Metalcorp Group B.V.

ANNUAL REPORT 2011

Amsterdam

Report on the annual accounts 2011

27 April 2012

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DIRECTOR'S REPORT

MESSAGE FROM THE DIRECTOR

The year 2011 has been a year of contradiction. The first six-seven months of the year have been very buoyant. This has also translated into a pleasing performance for the Metalcorp Group in the first six months. The second half of the year can be characterized with a relatively slow summer, a difficult re-start afterwards and a lot of shifting of business towards future months or 2012.

The global economic environment remains fragile amidst a large debt issue in the Euro-zone and its impact on growth and investments throughout the world. While the financial industry and the services industry may suffer more due to the stagnant prospects in mature economies of the West, China's dominance in the non-ferrous metals and steel industry is somewhat softening the blow in our industry. The prospects for global demand growth in steel, aluminium, copper and other metals remain positive in the emerging economies of Latin America, South East Asia, Middle East, India and Russia. Overall we expect the uncertain global economy to have a rather modest impact on the industry with volumes expected to be similar, with European and American suppliers having to become more active in the export front, which is not necessarily bad for our trading divisions.

In 2011 the Metalcorp Group started a route to further diversification both from a geographical perspective as well as from the perspective of its product range it has to offer. The broader spread certainly has made the Group stronger compared to previous years, certainly given its ability to be able to provide a full-service approach in respect of trading, hedging, pricing, financing and logistics. The acquisition in June 2011 of Tennant Metals Pty Ltd from Sydney Australia, has been the most important contributing factor to this, but also further investments and securing long term supply through off-take contracts in Tasmania and Brazil have been supportive to this strengthened positioning. Together with a wide range of partnering banks we managed to further increase our turnover in 2011, allowing a further product and geographical spread.

Later in 2011, similar to periods in 2008 and 2009, our Company faced challenges resulting from a sudden drop in demand for our products and considerable de-stocking throughout the metal industry. As a result of the Euro crisis affecting the economy around the mid of 2011, we were confronted with limited availability of debt financing and restriction for trade financing banks to finance in US Dollars. Given the measures we have taken in previous years and the further diversification among our financing banks, this has clearly made us less vulnerable. We continue our approach to developing long term sourcing contracts to make us less dependent on the spot contracts and markets. In addition we continued to invest in our sales network by further establishing presence in core geographical areas where base metal sales are concentrated today. The acquisition of

Tennant Metals was and will be of great importance for Metalcorp Group as a whole, with our aim to operationally and strategically integrate the networks of both our steel divisions through Steelcom and our non-ferrous division through Tennant Metals.

We have to note that commodity price volatility is high, driven in part by market uncertainty and the changing demands of Asian governments and consumers. This gives Metalcorp Group improved opportunities for profit when pricing metals with properly managed trading risk.

We started off in 2011 with a full order book in our Steel division, secured annual contracts in our Aluminium division and realized significant progress in the development of our Alumina - Bauxite exploitation and exploration project in Guinea ('Red Clay). Within our Raw Material division we secured the sale of our manganese business through the Shaw River/Otjozondu transaction and were able to dispose of non-core assets at satisfactory conditions. As with previous years and also in 2011, we continued to invest in sourcing projects in order to secure raw materials, to support our long term ferrous and non- ferrous trading divisions.

During the year 2011 we have achieved structural progress in the realization of the Red Clay project in Guinea. In close co-operation with our advisors and partners in the project, we have made very important steps towards partnering with major players in the aluminium markets, to further develop the Red Clay project in the coming months and years. The world market of alumina driven on decoupling of the Alumina and Aluminium prices (supported by divestment of majors from Aluminium smelters to Alumina plants, remains extremely buoyant on expected increasing demand. Given the geological, mining, operational, logistical and financial qualifications of the Red Clay project, it is essential to further

develop the opportunity as an alumina production unit in preference to the bauxite option for both political and economic reasons. A partnership with a strategic player is most feasible at this point of time, although Societe Bauxite de Guinnee is pursuing various alternatives to strengthen its position with other strategic partners, financiers and financial investors. The revised Guinean mining law creates new legal requirements for the project and all other Guinean mining projects which has created uncertainty. Over time through negotiation and execution we expect this impediment to be removed as it is in the interest of all parties to do so. The overall value creation of the project is not put into question. We have re-assessed the value at which we carry this highly regarded asset on our balance sheet and, despite conservative assumptions, have increased the value in 2011 as was the case in 2010, an indication of progress made in developing the project.

We believe that the momentum of the major economies recovery will remain uncertain as the impact of fiscal and monetary stimuli fades. Therefore, we continue to be cautious in our short-term view of the economy. In the longer term, we are encouraged by the fundamentals underpinning sustained growth in China, India and Brazil, which will continue to drive a strong demand for our products and for which we are now better positioned to participate in given our presence in these countries. We have gained extensive experience operating in emerging resource regions and have the capability to capture additional opportunities as they arise.

Our Company has a clear strategy for growing our value, within a disciplined framework, and using prudent decision-making. A well-known challenge for fast-growing businesses is to hold on to the qualities that drove its success in the first place, therefore we at Metalcorp Group treasure our entrepreneurial spirit and culture.

Finally, I would like to take this opportunity to thank all our stakeholders for their support and continued dialogue. To our employees, customers, suppliers, financiers, shareholders, my colleagues on the Executive Management Committee and of course the Supervisory Board – thank you for your understanding, support and loyalty.

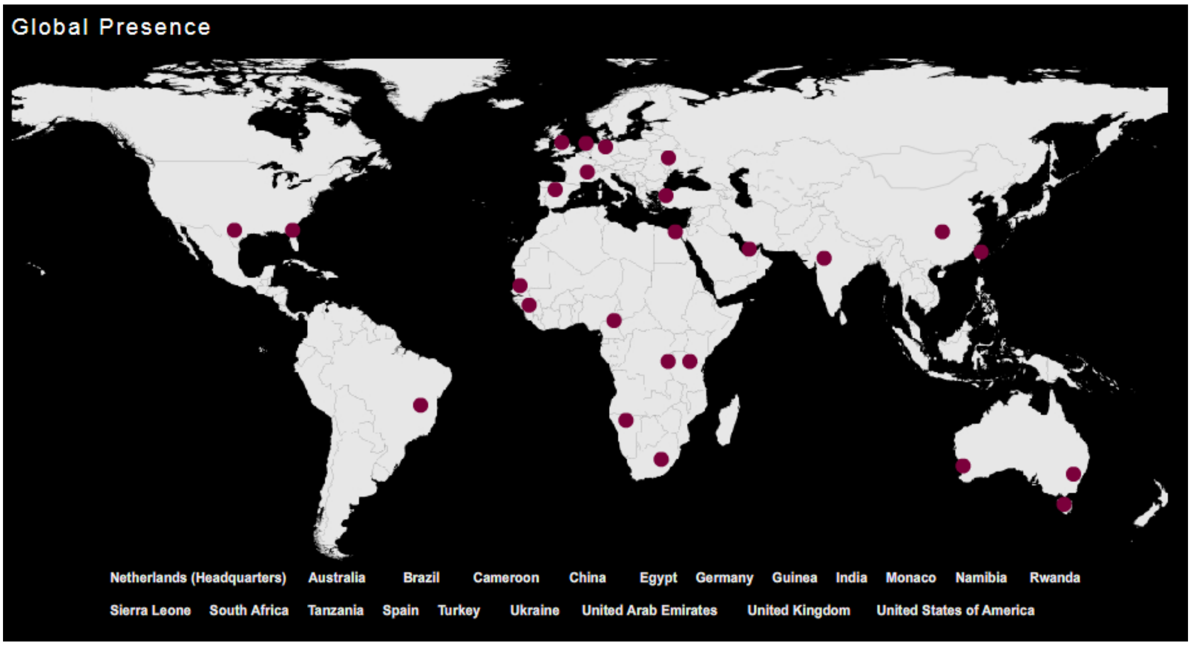
Isabelle Sotto-Sidoun
Director

1. General & Strategy

Metalcorp Group is a diversified international group in the metals and resources industry and its activities include the mining and processing of ores, the production of metals and metals products and the marketing of metals, ores and alloys and related services. Metalcorp Group's strategy is to create integrated value chains within different sectors of the metals and resources industry and to provide a portfolio of products and services through our competence centres to support our customers in the development and growth of their business. We secure long term sourcing by establishing and sustaining long term partnerships and by investing in exploration, mining, smelting, refining and production assets.

Today Metalcorp Group and its subsidiaries and affiliated companies operate in more than 20 countries around the globe and implement its philosophy of creating business and building futures. There are a number of historical elements that clearly differentiate us from competition, and which we believe will play a crucial role to continue providing sustainable and profitable growth in the future.

The group will cautiously grow its footprint and enhance its product and services portfolio by means of organic growth and targeted up and downstream investments. This enables the group to take strategic positions within the value chain to better control the sustainable quality and availability of its products and services.



The Metalcorp Group is active in metal commodity markets across the globe. In order to meet the requirements of its customers and partners, Metalcorp Group has organized itself through four different divisions:

- Steel
- Aluminium
- Non-Ferrous
- Raw Materials

All divisions are represented in the Executive Management Committee, which enables rapid decision making in a responsible and entrepreneurial manner, whereby division heads carry a profit responsibility for their respective division.

Global network power and strong market positions; our subsidiaries operate in various regions in the world. In that sense they are complimentary to each other and support one another in developing opportunities for their sister companies within the group. At Corporate level this is supported by communication and interaction between the various entities to facilitate the development of new projects. Where specific new projects or investments at a subsidiary level are perceived to be too risky or challenging for that entity alone, this is supported by contacts and financial means at Group level.

Leading development and technological installations; our Berlin Aluminium melting operation is equipped with state of the art machinery and installations, which complies with all required environmental qualifications. Given the longer term expectations about energy scarcity and price increases BAGR is optimally positioned given its relatively low usage of energy. In our development we are always looking at potentially environmentally friendly options, supporting the essential global sustainability.

Strong client relationships across all countries and platforms; in our over 50 year existence we have built strong relations with various players in our industry in that time. This applies in our Aluminium division where we have trusted relationships with the most important players in the aluminium value chain in the European market. Our steel and non-ferrous trading companies, built on our performance over the years, have become respected partners in the trading, logistical and financing role of metal consumers and producers all over the world.

Efficient organisational structure / Entrepreneurial Management; our entrepreneurial local management is supported by strong internal structures and processes, enabling them to focus on the market they are active in, and at the same time allowing us to exercise appropriate oversight and control. At times corporate support is essential to assure there is proper balance between opportunity and risk.

Growth track record and sustained profitability in world economic crisis; our strong track record of creating new businesses and project development around the globe gives us credibility when we approach new clients and seek access to new markets. Our growth has been supplemented by value-adding M&A activity since the inception of the Group. Even in the past economically challenging years, we took decisions to realign the Company to this new market situation. Amongst others, we intensified our metals sourcing approach from the predominant spot approach to sourcing material on a long term basis. At the same time we invested anti-cyclically, in our sales network by establishing direct presence in core geographical areas where base metal sales are concentrated today.

STEEL

Within the metals industry, steel is one of Metalcorp Groups' core business areas. We are engaged in worldwide steel trading with additional vertically integrated activities in the distribution and the production of steel products. We focus on supply chain optimization, from raw material sourcing through production, shipping logistics and finance, onwards to finished product distribution.

The Steel division 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). Continued international expansion reflects our drive to increase direct presence in local markets and enlarge our activities.

Steel and Commodities S.A.M. "Steelcom", the steel trading arm of the Metalcorp Group, is a renowned independent steel trader with a tradition spanning over 50 years of dedication to international commerce in the steel industry. Trading steel and steel-making raw materials worldwide is Steelcom's core business.

