Annual Report 2012

Metalcorp Group B.V.
Amsterdam
Report on the annual accounts 2012
10 April 2012

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DIRECTOR'S REPORT

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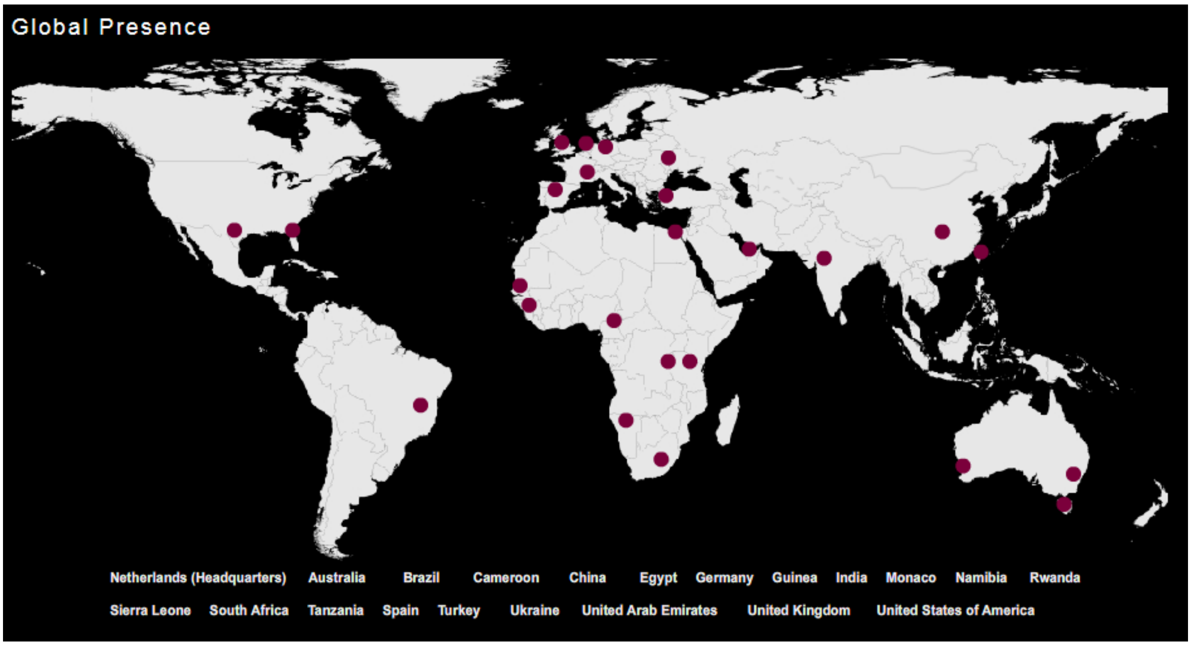
A. General overview and strategy

Metalcorp Group B.V. ("Metalcorp") is an integrated metals and minerals group with operations and customers located across the globe.

Our core objective is to be a trusted supplier of resources to global industries utilizing established operations in all aspects of mining, ore processing, metals production and the marketing of metals, ores and alloys. Metalcorp Group has also developed complimentary value added services in shipping, distribution, warehousing, financing and risk management.

Metalcorp is led by an experienced and dedicated management team. Its subsidiaries and affiliated companies operate in more than 20 countries around the globe.



In order to meet the requirements of its customers and partners, Metalcorp Group has organized itself through three different divisions: Steel, Aluminium and Non-Ferrous. These divisions consist of operating activities and are supported by Resources Development.

All divisions are represented in the Executive Management Board, which enables rapid decision making in a responsible and entrepreneurial manner. The division heads carry a profit responsibility for their respective division. The Company adopted a two tier regime with an independent, renowned and experienced Supervisory Board in place. The following paragraph elaborates on the divisions.

1. Steel division

1.1. Operations

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

Through Steelcom, 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, throughout our global network of offices, grant the company a professional market knowledge and trading expertise.

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

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

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

1.2. Development

Forward Mining 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, it is a highly prospective group of licences with target resource of 40-50mt. The initial production rate will be around 1Mtpa magnetite concentrates with expansion to 3Mtpa. Power, rail and port infrastructure are available and the expected capital and operational expenditures are relatively low. Steelcom has secured an 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. The mine is expected to be in operation towards the end of 2014.

2. ALUMINIUM DIVISION

2.1. OPERATIONS

BAGR Berliner Aluminiumwerk GmbH (“BAGR”) is a secondary aluminium producer. Since 1997, the company has been operating this re-melting and casting plant in a historic industrial area situated in the north of Berlin. With a capacity of up to 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 slabs. These are then further processed by our customers into strips, sheets, plates and cuttings.

Scrap material (from customers or on our own account) 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 molding 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.

2.2. DEVELOPMENT

Société des Bauxites de Guinée is Metalcorp’s subsidiary in Guinea, which owns a bauxite license. 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. The company has focused on two plateaus that we expect to contain the highest concentration of high 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% Al_2O_3, 2,7% SiO_2, 30,8% Fe_2O_3 and 23,2 LOI content.

This plateau is only 50 km away from a railway siding used for the export of bauxite by Rusal via the Conakry bauxite exporting port terminal. 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.

The price of aluminium is dictated by a supply and demand situation and based on prices established by the London Metal Exchange. 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. Société des Bauxites de Guinée is pursuing various alternatives to strengthen its position with other strategic partners, financiers and financial investors.

A very important milestone is achieved as a third party has announced to invest in logistics that include port expansion and the construction of railway, which is only 30 km away from Garafiri (our license area). By law these logistic facilities are open to other mining companies so that we are entitled to use this. Our local management has already started discussions with the third party, which is very interested that we use the infrastructure because it provides them additional revenues and as the product is different (the third party will mine iron ore), there is no conflict of interest.

