

Despite the unpredictable global environment, the Company expects to realize further growth in 2014. The main contribution to the growth of revenue and result will come from the Trading activities from both SPI and the new Non-Ferrous team. Both teams showed promising results in their first few months of operation. Also the addition of the copper recycling plant is expected to contribute. The aluminium recycling activities are expected to be in line with 2013. The Company will continue to further develop the synergies between the different divisions and its global network.

2. Financing

The long term financing and short term bank facilities are in place and the relationships with these banks will be maintained. IN order to further grow the trading activities, additional trade finance capacity is being developed with the group's current and new banking relationships.

3. Employees

As over the last years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, and the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will only be employed, when the growth in our activities requires so.

The Company has taken notice of article 166 and 279 Book 2 of the Netherlands Civil Code which requires the Company to consider the balanced composition between male and female members within a (Supervisory) Board. Together with the quality of the Directors and/or Supervisory Board member, this will be taken into consideration in every appointment.

D. Risks and uncertainties

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar and Australian dollar against the euro, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

2. Financing, cash flows and Liquidity

The trading activities are dependent on trade financing lines availability. We have significant uncommitted trade lines with major banks. These trade financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks.

3. Price volatility

The market prices for the various base metals are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

5. Other Risks

Other risks facing the Company include performance risk on off take agreements; quality of commodities traded and produced, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

Amsterdam, 18 April 2014

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Victor Carballo	Pascale Younès
Director and Chief Executive Officer	Director

Consolidated financial statements

A. Consolidated statement of income

B. Consolidated statement of comprehensive income

C. Consolidated statement of financial position

D. Consolidated statement of cash flows

E. Consolidated statement of changes in equity

F. Notes to the financial statements

A. Consolidated statement of income

(before appropriation of result)

EUR 1.000	Note	2013	2012
Revenue	2	**301.663**	**387.171**
Cost of sales	2	-284.027	-370.227
Gross margin	**2**	**17.636**	**16.944**
Operating expenses			
Selling expenses	3	-2.670	-3.032
Administrative expenses	3	-8.540	-9.182
		-11.210	**-12.214**
Operating result		**6.426**	**4.730**
Non-operating expenses			
Unrealized fair value changes	11	-39	-2.044
Financial income and expense	4	-2.358	61
		-2.397	**-1.983**
Result on ordinary activities before taxation		**4.029**	**2.747**
Taxation on result on ordinary activities	5	-1.197	-1.050
Result on ordinary activities after taxation		**2.832**	**1.697**
Consolidated result after taxation		**2.832**	**1.697**
Attributable to:			
Equity holders of Metalcorp Group B.V.		2.566	1.518
Non-controlling interests		266	179
		2.832	**1.697**

B. Consolidated statement of comprehensive income

EUR 1.000	31-12-2013	31-12-2012
Consolidated net result after taxation accruing to the legal entity	**2.832**	**1.697**
Translation differences foreign associated companies	-125	-27
Other movements	-	-
Total result of the legal entity	**2.707**	**1.670**
Atrributable to:		
Equity holders of Metalcorp Group B.V.	2.395	1.491
Non-controlling interests	312	179
Total result	**2.707**	**1.670**

C. Consolidated statement of financial position

(before appropriation of result)

EUR 1.000	Note	31-12-2013	31-12-2012	1-1-2012
Assets				
Non-current assets				
Property plant and equipment	6	95.040	85.526	85.356
Intangible fixed assets	7	30.064	19.363	19.370
Financial fixed assets	8	3.922	4.494	3.537
Total non-current assets		**129.026**	**109.383**	**108.263**
Current assets				
Inventories	9	22.629	5.472	6.841
Receivables, prepayments and accrued income	10	78.028	53.683	54.184
Securities	11	7.674	1.381	3.230
Cash and cash equivalents	12	10.371	7.974	10.518
Total current assets		**118.702**	**68.510**	**74.773**
Total assets		**247.728**	**177.893**	**183.036**
Equity and liabilities				
Group Equity				
Share capital		40.000	40.000	40.000
Reserves and retained earnings		42.542	40.147	38.654
Equity attributable to the owners of the company	13	82.542	80.147	78.654
Non-controlling interest	13	29.551	19.468	18.648
Total group equity		**112.093**	**99.615**	**97.302**
Non-current liabilities				
Borrowings	14	26.407	15.343	15.379
Deferred tax liabilities	5	1.838	-	-
Total non-current liabilities		**28.245**	**15.343**	**15.379**
Current liabilities and accruals	14	107.390	62.935	70.355
Total current liabilities		**107.390**	**62.935**	**70.355**
Total equity and liabilities		**247.728**	**177.893**	**183.036**

D. Consolidated statement of cash flows

(before appropriation of result)

EUR 1.000	2013	2012
Operating result	**6.426**	**4.730**
Adjustments for:		
- Depreciation (and other changes in value)	711	514
Working capital changes		
- Movements trade receivables	-30.483	-235
- Movements inventories	-17.157	1.369
- Movements on loans receivable	6.139	736
- Movements trade payables	3.205	2.506
- Movements other payables and liabilities	1.081	-3.832
- Movements trade finance	43.353	3.109
	6.138	**3.653**
Interest received	756	679
Interest paid	-2.311	-1.936
Corporate income tax paid on operating activities	-1.197	-1.050
	-2.752	**-2.307**
Cash flow from operating activities	**10.523**	**6.590**
Investments in intangible fixed assets	-10.831	-
Investments in property plant and equipment	-10.095	-684
Investments in other financial assets	-	-957
Disposals of other financial fixed assets	572	-
Investments in securities	-6.700	-195
Disposals of securities	368	-
Acquisition of non-controlling interests	9.351	-
Cash flow from investment activities	**-17.335**	**-1.836**
Movement of long-term liabilities	12.902	-36
Repayment of short term liabilities	-3.185	-9.202
Exceptional finance costs		
Proceeds from issue of capital	420	-
Proceeds of Share Capital to Subsidiary	-	641
Other finance income	6.683	9.108
Other Finance expense	-7.486	-7.790
Cash flow from financing activities	**9.334**	**-7.279**
Exchange rate and translation differences on movements in cash	-125	-21
Movements in cash	2.397	-2.546

E. Consolidated statement of changes in equity

(before appropriation of result)

