
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM F-1
REGISTRATION STATEMENT**
*UNDER
THE SECURITIES ACT OF 1933*

Ferroglobe PLC
(Exact Name of Registrant as Specified in Its Charter)

England and Wales
(State or other jurisdiction of
incorporation or organization)

3330
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer
Identification Number)

**c/o Legalinx Ltd
One Fetter Lane,
London, EC4A 1BR
+44-800-9758080**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Stephen Lebowitz, Chief Legal Officer
600 Brickell Avenue
Suite 3100
Miami, FL 33131
(786) 509-6900**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:
**Mark Gerstein, Esq.
Bradley C. Faris, Esq.
Roderick O. Branch
Latham & Watkins LLP
330 N. Wabash Ave.
Suite 2800
Chicago, Illinois 60611
(312) 876-7700**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of	Amount	Proposed	Proposed	Amount of
------------------------	--------	----------	----------	-----------

Securities to be Registered	to be Registered ⁽¹⁾⁽²⁾	Maximum Offering Price Per Share ⁽³⁾	Maximum Aggregate Offering Price	Registration Fee
Ordinary Shares, nominal value \$7.50 per share	8,732,360	\$7.83	\$68,374,378.80	\$6,885.30

- (1) Represents the maximum number of ordinary shares that may be offered for resale by selling shareholders pursuant to the prospectus contained herein. Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement also covers any additional ordinary shares that may be offered or issued in connection with any stock split, stock dividend or similar transaction.
- (2) The shares to be registered include (i) 8,232,360 outstanding ordinary shares and (ii) 500,000 ordinary shares issuable upon the exercise of outstanding options.
- (3) With regard to the securities included hereby, the offering price and registration fee are estimated pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based upon the average high and low prices for the ordinary shares of Ferroglobe PLC, as reported by the NASDAQ Global Select Market, on February 11, 2016.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

[Table of Contents](#)

The information in this preliminary prospectus is not complete and may be changed. The selling shareholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated February 18, 2016

PRELIMINARY PROSPECTUS

8,732,360 Ordinary Shares



Ferroglobe PLC

This prospectus relates to the resale of up to 8,732,360 of our ordinary shares, nominal value \$7.50 per share (the “Ordinary Shares”), which may be offered for sale from time to time by the selling shareholder named in this prospectus. The Ordinary Shares were issued by us to the selling shareholder in connection with a business combination (the “Business Combination”) of Globe Specialty Metals, Inc. (“Globe”) with Grupo FerroAtlántica, S.A.U. (“FerroAtlántica”), a wholly owned subsidiary of Grupo Villar Mir, S.A.U. (“Grupo VM”). We are a public limited company incorporated under the laws of England (originally incorporated as VeloNewco Limited, a private limited company), and are the holding company for the combined businesses of Globe and FerroAtlántica, as more fully described in this prospectus.

The selling shareholder may from time to time sell, transfer or otherwise dispose of any or all of the Ordinary Shares in a number of different ways and at varying prices. See “Plan of Distribution” beginning on page 180 of this prospectus for more information.

The Ordinary Shares, nominal value \$7.50 per share, are currently traded on the NASDAQ Global Select Market (the “NASDAQ”) under the symbol “GSM”. On February 17, 2016, the closing price for the Ordinary Shares on the NASDAQ was \$7.51 per Ordinary Share.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required.

You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

Investing in our Ordinary Shares involves risks. See “[Risk Factors](#)” beginning on page 9 of this prospectus.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 2016.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	5
RISK FACTORS	9
USE OF PROCEEDS	32
DIVIDEND POLICY	33
MARKET PRICE OF ORDINARY SHARES	34
CAPITALIZATION	36
CURRENCY AND EXCHANGE RATES	37
SELECTED HISTORICAL FINANCIAL INFORMATION OF FERROGLOBE	38
SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF GLOBE	40
SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF FERROATLÁNTICA	43
SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF FERROGLOBE	45
GLOBE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	47
FERROATLÁNTICA MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	71
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS OF FERROGLOBE	102
BUSINESS	126
DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE	164
PRINCIPAL SHAREHOLDERS	171
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	173
SELLING SHAREHOLDER	178
PLAN OF DISTRIBUTION	180
DESCRIPTION OF SHARE CAPITAL	182
SHARES ELIGIBLE FOR FUTURE SALE	201
TAX CONSIDERATIONS	203
EXPENSES RELATED TO THE OFFERING	209
SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES	210
LEGAL MATTERS	212
EXPERTS	213
AVAILABLE INFORMATION	214
INDEX TO FINANCIAL STATEMENTS OF FERROGLOBE PLC	FIN-1

You should rely only on the information contained in this prospectus, any amendment or supplement to this prospectus or any free writing prospectus prepared by or on our behalf. Neither we, nor the selling shareholder, have authorized any other person to provide you with different or additional information. Neither we, nor the selling shareholder, take responsibility for, nor can we provide assurance as to the reliability of, any other information that others may provide. The selling shareholder is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus or such other date stated in this prospectus, and our business, financial condition, results of operations and/or prospects may have changed since those dates.

Except as otherwise set forth in this prospectus, neither we nor the selling shareholder have taken any action to permit a public offering of these securities outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of these securities and the distribution of this prospectus outside the United States.

TERMS USED IN THIS PROSPECTUS

Unless the context otherwise requires, in this prospectus, the term(s) (1) “we,” “us,” “our,” “Company,” “Ferroglobe,” “Ferroglobe group,” and “our business” refer to Ferroglobe PLC (formerly known as VeloNewco Limited), Globe Specialty Metals, Inc. (“Globe”) and its consolidated subsidiaries and Grupo FerroAtlántica, S.A.U. (“FerroAtlántica”) and its consolidated subsidiaries, (2) “Globe” refers solely to Globe Specialty Metals, Inc. and its consolidated subsidiaries and (3) “FerroAtlántica” or the “FerroAtlántica Group” refers solely to FerroAtlántica and its consolidated subsidiaries. All references in this prospectus to the “Predecessor” refer to FerroAtlántica for all periods prior to the business combination of Globe and FerroAtlántica as our wholly owned subsidiaries, on December 23, 2015 (“Business Combination”) and all references to the “Successor” refer to us for all periods after the Business Combination.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this prospectus, references to “Euro” and “€” are to the single currency adopted by participating member states of the European Union relating to Economic and Monetary Union, references to “\$”, “US\$” and “U.S. Dollars” are to the lawful currency of the United States of America, and references to “Pound Sterling” and “£” are to the lawful currency of the United Kingdom.

Historical Financial Information

Following the Business Combination, FerroAtlántica is considered to be our Predecessor under applicable SEC rules and regulations.

The historical financial information presented in this prospectus includes:

- audited consolidated financial statements of FerroAtlántica as of and for the years ended December 31, 2014, December 31, 2013 and December 31, 2012;
- unaudited condensed consolidated interim financial statements of FerroAtlántica as of and for the six months ended June 30, 2015 and June 30, 2014;
- audited consolidated financial statements of Globe as of and for the years ended June 30, 2015 and June 30, 2014 and for the year ended June 30, 2013;
- unaudited condensed consolidated interim financial statements of Globe as of and for the three months ended September 30, 2015 and for the three months ended September 30, 2014;
- audited statement of financial position of Ferroglobe as of February 5, 2015 and unaudited interim statement of financial position of Ferroglobe as of June 30, 2015; and
- unaudited pro forma condensed combined financial statements of the Company as of and for the six months ended June 30, 2015 and for the year ended December 31, 2014.

The historical financial information for the Company and FerroAtlántica have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards

[Table of Contents](#)

Board (“IASB”) which can differ in certain significant respects from the requirements of accounting principles generally accepted in the United States of America (“U.S. GAAP”). The historical financial information for Globe has been prepared in accordance with U.S. GAAP.

Unless otherwise noted, all financial information for the Company, FerroAtlántica and Globe provided in this prospectus is denominated in United States Dollars.

Unaudited Pro Forma Financial Information

Following the Business Combination, which was consummated on December 23, 2015, FerroAtlántica is considered to be our Predecessor under applicable SEC rules and regulations. As a result, we have included in this prospectus unaudited pro forma financial information based on the historical financial statements of Globe and FerroAtlántica, combined and adjusted to give effect to the Business Combination as of certain dates as more fully described in section, “Unaudited Pro Forma Condensed Combined Financial Statements of Ferroglobe” beginning on page 102 of this prospectus. The unaudited pro forma combined consolidated financial information has been prepared in accordance with the basis of preparation described in “—Notes to Unaudited Pro Forma Condensed Combined Financial Information” beginning on page 107 of this prospectus.

INDUSTRY AND MARKET DATA

We obtained the industry, market and competitive position data throughout this prospectus from our own internal estimates and research as well as from industry and general publications and research, surveys and studies conducted by third parties, including reports periodically published by a leading metals industry consultant and leading metals industry publications and information centers. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in industry publications is not guaranteed. While we believe that each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources. While we believe our internal company research is reliable and the definitions of our market and industry are appropriate, neither this research nor these definitions have been verified by any independent source. Further, while we believe the market opportunity information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us. See “Cautionary Note Regarding Forward-Looking Statements.”

TRADEMARKS

We operate under a number of trademarks, including, among others, “Ferroglobe”, “Globe Specialty Metals,” “FerroAtlántica” and “Advancing Material Innovation” (applied for), all of which are registered (or applied for) under applicable intellectual property laws. This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus constitute forward-looking statements that do not directly or exclusively relate to historical facts. You should not place undue reliance on such statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict(s),” “will,” “expect(s),”

Table of Contents

“estimate(s),” “project(s),” “positioned,” “strategy,” “outlook” and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following:

- the ability to realize anticipated benefits of the Business Combination;
- the outcome of pending or potential litigation;
- the possibility that we may be unable to successfully integrate Globe’s and FerroAtlántica’s operations, and that such integration may be more difficult, time-consuming or costly than expected;
- operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the Business Combination;
- the retention of certain key employees may be difficult;
- the intense competition and expected increased competition in the future;
- the ability to adapt services to changes in technology or the marketplace;
- the ability to maintain and grow relationships with customers and clients;
- the historic cyclical nature of the metals industry and the attendant swings in market price and demand;
- increases in energy costs and the effect on costs of production;
- disruptions in the supply of power;
- availability of raw materials or transportation;
- cost of raw material inputs and the ability to pass along those costs to customers;
- costs associated with labor disputes and stoppages;
- the ability to generate sufficient cash to service indebtedness;
- integration and development of prior and future acquisitions;
- our ability to effectively implement strategic initiatives and actions taken to increase sales growth;
- our ability to compete successfully;
- availability and cost of maintaining adequate levels of insurance;
- the ability to protect trade secrets or maintain their trademarks and other intellectual property;
- equipment failures, delays in deliveries or catastrophic loss at any of our manufacturing facilities;
- exchange rate fluctuation;

Table of Contents

- changes in laws protecting U.S., Canadian and European Union companies from unfair foreign competition or the measures currently in place or expected to be imposed under those laws;
- compliance with, potential liability under, and risks related to environmental, health and safety laws and regulations (and changes in such laws and regulations, including their enforcement or interpretation);
- risks from international operations, such as foreign exchange, tariff, tax, inflation, increased costs, political risks and their ability to expand in certain international markets;
- risks associated with metals manufacturing and smelting activities;
- the ability to manage price and operational risks including industrial accidents and natural disasters;
- the ability to acquire or renew permits and approvals;
- the potential loss due to immediate cancellations of service contracts;
- risks associated with potential unionization of employees or work stoppages that could adversely affect our operations;
- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by the governmental authorities; and
- changes in general economic, business and political conditions, including changes in the financial markets.

These and other factors are more fully discussed in the “Risk Factors” section and elsewhere in this prospectus. These risks could cause actual results to differ materially from those implied by forward-looking statements in this prospectus.

You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We do not undertake any obligation to update or revise any forward-looking statements after the date of this prospectus, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks and uncertainties, you should keep in mind that any event described in a forward-looking statement made in this prospectus or elsewhere might not occur.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in the Ordinary Shares. Before making an investment decision, you should read this entire prospectus carefully, especially “Risk Factors” and the financial statements and related notes thereto, and the other documents to which this prospectus refers. Some of the statements in this prospectus constitute forward-looking statements that involve risks and uncertainties. See “Cautionary Note Regarding Forward-Looking Statements” for more information.

Our Company

We are a global leader in the fast-growing silicon and specialty metals industry with an expanded geographical reach, building on Globe’s footprint in North America and FerroAtlántica’s footprint in Europe.

On December 23, 2015, we consummated the Business Combination. The Business Combination brought together two entrepreneurial companies, Globe and FerroAtlántica, each as our wholly owned subsidiaries. We expect to benefit from engineering and operational expertise to improve product flows, increase production efficiency, enhance technology and upgrade products quality, thereby enabling lower costs, faster delivery times and enhanced customer service as a result of the Business Combination.

Competitive Strengths and Strategy of Ferroglobe

Leading Producer of Silicon Metal and Silicon Alloys

We believe we are a leading global producer of silicon metal and silicon- and manganese-based alloy, serving key customers in the specialty chemical, aluminum, solar, steel and ductile iron foundry industries. We will leverage our diversified production base across five continents—Africa, Asia, Europe, North America and South America—and our ownership of high quality raw materials to deliver an enhanced product offering on a cost-efficient basis.

Improved, Vertically Integrated Business Model

As a result of our recent Business Combination, we benefit from an improved, vertically integrated business model, owning sources of hydro power generation, specialty coal, high-purity quartz, charcoal, woodchips, gravel and electrodes. We believe this will allow for lower costs and faster deliveries, reducing working capital, improving logistics and creating significant value for our customers and shareholders.

Unique Geographic Reach and Diversification

The operations of FerroAtlántica and Globe are highly complementary. Globe operates 11 production facilities and three mining sites in six countries, with almost 90% of revenues coming from North America. FerroAtlántica operates 20 facilities (15 production plants and five mining sites) in five countries and hydroelectric power assets in Spain and France, with a majority of its revenues coming from Europe. As a result of the Business Combination, we have a more diversified production base and business mix with a reduced portfolio concentration and a greater international reach.

Centralized Location at Global Center of Metals and Mining Industry

We are organized in the United Kingdom and headquartered in London, one of the global centers for the metals and specialized materials industry. London offers us a central location with easy access to our international factories, customers, suppliers and financial markets.

Significant Expected Operating and Financial Synergies

As a result of the Business Combination, we expect to realize operating and financial synergies and synergies from more efficient working capital management. Operational synergies include benefits from value chain optimization, including centralized raw materials procurement, materials management and reduced freight costs from improved logistics, as well as savings through the introduction of technological and operational best practices that both business divisions will share and through elimination of overlapping selling, general and administrative expenses and overhead. Financial synergies include potential savings on interest expense in the combined company based on our balance sheet and credit profile, as well as the potential for a reduced effective tax rate through expansion of the international platform of the combined company's non-U.S. subsidiaries, whether by internal growth or through strategic acquisitions, and through efficient financing structures.

Recent Developments

On December 23, 2015, we completed the Business Combination of Globe and FerroAtlántica, which resulted in each of Globe and FerroAtlántica becoming our wholly owned subsidiaries.

On December 24, 2015, our Ordinary Shares were approved for listing on The NASDAQ Global Market ("NASDAQ") trading under the symbol "GSM."

On February 3, 2016, our Board of Directors ("Board") declared a quarterly dividend of \$0.08 per Share payable on March 14, 2016 to shareholders of record at the close of business on February 26, 2016.

On February 10, 2016, in connection with the settlement of the shareholder suit brought on behalf of Globe's former shareholders challenging the Business Combination, the Court of Chancery of the State of Delaware held a hearing on plaintiffs' motion to approve the proposed settlement, including final certification of the settlement class, and plaintiffs' application for an award of attorneys' fees and expenses. The Court approved the settlement, including final certification of the settlement class, and awarded plaintiffs' counsel \$9,989,376.73 in attorneys' fees and expenses. Defendants anticipate that a portion of the attorneys' fee and expense award will be paid or reimbursed by insurance.

Summary Risk Factors

Investing in the Ordinary Shares entails a high degree of risk as more fully described in the "Risk Factors" section of this prospectus. You should carefully consider such risks before deciding to invest in our Ordinary Shares. These risks include, among others:

- we may not realize the cost savings, synergies and other benefits that we expect to achieve from the Business Combination;
- decreases in the availability, or increase in the cost, of raw materials or transportation could materially increase our costs;
- significant portion of our sales to a limited number of customers, and the loss of those customers or a portion of those customers could have a materially adverse effect on our revenues and profits;
- intense competition in our industry and our ability to compete successfully;
- changes in laws protecting U.S., Canadian and European Union companies from unfair foreign competition or the measures currently in place or expected to be imposed under those laws;
- the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business;

- Grupo VM has significant voting power with respect to corporate matters considered by our shareholders;
- our international operations and assets may be subject to various economic, social and governmental risks;
- the cost or liability associated with compliance with a significant number of laws and regulations in many jurisdictions;
- our exposure to foreign currency exchange risk;
- our actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this prospectus; and
- the more limited disclosure required of foreign private issuers.

Corporate and Other Information

Our operating headquarters and registered office are located at Legalinx Ltd, One Fetter Lane, London EC4A 1 BR, U.K. and our telephone number is +44-800-9758080. We also have corporate offices in Miami, Florida and Madrid, Spain. We are currently developing a new website at www.ferroglobe.com. We do not incorporate the information contained on, or accessible through, our website into this prospectus, and you should not consider it a part of this prospectus.

Summary Terms of the Offering

The summary below describes the principal terms of this offering. The “Description of Share Capital” section of this prospectus contains a more detailed description of the Ordinary Shares.

Shares offered for Resale by Selling Shareholder	8,732,360 Ordinary Shares
Shares outstanding	73,759,990 Ordinary Shares (as of February 17, 2016) and 98,078,163 Class A ordinary shares (as of February 17, 2016), nominal value \$7.50 per share (“Class A Ordinary Shares,” and together with the Ordinary Shares, collectively, the “Shares”)
Use of Proceeds	The selling shareholder will receive all of the proceeds from the sale of any Ordinary Shares sold by him pursuant to this prospectus. We will not receive any proceeds from these sales. See “Use of Proceeds” in this prospectus.
Voting Rights	Holder of our Shares are entitled to one vote per Share at all shareholder meetings. See “Description of Share Capital.”
Dividend Policy	The Board intends to declare annual (or final) dividends and interim dividends, payable quarterly, to be reviewed each year, but it will depend upon many factors, including the amount of our distributable profits as noted below. On February 3, 2016, the Board declared a quarterly dividend of \$0.08 per Share payable on March 14, 2016 to shareholders of record at the close of business on February 26, 2016. Under English law, our shareholders may declare by ordinary resolution that a final dividend be paid to shareholders in accordance with their respective rights and interests in us, provided that the directors have made a recommendation as to its amount. In addition, the directors may declare interim dividends if it appears to them that the profits available for distribution justify the payment. We may only pay dividends if (i) our accumulated realized profits, which have not been previously distributed or capitalized, exceed our accumulated realized losses, so far as such losses have not been previously written off in a reduction or reorganization of capital and (ii) the amount of our net assets is not less than the aggregate amount of our called-up share capital and undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate amount. Accordingly, each decision to pay dividends depends on the amount of our distributable profits, financial condition, results of operations, capital requirements, and other factors that our Board deems relevant.
Market for our Ordinary Shares	The Ordinary Shares are currently traded on the NASDAQ under the symbol “GSM”.
Risk Factors	Investing in our Ordinary Shares involves substantial risks. See “Risk Factors” for a description of certain of the risks you should consider before investing in our Ordinary Shares.