Through Steelcom, we are 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, from the headquarters in Monaco and throughout our global network of offices, grant the company a professional market knowledge and trading expertise. Ever increasing local presence and keeping our focus on creating value along all steps of the supply chain, while efficiently managing our resources and risks, is Steelcom's fundamental strategy.

This division's core strategy is to control the steel value chain with global presence by up- and downstream investment, operating service centres with stock holding and value added services, management and handling of logistics and providing a competence centre for sales, marketing, financing, distribution and logistical solutions. Besides creating captive markets for our trading of intermediate products for feed-stock, and new channels of distribution, this sort of investment will contribute to our strategy by achieving greater product diversification, vertical integration, supply-chain optimization and overall better service to our customers.

Steelcom is the physical trading unit and trades approximately seven hundred and fifty thousand tons of steel and steelmaking raw materials per annum. Headquartered in Monaco it operates from offices in Dubai, Egypt, Spain, Turkey, China, Taiwan, Australia, Italy, India, Ukraine, United States and Brazil and through representatives in Venezuela and Colombia. Its supplier portfolio includes top first and second tier steel and raw materials producers across the world.

ALUMINIUM

Aluminium has been the core activity of Metalcorp Group since its very beginning. Given the outstanding characteristics as a material and the ever-growing range of applications, aluminium is a non-ferrous metal with a bright future ahead.

Alternatively, and as an inevitable part of the technical life cycle of aluminium, the material can be produced from aluminium scrap. In Europe with its highly-developed aluminium downstream industry, the recycling activities gather an ever-growing share in total aluminium production, whilst new aluminium and aluminium production facilities are mainly erected as green-field or brown-field projects in resources-rich regions of the world.

The secondary aluminium business of Metalcorp Group is conducted by BAGR Berliner Aluminiumwerk GmbH. Since 1997, the company has been operating a re-melting and casting plant for aluminium in a historic industrial area situated in the north of Berlin. With a capacity of up to 100.000 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 cast blocks. These are then further processed by our customers into strips, sheets, plates and cuttings, thus getting the material back into circulation.

Material which we have bought in and which is provided by our customers is collected into batches depending on its chemical composition and taken into our modern multi-chamber melting furnaces. Natural gas is the fuel used throughout the plant. The liquid aluminium is taken in ladles from the melting furnaces to the holding and casting furnaces. Here, the alloying metals are added and gaseous and oxide impurities are removed in a refining process. Rolling slabs of high quality are cast from the purified aluminium melt in the semi-continuous casting process. The slabs are supplied to customers throughout Europe amongst which are the leading global aluminium producers.

NON-FERROUS

Within the metals industry Metalcorp Group is building a trading house of non-ferrous products with a view on additional vertically integrated activities in distribution and production. We focus on supply chain optimization, from raw material sourcing through production, shipping logistics and finance, onwards to finished product distribution. There is a wide range of raw materials, ores and refined product. Metalcorp Group operates its Non-Ferrous activities through Tennant Metals Ltd of Sydney (Australia), Comsteel Pty Ltd of Johannesburg (South Africa), and Integrated Metals Ltd. in London (United Kingdom). ComSteel and Integrated Metals have been rebranded as Tennant operations at the start of 2012. Tennant Metals was acquired in Q2 of 2011. Its main characteristics are:

- A trading company specializing in the worldwide physical procurement and distribution of refined metals, ores and concentrates (including bulk commodities)
- The leading independent Australian metal and bulk commodity trader
- Acts as principal in the vast majority of transactions irrespective of magnitude
- Active history in the metals and mining industry extending over 45 years
- Long history of profitability
- Strong Asian-Pacific focus with supporting office infrastructure
- Pursuing structured investment and balance sheet activities to facilitate securing long term off-take arrangements.

Tennant Metals is the leading Australian based business specializing in the physical trading of refined metals, ores and concentrates. Tennant Metals has global trading relationships although its historical and current focus is in the Asia Pacific market. Tennant currently has offices in Sydney, Perth, China, Taiwan and Turkey, and a number of agencies around the world.

With increased activity in the zinc markets of South-East Asia, and, to a lesser extent, the lead and tin markets, Tennant Metals established offices in Beijing, Taipei and Ho Chi Minh City. This enabled Tennant Metals to develop core relationships with a number of primary suppliers/smelters in the region, thus securing a niche for itself in the supply of physical metal to the Middle tier metal users (customers).

With a successful and proven track record in focusing on specific core relationships with its clients, Tennant has an in depth understanding of the client's requirements leading to services above the typical customer-supplier arrangement. Tennant has considerable experience in the base metal and financial markets which it combines with its knowledge of the various components of trading metals; from sourcing to supply, with all the associated logistics including freight, insurance, hedging and financing.

Tennant acts predominantly as principal in its metals trading dealings, with the vast majority of its suppliers preferring to pass the various risks of credit, freight, logistics and performance onto Tennant as they focus on their core activity of metal, or metal bearing production.

Tennant Metals 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 are copper, lead, tin and zinc. Tennant Metals endeavors to mitigate business concentration risk by sourcing finished metals, ores and concentrates from a wide range of smelters and miners and selling those to a wide range of customers.

Tennant earns its trading margins by:

- investing in its distribution capacity and operating in a similar fashion to any wholesaler;
- buying in bulk and selling in lesser quantities;
- utilizing in-house generated economics of scale which result in Tennant Metals' managed supply chains being more efficient than those managed by individual producers and suppliers;
- reaching a broader customer base than is commercially feasible for any individual producer;
- providing competitive metal supply solutions to end users which are tailored to meet their individual requirements from pricing, financing and delivery perspectives;
- effectively managing the complete metal pricing exercise, and
- capturing buy/sell price spreads via its highly competitive access to the LME markets.

With the very solid cash and commercial foundation provided by the traditional trading operations of Tennant Metals, from 2007 onwards Tennant Metals embarked on a strategy to seek to secure long term off-take contracts using its extensive experience and if necessary its balance sheet.

Accordingly, Tennant Metals committed resources to implement its strategy to develop a portfolio of non-traditional trade opportunities. As a quid pro quo for Tennant Metals investing its extensive trading experience, its balance sheet to provide trade finance or investing in the early development stage of selected resources companies or projects. Tennant Metals has secured a number of long term off-take agreements that will provide very attractive cash flow now and into the future.

Since beginning of 2009 Tennant Metals has secured five potential long term contracts which are projected to have a material positive impact on the business.

RAW MATERIALS

Based on its scope to integrate activities from the processing of resources through the supply of commodity-related products, Metalcorp Group has defined as core activities the development of deposits, their mining and the transformation of minerals into base products. The Raw Materials division is responsible for securing the resource base of the Metalcorp Group, including licenses and their subsequent development. Deposits which prove to be interesting are then brought to production, preferably with renowned local and international partners. The scope is to create additional value by processing further into the next beneficial level, like the transforming of ores into concentrates. With this strategy Metalcorp Group secures raw materials from metallurgical and energetic resources, on a long term basis, for its trading units and partners.

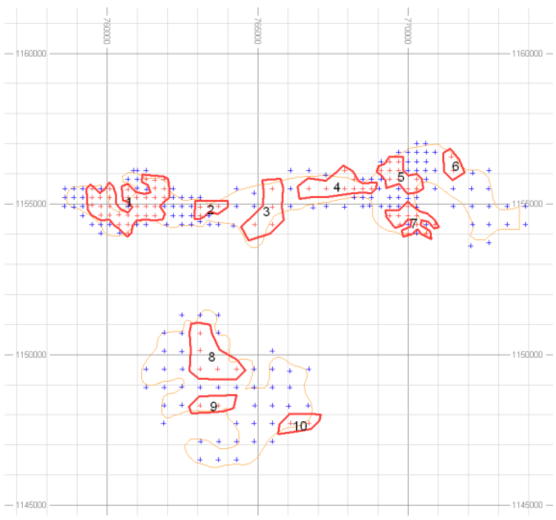
Currently Metalcorp Group holds multiple base metal assets amongst which a stake in Forward Mining Ltd, in Tasmania Australia, a small share in the listed manganese company Shaw River Resources in Australia, several bauxite exploration licenses in West Africa and several other licenses throughout the SADC region. Among these assets is potentially one of the world's largest untapped deposits of high quality bauxite characterized by a solid alumina grade, low silica and very low monohydrate contents.

SOCIETE BAUXITE DE GUINEA ("SBG")

Guinea has amongst the world's largest reserves of bauxite (> 25 billion tons) with companies such as Alcoa, Rio Tinto and BHP Billiton operating there. It possesses possibly half of the world's bauxite resources. Metalcorp Groups's investment in SBG (Societe Bauxite de Guinea) which owns a 2.000 km2 bauxite license. The exploration permits were issued in December 2008. Initial spot drilling commenced in May 2009 and was completed in August 2009, to discover as many targets as possible spread over the complete licensed area. Only 5 out of an identified 15 plateaus were drilled (which is 30% of total plateaus potentially underlain by bauxite); 4 plateaus drilled were new discoveries. In

December 2010 SBG commenced a JORC compliant drill program to obtain sufficient evidence of the availability of good quality and quantity of Bauxite.

The company focused on two plateaus that we expected to be underlain by the highest concentration of good quality bauxite. In total the company found 248 million tons Bauxite Inferred Resource (JORC) in these two plateaus with an average thickness of 9,4 meters with 0,08M overburden and 41,5% Al2O3, 2,7% SiO2, 30,8% Fe2O3 and 23,2 LOI content. Area number 1 contains 69 Million tons Indicated Resource (JORC), at 41% Al2O3, and 3,1% SiO2 forms the large consistent bauxite mining target and is located on the western side of the Plateau nearest to potential infrastructure with the highest grade, and is likely to form the best target for mining first with beneficial economics.



In 2011 geological experts reviewed all available data, including the bauxite mineralogy and the characterisation test work. They have come to the conclusion that as a result of the low silica and very low monohydrate content, it will make the bauxite amenable to low temperature Bayer processing. Additional drilling was performed during Q4’10-Q1’11 to delineate JORC resources. In total some 182 holes, totaling 2.137 m on Plateau 26 at 300x300 m spacing, 99 holes totaling 1202 m on Plateau 26 at 600x600 m spacing and some 52 holes totaling 499 m on Plateau 35 at 600x600 m spacing were drilled. This has resulted in 248Mt of indicated and inferred resources at an average 41,5% Al2O3. Within 2 of the licenses across 1.000km² there is a JORC Resource defined at 15% of area: 248Mt of indicated and inferred resources at 41,5% Al2O3 and 2,7% SiO2.

This plateau is only 50 km away from a railway siding used for the export of bauxite by Rusal via the Conakry bauxite exporting terminal port. The deposits will be developed in partnership with major international groups in order to set up an alumina refinery with 1,6 Mtpa production capacity in the first stage and a subsequent increase to 3,2 Mtpa in a second stage.

The price of aluminium is dictated by a supply and demand situation and based on prices established by the London Metal Exchange. Aluminium is the third most abundant element in the earth's crust which contains 8% aluminium. The main source of this bright-shining metal is bauxite, which contains ca. 52% Al203, 27.5% Fe203 and 20.5% H20. The bauxite ore is treated with caustic soda and calcined at 1200°C. The result of this process will be high purity alumina, which is then smelted under high use of electric power in an electrolytic cell to produce pure aluminium.

Based on the valuation models made by an external investment bank and the bid which was received from a potential strategic partner, we come to a potential valuation of between EUR 89,4 mln to EUR 61,4 mln for our 81% stake in SBG, from the EUR 54,6 mln reflected in 2010, as a non-distributable reserve. However, to be conservative regarding the valuation of this project, we have retained a value of EUR 61,4 mln for our share in the project taking into consideration the political atmosphere, the expected elections, and the new mining law.