EUR 1.000	Issued share capital	Share premium	Revaluation reserve	Translation reserve	Other reserves	Result for the year	**Legal entity share in group equity**	Third-party share in group	**Group Equity**
2012									
Opening Balance (Dutch GAAP)	40.000	2.218	54.240	547	-25.186	3.180	74.999	3.689	78.688
IFRS adjustments (note 1.2)	-	-	11.062	-	-7.407	-	3.655	14.959	18.614
Opening Balance (IFRS)	40.000	2.218	65.302	547	-32.593	3.180	78.654	18.648	97.302
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	1.518	1.518	179	1.697
Foreign currency translation differences	-	-	-	-27		-	-27	-	-27
Total comprehensive income and expense for the period	-	-	-	-27	-	1.518	**1.491**	179	**1.670**
Other movements in equity									
Allocation of prior year result	-	-	-	-	3.180	-3.180	-	-	-
Capital contribution	-	-	-	-	-	-	-	641	641
Other movements	-	-	-249	-	251	-	2	-	2
Total other movements in equity	-	-	-249	-	3.431	-3.180	**2**	641	**643**
	40.000	**2.218**	**65.053**	**520**	**-29.162**	**1.518**	**80.147**	**19.468**	**99.615**
2013									
Opening Balance	40.000	2.218	65.053	520	-29.162	1.518	80.147	19.468	99.615
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	2.566	2.566	266	2.832
Foreign currency translation differences	-	-	-	-171	-	-	-171	46	-125
Total comprehensive income and expense for the period	-	-	-	-171	-	2.566	**2.395**	312	**2.707**
Other movements in equity									
Allocation of prior year result	-	-	-	-	1.518	-1.518	-	-	-
Capital Contribution	-	-		-	-	-	-	420	420
Acquisition	-	-	-	-	-	-	-	9.351	9.351
Total other movements in equity	-	-	-	-	1.518	-1.518	**-**	9.771	**9.771**
	40.000	**2.218**	**65.053**	**349**	**-27.644**	**2.566**	**82.542**	**29.551**	**112.093**

The IFRS adjustments are further explained in note 1.2

In 2012, Metalcorp Iron Ore Mining B.V. issued new shares to a third party resulting in the increase in Third-party share in Group of EUR 641 thousand.

In 2013, the Group increased the capital of BAGR Berliner Aluminiumwerk GmbH. The third party share amounts to EUR 420 thousand.

The acquisition of Tamarix NOA S.L. led to an increase in third party share of almost EUR 9,4 million.

F. Notes to the Financial Statements

Note 1 – Accounting Policies

1.1 Corporate information

The activities of Metalcorp Group B.V. ("Metalcorp Group" or "the Company") and its group companies primarily consist of the trading and production of metals, ores, alloys and related services. The Company has its legal seat at Orlyplein 10, 1043 DP Amsterdam, the Netherlands, and is registered with the chamber of commerce under number 34189604.

The Company was incorporated as a limited liability company under the laws of the Netherlands on 14 April 2003 for the purpose of establishing an industrial holding company in the Netherlands. Its major shareholder is Lunala Investment S.A. in Luxembourg. The financial statements of Lunala Investments S.A. are available at the Chamber of Commerce of Luxembourg.

The Company has its corporate headquarters in Amsterdam, which is also the head of the group of legal entities. The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Title 9. The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

The previous financial statements, Annual Report 2012, were prepared in accordance with Dutch General Accepted Accounting Principles ("Dutch GAAP") and provided the statement of financial position as of 31 December 2012, the statement of profit or loss and comprehensive income and statement of changes in equity over the period 1 January 2012 to 31 December 2012.

As the Company is active in multiple countries, it was decided to convert from Dutch GAAP to IFRS in order to improve the understandability, relevance, and comparability for the international users of these financial statements.

The transition date to IFRS is 1 January 2012 and the impact of the transition can be summarized as follows:

- SBG, the company that holds the main mineral resource, was not consolidated in accordance with Dutch GAAP. The shareholding was presented in securities and was valued at EUR 61,4 representing the 81% value of the net asset value of this Company. As a result of the conversion to IFRS, SBG is now consolidated and the mineral resource is presented as part of Property Plant and Equipment. We refer to Note 6, Note 11 and the consolidated statement of changes in equity.
- As a result of the conversion to IFRS, the mineral resource of Minerals and Mining Ltd. is capitalized as a part of Property plant and equipment. We refer to Note 6, Note 11 and the consolidated statement of changes in equity.
- In the Annual Report 2012 in accordance with Dutch GAAP, Goodwill was amortized. IFRS prescribes that Goodwill is subject to an annual impairment test and it is not amortized. Therefore, the amortization over 2012 is reversed.

1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- share-based payment transactions that are within the scope of IFRS 2; and
- leasing transactions that are within the scope of IAS 17; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

1.4 New and revised IFRSs

In the current year, the Group has applied IFRS for the first time in accordance with IFRS 1 and applied the following relevant new and revised IFRSs:

- Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- New standard IFRS 10 Consolidated Financial Statements – change in the definition of control, replacing parts of IAS 2 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities.
- New standard IFRS 11 Joint Arrangements – replacement of IAS 31 Interest in Joint Ventures.
- New standard IFRS 12 Disclosure of interest in other entities – new disclosure standard that have interests in subsidiaries, joint arrangements associates and/or unconsolidated structured entities.
- Amendments to IAS 27 Separate Financial Statements – as a result of the introduction of IFRS 10
- Amendments to IAS 28 Investments in Associates and Joint Ventures – changes as a result of the introduction of IFRS 10, IFRS 11 and IFRS 12.

The following new and revised IFRSs have been issued but are not yet effective:

- IFRS 9 regarding Financial Instruments.
- Amendments to IFRS 9 and IFRS 7 regarding mandatory effective date of IFRS 9 and transition disclosures.
- Amendments to IFRS 10 IFRS 12 and IAS 27 regarding investment entities.
- Amendments to IAS 32 regarding offsetting financial assets with financial liabilities.

The Directors are currently evaluating the impact these new standards and interpretations will have on the financial statements of Metalcorp Group B.V.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1.6.) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any Impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment tis classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture

on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

1.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to quaffing assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized a expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits form the leased asset are consumed.

1.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are

regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.12 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the

Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.14 Property, plant and equipment

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Intangible assets include goodwill and off-take contracts.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Identifiable intangible assets with a finite life are amortized on a straight-line basis and/or UOP basis over their expected useful life. Goodwill is not amortized.

The major categories of property, plant and equipment and intangible assets are depreciated/amortized on a UOP and/or straight-line basis as follows:

Land and Buildings:	0%
Plant and Equipment:	10% - 33%
Other operating assets:	2%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.15 Mineral rights

Mineral rights consist of exploration and evaluation expenditure, mineral resources, mineral reserves, and mineral rights.

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral resources and includes costs such as researching and analyzing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies.

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another company, is charged to the statement of income as incurred except when:

- the expenditure is expected to be recouped from future exploitation or sale of the area of interest; and it is planned to continue with active and significant operations in relation to the area;
- or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalized.

Purchased exploration and evaluation assets are recognized at their fair value at acquisition.

