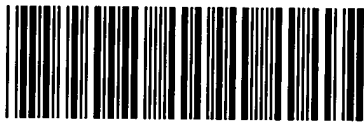


Company Registration No. 05171663 (England and Wales)

OCEAN PARTNERS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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OCEAN PARTNERS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Jeffrey Beck (Chairman)
Walter Cimowsky
Alan Paterson
Siva Pillay
Ad van Halder
Nelson Pastor
Sinisa Bogicevic

Secretary

Brent Omland

Company number

05171663

Registered office

30-36 King Street
Maidenhead
Berkshire
SL6 1EF

Auditors

Citroen Wells
Devonshire House
1 Devonshire Street
London
W1W 5DR

Solicitors

Memery Crystal LLP
44 Southampton Buildings
London
WC2A 1AP

OCEAN PARTNERS HOLDINGS LIMITED

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OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

The Ocean Partners group of companies entered its eleventh year of trading with a sound balance sheet and a satisfactory core group of customers and suppliers.

The parent company's business is to co-ordinate the trading and investment activities of the companies in the Ocean Partners group which act, in the main, as principals in the trading of metal ores, concentrates and refined metal, primarily copper, lead and zinc.

The group's physical trading covers copper, lead and zinc ores and concentrates together with other non-ferrous metals. The operation is split between the United Kingdom, United States and more recently Europe, South America and Taiwan with the United States office additionally providing a large element of administrative support. The group's strong sourcing capacity was able to satisfy good demand across the full range of metals.

Financial instruments of significance to the parent company comprise primary financial instruments (mainly cash; borrowings, debtors and creditors) and derivative financial instruments (mainly London Metal Exchange (LME) contracts and foreign exchange contracts).

The main financial risks to which the group is exposed are market risk, counterparty risk, interest rate risk and liquidity risk.

Market risk is the risk that movements in metal prices or foreign exchange rates will cause fluctuations in the values of, or cash flows arising from, financial assets and liabilities, and from other contracts for the future delivery of metal. Exposures to metal price movements and foreign exchange rate fluctuations are restricted by the imposition of trading position limits by the Ocean Partners board, and by the use of LME contracts and foreign exchange contracts.

Counterparty risk is the risk that a customer or supplier will fail to fulfil their contractual obligations. Exposure to counterparty risk is reduced by use of credit control policies, which are approved centrally, including the use of credit limits, volume of business limits and the margining of customers. In addition, the group maintains a credit insurance policy.

Interest rate risk is the risk that increases or decreases in floating interest rates will adversely affect the parent company's performance. Exposure to interest rate risk is reduced by using short term financing dedicated to specific business and factoring interest charges into the prices it charges its customers and receives from its suppliers to cover this expense.

The risk that adequate funding is not available to the parent company to meet its commitments associated with financial instruments is liquidity risk. The Ocean Partners group plans its future business in conjunction with its borrowing facilities to avoid liquidity problems, and maintains relationships with lenders to ensure facility levels, including facilities for the derivatives noted above. These are adequate and can be adjusted to address any changes in the Ocean Partners group's requirements.

OCEAN PARTNERS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

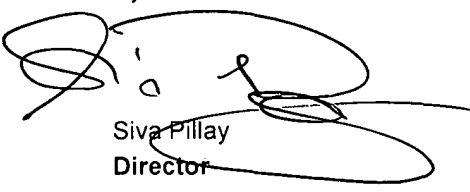
FOR THE YEAR ENDED 31 DECEMBER 2014

The key performance indicators for the last three accounting periods are as follows:

	12 months ended 31 December 2014 US\$'000	12 months ended 31 December 2013 US\$'000	15 months ended 31 December 2012 US\$'000
Gross profit (Page 7)	55,721	66,518	65,965
Staff costs (Page 32)	18,982	22,658	15,988
Profit for the financial year (Page 8)	21,617	24,076	17,835
Average number of staff (Page 32)	149	147	146

As a result of the continued expansion of the group's trading activities into Europe, South America and Taiwan, turnover increased over the year in absolute monetary terms. Gross profit percentage decreased slightly from 3.54% to 2.76% mainly due to the tightening of terms in certain key markets for the Company.

By order of the board



Siva Pillay
Director

Date 27/4/15

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their annual report with the audited financial statements of the company and the group for the year ended 31 December 2014.

Results and dividends

The consolidated profit and loss account for the year is set out on pages 7 and 8.