RISK FACTORS

An investment in our Ordinary Shares carries a significant degree of risk. You should carefully consider the following risks and other information in this prospectus, including our consolidated financial statements and related notes included elsewhere in this prospectus, before you decide to purchase our Ordinary Shares. Additional risks and uncertainties of which we are not presently aware or that we currently deem immaterial could also affect our business operations and financial condition. If any of these risks actually occur, our business, financial condition, results of operations or prospects could be materially affected. As a result, the trading price of our Ordinary Shares could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

Our operations depend on industries including the steel, aluminum, polysilicon and silicone industries, which in turn rely on several end-markets. A downturn in these industries or end-markets could adversely affect the steel, aluminum and silicone industries and, consequently, our business, results of operations and financial condition.

Because we primarily sell silicon metal, manganese-, polysilicon- and silicon-based alloys and other specialty metals we produce to manufacturers of steel, aluminum, polysilicon and silicones, our results are significantly affected by the economic trends in the steel, aluminum, polysilicon, silicone and solar photovoltaic industries. Primary end users of steel and aluminum that drive demand for steel and aluminum are construction companies, shipbuilders, electric appliance and car manufacturers, and companies operating in the rail and maritime industries. Primary end users of polysilicon and silicones that drive demand for polysilicon and silicones include the automotive, chemical, solar photovoltaic, pharmaceutical, construction and consumer products industries. Demand for steel, aluminum, polysilicon and silicones from these companies is driven primarily by GDP growth and is affected by global economic conditions. Fluctuations in steel and aluminum prices may occur due to sustained price shifts reflecting underlying global economic and geopolitical factors, changes in industry demand and supply balances, the substitution of one product for another in times of scarcity and changes in national tariffs. An easing of demand for steel and aluminum can quickly cause a substantial build-up of steel and aluminum stocks, resulting in a decline in demand for silicon metal, manganese-, polysilicon- and silicon-based alloys and other specialty metals. Polysilicon and silicone producers are subject to fluctuations in crude oil, platinum, methanol and natural gas prices, which could adversely affect their businesses. The solar photovoltaic industry has been growing steadily and strongly in the past years. However, changes in power regulations in different countries, fluctuations in the relative costs of different sources of energy, and supply-demand balances in the different parts of the value chain, among other factors, may significantly affect the growth prospects of the solar photovoltaic industry. A significant and prolonged downturn in the end markets for steel, aluminum, polysilicon, silicone and solar photovoltaic products, could adversely affect these industries, and, in turn, our business, results of operations and financial condition.

The metals industry, including silicon-based metals, is cyclical and has been subject in the past to swings in market price and demand which could lead to volatility in our revenues.

Our business has historically been subject to fluctuations in the price of our products and market demand for them, caused by general and regional economic cycles, raw material and energy price fluctuations, competition and other factors. Historically, our subsidiary, Globe Metallurgical, Inc., has been particularly affected by recessionary conditions in the end-markets for its products, such as automotive and construction. In April 2003, Globe Metallurgical, Inc. sought protection under Chapter 11 of the United States Bankruptcy Code following its inability to restructure or refinance its indebtedness in light of the confluence of several negative economic and other factors, including an influx of low-priced, dumped imports, which caused it to default on then-outstanding indebtedness. A recurrence of such economic factors could have a material adverse effect on our business prospects, condition (financial or otherwise) and results of operations.

In calendar year 2009, the global silicon metal and silicon-based alloys industries suffered from unfavorable market conditions. The weakened economic environment of national and international metals markets that occurred during that time may return; any decline in the global silicon metal and silicon-based alloys industries could have a material adverse effect on our business prospects, condition (financial or otherwise), and results of operations. In addition, our business is directly related to the production levels of our customers, whose businesses are dependent on highly cyclical markets, such as the automotive, residential and nonresidential construction, consumer durables, polysilicon, steel, and chemical markets. In response to unfavorable market conditions, customers may request delays in contract shipment dates or other contract modifications. If we grant modifications, these could adversely affect our anticipated revenues and results of operations. Also, many of our products are internationally traded products with prices that are significantly affected by worldwide supply and demand. Consequently, our financial performance will fluctuate with the general economic cycle, which could have a material adverse effect on our business prospects, condition (financial or otherwise) and results of operations.

Our business is particularly sensitive to increases in energy costs, which could materially increase our cost of production.

The price of energy is determined in the applicable domestic jurisdiction and is influenced both by supply and demand dynamics and by domestic regulations. Changes in local energy policy, increased costs due to scarcity of energy supply, climate conditions and other factors can affect the price of energy supply to our plants and adversely affect its results of operations and financial conditions.

Electricity is one of our largest production cost components. Because energy constitutes such a high percentage of our production costs, we are particularly vulnerable to cost fluctuations in the energy industry. For example, energy prices and supply in South Africa are not stable, and prices have increased at a rate higher than inflation in recent years. Power supply to our South African plants in Polokwane, eMalahleni and New Castle is provided by the public utility company Eskom. Our Spanish, Argentine, South African and Chinese plants have higher prices of energy, and as such production is regulated to reduce the cost of energy in peak hours or seasons with higher energy prices, in order to maintain profitability. Venezuela depends on national hydraulic energy production (rainfall) to have consumption to allow us to produce because the price of energy is normally competitive.

The termination or non-renewal of any of our energy contracts, or an increase in the price of energy could have a material adverse effect on our future earnings and may prevent us from effectively competing in its markets. Also, the level of power consumption of our submerged electric arc furnaces is highly dependent on which products are being produced and typically fall in the following ranges: (i) manganese-based alloys require between 2.0 and 3.8 megawatt hours to produce one MT of product, (ii) silicon-based alloys require between 3.5 and 8 megawatt hours to produce one MT of product and (iii) silicon metal requires approximately 11 megawatt hours to produce one MT of product. Accordingly, consistent access to low cost, reliable sources of electricity is essential to our business.

Electrical power to our U.S. and Canada facilities is supplied mostly by AEP, Alabama Power, Brookfield Power, Hydro Quebec, Tennessee Valley Authority and Niagara Mohawk Power Corporation through dedicated lines. Our Alloy, West Virginia facility obtains approximately 45% of its power needs under a fixed-price contract with a nearby hydroelectric facility. This facility is over 70 years old and any breakdown could result in the Alloy facility having to pay much higher rates for electric power from third parties. Our energy supply for our facilities located in Argentina is supplied through Edemsa facilities located in Mendoza, Argentina, under a month-to-month arrangement. Energy rates in Argentina may be increased on average by 200% from and after February 2016. Because energy constitutes such a high percentage of our production costs, we are particularly vulnerable to cost fluctuations in the energy industry. Accordingly, the termination or non-renewal of any of our energy contracts, or an increase in the price of energy could materially adversely affect our future earnings, if any, and may prevent us from effectively competing in our markets.

Energy prices in Spain are volatile and such volatility could have a material adverse effect on our business, financial condition and results of operations.

Almost all of the revenues from FerroAtlántica's energy segment are tied, either directly or indirectly, to the wholesale market price for electricity in Spain. Wholesale market prices for electricity are impacted by a number of factors and may decline for many reasons that are not within our control, which may impact our ability to sell electricity. Those factors include the price of fuel that is used to generate other sources of electricity, the management of generation and the amount of excess generating capacity relative to load in a particular market, the cost of controlling emissions of pollution, the structure of the electricity market, changes in demand for electricity, regulatory and governmental actions and weather conditions that impact electrical load. In addition, other power generators may develop new technologies or improvements to traditional technologies to produce power that could increase the supply of electricity and cause a sustained reduction in market prices for electricity. Any such factor could have a material adverse effect on our business prospects, condition and results of operations.

[Table of Contents](#)

Our energy operations and revenues depend largely on government regulation of the power sector and our business may be adversely affected if such policies are amended or eliminated.

Our energy operations and revenues depend largely on government regulation of the power sector. For example, Spain introduced a new regulatory regime for renewable energies, which, among other things, suspended the pre-existing feed-in tariff support scheme for renewable energy producers that had benefitted us. This had an adverse effect on the profitability of our energy segment in 2014 as compared to 2013, as prices at which we are able to sell our energy are now substantially dependent on wholesale market prices. Additionally, new regulation enacted by the National Assembly and the Government through Laws and Decrees in France allows Ferropem to benefit from reduced access tariffs plus rebates based on interruptibility. If any other of these incentives or tariff structure are adversely amended, reduced, eliminated, subjected to new restrictions, or if public funding for these incentives is reduced, it could have a material adverse effect on the profitability of our energy operations.

Losses caused by disruptions in the supply of power would reduce our profitability.

Our operations are heavily dependent upon a reliable supply of electrical power. We may incur losses due to a temporary or prolonged interruption of the supply of electrical power to our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events, including failure of the hydroelectric facilities that currently provide power under contract to our West Virginia, New York, Quebec and Argentina facilities. Additionally, we have, on occasion, been instructed to suspend operations for several hours by the sole energy supplier in South Africa due to a general power shortage which continues in the country. It is possible that this supplier may instruct us to suspend our operations for a similar or longer amount of time in the future. Large amounts of electricity are used to produce silicon metal, manganese- and silicon-based alloys and other specialty metals, and any interruption or reduction in the supply of electrical power would adversely affect production levels and result in reduced profitability. Our insurance coverage does not cover all events and may not be sufficient to cover any or all losses. Certain of our insurance policies may not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand.

Investments in Argentina's electricity generation and transmission systems have been lower than the increase in demand in recent years. If this trend is not reversed, there could be electricity supply shortages as the result of inadequate generation and transmission capacity. Given the heavy dependence on electricity of our manufacturing operations, any electricity shortages could adversely affect our financial results.

Government regulations of electricity in Argentina give priority access of hydroelectric power to residential users and subject violators of these restrictions to significant penalties. This preference is particularly acute during Argentina's winter months due to a lack of natural gas. We have previously successfully petitioned the government to exempt us from these restrictions given the demands of our business for continuous supply of electric power. If we are unsuccessful in our petitions or in any action we take to ensure a stable supply of electricity, our production levels may be adversely affected and our profitability reduced.

Any decrease in the availability, or increase in the cost, of raw materials or transportation could materially increase our costs.

Principal components in the production of silicon metal, silicon-based alloys and manganese-based alloys include metallurgical-grade coal, charcoal, carbon electrodes, manganese ore, quartzite, wood chips, steel scrap, and other metals. We buy some raw materials on a spot basis. The availability of these raw materials and the prices at which we purchase them from third-party suppliers may be volatile, as they are dependent on market supply and demand. We are dependent on certain suppliers of these products, their labor union relationships, mining and lumbering regulations and output and general local economic conditions, in order to obtain raw materials in a cost efficient and timely manner.

We make extensive use of shipping by sea, rail and truck to obtain the raw materials used in our production and deliver our products to customers, depending on the geographic region and product or input. These raw materials and products often must be transported over long distances between the mines and other production sites where raw materials are produced and our factories where raw materials are processed and between those sites and our customers. Any severe delay, interruption or other disruption in such transportation, any material damage to raw

[Table of Contents](#)

materials utilized by us or to our products while being transported, or a sharp rise in transportation prices, could have a material adverse effect on our business, results of operations, financial condition and productivity levels. We may not be able to obtain adequate supplies of raw materials from alternative sources on terms as favorable as our current arrangements or at all. Any increases in the price or shortfall in the production and delivery of raw materials, could materially adversely affect our business prospects, condition (financial or otherwise) or results of operations.

Cost increases in raw material inputs may not be passed on to our customers, which could negatively impact our profitability.

The availability and prices of raw material inputs may be influenced by supply and demand, changes in world politics, unstable governments in exporting nations and inflation. The market prices of our products and raw material inputs are subject to change. We may not be able to pass a significant amount of increased input costs on to our customers. Additionally, we may not be able to obtain lower prices from our suppliers should our sale prices decrease.

Metals manufacturing and mining are inherently dangerous activities and any accident resulting in injury or death of personnel or prolonged production shut downs could adversely affect our business and operations.

Metals manufacturing generally, and smelting in particular, is inherently dangerous and subject to fire, explosion and sudden major equipment failure. Quartz mining is inherently dangerous and subject to hazards associated with collisions, equipment failure, the operation of large open pit mining and rock transportation equipment, dust inhalation, flooding, collapses of open pit walls, the preparation and ignition of large-scale open pit blasting operations and operating in extreme climatic conditions. This can and has resulted in accidents resulting in the serious injury or death of production personnel and prolonged production shutdowns. In January 2015, the death of a subcontractor at our South Africa mine caused a shutdown of production for several days. We have also experienced fatal accidents and equipment malfunctions in our manufacturing facilities in recent years, including a fire at our Bridgeport, Alabama facility in November 2011 and a fatality at our Selma Alabama facility in October 2012, and may experience fatal accidents or equipment malfunctions again, which could have a material adverse effect on our business and operations.

We are heavily dependent on our mining operations, which are subject to risks that are beyond our control and which could result in materially increased expenses and decreased production levels.

We mine quartz at open pit mining operations and coal and quartzite at underground and surface mining operations. We are heavily dependent on these mining operations for our quartz supply. Certain factors beyond our control could disrupt our mining operations, adversely affect production and shipments and increase our operating costs, such as: a major incident at the mine site that causes all or part of the operations of the mine to cease for some period of time; mining, processing and plant equipment failures and unexpected maintenance problems; changes in reclamation costs; the inability to renew mining concessions upon their expiration; the expropriation of territory subject to a valid concession without sufficient compensation; and adverse weather and natural disasters, such as heavy rains or snow, flooding and other natural events affecting operations, transportation or customers. For example, the recent installation of additional capacity at our quartz mine in Alabama took longer and was more costly than expected.

Regulatory agencies have the authority under certain circumstances following significant health and safety incidents, such as fatalities, to order a mine to be temporarily or permanently closed. If this occurred, we may be required to incur capital expenditures to re-open the mine. Environmental regulations could impose costs on our mining operations, and future regulations could increase those costs or add new costs or limit our ability to produce quartz and sell coal. A failure to obtain and renew permits necessary for our mining operations could negatively affect our business. It is also possible that we have extracted or may in the future extract quartz from territory beyond the boundary of our mining concession or mining right, which could result in penalties or other regulatory action or liabilities.

We are subject to environmental, health and safety regulations, including laws that impose substantial costs and the risk of material liabilities.

We are subject to extensive foreign, federal, national, state, provincial and local environmental, health and safety laws and regulations governing, among other things, the generation, discharge, emission, storage, handling, transportation, use, treatment and disposal of hazardous substances; land use, reclamation and remediation; and the health and safety of our employees. We are also required to obtain permits from governmental authorities for certain operations. We may not have been and may not be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be subject to penalties, fines, restrictions on operations or other sanctions. Under these laws, regulations and permits, we could also be held liable for any and all consequences arising out of human exposure to hazardous substances or environmental damage we may cause or that relates to our operations or properties and any such liability could adversely affect our reputation, business, results of operations and financial condition. For example, in the United States, we are subject to federal and state regulations that require payment of benefits related to black lung disease in coal miners, and our exposure may significantly increase if new or additional legislation is enacted at the federal or state level.

Under certain environmental laws, we could be required to remediate or be held responsible for all of the costs relating to any contamination at our or our predecessors' past or present facilities and at third party waste disposal sites. We could also be held liable under these environmental laws for sending or arranging for hazardous substances to be sent to third party disposal or treatment facilities if such facilities are found to be contaminated. Under these laws we could be held liable even if we did not know of, or were not responsible for, such contamination, or even if we never owned or operated the contaminated disposal or treatment facility.

There are a variety of laws and regulations in place or being considered at the international, federal, regional, state and local levels of government that restrict or are reasonably likely to restrict the emission of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause us to incur material costs if we are required to reduce or offset greenhouse gas emissions and may result in a material increase in our energy costs due to additional regulation of power generators.

Environmental laws are complex, change frequently and are likely to become more stringent in the future.

Therefore, our costs of complying with current and future environmental laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances may adversely affect our business, results of operations and financial condition.

Compliance with and changes in environmental laws, including proposed climate change laws and regulations, could adversely affect our performance.

The principal environmental risks associated with our operations are emissions into the air and releases into the soil, surface water, or groundwater. Our operations are subject to extensive foreign, federal, state, provincial and local environmental laws and regulations, including those relating to the discharge of materials into the environment, waste management, pollution prevention measures and greenhouse gas emissions. If we violate or fail to comply with these laws and regulations, we could be fined or otherwise sanctioned. Because environmental laws and regulations are becoming more stringent and new environmental laws and regulations are continuously being enacted or proposed, such as those relating to greenhouse gas emissions and climate change, the level of expenditures required for environmental matters could increase in the future. Future legislative action and regulatory initiatives could result in changes to operating permits, additional remedial actions, material changes in operations, increased capital expenditures and operating costs, increased costs of the goods we sell, and decreased demand for our products that cannot be assessed with certainty at this time.

Some of the proposed federal cap-and-trade legislation would require businesses that emit greenhouse gases to buy emission credits from the government, other businesses, or through an auction process. As a result of such a program, we may be required to purchase emission credits for greenhouse gas emissions resulting from our operations. Although it is not possible at this time to predict the final form of a cap-and-trade bill (or whether such a bill will be passed), any new restrictions on greenhouse gas emissions—including a cap-and-trade program—could result in material increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial position, results of operations, and liquidity.

[Table of Contents](#)

Under current European Union legislation, all industrial sites are subject to cap-and-trade programs, by which every facility with carbon emissions is required to purchase in the market emission rights for volumes of emission that exceed a certain allocated level. So far, and until 2020, the allocated level of emissions is such that the potential requirements of emissions rights purchases will have a limited impact on our business. After 2020, however, new regulations may require significant purchases of emissions rights in the market. Also, several Canadian provinces have implemented cap-and-trade programs. As such, our facilities in Canada and in the European Union may be required to purchase emission credits in the future (85% of the cost which may be exempted in the European Union). The requirement to purchase emissions rights in the market could result in material increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial position, results of operations, and liquidity.

We make a significant portion of our sales to a limited number of customers, and the loss of a portion of the sales to these customers could have a material adverse effect on our revenues and profits.