Capitalized exploration and evaluation expenditure is recorded as a component of mineral rights in property, plant and equipment. All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalized expenditure is not expected to be recovered it is charged to the statement of income.

Mineral reserves, resources and rights (together Mineral Rights) which can be reasonably valued, are recognized

In the assessment of fair values on acquisition, Mineral Rights for which values cannot be reasonably determined are not recognized. Exploitable Mineral Rights are amortized using the UOP over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortization calculations where there is a high degree of confidence that they will be extracted in an economic manner.

1.16 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of 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.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.17 Inventories

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The Trading inventories are stated at Fair Value less costs to sell.

1.18 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.19 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets, and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. These are stated at fair value with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held-to-maturity investments, or FVTPL.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.
Dividends on AFS equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.
The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting

period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

1.20 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others are measured at amortized cost using the effective interest method, less any impairment.

1.21 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment loses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.22 De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying

amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

1.23 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Company's own equity instruments.

1.24 Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "Other financial liabilities".

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as hedging instrument.

A financial liability other than held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis ; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The profit or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses"-line item.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.25 De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

1.26 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.
A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.27 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical o understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Depreciation and amortization of property plant and equipment and mineral rights

Mineral rights and certain plant and equipment are depreciated / amortized using UOP rate of depreciation / amortization, and therefore the annual charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mineral reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of the project, which in turn is limited to the life of the proven and probably mineral reserves. Estimates of proven and probable reserves are prepared by experts in extraction, geology and reserve determination.

Assessments of extraction, geology and reserve determination, assessments of UOP rates against the estimated reserve and resource base and the operating and development plan are performed regularly.

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are base on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments

Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7.

Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiably inputs (Level2); or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3).

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available ti information, they are estimated using models and other valuation methods. To the extent possible,

the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

With regards to the determination of the deemed costs for the valuation of the Mineral rights, the company applied an acceptable valuation method (discounted cash flow model) with level 3 input factors. The methodology is provided by a renowned investment bank and the input is provided by a renowned global consulting Company that has access to a database containing most of the projects in the world in order to estimate operating and capital expenses. With regards to the pricing, long term pricing forecasts are used from multiple objective sources. The Company has applied a prudent approach by including risk factors in the discount rate. On top of that an additional discount of up to 75% is applied.

NOTE 2 – SEGMENT INFORMATION

2.1 GENERAL

The Company is organized in two segments, Non-Ferrous and Steel, with the following sub-segments: Trading, Production and Resources Development. This structure is used by management to assess the performance of the Company.

The Non-Ferrous segment is headed by BAGR Berliner Aluminiumwerk GmbH, which is the leading independent secondary producer of aluminium slabs. BAGR is loacated in Berlin, Germay and consists of highly efficient structured team of qualified professionals turn aluminium scrap, alloy additives and small quantities of primary aluminium into high-quality aluminium slabs. These are then further processed by our customers into strips, sheets, plates and cuttings.

Starting December 2013, the Group added a second industrial base to the Non-Ferrous division by acquiring Tamarix, a secondary copper producer.

The Non-Ferrous Trading activities are managed by Tennant Metals, which trades in all the LME metals and a range of specialty and bulk metals and acts as principal in the vast majority of its trading activities. The main metals traded by Tennant Metals are aluminium, copper, lead, tin and zinc.

The Steel division is headed by Steelcom S.A.M. and its trading activities cover a wide range of steel-making raw materials (such as coal, metallurgical coke, iron ore, pig iron, hot briquetted iron (HBI) and direct reduced iron (DRI), semi-finished products (such as slabs and billets), and finished industrial steel products (such as long and flat finished steel products, from structural sections to high-value-added coated and pre-painted products). Steelcom is well positioned to serve international clients and suppliers due to its global presence, its renowned back office, its trade finance facilities and its operating track record of over 50 years.

Resources Development is a team of professionals that has the objective to develop resources projects to establish off-take agreements and partnerships with third parties.

2.2 SEGMENT REVENUES AND RESULTS

The following is an analysis of the Group's revenue, gross margin ("GM") and results from continuing operations by reportable segment.

	Revenue		GM		Result	
EUR 1.000	2013	2012	2013	2012	2013	2012
Non-ferrous						
- Trading	108.424	106.395	1.829	3.327	948	1.185
- Production	38.542	37.084	6.849	6.924	2.211	2.734
Total Non-ferrous	**146.966**	**143.479**	**8.678**	**10.251**	**3.159**	**3.919**
Steel						
- Trading	**151.820**	**242.627**	**6.081**	**5.628**	**594**	**641**
Other	2.877	1.065	2.877	1.065	-921	-2.861
Total	**301.663**	**387.171**	**17.636**	**16.944**	**2.832**	**1.699**

Segment revenue reported above represents revenue generated from external customers. Apart from service fees charged between entities for services provided, there were no inter-segment sales in the current year (2012: nil).

Furthermore, services have been provided in relation to business development to third and related parties. This is accounted for under Other.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Profit represents the profit after tax earned by each segment.

2.3 Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

	Assets		Liabilities	
EUR 1.000	2013	2012	2013	2012
Non-ferrous				
- Trading	41.288	19.033	34.976	19.523
- Production	36.370	18.658	24.150	19.173
Total Non-ferrous	**77.658**	**37.691**	**59.126**	**38.696**
Steel				
- Trading	**68.306**	**35.646**	**62.953**	**31.245**
Other	101.764	104.556	13.556	8.337
Total	**247.728**	**177.893**	**135.635**	**78.278**

	Depreciation and amortization		Additions to non-current assets	
EUR 1.000	2013	2012	2013	2012
Non-ferrous				
- Trading	22	45	-605	957
- Production	498	334	17.822	-55
Total Non-ferrous	**520**	**379**	**17.217**	**902**
Steel				
- Trading	**68**	**94**	**146**	**-112**
Other	123	41	2.280	330
Total	**711**	**514**	**19.643**	**1.120**

The additions to non-current assets in the trading division also include the additions of financial instruments as reported in Note 8 Financial Fixed Assets, which amount to EUR 3.922 thousand. It is included in this overview, as it is a significant position that is reported to management on a regular basis.

2.4 Geographical information

The Group operates globally and operations are managed by the following geographical analysis:

EUR 1.000	Revenue 2013	Revenue 2012	GM 2013	GM 2012	Non-Current assets 2013	Non-Current assets 2012
Region						
Europe	80.396	99.621	14.157	9.438	28.481	10.066
Middle East	15.787	12.358	136	286	10	10
Asia-Pacific	122.090	110.247	1.440	3.423	16.645	18.136
Americas	79.466	162.580	1.839	3.743	51	1
Africa	3.924	2.365	64	54	83.839	81.170
Total	**301.663**	**387.171**	**17.636**	**16.944**	**129.026**	**109.383**

The allocation of Revenue and GM is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Note that the Non-Current assets also contain the financial instruments as reported in Note 8 Financial Fixed Assets, as this is a significant position that is reported to management on a regular basis. This amount (EUR 3.842 thousand) is included in its entirety in the Asia Pacific segment.