The group made a profit for the year after tax and minority interests of US\$21.62m (2013 - US\$24.08m).

During the year an interim dividend of US\$8,400 per ordinary share was paid (2013 - US\$2,500 per ordinary share).

During the year, the Company repurchased and cancelled a total of 76 shares from shareholders and issued 12 shares to a new shareholder.

On 10 October 2014, the Company sold a wholly owned subsidiary, Ocean Partners Investments Limited, resulting in a consolidated gain of \$15.63M.

Future developments

During the year, Ocean Partners Holdings Limited, purchased a further 13.52% of the shares of MK Metal Trading Holding II, S.A.P.I. de C.V., bringing its total ownership to 99.14% and had a contractual agreement and commitment to purchase the remaining 0.86% of shares.

In the current market circumstances, it is unlikely that trading volumes can be maintained at the level of previous years. Equally, it is unlikely that profitability can be maintained at the extraordinary levels achieved over the past few years. However, the company has a sound financial position and broadened business base and is therefore well placed to survive the current worldwide economic turmoil.

Directors

The following directors have held office since 1 January 2014:

Dimitrije Aksentijevic (resigned 31 December 2014)

Jeffrey Beck

Walter Cimowsky

Alan Paterson

Siva Pillay

Ad van Halder

Nelson Pastor (appointed 24 September 2014)

Sinisa Bogicevic (appointed 1 January 2015)

Auditors

The auditors, Citroen Wells, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

OCEAN PARTNERS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

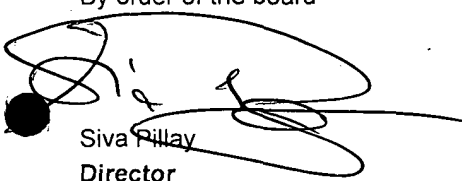
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



Siva Pillay
Director

Date 27/4/15

OCEAN PARTNERS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Ocean Partners Holdings Limited for the year ended 31 December 2014 set out on pages 7 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OCEAN PARTNERS HOLDINGS LIMITED

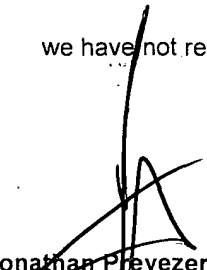
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF OCEAN PARTNERS HOLDINGS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Jonathan Prevezer FCA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

Chartered Accountants
Statutory Auditor

Date 27TH APRIL 2015

Devonshire House
1 Devonshire Street
London
W1W 5DR

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	\$'000	2014 \$'000	\$'000	2013 \$'000
Turnover					
Continuing operations		2,018,741		1,867,302	
Discontinued operations		3,261		13,209	
			2,022,002		1,880,511
			2,022,002		1,880,511
Cost of sales			(1,966,281)		(1,813,993)
Gross profit			55,721		66,518
Administrative expenses			(35,459)		(37,493)
Other operating (loss)/income			(2,492)		1,838
Operating profit	4		17,770		30,863
Continuing operations		19,561		34,912	
Discontinued operations		(1,791)		(4,049)	
			17,770		30,863
Share of associate's operating profit from discontinued operations			239		2,559
Share of joint venture's operating loss from discontinued operations			(154)		(352)
Profit on disposal of subsidiary	5		15,629		-
Interest receivable and similar income Group			6,365		4,582
Interest payable and similar charges Group	6		(13,765)		(10,318)
Profit on ordinary activities before taxation			26,084		27,334

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Brought forward		26,084	27,334
Tax on profit on ordinary activities	7	(4,464)	(3,590)
Profit on ordinary activities after taxation		21,620	23,744
Minority interests from discontinued operations		(3)	332
Profit for the financial year		21,617	24,076

OCEAN PARTNERS HOLDINGS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$'000	2013 \$'000
Profit for the financial year	21,617	24,076
Currency translation differences on foreign currency net investments	-	1,109
Total recognised gains and losses relating to the year	<u>21,617</u>	<u>25,185</u>