In the year ended June 30, 2015, Globe made approximately 53% of its consolidated net sales to its top ten customers and approximately 31% to its two top customers (14%, excluding sales made under joint venture agreements with Dow Corning). For the twelve months ended December 31, 2014, FerroAtlántica's ten largest customers accounted for approximately 43% of its consolidated revenue. We expect that we will continue to derive a significant portion of our business from sales to these customers. If we were to experience a significant reduction in the amount of sales we make to some or all of these customers and could not replace these sales with sales to other customers, it could have a material adverse effect on our revenues and profits.

Some of the contracts with our customers do not provide commitments from our customers to purchase specified or minimum volumes of products for terms longer than one month to one year. Accordingly, with respect to these contracts, we do not benefit from any contractual protection mechanism in case of unexpected reduced demand for our products from such customers as a result of, for instance, downturns in the industries in which these customers operate or any other factor affecting their business, and this could have a material adverse effect on our revenues and profits. If we were to experience a significant reduction in the amount of sales it makes to some or all of these customers and could not replace these sales with sales to other customers, this could have a material adverse effect on our revenues and profits.

Our business benefits from antidumping duties and laws that protect our products by taxing unfairly traded imports from certain countries. If these duties or laws change, certain foreign competitors might be able to compete more effectively.

Antidumping orders prevent suppliers in countries with excess capacity from selling their product at improperly subsidized prices. As a result, antidumping orders normally benefit local suppliers, and non-affected foreign suppliers. Antidumping duties are currently in place in the European Union covering silicon metal imports from China and Korea and ferrosilicon imports from China and Russia. In the United States, antidumping duties are in place covering silicon metal from China and Russia. In Canada, there are anti-dumping duties in place covering silicon metal from China.

In the United States, rates of duty can change as a result of "administrative reviews" of antidumping orders. These orders can also be revoked as a result of periodic "sunset reviews," which determine whether the orders will continue to apply to imports from particular countries. In 2015 and 2016, the European Union will review antidumping duties covering silicon metal imports from China, which have been in place for the last five years, and may reduce or eliminate these duties. Antidumping and countervailing duties in Canada also are subject to periodic reviews. Sunset reviews of the U.S. orders covering silicon metal imports from China and Russia completed in 2012 and 2014, respectively, resulted in those orders remaining in place for an additional five years. However, the current orders may not remain in effect and continue to be enforced from year to year, the goods and countries now covered by antidumping and countervailing duty orders may no longer be covered, and duties may not continue to be assessed at the same rates. Changes in any of these factors could adversely affect our business and profitability. Finally, at times, in filing trade actions, we find ourselves acting against the interests of our customers. Some of our customers may not continue to do business with us because of our having filed a trade action.

Products we manufacture may be subject to unfair import competition that may affect our profitability.

A number of the products we manufacture, including silicon metal and ferrosilicon, are globally traded commodities that are sold primarily on the basis of price. As a result, our sales volumes and prices may be adversely affected by influxes of imports of these products that are dumped (sold at unfairly low prices) or are subsidized by foreign governments. Our silicon metal and ferrosilicon operations have been injured by such unfair import competition in the past. The antidumping and countervailing duty laws provide a remedy for unfairly traded imports in the form of special duties imposed to offset the unfairly low pricing or subsidization. However, the process for obtaining such relief is complex and uncertain. As a result, while we have sought and obtained such relief in the past, in some cases we have not been successful. Thus, there is no assurance that such relief will be obtained, and if it is not, unfair import competition could have a material adverse effect on our business, financial condition and results of operations.

Competitive pressure from Chinese steel and silicone producers may adversely affect the business of our customers, reducing demand for our products. Our customers may relocate to China, where they are unlikely to continue purchasing from us.

China's aluminum and steel producing capacity exceeds local demand and has made China an increasingly larger net exporter of aluminum and steel, and the Chinese silicone manufacturing industry is growing. Chinese aluminum, steel and silicone producers, who are unlikely to purchase silicon metal, manganese- and silicon-based alloys and other specialty metals from us due to the ample availability of domestic Chinese production, may gain global market share at the expense of our customers. An increase in Chinese aluminum, steel and silicone industry market share could adversely affect the production volumes and ultimately the business of our customers, resulting in lower sales for us, and in turn have a material adverse effect on our business prospects and results of operations.

Moreover, our customers in Europe might seek to relocate or refocus their operations to China or other countries with lower labor costs and higher growth rates. If they do so, these customers might choose to purchase from other suppliers of silicon metal, manganese- and silicon-based alloys and other specialty metals, and this could have a material adverse effect on our business, results of operations and financial condition.

We are subject to the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business.

A majority of our employees are members of labor unions. In the future, we may experience lengthy consultations with labor unions or strikes, work stoppages or other industrial actions. Strikes called by employees or unions could disrupt our operations. In 2014, there was a strike at our South African subsidiary that required us to reduce production for seven days. We have also experienced strikes by our employees in France from time to time.

Our hourly employees at our Selma, Alabama facility are covered by a collective bargaining agreement with the Industrial Division of the Communications Workers of America, under a contract running through April 2, 2017. Our hourly employees at our Alloy, West Virginia, Niagara Falls, New York and Bridgeport, Alabama facilities are covered by collective bargaining agreements with The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union under contracts running through April 27, 2017, July 30, 2017, and March 3, 2018, respectively. Our union employees in Argentina are working under a contract running through April 30, 2016. Our union employees in Canada work at the Bécancour, Québec, plant and are covered by a Union Certification held by the Communications, Energy and Paper Workers Union of Canada ("CEP"), Local 184. That collective agreement will run through April 30, 2017.

New labor contracts will have to be negotiated to replace expiring contracts from time to time. It is possible that new collective bargaining agreements could contain terms less favorable than the current agreements. If we are unable to satisfactorily renegotiate those labor contracts on terms acceptable to us or without a strike or work stoppage, the effects on our business could be materially adverse. Any strike or work stoppage could disrupt production schedules and delivery times, adversely affecting sales. In addition, existing labor contracts may not prevent a strike or work stoppage, and any such work stoppage could have a material adverse effect on our business.

[Table of Contents](#)

We are dependent on key personnel.

Our success depends in part upon the retention of key employees. Competition for qualified personnel can be intense. Current and prospective employees may experience uncertainty about the effect of the Business Combination, which may impair our ability to attract, retain and motivate key management, sales, technical and other personnel prior to and following the Business Combination.

If key employees depart, the integration after the Business Combination may be more difficult and our business may be harmed. Furthermore, we may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to our business, and our ability to realize the anticipated benefits of the Business Combination may be adversely affected. In addition, there could be disruptions to or distractions for the workforce and management associated with activities of labor unions or works councils or integrating employees. Accordingly, no assurance can be given that we will be able to attract or retain key employees to the same extent that we have been able to attract or retain their own employees in the past.

The success of our operations following our recent Business Combination, which was consummated on December 23, 2015, depend to a significant degree on the continued employment of our core senior management team. It is important that we retain the other members of our core senior management team following this change. In particular, we are dependent on the skills, knowledge and experience of Alan Kestenbaum, our Executive Chairman, Javier López Madrid, our Executive Vice-Chairman, Pedro Larrea Paguaga, our Chief Executive Officer, Joseph Ragan, our Chief Financial Officer and Stephen Lebowitz, our Chief Legal Officer. If these employees are unable to continue in their respective roles, or if we are unable to attract and retain other skilled employees, our results of operations and financial condition could be adversely affected. We currently have employment agreements with Messrs. Kestenbaum, Larrea Paguaga, Ragan and Lebowitz. The employment agreements with Messrs. Kestenbaum, Ragan and Lebowitz contain certain non-compete provisions, which may not be enforceable by us. Additionally, we are substantially dependent upon key personnel in our financial and information technology staff that enables us to meet our regulatory, contractual and financial reporting obligations, including reporting requirements under our credit facilities.

In certain circumstances, our Executive Chairman and the members of our Board may have interests that may conflict with yours as a holder of Ordinary Shares.

If our Executive Chairman acquires knowledge of a potential transaction or matter which may be deemed to be a corporate opportunity for us or any of our affiliates, he is not required to communicate or offer such transaction or matter to us, unless such potential transaction or matter:

- directly relates to silicon metal, a silicon alloy, a mineral commonly combined with silicon metal to make a silicon alloy, metallurgical coal, another business in which we or any of our affiliates were materially engaged immediately after the consummation of the Business Combination or another business in which we or any of our affiliates have within the preceding year taken substantial, demonstrable steps to become materially engaged; or
- is expressly offered to our Executive Chairman solely in his capacity as a director or officer of ours.

Our directors have no duty to us with respect to any information such directors may obtain (i) otherwise than as our directors and (ii) in respect of which directors owe a duty of confidentiality to another person, provided that where a director's relationship with such other person gives rise to a conflict, such conflict has been authorized by our Board in accordance with our articles of association ("Articles"). Our Articles provide that a director shall not be in breach of the general duties directors owe to us pursuant to the U.K. Companies Act 2006 because such director:

- fails to disclose any such information to our Board, directors or officers; or
- fails to use or apply any such information in performing such director's duties as a director.

In such circumstances, certain interests of our Executive Chairman and/or the members of our Board may not be aligned with your interests as a holder of Ordinary Shares, and our Executive Chairman and/or the members of our Board may engage in certain business and other transactions without any accountability or obligation to us.

Shortages of skilled labor could adversely affect our operations.

We depend on skilled labor for the operation of our silicon furnaces and other facilities. Some of our facilities are located in areas where demand for skilled laborers often exceeds supply. Shortages of skilled furnace technicians and other skilled laborers could restrict our ability to maintain or increase production rates, lead to production inefficiencies and increase our labor costs.

We may not realize the cost savings, synergies and other benefits that we expect to achieve from our recent Business Combination.

The combination of two independent companies is a complex, costly and time-consuming process. As a result, we are required to devote significant management attention and resources to integrating our business practices and operations. The integration process may disrupt our business and, if implemented ineffectively, could preclude realization of the full benefits expected. Failure to meet the challenges involved in successfully integrating our operations or otherwise to realize the anticipated benefits of the Business Combination could cause an interruption of our activities and could seriously harm our results of operations. In addition, the overall integration of the two companies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of client relationships, and diversion of management's attention, and may cause our stock price to decline. The difficulties of combining the operations of the companies include, among others:

- managing a significantly larger company;
- coordinating geographically separate organizations;
- the potential diversion of management focus and resources from other strategic opportunities and from operational matters;
- retaining existing customers and attracting new customers;

Table of Contents

- maintaining employee morale and retaining key management and other employees;
- integrating two unique business cultures, which may prove to be incompatible;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- issues in achieving anticipated operating efficiencies, business opportunities and growth prospects;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- issues in integrating information technology, communications and other systems;
- changes in applicable laws and regulations;
- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by the governmental authorities; and
- managing tax costs or inefficiencies associated with integrating our operations.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreased revenues and diversion of management's time and energy, which could materially impact our businesses, financial condition and results of operations. In addition, even if the operations are integrated successfully, we may not realize the full benefits of the Business Combination, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. As a result, we cannot assure our shareholders that the Business Combination will result in the realization of the full benefits anticipated.

The R&W Policy may not adequately compensate holders of Ordinary Shares for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement.

We purchased a Representations and Warranties insurance policy (the "R&W Policy") in connection with the Business Combination to insure us against breaches of certain representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement (as defined below). The R&W Policy has a face amount equal to \$50,000,000 and is subject to an initial retention amount of \$10,000,000, as well as other limitations and conditions. As a result of Grupo VM's ownership of the Company following completion of the Business Combination, the R&W Policy only provides insurance to the extent of approximately 43% of insurable losses incurred by us. Accordingly, the proceeds of the R&W Policy will not be sufficient to fully compensate for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica. In addition, we will not be able to recover losses attributable to breaches of representations and warranties that are excluded from the R&W Policy (including, for example, any purchase price, net worth or similar adjustment provisions of the Business Combination Agreement, transfer pricing, environmental or pollution matters, the intended tax treatment of the business combination, etc.), or losses that would result in payments under the R&W Policy in excess of the \$50,000,000 face amount of the R&W Policy. Under the Articles of Association of the Company ("Articles"), we are required to distribute the aggregate net proceeds under the R&W Policy, if any, to the holders of our Ordinary Shares. We are not permitted to retain the net proceeds, if any, under the R&W Policy. Accordingly, if we suffer a loss that is otherwise recoverable under the R&W Policy, but use the net proceeds of the R&W Policy to fund the required distribution to the holders of our Ordinary Shares, we will be required to use our existing cash on hand or draws under our credit facility to fund the actual loss incurred. Losses attributable to breaches of representations and warranties by Grupo VM or FerroAtlántica could have a material adverse effect on our business, financial condition and results of operations.

In addition, under English law, we may only pay dividends out of profits available for that purpose, as determined by reference to accounts that are deemed to be our relevant accounts pursuant to the U.K. Companies Act 2006. If we recover proceeds under the R&W Policy, but do not have sufficient profits available for distribution, we will not be permitted under English law to make the distribution to the holders of our Ordinary Shares contemplated by the Articles. Further, a U.K. public company may only make a distribution if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves, and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate. In these circumstances, holders of our Ordinary Shares may not receive any distribution of the net proceeds under the R&W Policy, or may only receive a partial distribution, or may suffer substantial delay before any distribution can be made under English law.

[Table of Contents](#)

Our inability to integrate recently acquired businesses or to successfully complete future acquisitions could limit our future growth or otherwise be disruptive to our ongoing business.

From time to time, we expect to pursue acquisitions in support of our strategic goals. In connection with any such acquisitions, we could face significant challenges in managing and integrating our expanded or combined operations, including acquired assets, operations and personnel. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. Our ability to succeed in implementing our strategy will depend to some degree upon the ability of our management to identify, complete and successfully integrate commercially viable acquisitions. Acquisition transactions may disrupt our ongoing business and distract management from other responsibilities.

Grupo VM has significant voting power with respect to corporate matters considered by our shareholders.

Prior to the consummation of this offering, Grupo VM owns shares representing approximately 57% of the aggregate voting power of our capital stock. By virtue of Grupo VM's voting power, as well as Grupo VM's representation on the Board, Grupo VM will have significant influence over the outcome of any corporate transaction or other matters submitted to our shareholders for approval. Grupo VM will be able to block any such matter, including ordinary resolutions, which, under English law, requires approval by a majority of holders of outstanding Shares. Grupo VM will also be able to block any special resolutions, which under English law requires approval by the holders of at least 75% of the outstanding Shares entitled to vote, voting on the resolution, such as an amendment of the Articles or the exclusion of preemptive rights.

Grupo VM, who owns approximately 57% of our outstanding Shares, has pledged all of its Class A Ordinary Shares to secure its obligations to Crédit Agricole Corporate and Investment Bank, Banco Santander and HSBC; if Grupo VM defaults on the underlying loan, we could experience a change in control.

Grupo VM guaranteed its obligations pursuant to the Credit Agreement ("Credit Agreement") which matures in March 2017, which allows them to borrow up to Euro 415 million ("Loan"). In March 2015, Grupo VM entered into a Security and Pledge Agreement, as amended on December 23, 2015 (the "Pledge Agreement") with Crédit Agricole Corporate and Investment Bank, Banco Santander and HSBC (the "Lenders"), pursuant to which Grupo VM agreed to pledge all of its Class A Ordinary Shares to the Lenders to secure the outstanding Loan. In the event Grupo VM defaults under the Credit Agreement, the Lenders may foreclose on the Class A Ordinary Shares subject to the pledge. In such case, we could experience a change of control.

We are exposed to significant risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.

Doing business on a worldwide basis requires us to comply with the laws and regulations of various jurisdictions. In particular, our international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), the United Kingdom Bribery Act of 2010 (the "Bribery Act") and economic sanctions programs, including those administered by the UN, EU and OFAC and regulations set forth under the Comprehensive Iran Accountability Divestment Act. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. We may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Economic sanctions programs restrict our business dealings with certain sanctioned countries.

As a result of doing business in foreign countries, we are exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we, our partners or our agents operate. Some of the international locations in which we operate lack a developed legal system and have high levels of corruption. Our

Table of Contents

continued expansion and worldwide operations, including in developing countries, our development of joint venture relationships worldwide and the employment of local agents in the countries in which we operate increases the risk of violations of anti-corruption laws, OFAC or similar laws. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

We will seek to build and continuously improve our systems of internal controls and to remedy any weaknesses identified. There can be no assurance, however, that the policies and procedures will be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners and, as a result, we could be subject to penalties and material adverse consequences on our business, financial condition or results of operations.

We operate in a highly competitive industry.

The silicon metal market and the silicon-based and manganese-based alloys markets are global, capital intensive and highly competitive. Our competitors may have greater financial resources, as well as other strategic advantages, to maintain, improve and possibly expand their facilities, and as a result, they may be better positioned to adapt to changes in the industry or the global economy. The advantages that our competitors have over us could have a material adverse effect on our business. In addition, new entrants may increase competition in our industry, which could have a material adverse effect on our business. An increase in the use of substitutes for certain of our products also could have a material adverse effect on our financial condition and operations.

Though we are not currently operating at full capacity, we have historically operated at near the maximum capacity of our operating facilities. Because the cost of increasing capacity may be prohibitively expensive, we may have difficulty increasing our production and profits.

Our facilities are able to manufacture, collectively, approximately 420,000 MT of silicon metal (excluding Dow Corning's portion of the capacity of our Alloy, West Virginia and Becancour, Quebec plants), 480,000 MT of silicon-based alloys and 465,000 manganese-based alloys on an annual basis. Our ability to increase production and revenues will depend on expanding existing facilities or opening new ones. Increasing capacity is difficult because:

- adding new production capacity to an existing silicon plant to produce approximately 30,000 MT of metallurgical grade silicon would cost approximately \$120,000,000 and take at least 12 to 18 months to complete once permits are obtained, which could take more than a year;
- a greenfield development project would take at least three to five years to complete and would require significant capital expenditure and environmental compliance costs; and
- obtaining sufficient and dependable power at competitive rates near areas with the required natural resources is difficult to accomplish.

Additionally, new regulations enacted by the National Assembly and the Government through Laws and Decrees in France allows Ferropem to benefit from reduced access tariffs plus rebates based on interruptibility, which could allow our French plants to work near-to-maximum capacity.

We may not have sufficient funds to expand existing facilities or open new ones and may be required to incur significant debt to do so, which could have a material adverse effect on our business.

Our actual financial position and results of operations may differ materially from the unaudited pro forma financial data included in this prospectus.