Shaw River Manganese Limited

Shaw River is a manganese explorer and future producer in which Metalcorp Group obtained direct holding through sale of its indirect holding in Otjozondu Mining (Pty) Ltd of Namibia during 2011.We diversified its country specific manganese exposure and obtained financial exposure to a diversified series of projects as well as immediately realising part of the value inherent in Otjozondu Mining. Shaw River is currently operating one Namibian manganese project, five manganese projects in the Pilbara region of Australia and one Ghanaian manganese project.

Shaw River offers excellent exposure to this strategic metal, critical to the global steel industry. Manganese offers investors the benefits of a high unit sale price, strong global demand and low capital and time costs for the development of feasible projects. The company is listed on the Australian Stock Exchange under the symbol SRR.AX.

Forward Mining Limited

In May 2011 Metalcorp Group acquired a 27,1% stake in Forward Mining Ltd, an emerging Iron Ore Development Company in Tasmania, Australia. The project can be characterized as an Emerging development company with significant growth potential. 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. There are additional revenue credits expected from recovery of Scheelite and Tin.

Altogether 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. Steelcom has secured and Off-take agreement for 10mt of magnetite concentrates. The company has an experienced board and the project fits perfectly well in our overall strategy of gaining access to sources of raw material.

When in operation Metalcorp Group will benefit through the commissions generated on the sales through the off take agreement and will benefit from its equity stake when the mine is in operation and will start generating profits.

There are a number of interested investment parties who are willing to contribute further capital for a minority stake through Metalcorp Group or directly. Both routes may require Metalcorp Group to dilute their present shareholding of 27,1%. The mine is realistically expected to be in operation towards the end of 2013.

Other raw material developments:

Earlier in 2011 we have signed an off take agreement for iron ore with Oakmont Resources for an amount of 5 Mtpa expected to be in production in 2013. The off- take relates to their new iron ore mining developments in Brazil; the Canaa project.

The area has good logistical support with access to roads, water and electricity and is 575km from mine to port through the local rail network. The Brazilian government is finalising the new rail line 30km from the mine sites, which will directly link the area with the port region of Ilheus for Iron Ore export.

2. Business Performance and Overview of Activities

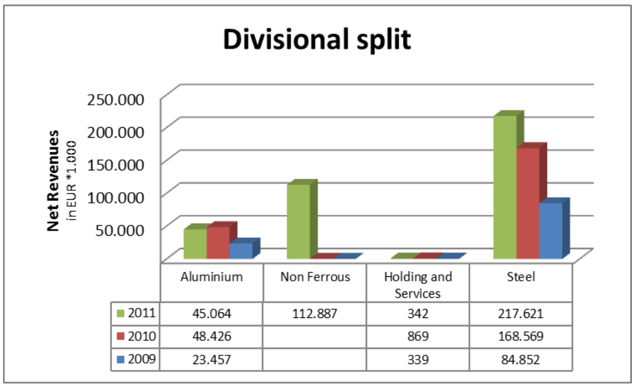
When reviewing the overall 2011 performance of the Company against the previous year, the total net revenues increased by 73% to a total of EUR 375,9 mln. This growth can be explained by the number of factors, primarily the acquisition Tennant Metals is the major factor explaining EUR 112,8 mln of the total EUR 158,0 mln increase. The remainder of the increase can be explained by average increase in metal prices during the year, both in steel as well as in our aluminium divisions.

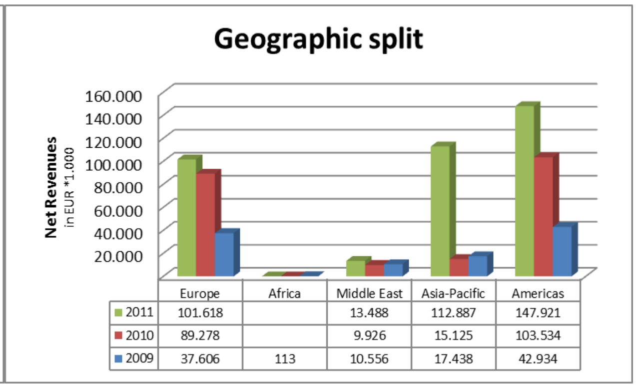
	Net revenue in EUR *1.000		
	2011	**2010**	**2009**
Aluminium	45.064	48.426	23.457
Non Ferrous	112.887	-	-
Holding and Services	342	869	339
Steel	217.621	168.569	84.852
Consolidated	375.914	217.864	108.648

The average revenue per ton for our Steel division has risen by some 45% from December 2010 to 2011. This was largely influenced by the mix of products sold. The underlying price increase of products in Steel was some 15%. In our aluminium division the average revenue per tonne has risen by some 41%, again positively influenced by a mix effect following a relatively higher share of full service production versus 2010. Aluminium prices have also risen by some 15%. Prices remained volatile during the year, whilst year end price levels were significantly below the averages of the year.

Overall group Gross margin decreased by 23% versus 2010. The mix of products in our steel division generally led to lower gross margins than those in 2010. Especially the lower levels of raw material trades have resulted in the lower gross margins. Within BAGR we were confronted with inferior quality scrap supply leading to suboptimal efficiency ratios in our secondary aluminium melting factory. This resulted in higher cost of sales and lower margins. Generally the business Tenant Metals is active in generates lower percentage margins than the trades in our Steel division. Given that all transaction are LME-traded and hedged and almost all contracts are traded back to back the resulting % of gross margin here is relatively small, but still very attractive given the volumes.

Despite the deterioration of our gross margin percentage we have managed to keep our operational expenses below the levels of 2010. Overall operational expenses are 5% below 2010, due to clear cost awareness and efficiencies realized in the support of our trading businesses.





Our operating result decreased from a EUR 7,3 mln profit to a EUR 3,4 mln profit. The consolidated result from ordinary activities decreased from EUR 26,4 mln to EUR 5,2 mln, mainly impacted by changes in fair value of our investment in SBG (Alumina).

On 11 February 2011, Otjozondu Holdings was sold to Shaw River Resources Ltd, an Australian company specialized in mining Manganese and listed on the Australian Exchange Index (symbol SRR.AX). The consideration consists of cash, shares of Shaw River Resources Ltd., shares of its parent company Atlas Iron Ore Ltd (also listed on the Australian Exchange index under symbol AGO.AX), non-listed options to purchase shares of Shaw River Resources Ltd., and a future revenue royalty. The transaction was announced on 10 December 2010. Atlas Iron Ores Shares were sold in February 2011 and the Shaw River shares and options are valuated at fair value as of December 31, 2011.

During the year 2011 we have achieved structural progress in the realization of the Red Clay project in Guinea. In close co-operation with our advisors and partners in the project, we have made very important steps towards partnering with major players in the aluminium markets, to further develop the Red Clay project in the coming months and years. The world market of alumina based on decoupling of the Alumina and Aluminium prices (supported by divestment of majors from Aluminium smelters to Alumina plants). Aluminium remains extremely buoyant on expected increasing demand. Given the geological, mining, operational, logistical and financial qualifications of the Red Clay project, it is essential to further develop the opportunity as an alumina production unit in preference to the bauxite option for both political and economic reasons. A partnership with a strategic player is most feasible at this point of time, although Societe Bauxite de Guinnee is pursuing various alternatives to strengthen its position with other strategic partners, financiers and financial investors. The new mining law offers specific legal limitations to the project but at the same time also offers financial opportunities. The overall value creation of the project is not put into question. We have re-assessed the value at which we carry this precious asset on our balance sheet and this resulted in an increase of EUR 7,2 mln to a valuation of EUR 61,4 mln compared to EUR 54,2 mln of last year.

3. Board of Directors

The Board of Directors composed of the following members during 2011:

- Klaas Daniël de Vries – resigned 31 March 2012
- Margitta Bellach – resigned 19 July 2011
- Isabelle Sotto – Sidoun – appointed 20 July 2011

Besides the directorship in Metalcorp, Mrs. Bellach is also one of the long time directors of BAGR and MOBV. With the implementation of a new ERP software system and the further optimization of the processes at BAGR, Mrs. Bellach decided to step down as director of Metalcorp to focus on the Aluminium division.

Mrs. Bellach was replaced by Isabelle Sotto-Sidoun, who is also director at Lunala Investments S.A. over the past few years. Lunala is the direct parent of Metalcorp and therefore, Mrs. Sotto-Sidoun is very familiar with the Group.

The Board of Directors is nominated by the shareholders of the Company and report to the Supervisory Board.

Please refer to Subsequent Events for additional information regarding Directors and Officers of the company.

4. Going Concern

The financial statements have been prepared on a going-concern basis since the Directors are satisfied that the activities of the Company and the Group are sustainable for the foreseeable future. We obtained no notice of breach of any covenant to which the company or any subsidiary is bound to.

5. Strategy and Outlook

The company, after the acquisition of Tennant Metals has now its main divisions in place: Steel, Non Ferrous and Aluminium. The strategy of the company for the upcoming years is to strengthen each of its divisions and focus on the organic growth for each division.

The two trading divisions Steel and Non Ferrous will have a significant growth when the different off-take agreements concluded in the previous years will become operational in the forthcoming years. The market strength from a regional point of view of the two trade division is very complementary and the synergies derived from a common market approach will further increase the revenue growth opportunities.

The company aims to increase secondary aluminium production output by increasing smelting capacity on a longer term if the market further strengthens.

To support the growth of its divisions and secure the sourcing of the trading, the company intends to continuously seek new opportunities in the mining sector investing in prospection licenses and developing its current assets in the raw material division with strategic partners.

The company will also benefit from the synergies of the new Monaco Resources Group (MRG) recently incorporated. Apart from the metal division represented by Metalcorp Group, MRG is also active in soft commodities and energy trading, logistics and project finance.

Financing

The company and each of its subsidiaries are working closely with the major trade banks for the trading activities. In the trade business, financing is a key tool and the company aims to further develop its relationship with its existing banking partners and new comers in order to support its projected growth in these divisions.

In addition to the traditional trade financing lines, the company has initiated relationships with new financial institutions and partners concluding long term finance lines used to restructure working capital lines of BAGR.

Investments

The Company objective is to continuously support its subsidiaries for the required financing requested to achieve their organic growth. At the same time, we believe that our financial ability, operational position and strategic intent allow us to seriously consider low valued opportunities in mining as well as in ferrous and non-ferrous metal trading and we remain actively engaged in discussions with various potential partners.

Employees

The Company expects a slight increase with respect to the number of employees as a result of the planned growth in all its divisions and the acquisition of Tennant Metals.

6. Risks and Uncertainties

The presentation of financial statements in conformity with Dutch GAAP 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:

A) 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, Australian dollar and South African Rand against the EUR, may have a material impact on the Company's financial results.

B) FINANCING, CASHFLOWS 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 being uncommitted can be cancelled, for a number of reasons beyond our control, and have a material adverse impact on our financial situation and operations. In addition we have significant committed long-term finance that is subject to covenant and restricted purpose conditions.

We believe that our expected cash flows, together with available borrowings, will be adequate to meet our anticipated needs. However, we cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt when due or to fund our other liquidity needs. As part of a group we have significant intercompany payables and receivables that can impact our cash flow if not paid. If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures; sell assets; obtain additional debt or equity capital; restructure or refinance all or a portion of our debt, on or before maturity.

Our cash flow and liquidity is depending our ability to make payments on and to refinance our debt, and to fund working capital expenditures or opportunities that may arise, such as acquisitions of other businesses, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market and other factors, many of which are beyond our control.