OCEAN PARTNERS HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2014

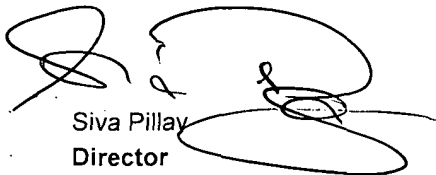
		Group		Company	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed assets					
Intangible assets	9	1,517	1,952	-	-
Tangible assets	10	2,889	4,354	-	-
Investments	11	10	11,111	14,794	14,410
		<u>4,416</u>	<u>17,417</u>	<u>14,794</u>	<u>14,410</u>
Current assets					
Stocks	14	401,043	316,909	-	-
Debtors: amounts falling due within one year	15	177,426	172,598	18,971	16,898
Debtors: amounts falling due after more than one year	15	33,118	-	-	-
Current asset investment	16	-	101	-	101
Cash at bank and in hand		62,188	63,133	166	268
		<u>673,775</u>	<u>552,741</u>	<u>19,137</u>	<u>17,267</u>
Creditors: amounts falling due within one year	17	(597,540)	(497,879)	(14,900)	(27,795)
Net current assets		<u>76,235</u>	<u>54,862</u>	<u>4,237</u>	<u>(10,528)</u>
Debtors subject to non-recourse finance arrangement	17	53,753	53,822	-	-
Less: Non-recourse finance arrangement	17	(53,753)	(53,822)	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provisions for liabilities	18	-	(651)	-	-
Total assets less current liabilities		<u>80,651</u>	<u>71,628</u>	<u>19,031</u>	<u>3,882</u>
Capital and reserves					
Called up share capital	20	1	1	1	1
Share premium account	21	4,131	2,930	4,131	2,930
Profit and loss account	21	76,519	68,984	14,899	951
Shareholders' funds	23	<u>80,651</u>	<u>71,915</u>	<u>19,031</u>	<u>3,882</u>
Minority interests	22	-	(287)	-	-
Total capital employed		<u>80,651</u>	<u>71,628</u>	<u>19,031</u>	<u>3,882</u>

OCEAN PARTNERS HOLDINGS LIMITED

BALANCE SHEETS (CONTINUED)

AS AT 31 DECEMBER 2014

Approved by the Board and authorised for issue on 27 April 2015



Siva Pillay
Director

Company Registration No. 05171663

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	\$'000	2014 \$'000	2013 \$'000
Net cash (outflow)/inflow from operating activities	29		(15,770)	65,922
Returns on investments and servicing of finance				
Interest received		6,365	4,582	
Interest paid		(13,765)	(10,318)	
Dividend from associate undertaking		1,404	360	
Net cash outflow for returns on investments and servicing of finance			(5,996)	(5,376)
Taxation			(11,115)	(2,420)
Capital expenditure and financial investment				
Payments to acquire tangible assets		(1,791)	(1,302)	
Payments to acquire investments		(1,158)	(2,839)	
Sales of investments		131		
Receipts from sales of tangible assets		32	-	
Net cash outflow for capital expenditure			(2,786)	(4,141)
Acquisitions and disposals				
Purchase of subsidiary undertakings		(384)	(1,340)	
Proceeds from sale of subsidiary undertaking		(1,633)	-	
Net cash outflow for acquisitions and disposals			(2,017)	(1,340)
Equity dividends paid			(7,442)	(2,215)
Net cash (outflow)/inflow before management of liquid resources and financing			(45,126)	50,430
Financing				
Shares issued		1,282	-	
Shares repurchased		(6,721)	-	
Increase /(decrease) in bank finance		49,620	(50,950)	
Net cash inflow/(outflow) from financing			44,181	(50,950)
Decrease in cash in the year	30, 31		(945)	(520)

OCEAN PARTNERS HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

The subsidiary undertaking sold in the year reduced the group's net operating cash flows by \$3.61million, paid \$102k in respect of net returns on investment and servicing of finance and utilised \$499k for capital expenditure.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries for the year ended 31 December 2014. Acquisitions are accounted for under the acquisition method. Intra-group sales and profits are eliminated fully on consolidation and all sales and profit figures relate to external transactions only.

During the year, the group disposed of its investment in Ocean Partners Investments Limited ("OPIL") and effective from 10 October 2014, the group ceased to have any economic interest in that company. The results of OPIL (and its joint ventures and associates) up to the date of the effective disposal have been presented as a discontinued operation in accordance with FRS 3.

1.4 Associated undertaking

In the group's financial statements, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the associate's profits less losses in accordance with Note 1.3.

1.5 Joint venture

In the group's financial statements, the investment in the joint venture is accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of the joint venture's turnover and profits less losses in accordance with Note 1.3.

1.6 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Turnover is recognised on the passing of risks and rewards of ownership. To the extent that weights or assays are not determined at the balance sheet date, provisional amounts are used.