Through this situation, our project has become one of the few big mining projects in Africa with a given infrastructure and no investment by the company has to be done apart from the 30km link to this railway. This means a significant step forward in the project development stage toward becoming operational, because logistics are the main challenge in volume driven projects.

3. Non-Ferrous division

3.1. Operations

Tennant Metals is an 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 Metals currently has offices in Sydney, Perth, China, Monaco, South Africa, Taiwan, Turkey, and a number of agencies around the world.

Through its international network, Tennant Metals was able to develop core relationships with a number of primary suppliers/smelters in the region and 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 Metals has an in depth understanding of the client's requirements leading to services above the typical customer-supplier arrangement. Tennant Metals 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 Metals 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 Metals as it focuses on its 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 Metals 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 Metals has multiple interesting off-take agreements with several iron ore and non-ferrous producers.

3.2. Development

Through Tennant Metals, Metalcorp owns a portfolio of off take contracts. These contracts relate to different projects which will produce different types of metals and minerals. The projects are expected to come on stream in the course of 2014.

B. Business performance

During FY2012, the Company experienced different effects:

- The global demand for steel products decreased and on the other hand, the demand for raw material products such as HBI increased in the emerging countries. Both effects almost compensated each other in the Steel division. Altogether, this resulted in higher revenue and a slightly lower gross margin.
- Suppliers of base metals decreased their production volumes due to the relatively low prices, which resulted in lower revenue. Furthermore, the Non-ferrous division has performed some bulk deals on a commission basis improving the gross margin significantly. With new facilities in place, the Company expects to execute similar deals as principle in FY2013.
- The European aluminium market was more buoyant than expected due to the steady performance of the German industry, resulting in increased revenue and margin.

The accumulation of these effects led to growth in both revenue and gross margin of the Company:

EUR 1.000	2012	2011
Aluminium	37.084	45.064
Non-ferrous	106.095	112.887
Holding and services	117	342
Steel	243.995	217.621
Net revenue by division	**387.291**	**375.914**

EUR 1.000	2012	2011
Aluminium	7.251	6.099
Non-ferrous	2.699	944
Holding and services	117	342
Steel	6.998	7.457
Gross margin by division	**17.065**	**14.842**

N.B. The Non-ferrous activities are acquired and consolidated as of 1 June 2011.

The gross margin of FY2012 is 4,4% (2011: 3,9%) and operating result increased to EUR 4,6 million compared to EUR 3,4 million in FY2011.

The solvency at balance sheet date is stable and comparable to prior year with equity being 50,8% of balance sheet total (2011: 47,8%).

C. Outlook

1. General

When compared to FY2012, the Company expects a similar performance in FY2013. The order book of the Aluminium division is already booked at a slightly higher level than prior year. The Steel division is expected to generate similar revenue and margin in the current setup. In the coming year, Steelcom will further expand its global presence and expertise by adding teams and benefiting from the trading and financing platforms that are currently in place. These teams will be added on the condition that these teams will contribute almost instantly to the Company's performance. During FY2012 the Group has developed new trade finance facilities for the Non-ferrous division in Europe and Asia, which will enable the Company to benefit from more bulk trading opportunities. Furthermore, the Group will further develop the synergies between the different divisions and its global network.

2. 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 relations and new partners in order to support its projected growth in these divisions.

The Company is expecting a profitable performance for 2013 at a similar level as in 2012. However, the Company needs to refinance parts of its short-term credit facilities in the coming months. Currently management is considering various proposals.

Metalcorp's management prepared the accounts on a going concern basis as it is confident that an agreement will be reached with external parties to accommodate refinancing. The management board does acknowledge that the conditions for the Company and its ability to continue as a going concern are dependent upon the support and timely closure of an agreement with banks or other financial partners.

3. Investments

The Company's 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.

4. Employees

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

RJ 400.108.a requires a Dutch limited liability company qualifying as a Large Company, to pursue a policy of having at least 30.0 percent of seats on the director's board be held be each gender to the extent these seats are held by natural persons. We are currently considering the approach to achieve this goal.

D. Risk and uncertainties

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

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar and Australian dollar against the euro, may have a material impact on the Company's financial results.

2. Financing, cash flows and Liquidity

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

The committed long-term finance is subject to reporting obligations which are in some cases restricted in their usage.

We believe that our expected cash flows, together with available borrowings, will be adequate to meet our anticipated needs. However, as a trading business future cash flows depend on future deals to be executed. This naturally carries the risk of the Company being able to acquire sufficient business to generate these cash flows.

3. Price volatility

The market prices for the various base metals are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes. 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.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations.

5. 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 and 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.

6. 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.

Amsterdam, 10 April 2013

Signed on original

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Mr. V.M. Carballo

(Director)

CONSOLIDATED FINANCIAL STATEMENTS

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A. Consolidated balance sheet

(before appropriation of result)

EUR 1.000	Note	31-12-2012	31-12-2011
Assets			
Fixed Assets			
Intangible fixed assets	3	19.184	19.637
Tangible fixed assets	4	4.290	4.450
Financial fixed assets	5	4.499	3.542
		27.973	**27.629**
Current assets			
Inventories	6	5.472	6.842
Receivables, prepayments and accrued income	7	55.056	54.801
Securities	8	62.781	64.630
Cash and cash equivalents	9	7.949	10.501
		131.258	**136.774**
Total assets		**159.231**	**164.403**

EUR 1.000	Note	**31-12-2012**	**31-12-2011**
Equity and liabilities			
Group Equity			
Legal entity share in group equity	10	76.435	74.999
Third-party share in group equity	10	4.518	3.689
		80.953	**78.688**
Long-term liabilities	11	15.344	15.379
Current liabilities and accruals	11	62.934	70.336
		78.278	**85.715**
Total equity and liabilities		**159.231**	**164.403**