C) 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. Market price movements of our products are closely monitored and when possible appropriately hedged, but may have a material impact on the Company´s financial results.

D) PERMITS

The Company's current and anticipated future operations, including further exploration, development activities and commencement of production on the Company's properties, require permits from various federal, state, provincial, territorial and local governmental authorities. There can be no assurance that all permits which the Company requires for the construction of mining facilities and the conduct of mining operations will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company, although no such occurrences have taken place in 2011, nor is the management aware of a concrete risk in this respect.

E) 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.

F) EXECUTION RISKS

Metalcorp Group is involved in the investment and execution of a number of exploration projects. The execution of the overall projects depends on the realization of a number of phases. In the projects we are involved in many of these have been realized, others are subject to further execution with strategic partners. The steps we need to progress along vary from geological studies, desktop studies, drilling programs in various stages, fatal flaw analysis, pre-feasibility and feasibility studies, conceptual engineering.

The conclusions of each step are pre conditions for the continuation into the next phase. These conditions are the major factors behind the risk assessment in each of the projects. Every step further de-risks the project and increases the prospects of realization and coming to economic fruit.

G) 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.

7. FORWARD LOOKING STATEMENTS

Certain sections of this Annual Report contain forward looking statements regarding the Group's operations, economic performance and financial condition. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Forward looking statements involve inherent risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by such forward looking statements. Factors that could cause such differences include changes in economic conditions, changes in the level of capital investment, success of business and operating initiatives and restructuring objectives, changes in the regulatory environment, outcome of litigation, other government actions, natural phenomena such as floods and earthquakes, customer strategies and stability, and fluctuations in interest and exchange rates. The Company does not undertake any obligation to update or revise publicly such forward looking statements. All written, oral and electronic forward looking statements attributable to Metalcorp Group or persons acting on behalf of Metalcorp Group are expressly qualified in their entirety by this cautionary statement.

Amsterdam, 27th April 2012

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Mrs. I. Sotto-Sidoun

Director

Financial Statements

- Consolidated financial statements
- Company financial statements

Consolidated financial statements

- Consolidated balance sheet
- Consolidated profit and loss account
- Consolidated cash flow statement
- Consolidated statement of changes in equity of the legal entity
- Notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2011

(before appropriation of result)

	Note		31-12-2011		31-12-2010
			EUR		EUR
Fixed assets					
Intangible fixed assets	1	19.637.361		6.363.845	
Tangible fixed assets	2	4.450.143		3.595.789	
Financial fixed assets	3	3.541.959		108.732	
			27.629.463		10.068.366
Current assets					
Inventories	4	6.841.151		9.005.211	
Receivables, prepayments and accrued income	5	54.801.326		26.861.194	
Securities	6	64.630.445		67.549.471	
Cash and cash equivalents	7	10.501.201		3.591.068	
			136.774.123		107.006.944
Current liabilities and accruals	9		70.336.152		35.260.552
Current assets less current liabilities			66.437.971		71.746.392
Total assets less current liabilities			94.067.434		81.814.758
Long-term liabilities	9		15.379.480		7.466.621
Group equity	8				
Third-party share in group equity		3.689.320		3.264.326	
Legal entity share in group equity		**74.998.634**		**71.083.811**	
			78.687.954		74.348.137
			94.067.434		81.814.758

CONSOLIDATED PROFIT AND LOSS ACCOUNT 2011

	Note		2011		2010
			EUR		EUR
Net turnover	1	**375.914.087**		**217.863.216**	
Cost of sales	2	-361.072.145		-198.503.486	
Gross margin			**14.841.942**		**19.359.730**
Selling expenses	3	-2.850.635		-2.280.098	
Administrative expenses	4,5,6	-8.566.283		-9.732.111	
Total expenses			**-11.416.918**		**-12.012.209**
Operating result			**3.425.024**		**7.347.521**
Share in result of non-consolidated associated companies	3*	-386.313		-	
Unrealized fair value changes	6*	4.531.133		29.263.660	
Financial income and expense	7	-2.357.065		-10.199.810	
			1.787.755		**19.063.850**
Result on ordinary activities before taxation			**5.212.779**		**26.411.371**
Taxation on result from ordinary activities	8		-1.461.298		-118.284
Result on ordinary activities after taxation			**3.751.481**		**26.293.087**
Consolidated result after taxation			**3.751.481**		**26.293.087**
Third-party share			-571.924		-2.945.720
Result of the legal entity			**3.179.557**		**23.347.367**

* these refer to notes to the consolidated balance sheet.

Consolidated cash flow statement 2011

		2011		2010
		EUR		EUR
Operating result		3.425.024		7.347.521
Adjustments for:				
- Depreciation (and other changes in value)		700.943		933.546
- Changes in working capital:				
. movements operating accounts receivable	-27.940.132		-3.090.139	
. movements inventories	2.164.060		-5.638.624	
. Impairment on loans receivable	-		-7.231.173	
. movements operating accounts payable	-2.885.190		6.010.923	
. movements current accounts payable banks	26.974.901		7.852.576	
		-1.686.361		-2.096.437
Cash flow from business activities		2.439.606		6.184.630
Interest received	660.026		565.587	
Interest paid	-1.836.845		-1.394.046	
Bank costs paid	-120.355		-52.146	
Insurance costs paid	-337.678		-479.860	
Corporate income tax paid on operating activities	-1.461.298		-118.284	
		-3.096.150		-1.478.749
Cash flow from operating activities		-656.544		4.705.881
Investments in intangible fixed assets	-3.761.179		-4.064	
Investments in tangible fixed assets	-1.333.652		-831.064	
Disposals of tangible fixed assets	228.047		-	
Disposals of non-consolidated companies	5.072.784		-	
Investments in other financial assets	-460.234		-52.349	
Disposals of other financial fixed assets	-		330.613	
Cash flow from investment activities		-254.234		-556.864
Receipts from long-term liabilities	7.912.859		474.621	
Exceptional finance costs	-		-4.967.641	
Other finance income	-107.489		403.131	
Other finance costs	-270.370		-547.599	
Cash flow from financing activities		7.535.000		-4.637.488
Net cash flow		6.624.222		-488.471
Exchange rate and translation differences on movements in cash		285.911		191.321
Movements in cash		6.910.133		-297.150

We refer to the notes to the consolidated cash flow statement in paragraph 12.

STATEMENT OF CHANGES IN EQUITY OF THE LEGAL ENTITY OVER 2011

	2011	2010
	EUR	EUR
Consolidated net result after taxation accruing to the legal entity	3.751.481	26.293.087
Translation differences foreign associated companies	545.611	-
Total amount of the direct equity movements of the legal entity as part of the group equity (2)	165.150	-
Other movements	24.505	-
Total result of the legal entity	**4.486.747**	**26.293.087**
Atrributable to:		
Equity holders of Metalcorp Group B.V.	3.914.823	23.347.367
Non-controlling interests	571.924	2.945.720
Total result	**4.486.747**	**26.293.087**

Notes to the consolidated financial statements

1. General

1.1 Activities

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

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 ultimate parent company is Monaco Resources Group S.A.M. in Monaco.

1.2 Group structure

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. A summary of the information required by articles 2:379 and 414 of the Dutch Civil Code is given below:

Consolidated companies:

Name	*Registered office*	*Share in issued share capital*
BAGR Berliner Aluminiumwerk GmbH	Germany	94%*
ComSteel (Pty) Ltd.	South Africa	70%**
Integrated Metals Ltd.	United Kingdom	100%
Metalcorp Iron Ore and Mining B.V.	The Netherlands	100%
Mining & Minerals Ltd.	Sierra Leone	79,9*
MOBV Metall Beteiligungsgesellschaft mdH	Germany	100%
SL Capital Ltd.	Hong Kong	100%
Steel and Commodities S.A.M.	Monaco	100%
Steel and Commodities Iberica S.L.	Spain	100%*
Steelcom USA Ltd.	USA	100%*
Steelcorp B.V.	The Netherlands	100%
Steelserv Group B.V.	The Netherlands	100%*
Tennant Metals (Pty) Ltd.	Australia	100%
W.P. Pals Holding B.V.	The Netherlands	94%*

NON-CONSOLIDATED COMPANIES:

NAME	*REGISTERED OFFICE*	*SHARE IN ISSUED SHARE CAPITAL*
Forward Mining Ltd.	Australia	27,1%
Shaw River Manganese Ltd.	Australia	6,6%
Société des Bauxite de Guinee S.A.	Guinea	76,1%*

* indirect participation

** indirect participation, during 2011, Southern Minerals & Mining (Pty) Ltd. changed its name into ComSteel (Pty) Ltd.

Otjozondu Holdings (Pty) Ltd. was sold to Shaw River Manganese Ltd on 11 February 2011 for a total value of EUR 13,3 mln. The consideration comprises of cash, listed shares of Shaw River Manganese Ltd. (symbol: SRR.AX), listed shares of Atlas Iron Ore Ltd. (symbol: AGO.AX), unlisted options to purchase listed shares of Shaw River Manganese Ltd and a future royalty revenue.

At the start of 2011, the ultimate shareholder of Metalcorp Group announced that it expanded its activities beyond metals and minerals and incorporated Monaco Resources S.A.M. This company holds interest in agriculture and energy sectors, supported by finance and logistics. Therefore, it was decided to transfer Sidermetal S.A.M. to Monaco Resources to provide its logistical services to the other divisions as well. The transfer is effective as of the 1st of January 2011. The effect of this transaction is insignificant.

In May 2011 Metalcorp Group (through Metalcorp Iron Ore and Mining B.V.) acquired a 27,1% stake in Forward Mining Ltd, an emerging Iron Ore Development Company in Tasmania, Australia. The project can be characterized as an Emerging development company with significant growth potential. Altogether a highly prospective group of Licences with target iron ore resource of 40-50mt. The initial production rate will be around 1Mtpa magnetite concentrates with a projected expansion to 3Mtpa. The project could lead to timely commencement of cash flow from initial project.

Insignificant small shareholdings with no or small activities have been excluded from consolidation.

1.3 BUSINESS COMBINATIONS

In June 2011, Metalcorp acquired 51% of the shares and voting rights of Tennant Metals Ltd., through its subsidiary Steelcorp B.V., and started to consolidate Tennant as of 1 June 2011. The remaining shares and voting rights were acquired at the end of October 2011. Tennant Metals is the leading Australian based business specializing in the physical trading of refined metals, ores and concentrates. Tennant Metals has global trading relationships although its historical and current focus is in the Asia Pacific market. Tennant currently has offices in Sydney, Perth, China, Taiwan and Turkey, and a number of agencies around the world. This company is accounted for as an acquisition and consolidated for 51% as of the 1st of June 2011. As of the 1st of November 2011 Tennant is fully consolidated. The total costs of this acquisition amount to EUR 12,4 mln. For further information we refer to note 1.

1.4 CONSOLIDATION PRINCIPLES

Financial information relating to group companies and other legal entities which are controlled by the Company or where central management is conducted has been consolidated in the financial statements of the Company. The consolidated financial statements have been prepared in accordance with the accounting principles of the Company.

The financial information relating to the Company is presented in the consolidated financial statements. Accordingly, in accordance with article 2:402 of the Dutch Civil Code, the company financial statements only contain an abridged profit and loss account. Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of group companies are separately disclosed in the consolidated financial statements.

The results of newly acquired group companies and the other legal entities and companies included in the consolidation are consolidated from the acquisition date. At that date, the assets, provisions and liabilities are measured at fair values. Goodwill paid is capitalized, to which amortization is charged based on the estimated useful life. The results of participations sold during the year are recognized until the moment of disposal.