None of the customers contribute over 10% of revenue.

NOTE 3 – EXPENSES

EUR 1.000	2013	2012
Selling expenses		
Personnel	2.642	2.962
Sales and marketing expenses	28	70
Total selling expenses	**2.670**	**3.032**
Administrative expenses		
Personnel	2.466	3.468
Professional services fees	2.641	2.541
Facilities and offices	1.233	1.411
Other operating expenses	1.531	1.270
Depreciation and amortization	669	492
Total administrative expenses	**8.540**	**9.182**
Operating expenses	**11.210**	**12.214**

Breakdown: depreciation and amortization		
Property Plant and Equipment	581	514
Intangible assets	130	-
total depreciation and amortization	**711**	**514**
Allocated to production costs	-42	-22
as included in administrative expenses	**669**	**492**

The average number of employees of the Group during the year, converted to full-time equivalents was 120 (2012: 120) of which 116 are employed outside the Netherlands (2012: 116).

In the personnel expenses an amount of EUR 1.024 thousand related to social security premiums (2012: EUR 1.115 thousand) and an amount of EUR 297 thousand related to pension premiums are included (2012: EUR 331 thousand).

NOTE 4 – FINANCIAL INCOME AND EXPENSE

EUR 1.000	2013	2012
Financial income and expense		
Other interest income and similar income	756	679
Interest expenses and similar charges	-2.311	-1.936
Other financing income	285	2.719
Other financing expenses	-1.887	-1.415
Total financial income and expense	**-3.157**	**47**
Income from foreign exchange		
Forex gains	6.398	6.389
Forex losses	-5.599	-6.375
Total income from foreign exchange	**799**	**14**
Total financial income and expense	**-2.358**	**61**

NOTE 5 – TAXATION

Income taxes consist of the following:

EUR 1.000	2013		2012	
	%	EUR	%	EUR
Taxable result		4.029		2.747
Tax burden based on Dutch nominal rate	25,0%	1.007	25,0%	687
Non-tax deductible costs	0,5%	22	4,1%	114
Tax rate differences.	4,2%	168	9,1%	249
Taxation on result on ordinary activities	**29,7%**	**1.197**	**38,2%**	**1.050**

The effective Group tax rate differs from the statutory Dutch income tax rate applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of compensated losses.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss. In the context of the acquisition of Tamarix, the Company accounted for a Deferred Tax Liability in the amount of EUR 1.838 thousand.

NOTE 6 – PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

EUR 1.000	Land and buildings	Plant and machinery	Other operating assets	Mineral rights	Total
Gross carrying amount					
Opening Balance (Dutch GAAP)	1.113	7.055	2.321	-	10.489
Adjustments for IFRS conversion	-	-	-	80.906	80.906
1 January 2012 (IFRS)	1.113	7.055	2.321	80.906	91.395
Additions	-	131	244	330	705
Disposals	-	-13	-8	-	-21
31 December 2012	**1.113**	**7.173**	**2.557**	**81.236**	**92.079**
Accumulated depreciation and impairments					
1 January 2012	143	4.884	1.012	-	6.039
Elminated on diposals of assets	-	-	-	-	-
Depreciation		272	242	-	514
31 December 2012	**143**	**5.156**	**1.254**	**-**	**6.553**
Net book value at 31 December 2012	**970**	**2.017**	**1.303**	**81.236**	**85.526**

EUR 1.000	Land and buildings	Plant and machinery	Other operating assets	Mineral rights	Total
Gross carrying amount					
1 January 2013	1.113	7.173	2.557	81.236	92.079
Additions	-	232	60	2.603	2.895
Disposals	-	-	-	-	-
Acquisition	-	7.200	-	-	7.200
31 December 2013	**1.113**	**14.605**	**2.617**	**83.839**	**102.174**
Accumulated depreciation and impairments					
1 January 2013	143	5.156	1.254	-	6.553
Acquisition	-	-	-	-	-
Depreciation	-	362	219	-	581
31 December 2013	**143**	**5.518**	**1.473**	**-**	**7.134**
Net book value at 31 December 2013	**970**	**9.087**	**1.144**	**83.839**	**95.040**

The Plant and Machinery as at 1 January 2013 represent the production facilities of BAGR. Part of this equipment is leased for which reference is made to Note 15 – Leasing. The additions of 2013 are related to capitalized maintenance expenses that extend the economic life, which is written off in line with the accounting principles as set out in Note 1. The acquisition of Plant and Machinery refers to the addition of Tamarix, the copper recycling plant. Reference is made to Note 16 – Acquisitions. An overview of the Mineral rights as of 31 December 2013 is provided in the table below. For a detailed description, reference is made to paragraph 3 of the Director's report.

Company	Country	License area	EUR *1.000
Société des Bauxites de Guinée	Guinea	Garafiri	79.235
Minerals and Mining Ltd.	Sierra Leone	Makumre	4.537
Kanabeam Zinc Ltd.	Namibia	Kanabeam	67
Total as at 31 December 2013			**83.839**

As a first time adopter of IFRS, Metalcorp applied the deemed cost clause as provided in IFRS 1 to value its Mineral rights at 1 January 2012 with a positive impact on equity of the legal entity (reference is made to the consolidated statement of changes in equity). In order to determine the fair value for its opening balance, the Company used general accepted valuation models that are commonly used in the resources industry (reference is made to note 1.27). The annual impairment test did not lead to any write-offs.