B. Consolidated profit and loss account

EUR 1.000	Note	2012	2011
Net turnover	13	**387.291**	**375.914**
Cost of sales	14	-370.226	-361.072
Gross margin		**17.065**	**14.842**
Operating expenses			
Selling expenses	15	-2.885	-2.851
Administrative expenses	15	-9.559	-8.566
		-12.444	**-11.417**
Operating result		**4.621**	**3.425**
Non-operating expenses			
Share in result of non-consolidated associated companies		-	-386
Unrealized fair value changes	8	-2.044	4.531
Financial income and expense	17	70	-2.357
		-1.974	**1.788**
Result on ordinary activities before taxation		**2.647**	**5.213**
Taxation on result on ordinary activities	18	-1.051	-1.461
Result on ordinary activities after taxation		**1.596**	**3.752**
Consolidated result after taxation		**1.596**	**3.752**
Attributable to:			
Equity holders of Metalcorp Group B.V.		1.462	3.180
Non-controlling interests		134	572
		1.596	**3.752**

C. Consolidated cash flow statement

EUR 1.000	2012	2011
Operating result	**4.621**	**3.425**
Adjustments for:		
- Depreciation (and other changes in value)	959	701
Working capital changes		
- Movements operating accounts receivable	-187	-27.940
- Movements inventories	1.370	2.164
- Movements operating accounts payable	2.443	-2.885
- Movements current accounts payable banks	-9.845	26.975
	-6.219	**-1.686**
Cash flow from business activities	**-639**	**2.440**
Interest received	795	660
Interest paid	-1.941	-1.837
Bank costs paid	-371	-121
Insurance costs paid	-288	-338
Corporate income tax paid on operating activities	-1.054	-1.461
	-2.859	**-3.097**
Cash flow from operating activities	**-3.498**	**-657**
Investments in intangible fixed assets	-	-3.761
Disposals of intangible fixed assets	-8	-
Investments in tangible fixed assets	-375	-1.334
Disposals of tangible fixed assets	-	228
Acquisitions of non-consolidated companies	-197	-
Disposals of non-consolidated companies	2	5.073
Investments in other financial assets	-958	-460
Cash flow from investment activities	**-1.536**	**-254**
Receipts from long-term liabilities	-35	7.913
Issue of Share Capital by Subsidiary	2.773	-
Other finance income	742	-108
Other finance costs	-972	-270
Cash flow from financing activities	**2.508**	**7.535**
Net cash flow	**-2.526**	**6.624**
Exchange rate and translation differences on movements in cash	-26	286
Movements in cash	-2.552	6.910

We refer to the notes to the consolidated cash flow statement (note 26).

D. Statement of comprehensive income

EUR 1.000	31-12-2012	31-12-2011
Consolidated net result after taxation accruing to the legal entity	**1.596**	**3.752**
Translation differences foreign associated companies	-26	547
Other movements	695	42
Total result of the legal entity	**2.265**	**4.341**
Atrributable to:		
Equity holders of Metalcorp Group B.V.	1.436	3.916
Non-controlling interests	829	425
Total result	**2.265**	**4.341**

E. Notes to the consolidated financial statements

Note 1 – Accounting Policies

1.1 Corporate information

The activities of Metalcorp Group B.V. (“Metalcorp Group” or “the Company”) and its group companies primarily consist of 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 has its legal seat at Orlyplein 10, 1043 DP Amsterdam, the Netherlands, and is registered with the chamber of commerce under number 34189604.

The Company was incorporated as a limited liability company under the laws of the Netherlands on 14 April 2003 for the purpose of establishing an industrial holding company in the Netherlands. Its major shareholder is Lunala Investment S.A. in Luxembourg. The ultimate parent company is Monaco Resources Group S.A.M. in Monaco. This company holds interest in agricultural and energy sectors, supported by finance and logistics.

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 included in note 25.

1.2 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 and its group companies is presented in the Consolidated Financial Statements. The Company Financial Statements contain an abridged profit and loss account in accordance with article 2:402 of the Dutch Civil Code. Financial information relating to the group companies and the other consolidated legal entities 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.

The results of newly acquired group companies 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.

Positive and negative dilution results caused by the issuance of additional shares are accounted for in accordance with RJ 214.315 and are recorded in the profit and loss account of the period.

1.3 Related Parties

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. Note 21 to the Consolidated Financial Statements further elaborates on transactions with related parties. The remuneration of the Company's directors is disclosed in Note 20 to the Consolidated Financial Statements.

1.4 Basis of preparation

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 the determination of 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.

1.5 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.

Listed financial derivatives are valued at fair value: Upon first recognition, financial derivatives are recognized at fair value and then revalued at fair value as at balance sheet date. Unlisted financial derivatives are recognized at cost. Any losses incurred on derivative contracts at balance sheet date are recognized directly in the profit and loss account. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in note 22 Contingent assets and liabilities.

The Company does not apply hedge accounting.

1.6 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.

1.7 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.

1.8 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.

1.9 Financial fixed assets

Where significant influence is exercised, participations in non-consolidated group companies are valued under the net asset value method. 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. Positive and negative dilution results caused by the issuance of additional shares are recorded in the profit and loss account of the period in accordance with RJ 214.315.

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.

1.10 Inventories

Inventories of raw materials, consumables and goods for resale are valued at the acquisition price or at the 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 (first in, first out).

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.

1.11 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.

1.12 Securities

The unlisted securities included in the security portfolio 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. In accordance with Dutch Law (article 2:390) the revaluation of unlisted securities without a frequent market listing are allocated to the revaluation reserve (legal reserve).

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. For details on the Company's securities, reference is made to note 8 on the specific assumptions made for the consolidated balance sheet.

1.13 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.

1.14 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.