Forward matched commitments where the risks and rewards of ownership have not passed to the customer and are estimated losses are provided for in full at the balance sheet date. Forward matched commitments where the risks and rewards of ownership have not passed to the customer and are estimated profits are not recorded in the results at the balance sheet date.

Profit is recognised on sales if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account, turnover and related costs. Where provisional weights and assays have been used, an appropriate retention is made until such amounts are finally determined and agreed.

1.7 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life which is taken to be three years.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

(continued)

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are written off over their estimated useful lives on a straight line basis. The expected useful lives are as follows:-

Computer equipment & software	3-5 years
Fixtures, fittings & equipment	3-5 years
Mineral properties, building, land & leasehold additions	5-15 years
Motor vehicles	3 years
Construction in progress	7 years
Exploration	Not depreciated

1.9 Stock

Stock is stated at the lower of cost and net realisable value where cost includes materials and direct related costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal.

1.10 Pensions

The company operates a defined contribution pension plan. The cost to the company is a percentage of the employee's salary and is charged to the profit and loss account as incurred. Differences between contributions payable in the period and contributions actually paid are shown within either accruals or prepayments on the balance sheet.

1.11 Deferred taxation

The profit and loss account charge is calculated at current rates of corporation tax and overseas tax on the taxable profits for the period. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

1.12 Currency

The financial statements have been prepared in U.S. Dollars as this is the functional currency of the group.

1.13 Foreign currency translation

Transactions denominated in foreign currencies are translated at the rate ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, except when these items are covered by foreign exchange contracts, when the contracted rate is used. Differences on translation are included in the profit and loss account.

The results of overseas operations are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on the translation of the opening net assets are reported in the statement of total recognised gains and losses.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

(continued)

1.14 Prepayments and accrued income

All costs and credits pertaining to shipments where no transfer of title has occurred are included in the balance sheet as part of the prepayments and accrued income balance.

1.15 Financial instruments

Derivative instruments utilised by the group are forward and future metal contracts for copper, zinc, lead, gold and silver as well as forward and future foreign currency contracts. Such instruments are used for hedging purposes to alter the risk profile of an underlying exposure of the group in line with the group's risk management policies. The group does not hold or issue derivative financial instruments for speculative purposes.

For a forward or future contract to be treated as a hedge the instrument must be related to physical contracts. It must involve the same or similar quantities and time periods as the hedged item and must also reduce the risk of price movements on the group's operations. Gains and losses arising on these contracts are recognised in the profit and loss account upon finalisation of the underlying hedged transaction.

If an instrument ceases to be accounted for as a hedge, the instrument is marked to market and any resulting profit or loss recognised at that time.

1.16 Investments

Investments are stated at cost less provision for diminution in value or impairment, if applicable.

1.17 Share-based payments

The difference in the value of shares issued at less than market value to employees is recognised as an expense representing the fair value of services received in exchange for these shares.

The company recognises the impact of the charge in the profit and loss account with a corresponding adjustment to shareholders' funds.

1.18 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2 Profit for the financial year

As permitted by section 408 Companies Act 2006 the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit after corporation tax for the year was:-

	2014 \$'000	2013 \$'000
Parent company's profit after corporation tax for the year	28,027	2,669

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3 Turnover

In the opinion of the directors it would be seriously prejudicial to the business of the group to disclose the geographical spread of turnover.

4 Operating profit

	2014 \$'000	2013 \$'000
Operating profit is stated after charging:		
Amortisation of intangible assets	819	115
Depreciation of tangible assets	749	906
Impairments and provisions	1,425	971
Loss on foreign exchange transactions	2,191	4,044
Operating lease rentals	691	501
and after crediting:		
(Profit) on disposal of current asset investments	(30)	-
	<u> </u>	<u> </u>

Auditors' remuneration

Fees payable to the group's auditor for the audit of the group's annual accounts (company \$6,000; 2013: \$6,000)	144	62
Tax services to group companies	81	45
Audit services to group companies	196	129
Other services to group companies	25	-
	<u> </u>	<u> </u>
	446	236
	<u> </u>	<u> </u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

5 Profit on disposal of subsidiary

During the year, the group disposed of its 100% interest in Ocean Partners Investments Limited (which included interests in a joint venture and an associate ('OPIL group')). Under the terms of the Sale and Purchase Agreement, the group ceased to have any economic interest in the activity of the OPIL group after 10 October 2014. Up to this date, the OPIL group accrued losses attributable to the group of \$762k, which have been recognised through the profit and loss account. The loss of the OPIL group for the year ended 31 December 2013 was \$2.304m.