NOTE 7 – INTANGIBLE FIXED ASSETS

A summary of the movements of intangible fixed assets is given below:

EUR 1.000	Contract based intangible assets	Goodwill	Other	**Total**
Gross carrying amount				
Opening Balance (Dutch GAAP)	13.455	5.915	267	19.637
Adjustments for IFRS conversion	-	-	-267	-267
1 January 2012 (IFRS)	13.455	5.915	-	19.370
Exchange rate differences	-7	-	-	-7
31 December 2012	**13.448**	**5.915**	**-**	**19.363**
Accumulated amortization and impairments				
1 January 2012	-	-	-	-
31 December 2012	**-**	**-**	**-**	**-**
Net book value at 31 December 2012	**13.448**	**5.915**	**-**	**19.363**

EUR 1.000	Contract based intangible assets	Goodwill	Other intangible assets	**Total**
Gross carrying amount				
1 January 2013	13.448	5.915	-	19.363
Acquisitions	-	11.066	206	11.272
Exchange rate differences	-441	-	-	-441
31 December 2013	**13.007**	**16.981**	**206**	**30.194**
Accumulated amortization and impairments				
1 January 2013	-	-	-	-
Amortization	-	-	130	130
31 December 2013	**-**	**-**	**130**	**130**
Net book value at 31 December 2013	**13.007**	**16.981**	**76**	**30.064**

The Contract based Intangible assets are related to a portfolio of ferrous (iron ore) and non-ferrous (mainly tin and copper) supply contracts that the Company obtained through the acquisition of Tennant Metals. No impairment of these finite-live intangible assets was recognized during 2013, as the fair value less costs to sell of the related cash-generating units was in excess of their carrying amounts. The contracts are amortized in accordance with the unit-production method. As no contract is online yet, no amortization is accounted for. The production related to these contracts is expected to commence within two years and are expected to produce over a period between 10 and 16 years. The valuation of these contracts is assessed by calculating the net present values of the supply that will be provided over the contract-term using long term price forecast for the metals provided by third parties. As the contracts relate to operations that are in development, the discount rates are set at similar levels used for project development applicable to the regions in which the operations are located.

Goodwill is related to the investments in the production activities (EUR 15.167 thousand) and the trading activities (EUR 1.814 thousand). The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of 5 years, based on the financial plans as approved by the Company's management. The annual impairment test did not lead to any impairments of goodwill. The present value of estimated cash flows has been calculated using a pre-tax discount rate of 8,7% in respect of our trading activities and 10,3% in respect of our production activities. The pre-tax discount rate reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

NOTE 8 – FINANCIAL FIXED ASSETS

A summary of the movements in the financial fixed assets is given below:

EUR 1.000	Associated companies	Other receivables	Total
Book Value			
Balance at 1 January 2012	47	3.490	3.537
Additions	-	957	957
Balance at 31 December 2012	**47**	**4.447**	**4.494**
Book Value			
Balance at 1 January 2013	47	4.447	4.494
Sales, redemptions	-47	-525	-572
Balance at 31 December 2013	**-**	**3.922**	**3.922**

The "Other receivables" includes loans given to various companies to finance the start-up of production facilities for which we will receive potential off-takes in return. All these loans are secured by underlying assets of those companies.

Associated Companies reflected the investment in Forward Mining, which is sold in December 2013 and led to a profit of EUR 483 thousand. The proceeds of the sale have been collected in Q1 2014.

NOTE 9 – INVENTORIES

EUR 1.000	31-12-2013	31-12-2012
Manufacturing		
Raw materials and consumables	2.827	2.270
Goods in transit	1.445	657
Trading		
Goods in transit	18.357	2.545
Total inventories	**22.629**	**5.472**

The Manufacturing inventories consist of Goods in transit and raw materials and consumables of BAGR. The Goods in transit are already sold and in the course of delivery to the client.

The Trading inventories are commodities that are already sold by, but still held by the Trading companies as the Company still retains the principal risks and rewards of ownership. Most of these inventories is pledged as a security for trade finance facilities.

No impairment has been recorded for the inventories during the year.

NOTE 10 – RECEIVABLES PREPAYMENTS AND ACCRUED INCOME

EUR 1.000	31-12-2013	31-12-2012
Trade receivables	65.761	35.278
Shareholder	-	3.147
Related parties	4.558	6.549
Other receivables	6.529	6.210
Taxation	211	169
Prepayments and accrued income	969	2.330
Total receivables, prepayments and accrued income	**78.028**	**53.683**

The Trade receivables are mainly related to the Steel trading activities (EUR 54.674 thousand) and the Non-Ferrous Trading activities (EUR 10.520 thousand), which are both pledged as collateral for trade financed loans. The credit risk of the Trade receivables is insured at renowned insurance firms and almost all trade receivables were collected in the first quarter of 2014. With regards to the receivables from related parties and the shareholder, an interest of 7%-8,5% per annum is charged.

Within other receivables a deferred royalty is included at a net present value of EUR 3.9 million. This deferred royalty is related to the Otjozondu manganese project, which was initiated by Metalcorp and now being further developed by Shaw River Manganese Ltd. (Australia). The royalty will be repaid on a per-tonne-produced-basis upon the start of the production. The production is expected to start within the next two years. The nominal value of the deferred royalty amounts to USD 7,0 million (2012: USD 6,8 million). In 2013, Shaw River Manganese Ltd. and Metalcorp reached an agreement in relation to the settlement of the claims of the project. As a result, Metalcorp accounted for an expense of EUR 660 thousand on the one hand, but was granted an increase in the nominal deferred royalty. Although that management is of the opinion that the project risk is reduced due to this settlement, the discount rate to calculate the net present value of the deferred royalty was not adjusted and no increase in value is recorded.

NOTE 11 – SECURITIES

EUR 1.000	1-1-2012	Acquisition	Disposal	Revaluation	31-12-2012
Unlisted securities	1.560	197	-2	-970	785
Listed securities	1.670	-	-	-1.074	596
Total	**3.230**	**197**	**-2**	**-2.044**	**1.381**

EUR 1.000	1-1-2013	Acquisition	Disposal	Revaluation	31-12-2013
Unlisted securities	785	6.700	-	124	7.609
Listed securities	596	-	-368	-163	65
Total	**1.381**	**6.700**	**-368**	**-39**	**7.674**

These securities are held, mainly to secure off-take contracts. The securities are valued at market value and all the listed securities are listed on the Australian Stock Exchange. The acquisition of EUR 6,7 million unlisted securities represent a portfolio of shares of the Company's parent company, which are held for trading in relation with future business acquisitions.

NOTE 12 – CASH AND CASH EQUIVALENTS

An amount of EUR 9,7 million of the Cash and Cash Equivalents is restricted due to trade finance transactions at 31 December 2013.

NOTE 13 – SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

ISUED SHARE CAPITAL

The issued share capital of the Company amounts to EUR 40 million (2012: EUR 40 million) divided into 40 million ordinary shares of EUR 1 per share. The total number of authorized shares is 50 million (2012: 50 million shares). The majority of the shares are owned by Lunala Investments S.A. (Luxembourg).

TRANSLATION RESERVE

The translation reserve comprise of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

REVALUATION RESERVE

In accordance with Dutch law (art. 2:390) the result that applies to the evaluations of securities without a frequent market listing is non-distributional and allocated to the revaluation reserve (legal reserve).

The profit of current year contains a profit of EUR 124 thousand related to unrealized changes in the fair value of unlisted securities, which is non-distributional. Reference is made to note 11.