The unaudited pro forma financial information contained in this prospectus is presented for illustrative purposes only and may not be an accurate indication of our financial position or results of operations if the Business Combination was completed on the dates indicated. The unaudited pro forma financial information has been derived

[Table of Contents](#)

from the audited and unaudited historical financial statements of Globe and FerroAtlántica and certain adjustments and assumptions have been made regarding us after giving effect to the Business Combination. The assets and liabilities of Globe have been measured at fair value based on various preliminary estimates based on certain assumptions regarding Globe after giving effect to the Business Combination. The process for estimating the fair value of acquired assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. These estimates may be revised as additional information becomes available and as additional analyses are performed. Differences between preliminary estimates in the unaudited pro forma financial information and the final acquisition accounting will occur and could have a material impact on the unaudited pro forma financial information and our financial position and future results of operations.

In addition, the assumptions used in preparing the unaudited pro forma condensed combined financial information may not prove to be accurate, and other factors may affect our financial condition or results of operations following the completion of the Business Combination. Any potential decline in our financial condition or results of operations may cause significant variations in the price of our Ordinary Shares. See “Unaudited Pro Forma Condensed Combined Financial Statements of Ferroglobe” beginning on page 102 of this prospectus.

We are subject to restrictive covenants under our credit facilities. These covenants could significantly affect the way in which we conduct our business. Our failure to comply with these covenants could lead to an acceleration of our debt.

We entered into credit facilities that contain covenants that at certain levels, among other things, restrict our ability to sell assets; incur, repay or refinance indebtedness; create liens; make investments; engage in mergers or acquisitions; pay dividends, including to us; repurchase stock; or make capital expenditures. These credit facilities also require compliance with specified financial covenants, including minimum interest coverage and maximum leverage ratios. We cannot borrow under the credit facilities if the additional borrowings would cause a breach to the financial covenants. Further, a significant portion of our assets are pledged to secure the indebtedness. For example, the real property assets of one of our South Africa subsidiary are pledged to secure some indebtedness.

Our ability to comply with the applicable covenants may be affected by events beyond our control. In the last three years, one of our Chinese subsidiaries breached the covenants under its credit facility several times and had to seek, and ultimately obtained, waivers from its lenders. The breach of any of the covenants contained in the credit facilities, unless waived, would be a default. This would permit the lenders to terminate their commitments to extend credit under, and accelerate the maturity of, the facility. The acceleration of debt could have a material adverse effect on our financial condition and liquidity. If we were unable to repay our debt to the lenders and holders or otherwise obtain a waiver from the lenders and holders, the lenders and holders could proceed against the collateral securing the credit facilities and exercise all other rights available to them. We may not have sufficient funds to make these accelerated payments and may not be able to obtain any such waiver on acceptable terms or at all.

Our insurance costs may increase, and we may experience additional exclusions and limitations on coverage in the future.

We have maintained various forms of insurance, including insurance covering claims related to our properties and risks associated with our operations. Our existing property and liability insurance coverage contains exclusions and limitations on coverage. From time-to-time, in connection with renewals of insurance, we have experienced additional exclusions and limitations on coverage, larger self-insured retentions and deductibles and significantly higher premiums. For example, as a result of the fire at our facility in Bridgeport, Alabama, our business interruption insurance premium has increased significantly. As a result, in the future, our insurance coverage may not cover claims to the extent that it has in the past and the costs that we incur to procure insurance may increase significantly, either of which could have an adverse effect on our results of operations.

[Table of Contents](#)

We have operations and assets in the U.S., Argentina, Spain, France, Canada, China, South Africa, Poland and Venezuela, and may have operations and assets in other countries in the future. Our international operations and assets may be subject to various economic, social and governmental risks.

Our international operations and sales will expose us to risks that are more significant in developing markets than in developed markets and which could negatively impact our future sales or profitability. Our operations may not develop in the same way or at the same rate as might be expected in a country with an economy similar to western countries. The additional risks that we may be exposed to in these cases include, but are not limited to:

- tariffs and trade barriers;
- recessionary trends, inflation or instability of financial markets;
- currency fluctuations, which could decrease our revenues or increase our costs in U.S. dollars;
- regulations related to customs and import/export matters;
- tax issues, such as tax law changes, changes in tax treaties and variations in tax laws;
- limited access to qualified staff;
- inadequate infrastructure;
- cultural and language differences;
- inadequate banking systems;
- different and/or more stringent environmental laws and regulations;
- restrictions on the repatriation of profits or payment of dividends;
- crime, strikes, riots, civil disturbances, terrorist attacks or wars;
- nationalization or expropriation of property;
- law enforcement authorities and courts that are weak or inexperienced in commercial matters; and
- deterioration of political relations among countries.

Globe's competitive strength as a low-cost silicon metal producer is partly tied to the value of the currency where they operate compared to other currencies. Currencies have fluctuated significantly especially in recent years.

Exchange controls and restrictions on transfers abroad and capital inflow restrictions have limited, and can be expected to continue to limit, the availability of international credit. For example, the results of FerroAtlántica's Venezuelan subsidiary have been adversely affected by changes to exchange rate policies and while Argentina recently lifted its restrictions limiting the ability of companies to buy foreign currency and to make dividend payments abroad, it devalued the peso, which is likely to fuel inflation and increase operating costs.

[Table of Contents](#)

The critical social, political and economic conditions in Venezuela have adversely affected, and may continue to adversely affect, our results of operations.

In 2013, the Venezuelan government devaluated the Bolívar from 4.3 VEF to one U.S. Dollar to 6.3 VEF to one U.S. dollar and in 2014, further devalued it up to 50 VEF to one U.S. dollar, depending on the product. This has led to a shortage of basic materials and parts, difficulties importing raw materials, 58.2% inflation in December 2013 and, consequently, higher operating costs. The combination of these factors has adversely affected our production and the results of operations of our Venezuelan subsidiary, FerroVen, resulting in a loss of \$23.1 million in 2013 and \$38.3 million in 2014. In 2014, inflation in Venezuela reached 68.5% and the critical state of the economy caused a shortage of raw materials, a general deterioration of operating conditions and new currency regulations announced in March 2015. In 2016, the Venezuelan government announced a new exchange rate for export companies of 199 VEF to one U.S. Dollar. If the critical social, political and economic conditions in Venezuela continue or worsen, our business, results of operations and financial condition could be adversely affected.

We are exposed to foreign currency exchange risk and our business and results of operations may be negatively affected by the appreciation of the Euro.

We transact business in numerous countries around the world and expect that a significant portion of our business will continue to take place in international markets. We prepared our consolidated financial statements in U.S. Dollars in connection with the registration statement of which this prospectus forms a part, while the financial statements of each of our subsidiaries will be prepared in the functional currency of that entity. Accordingly, fluctuations in the exchange rates will impact our results of operations and financial condition. As such, it is expected that our revenues and earnings will continue to be exposed to the risks that may arise from fluctuations in foreign currency exchange rates, which could have a material adverse effect on our business, results of operations or financial condition.

Our sales made in U.S. dollars exceed the amount of our purchases made in U.S. dollars. The appreciation of the euro against the U.S. dollar would have an adverse effect on our margins and results of operations. Additionally, sales made by our Chinese competitors into Europe are denominated in U.S. dollars, whereas our sales into Europe and the majority of our production costs at our European plants are denominated in Euros. If the Euro appreciates against the U.S. dollar, the prices of our products in the European market may no longer be competitive with the prices of our Chinese competitors' products. As a result, our sales could decline and we may lose market share to these competitors, which could have a material adverse effect on our business and results of operation.

We depend on a limited number of third party suppliers for some of our required raw materials. The loss of one of these suppliers or the failure of one of these suppliers to supply raw materials in compliance with our contractual obligations could have a material adverse effect on our business.

Colombia and the United States are among the preferred sources for the coal required for the production of silicon alloys and the vast majority of the industry is supplied from these two countries. In 2014, 95% of the coal purchased by FerroAtlántica came from Carbones del Cerrejón Norte mine in Colombia. Additionally, in 2014, the vast majority of manganese ore purchased by FerroAtlántica came from suppliers located in South Africa and Gabon. BHP Billiton and Eramet supplied approximately 82% of the manganese ore utilized by FerroAtlántica in 2014. We do not control these third party suppliers, and rely on them to provide their products and perform their services in accordance with the terms of their contracts, which increases our vulnerability to problems with the products and services they provide. If these suppliers fail to provide us with the required raw material in a timely manner or at all, or if the quantity or quality of the raw material provided is lower than that contractually agreed, we may not be successful in procuring adequate supplies of raw materials from alternative sources on terms as favorable. Such events could have a material adverse effect on our reputation, business, results of operations and financial condition. Additionally, any economic, social, political or other factor adversely affecting the economies of Colombia, South Africa and Gabon might adversely affect the ability of suppliers from those countries to provide their products to us, in which case we might not be able to procure the required raw materials from other sources in a timely manner, at comparable costs or at all, which could have a material adverse effect on our reputation, business, results of operations and financial condition.

[Table of Contents](#)

We may be unable to successfully develop our planned investments in the construction of new capacity or in the expansion and improvement of existing facilities and this could have a material adverse effect on our business prospects, financial condition and results of operations.

We are, or may be, engaged in significant capital improvements to our existing metallurgical and hydroelectric facilities, or in the addition of capacity to our hydroelectric operations in Spain and France. We are also engaged in development and/or construction of new facilities. Should any such efforts be unsuccessful or not completed in a timely manner, we could be subject to additional costs or impairments which could have a material adverse effect on its business prospects, financial condition and results of operations.

If hydrology conditions at our hydropower facilities are unfavorable or below our estimates, our electricity production, and therefore our revenue, may be substantially below our expectations.

The revenues generated by our hydroelectric operations are proportional to the amount of electricity generated, which in turn is entirely dependent upon available water flows. Operating results for our plants may vary significantly from period to period depending on the water flows during the periods in question. Hydrology conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors.

Hydroelectric power generation is dependent on the amount of rainfall and river flows in the regions in which our hydropower projects are located, which may vary considerably from quarter to quarter and from year to year. Any reduction in seasonal rainfall, could cause our hydropower plants to run at a reduced capacity and therefore produce less electricity, impacting our profitability. A sustained decline in water flow or shutdown at our hydropower plants could lead to a material adverse change in the volume of electricity generated, which could have a material adverse effect on our results of operations.

Conversely, if hydrological conditions are such that too much rainfall occurs at any one time, water may flow too quickly and at volumes in excess of a particular hydropower plant's designated flood levels, which may result in the forced dumping of reservoir water. A natural disaster or severe weather conditions, including flooding, lightning strikes, earthquakes, severe storms, wildfires, and other unfavorable weather conditions (including those from climate change), could impact water flows of the rivers on which our hydropower plants depend and require us to shut down our turbines or related equipment and facilities, impeding our ability to maintain and operate our projects and decreasing electricity production levels and revenues.

Any delay or failure to procure, renew or maintain necessary governmental permits, including environmental permits, and concessions to operate our hydropower plants would adversely affect our results of operation.

The operation of our hydropower plants is highly regulated, requires various governmental permits, including environmental permits, and concessions, and may be subject to the imposition of conditions by government authorities. We cannot predict whether the conditions prescribed in the permits and concessions will be achievable. The denial of a permit essential to a hydropower plant or the imposition of impractical conditions would impair our ability to operate such plant. If we fail to satisfy the conditions or comply with the restrictions imposed by governmental permits or concessions, or the restrictions imposed by any statutory or regulatory requirements, we may become subject to regulatory enforcement action and the operation of our hydropower plants could be adversely affected or be subject to fines, penalties or additional costs or revocation of such permits or concessions. Any failure to procure, renew or maintain necessary permits and concessions would adversely affect continuing operation of our hydropower plants.

Equipment failures may lead to production curtailments or shutdowns and repairing any failure could require us to expend significant amounts of capital and other resources, which could adversely affect our business and results of operations.

Many of our business activities are characterized by substantial investments in complex production facilities and manufacturing equipment. Because of the complex nature of our production facilities, any interruption in manufacturing resulting from fire, explosion, industrial accidents, natural disaster, equipment failures or otherwise could cause significant losses in operational capacity and could materially and adversely affect our business and operations.

[Table of Contents](#)

Our hydropower generation assets and other equipment may not continue to perform as they have in the past or as they are expected. Any equipment failure due to wear and tear, latent defect, design error or operator error, early obsolescence, natural disaster or other force majeure event, could cause significant losses in operational capacity and repairing such failures could require us to expend significant amounts of capital and other resources, which could have a material adverse effect on our business and operations. Such failures could result in damage to the environment or damages and harm to third parties or the public, which could expose us to significant liability.

We depend on proprietary manufacturing processes and software. These processes may not yield the cost savings that we anticipate and our proprietary technology may be challenged.

We rely on proprietary technologies and technical capabilities in order to compete effectively and produce high quality silicon metal and silicon-based alloys. Some of these proprietary technologies that we rely on are:

- computerized technology that monitors and controls production furnaces;
- electrode technology and operational know-how;
- metallurgical process for the production of solar-grade silicon metal;
- production software that monitors the introduction of additives to alloys, allowing the precise formulation of the chemical composition of products; and
- flowcaster equipment, which maintains certain characteristics of silicon-based alloys as they are cast.

We are subject to a risk that:

- we may not have sufficient funds to develop new technology and to implement effectively our technologies as competitors improve their processes;
- if implemented, our technologies may not work as planned; and
- our proprietary technologies may be challenged and we may not be able to protect our rights to these technologies.

Patent or other intellectual property infringement claims may be asserted against us by a competitor or others. Our intellectual property may not be enforceable, and it may not prevent others from developing and marketing competitive products or methods. An infringement action against us may require the diversion of substantial funds from our operations and may require management to expend efforts that might otherwise be devoted to operations. A successful challenge to the validity of any of our proprietary intellectual property may subject us to a significant award of damages, or we may be enjoined from using our proprietary intellectual property, which could have a material adverse effect on our operations.

We also rely on trade secrets, know-how and continuing technological advancement to maintain our competitive position. We may not be able to effectively protect our rights to unpatented trade secrets and know-how.

We are a holding company whose principal source of operating cash is the income received from our subsidiaries.

We are dependent on the income generated by our subsidiaries, including Globe and FerroAtlántica, in order to make distributions and dividends on our Shares. The amount of distributions and dividends, if any, which may be paid to us from any operating subsidiary will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness, applicability of tax treaties and other factors which may be outside our control. If our operating subsidiaries do not generate sufficient cash flow, we may be unable to make distributions and dividends on our Shares.

[Table of Contents](#)

The BCA Special Committee may not be able to effectively enforce our rights under the Grupo VM indemnity in the Business Combination Agreement, and the operation of the BCA Special Committee could have an adverse impact on relationships with Grupo VM if it seeks to take enforcement action.

At the closing of the Business Combination, our Board formed a three-member standing committee, composed of two independent Globe directors and one independent Grupo VM director (the “BCA Special Committee”). The BCA Special Committee takes action by majority vote. The functions of the BCA Special Committee include responsibility for, among other things, the evaluation of potential claims for losses and enforcement of the indemnification rights under the Business Combination Agreement. The BCA Special Committee performs its duties on behalf of and in the best interests of us and our shareholders but excluding Grupo VM. Grupo VM deals exclusively with the BCA Special Committee on all indemnity matters under the Business Combination Agreement. It is uncertain whether the BCA Special Committee will be able to effectively perform its duties as contemplated by the Business Combination Agreement or whether the BCA Special Committee will have the appropriate authority to implement the actions it wishes to take. Further, if the BCA Special Committee decides to pursue enforcement action against Grupo VM or under the R&W Policy, such action could negatively impact our and the BCA Special Committee members’ relationships with Grupo VM and the members of our Board designated by Grupo VM, which could impact the effective functioning of our Board and have an adverse impact on our business.

Our business relationships may be subject to disruption due to uncertainty associated with the Business Combination.

Parties with which we do business may experience uncertainty associated with the Business Combination, including with respect to current or future business relationships. Our business relationships may be subject to disruption as customers, distributors, suppliers, vendors and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than us. These disruptions could have an adverse effect on the businesses, financial condition, results of operations or prospects, including an adverse effect on our ability to realize the anticipated benefits of the Business Combination.

Our business operations may be impacted by various types of claims, lawsuits, and other contingent obligations.

We are involved in various legal and regulatory proceedings including those that arise in the ordinary course of our business. We estimate such potential claims and contingent liabilities and, where appropriate, record provisions to address these contingent liabilities. The ultimate outcome of the legal matters pending against us is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect on our financial condition or results of operations, such matters could have, in the aggregate, a material adverse effect on our financial condition or results of operations. Furthermore, we could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period. While we maintain insurance coverage with respect to certain claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. See “Globe Management’s Discussion & Analysis of Financial Condition and Results of Operation—Litigation and Contingencies” and “Business—The FerroAtlántica Division—Legal Proceedings” included elsewhere in this prospectus for additional information regarding legal proceedings to which we are subject.

Risks Related to this Offering and our Ordinary Shares

Our share price may be volatile, and purchasers of our Ordinary Shares could incur substantial losses.

Our share price may be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your Ordinary Shares at or above the price at which you purchase our Ordinary Shares. The market price for our Ordinary Shares may be influenced by many factors, including:

- the success of competitive products or technologies;

[Table of Contents](#)

- regulatory developments in the United States and foreign countries;
- developments or disputes concerning patents or other proprietary rights;
- the recruitment or departure of key personnel;
- quarterly or annual variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the industries in which we compete and issuance of new or changed securities analysts' reports or recommendations;
- the failure of securities analysts to cover our Ordinary Shares or changes in financial estimates by analysts;
- the inability to meet the financial estimates of analysts who follow our Ordinary Shares;
- investor perception of our Company and of the industry in which we compete; and
- general economic, political and market conditions.

If securities or industry analysts do not publish or cease publishing research reports about us, if they adversely change their recommendations regarding our Ordinary Shares or if our operating results do not meet their expectations, the price of our Ordinary Shares could decline.

The trading market for our Ordinary Shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. Securities and industry analysts currently publish limited research on us. If there is limited or no securities or industry analyst coverage of us, the market price and trading volume of our Ordinary Shares would likely be negatively impacted. Moreover, if any of the analysts who may cover us downgrade our Ordinary Shares, provide more favorable relative recommendations about our competitors or if our operating results or prospects do not meet their expectations, the market price of our Ordinary Shares could decline. If any of the analysts who may cover us were to cease coverage or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

We will incur increased costs as a result of becoming a public company in the United States.

In addition to the expenses we incur as a public company in the United Kingdom, we will also incur significant legal, accounting, insurance and other expenses, including costs associated with U.S. public company reporting requirements, as a public company listed on the NASDAQ and regulated by the U.S. securities laws. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act of 2002 and the Dodd Frank Wall Street Reform and Consumer Protection Act and related rules implemented by the SEC and NASDAQ.

As a foreign private issuer and “controlled company” within the meaning of the rules of NASDAQ, we are subject to different U.S. securities laws and NASDAQ governance standards than domestic U.S. issuers. This may afford less protection to holders of our Ordinary Shares, and you may not receive corporate and company information and disclosure that you are accustomed to receiving or in a manner in which you are accustomed to receiving it.