1.15 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 financial statements 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 1.9 Financial fixed assets.

1.16 Short-term liabilities

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

1.17 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.

1.18 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.

1.19 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.

1.20 Consolidated Cash Flow Statement

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.

Note 2 – Going Concern

The financial statements 2012 of Metalcorp Group B.V. have been prepared by management on the basis of going concern. The financial position of the group, its cash flows and outlook are disclosed in the director's report. Included as well are the company's objectives and policies for managing its capital, its financial risk management mechanisms and its exposure to risks, amongst others, related to foreign exchange, liquidity and commodity prices.

As of the date of signing the 2012 financial statements there is a degree of uncertainty on the timing of successfull completion of the Company's refinancing of parts of its short-term credit facilities that are expiring. Management is currently considering various proposals.

Management believes that the Company will be able to reach agreement with external parties. However, it acknowledges that the group's ability to continue on a going concern basis is dependent upon the support and timely closure of an agreement with banks or other financial partners.

NOTE 3 - INTANGIBLE FIXED ASSETS

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

EUR 1.000	Contract based intangible assets	Goodwill	Other	**Total**
Book Value				
Book value as of 1 January 2012	13.456	5.914	267	19.637
Acquisitions	-	-	-	-
Amortization	-	-445	-	-445
Impairments	-	-	-	-
Exchange rate differences	-8	-	-	-8
Book value as of 31 December 2012	**13.448**	**5.469**	**267**	**19.184**
Accumulated amortization and impairments as of 31 December 2012	-	-2.597	-55	-2.652
Amortization percentages	0% - 10%	5%	33%	

The Contract based Intangible assets include iron ore and non-ferrous supply contracts. No impairment of these finite-live intangible assets was recognized during 2012, as the fair value less costs to sell of the related cash-generating units was in excess of their carrying amounts. The contracts are amortized in accordance with the unit-production method. As no contract is online yet, no amortization is accounted for. The production related to these contracts is expected to commence within two years and are expected to produce over a period between 10 and 16 years.

The 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 4 - TANGIBLE FIXED ASSETS

The movements in the tangible fixed assets are as follows:

EUR 1.000	Land and buildings	Plant and machinery	Other operating assets	Total
Book Value				
Book value as of 1 January 2012	970	2.171	1.309	4.450
Acquisitions	-	131	244	375
Book value of disposals	-	-13	-8	-21
Depreciation	-	-272	-242	-514
Book value as of 31 December 2012	**970**	**2.017**	**1.303**	**4.290**
Accumulated depreciation and impairments as of 31 December 2012	143	5.156	1.254	6.553
Depreciation percentages	2%	10% - 33%	2%	

In 2012, the Group invested in improvements and life extensions in the plant and machinery of the aluminium production facility and other operating assets to maintain the current production capacity.

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.

Plant and machinery contain leased assets. Reference is made to note 24.

NOTE 5 - FINANCIAL FIXED ASSETS

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

EUR 1.000	Associated companies	Other securities	Other receivables	Total
Book Value				
Book value as of 1 January 2012	53	881	2.608	3.542
Purchases, loans granted	-	-	957	957
Book value as of 31 December 2012	**53**	**881**	**3.565**	**4.499**
Accumulated impairments as of 31 December 2012	386	-	-	386

The “Associated companies” applies to investments in projects to secure strategic positions.

The “Other securities” is related to payments on Metalcorp Group shares given as a deposit, which will be utilized in future acquisitions.

The “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.

NOTE 6 - INVENTORIES

EUR 1.000	31-12-2012	31-12-2011
Raw materials and consumables	2.285	2.406
Finished goods for resale	3.187	4.436
Total inventories	**5.472**	**6.842**

Raw materials and consumables apply to the Aluminium division (BAGR). No impairment has been recorded for the inventories of BAGR during the year.

The finished goods for resale mainly consist of purchases that already have been sold and delivered in the first quarter of 2013 to customers of the Steel division and the Non-Ferrous division. During the year, an amount of EUR 15k 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 7 - RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

EUR 1.000	31-12-2012	31-12-2011
Trade receivables	35.278	35.037
Associated companies	5.099	3.038
Shareholder	3.147	2.942
Group companies	1.711	1.285
Related parties	1.902	1.486
Other receivables	5.421	4.567
Taxation	169	101
Prepayments and accrued income	2.329	6.155
Other current assets	-	190
Total receivables, prepayments and accrued income	**55.056**	**54.801**

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. Within other receivables a deferred royalty of EUR 3,9 million is included, representing the net present value of a total amount of USD 12,7 million. The future payments are discounted at market based interest rates and are related to the production of Otjozondu Mining, which is expected to commence in 2014 (receivable >1 year).

Prepayments and accrued income in FY2011 contained a contract signed with our shareholder to provide EUR 5,7 million in Metalcorp share value as part of considerations for our acquisitions. The transfer of shares has occurred in FY2012.

In FY2012 a prepayment was made for the acquisition of the tenements of the Blyth River Iron Ore project, which is one of the iron ore projects of Forward Mining in Tasmania, Australia. For further information we refer to note 22.

NOTE 8 - SECURITIES

EUR 1.000	31-12-2011	Acquisition	Disposal	Revaluation	31-12-2012
Unlisted securities					
Société des Bauxite de Guinée	61.400	-	-	-	61.400
Other unlisted shares	1.560	197	-2	-970	785
Listed securities					
Other listed shares	1.670	-	-	-1.074	596
Total	**64.630**	**197**	**-2**	**-2.044**	**62.781**

The change in Fair Value of the securities is accounted for in the profit and loss account 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 million (2011: EUR 61,4 million) is based on a discounted cash flow model in which the following assumptions are used:

Assumptions	
Mineral Resource	Bauxite converted to
Expected Reserves	248MT
Total Alumina AL2O	>41,5%
Silica content	<2,7%
Nominal WACC	17,90%
USD/EUR Exchange rate at 31-12-2012	1,33
Corporate Income Tax	35%
Mining life span	27 years
Fair Value	EUR 61,4 mln

OTHER

Other securities consist of listed and unlisted shares that Tennant holds to secure its supply contracts, the listed shareholding and unlisted options in Shaw River Resources. The securities are valued at market value. Part of the securities is pledged towards third parties (EUR 198 thousand).