NOTE 14 – LIABILITIES

EUR 1.000	31-12-2013	31-12-2012
Long-term liabilities		
Bank loans (> 1 year)	5.000	5.000
Bonds	10.987	-
Long term leasing	1.444	1.441
Other Long-term Liabilities	8.976	8.903
	26.407	**15.343**
Current liabilities and accruals		
Bank loans (< 1 year)	77.606	40.001
Trade payables	20.361	17.156
Related parties	2.564	-
Taxes and social security charges	382	340
Other current liabilities	1.376	712
Accrued liabilities and deferred income	5.100	4.725
	107.390	**62.935**

LONG TERM LIABILITIES

The Long term liabilities are those bank loans and lease obligations which are due in more than 1 year. None of these are due in more than 5 years.

Bank loans (>1 year) represent a subordinated loan provided until March 2014 with a rate of 7,8% variable. This loan has been prolonged on 4 March 2014 and is due in quarterly installments until 2018 with a rate of 4%

Bonds represent the listed bond on the Frankfurt Exchange, which was placed 27 July 2013. The term of the bond is 5 years with an interest of 8,75% per annum (paid out annually). The Fair value of the bond amounts to EUR 10.939 thousand at 31 December 2013.

With regards to Long term leasing, reference is made to Note 15.

Other long-term liabilities represent loans given by a private fund (EUR 5 million and EUR 4 million – both compensated by the straight lining of the setup fee) at an interest rate of 10% and a duration of 5 years (expiring in April 2016).

Current liabilities and accruals

All liabilities due in less than a year plus bank credit related to trade finance are classified as current liability. Inventory and debtors have been pledged as collateral. The following rates with respective amounts apply to the bank loans:

EUR 1.000	Max. Facility	Amount
Trade finance		
Uncommitted facilities - interest applied deal by deal based on framework agreements	Deal-by-deal basis	73.010
Working capital facilities		
Euribor + markup 3% - 5%	3.608	3.494
7,9% - 9,3% variable	1.250	274
6% - 7,5% fixed	3.050	828
Total bank loans (< 1 year)		**77.606**

Note 15 – Leasing

The obligations for leases entered into are shown below:

EUR 1.000	2013	2012
Lease installments < 1 year	84	99
Lease installments 1 - 5 years	1.360	1.342
Total lease installments	**1.444**	**1.441**

The lease obligations contain financial lease liabilities of plant and equipment. The assets leased under financial leasing terms have been recognized in the balance sheet under tangible fixed assets at EUR 784 thousand at 31 December 2013. BAGR is not the legal owner of these assets. A new leasing agreement is negotiated and will be signed in the next period.

The charge in the profit and loss account for FY 2013 amounts to EUR 118 thousand.

NOTE 16 - ACQUISITION OF SUBSIDIARIES

On 30 November 2013, the Company acquired 74,8% of the shares of Norwich Sarl, a holding in Luxembourg, which controls Tamarix NOA S.L, a copper recycling facility located near Bilbao in Spain. Tamarix is acquired to provide a second industrial basis to the Group. The figures are adopted in the financial statements of BAGR as of 1 December 2013.

The impact on the financial statements as of 31 December 2013 is as follows:

EUR 1.000	Tamarix
Non-current assets	
Property plant and equipment	7.200
Intangible fixed assets	11.066
Financial fixed assets	-
Total non-current assets	**18.266**
Total current assets	**381**
Non Controlling interest	**9.352**
Long-term liabilities	-
Deferred tax liabilities	1.838
Current liabilities and accruals	879
Total liabilities	**2.717**
Total fair value of net asset acquired	6.578
Revenue	164
GM	10
Profit	-49

- The Property plant and equipment represent the fair value of the machinery and equipment upon acquisition less amortization for the consolidated period.
- The addition to Intangible fixed assets is related to Goodwill.

Note 17 – Financial instruments

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Loans and Receivables, and Available-for-Sale. Held-to-maturity instruments are not applicable.

2012 EUR 1.000	note	FVTPL	Loans and receivables	Available-for-sale	Total
Financial Fixed assets - other receivables	8	-	4.494	-	4.494
Receivables, prepayments and accrued income	10	-	53.683	-	53.683
Securities	11	-	-	1.381	1.381
Cash and cash equivalents	12	7.974	-	-	7.974
Total financial assets		**7.974**	**58.177**	**1.381**	**67.532**
Borrowings	14	-	15.343	-	15.343
Current liabilities and accruals	14	-	62.935	-	62.935
Total financial liabilities		**-**	**78.278**	**-**	**78.278**

2013 EUR 1.000	note	FVTPL	Loans and receivables	Available-for-sale	Total
Financial Fixed assets - other receivables	8	-	3.922	-	3.922
Receivables, prepayments and accrued income	10	-	78.028	-	78.028
Securities	11	6.700	-	974	7.674
Cash and cash equivalents	12	10.371	-	-	10.371
Total financial assets		**17.071**	**81.950**	**974**	**99.995**
Borrowings	14	-	26.407	-	26.407
Current liabilities and accruals	14	43	107.347	-	107.390
Total financial liabilities		**43**	**133.754**	**-**	**133.797**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans related to resources development:

- The Financial fixed assets are secured by underlying assets of those companies. Reference is made to note 8.
- The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2013 and 2012 none of the Group's revenue attributable to sales transactions with a single multinational customer exceeded 10%.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance banks and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. With regards to its hedging activities, that primarily take place in the trading activities, the Company implemented a policy that hedging is only allowed under a tri-partite agreement in order to avoid margin calls.

Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant.

The Trading activities are mainly exposed to the USD/EUR exchange rate, as the trades are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

Market price risk

The Production facilities mainly produce on the basis of tolling agreements. In these agreements the purchase of material is related to the sale and the price risk is mitigated.

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 December 2013, the Company has a limited number of hedging instruments, which are presented under Current liabilities and accruals. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the Company only purchases futures and options. In principle the Company does not write futures and options.

2013 EUR 1.000	Total
Commmodity related contracts	
Futures	754
Options	-711
Total Current liabilities FVTPL	**43**

The total expense in the consolidated statement of income amounts to EUR 186 thousand. All derivatives mature within the first three months of 2014. The Company did not have any instruments at 31 December 2012.

Equity price risk
The Company invested into listed and unlisted shares of junior mining companies to secure its (future) off-take contracts. These securities are presented in Note 11 Securities. The listed securities are subject to market indices of mainly the Australian Stock Exchange. The exposure is limited as the total position amounts to EUR 974k. The Company is closely involved in these mining companies and monitors the progress on an on-going basis. Management is of the opinion that, by nature, the market index of junior mining companies increases when production starts.