Net assets disposed of and the related sales proceeds were as follows:

Sales proceeds	1,500
Costs of sale	(8)
Minority interest	143
Net assets disposed of	13,995
	15,630

Sales proceeds

Satisfied by loans	1,425
Satisfied by cash	75
	1,500

Net cash outflows in respect of the sale comprised:

Cash proceeds	75
Cash at bank	(1,706)
	(1,631)

6 Interest payable

	2014 \$'000	2013 \$'000
Bank loans and overdrafts	12,633	9,439
Letters of credit discounting and similar charges	1,132	879
	13,765	10,318
Group	13,765	10,318
Associate	-	-
	13,765	10,318

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

7 Taxation

	2014 \$'000	2013 \$'000
Domestic current year tax		
U.K. corporation tax	4,167	6,360
Adjustment for prior years	-	(173)
	<u>4,167</u>	<u>6,187</u>
Foreign corporation tax	(2,136)	808
Current tax charge	<u>2,031</u>	<u>6,995</u>
Deferred tax		
Origination and reversal of timing differences (see Note 18)	2,433	(3,405)
Tax on profit on ordinary activities	<u>4,464</u>	<u>3,590</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>26,084</u>	<u>27,334</u>
Profit on ordinary activities before taxation multiplied by the average rate of UK corporation tax of 21.50% (2013 – 23.25%)	<u>5,608</u>	<u>6,355</u>
Effects of:		
Higher tax rates on overseas earnings	(456)	598
Other tax adjustments	(3,121)	42
	<u>(3,577)</u>	<u>640</u>
Current tax charge	<u>2,031</u>	<u>6,995</u>

8 Dividends

	2014 \$'000	2013 \$'000
Ordinary interim paid	<u>7,442</u>	<u>2,215</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

9 Intangible fixed assets

Group

	Goodwill \$'000
Cost	
At 1 January 2014	2,189
Additions	384
At 31 December 2014	2,573
Amortisation	
At 1 January 2014	237
Charge for the year	819
At 31 December 2014	1,056
Net book value	
At 31 December 2014	1,517
At 31 December 2013	1,952

During the year, minor adjustments to the purchase price of further shares agreed to be acquired at the end of 2013 of the issued share capital of MK Metal Trading Holding II, S.A.P.I. de C.V. and its subsidiaries ('MK II'), resulted in additional goodwill arising of \$0.38m which is being amortised over its estimated useful economic life which is taken to be three years.

At 31 December 2014, Ocean Partners Holdings Limited had a contractual agreement and commitment to purchase the remaining 0.86% of the issued share capital of MK II at a cost of \$0.17m and therefore the accounts of the group have been prepared on the basis that MK II is a wholly owned subsidiary of the group. The purchase price of the remaining shareholding is based on the audited accounts of MK II for the year ended 31 December 2013. The completion of the sale is expected to take place in 2015.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tangible fixed assets

Group	Fixtures, fittings & equipment	Mineral properties, buildings, land & leasehold additions	Computer equipment & software	Motor vehicles	Construction in progress and Exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
At 1 January 2014	2,110	2,103	1,906	259	1,823	8,201
Additions	182	742	436	11	420	1,791
Disposals	(1,482)	(1,227)	(23)	(82)	(2,243)	(5,057)
At 31 December 2014	810	1,618	2,319	188	-	4,935
Depreciation						
At 1 January 2014	1,272	334	1,039	198	1,004	3,847
Eliminated on disposal	(916)	(306)	(23)	(81)	(1,224)	(2,550)
Charge for the year	188	80	240	21	220	749
At 31 December 2014	544	108	1,256	138	-	2,046
Net book value						
At 31 December 2014	266	1,510	1,063	50	-	2,889
At 31 December 2013	838	1,769	867	61	819	4,354

In conjunction with the sale of Ocean Partners Investments Limited, the company disposed of a number of tangible fixed assets including all of its construction in progress and exploration assets.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

11	Fixed asset investments Group	Listed & unlisted investments \$'000	Shares in associated undertaking \$'000	Total \$'000
	Cost			
	At 1 January 2014	18,096	1,522	19,618
	Additions	933	225	1,158
	Disposals	(18,959)	(1,747)	(20,706)
	Reclassification of investments	-	-	-
	At 31 December 2014	70	-	70
	Provisions for diminution in value			
	At 1 January 2014	8,507	-	8,507
	Provision for diminution in value	(8,447)	-	(8,447)
	At 31 December 2014	60	-	60
	Net book value			
	At 31 December 2014	10	-	10
	At 31 December 2013	9,589	1,522	11,111

In conjunction with the sale of Ocean Partners Investments Limited, the company sold the majority of its fixed asset investments.