In accordance with Dutch Law (article 2:390) the revaluation of unlisted securities without a frequent market listing is allocated to the revaluation reserve (legal reserve).

NOTE 9 - CASH AND CASH EQUIVALENTS

An amount of EUR 5,4 million of the Cash and Cash Equivalents is restricted due to trade finance transactions at 31 December 2012.

Note 10 – Group Equity

The movement in Group Equity is as follows:

EUR 1.000	Issued share capital	Share premium	Revaluation reserve	Translation reserve	Other reserves	Result for the year	**Legal entity share in group equity**	Third-party share in group	**Group Equity**
2011									
Opening Balance	40.000	2.218	5.871	-	-353	23.347	71.083	3.264	74.347
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	3.180	3.180	572	3.752
Allocation of prior year result [1]	-	-	48.369	-	-25.022	-23.347	-	-	-
Foreign currency translation differences	-	-	-	547	-	-	547	-	547
Other movements	-	-	-	-	189	-	189	-147	42
Total comprehensive income and expense for the period	-	-	48.369	547	-24.833	-20.167	3.916	425	4.341
Total closing balance	**40.000**	**2.218**	**54.240**	**547**	**-25.186**	**3.180**	**74.999**	**3.689**	**78.688**
2012									
Opening Balance	40.000	2.218	54.240	547	-25.186	3.180	74.999	3.689	78.688
Total comprehensive income and expense for the period									
Profit/(loss) for the period	-	-	-	-	-	1.462	1.462	134	1.596
Allocation of prior year result [2]	-	-	6.041	-	-2.861	-3.180	-	-	-
Foreign currency translation differences	-	-	-	-26	-	-	-26	-	-26
Other movements [3]	-	-	-970	-	970	-	-	695	695
Total comprehensive income and expense for the period	-	-	5.071	-26	-1.891	-1.718	1.436	829	2.265
	40.000	**2.218**	**59.311**	**521**	**-27.077**	**1.462**	**76.435**	**4.518**	**80.953**

1) Note that 'Allocation of prior year result' in 2011 changed compared to the annual report 2011 to properly reflect the allocation between Revaluation reserve and Other reserves.

2) 'Allocation of prior year result' in 2012 is in accordance with the appropriation of result declaration of the General Meeting of Shareholders 2012 and art. 2:390.

3) 'Other movements' in 2012 contains the allocation of the 2012 fair value changes of the unlisted securities towards the revaluation reserve in accordance with art. 2:390.

Issued share capital

The issued share capital of the Company amounts to EUR 40 million, divided into 40 million ordinary shares of EUR 1 per share (2011: 40 million shares). The total number of authorized shares is 50 million (2011: 50 million shares). The majority of the shares are owned by Lunala Investment S.A. (Luxembourg).

Share premium

The share premium amounts to EUR 2,2 million (2011: EUR 2,2 million).

Revaluation reserve

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

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature. In accordance with Dutch law (art. 2:389) this reserve is non-distributional.

Result for the year

The profit of current year contains a loss of EUR 970 thousand related to unrealized changes in the fair value of unlisted securities, which is non-distributional in accordance with RJ 226 (2011: EUR 5,2 million profit). Reference is made to note 8.

Third-party share in group equity

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 73,2% share in Metalcorp Iron Ore Mining B.V.

Other movements relate to the increase in Third party share as a result of the cash contribution an investor made in order to acquire 26,8% of the shares in Metalcorp Iron Ore Mining B.V. ("MIOM"). The cash contribution will be used to develop the Blyth River Iron ore project of Forward Mining, MIOM's subsidiary.

Note 11 - Liabilities

EUR 1.000	31-12-2012	31-12-2011
Long-term liabilities		
Bank loans (> 1 year)	5.000	4.998
Bonds	8.903	8.872
Other long-term liabilities	1.441	1.509
	15.344	**15.379**
Current liabilities and accruals		
Bank loans (< 1 year)	40.001	37.711
Trade payables	17.076	14.633
Related parties	80	464
Taxes and social security charges	340	412
Other current liabilities	712	2.966
Accrued liabilities and deferred income	4.725	14.150
	62.934	**70.336**

Long-term liabilities

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.

Bank loans (> 1 year) represent a subordinated loan provided to BAGR Berliner Aluminiumwerk GMBH ("BAGR") until March 2014 with a rate of 7,8% variable. 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 million and EUR 4 million, (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 1,4 million (reference is made to note 24 - Lease obligations.

Current liabilities and accruals

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

EUR 1.000	Amount
Trade finance	
Uncommitted facilities - interest applied deal by deal based on framework agreements	31.227
Working capital facilities	
Euribor + markup between 2,5% - 3,1%	5.724
8,75% variable	1.050
7% - 7,6% fixed	2.000
Total bank loans (< 1 year)	**40.001**

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 movement in accrued liabilities and deferred income compared to prior year is due to the payments to the former shareholders of Tennant Metals in relation to the acquisition of Tennant Metals.

Note 12 - 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. As the purchase, sale and financing are all in USD, and as trading occurs on a back-to-back basis, the deals are naturally hedged.

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 recycles aluminium mainly on the basis of tolling agreements. In these agreements the purchase of aluminium is related to the sale and the price risk is mitigated.