NOTE 18 – REMUNERATION OF KEY MANAGEMENT

The remuneration of key management of the legal entity is as follows:

EUR 1.000	2013	2012
short-term employee benefits	412	618
post-employment benefits	-	2
other long-term benefits	-	-
Total	**412**	**620**

NOTE 19 – TRANSACTIONS WITH RELATED PARTIES

In 2013, the Company conducted various transactions with related parties.

EUR 1.000	Note	2013	2012
Shareholder <1yr	10	-	3.147
Related parties <1yr	10	4.558	6.549
Total Receivables		**4.558**	**9.696**
Related parties <1yr	13	2.564	-
Total Liabilities		**2.564**	**-**
Net receivable (- liability)		1.994	9.696

The receivable from related parties will be repaid in the next 12 months. All loans are provided at arm's length.

The Company has acquired EUR 6.700 thousand in shares of its parent company, which are included in the unlisted securities (reference is made to note 11) and can be used in future transactions.

NOTE 20 – GUARANTEES

The Company has provided several corporate guarantees to subsidiaries and related parties and in principle these are all related to trade finance.

NOTE 21 – CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. At year end no claims existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 22 – AUDITOR'S REMUNERATION

EUR 1.000	2013	2012
Audit of the financial statements	264	235
Other audit engagements	30	37
Tax advisory services	24	101
Other non audit services	25	6
Total professional service fees	**343**	**379**

NOTE 23 – LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest	
		2013	2012
Consolidated (direct)			
BAGR Non-Ferrous Group mbH	Germany	100,0%	100,0%
MCG-SRR B.V.	The Netherlands	100,0%	0,0%
Metalcorp Iron Ore and Mining B.V.	The Netherlands	68,6%	73,2%
Orlyplein Investment B.V.	The Netherlands	100,0%	0,0%
Steel and Commodities S.A.M.	Monaco	100,0%	100,0%
Steelserv Group B.V.	The Netherlands	100,0%	100,0%
Tennant Metals UK Ltd.	United Kingdom	100,0%	100,0%
Consolidated (indirect)			
BAGR Berliner Aluminiumwerk GmbH	Germany	94,0%	94,0%
Kanabeam Zinc Ltd.	Namibia	94,0%	100%
Mining & Minerals Ltd.	Sierra Leone	79,9%	79,9%
Norwich Sarl	Luxembourg	70,4%	0,0%
Société des Bauxites de Guinée S.A.	Guinea	76,1%	76,1%
Steelcom Pipe International LLC	USA	65,0%	0,0%
Steelcom USA LLC	USA	100,0%	100,0%
Steel and Commodities Iberica S.L.	Spain	100,0%	100,0%
Tamarix NOA S.L.	Spain	38,5%	0,0%
Tennant Metals GmbH	Germany	94,0%	0,0%
Tennant Metals Group B.V.	The Netherlands	94,0%	0,0%
Tennant Metals (Pty) Ltd.	Australia	94,0%	100,0%
Tennant Metals S.A.M.	Monaco	94,0%	100,0%
Tennant Metals South Africa (Pty) Ltd.	South Africa	94,0%	100,0%
TM Australia Holding B.V.	The Netherlands	94,0%	100,0%
W.P. Pals Holding B.V.	The Netherlands	94,0%	94,0%
Non-consolidated			
Forward Mining Ltd.	Australia	0,0%	27,1%

In 2013 the following changes are effected:

- MOBV Metall Beteiligungsgesellschaft mbH is renamed into BAGR Non-Ferrous Group mbH.
- The Company incorporated MCG-SRR B.V.
- The Company incorporated Tennant Metals Group B.V. and transferred the shares of Tennant Metals S.A.M. into this entity.
- As a result of the optimization of the Non-Ferrous division, Metalcorp Group B.V. transferred its shareholding in TM Australia Holding B.V., Tennant Metals Group B.V. and Kanabeam Zinc Ltd. to BAGR Berliner Aluminiumwerk GmbH.
- As a result of the transition to IFRS, Société des Bauxites de Guinée S.A. is consolidated.

Although the Group owns less than half of Tamarix NOA S.L. and less than half of the voting power, the directors have determined that the Group controls this entity on the basis that no material decision can be made without the vote of the Company.

Some of the loans provided by third parties to the Group's subsidiaries cannot be transferred to the parent company to repay loans.

COMPANY FINANCIAL STATEMENTS

A. Company statement of income and financial position

B. Notes to the company financial statements

A. Company statement of income and financial position

(before appropriation of result)

Company statement of income

EUR 1.000	Note	2013	2012
Income from subsidiaries, net of income tax	3	2.718	1.704
Other income and expeses, net of income tax		-152	-186
Result for the year		**2.566**	**1.518**

Company statement of financial position

EUR 1.000	Note	31-12-2013	31-12-2012	1-1-2012
Assets				
Non-current assets				
Property plant and equipment		78	180	213
Intangible fixed assets	2	13.708	5.914	5.914
Financial fixed assets	3	89.022	68.333	63.836
Total non-current assets		**102.808**	**74.427**	**69.963**
Current assets				
Receivables, prepayments and accrued income	4	7.982	28.178	31.484
Securities	5	-	255	1.589
Total current assets		**7.982**	**28.433**	**33.073**
Total assets		**110.790**	**102.860**	**103.036**
Equity and liabilities				
Shareholder's equity				
Issued share capital	6	40.000	40.000	40.000
Share premium	6	2.218	2.218	2.218
Revaluation reserve	6	65.053	65.053	65.302
Translation reserve	6	349	520	547
Other reserves	6	-27.644	-29.162	-32.593
Result for the year	6	2.566	1.518	3.180
Total shareholder's equity		**82.542**	**80.147**	**78.654**
Non-current liabilities				
Borrowings	7	10.987	-	-
Provisions	3	653	1.443	736
Total non-current liabilities		**11.640**	**1.443**	**736**
Current liabilities and accruals	7	16.608	21.270	23.646
Total current liabilities		**16.608**	**21.270**	**23.646**
Total equity and liabilities		**110.790**	**102.860**	**103.036**

B. Notes to the company financial statements

Note 1 – Accounting Policies

1.1 General

The Company financial statements are part of the 2013 financial statements of Metalcorp Group B.V.

In accordance with Section 39 and 414, Part 9 of Book 2 of the Netherlands Civil Code, a list of consolidated group companies will be deposited at the Trade Register of the Amsterdam Chamber of Commerce, together with the financial statements.

1.1 Accounting principles

For establishing the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Metalcorp makes use of the option provided in Section 362, Part 9 of Book 2 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of Metalcorp are the same as those applied for the consolidated financial statements (see note 1 of the Consolidated Financial statements). The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

With regards to the presentation of Company statement of income, the Company applied the exemption as provided in Section 402, Part 9 of Book 2 of the Netherlands Civil Code.