1.5 Related Parties

As related parties are considered, transactions are noted in paragraph 8 of the consolidated financial statements. Related party transactions include transactions with the Company's directors and directors of subsidiaries, including share transactions, loan facilities and payments made to directors and director related entities of the Company's subsidiaries during the year. The remuneration of the Company's directors is disclosed in paragraph 7 of the consolidated financial statements.

2. General accounting principles for the preparation of the consolidated financial statements

2.1 General

The consolidated financial statements are prepared according to the stipulations in Part 9 of Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. All assets and liabilities, except securities, are initially recognized at cost and subsequently valued at the lower of cost or net realizable value. In the specific notes, comparable market values will be provided in case this improves the understanding of the financial position of the Company.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

2.2 Financial instruments

Financial instruments can be both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item. Financial derivatives whose underlying value is not listed are recognized at cost. Any losses incurred on forward contracts at balance sheet date are recognized directly in the profit and loss account.

Financial derivatives are valued at fair value: Upon first recognition, financial derivatives are recognised at fair value and then revalued at fair value as at balance sheet date. The Company does not apply hedge accounting.

2.3 Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date are recorded in the profit and loss account.

Foreign group companies and non-consolidated participations outside the Netherlands qualify as carrying on of business operations in a foreign country, with a functional currency different from that of the Company. For the translation of the financial statements of these foreign entities the balance sheet items are translated at the exchange rate at balance sheet date and the profit and loss account items at the exchange rate at transaction date. The translation differences that arise are directly deducted from or added to group equity.

2.4 Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortization and, if applicable, less impairments in value. Amortization is charged as a fixed percentage of cost, or the unit of production method, as specified in more detail in the notes to the balance sheet. The useful life and the amortization method are reassessed at the end of each financial year.

2.5 Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

Tangible fixed assets are capitalized if the economic ownership held by the Company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement. Costs for periodical major maintenance are charged to the result at the moment they arise.

2.6 Financial fixed assets

Where significant influence is exercised, participations in non-consolidated group companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by the Company.

Participations with a negative equity are valued at nil. If the Company fully or partly guarantees the liabilities of the participation concerned a provision is formed, primarily comprising the receivables from this participation. The remainder is recognized under provisions, in the amount of the share in the losses incurred by the participation, or for the amount of payments the Company is expected to make on behalf of thIs participation.

Where no significant influence is exercised, participations are valued at cost and if applicable less impairments in value. With the valuation of participations any impairment in value is taken into account.

Other investments with a long-term nature are presented at acquisition cost or at lower market value and, if applicable, net of impairments.

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions.

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realized in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

2.7 Inventories

Inventories of raw materials, consumables and goods for resale are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. Inventories are measured according to the FIFO system.

Work in progress is valued at cost of manufacture, increased by the profit to be attributed to the work performed and decreased by the losses foreseeable as of balance sheet date. Cost of manufacture includes direct materials used, direct wages and machine costs and other direct costs of manufacture, together with applicable production overhead. The profit to be attributed to the work performed is determined on the basis of the cost as of balance sheet date, compared to the total expected cost of the work. Net realizable value is based on estimated selling price, less any future costs to be incurred for completion and disposal. Income and costs are recognized in the profit and loss account in proportion to this progress.

2.8 Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortized cost, which equals the face value, less any provisions for doubtful accounts. These provisions are determined by individual assessment of the receivables.

2.9 Securities

Securities are valued at fair value and the unrealized fair value changes are recognized directly in the profit and loss account for the current period. The valuation methods used are discounted cash flow models to estimate the fair value at balance sheet date. For details on the Company’s securities, reference is made to note 6 on the specific assumptions made for the consolidated balance sheet.

The listed shares included in the security portfolio are valued based on quoted market prices at balance sheet date. Realized and unrealized value changes are directly recognized in the profit and loss account.

2.10 Cash and Cash equivalents

The cash is measured at face value. If cash equivalents are not freely disposable, then this has been taken into account upon measurement.

2.11 Loans (asset and Liability)

Loans are initially recognized at their fair value, net of transaction costs incurred and subsequently measured at amortized cost. Loans are classified as current unless the lender has the right to defer settlement for at least 12 months after balance sheet date.

2.12 Provisions

Pension liabilities:
Metalcorp has various pension plans. These plans are financed through contributions to insurance companies, industry pension funds or company pension funds. The Company only has defined contribution plans.

Defined contribution plans:
In the event of defined contribution plans the Company pays fixed contributions to pension insurers and pension funds. These fixed contributions are the Company's sole payment commitments. The contributions are stated as cost item when they are due.

Provision for deferred tax liabilities:
For amounts of taxation payable in the future, due to differences between the valuation principles in the annual report and the valuation for taxation purposes of the appropriate balance sheet items, a provision has been formed for the aggregate of these differences multiplied by the current rate of taxation. These provisions are reduced by amounts of taxation recoverable in the future in respect of the carry-forward of unused tax losses, to the extent that it is probable that future tax profits will be available for settlement.

Other provisions:
Other provisions are recognized when the Group has a current obligation (legal or constructive) as a result of a past event, when it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money on the quantification of the provision is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. An increase in the provision due to the passage of time is recognized as a finance charge.

Provisions are also recognized for negative net equity values in non-consolidated participations as outlined under 2.6 Financial fixed assets.

2.13 Short-term liabilities

These are liabilities with a remaining term of up to a maximum of one year.

2.14 Prior year adjustment

In the Consolidated Profit & Loss Account of 2010 included in prior year's financial statements an amount of EUR 26,3 mln of unrealized fair value changes were disclosed, already taking the third party share into account. In the Consolidated Profit & Loss Account of 2011 this amount is adjusted in the comparative figures of 2010 to the actual amount of EUR 29,3 mln and the Third-party share is corrected to the actual amount of -/- EUR 2,9 mln. As this matter only applies to presentation and disclosure, this adjustment has no impact on equity and result of 2010 and 2011.

3. Principles for the determination of the result

3.1 Net turnover and cost of sales

Net Turnover:
Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues resulting from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Cost of sales:
The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs, interest and trade finance charges and other direct and indirect production costs that can be attributed to the production or transaction.

3.2 Share in result of non-consolidated associated companies

Where significant influence is exercised over participations, the Group's share in the participations' results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by the Company.

Where no significant influence is exercised, the dividend income is accounted for in the profit and loss account as financial income.

3.3 Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realization is likely.

4. Principles for preparation of the consolidated cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and in hand and the bank overdraft forming part of the current liabilities. Cash flows in foreign currencies have been translated at estimated average exchange rates. Exchange rate differences affecting cash items are shown separately in the cash flow statement. Income and expenses in respect of interest, dividends received and taxation on profits are included in the cash flow from operating activities. Dividends paid have been included in the cash flow from financing activities.

The cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

5. Notes to the specific items of the consolidated balance sheet

Note 1) Intangible fixed assets

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

	Contract based intangible assets	Goodwill	Exploration and Evaluation	Concessions, permits and intellectual property rights	Total
	EUR	EUR	EUR	EUR	EUR
Book value as of 1 January 2011	-	6.359.428	-	4.417	6.363.845
Acquisitions	13.455.464	-	167.429	100.315	13.723.208
	13.455.464	6.359.428	167.429	104.732	20.087.053
Amortization	-	-444.960	-	-4.732	-449.692
Book value as of 31 December 2011	13.455.464	5.914.468	167.429	100.000	19.637.361
Accumulated amortization and other impairments in value as of 31 December 2011	-	-2.151.658	-	-54.622	-2.206.280
Amortisation percentages	0% - 5%	5%	0%	33%	

The Group benefits from certain intangible assets acquired with Tennant including steel and non-ferrous supply contracts. As part of the Purchase Price Allocation, the recoverable amount of these cash-generating units was determined based on discounted cash flow techniques, the resulting estimates are based on the terms of the offtake and expected production. For value in use, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business. The major assumptions are:

Assumptions		Values
WACC (nominal)		12%
Probability factor (average)		42%
Production factor (average)		80%
Exchange rates used:	AUD / EUR	1,27

The probability factor is the likelihood that the project will proceed. Production factor is the extent to which the projects will produce to their designated production.

No impairment of these definite-lived intangible assets was recognised during 2011, 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 terms of the contract do not exceed 20 years.

Exploration and evaluation consists of activities performed in Sierra Leone to sustain the Aluminium division. The useful life is not determined until transferred to property, plant and equipment.

Exploration and evaluation costs are defined as all costs that apply to:

- Researching and analyzing historical exploration data
- Gathering exploration data through topographical, geochemical and geophysical studies
- Exploratory drilling, trenching and sampling
- Determining and examining the volume and grade of the resource surveying transportation and infrastructure requirements
- Conducting market and finance studies
- From the moment of a high degree of economic/commercial viability, the costs are capitalized.

The item "concessions, licenses and intellectual properties" consists of exploration licenses. In 2011 we acquired bauxite, copper and rutile licenses in Cameroon and Namibia. These rights are amortizing on a straight-line basis which reflects the expected economic useful life.

The annual impairment test did not lead to any impairments of goodwill. Goodwill is amortized over 20 years as the investment in BAGR and Steelcom are long term holdings and expected to generate steady cash flows over that period.

NOTE 2) TANGIBLE FIXED ASSETS

The movements in the tangible fixed assets are as follows:

	Land and buildings	Plant and machinery	Other operating assets	Total
	EUR	EUR	EUR	EUR
Book value as of 1 January 2011	969.740	1.300.409	1.325.640	3.595.789
Acquisitions		958.884	374.768	1.333.652
	969.740	2.259.293	1.700.408	4.929.441
Book value of disposals	-	-	-228.047	-228.047
Depreciation	-	-88.244	-163.007	-251.251
Book value as of 31 December 2011	969.740	2.171.049	1.309.354	4.450.143
Accumulated depreciation and other impairments in value as of 31 December 2011	142.659	4.883.565	1.011.802	6.038.026
Depreciation percentages	2%	10% - 33%	2%	

In 2011, the Group invested in improvements and life extensions in the machinery of the aluminium production facility to maintain the current production. Furthermore, we invested in a new ERP system for the aluminium division.

The disposals apply to the transfer of Sidermetal at 1 January 2011.

Various depreciation percentages are applied throughout the Group, varying between 2% (land and buildings) and 33% (plant and machinery).

The annual impairment test did not lead to any revaluations of tangible fixed assets.

NOTE 3) FINANCIAL FIXED ASSETS

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

	Associated companies	Other securities	Other receivables	Total
	EUR	EUR	EUR	EUR
Book value as of 1 January 2011	-	-	108.732	108.732
Movements:				
Purchases, loans granted	439.064	881.250	2.548.699	3.869.013
Sales, redemptions	-	-	-49.473	-49.473
Impairments in value	-386.313	-	-	-386.313
Book value as of 31 December 2011	52.751	881.250	2.607.958	3.541.959
Accumulated impairments in value as of 31 December 2011	386.313	-	-	386.313

The acquisition in Associated companies applies to investments in projects to secure a strategic position.

The addition to “other securities” includes Metalcorp Group shares given to MIT Nominees (Pty) Ltd. as a deposit for future payments as part of the acquisition of Tennant.

The addition to “other receivables” includes loans given by Tennant 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. The reduction in other receivables is due to regular down payments on those receivables.

NOTE 4) INVENTORIES

	31-12-2011	31-12-2010
	EUR	EUR
Raw materials and consumables	2.406.163	3.736.192
Finished goods for resale	4.434.988	5.269.019
	6.841.151	9.005.211

Raw materials and consumables apply to the Aluminium division (BAGR). Due to the economic downturn, production levels at the end of 2011 and the planned production for the start of 2012 are low. No impairment has been recorded for the inventories of BAGR during the year.