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

Note 13 - Segment Reporting

The Company operates in the following segments: Aluminium, Non-Ferrous and Steel. 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. The Steel segment comprises all steel trading activities performed within the Group.

A summary of the net revenue per business segment and per geographic area are included below:

EUR 1.000	2012	2011
Aluminium	37.084	45.064
Non-ferrous	106.095	112.887
Holding and services	117	342
Steel	243.995	217.621
Net revenue by division	**387.291**	**375.914**

EUR 1.000	2012	2011
Europe	99.741	101.618
Middle East	12.358	13.488
Asia-Pacific	110.247	112.887
Americas	162.580	147.921
Africa	2.365	-
Net revenue by region	**387.291**	**375.914**

Note 14 - 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 15 - EXPENSES

EUR 1.000	2012	2011
Selling expenses		
Wages and salaries	2.465	2.437
Social security charges	350	225
Sales and marketing expenses	70	189
Total selling expenses	**2.885**	**2.851**
Administrative expenses		
Wages and salaries	2.091	1.907
Social security charges	765	806
Pension premiums	330	340
Professional services fees	2.541	2.429
Other operating expenses	2.895	2.405
Depreciation and amortization	937	679
Total administrative expenses	**9.559**	**8.566**
Breakdown: depreciation and amortization		
Intangible fixed assets	445	449
Tangible fixed assets	514	251
Total depreciation and amortization	**959**	**700**
Allocated to production costs	-22	-21
Amount included in administrative	**937**	**679**

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.

The average number of employees of the Group during the year, converted to full-time equivalents was 120 (2011: 109).

NOTE 16 - PROFESSIONAL SERVICE FEES

Included in professional service fees in note 15 are the following professional expenses with regard to audit and tax services rendered to the Group:

EUR 1.000	Deloitte Accountants B.V.	Other Deloitte network	Other	Total
2012				
Audit of the financial statements	155	44	36	235
Other audit engagements	14	18	5	37
Tax advisory services	-	44	57	101
Other non audit services	-	1	5	6
Total professional service fees	**169**	**107**	**103**	**379**
2011				
Audit of the financial statements	212	95	32	339
Other audit engagements	7	6	-	13
Tax advisory services	-	88	22	110
Other non audit services	-	69	17	86
Total professional service fees	**219**	**258**	**71**	**548**

NOTE 17 - FINANCIAL INCOME AND EXPENSE

EUR 1.000	2012	2011
Financial income and expense		
Other interest income and similar income	795	660
Interest expenses and similar charges	-1.941	-1.837
Bank costs	-371	-121
Insurance costs	-288	-338
Other financing income	2.834	-107
Other financing costs	-972	-26
Exceptional finance cost	-	-244
Total financial income and expense	**57**	**-2.013**
Income from foreign exchange		
Forex gains	6.389	7.669
Forex losses	-6.376	-8.013
Total income from foreign exchange	**13**	**-344**
Total financial income and expense	**70**	**-2.357**

Other interest income and similar income contains an interest income from related parties in the amount of EUR 359 thousand (2011: EUR 402 thousand).

During FY2012, the Company's interest in Metalcorp Iron Ore and Mining B.V. diluted from 100% to 73,2% interest in the Company. The income of EUR 2,1 million is included in the line item "Other financing income". This third party has contributed cash in order to further develop the Forward Mining / Blyth River Iron ore project. For further information we refer to note 22.

NOTE 18 - TAXATION ON RESULT

EUR 1.000	2012		2011	
	%	EUR	%	EUR
Taxable result		2.647		5.213
Tax burden based on Dutch nominal rate	25,0%	662	25,0%	1.303
Exempted income (participations)	25,0%	-377	25,0%	97
Exempted Income (unrealized value changes)	25,0%	334	25,0%	-1.133
Non-tax deductible costs (Goodwill amortization)	25,0%	111	25,0%	111
Unprovided deferred tax, permanent differences and tax rate differences.	25,0%	202	25,0%	-38
Effect of compensated tax losses	25,0%	109	25,0%	-
Prior financial years tax income/charge	25,0%	10	25,0%	1.121
Taxation on result on ordinary activities		**1.051**		**1.461**

NOTE 19 - 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.

NOTE 20 – REMUNERATION OF (FORMER) DIRECTORS AND SUPERVISORY BOARD

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

EUR 1.000	Fixed remuneration	Pensions	Variable	Total
2012				
Board of directors	437	2	71	510
Supervisory Board	110	-	-	110
Total	**547**	**2**	**71**	**620**
2011				
Board of directors	358	24	272	654
Supervisory Board	110	-	-	110
Total	**468**	**24**	**272**	**764**

The Board of Directors spends majority of its time on managing its respective operating companies. Therefore, the major part of its 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.

Note 21 – Transactions with related parties

In 2012, Metalcorp conducted various transactions with related parties which are summarized as follows:

Significant transactions with key personnel

At 31 December 2012, Metalcorp had a loan receivable outstanding on key personnel (EUR 1,1 million) related to the acquisition of Tennant Metals (Pty) Ltd in FY2011. These are shown under receivables from related parties as reflected in note 7 to the consolidated balance sheet.

Significant transactions with non-consolidated entities and shareholders

Metalcorp has a number of loans receivable and payable outstanding with associated companies (EUR 5,1 million), shareholder (EUR 3,1 million), non-consolidating group companies (EUR 1,7 million) and related parties (EUR 1,9 million), which are shown in note 7 to the consolidated balane sheet and under current liabilities in note 11 to the consolidated balance sheet (EUR 80 thousand).

The loans given to associated companies relate to the development of logistics and financial infrastructure from which Metalcorp's business benefits.

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 position of the Company.

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

Note 22 – 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. Furthermore, 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.