Company

	Shares in group undertakings \$'000
Cost	
At 1 January 2014	14,410
Net Additions	384
At 31 December 2014	14,794
Net book value	
At 31 December 2014	14,794
At 31 December 2013	14,410

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The company's investments of \$14.79m (2013: \$14.41m) relate to the subsidiary undertakings listed below and are fully eliminated upon consolidation.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of incorporation	Class	Shares held %	Principal activity
Subsidiary undertakings				
Ocean Partners UK Ltd.	Great Britain	Ordinary shares	100	Trading
Ocean Partners UK Trading Ltd.	Great Britain	Ordinary Shares	100	Dormant
Ocean Partners USA, Inc.	USA	Ordinary shares	100	Trading
Ocean Partners Canada Ltd.	Canada	Ordinary shares	100	Trading
OPH Cyprus Ltd.	Cyprus	Ordinary shares	100	Trading
Ocean Partners Peru S. A. C.	Peru	Ordinary shares	100	Trading
Ocean Partners Zambia Ltd.	Zambia	Ordinary shares	100	Trading
Ocean Partners Australia Pty Ltd.	Australia	Ordinary shares	100	Trading
Ocean Partners Mexico, S. A. de C.V.	Mexico	Ordinary shares	100	Dormant
MK Metal Trading Holding II, S. A. P. I. de C. V.	Mexico	Ordinary shares	99.14	Holding company
MK Metal Trading Mexico, S. A. de C.V. *	Mexico	Ordinary shares	99.14	Trading
MK Metal Resources, S. A. C. *	Peru	Ordinary shares	99.14	Payroll services
MK Metal Trading GmbH *	Switzerland	Ordinary shares	99.14	Trading
MK Metal Trading Peru, S. A. C. *	Peru	Ordinary shares	99.14	Trading
APN Tech, S. A. C. *	Peru	Ordinary shares	99.14	Financing
MK Metal Basis, S. A. C *	Peru	Ordinary shares	99.14	Trading

* denotes held indirectly

Ocean Partners USA, Inc was granted an Option Certificate to purchase 100,000 shares of a publicly held mining corporation. Under the terms of the Certificate, the options may be exercised at a price of C\$1.38 per share, vested over various periods expiring in April 2016. During 2014 and 2013, the company did not exercise any options. During 2012, the company exercised 50% of the options.

Included in the above are listed investments with a market value of \$0.01m (2013: \$1.04m).

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

12 Investment in Associate

The following information is given in respect of the group's share of the results of the associated undertaking:

	2014 Group share \$'000	2014 Total \$'000	2013 Group share \$'000	2013 Total \$'000
Profit before tax	239	530	2,559	5,687
Net profit after tax	225	500	1,802	4,005
Fixed assets	-	-	1	2
Current assets	-	-	1,806	4,013
(Liabilities) due within one year	-	-	(285)	(633)

In conjunction with the sale of Ocean Partners Investments Limited, the Investment in Associate was sold during the year.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

13 Investment in Joint Venture

The following information is given in respect of the group's share of the results of the joint venture:

	2014 Group share \$'000	2014 Total \$'000	2013 Group share \$'000	2013 Total \$'000
Turnover	-	-	54	108
(Loss) before tax	(154)	(308)	(352)	(704)
Net (loss) after tax	(154)	(308)	(352)	(704)
Fixed assets	-	-	876	1,752
Current assets	-	-	4,887	9,774
(Liabilities) due within one year	-	-	(3,506)	(7,011)
(Liabilities) due after one year	-	-	(224)	(448)

In conjunction with the sale of Ocean Partners Investments Limited, the Investment in joint venture was sold during the year.