The finished goods for resale mainly consist of purchases that are already sold and delivered in the first quarter of 2012 to customers of the Steel division and the Non-Ferrous division. During the year, an amount of EUR 32k was impaired on this inventory and charged to the profit and loss account in the cost of sales.

Most of the inventories are pledged to credit institutions as security for trade finance facilities.

NOTE 5) RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

	31-12-2011	31-12-2010
	Total	Total
	EUR	EUR
Trade receivables	35.036.993	21.050.776
Associated companies	1.348.081	759.804
Shareholder	3.984.476	3.700.787
Group Companies	716.825	389.717
Related parties	2.831.327	-
Other receivables	4.437.899	375.025
Taxation	100.978	50.999
Prepayments and accrued income	6.154.766	476.051
Other current assets	189.981	58.035
	54.801.326	26.861.194

An interest of 7%-8,5% has been charged on short-term loan accounts. A large amount of trade receivables are pledged as collateral for trade financed loans. All receivables are due within one year. The increase in other receivables is related to the deferred royalty EUR 3,9 mln, which we received as part of the sale of Otjozondu. The deferred royalty is calculated based on a Discounted Cashflow model.

The major assumptions used are:

Assumptions		Values
WACC (nominal)		9,2%
Maximum royalty (in USD)		12,7 mln
Exchange rates used:	USD / EUR	1,33

The increase in prepayments and accrued income is due to the contract with our shareholder to provide EUR 5,7 mln in Metalcorp share value as part of considerations for our acquisitions.

NOTE 6) SECURITIES

	Opening Value	Acquisition	Disposal	Revaluation	Closing Value
	EUR	EUR	EUR	EUR	EUR
Société des Bauxite de Guinee	54.240.539	-	-	7.159.461	61.400.000
Otjozondu Holdings	13.308.932	-	-13.308.932	-	-
Shaw River Manganese	-	8.310.145	-3.031.105	-3.689.848	1.589.192
Other	-	1.420.979	-	220.274	1.641.253
Total	67.549.471	9.731.124	-16.340.037	3.689.887	64.630.445

The change in Fair Value of the securities is accounted for in the profit and loss account. The total revaluation including the revaluation of the deferred royalty (see note 5) in the amount of EUR 841 thousand is included in the line item “unrealized fair value changes”.

SOCIÉTÉ DES BAUXITE DE GUINÉE

W.P. Pals Holding B.V., a 94% indirect subsidiary of Metalcorp, classified its investment in a Guinean Alumina company (SBG) projected to produce Alumina as available for sale and is, therefore, not classified as subsidiary (RJ 214.202-203). The fair value of EUR 61,4 mln (2010 EUR 54,2 mln) is based on a discounted cash flow model in which we are taking into consideration the political atmosphere, the expected elections and the impact of the new mining law. The following assumptions are used:

Assumptions		Values
Mineral Resource		Bauxite converted to Alumina
Expected Reserves		248MT
Total Alumina Al2O		>41,5%
Silica content		<2,7%
WACC (Nominal)		17,9%
Exchange rates used:	USD / EUR	1,33*
Corporate Income Taxes		35%
Mining life span		27 years
Fair Value	EUR	61,4mln

*This is the exchange rate prevailing at the balance sheet date to convert the USD net present value to Euro.

OTJOZONDU HOLDINGS/SHAW RIVER MANGANESE

Through the sale of its shares in Otjozondu Holding, which holds the Manganese mining operation in Namibia in February 2011, Metalcorp obtained an interest in the shares of Shaw River Resources. In exchange for our shareholding in Otjozondu, we received a consideration that contained listed shares of Shaw River Manganese (symbol SRR.AX), non-listed options to purchase SRR.AX shares, Atlas Iron Ore shares (that were immediately sold after the transaction), cash and a deferred royalty that is reflected under current assets (see note 5).

The SRR.AX shares are valued at the closing price and the options are valued in accordance with the Black&Scholes model, taking into account the closing price and volatility of SRR.AX, as well as the maturity date.

Other

Other securities consist of listed and unlisted shares that Tennant holds to secure its supply contracts. The securities are valued at market value.

Note 7) Cash and Cash Equivalents

Included in Cash and Cash Equivalents an amount of EUR 8,0 million is restricted due to trade finance transactions at 31 December 2011.

Note 8) GROUP EQUITY

Share of the legal entity in the group equity

Reference is made to the note on shareholders' equity in the company financial statements.

Third-party share in group equity

	EUR
Balance as of 1 January 2011	3.264.326
Third party share operating result	-4.574
Third party share revaluation of securities	576.498
Acquired third party share	-146.930
Balance as of 31 December 2011	3.689.320

The Company has 94% (indirect) share in BAGR and SBG resulting in 6% third party share in the result of BAGR and the revaluation of SBG. Furthermore, the Company has a 70% (indirect) share in ComSteel, resulting in 30% third party share.

Company Equity Reconciliation

A summary of the movements in the company equity is given below:

	EUR	EUR
Total Equity Opening Balance	**71.083.811**	**47.736.443**
Profit current year	3.179.557	23.347.368
Acquisition of minority	165.150	-
Translation reserve	545.611	-
Other	24.505	
Total equity closing balance	**74.998.634**	**71.083.811**

In the profit current year an unrealized change in the fair value of the securities of EUR 4,5 million is included (RJ 226) which is non-distributional. In the profit of previous year an unrealized change in the fair value of SBG of EUR 48,7 million is included. Reference is made to note 6.

NOTE 9) LIABILITIES

	31-12-2011	31-12-2010
	EUR	EUR
Bank loans (> 1 year)	4.998.141	5.095.741
Bonds	8.872.500	-
Other Long term Liabilities	1.508.839	2.370.880
Total Long Term Liabilities	**15.379.480**	**7.466.621**
Bank loans (< 1 year)	37.711.270	14.565.377
Trade payables	14.632.563	13.287.870
Associated companies	-	135.682
Related parties	464.413	116.470
Other payables	1.358	137.985
Taxes and social security charges	411.961	100.630
Other current liabilities	2.964.977	3.526.939
Accrued liabilities and deferred income	14.149.610	3.389.599
Total Current Liabilities and accruals	**70.336.152**	**35.260.552**
Total Liabilities	**85.715.632**	**42.727.173**

Bank loans (> 1 year) represent a subordinated loan provided to BAGR Berliner Aluminiumwerk GMBH (“BAGR”) until March 2014. In case of liquidation or insolvency, the facility provider has no right on repayment until all regular loans have been settled. The Company will be treated as a regular shareholder if any remaining assets are distributed after liquidation.

The bonds represent unlisted bonds of the Steel and Aluminium divisions given to a private fund (respectively EUR 5 mln and EUR 4 mln, both compensated by the straightlining of the setup fee) at an interest rate of 10% and a duration of 5 years (expiring in April 2016).

Other long-term liabilities mainly consist of lease commitments for an amount of EUR 1,9 mln (reference is made to paragraph 11 “Lease obligations”).

Other current liabilities mainly relate to lease obligations and short-term loans from related parties. The accrued liabilities and deferred income mainly relate to tax authorities, personnel, trade and prepayments by customers. The accrued liabilities and deferred income also include the payables to the former shareholders of Tennant related to the acquisition.

Bank loans and lease obligations due in more than 1 year are classified as long-term liabilities. None of these are due in more than 5 years. All liabilities due in less than a year plus bank credit related to trade finance are classified as current liability. Bank loans carry interest rates of 2% up to 8,75%. Stock and debtors have been pledged as collateral. The following rates with respective amounts apply to the bank loans:

Loans	Interest rate	Credit lines	Interest rate
5.000.000	7,8% variable	7.000.000	Euribor + 2,5%
2.250.000	2% variable	474.415	Euribor + 2,5%
200.000	2,58%	1.050.000	8,75%, variable
		1.000.000	7,00%
		500.000	Euribor + 3,05%
7.450.000		10.024.415	

Note 10) Financial instruments

For the notes to financial instruments reference is made to the specific item by item note. Below the financial derivatives of the group and the related risks are disclosed.

Currency risks

The Company is 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 in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. In case of open positions, the currency risk increases. As the total open positions are limited, the Company is of the opinion that additional measures to mitigate the price risk are not necessary.

Interest risks

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.

Credit risks

The Company decreases credit risks by investigating its solvency status and/or investigations of the counterparty's own financial information provided. In some circumstances, the Company requests prepayments, letter of credits, credit insurance on the counterparty to protect itself. Furthermore, the receivables of BAGR are managed by a factoring company.

Price risks

BAGR uses commodities in the production processes and is particularly sensitive to commodity price movements. Due to increasing volumes of aluminium scrap purchases for full production, part of the risk is mitigated through financial instruments (futures).

Steelcom is subject to price risk on the open positions. As the total open positions are limited, the Company is of the opinion that additional measures to mitigate the price risk are not necessary.

Tennant is subject to price risk on its trades and manages this price risk through LME hedges.

6. Notes to the consolidated profit and Loss Account

Note 1) Segment Reporting

The Company operates in the following segments: Aluminium, Non-Ferrous, Raw Materials, Steel and Services. The Aluminium segment is involved in the production and trading of secondary aluminium slabs. The Non-Ferrous division comprises of all non-ferrous (or base metal) trading activities within the Group. Raw Materials segment is involved in the acquisition and development of exploration licenses (securities) for ferrous and non-ferrous metals and minerals. As the Raw Materials segment only entails non-operating or non-consolidated entities, this segment has not contributed any revenues in 2011. The Steel segment comprises all steel trading activities performed within the Group. The Services division provides financing related services. Logisitics were part of the Service division until 1 January 2011 and are deconsolidated.

A summary of the net revenue per business segment is included below:

	Net revenue	
	2011	**2010**
	EUR	EUR
Aluminium	45.063.871	48.425.705
Non Ferrous	112.887.222	-
Holding and Services	341.740	868.934
Steel	217.621.254	168.568.577
Consolidated	375.914.087	217.863.216

A summary of the net revenue per geographical area is included below:

	Net revenue	
	2011	**2010**
	EUR	EUR
Europe	101.617.957	89.277.612
Middle East	13.488.159	9.925.985
Asia-Pacific	112.887.222	15.125.232
Americas	147.920.749	103.534.387
Consolidated	375.914.087	217.863.216

Note 2) Cost of sales

The cost of sales includes all direct costs plus that portion of overhead expenses that can be directly allocated to the goods sold. Direct costs include amongst others raw materials, direct labour, energy and depreciation expenses for technical equipment.

Note 3) Selling expenses

The selling expenses include all wages and salaries and social security charges related to sales positions. Besides that all marketing and sales expenses as conferences, marketing material and advertising are included in this amount.

	31-12-2011	31-12-2010
	EUR	EUR
Wages and salaries	2.436.515	1.937.649
Social security charges	225.619	181.234
Sales and marketing expenses	188.501	161.215
	2.850.635	2.280.098

The average number of employees of the Group during the year, converted to full-time equivalents was 109 (2010: 100).

NOTE 4) ADMINISTRATIVE EXPENSES

	31-12-2011	31-12-2010
	EUR	EUR
Wages and salaries	1.907.129	2.236.750
Social security charges	806.369	297.807
Pension premiums	340.678	154.197
Professional services fees	2.428.649	2.606.096
Other operating expenses	2.404.900	3.794.045
Depreciation and amortization	678.558	643.216
	8.566.283	9.732.111

NOTE 5) AMORTIZATION AND DEPRECIATION EXPENSES

	31-12-2011	31-12-2010
	EUR	EUR
Intangible fixed assets	449.692	448.209
Tangible fixed assets	251.251	485.337
	700.943	933.546

The depreciation on production facilities of 2011 amounts to EUR 22 thousand and is included in the Cost of Sales. The remaining depreciation and amortization on intangible fixed assets is included in Administrative expenses.