As a foreign private issuer, the rules governing the information that we disclose differ from those governing U.S. corporations pursuant to the United States Securities Exchange Act of 1934, as amended (“Exchange Act”). Although we intend to report periodic financial results and certain material events, we are not required to file quarterly reports on Form 10-Q or provide current reports on Form 8-K disclosing significant events within four days of their occurrence. In addition, we are exempt from the SEC’s proxy rules, and proxy statements that we distribute will not be subject to review by the SEC. Our exemption from Section 16 rules regarding sales of ordinary

[Table of Contents](#)

shares by insiders means that you will have less data in this regard than shareholders of U.S. companies that are subject to this part of the Exchange Act. As a result, you may not have all the data that you are accustomed to having when making investment decisions with respect to domestic U.S. public companies.

As a “controlled company” within the meaning of the corporate governance standards of NASDAQ, we may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board consist of independent directors;
- the requirement that our Board have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- the requirements that director nominees are selected, or recommended for selection by our Board, either by (1) independent directors constituting a majority of our Board’s independent directors in a vote in which only independent directors participate, or (2) a nominations committee comprised solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

We may utilize these exemptions for as long as we continue to qualify as a “controlled company.” While exempt, we will not be required to have a majority of independent directors, our nominating and compensation committees will not be required to consist entirely of independent directors and such committees will not be subject to annual performance evaluations.

Furthermore, NASDAQ Rule 5615(a)(3) provides that a foreign private issuer, such as we, may rely on home country corporate governance practices in lieu of certain of the rules in the NASDAQ Rule 5600 Series and Rule 5250(d), provided that we nevertheless comply with NASDAQ’s Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). Although we are permitted to follow certain corporate governance rules that conform to U.K. requirements in lieu of many of the NASDAQ corporate governance rules, we intend to comply with the NASDAQ corporate governance rules applicable to foreign private issuers. Accordingly, our shareholders will not have the same protections afforded to stockholders of U.S. companies that are subject to all of the corporate governance requirements of NASDAQ. For additional information, see “Directors, Management and Corporate Governance—Foreign Private Issuer Exemption”, beginning on page 167 of this prospectus.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

We could cease to be a foreign private issuer if a majority of our outstanding voting securities are directly or indirectly held of record by U.S. residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to us under U.S. securities laws under such event may be significantly higher than costs we incur as a foreign private issuer, which could have a material adverse effect on our business and financial results.

As an English public limited company, certain capital structure decisions will require shareholder approval, which may limit our flexibility to manage our capital structure.

English law provides that a board of directors may only allot shares (or rights to subscribe for or convertible into shares) with the prior authorization of shareholders, such authorization being up to the aggregate nominal amount of shares and for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. The Articles authorize the allotment of additional shares for a period of five years from December 23, 2015 (being the date of the adoption of the Articles), which authorization will need to be renewed upon expiration (i.e., at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

[Table of Contents](#)

English law also generally provides shareholders with preemptive rights when new shares are issued for cash. However, it is possible for the articles of association, or for shareholders acting in a general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution. In either case, this exclusion would need to be renewed by our shareholders upon its expiration (*i.e.*, at least every five years). The Articles exclude preemptive rights for a period of five years from December 23, 2015, which exclusion will need to be renewed upon expiration (*i.e.*, at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally prohibits a public company from repurchasing its own shares without the prior approval of shareholders by ordinary resolution, being a resolution passed by a simple majority of votes cast, and other formalities. Such approval may be for a maximum period of up to five years.

See “Description of Share Capital” beginning on page 182 of this prospectus.

English law requires that we meet certain financial requirements before we declare dividends or repurchases.

Under English law, we may only declare dividends, make distributions or repurchase shares out of distributable reserves of the Company or distributable profits. “Distributable profits” are a company’s accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital duly made. In addition, as a public company, we may only make a distribution if the amount of our net assets is not less than the aggregate amount of our called-up share capital and undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate amount. We intend to implement a reduction of that capital in order to create a distributable reserve to support the payment of possible future dividends or future share repurchases. Neither the capitalization nor the reduction of that capital will impact shareholders’ relative interests in our capital. The Articles permit declaration of dividends by ordinary resolution of the shareholders, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring the payment of a dividend, the directors will be required under English law to comply with their duties, including considering our future financial requirements.

The enforcement of shareholder judgments against us or certain of our directors may be more difficult.

Because we are a public limited company incorporated under English law, and because certain of our directors are resident in Spain, our shareholders could experience more difficulty enforcing judgments obtained against us or our directors in U.S. courts than would currently be the case for U.S. judgments obtained against a U.S. public company or U.S. directors. In addition, it may be more difficult (or impossible) to bring some types of claims against us or our directors in courts in England or against certain of our directors in courts in Spain than it would be to bring similar claims against a U.S. company or its directors in a U.S. court. For a detailed discussion of these differences, see “Description of Share Capital—Comparison of Shareholder Rights,” beginning on page 193 of this prospectus, and “Service of Process and Enforcement of Liabilities,” beginning on page 210 of this prospectus.

Risks Related to Tax Matters

Transfers of our Ordinary Shares may be subject to U.K. stamp duty or U.K. stamp duty reserve tax (“SDRT”).

U.K. stamp duty and/or SDRT is imposed on certain transfers of or agreements to transfer chargeable securities (which include shares in companies incorporated in the U.K.) at a rate of 0.5% of the consideration paid for the transfer. Certain issues or transfers of shares to depositaries or into clearance services are charged at a higher rate of 1.5%.

[Table of Contents](#)

Our Ordinary Shares are held in one or more clearance systems or depository systems. Subsequent transfers of such Ordinary Shares within a clearance system, or between clearance systems, should not be subject to U.K. stamp duty or SDRT. Transfers of shares from a clearance system into a depository system should also not be subject to U.K. stamp duty or SDRT.

A transfer of our Ordinary Shares from within a clearance system or depository system out of that clearance system or depository system and any subsequent transfers that occur entirely outside such systems, including the repurchase of our Ordinary Shares by us, will generally be subject to U.K. stamp duty or SDRT at a rate of 0.5% of any consideration, which is payable by the transferee of the Ordinary Shares. If such Ordinary Shares are redeposited into a clearance system or depository system, the redeposit will also generally be subject to U.K. stamp duty or SDRT at the higher 1.5% rate. The repurchase of our Ordinary Shares by us from within a clearance system or depository system may also be subject to U.K. stamp duty or SDRT.

The application of Section 7874 of the Code and/or changes in law could affect our status as a foreign corporation for U.S. federal income tax purposes, limit the U.S. tax benefits from us engaging in certain transactions, or impose U.S. withholding tax on certain payments from our affiliates.

We believe that, under current law, we should be treated as a foreign corporation for U.S. federal income tax purposes. However, the Internal Revenue Service (the “IRS”) may assert that we should be treated as a U.S. corporation for U.S. federal tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended (the “Code”). Under Section 7874 of the Code, we would be treated as a U.S. corporation for U.S. federal tax purposes if, after the Globe Merger (as defined below), (i) at least 80% of our ordinary shares (by vote or value) were considered to be held by former holders of common stock of Globe by reason of holding such common stock, as calculated for Section 7874 purposes, and (ii) our expanded affiliated group did not have substantial business activities in the United Kingdom (the “80% Test”). (The percentage (by vote and value) of our Ordinary Shares considered to be held by former holders of common stock of Globe immediately after the Globe Merger by reason of their holding common stock of Globe is referred to in this disclosure as the “Section 7874 Percentage.”)

Determining the Section 7874 Percentage is complex and, with respect to the Globe Merger, subject to legal uncertainties. In that regard, the IRS recently announced in Notice 2015-79 (the “Notice”) that it will promulgate new rules under which the Class A Ordinary Shares we issued pursuant to the Globe Merger would be disregarded for purposes of determining whether the 80% Test is met if the Section 7874 Percentage were determined to be at least 60% when such Class A Ordinary Shares are included and certain other conditions were met. While these rules have yet to be published such that their application to the Globe Merger is unclear, they will apply to all transactions occurring on or after November 19, 2015, which will include the Globe Merger. If the Section 7874 Percentage were otherwise determined to be at least 60% and the other conditions ultimately specified in the rules promulgated under the Notice are met such that the Class A Ordinary Shares issued pursuant to the Globe Merger were disregarded for purposes of calculating the Section 7874 Percentage, the 80% Test would be met and we would be treated as a U.S. corporation for U.S. federal tax purposes. While we believe the Section 7874 Percentage is less than 60% such that the rules promulgated with respect to the Notice would not apply to us, we cannot assure you that the IRS will agree with this position and/or would not successfully challenge our status as a foreign corporation. If the IRS successfully challenged our status as a foreign corporation, significant adverse tax consequences would result for us.

In addition to the rules to be promulgated under the Notice, changes to Section 7874 of the Code, the U.S. Treasury Regulations promulgated thereunder, or to other relevant tax laws (including under applicable tax treaties) could adversely affect our status or treatment as a foreign corporation, and the tax consequences to our affiliates, for U.S. federal tax purposes, and any such changes could have prospective or retroactive application. Recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence, including by potentially causing us to be treated as a U.S. corporation if the management and control of us and our affiliates were determined to be located primarily in the United States, or by reducing the Section 7874 Percentage at or above which we would be treated as a U.S. corporation such that it would be lower than threshold imposed under the 80% Test.

Even if the rules promulgated under the Notice do not apply to the Globe Merger and we are treated as a foreign corporation for U.S. federal tax purposes, several limitations could apply to us if the Section 7874

[Table of Contents](#)

Percentage were to be at least 60%. For example, we and our U.S. affiliates (including Globe) would be prohibited from using our net operating losses, foreign tax credits or other tax attributes to offset the income or gain recognized by reason of the transfer of property to a foreign related person during the 10-year period following the Globe Merger or any income received or accrued during such period by reason of a license of any property by Globe or any of our U.S. affiliates to a foreign related person. The IRS has announced that it will promulgate new rules, which may limit the ability to restructure the non-U.S. members of our group. In addition, other recent legislative proposals would cause us and our affiliates to be subject to certain intercompany financing limitations, including with respect to their ability to use certain interest expense deductions, if the Section 7874 Percentage were to be at least 60%. Furthermore, under certain circumstances, recent treaty proposals by the U.S. Department of the Treasury, if ultimately adopted by the United States and relevant foreign jurisdictions, could reduce the potential tax benefits for us and our affiliates by imposing U.S. withholding taxes on certain payments from our U.S. affiliates to related and unrelated foreign persons. Thus, the rules under Section 7874 and other relevant provisions and tax laws (including under applicable tax treaties) could change on a prospective or retroactive basis in a manner that could adversely affect us and our affiliates.

We intend to operate so as to be treated exclusively as a resident of the U.K. for tax purposes, but the relevant tax authorities may treat us as also being a resident of another jurisdiction for tax purposes.

We are a company incorporated in the U.K. Current U.K. tax law provides that we will be regarded as being U.K. resident for tax purposes from incorporation and shall remain so unless (i) we were concurrently resident of another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the U.K. and (ii) there is a tiebreaker provision in that tax treaty which allocates exclusive residence to that other jurisdiction.

Based upon our anticipated management and organizational structure, we believe that we should be regarded solely as resident in the U.K. from our incorporation for tax purposes. However, because this analysis is highly factual and may depend on future changes in our management and organizational structure, there can be no assurance regarding the final determination of our tax residence. Should we be treated as resident in a country or jurisdiction other than the U.K., we could be subject to taxation in that country or jurisdiction on our worldwide income and may be required to comply with a number of material and formal tax obligations, including withholding tax and/or reporting obligations provided under the relevant tax law, which could result in additional costs and expenses.

We may not qualify for benefits under the tax treaties entered into between the United Kingdom and other countries.

We intend to operate in a manner such that when relevant, we are eligible for benefits under the tax treaties entered into between the U.K. and other countries. However, our ability to qualify and continue to qualify for such benefits will depend upon the requirements contained within each treaty and the applicable domestic laws, as the case may be, on the facts and circumstances surrounding our operations and management, and on the relevant interpretation of the tax authorities and courts.

Our or our subsidiaries' failure to qualify for benefits under the tax treaties entered into between the U.K. and other countries could result in adverse tax consequences to us and our subsidiaries and could result in certain tax consequences of owning or disposing of our Shares differing from those discussed below.

Future changes to domestic or international tax laws or to the interpretation of these laws by the governmental authorities could adversely affect us and our subsidiaries.

The U.S. Congress, the U.K. Government, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," in which payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. Thus, the tax laws in the United States, the United Kingdom or other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us. Furthermore, the interpretation and application of domestic or international tax laws made by us and our subsidiaries could differ from that of the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material.

[Table of Contents](#)

We and our subsidiaries are subject to tax laws of numerous jurisdictions, and our interpretation of those laws is subject to challenge by the relevant governmental authorities.

We and our subsidiaries are subject to tax laws and regulations in the United Kingdom, the United States, Spain and the numerous other jurisdictions in which we operate. These laws and regulations are inherently complex and we and our subsidiaries are (and have been) obligated to make judgments and interpretations about the application of these laws and regulations to us and our subsidiaries and their operations and businesses. The interpretation and application of these laws and regulations could be challenged by the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material.

USE OF PROCEEDS

We will not receive any proceeds from the sale of any Ordinary Shares by the selling shareholder.

The selling shareholder will receive all of the net proceeds from the sale of any Ordinary Shares offered by him under this prospectus. The selling shareholder will pay any underwriting discounts and commissions and expenses incurred by the selling shareholder for brokerage, accounting, tax, legal services or any other expenses incurred by the selling shareholder in disposing of these Ordinary Shares. We will bear all other costs, fees and expenses incurred in effecting the registration of the Ordinary Shares covered by this prospectus.

DIVIDEND POLICY

Our Board intends to declare annual (or final) dividends and interim dividends, payable quarterly, to be reviewed each year, but it will depend upon many factors, including the amount of our distributable profits as noted below. On February 3, 2016, our Board declared a quarterly dividend in the amount of \$0.08 per Share payable on March 14, 2016 to shareholders of record at the close of business on February 26, 2016. Pursuant to the Articles, and subject to applicable law, the Company may by ordinary resolution declare dividends (which shall not exceed the amounts recommended by the directors), and the directors may decide to pay interim dividends. The Articles provide that the directors may pay any dividend if it appears to them that the profits available for distribution justify the payment. Under English law, dividends may only be paid out of distributable reserves of the Company or distributable profits, defined as accumulated realized profits not previously utilized by distribution or capitalization less accumulated realized losses to the extent not previously written off in a reduction or reorganization of capital duly made, and not out of share capital, which includes the share premium account. Further, a U.K. public company may only make a distribution if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves, and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate. Distributable profits are determined in accordance with generally accepted accounting principles at the time the relevant accounts are prepared. The amount of Ferroglobe's distributable profits is a cumulative calculation. Ferroglobe may be profitable in a single year but unable to pay a dividend if the profits of that year do not offset all previous year's accumulated losses. The shareholders of Ferroglobe may by ordinary resolution on the recommendation of the directors decide that the payment of all or any part of a dividend be satisfied by transferring non-cash assets of equivalent value, including shares or securities in any corporation.

The declaration and payment of future dividends to holders of our Shares will be at the discretion of our Board and will depend upon many factors, including our financial condition, earnings, distributable profits, legal requirements, restrictions in our debt agreements and other factors deemed relevant by our board of directors. In addition, as a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their respective jurisdictions of organization, agreements of our subsidiaries or covenants under future indebtedness that we or they may incur.

Furthermore, we are required to distribute any net proceeds of the R&W Policy we purchased in connection with the Business Combination. The R&W Policy insures us, for the benefit of the holders of Ordinary Shares, against certain breaches of certain representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement, subject to the deductibles, caps and other limitations contained in the R&W Policy. Under the Articles, we would be required to distribute the aggregate net proceeds under the R&W Policy, if any, to the holders of the Ordinary Shares. However, if we do not have sufficient profits available for distribution, we will not be permitted under English law to make the distribution to the holders of our Ordinary Shares contemplated by the Articles. In these circumstances, holders of our Ordinary Shares may not receive any distribution of the net proceeds under the R&W Policy, or may only receive a partial distribution, or may suffer substantial delay before any distribution can be made under English law.

MARKET PRICE OF ORDINARY SHARES

Our Ordinary Shares are currently listed for trading on the NASDAQ in U.S. Dollars under the symbol “GSM”, which was approved for listing on December 24, 2015. Prior to completion of the Business Combination, which occurred on December 23, 2015, shares of Globe’s common stock were registered pursuant to Section 12(b) of the Exchange Act and listed on NASDAQ under the ticker symbol “GSM.” Globe’s common stock was suspended from trading on the NASDAQ prior to the open of trading on December 24, 2015. The following table sets forth the high and low reported sale prices of our Ordinary Shares as of December 24, 2015 and of Globe’s common stock prior to open of trading on December 24, 2015, as reported on the NASDAQ for the periods indicated:

Annual	NASDAQ Trading	
	High	Low
2015	\$21.99	\$ 8.88
2014	\$22.00	\$15.41
2013	\$18.37	\$10.57
2012	\$17.23	\$11.41
2011	\$25.67	\$13.24
2010	\$17.99	\$ 9.20

Quarterly	NASDAQ Trading	
	High	Low
October 1, 2015 through December 31, 2015	\$14.48	\$ 8.88
July 1, 2015 through September 30, 2015	\$18.00	\$11.86
April 1, 2015 through June 30, 2015	\$21.99	\$17.41
January 1 through March 31, 2015	\$19.43	\$15.11
October 1 through December 31, 2014	\$19.01	\$15.41
July 1 through September 30, 2014	\$21.40	\$17.84
April 1 through June 30, 2014	\$21.97	\$18.42
January 1 through March 31, 2014	\$22.00	\$16.80
October 1 through December 31, 2013	\$18.37	\$15.21
July 1 through September 30, 2013	\$15.69	\$10.80
April 1 through June 30, 2013	\$13.97	\$10.57
January 1 through March 31, 2013	\$15.95	\$13.85
October 1 through December 31, 2012	\$15.95	\$13.07
July 1 through September 30, 2012	\$17.23	\$12.10

Monthly	NASDAQ Trading	
	High	Low
January 2016	\$11.48	\$ 7.61
December 2015	\$13.17	\$ 8.88
November 2015	\$13.00	\$ 9.45
October 2015	\$14.48	\$11.78
September 2015	\$15.30	\$11.86
August 2015	\$15.55	\$12.00
July 2015	\$18.00	\$14.83
June 2015	\$20.00	\$17.41
May 2015	\$21.74	\$18.88
April 2015	\$21.99	\$18.92
March 2015	\$19.43	\$16.34
February 2015	\$17.18	\$15.11
January 2015	\$17.49	\$15.31

[Table of Contents](#)

As of February 17, 2016, Ferroglobe had 2 record holders in the United States, holding approximately 99.99% of our outstanding Shares, of which 98,078,161 of such shares are held by a depositary nominee on behalf of Grupo VM.