Shaw River Resources - Afro Asia Settlement

Shaw River has made a commercial settlement with Afro Asia (Pty) Ltd in relation to the incorrect termination of a mining contract between Afro Asia and Otjozondu Mining. Shaw River claims this settlement from the vendors of Otjozondu, which includes Metalcorp. The parties involved are at a very advanced stage in the negotiations. It is very likely that the outcome will not result in any cash payment by Metalcorp, nor any book value losses.

Shaw River Resources - Eramet

Eramet SA indicated that certain costs related to Otjozondu Mining will be reclaimed, which is warranted by the vendors (Metalcorp included) in the Shaw River/Otjozondu Mining transaction. The parties involved are currently in advanced discussion for a settlement.

METALCORP IRON ORE MINING

Metalcorp Iron Ore Mining issued new shares which resulted in a favourable dilution effect for the Company. The main condition of this transaction is a certain shareholding in the Blyth River Iron Ore project. If this condition is not met, the transaction could be reversed.

NOTE 23 – GUARANTEES

EUR 1.000	Fall back guarantee	Loans, overdraft and lease	Trade finance
Agro Resources	-	-	37.895
BAGR	14.200	2.425	-
Coal Resources	-	-	23.495
Leighton	-	306	-
MOBV	-	5.380	-
Sidermetal	-	1.777	-
Steelcom	-	5.000	59.116
Tennant	-	-	4.461
Tennant Metals SAM	-	-	7.579
Total	**14.200**	**14.888**	**132.546**

The trade finance facilities of our group companies and affiliated companies are secured by receivables, payables and the goods in transit. On top of these securities a corporate guarantee is given by Metalcorp. The facility of Coal Resources was unutilized at 31 December 2012 and the facilities of Agro Resources were only utilized to a very limited extend.

The fall back guarantees apply to the valuation of the subsidiaries of BAGR.

The guarantees for loans, overdraft and lease are related to the long-term financing of the Group. The guarantees for Sidermetal and Leighton are to secure continued funding.

NOTE 24 – LEASE OBLIGATIONS

The obligations for leases entered into are shown below:

EUR 1.000	2012	2011
NPV of min. lease payments as of 31 December	1.441	1.509
Book value of leased assets	1.138	1.871
Lease installments < 1 year	99	781
Lease installments > 1 year	1.342	1.090
Total lease installments	**1.441**	**1.871**

The lease obligations contain financial and operating lease liabilities of plant and equipment. The assets leased under financial leasing terms have been recognized in the balance sheet under tangible fixed assets at EUR 1,1 million on 31 December 2012. Metalcorp is not the legal owner of these assets. All leases expire within 3 years. The charge in the profit and loss account for FY 2012 amounts to EUR 106 thousand.

NOTE 25 – LIST OF SUBSIDIARIES AND ASSOCIATES

Name	Country of incorporation	Ownership interest 2012	2011
Consolidated			
BAGR Berliner Aluminiumwerk GmbH	Germany	94,0%	94,0%
Metalcorp Iron Ore and Mining B.V.	The Netherlands	73,2%	100,0%
Mining & Minerals Ltd.	Sierra Leone	79,9%	79,9%
MOBV Metall Beteiligungsgesellschaft mdH	Germany	100,0%	100,0%
SL Capital Ltd.	Hong Kong	100,0%	100,0%
Steel and Commodities Iberica S.L.	Spain	100,0%	100,0%
Steel and Commodities S.A.M.	Monaco	100,0%	100,0%
Steelcom USA Ltd.	USA	100,0%	100,0%
Steelserv Group B.V.	The Netherlands	100,0%	100,0%
Tennant Metals (Pty) Ltd.	Australia	100,0%	100,0%
Tennant Metals South Africa (Pty) Ltd.	South Africa	100,0%	100,0%
Tennant Metals UK Ltd.	United Kingdom	100,0%	100,0%
TM Australia Holding B.V.	The Netherlands	100,0%	100,0%
W.P. Pals Holding B.V.	The Netherlands	94,0%	94,0%
Non-consolidated			
Forward Mining Ltd.	Australia	27,1%	27,1%
Société des Bauxite de Guinée S.A.	Guinea	76,1%	76,1%

In FY2012 the following name changes were effected:

- Comsteel (Pty) Ltd. is renamed into Tennant Metals South Africa (Pty) Ltd.
- Integrated Metals Ltd. is renamed into Tennant Metals UK Ltd.
- Steelcorp B.V. is renamed into TM Australia Holding B.V.

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

NOTE 26 – NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

EUR 1.000	2012
Opening balance	10.501
Balance sheet movements	-2.552
Closing balance	**7.949**

Of the cash and cash equivalents as of 31 December 2012 an amount of EUR 6,4 million (31 December 2011: EUR 8,0 million) is not freely disposable due to trade finance transactions.

COMPANY FINANCIAL STATEMENTS

A. Company balance sheet

B. Company profit and loss account

C. Notes to the company financial statements

A. Company balance sheet

(before appropriation of result)

EUR 1.000	Note	31-12-2012	31-12-2011
Assets			
Non-current assets			
Intangible fixed assets	2	5.469	5.914
Tangible fixed assets		112	146
Financial fixed assets	3	65.383	60.574
		70.964	**66.634**
Current assets			
Receivables, prepayments and accrued income	4	28.262	31.482
Securities	5	255	1.589
		28.517	**33.071**
Total assets		**99.481**	**99.705**

EUR 1.000	Note	31-12-2012	31-12-2011
Equity and liabilities			
Shareholder's equity	6		
Issued share capital		40.000	40.000
Share premium		2.218	2.218
Revaluation reserve		59.625	54.241
Translation reserve		520	546
Other reserves		(27.077)	(24.862)
Result for the year		1.462	3.180
		76.748	**75.323**
Provisions	3	1.443	736
Current liabilities and accruals	7	21.290	23.646
Total equity and liabilities		**99.481**	**99.705**

B. Company profit and loss account

EUR 1.000	Note	31-12-2012	31-12-2011
Share in result of participations	3	2.126	7.260
Other income and expense after taxation		(664)	(4.080)
Result after taxation		**1.462**	**3.180**

C. Notes to the company financial statements

Note 1 – Accounting Principles

1.1 General
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.

1.2. Financial fixed assets
Participations in group companies in which significant influence is exercised on the business and financial policy, are valued at 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.