14 Stocks

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Goods for resale	401,043	316,909	-	-

Stocks comprise metal ores, concentrates and refined metal, where title has transferred to the group and which are held for resale.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

15 Debtors

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade debtors	120,888	112,769	-	-
Amounts owed by group undertakings	-	-	16,038	14,060
Corporation tax	5,380	656	-	-
Other debtors	17,808	29,039	2,933	2,838
Prepayments and accrued income	29,948	25,254	-	-
Deferred tax asset (see note 18)	3,402	4,880	-	-
	<u>177,426</u>	<u>172,598</u>	<u>18,971</u>	<u>16,898</u>

Amounts falling due after more than one year and included in the debtors above are:

	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Other debtors	<u>33,118</u>	<u>-</u>	<u>-</u>	<u>-</u>

16 Current asset investment

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Listed investment	<u>-</u>	<u>101</u>	<u>-</u>	<u>101</u>

The current asset investment was disposed of during 2014.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

17 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Bank loans and overdrafts	436,486	386,866	13,072	2,345
Trade creditors	131,562	69,323	-	-
Amounts owed to group undertakings	-	-	1,219	21,910
Corporation tax	2,466	5,873	196	133
Other taxes and social security costs	21	60	-	-
Other creditors	6,193	12,168	-	75
Accruals and deferred income	20,812	23,589	413	3,332
	<u>597,540</u>	<u>497,879</u>	<u>14,900</u>	<u>27,795</u>

Included in bank loans and overdrafts is an amount of \$8.06m (2013: \$7.43m) being the maximum recourse to the group in respect of a bank loan used to make an advance to a supplier. Due to the limited recourse, the bank loans and overdrafts do not include bank loans outstanding at the year-end of \$53.75m (2013: \$53.82m) and the equivalent debtor from the supplier.

At 31 December 2014, the group had utilised bank facilities of \$436.49m (2013: \$386.87m). All bank loans are repayable within one year, are subject to a number of covenants and are secured by liens and charges over the assets of the company and group.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

18 Provision for liabilities

Group

	Other provision \$'000
Balance at 1 January 2014	651
Disposal of investment in joint venture	(651)
Balance at 31 December 2014	-

The opening balance of \$0.65m related to the group's 50% share of the post-acquisition reserves of CBay Minerals Inc. In conjunction with the sale of Ocean Partners Investments Limited, the joint venture including the provision for liability was disposed of in the year.

The deferred tax asset (included in debtors, note 15) is made up as follows:

	Group		Company	
	2014		2014	
	\$'000		\$'000	
Profit and loss account (note 7)	(2,433)		-	
	<u> </u>		<u> </u>	
	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Other timing differences	(657)	(1,407)	-	-
Tax losses available	(2,775)	(3,473)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(3,402)	(4,880)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19 Pension costs

The group operates a defined contribution pension plan for employees. Funds are deposited with financial institutions into an account for each employee. The institutions manage those funds on behalf of the employee. Funds are deposited for each pay period. The pension cost charge represents contributions payable by the group to the fund and amounted to \$0.96m (2013:\$0.89m).

20 Share capital

	2014 \$'000	2013 \$'000
Allotted, called up and fully paid		
822 (2013: 886) Ordinary shares of \$1 each	1	1

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

During the year, 76 \$1 ordinary shares with an aggregate nominal value of \$76 were purchased by the company and subsequently cancelled. As a result distributable reserves have been reduced by \$6.721m being the total consideration paid for the shares.

On 24 September 2014, the company issued 12 ordinary \$1 shares at a premium of \$1.282m in total.

21 Statement of movements on reserves

Group

	Share premium account \$'000	Profit and loss account \$'000
Balance at 1 January 2014	2,930	68,984
Proceeds from issue of shares	1,282	-
Share redemptions	(81)	(6,640)
Profit for the year	-	21,617
Foreign currency translation differences	-	-
Dividends paid	-	(7,442)
Balance at 31 December 2014	4,131	76,519

Company

	Share premium account \$'000	Profit and loss account \$'000
Balance at 1 January 2014	2,930	951
Proceeds from issue of shares	1,282	-
Share redemptions	(81)	(6,640)
Profit for the year	-	28,030
Dividends paid	-	(7,442)
Balance at 31 December 2014	4,131	14,899

22 Minority interests

	2014 \$'000	2013 \$'000
Minority interests' share of net assets and liabilities in subsidiary undertakings	-	(287)

In conjunction with the sale of the shares in Ocean Partners Investments Limited, the minority interest has been removed.