CAPITALIZATION

The following table sets forth our total capitalization as of June 30, 2015. Our capitalization is presented:

- on an actual basis; and
- as adjusted for the Business Combination.

You should read the following table in conjunction with “Selected Consolidated Financial Information of Globe,” “Selected Consolidated Financial Information of FerroAtlántica,” “Globe Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “FerroAtlántica Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Unaudited Pro Forma Condensed Combined Financial Information of Ferroglobe” and the consolidated financial statements and the related notes included elsewhere in this prospectus.

(\$ in thousands)	Actual Basis	Pro Forma Basis to Reflect the Business Combination
Total debt	—	562,818
Total equity	(45)	1,355,616
Total capitalization	(45)	1,918,434

CURRENCY AND EXCHANGE RATES

We will transact business in numerous countries around the world and expects that a significant portion of our business will continue to take place in international markets. We prepared our consolidated financial statements in U.S. Dollars in connection with the registration statement of which this prospectus forms a part, while the financial statements of each of our subsidiaries will be prepared in the functional currency of that entity. Globe's functional currency is the U.S. Dollar while FerroAtlántica's functional currency is the Euro. Accordingly, fluctuations in the exchange rate of the functional currencies of our foreign currency entities against our functional currency will impact our results of operations and financial condition. As such, it is expected that our revenues and earnings will continue to be exposed to the risks that may arise from fluctuations in foreign currency exchange rates, which could have a material adverse effect on our business, results of operations or financial condition.

The following table sets forth, for the periods and dates indicated, the average and period end foreign exchange reference rates as published by the European Central Bank for \$ per €1.00. The average is computed using the daily average during the period indicated. As of February 17, 2016, the foreign exchange rate as published by the European Central Bank was \$1.1136 per €1.00.

<u>Period</u>	<u>Average</u>	<u>Period End</u>
Year ended December 31, 2011	\$1.3920	\$ 1.2939
Year ended December 31, 2012	\$1.2848	\$ 1.3194
Year ended December 31, 2013	\$1.3281	\$ 1.3791
Year ended December 31, 2014	\$1.3285	\$ 1.2141
Year ended December 31, 2015	\$1.1099	\$ 1.0887

<u>Period</u>	<u>High</u>	<u>Low</u>
January 2016	\$1.0920	\$1.0742
December 2015	\$1.0990	\$1.0600
November 2015	\$1.1032	\$1.0579
October 2015	\$1.1439	\$1.0930
September 2015	\$1.1419	\$1.1138
August 2015	\$1.1506	\$1.0883

Our inclusion of these exchange rates and other exchange rates specified elsewhere in this prospectus should not be construed as representations that the Euro amounts actually represent such U.S. Dollar amounts or could have been or could be converted into U.S. Dollars at any particular rate, if at all. These exchange rates may differ from the exchange rate in effect on and as of the date of this prospectus.

SELECTED HISTORICAL FINANCIAL INFORMATION OF FERROGLOBE

The following selected historical financial information is being provided to assist you in your analysis of the financial aspects of the offering. We derived the selected historical financial information as at February 5, 2015 (our date of incorporation) from our audited financial statements. The selected historical financial information for the six-month period ended June 30, 2015 has been derived from our unaudited interim financial statements, which include, in the opinion of our management, all normal and recurring adjustments that are considered necessary to a fair statement of the interim period presented. The information set forth below is only a summary that you should read together with our audited financial statements and the related notes. Historical results for any period are not necessarily indicative of results to be expected for any future period.

Our audited and unaudited financial statements referred to above have been prepared in accordance with the requirements of IFRS.

Statement of Financial Position as of June 30, 2015 and February 5, 2015 (Date of incorporation)

U.S. Dollars	<u>June 30, 2015</u>	<u>Feb. 5, 2015</u> <u>US Dollar</u>
Non-current assets	—	—
Current assets	<u>9,115</u>	<u>—</u>
TOTAL ASSETS	9,115	—
Non-current liabilities	—	—
Current liabilities	<u>54,414</u>	<u>—</u>
TOTAL LIABILITIES	54,414	—
Equity		
Share capital	1	1
Uncalled Capital	(1)	(1)
Translation differences	(134)	
Loss for the period	<u>(45,165)</u>	<u>—</u>
TOTAL EQUITY	<u>(45,299)</u>	<u>—</u>
TOTAL EQUITY AND LIABILITIES	9,115	—

Income Statement for the period from February 5, 2015 (date of incorporation) to June 30, 2015

	Period ended June 30, 2015
US Dollars	
Other operating income	—
Administrative expenses	—
Other operating expenses	(45,165)
Operating profit / (loss)	<u>(45,165)</u>
Other gains and losses	—
Finance costs	—
Profit / (loss) before tax	<u>(45,165)</u>
Tax	—
Profit / (loss) for the period	<u>(45,165)</u>

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF GLOBE

The following selected historical consolidated financial information of Globe is being provided to assist you in your analysis of the financial aspects of the offering. Globe derived the selected historical consolidated financial information as of and for the fiscal years ended June 30, 2015, 2014, 2013, 2012 and 2011 from its audited consolidated financial statements. The selected historical consolidated financial information for the three-month period ended September 30, 2015 and 2014 have been derived from Globe's unaudited condensed consolidated financial statements, which include, in the opinion of Globe's management, all normal and recurring adjustments that are considered necessary to a fair statement of the interim periods presented. The following information should be read in conjunction with Globe's historical consolidated financial statements and the notes thereto, as well as the section titled "Globe Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 47 of this prospectus. Historical results for any period are not necessarily indicative of results to be expected for any future period.

Table of Contents

The Globe audited and unaudited condensed consolidated financial statements referred to above have been prepared in accordance with the requirements of U.S. GAAP.

	Three Months ended September 30, 2015	Three Months ended September 30, 2014	Year Ended June 30,				
			2015	2014	2013	2012	2011
(Dollars in thousands, except per share data)							
Statement of operations data:							
Net sales	174,756	206,083	800,773	752,817	757,550	705,544	641,863
Cost of goods sold	148,391	168,617	650,677	635,735	657,911	552,873	488,018
Selling, general and administrative expenses	17,208	15,565	88,205	92,103	64,663	61,623	54,739
Research and development	—	—	—	—	—	127	87
Contract acquisition cost	—	—	—	16,000	—	—	—
Curtailment gain	—	—	—	(5,831)	—	—	—
Business interruption insurance recovery	(1,665)	—	—	—	(4,594)	(450)	—
Goodwill and intangible asset impairment	—	—	—	—	13,130	—	—
Impairment of long-lived assets	—	—	—	—	35,387	—	—
(Gain) loss on sale of business	—	—	—	—	—	(54)	4,249
Operating income (loss)	10,822	21,901	61,891	14,810	(8,947)	91,425	94,770
Bargain purchase gain	—	—	—	29,538	—	—	—
Interest and other (expense) income	(1,186)	(1,492)	(5,613)	(10,737)	(8,128)	(4,789)	(2,056)
Income (loss) before income taxes	9,636	20,409	56,278	33,611	(17,075)	86,636	92,714
Provision for income taxes	3,929	7,845	21,651	7,705	2,734	28,760	35,988
Net income (loss)	5,707	12,564	34,627	25,906	(19,809)	57,876	56,726
Income attributable to noncontrolling interest, net of tax	283	(862)	(3,307)	(4,203)	(1,219)	(3,306)	(3,918)
Net income (loss) attributable to Globe Specialty Metals, Inc.	5,990	11,702	\$ 31,320	21,703	(21,028)	54,570	52,808
Earnings (loss) per common share – basic	0.08	0.16	\$ 0.42	0.29	(0.28)	0.73	0.70
Earnings (loss) per common share – diluted	0.08	0.16	\$ 0.42	0.29	(0.28)	0.71	0.69
Cash dividends declared per common share	0.08	0.08	\$ 0.31	0.29	0.38	0.20	0.15

[Table of Contents](#)

	<u>September 30,</u> <u>2015</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>
	(Dollars in thousands)					
Balance sheet data:						
Cash and cash equivalents	\$ 107,126	115,944	97,792	169,676	178,010	166,208
Total assets	800,051	829,361	845,126	871,623	936,747	678,269
Total debt, including current portion	101,966	101,048	125,204	139,534	140,703	48,083
Total stockholders' equity	501,701	512,502	520,528	546,080	603,799	515,276

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF FERROATLÁNTICA

The following selected historical consolidated financial information of FerroAtlántica is being provided to assist you in your analysis of the financial aspects of the offering. FerroAtlántica derived the selected historical consolidated financial information as of and for the fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010 from its audited consolidated financial statements. The selected historical consolidated financial information for the six-month period ended June 30, 2015 and 2014 have been derived from FerroAtlántica's unaudited condensed consolidated financial statements, which include, in the opinion of FerroAtlántica's management, all normal and recurring adjustments that are considered necessary to a fair statement of the interim periods presented. The information set forth below is only a summary that you should read together with the audited consolidated financial statements of FerroAtlántica and the related notes, as well as "FerroAtlántica Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 71 of this prospectus. The selected consolidated historical financial information may not be indicative of the future performance of FerroAtlántica.

The FerroAtlántica audited and unaudited condensed consolidated financial statements referred to above have been prepared in accordance with the requirements of IFRS.

Consolidated Income Statement Data

(\$ thousands, except per share amounts)	Six Months ended June 30, 2015	Six Months ended June 30, 2014	For the years ended December 31,				
			2014	2013	2012	2011	2010
Sales	697,747	747,829	1,466,304	1,463,878	1,479,606	1,772,324	1,522,623
Cost of sales	(428,369)	(465,631)	(889,561)	(910,892)	(921,790)	(1,007,200)	(888,314)
Other operating income	6,674	5,221	6,891	36,904	15,676	6,204	7,952
Staff costs	(92,997)	(96,279)	(218,043)	(217,527)	(212,427)	(235,965)	(190,167)
Other operating expenses	(82,973)	(92,916)	(165,491)	(197,670)	(199,123)	(192,150)	(134,451)
Depreciation and amortization charge, operating allowances and write-downs	(32,185)	(36,432)	(74,752)	(79,103)	(68,582)	(73,417)	(53,519)
Operating Profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	67,897	61,792	125,348	95,590	93,360	269,796	264,124
Net impairment losses	(870)	—	(399)	(1,061)	(15,663)	—	(9,372)
Net gains/losses due to change in the value of assets	—	—	(9,472)	6,475	(2,751)	(4,354)	3,603
Gains/losses disposal of non-current and financial assets	—	69	555	448	(13)	(50)	—
Other gains/losses	202	8	(60)	(2,802)	1,487	1,257	566
Operating Profit	67,229	61,869	115,972	98,650	76,420	266,649	258,921
Finance income	243	2,284	4,771	2,858	5,123	6,165	5,306
Finance costs	(15,025)	(19,756)	(37,105)	(47,225)	(45,665)	(40,079)	(28,445)
Exchange differences	5,575	1,284	7,800	(7,677)	81	(1,578)	(1,432)
Profit Before Tax	58,022	45,681	91,438	46,606	35,959	231,157	234,350
Income tax	(25,210)	(27,940)	(59,707)	(24,558)	(1,280)	(77,258)	(59,764)
Profit for the Year	32,812	17,741	31,731	22,048	34,679	153,899	174,586
(Profit) loss attributable to non-controlling interests	1,346	2,516	6,706	6,400	509	(1,432)	(3,029)
Profit/(Loss) Attributable to Grupo FerroAtlántica	34,158	20,257	38,437	28,448	35,188	152,467	171,557
Consolidated profit attributable to the Parent	34,158	20,257	38,437	28,448	35,188	109,534	171,557
Average number of shares outstanding	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Basic and diluted earnings per share	170.79	101.29	192.19	142.24	175.94	547.67	857.79
Profit distribution to Parent	—	—	222,218	40,535	126,453	52,026	26,586
Dividend per share	—	—	1,111.09	202.68	632.27	260.13	132.93

Consolidated Statement of Financial Position Data

(\$ thousands)	June 30,		As of December 31,			
	2015	2014	2013	2012	2011	2010
Cash and cash equivalents	38,952	48,651	62,246	71,631	31,816	57,580
Total assets	1,277,521	1,388,158	1,675,975	1,769,524	1,738,353	1,718,853
Non-current liabilities	396,600	468,585	477,125	392,393	280,980	347,990
Current liabilities	372,929	411,896	414,884	580,557	565,112	524,003
Equity	507,992	507,677	783,966	796,574	892,259	846,860

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF FERROGLOBE

The following selected unaudited pro forma condensed combined financial information of Ferroglobe for the six months ended June 30, 2015 and for the year ended December 31, 2014, comprised of selected unaudited pro forma condensed combined income statement data of Ferroglobe and selected unaudited pro forma condensed combined statement of financial position data of Ferroglobe, has been derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial information of Ferroglobe and the historical consolidated financial statements and notes thereto of Ferroglobe, FerroAtlántica and Globe, which are included elsewhere in this prospectus.

Our selected unaudited pro forma condensed combined income statement data gives effect to the Business Combination as if it had been consummated on January 1, 2014, and the selected unaudited pro forma condensed combined statement of financial position data gives effect to the Business Combination as if it had occurred on June 30, 2015. The selected unaudited pro forma condensed combined financial information is not necessarily indicative of what the Company's consolidated financial position or results of operations actually would have been had the proposed transactions been completed as of the dates indicated. In addition, the selected unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The pro forma adjustments are based on the information available at the time of the preparation of this prospectus.

The selected unaudited pro forma condensed combined financial information has been prepared in accordance with IFRS as issued by the International Accounting Standards Board, following FerroAtlántica's accounting policies and in U.S. Dollars. Ferroglobe adopted FerroAtlántica's IFRS-based accounting policies post Business Combination (the "Combined Group's IFRS Accounting Policies").

The Globe pre-acquisition consolidated income statements and consolidated balance sheets used in the preparation of the selected unaudited pro forma condensed combined financial information differ from the Globe historical financial statements included elsewhere in this prospectus due to the following reasons:

- (1) The pre-acquisition financial statements used in the preparation of the pro forma information have been prepared on a basis consistent in all material respects with the Company's IFRS Accounting Policies. The Globe historical financial statements have been prepared in accordance with U.S. GAAP. Note 2 to the unaudited pro forma condensed combined financial information of Ferroglobe provides further discussion of the reconciliation between IFRS and U.S. GAAP.
- (2) Globe's historical financial statements are based on a fiscal year end of June 30, while Ferroglobe's fiscal year ends December 31. The pre-acquisition consolidated income statements and consolidated balance sheets used in the preparation of the pro forma financial information were aligned with Ferroglobe's fiscal year. Note 1 to the unaudited pro forma condensed combined financial information of Ferroglobe provides further discussion of the alignment for fiscal years.

Pro forma adjustments relate mainly to the allocation of the acquisition consideration to the assets acquired and the liabilities assumed by Ferroglobe in the Business Combination, based on a preliminary estimate of fair value of these assets and liabilities.

The information presented below should be read in conjunction with "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".

The financial statements of Ferroglobe referred to above have been prepared in accordance with the requirements of IFRS.

Unaudited Pro Forma Combined Income Statement Data
(in thousands of U.S. dollars, except per share data)

	Ferroglobe Pro Forma	
	Six months June 30, 2015	Twelve months December 31, 2014
Sales	1,094,421	\$ 2,271,820
Operating profit	102,389	149,618
Profit before tax	89,557	117,442
Profit for the year	54,458	37,410
Loss attributable to non-controlling interest	1,806	9,435
Profit attributable to the parent	56,264	46,845
Basic and diluted earnings per share	0.33	0.27

Unaudited Pro Forma Combined Statement of Financial Position Data at June 30, 2015
(in thousands of U.S. dollars)

	Ferroglobe Pro Forma
Cash and cash equivalents	\$ 109,550
Total assets	2,499,292
Bank borrowings	442,596
Total liabilities	1,143,676
Total equity	1,355,616

GLOBE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of Globe's financial condition and results of operations for the three months ended September 30, 2015 and 2014 and the twelve months ended June 30, 2015, 2014 and 2013.

The following management's discussion and analysis should be read in conjunction with the consolidated financial statements of Globe for the years ended June 30, 2015, 2014 and 2013 included in this prospectus. This discussion includes forward-looking statements, which, although based on assumptions that Globe considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" beginning on page 2 of this prospectus, and, for a discussion of risks and uncertainties, you should also see "Risk Factors" beginning on page 9 of this prospectus.

The following financial information has been extracted from the audited financial statements of Globe as of and for the year ended June 30, 2015 and the unaudited condensed consolidated financial statements of Globe as of and for the three months ended September 30, 2015.

The historical financial information for Globe has been prepared in accordance with U.S. GAAP.

Introduction

Globe is one of the leading manufacturers of silicon metal and silicon-based alloys. As of September 30, 2015, Globe owned and operated eight principal manufacturing facilities in two primary operating segments: GMI, Globe's North American operations, and Globe Metales, Globe's Argentine operations.

Business Segments

Globe operates in five reportable segments:

- *GMI* — a manufacturer of silicon metal and silicon-based alloys located in North America with plants in Beverly, Ohio, Alloy, West Virginia, Niagara Falls, New York, Selma, Alabama, Bridgeport, Alabama and Bécancour, Quebec, and a provider of specialty metallurgical coal for the silicon metal and silicon-based alloys industries located in Corbin, Kentucky;
- *Globe Metales* — a manufacturer of silicon-based alloys located in Argentina with a silicon-based alloys plant in Mendoza;
- *Solsil* — a developer of upgraded metallurgical grade silicon metal located Beverly, Ohio;
- *Corporate* — a corporate office including general expenses, investments, and related investment income; and
- *Other* — includes an electrode production operation in China (Yonvey), a cored-wire production facility located in Poland and a manufacturer of silicon-based alloys located in South Africa (Siltech). These operations do not fit into the above reportable segments and are immaterial for purposes of separate disclosure.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are pertinent non-GAAP financial metrics Globe utilizes to measure its success and are included in Globe's quarterly press releases. These financial metrics are used to provide supplemental measures of Globe's performance, which we believe are important because they eliminate items that have less bearing on Globe's current and future operating performance and highlights trends in Globe's core business that may not otherwise be apparent when relying solely on U.S. GAAP financial measures. Reconciliations of these measures to the comparable U.S. GAAP financial measures are provided below.