NOTE 6) PROFESSIONAL SERVICE FEES

Included in professional service fees in Note 4 are the following professional expenses with regard to audit and tax services rendered to the Group:

	Deloitte Accountants B.V.	Other Deloitte network	Other	Total 2011
	EUR	EUR	EUR	EUR
Audit of the financial statements	212.000	94.962	31.925	338.887
Other audit engagements	7.000	6.000	-	13.000
Tax advisory Services	-	87.646	22.538	110.184
Other non audit services	-	69.000	17.303	86.303
	219.000	257.608	71.766	548.374

The comparable figures for 2010 are:

	Deloitte Accountants B.V.	Other Deloitte network	Other	Total 2010
	EUR	EUR	EUR	EUR
Audit of the financial statements	144.609	60.600	29	205.238
Other audit engagements	-	-	-	-
Tax advisory Services	-	86.308	14.500	100.808
Other non audit services	-	-	11	11
	144.609	146.908	14.540	306.057

NOTE 7) FINANCIAL INCOME AND EXPENSE

	31-12-2011			31-12-2010
	Group companies	Other	Total	Total
	EUR	EUR	EUR	EUR
Financial income and expense				
Other interest income and similar income	402.182	257.844	660.026	565.587
Interest expenses and similar charges	-	-1.836.845	-1.836.845	-1.394.046
impairment on loans receivable	-	-	-	-3.896.771
Bank costs	-	-120.355	-120.355	-52.146
Insurance costs	-	-337.678	-337.678	-479.860
Other financing income	-	-107.489	-107.489	403.131
Other financing costs	-	-25.894	-25.894	-547.599
Exceptional finance cost	-	-244.476	-244.476	-4.967.641
	402.182	-2.414.893	-2.012.711	-10.369.345
Income from foreign exchange				
Forex gains	-	7.668.868	7.668.868	5.704.858
Forex losses	-	-8.013.222	-8.013.222	-5.535.323
	-	-344.354	-344.354	169.535
Total financial income and expense	402.182	-2.759.248	-2.357.066	-10.199.810

NOTE 8) TAXATION ON RESULT

	2011		2010	
	%	EUR	%	EUR
Taxable result		5.212.779		26.411.371
Tax burden based on Dutch nominal rate	25,0%	-1.303.195	25,5%	-6.734.900
Exempted income (participations)	25,0%	-96.578	25,5%	-
Exempted Income (unrealized value changes)	25,0%	1.132.783	25,5%	7.462.233
Non-tax deductible costs (Goodwill depreciation)	25,0%	-111.240	25,5%	-113.464
Unprovided deferred tax, permanent differences and tax rate differences.	25,0%	38.558	25,5%	181.504
Effect of compensated tax losses	25,0%	-	25,5%	-913.657
Prior financial years tax income/charge	25,0%	-1.121.626	25,5%	-
		-1.461.298		-118.284

The total cumulative carry forward tax losses of the Group are EUR 1,5 mln. The fiscal loss incurred in the current year can be carried forward to compensate with profits in the future.

The taxation over FY 2011 in the amount of EUR 1,5 mln applies to taxes paid by BAGR.

NOTE 9) ENVIRONMENT

BAGR Berliner Aluminiumwerk GmbH presenting the Aluminium Division operates under the public license of the federal state of Berlin, Germany. The legal environmental framework for these activities is set by the Federal and EU Waste and Emission Laws. The highly efficient filtering device and the sophisticated procedures implemented in terms of emission prevention make sure that the toughest requirements in terms of pollution are met and risks for the workforce and the public environment are prevented. Since the foundation of the Company in 1997, no major environmental accidents or injuries at work have been recorded.

7. Remuneration of (former) directors and supervisory directors

The remuneration of the directors and Supervisory Directors of the legal entity would be as follows:

Position	Fixed remuneration	Pensions and similar allo-wances	Variable	Total
	EUR	EUR	EUR	EUR
Board of directors	357.794	23.813	272.000	653.607
Supervisory Board	110.000	-	-	110.000
	467.794	23.813	272.000	763.607

The board of directors spend majority of their time on managing their respective operating companies. Therefore, the major part of their remuneration is carried by those companies.

The Variable remuneration is determined at the discretion of the Supervisory Board after finalization of the financial statements. Therefore, the Variable remuneration of prior year is presented in the table above.

The comparative figures are:

Position	Fixed remuneration	Pensions and similar allo-wances	Variable	Total
	EUR	EUR	EUR	EUR
Board of directors	299.787	16.469	112.000	428.256
Supervisory Board	130.000	-	-	130.000
	429.787	16.469	112.000	558.256

8. Transactions with related parties

In 2011, Metalcorp conducted various transactions with related parties which are summarized as follows:

8.1 Significant transactions with key personnel

On 31 December 2011, Metalcorp had various loans receivable outstanding on its key personnel (EUR 0,1 mln). These are shown under receivables from shareholders, participants and other related parties. Salaries and other benefits paid to directors are disclosed in the previous section on remuneration.

8.2 Significant transactions with non-consolidated entities and shareholders

Metalcorp has a number loans receivable and payable outstanding with affiliated companies, shareholder and related parties which are shown under receivables in note 5 to the consolidated balance sheet (total of EUR 8,8 mln) and under current liabilities in note 9 to the consolidated balance sheet (EUR 0,5 mln).

Furthermore, BAGR has a number of leasing obligations (financial and operating leases) towards Sigma Leasing GmbH, a subsidiary of Vantargis AG. The carrying value of all outstanding lease obligations is disclosed in paragraph 11.

Lunala Investments S.A., the parent company of the Company provides services to the group for which it charges EUR 300k per annum. Other related party transactions are small in nature and do not materially affect the financial position of the Company.

All related party transactions have occurred in the normal course of business and are completed on an at-arm's-length basis.

9. Contingent assets and liabilities

General

Certain possible claims and disputes are pending against Metalcorp. Whilst Metalcorp cannot predict the outcome of any arbitration or litigation process, it believes that it, and in certain cases combined with other parties, has meritorious defences against the aforesaid matters. Metalcorp believes that the outcome of these matters is too uncertain as to accurately quantify the financial outcome thereof. Futhermore should there be any liability Metalcorp believes that it has a counter claim or is able to recover any exposure in whole or in part from various contractual parties.

Long-term contract Steelcom with C.V.G.

In November 2009, one of Metalcorp's subsidiaries, Steelcom S.A.M. entered into a long-term off take agreement with a Venezuela based steel producer, Corporation Venezolana De Guayana (CVG). It is agreed to purchase an annual amount of 1 million metric tons of steel per year for a term of 7 years, with a minimum of 250 metric tons per quarter. Steelcom expected to derive significant value from this contract as the long-term access to scarce resources at an attractive discount was guaranteed. After the first quarter of 2010, the purchases under this contract stopped due to difference of points of view between CVG and its financer. Due to the established contacts in Venezuela Steelcom was still able to maintain access to the scarce resources at a slightly less favourable margin as was determined under the CVG contract.

Shaw River Resources - Afro Asia Settlement

Shaw River has made a commercial settlement with Afro Asia (Pty) Ltd rather than enter into a prolonged legal process to rescind the default judgement obtained by Afro Asia arising from a cancelled or voidable mining contract concluded with Otjozondu Mining during the pre-sale of share period.
The claim arose out of a mining contract purportedly invalidly or incorrectly terminated. Afro Asia obtained a default judgement by serving papers on the previous registered address of Otjozondu Mining.
The SRR claim rationale is in terms of the warrants given to Shaw River by the Otjozondu Mining vendors relating to the contract The settlement amount is USD 2 mln paid in cash plus Royalties in future amounting to N$ 20 mln (Namibian Dollar) by Otjozondu Mining. Shaw River is attempting to recover this from the Otjozondu Mining vendors of which Metalcorp is a party as well as the existing shareholders in a similar structure to the settlement.

Shaw River Resources - Eramet

Eramet SA of France has indicated intent to peruse the refund of certain costs which the Otjozondu Mining vendors warranted in the Shaw River/Otjozondu Mining transaction. Both Shaw River and legal opinion indicate that there would be both factual and legal ground to oppose such a claim. This process is to be resolved by binding arbitration during 2012.

10. Guarantees

The Company has provided guarantees with respect to its participations to the following companies:

	Participation	Fall back guarantees	Toward credit institutions	Total Guarantees
(1)	**Agro Resources S.A.M.**		38.643.000	**38.643.000**
(2)	**BAGR Berliner Aluminiumwerk GmbH**	14.200.000	7.425.000	**21.625.000**
(3)	**Leighton S.A.**	-	306.000	**306.000**
(4)	**MOBV**		5.380.000	**5.380.000**
(5)	**Sidermetal S.A.**		1.812.357	**1.812.357**
(6)	**Steelcom S.A.M.**		87.418.150	**87.418.150**
(7)	**Tennant Metals Ltd.**		28.274.845	**28.274.845**

(1) Metalcorp provided guarantees on several credit lines for Agro, a related party.

(2) Metalcorp provided guarantees to several credit institutions to obtain credit lines, loans and leases for BAGR. Furthermore, Metalcorp provided fallback guarantees for the valuation of the subsidiaries of BAGR and a receivable.

(3) Metalcorp provided a guarantee to a credit institution of Leighton S.A., a related party, to secure continued funding.

(4) Metalcorp provided a guarantee for the bond provided to MOBV, which increases the working capital facilities in the Aluminium division.

(5) Metalcorp provided a guarantee to a credit institution of Sidermetal, a related party, to secure continued funding.

(6) Metalcorp provided guarantees on several credit lines for Steelcom.

(7) Metalcorp provided guarantees on several credit lines for Tennant.

11. Lease Obligations

The obligations for leases entered into as per 31 December 2011 are shown below:

	2011		2010
	Plant and machinery	Total	Total
	EUR	EUR	EUR
NPV of min. Lease payments as of 31 December 2011	1.871.055	1.871.055	2.062.571
Book value of leased assets	1.508.839	1.508.839	1.997.428
Lease installments < 1 year	780.717	780.717	1.493.159
Lease installments > 1 year	1.090.338	1.090.338	597.300
Total Lease installments	1.871.055	1.871.055	2.090.459

The lease obligations contain financial and operating lease liabilities. The assets leased under financial leasing terms have been recognized in the balance sheet under tangible fixed assets at EUR 1,5 mln on 31 December 2011. Metalcorp is not the legal owner of these assets. All leases expire within 4 years. The charge in the profit and loss account for FY 2011 amounts to EUR 322 thousand.

12. Notes to the consolidated cash flow statement

Notes to cash flows

Movements in the balance sheet or operating result that do not have a cash impact are adjusted for in the Consolidated Cash Flow Statement. The impact on Equity and result of the Company due to revaluation of securities has been excluded from the Consolidated Cash Flow Statement.

Breakdown of cash and cash equivalents

	2011
	EUR
Cash and cash equivalents as of 31 December 2010	3.591.068
Balance sheet movement of cash and cash equivalents in 2011	6.910.133
Cash and cash equivalents as of 31 December 2011	10.501.201

Of the cash and cash equivalents as of 31 December 2011 an amount of EUR 7.998 thousand (31 December 2010: EUR 1.557 thousand) is not freely disposable due to trade finance transactions.