Note 2 – Intangible fixed assets

The movement in the intangible fixed assets is as follows:

EUR 1.000	Contract based intangible assets	Goodwill	**Total**
Gross carrying amount			
1 January 2012	-	5.914	5.914
31 December 2012	**-**	**5.914**	**5.914**
Accumulated amortization and impairments			
1 January 2012	-	-	-
31 December 2012	**-**	**-**	**-**
Net book value at 31 December 2012	**-**	**5.914**	**5.914**

EUR 1.000	Contract based intangible assets	Goodwill	**Total**
Gross carrying amount			
1 January 2013	-	5.914	5.914
Acquisitions	7.794	-	7.794
31 December 2013	**7.794**	**5.914**	**13.708**
Accumulated amortization and impairments			
1 January 2013	-	-	-
31 December 2013	**-**	**-**	**-**
Net book value at 31 December 2013	**7.794**	**5.914**	**13.708**

For a detailed elaboration, reference is made to Note 8 of the Consolidated Financial statements. The addition to the contract based intangible assets is related to the optimization of the Non-ferrous division. Therefore, the ferrous part of off-take portfolio is assigned to Metalcorp.

NOTE 3 – FINANCIAL FIXED ASSETS

The financial fixed assets consist of the investment in subsidiaries. The movement is as follows:

EUR 1.000	2013	2012
Book Value		
Balance at 1 January	68.333	63.836
Acquisition	-	150
Capital contribution	24.761	1.946
Sale	-5.958	-
Movement in provision	-790	707
Share in result	2.718	1.704
Exchange rate differences	-42	32
Revaluation	-	-42
Balance at 31 December 2013	**89.022**	**68.333**
Accumulated provision for investments in Group Companies	-653	-1.443

EUR 6.500 thousand is related to the increase of the capital of BAGR Non-Ferrous Group mbH (formerly MOBV Metall Beteiligungsgeselschaft mbh) and EUR 4.711 thousand is related to the incorporation of MCG-SRR and the contribution of the Shaw River Resources assets, among which the deferred royalty as described in Note 10 to the Consolidated financial statements. The remainder and the amount mentioned as Sale are related to capital increases and sales in relation to the optimization of the Non-ferrous division.

NOTE 4 – RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

The breakdown of receivables, prepayments and accrued income is as follows:

EUR 1.000	31-12-2013	31-12-2012
Trade receivables	602	128
Shareholder	-	2.586
Related parties	7.233	21.414
Other receivables	121	70
Prepayments and accrued income	26	3.980
Total receivables, prepayments and accrued income	**7.982**	**28.178**

NOTE 5 – SECURITIES

The movement of the securities is as follows:

EUR 1.000	2013	2012
Balance at 1 January	255	1.589
Acquisition	-	-
Disposal	-255	-
Revaluation	-	-1.334
Balance at 31 December	**-**	**255**

The position throughout 2012 and the opening balance of 2013 is related to the unlisted options and the listed shares of Shaw River Manganese Ltd. These securities are transferred into the newly incorporated subsidiary of the Company, MCG-SRR B.V.

NOTE 6 – SHAREHOLDER'S EQUITY

EUR 1.000	Issued share capital	Share premium	Revaluation reserve	Translation reserve	Other reserves	Result for the year	**Total shareholder's equity**
2012							
Opening Balance (Dutch GAAP)	40.000	2.218	54.240	547	-25.186	3.180	74.999
IFRS adjustments (note 1.2)	-	-	11.062	-	-7.407	-	3.655
Opening Balance (IFRS)	40.000	2.218	65.302	547	-32.593	3.180	78.654
Total comprehensive income and expense for the period							
Profit/(loss) for the period	-	-	-	-	-	1.518	1.518
Foreign currency translation differences	-	-	-	-27		-	-27
Total comprehensive income and expense for the period	-	-	-	-27	-	1.518	**1.491**
Other movements in equity							
Allocation of prior year result	-	-	-	-	3.180	-3.180	-
Other movements	-	-	-249	-	251	-	2
Total other movements in equity	-	-	-249	-	3.431	-3.180	**2**
	40.000	**2.218**	**65.053**	**520**	**-29.162**	**1.518**	**80.147**
2013							
Opening Balance	40.000	2.218	65.053	520	-29.162	1.518	80.147
Total comprehensive income and expense for the period							
Profit/(loss) for the period	-	-	-	-	-	2.566	2.566
Foreign currency translation differences	-	-	-	-171	-	-	-171
Total comprehensive income and expense for the period	-	-	-	-171	-	2.566	**2.395**
Other movements in equity							
Allocation of prior year result	-	-	-	-	1.518	-1.518	-
Total other movements in equity	-	-	-	-	1.518	-1.518	**-**
	40.000	**2.218**	**65.053**	**349**	**-27.644**	**2.566**	**82.542**

Legal reserves (translation reserve and revaluation reserve) are not available for distribution to the Company's equity holders. If the legal reserves have a negative balance, distribution to the Company's equity holders is restricted to the extent of the negative balance.

NOTE 7 – LIABILITIES

EUR 1.000	31-12-2013	31-12-2012
Long-term liabilities		
Bonds	10.987	-
	10.987	**-**
Current liabilities and accruals		
Bank loans (< 1 year)	9.003	11.790
Trade payables	585	313
Related parties	5.885	7.106
Accrued liabilities and deferred income	1.135	2.061
	16.608	**21.270**

Bonds represent the listed bond on the Frankfurt Exchange, which was placed 27 July 2013. The term of the bond is 5 years with an interest of 8,75% per annum (paid out annually).

SIGNING OF THE FINANCIAL STATEMENTS

Amsterdam, 18 April 2014

______________________________	______________________________
Victor Carballo Director and Chief Executive Officer	Pascale Younès Director

______________________________	______________________________
Ioannis Zaimis Chairman of the Supervisory Board	Axel Fischer Vice-Chairman of the Superisory Board

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Christina Soterious
Member of the Supervisory Board

OTHER INFORMATION

1. INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 53.

2. SUBSEQUENT EVENTS

There were no subsequent events occurred except for the prolongation of the subordinated loan as described in Note 14 and the collection of the receivable with regards to the sale of Forward Mining as described in Note 8.

3. APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

In accordance with the prospectus of the bond (see Note 14 to the consolidated financial statements) the dividend is limited to 50%.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2012

The Company-only annual report of 2012 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2011 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2013

The Board of Directors proposes to transfer the result over the financial year 2013 to the other reserves. The financial statements do not yet reflect this proposal.

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders of Metalcorp Group B.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2013 of Metalcorp Group B.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the director's report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by , as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Metalcorp Group B.V. as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Metalcorp Group B.V. as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 18 April 2014

KPMG Accountants N.V.

A.A. Kuijpers RA