[Table of Contents](#)

	Three Months Ended		Twelve Months	
	September 30,		FY 2015	FY 2014
	2015	2014		
	(Dollars in thousands)			
Net income	\$ 5,707	12,564	34,627	25,906
Provision for income taxes	3,929	7,845	21,651	7,705
Net interest expense	960	1,162	4,076	7,955
Depreciation, depletion, amortization and accretion	13,542	11,625	52,006	45,228
EBITDA	<u>\$24,138</u>	<u>33,196</u>	<u>112,360</u>	<u>86,794</u>

	Three Months Ended September 30,		Twelve Months	
	2015	2014	FY 2015	FY 2014
	(Dollars in thousands)			
Reported EBITDA	\$ 24,138	33,196	112,360	86,794
Transaction and due diligence expenses	7,084	483	16,734	1,081
Siltech idling/start-up costs	1,302	1,882	6,474	1,583
Business interruption	(3,780)	1,453	5,252	2,454
Divestiture indemnification payment	—	—	4,559	—
Plant relocation	—	—	568	—
Lease termination	—	—	457	—
Remeasurement of stock option liability	(5,099)	(2,405)	(3,410)	27,042
Contract acquisition cost	—	—	—	16,000
Quebec Silicon lockout costs	—	—	—	6,645
Quebec Silicon curtailment gain	—	—	—	(5,831)
Remeasurement/true-up of equity compensation	—	—	—	200
Quebec Silicon plant upgrades	2,165	—	—	—
Variable compensation	—	—	—	3,885
Bargain purchase gain	—	—	—	(29,538)
Adjusted EBITDA	<u>\$ 25,810</u>	<u>34,609</u>	<u>142,994</u>	<u>110,315</u>

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not rely upon them or consider them in isolation or as a substitute for U.S. GAAP measures, such as net income and other consolidated income or other cash flows statement data prepared in accordance with U.S. GAAP. In addition, these non-GAAP measures may not be comparable to other similarly titled measures of other companies. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of Globe's business.

Overview and Recent Developments

Growth in global customer demand has slowed during calendar year 2015 for silicon metal and silicon-based alloys causing global tons shipped to sharply decline from fourth quarter of fiscal year 2015. Globe is still experiencing silicon demand from the chemical, automotive and solar customers. The sales mix remained the same in the first quarter of fiscal year 2016 compared to the fourth quarter of fiscal year 2015, with the sales of silicon metal contributing 57% to the total sales. As customer demand shifts between silicon-based alloys and silicon metal, Globe is prepared to promptly switch furnaces at a U.S. plant between products to meet Globe's customer needs.

[Table of Contents](#)

Since the beginning of calendar year 2015, silicon metal and silicon-based alloys pricing have been declining due to increased low-priced U.S. imports and global demand has not been strong enough to absorb the surplus supply built up over calendar year 2014. Globe's fixed price contracts were negotiated in November 2014 for the 2015 calendar year; therefore, they were less affected by the price declines in the first quarter fiscal year 2016, than the market as a whole. However, Globe continues to have exposure with Globe's contracts that are index-linked and spot priced.

Net sales for the first quarter of fiscal year 2016 decreased \$27,265,000 or 14% from the immediately preceding quarter as a result of a 12% decrease in metric tons shipped, a 3% decrease in silicon metal and silicon-based alloy pricing, and a 5% decrease in silica fume and other products revenue. Silicon metal volumes decreased 8% and silicon-based alloys volumes decreased 16%. Silicon metal prices decreased 5% and silicon-based alloys prices decreased 3% in the first quarter of fiscal year 2016 compared to the fourth quarter of fiscal year 2015.

Globe's South African facility (Siltech) remains temporarily idled until demand for silicon-based alloys returns to levels that warrant production to resume. Globe will continue to review strategic alternatives for the Siltech facility including, but not limited to, marketing the facility for potential sale.

Business Combination with FerroAtlántica

On February 23, 2015, Globe, Grupo VM, FerroAtlántica, which was a wholly owned subsidiary of Grupo VM, we, which were formerly known as VeloNewco Limited and wholly owned subsidiary of Grupo VM, and Gordon Merger Sub, Inc., a newly formed Delaware corporation and our direct wholly owned subsidiary ("Merger Sub"), entered into a Business Combination Agreement (the "Original Business Combination Agreement") pursuant to which the parties agreed, subject to the terms and conditions of the Original Business Combination Agreement, to combine the businesses of Globe and FerroAtlántica as described below (the "Business Combination"). We became the holding company for the combined businesses of Globe and FerroAtlántica upon consummation of the Business Combination. The Original Business Combination Agreement was amended and restated on May 5, 2015 and was further amended on September 10, 2015 and November 11, 2015. The Original Business Combination Agreement, as so amended and restated, is referred to as the "Business Combination Agreement."

Transaction Overview

Subject to the terms and conditions of the Business Combination Agreement, the Company agreed to acquire from Grupo VM all of the issued and outstanding ordinary shares of FerroAtlántica in exchange for an aggregate of 98,078,161 newly issued Ferroglobe Class A ordinary shares (each a "Class A Ordinary Share"), which resulted in FerroAtlántica becoming a wholly owned subsidiary of the Company (the "Stock Exchange"). After consummation of the Stock Exchange, Merger Sub merged with and into Globe, with Globe surviving the merger as a wholly owned subsidiary of the Company (the "Globe Merger").

In the Stock Exchange, Grupo VM may be required to pay to Ferroglobe as additional consideration for the Class A Ordinary Shares an amount in cash, if any, based upon FerroAtlántica's net debt at closing. In the Globe Merger, each share of common stock of Globe was converted into the right to receive one ordinary share of the Company (each an "Ordinary Share"). The Class A Ordinary Shares and the Ordinary Shares have the same rights, powers and preferences, and vote together as a single class, except for the right of the holders of Ordinary Shares to the R&W Proceeds as described below.

In connection with the transaction, the Company purchased a buy side representations and warranties insurance policy (the "R&W Policy") to insure against certain breaches of certain representations and warranties made by FerroAtlántica and Grupo VM in the Business Combination Agreement. Under the terms of the Articles of Association of the Company (the "Ferroglobe Articles"), if the Company receives proceeds under the R&W Policy (after deduction of taxes applicable to such proceeds, if any) (the "R&W Proceeds"), the Company is required to distribute the aggregate R&W Proceeds to the holders of the Ordinary Shares. Each Class A Ordinary Share automatically converts into one Ordinary Share upon the earlier to occur of: (a) the expiration of the R&W Policy; and (b) its transfer to any person or group which is not Grupo VM, any Grupo VM family member or any affiliate of Grupo VM or a Grupo VM family member.

[Table of Contents](#)

On September 10, 2015, in connection with the Memorandum of Understanding, the parties to the Business Combination Agreement entered into a First Amendment to Amended and Restated Business Combination Agreement, which provided, among other things, additional governance provisions for the benefit of Globe's shareholders following completion of the Business Combination.

On September 22, 2015, Globe's shareholders voted to adopt, and adopted, the Business Combination Agreement. The Business Combination was consummated on December 23, 2015.

Outlook

Globe expects silicon consumption to rebound over the next two years supported by economic growth, growth in solar-related silicon consumption, and the use of aluminum in automotive applications as a result of more stringent fuel economy standards.

Pricing for silicon metal and silicon-based alloys has been declining since the beginning of the 2015 calendar year due to globally available capacity and increasing competition. Globe's fixed price contracts were negotiated in December 2015 for the 2016 calendar year. These new contracts were not signed at the market pricing that was prevalent last year. However, anticipating pricing to level off during calendar year 2016, Globe limited exposure to lower than market pricing next year by negotiating the majority of its contracts with adjusted index pricing and implementing pricing floor limits to help protect against further price declines.

In the first quarter of fiscal year 2016, Globe experienced lower production costs due to less raw material quality issues and reducing maintenance and furnace downtime. With maintenance outages scheduled at two of Globe's U.S. facilities in the second quarter of fiscal 2016 compared to six facilities in the first quarter of fiscal year 2015, Globe anticipates further reductions in production costs and higher operational efficiency.

Critical Accounting Policies

Globe prepares its consolidated financial statements in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Globe bases its estimates and judgments on historical experience, known or expected trends and other factors that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates.

Business Combinations

Globe has completed a number of significant business acquisitions over the past several years and Globe's business strategy contemplates that it may pursue additional acquisitions in the future. When Globe acquires a business, the purchase price is allocated based on the fair value of tangible assets and identifiable intangible assets acquired and liabilities assumed. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Goodwill as of the acquisition date is measured as the residual of the excess of the consideration transferred, plus the fair value of any noncontrolling interest in the acquiree at the acquisition date, over the fair value of the identifiable net assets acquired. Globe generally engages independent third-party appraisal firms to assist in determining the fair value of assets acquired and liabilities assumed. Such a valuation requires management to make significant estimates, especially with respect to intangible assets. These estimates are based on historical experience and information obtained from the management of the acquired companies. These estimates are inherently uncertain and may impact reported depreciation and amortization in future periods, as well as any related impairment of goodwill or other long lived assets.

See note 3 to Globe's accompanying audited consolidated financial statements for detailed disclosures related to Globe's acquisitions.

Inventories

Cost of inventories is determined by the first-in, first-out method or, in certain cases, by the average cost method. Inventories are valued at the lower of cost or market value. Circumstances may arise (e.g., reductions in market pricing, obsolete, slow moving or defective inventory) that require the carrying amount of Globe's inventory to be written down to net realizable value. Globe estimates market and net realizable value based on current and future expected selling prices, as well as expected costs to complete, including utilization of parts and supplies in its manufacturing process. Globe believes that these estimates are reasonable; however, future market price decreases caused by changing economic conditions, customer demand or other factors could result in future inventory write-downs that could be material.

Long-Lived Assets

Globe reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Impairment losses are recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. The impairment loss is measured by comparing the fair value of the asset to its carrying amount. Globe considers various factors in determining whether an impairment test is necessary including, among other things, a significant or prolonged deterioration in operating results and projected cash flows, significant changes in the extent or manner in which assets are used, technological advances with respect to assets which would potentially render them obsolete, strategy and capital planning, and the economic climate in the markets Globe serves. When estimating future cash flows and, if necessary, fair value, Globe makes judgments as to the expected utilization of assets and estimated future cash flows related to those assets. Globe considers historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and other information available at the time the estimates are made. Globe believes these estimates are reasonable; however, changes in circumstances or conditions could have a significant impact on Globe's estimates, which might result in material impairment charges in the future.

As of June 30, 2015, the carrying value of property, plant and equipment at Globe's Yonvey facility is approximately \$13,293,000. If market prices decrease below Globe's cost to produce carbon electrodes at Yonvey, Globe could decide to purchase from third party producers. Such a decision would require Globe to assess the recoverability of Yonvey's long-lived assets.

As of June 30, 2015, the carrying value of property, plant and equipment at Globe's Siltech facility is approximately \$45,558,000. During the quarter ended June 30, 2015, Globe temporarily idled Siltech as a result of high winter electricity rates. Globe assessed the recoverability of the carrying value of the long-lived assets of Siltech and concluded that the undiscounted cash flows associated with the Siltech asset group exceeded the carrying value at June 30, 2015.

Income Taxes

Globe's deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, and applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. If Globe's management determines it is more-likely-than-not that a portion of Globe's deferred tax assets will not be realized, a valuation allowance is recorded. The provision for income taxes is based on domestic (including federal and state) and international statutory income tax rates in the tax jurisdictions where Globe operates, permanent differences between financial reporting and tax reporting, and available credits and incentives.

Significant judgment is required in determining income tax provisions and tax positions. Globe may be challenged upon review by the applicable taxing authorities, and positions taken may not be sustained. All or a portion of the benefit of income tax positions are recognized only when Globe has made a determination that it is more-likely-than-not that the tax position will be sustained based upon the technical merits of the position. For tax positions that are determined as more-likely-than-not to be sustained, the tax benefit recognized is the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The accounting for uncertain income tax positions requires consideration of timing and judgments about tax issues and potential

[Table of Contents](#)

outcomes and is a subjective estimate. In certain circumstances, the ultimate outcome of exposures and risks involves significant uncertainties. If actual outcomes differ materially from these estimates, they could have a material impact on Globe's results of operations and financial condition. Interest and penalties related to uncertain tax positions are recognized in income tax expense. The United States is Globe's most significant income tax jurisdiction.

Goodwill

Goodwill represents the excess purchase price of acquired businesses over fair values attributed to underlying net tangible assets and identifiable intangible assets. Globe tests the carrying value of goodwill for impairment at a "reporting unit" level (which for Globe is represented by each reported segment and Core Metals (a component of GMI that produces silicon-based alloys)) using a two-step approach: annually as of the last day of February or whenever an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. If the fair value of a reporting unit is less than its carrying value, this is an indicator that the goodwill assigned to that reporting unit may be impaired. In this case, a second step is performed to allocate the fair value of the reporting unit to the assets and liabilities of the reporting unit as if it had just been acquired in a business combination, and as if the purchase price was equivalent to the fair value of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. The implied fair value of the reporting unit's goodwill is then compared to the actual carrying value of goodwill. If the implied fair value is less than the carrying value, Globe would be required to recognize an impairment loss for that excess. The valuation of Globe's reporting units requires significant judgment in the evaluation of, among other things, recent indicators of market activity and estimated future cash flows, discount rates and other factors. The estimates of cash flows, future earnings, and discount rate are subject to change due to the economic environment and business trends, including such factors as raw material and product pricing, interest rates, expected market returns and volatility of markets served, as well as Globe's future manufacturing capabilities, government regulation and technological change. Globe believes that the estimates of future cash flows, future earnings and fair value are reasonable; however, changes in estimates, circumstances or conditions could have a significant impact on Globe's fair valuation estimation, which could then result in an impairment charge in the future.

As of February 28, 2015, the date of Globe's most recent impairment test, the estimated fair value of each of Globe's reporting units was in excess of their respective carrying values and no impairment charges were recorded during the year ended June 30, 2015.

Share-Based Compensation

Stock Options

Share-based payments are measured based on fair value using the Black-Scholes option-pricing model. The fair value of an award is affected by Globe's stock price as well as other assumptions, including: (i) estimated volatility over the term of the awards (which is based upon the historical volatility of Globe's common stock or stock of similar companies), (ii) estimated period of time that Globe expects participants to hold their stock options, (which is calculated using the simplified method allowed by SAB 107, or a participant-specific estimate for certain options), (iii) the risk-free interest rate (which is based upon United States Treasury interest rates appropriate for the expected term of the award) and (iv) Globe's expected dividend yield. Certain of Globe's share-based payment arrangements are liability-classified, which require adjustments to the fair value of the award and compensation expense based, in part, on the fair value of Globe's stock and the assumptions discussed above at the end of each reporting period. Further, Globe estimates forfeitures for the purposes of expensing share-based payment awards that it ultimately expects to vest. The future value of Globe's stock, the assumptions used, and changes to its estimated forfeitures could significantly impact the amount of share-based compensation expense that Globe recognizes in future periods.

Stock Appreciation Rights

Cash-settled stock appreciation rights are settled by cash transfer, based on the difference between Globe's stock price on the date of exercise and the grant date. Globe estimates the fair value of stock appreciation rights

[Table of Contents](#)

using the Black-Scholes option pricing model, which requires the use of the same assumptions utilized in valuing stock options. The future value of Globe's stock and the assumptions used could significantly impact the amount of share-based compensation expense Globe recognizes in future periods.

Results of Operations

Globe Three Months Ended September 30, 2015 vs. 2014

Consolidated Operations:

	Three Months Ended September 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Net sales	\$174,756	206,083	(31,327)	(15.2%)
Cost of goods sold	148,391	168,617	(20,226)	(12.0%)
Selling, general and administrative expenses	17,208	15,565	1,643	10.6%
Business interruption insurance recovery	(1,665)	—	(1,665)	NA
Operating income	10,822	21,901	(11,079)	(50.6%)
Interest expense, net	(960)	(1,162)	202	(17.4%)
Other loss	(226)	(330)	104	(31.5%)
Income before provision for income taxes	9,636	20,409	(10,773)	(52.8%)
Provision for income taxes	3,929	7,845	(3,916)	(49.9%)
Net income	5,707	12,564	(6,857)	(54.6%)
Loss (income) attributable to noncontrolling interest, net of tax	283	(862)	1,145	(132.8%)
Net income attributable to Globe Specialty Metals, Inc.	<u>\$ 5,990</u>	<u>11,702</u>	<u>(5,712)</u>	<u>(48.8%)</u>

Net Sales:

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		
	Net Sales			Net Sales		
	\$(in 000s)	MT	\$/MT	\$(in 000s)	MT	\$/MT
Silicon metal	\$ 101,708	36,525	\$ 2,785	\$ 110,628	39,416	\$ 2,807
Silicon-based alloys	51,731	27,282	1,896	69,432	33,900	2,048
Silicon metal and silicon-based alloys	153,439	63,807	2,405	180,060	73,316	2,456
Silica fume and other	21,317			26,023		
Total net sales	<u>\$ 174,756</u>			<u>\$ 206,083</u>		

Net sales decreased \$31,327,000 or 15% from the prior year to \$174,756,000 primarily as a result of a 2% decrease in average selling prices and a 13% decrease in metric tons sold. The decrease in sales volume was driven by a 7% decrease in silicon metal tons sold and a 20% decrease in silicon-based alloys tons sold, resulting in a decrease to net sales of \$21,669,000. Additionally, a 2% decrease in average selling prices resulted in a decrease to net sales of \$4,952,000, in addition to a \$4,706,000 decrease to net sales of other products. The decrease in silicon metal and silicon-based alloys tons sold is due to increased competition from low-priced imports.

[Table of Contents](#)

The average selling price of silicon metal and silicon-based alloys decreased 1% and 7%, respectively, in first quarter of fiscal year 2016 as compared to the prior year. Silicon metal and silicon-based alloys pricing have been declining due to increased U.S. imports.

Other revenue decreased \$4,706,000 in the first quarter primarily due to decreased shipments of fines and by-products.

Cost of Goods Sold:

The \$20,226,000 or 12% decrease in cost of goods sold was a result of a 13% decrease in metric tons sold, offset by a 1% increase in cost per ton sold. The increase in cost per ton sold is primarily due to more scheduled maintenance outages and raw material quality issues.

Gross margin represented approximately 15% of net sales in the first quarter of fiscal year 2016, a decrease from 18% of net sales in the prior year. This gross margin degradation was a result of decreased shipments, lower pricing and higher production costs.

Selling, General and Administrative Expenses:

The increase in selling, general and administrative expenses of \$1,643,000 or 11% was primarily due to a \$5,582,000 increase in professional fees primarily related to the proposed business combination and a \$1,026,000 increase in variable compensation, offset by a \$4,059,000 decrease in stock-based compensation and an \$862,000 decrease in salaries and benefits.

Business Interruption Insurance Recovery:

Globe recorded and received business interruption recovery payments totaling \$1,665,000 related to furnace downtime as a result of a transformer failure at one of its U.S. production facilities, which occurred in January 2014.

Net Interest Expense:

Net interest expense decreased \$202,000 in the first quarter of 2016 compared to the prior year comparative period primarily due to a \$25,000,000 repayment on the \$300,000,000 Revolving Credit Facility during the fiscal third quarter of 2015.

Other Expense:

Other loss decreased \$104,000 in the first quarter of fiscal year 2016 as compared to the prior year due to slightly lower foreign exchange rate losses.