Note 2 – Intangible fixed assets
Reference is made to note 3 of the notes to the specific items of the consolidated balance sheet under goodwill.

Note 3 – Financial fixed assets
A summary of the movements of financial fixed assets is given below:

EUR 1.000	Participations in Group companies
Book value	
Book value as of 1 January 2012	60.574
Purchases	150
Divestments	1.946
Exchange rate differences	25
Share in result of associated companies	2.126
Reserve for investment equity deficit	706
Associated company dividends	-
Other changes in equity	-143
Book value as of 31 December 2012	**65.383**
Accumulated reserve for investment equity deficit as of 31 December 2012	-1.443

The purchases apply to the incorporation Tennant Metals S.A.M. located in Monaco. The sales relate to the transaction of Metalcorp Iron Ore and Mining: during FY2012, the Company's interest in Metalcorp Iron Ore and

Mining B.V. diluted from 100% to 73,2% interest in the company. This third party has contributed cash in order to further develop the Forward Mining / Blyth River Iron ore project.

The impairments apply to the negative net equity value of Steelserv B.V., Tennant Metals UK Ltd. and TM Australia Holding B.V. The share in result of associated companies is detailed as follows:

EUR 1.000	31-12-2012	31-12-2011
Metalcorp Iron Ore and Mining B.V.	-59	-381
MOBV Metal Beteiligungsgesellschaft mbH	2.780	7.235
SL Capital Ltd.	-69	38
Steelcom S.A.M.	641	864
Steelserv B.V.	19	-
Tennant Metals S.A.M.	141	-
Tennant Metals UK Ltd.	-73	-247
TM Australia Holding B.V.	-1.254	-249
Total share in result of participations	**2.126**	**7.260**

NOTE 4 – RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

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

EUR 1.000	31-12-2012	31-12-2011
Trade receivables	128	-
Associated companies	4.542	2.816
Shareholder	3.147	2.586
Group Companies	14.783	15.903
Related parties	1.612	460
Other receivables	70	3.980
Prepayments and accrued income	3.980	5.737
Total Receivables, prepayments and accrued income	**28.262**	**31.482**

NOTE 5 – SECURITIES

In the company financial statements, the Shaw River listed shares and unlisted 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 8 of the notes to the specific items of the consolidated balance sheet.

NOTE 6 – SHAREHOLDER'S EQUITY

Reference is made to note 10 of the Consolidated Financial Statements.

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

EUR 1.000	Company	Consolidated	Difference
Shareholder's equity			
Issued share capital	40.000	40.000	-
Share premium	2.218	2.218	-
Revaluation reserve	59.625	59.311	314
Translation reserve	520	521	-
Other reserves	-27.077	-27.077	-
Result for the year	1.462	1.462	-
Total Equity	**76.748**	**76.435**	**314**

The difference is related to an intercompany transaction that took place in 2010 regarding Minerals & Mining Ltd. The transaction took place at arm's length. 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. In accordance with Dutch law, both the revaluation reserve and the translation reserve are non-distributional.

NOTE 7 – CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

EUR 1.000	31-12-2012	31-12-2011
Bank loans (< 1 year)	11.790	9.540
Trade payables	314	351
Group companies	7.106	4.916
Related parties	-	133
Shareholder and employees	-	25
Accrued liabilities and deferred income	2.080	8.681
Total Current liabilities	**21.290**	**23.646**

The decrease in accrued liabilities applies to the amounts paid to the former shareholders of Tennant Metals in relation to the acquisition.

SIGNING OF THE FINANCIAL STATEMENTS

Amsterdam, 10 April 2013

Signed on original

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Mr. V.M. Carballo

(Director)

Signed on original

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Mr. W. K. Knauthe

(Chairman of the Supervisory Board)

Signed on original

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Mr. V.A. Fischer

(Vice-Chairman of the Supervisory Board)

Signed on original

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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 44.

2. SUBSEQUENT EVENTS

No significant subsequent events occurred.

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 2011

The annual report 2011 was approved in the General Meeting of Shareholders held on 31 May 2012. 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 2012

The Board of Directors proposes to transfer the result over the financial year 2012 to the other reserves. The financial statements do not yet reflect this proposal.

INDEPENDENT AUDITOR'S REPORT

To: Annual General Meeting of Metalcorp Group B.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2012 of Metalcorp Group B.V., Amsterdam, which comprise the consolidated and company balance sheet as per December 31, 2012, 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 per December 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

EMPHASIS OF UNCERTAINTY WITH RESPECT TO THE GOING CONCERN ASSUMPTION

The company has reported positive results recently over the last financial year, as well as in 2011. Given parts of the company's credit facilities are up for renewal in 2013, we draw your attention to note 2 to the financial statements. In this note management discloses their assumptions and conditions for the company being able to continue on a going concern basis. Management is currently considering various possibilities to refinance parts of the company's credit facilities, which become due for repayment within the coming months.

Whilst management believes it will be able to refinance or prolong the respective facilities it does acknowledge that achieving this is to the discretion of the banks and other financial partners to reach timely closure on an agreement. Being dependent on such future event indicates that a material uncertainty exists which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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 2:39 1 sub 4 of the Dutch Civil Code.

Amsterdam, April 10, 2013

Deloitte Accountants B.V.

Signed on original: R.A. Graaf