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

23 Reconciliation of movements in shareholders' funds	2014	2013
Group	\$'000	\$'000
Profit for the financial year	21,617	24,076
Foreign currency translation differences	-	1,109
	21,617	25,185
Dividends paid	(7,442)	(2,215)
Share redemptions	(6,721)	
Proceeds from issue of shares	1,282	-
Net addition to shareholders' funds	8,736	22,970
Opening shareholders' funds	71,915	48,945
Closing shareholders' funds	<u>80,651</u>	<u>71,915</u>

	2014	2013
Company	\$'000	\$'000
Profit for the financial year	28,030	2,669
Dividends paid	(7,442)	(2,215)
	20,588	454
Share redemptions	(6,721)	-
Proceeds from issue of shares	1,282	
Net addition to shareholders' funds	15,149	454
Opening shareholders' funds	3,882	3,428
Closing shareholders' funds	<u>19,031</u>	<u>3,882</u>

24 Financial commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	\$'000	\$'000
Expiry date:		
Between two and five years	<u>414</u>	<u>325</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

25 Directors' emoluments

	2014 \$'000	2013 \$'000
Emoluments	4,668	6,694
Pension costs	102	98
	<u>4,770</u>	<u>6,792</u>

At 31 December 2014, the number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2013 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2014 \$'000	2013 \$'000
Emoluments	1,007	1,705
Company pension contributions to money purchase schemes	26	20
	<u>1,033</u>	<u>1,725</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

26 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Trading	31	31
Administrative	55	43
Financial	43	37
Production	20	36
	<u>149</u>	<u>147</u>

Employment costs

	2014 \$'000	2013 \$'000
Wages and salaries	17,404	20,696
Social security costs	966	1,068
Other pension costs	612	894
	<u>18,982</u>	<u>22,658</u>

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

27 Financial Instruments

As explained in the accounting policy note on page 16, the group's policy is to hedge exposures arising from its principal activity using forward and future metal contracts for copper, zinc, lead, gold and silver.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged, is itself recognised. Unrecognised gains and losses on instruments used for hedging and the movements therein, are as follows:

	Gains	(Losses)	Total net gains/(losses)
	US\$'000	US\$'000	US\$'000
Unrecognised gains and losses on hedges at 31 December 2013 (all recognised in the period ended 31 December 2014)	25,191	(24,812)	379
Unrecognised gains and losses on hedges at 31 December 2014	71,844	(44,197)	27,647
Of which: Gains and losses on hedges expected to be recognised in the year ended 31 December 2015.	71,844	(44,197)	27,647

28 Control

There is no overall controlling party.

29 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2014	2013
	\$'000	\$'000
Operating profit	17,770	30,863
Depreciation of tangible assets	749	906
Impairments and provisions	1,425	971
Amortisation	819	115
Increase in stocks	(84,134)	(26,007)
(Increase)/decrease in debtors	(5,847)	90,677
Increase/(decrease) in creditors within one year	53,448	(32,372)
Net effect of foreign exchange differences	-	769
Net cash (outflow)/inflow from operating activities	(15,770)	65,922

OCEAN PARTNERS HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

30 Analysis of net debt	1 January 2014	Cash flow	31 December 2014
	\$'000	\$'000	\$'000
Net cash:			
Cash at bank and in hand	63,133	(945)	62,188
Debts falling due within one year	(386,866)	(49,620)	(436,486)
Net debt	(323,733)	(50,565)	(374,298)
31 Reconciliation of net cash flow to movement in net debt		2014	2013
		\$'000	\$'000
Decrease in cash in the year		(945)	(520)
Cash (inflow)/outflow from (increase)/decrease in debt		(49,620)	50,950
Movement in net debt in the year		(50,565)	50,430
Opening net debt		(323,733)	(374,163)
Closing net debt		(374,298)	(323,733)

32 Related party relationships and transactions

Group

At the year-end, Siva Pillay, a director of the company owed Ocean Partners Holdings Limited \$1.8m (2013: \$1.8m). The loan bears interest at 3% per annum and has no set date for repayment. The maximum amount outstanding during the year was \$1.8m.

During the year Ocean Partners Holdings Limited paid an interim dividend of \$8,400 per share (2013 - \$2,500 per share) to the following directors of the company:

Jeffrey Beck (150 shares)
Alan Paterson (150 shares)
Siva Pillay (123 shares)

An interim dividend was also paid to the following companies:-

2113743 Ontario Inc, of which Walter Cimowsky is the overall controlling party, (150 shares)
Dafree Holdings Limited, of which Ad van Halder is the overall controlling party, (150 shares).

During the year, the company paid rent of \$67,370 (2013: \$62,506) to Pillay & Associates Limited, a company controlled by Siva Pillay.

The subsidiary disposed of in the year, referred to in note 5, was sold to a company under common control.