COMPANY FINANCIAL STATEMENTS

- Company balance sheet
- Company profit and loss account
- Notes to the company financial statements

COMPANY BALANCE SHEET AS OF 31 DECEMBER 2011

(before appropriation of result)

	Note		31-12-2011		31-12-2010
			EUR		EUR
Fixed assets					
Intangible fixed assets	1	5.914.468		6.359.428	
Tangible fixed assets		146.393		18.342	
Financial fixed assets	2	60.573.511		52.001.618	
			66.634.372		58.379.388
Current assets					
Receivables, prepayments and accrued income	3	31.482.345		4.792.391	
Securities	4	1.589.192		13.308.932	
			33.071.537		18.101.323
Current liabilities, accruals and deferred income	5		23.646.893		4.962.336
Current assets less current liabilities			9.424.644		13.138.987
Total assets less current liabilities			76.059.016		71.518.375
Provisions	2		736.309		110.491
Shareholder's equity	6				
Issued share capital		40.000.000		40.000.000	
Share premium		2.218.000		2.218.000	
Revaluation reserve		51.310.180		5.871.440	
Translation reserve		545.611		-	
Other reserves		-21.930.641		-352.997	
Result for the year		3.179.557		23.671.441	
			75.322.707		71.407.884
			76.059.016		71.518.375

COMPANY PROFIT AND LOSS ACCOUNT 2011

	2011	2010
	EUR	EUR
Share in result of participations	7.260.370	44.165.074
Other income and expense after taxation	-4.080.813	-20.493.633
Result after taxation	3.179.557	23.671.441

Notes to the company financial statements

1. General accounting principles for the preparation of the company financial statements

The company financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

For the general principles for the preparation of the financial statements, the principles of valuation of assets and liabilities and for the determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereafter.

2. Financial Fixed Assets

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by the Company.

Participations with a negative net equity value are valued at nil. If the Company fully or partly guarantees the liabilities of the participation concerned, or has the effective obligation respectively, to enable the participation to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the participation are taken into account.

3. Prior year adjustment

In the financial statements of prior year, the “Share result of participations” as presented in the Company profit and loss account 2010 (in the amount of EUR 47,6 mln) included an income of EUR 3,4 mln that should be disclosed as Other income and expense after taxation. In the Company profit and loss account 2011, this amount is properly classified in the comparative figures of 2010. Please note that this adjustment is only related to the presentation and disclosure and it has no impact on equity and the result of 2010 and 2011.

3. Notes to the specific items of the company balance sheet

Note 1) Intangible fixed assets

Reference is made to note 1 of the notes to the specific items of the consolidated balance sheet under goodwill.

Note 2) Financial fixed assets

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

	Participations in group companies	Other receivables	Total
	EUR	EUR	EUR
Book value as of 1 January 2011	51.995.440	6.178	52.001.618
Movements:			
Purchases, loans granted	200.771	-	200.771
Sales, redemptions	-54.499	-6.178	-60.677
Exchange rate differences	480.133		480.133
Impairments in value	625.818	-	625.818
Revaluation	-	-	-
Share in result of associated companies	7.260.370	-	7.260.370
Other changes in equity	65.478	-	65.478
Book value as of 31 December 2011	60.573.511	-	60.573.511
Accumulated impairments in value as of 31 December 2011	-736.309	-	-736.309

The purchases mainly apply to the acquisition of Tennant Metals and the sales apply to Sidermetal. The exchange rate difference is mainly the result of the translation of Tennant Metals from Australian Dollar to Euro. The impairments apply to the negative net equity value of Integrated Metals and Metalcorp Iron Ore and Mining, for which a provision is provided of EUR 736 thousand in the balance sheet. The share in result of associated companies is detailed as follows:

	31-12-2011	31-12-2010
	EUR	EUR
Integrated Metals Ltd.	-246.818	-175.665
Metalcorp Iron Ore and Mining B.V.	-380.983	-
MOBV Metal Beteiligungsgesellschaft mbH	7.235.480	41.692.722
Sidermetal S.A.M.	-	-82.148
SL Capital Ltd.	37.903	42.871
Steelcom S.A.M.	863.452	2.687.294
Steelcorp B.V.	-248.664	-
Total	7.260.370	44.165.074

Note 3) Receivables, prepayments and accrued income

A breakdown of receivables, prepayments and accrued income is given below:

	31-12-2011	31-12-2010
	Total	Total
	EUR	EUR
Trade receivables	-	41.335
Shareholder	3.761.302	3.373.397
Group companies	15.400.127	1.364.898
Related parties	2.603.538	-
Other receivables	3.979.877	-
Prepayments and accrued income	5.737.500	12.761
	31.482.345	4.792.391

Note 4) Securities

In the company financial statements, the Shaw River Shares and options are accounted for. SBG is a security of W.P. Pals Holding B.V. and the other securities are held by Tennant. Therefore, these securities are included in the net asset value of these entities.

Reference is made to note 6 of the notes to the specific items of the consolidated balance sheet.

Note 5) Current liabilities, accruals and deferred income

	31-12-2011	31-12-2010
	Total	Total
	EUR	EUR
Credit institutions (overdraft facility)	9.540.229	1.495.781
Accounts payable	351.104	218.967
Third parties	-	137.985
Group companies	4.915.777	2.123.907
Related parties	133.214	-
Shareholder and employees	25.000	116.470
Accrued liabilities and deferred income	8.681.569	869.226
	23.646.893	4.962.336

The increase in accrued liabilities applies to the amounts payable to the former shareholders of Tennant Metals. This earn out is related to the acquisition.

NOTE 6) SHAREHOLDER'S EQUITY

ISSUED SHARE CAPITAL

The issued share capital of the Company amounts to EUR 40.000.000, divided into EUR 40.000.000 ordinary shares of EUR 1 per share. The total number of authorized shares is 50.000.000. The majority of the shares are owned by Lunala Investment S.A. (Luxembourg). A summary of the movements in the issued share capital is given below:

	Ordinary shares	Preference shares	Priority shares	Total
	EUR	EUR	EUR	EUR
Balance as of 1 January 2011	40.000.000	-	-	40.000.000
Shares issued	-	-	-	-
Capital redemption	-	-	-	-
Recapitalization	-	-	-	-
Balance as of 31 December 2011	40.000.000	-	-	40.000.000

SHARE PREMIUM

A summary of the movements in share premium is provided below:

	2011	**2010**
	EUR	EUR
Balance as of 1 January	2.218.000	2.218.000
Movements	-	-
Balance as of 31 December	2.218.000	2.218.000

REVALUATION RESERVE

A summary of the movements in the non-distributional revaluation reserve is given below.

	2011	**2010**
	EUR	EUR
Balance as of 1 January	5.871.440	363.170
Allocation of prior year result	45.438.740	5.508.270
Balance as of 31 December	51.310.180	5.871.440

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

Translation reserve

A summary of the movements in the translation reserve is given below.

	2011	2010
	EUR	EUR
Balance as of 1 January	-	-
Foreign currency translation of subsidiaries	545.611	-
Balance as of 31 December	545.611	-

Tennant Metals, SL Capital and Integrated Metals are denominated in foreign currencies and translated to Euro for the consolidation.

Other Reserves

A summary of the movements in the other reserves is given below.

	2011	2010
	EUR	EUR
Balance as of 1 January 2011	-352.997	3.118.210
Allocation of prior year result	-21.742.794	-3.471.207
Acquisition of minority	165.150	-
Balance as of 31 December 2011	-21.930.641	-352.997

Reconciliation Company and Consolidated Equity

A reconciliation of the company equity and consolidated equity is provided below:

	Company	Consolidated	Difference
	EUR	EUR	EUR
Shareholder's equity			
Issued share capital	40.000.000	40.000.000	-
Share premium	2.218.000	2.218.000	-
Revaluation reserve	51.310.180	50.986.107	324.073
Translation reserve	545.611	545.611	-
Other reserves	-21.930.641	-21.930.641	-
Result for the year	3.179.557	3.179.557	-
Total Equity	75.322.707	74.998.634	324.073

The difference in equity is mainly due to the revaluation reserve. During 2010, the Company has obtained an exploration license for bauxite in Sierra Leone. Historical data is already available and the deposit size is approximately 10 million tons. The license is kept by Mining & Minerals Ltd. ("MM"), which was incorporated by the Company and a partner. The Company sold its shareholding in MM (85%) to BAGR at the Fair Value of the deposit. This internal valuation is based on comparable market transactions and is therefore, at arm's length. The Company provided BAGR with a Guarantee for the value for which we refer to note 9 of the consolidated balance sheet.

For the consolidated figures, this transaction is eliminated. However, based on RJ 260 the company financial statements accounted for the minority part of the result of this transaction. As this revaluation remains unrealized and applies to non-listed shares, we have appropriated this result to the revaluation reserve in accordance with Dutch law (art. 2:390)

SIGNING OF THE FINANCIAL STATEMENTS

Amsterdam, 27 April 2012

Mrs. I. Sotto-Sidoun

(Director)

Mr. W. K. Knauthe

(Chairman of the Supervisory Board)

Mr. V.A. Fischer

(Vice-Chairman of the Supervisory Board)

Mr. L.P.E.M. van den Boom

(Member of the Supervisory Board)

OTHER INFORMATION

1. INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 63.

2. SUBSEQUENT EVENTS

In December 2011, an agreement between Metalcorp and Deutsche Bank was made to transfer the EUR 5 million credit line from BAGR to Metalcorp Group and expand the facility up to EUR 7 million starting at 2012 at better conditions we initially had.

At the end of March 2012, the Chief Executive Officer and Director of Metalcorp, Klaas Daniël (Danny) de Vries, resigned for personal reasons. Mr. De Vries is succeeded by Victor Carballo and Dennis Karp as joint-CEOs. Mr. Carballo graduated in Mechanical Engineering at Simon Bolivar University in Caracas and holds an Executive MBA from ESADE Business School in Madrid. With more than 20 years of accumulated experience in the worldwide steel sector, gained by holding different commercial and managing positions, Victor joined Steelcom in 2003 as Managing Director of Steelcom Spain and is now Chief Executive Officer and member of the Board of Directors of Steelcom S.A.M. Mr. Karp joined Tennant Metals in 1996 as managing director following 13 years with HSBC. He has broad experience in and knowledge of base –and bulk metals trading, trade finance and hedging.

Mid January 2012, the Chief Financial Officer of Metalcorp (Jan Peter Kerstens) has announced his resignation due to a once in a lifetime opportunity to become CFO at a global media and television company. Mr. Kerstens has been working for a similar company for 10 years and has a broad experience and personal interest in this sector. Mr. Kerstens is succeeded by Mr. Bruno Canihac, who is a graduate of Toulouse Business School. He joined Steelcom as Chief Financial Officer in November 2011. Mr. Canihac has over 20 years experience in finance acquired in an international environment.

3. APPROPRIATION OF RESULTS

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been recovered, other reserves and unappropriated results are at the disposal of the shareholders in accordance with the Company's articles of association. Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder’s equity exceeds the amount of the issued capital and the legal and/or statutory reserves.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2010

The annual report 2010 was approved in the General Meeting of Shareholders held on 20 June 2011. The General Meeting of Shareholders has determined 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 2011

The Board of Directors proposes that the result for the financial year 2011 should be transferred to the revaluation reserve for the amount of the unrealized fair value changes during the year in accordance with art. 2:390 paragraph 1 and for the remainder to the other reserves. The financial statements do not yet reflect this proposal.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Metalcorp Group B.V.`

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2011 of Metalcorp Group B.V., Amsterdam, which comprise the consolidated and company balance sheet as at 2011, the consolidated and 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 and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of the Dutch 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 FINANCIAL STATEMENTS

In our opinion, the financial statements give a true and fair view of the financial position of Metalcorp Group B.V. as at December 31, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch 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 Dutch Civil Code.

Amsterdam, 27 April 2012

Deloitte Accountants B.V.

already signed: R.A. Graaf