Provision for Income Taxes:

Tax provision as a percentage of pre-tax income was approximately 40.8%, or \$3,929,000, in the first quarter of fiscal year 2016 and the provision as a percentage of pre-tax income was approximately 38.4% or \$7,845,000 in the first quarter of fiscal year 2015. The increase in effective tax rate was a result of increased losses in jurisdictions where, due to existing valuation allowances, Globe was unable to benefit from these losses.

[Table of Contents](#)**Segment Operations****GMI**

	Three Months Ended September 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Net sales	\$164,454	193,455	(29,001)	(15.0%)
Cost of goods sold	135,484	157,914	(22,430)	(14.2%)
Selling, general and administrative expenses	9,198	8,023	1,175	14.6%
Business interruption insurance recovery	(1,665)	—	(1,665)	NA
Operating income	<u>\$ 21,437</u>	<u>27,518</u>	<u>(6,081)</u>	(22.1%)

Net sales decreased \$29,001,000 or 15% from the prior year to \$164,454,000. The decrease was primarily attributable to a 15% decrease in tons sold. Silicon metal volume decreased 7%, and silicon-based alloys volume decreased 25%, due to higher U.S. imports. Silicon metal pricing decreased 1% and silicon-based alloys pricing decreased 2% due to aggressively priced imports.

Cost of goods sold decreased 14% due to a 15% decrease in shipments offset by a 1% increase in the cost per ton sold. The production costs increased due to raw material quality issues and more scheduled maintenance outages as compared to the first quarter of fiscal year 2015.

Selling, general and administrative expenses increased \$1,175,000 or 15% due to a \$595,000 increase in miscellaneous professional services and \$367,000 increase in variable compensation.

Operating income was positively impacted by a one-time \$1,665,000 business interruption insurance recovery related to furnace downtime as a result of a transformer failure at one of Globe's U.S. production facilities, which occurred in January 2014.

Globe Metales

	Three Months Ended September 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Net sales	\$ 6,928	13,275	(6,347)	(47.8%)
Cost of goods sold	7,872	11,178	(3,306)	(29.6%)
Selling, general and administrative expenses	736	895	(159)	(17.8%)
Operating (loss) income	<u>\$(1,680)</u>	<u>1,202</u>	<u>(2,882)</u>	(239.8%)

Net sales decreased \$6,347,000 or 48% from the prior year to \$6,928,000. This decrease was due to a 39% decrease in tons sold along with a 14% decrease in average selling prices. Overall volume decreased due to insufficient global demand, which corresponded with a decline in average selling prices.

Operating (loss) income decreased \$2,882,000 from income of \$1,202,000 to a loss of \$1,680,000. The loss was driven by the decline in tons shipped due to the idling of the plant in August 2015.

Solsil

	Three Months Ended September 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Cost of goods sold	\$ 1	33	(32)	(97.0%)
Operating loss	<u>\$ (1)</u>	<u>(33)</u>	<u>32</u>	<u>(97.0%)</u>

Solsil suspended commercial production during fiscal year 2010 as a result of a significant decline in the price of polysilicon and the decline in demand for upgraded metallurgical grade silicon.

Corporate

	Three Months Ended September 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Selling, general and administrative expenses	\$ 6,596	4,734	1,862	39.3%
Operating loss	<u>\$ (6,596)</u>	<u>(4,734)</u>	<u>(1,862)</u>	<u>(39.3%)</u>

Operating loss increased \$1,862,000 from the prior year to \$6,596,000. Selling, general and administrative expenses increased primarily due to a \$5,741,000 increase in legal and due diligence fees related to the proposed business combination and a \$700,000 increase in variable compensation, offset by a \$4,059,000 decrease in stock-based compensation.

Globe Fiscal Year Ended June 30, 2015 vs. 2014

Consolidated Operations:

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Net sales	\$800,773	752,817	47,956	6.4%
Cost of goods sold	650,677	635,735	14,942	2.4%
Selling, general and administrative expenses	88,205	92,103	(3,898)	(4.2%)
Contract acquisition cost	—	16,000	(16,000)	NA
Curtailement gain	—	(5,831)	5,831	NA
Operating income	<u>61,891</u>	<u>14,810</u>	<u>47,081</u>	<u>317.9%</u>
Bargain purchase gain	—	29,538	(29,538)	NA
Interest expense, net	(4,076)	(7,955)	3,879	(48.8%)
Other loss	(1,537)	(2,782)	1,245	(44.8%)
Income before provision for income taxes	<u>56,278</u>	<u>33,611</u>	<u>22,667</u>	<u>67.4%</u>
Provision for income taxes	<u>21,651</u>	<u>7,705</u>	<u>13,946</u>	<u>181.0%</u>
Net income	<u>34,627</u>	<u>25,906</u>	<u>8,721</u>	<u>33.7%</u>
Income attributable to noncontrolling interest, net of tax	<u>(3,307)</u>	<u>(4,203)</u>	<u>896</u>	<u>(21.3%)</u>
Net income attributable to Globe Specialty Metals, Inc.	<u>\$ 31,320</u>	<u>21,703</u>	<u>9,617</u>	<u>44.3%</u>

[Table of Contents](#)

Net Sales:

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Net Sales			Net Sales		
	\$ (in 000s)	MT	\$/MT	\$ (in 000s)	MT	\$/MT
Silicon metal	\$450,788	155,673	\$2,896	\$377,954	136,664	\$2,766
Silicon-based alloys	261,258	129,914	2,011	282,998	141,327	2,002
Silicon metal and silicon-based alloys	712,046	285,587	2,493	660,952	277,991	2,378
Silica fume and other	88,727			91,865		
Total net sales	<u>\$800,773</u>			<u>\$752,817</u>		

Net sales increased \$47,956,000 or 6% from the prior year to \$800,773,000 primarily as a result of a 5% increase in average selling prices and a 3% increase in metric tons sold. The increase in sales volume was driven by a 14% increase in silicon metal tons sold, offset by an 8% decrease in silicon-based alloys tons sold, resulting in an increase to net sales of \$18,060,000. Additionally, a 5% increase in average selling prices resulted in an increase to net sales of \$33,034,000, offset by a \$3,138,000 decrease to net sales of other products. The increase in silicon metal tons sold was due to the unionized employee lockout at the Becancour, Quebec Canada plant (the lockout concluded on December 27, 2013), which resulted in 17,453 fewer tons sold in the prior year. The decrease in silicon-based alloys tons sold occurred as Globe converted one of its U.S. furnaces from silicon-based alloys to silicon metal when demand for silicon metal was strong and prices in the ferrosilicon market were deteriorating.

The average selling price of silicon metal increased 5% and the average selling price of silicon-based alloys remained approximately the same. The increase in silicon metal pricing was due to higher pricing on annual calendar year 2015 contracts, including higher pricing on index-based contracts. The lack of change in silicon-based alloys pricing is due to an increase in import competition.

Other revenue decreased \$3,138,000 in fiscal year 2015 primarily due to a decrease in fines sales.

Cost of Goods Sold:

The \$14,942,000 or 2% increase in cost of goods sold was a result of a 3% increase in metric tons sold, offset by a 1% decrease in cost per ton sold. This decrease in cost per ton sold was primarily due to the ramp-up of production subsequent to the conclusion of the unionized employee lockout at the Becancour, Quebec Canada plant (the lockout concluded on December 27, 2013), which resulted in higher cost per ton sold in the third quarter of fiscal year 2014.

Gross margin represented approximately 19% of net sales in the twelve months ended June 30, 2015 and increased from 16% of net sales in the twelve months ended June 30, 2014. This increase was primarily as a result of an increase in average selling prices, an increase in metric tons sold and a decrease in cost per ton sold.

Selling, General and Administrative Expenses:

The decrease in selling, general and administrative expenses of \$3,898,000 or 4% was primarily due to a decrease in stock-based compensation of approximately \$30,579,000, primarily due to the re-measurement of liability based awards resulting from a decline in Globe's stock price from June 2014 to June 2015. This decrease was offset by a divestiture indemnification payment of \$4,559,000, an increase in accounting, legal and professional fees of \$15,640,000 primarily related to the Business Combination, an increase in salaries and benefits of \$4,059,000, and an increase in variable based compensation of \$3,944,000.

Contract Acquisition Costs:

During the twelve months ended June 30, 2014, Globe acquired supply arrangements that resulted in a payment of \$16,000,000.

[Table of Contents](#)

Curtailement Gain:

Globe's subsidiary, Quebec Silicon, sponsors a postretirement benefit plan for certain employees, based on length of service and remuneration. Postretirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. On December 27, 2013, the CEP ratified a new collective bargaining agreement, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016. Globe remeasured the benefit obligations reflecting the curtailment which resulted in a curtailment gain of \$5,831,000 in the fiscal year ended June 30, 2014.

Bargain Purchase Gain:

On November 21, 2013, Globe purchased 100% of the outstanding shares of Silicon Technology (Pty) Ltd. (Siltech) for \$4,000,000. Globe paid for the acquisition from available cash. Siltech is a silicon-based alloy producer in South Africa with an annual production capacity of approximately 45,000 metric tons. The acquisition was made to increase Globe's current silicon-based alloy capacity by approximately 30% and its strategic location will enable Globe to supplement its existing facility to service the large European, Asian and Middle Eastern markets. The purchase price allocation for the Siltech acquisition was finalized during the quarter ended December 31, 2014 and the fair value of the identifiable net assets acquired of \$33,538,000 exceeded the purchase price of \$4,000,000 resulting in a gain on bargain purchase of \$29,538,000.

Interest Expense, Net:

Net interest expense decreased \$3,879,000 compared to the prior year primarily due to the write-off of deferred financing costs of approximately \$3,354,000 in connection with the refinancing of Globe's existing \$300,000,000 Revolving Credit Facility in the prior year.

Other Loss:

Other expense decreased \$1,245,000 primarily due to a higher foreign exchange gain of a U.S. dollar loan at a foreign subsidiary and holdings of the Argentine peso.

Provision for Income Taxes:

Provision for income taxes as a percentage of pre-tax income was approximately 38.5% or \$21,651,000 in fiscal year 2015 and provision for income taxes as a percentage of pre-tax income was approximately 22.9% or \$7,705,000 in fiscal year 2014. The tax rate increased compared to the prior year, this increase was the result in losses in jurisdictions where no tax benefit was provided. In the prior year, the tax rate was impacted by the nontaxable bargain purchase gain of \$29,538,000 in connection with the acquisition of Siltech.

Segment Operations

GMI

	Years Ended		Increase (Decrease)	Percentage Change
	2015	2014		
	(Dollars in thousands)			
Results of Operations				
Net sales	\$753,905	697,403	56,502	8.1%
Cost of goods sold	605,065	587,318	17,747	3.0%
Selling, general and administrative expenses	34,107	32,869	1,238	3.8%
Contract acquisition cost	—	16,000	(16,000)	NA
Curtailement gain	—	(5,831)	5,831	NA
Operating income	<u>\$114,733</u>	<u>67,047</u>	<u>47,686</u>	71.1%

[Table of Contents](#)

Net sales increased \$56,502,000 or 8% from the prior year to \$753,905,000. The increase was primarily attributable to a 2% increase in tons sold coupled with a 6% increase in average selling prices. Silicon metal volume increased 14% primarily due to the unionized employee lockout at the Becancour, Quebec Canada plant (the lockout concluded on December 27, 2013), which contributed 21,300 fewer tons during the twelve months ended June 30, 2014, and an increase due to the conversion of a silicon-based alloys furnace to a silicon metal furnace. Silicon-based alloys volume decreased 11%, as Globe converted a silicon-based alloys furnace to silicon metal. Silicon metal pricing increased 5% primarily due to higher pricing on annual calendar year 2015 contracts, including higher pricing on index-based contracts. Silicon-based alloys pricing increased 3% from stronger pricing in the U.S., from higher end-user demand.

Cost of goods sold increased 3% while total tons shipped increased 2%.

Selling, general and administrative expenses increased \$1,238,000 to \$34,107,000. This increase was primarily due to increases in salaries and wages and professional fees.

During fiscal year 2014, Globe acquired supply arrangements that resulted in a payment of \$16,000,000.

Globe's subsidiary, Quebec Silicon, sponsors a postretirement benefit plan for certain employees, based on length of service and remuneration. Postretirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. On December 27, 2013, the CEP ratified a new collective bargain agreement, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016. Globe remeasured the benefit obligations reflecting the curtailment which resulted in a curtailment gain of \$5,831,000 during fiscal year 2014.

Operating income increased \$47,686,000 from the prior year to \$114,733,000. This increase was primarily due to higher average selling prices for silicon metal and silicon-based alloys and higher silicon metal volume.

Globe Metales

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Net sales	\$44,945	51,213	(6,268)	(12.2%)
Cost of goods sold	40,007	42,179	(2,172)	(5.1%)
Selling, general and administrative expenses	3,587	3,288	299	9.1%
Operating income	<u>\$ 1,351</u>	<u>5,746</u>	<u>(4,395)</u>	<u>(76.5%)</u>

Net sales decreased \$6,268,000 or 12% from the prior year to \$44,945,000. This decrease was due to a 12% decrease in silicon-based alloys tons sold, partially offset by a 1% increase in average selling prices. Overall volume decreased due to weaker demand from Europe, partially offset by an increase in demand from North America solar, automotive, and housing markets.

Operating income decreased \$4,395,000. The decrease was due to the decrease in silicon-based alloys tons sold as well a 7% increase in cost per ton sold, driven by higher raw materials cost from higher inflation.

Solsil

	Years Ended June 30,		(Decrease)	Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Cost of goods sold	\$ 81	41	40	97.6%
Selling, general and administrative expenses	—	1	(1)	(100.0%)
Operating loss	<u>\$ (81)</u>	<u>(42)</u>	<u>(39)</u>	92.9%

Solsil suspended commercial production during fiscal year 2010 as a result of a significant decline in the price of polysilicon and the decline in demand for upgraded metallurgical grade silicon.

Corporate

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2015	2014		
(Dollars in thousands)				
Results of Operations				
Selling, general and administrative expenses	\$ 45,533	53,680	(8,147)	(15.2%)
Operating loss	<u>\$ (45,533)</u>	<u>(53,680)</u>	<u>8,147</u>	(15.2%)

Operating loss decreased \$8,147,000 from the prior year to \$45,533,000. Selling, general and administrative expenses decreased primarily due to a decrease in stock-based compensation of approximately \$30,579,000, primarily due to the re-measurement of liability based awards resulting from a decline in Globe's stock price from June 2014 to June 2015. This decrease was partially offset by a \$4,559,000 divestiture indemnification payment and an increase of \$14,334,000 in professional fees related to costs incurred in connection with the Business Combination.

[Table of Contents](#)

Globe Fiscal Year Ended June 30, 2014 vs. 2013

Consolidated Operations:

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2014	2013		
(Dollars in thousands)				
Results of Operations				
Net sales	\$752,817	757,550	(4,733)	(0.6%)
Cost of goods sold	635,735	657,911	(22,176)	(3.4%)
Selling, general and administrative expenses	92,103	64,663	27,440	42.4%
Contract acquisition cost	16,000	—	16,000	NA
Curtailed gain	(5,831)	—	(5,831)	NA
Business interruption insurance recovery	—	(4,594)	4,594	(100.0%)
Goodwill impairment	—	13,130	(13,130)	(100.0%)
Impairment of long-lived assets	—	35,387	(35,387)	(100.0%)
Operating income (loss)	14,810	(8,947)	23,757	(265.5%)
Bargain purchase gain	29,538	—	29,538	NA
Gain on remeasurement of equity investment	—	1,655	(1,655)	(100.0%)
Interest expense, net	(7,955)	(6,067)	(1,888)	31.1%
Other loss	(2,782)	(3,716)	934	(25.1%)
Income (loss) before provision for income taxes	33,611	(17,075)	50,686	(296.8%)
Provision for income taxes	7,705	2,734	4,971	181.8%
Net income (loss)	25,906	(19,809)	45,715	(230.8%)
Income attributable to noncontrolling interest, net of tax	(4,203)	(1,219)	(2,984)	244.8%
Net income (loss) attributable to Globe Specialty Metals, Inc.	<u>\$ 21,703</u>	<u>(21,028)</u>	<u>42,731</u>	<u>(203.2%)</u>

Net Sales:

	Year Ended June 30, 2014			Year Ended June 30, 2013		
	Net Sales			Net Sales		
	\$(in 000s)	MT	\$/MT	\$(in 000s)	MT	\$/MT
Silicon metal	\$377,954	136,664	\$2,766	\$422,564	150,369	\$2,810
Silicon-based alloys	282,998	141,327	2,002	248,276	115,766	2,145
Silicon metal and silicon-based alloys	660,952	277,991	2,378	670,840	266,135	2,521
Silica fume and other	91,865			86,710		
Total net sales	<u>\$752,817</u>			<u>\$757,550</u>		

Net sales decreased \$4,733,000 or 1.0% from the prior year to \$752,817,000 primarily as a result of a 6% decrease in the average selling price offset by a 5% increase in sales volume. The decrease in the average selling price compared to the prior year was driven by a 2% decrease in silicon metal and a 7% decrease in silicon-based alloys, resulting in a decrease of \$26,193,000. The increase in sales volume compared to the prior year was driven by a 22% increase in silicon-based alloys tons sold offset by a 9% decrease in silicon metal tons sold. The increase in silicon-based alloys tons sold was primarily due to increased demand from the steel and automotive industries in North America. Due to the increased demand for silicon-based alloys, Globe converted a silicon furnace to a ferrosilicon furnace at one of its U.S. plants. The decrease in silicon metal tons sold was due to lower sales volume at the Becancour, Quebec Canada facility as the sales volume for the year ended June 30, 2014 reflects the impact of a nearly eight month lockout and subsequent ramp up of production at the facility once the lockout ended in December 2013 compared to full production in the prior year period.

[Table of Contents](#)

The average selling price of both silicon metal and silicon-based alloys decreased 2% and 7%, respectively, in fiscal year 2014 compared to the prior year period. The decrease in pricing was due to weaker pricing in the marketplace driven by import competition and end-user demand, particularly in Europe.

Other revenue increased \$5,155,000 in fiscal year 2014 primarily due to increased shipments of silica fume as Globe realized a full year of benefit having purchased the remaining 50% interest in an existing equity investment in December 2012.

Cost of Goods Sold:

The \$22,176,000 or 3% decrease in cost of goods sold was a result of a 7% decrease in cost per ton sold. The decrease in cost per ton sold is primarily due to a shift in mix from higher cost silicon products to lower cost ferrosilicon products and manufacturing cost improvement initiatives.

Gross margin represented approximately 16% of net sales in the fiscal year 2014, an increase from 13% of net sales in fiscal year 2013. This gross margin expansion was primarily a result of increased shipment volumes and manufacturing cost improvement initiatives which more than offset a 6% decline in the average selling price year-over-year.

Selling, General and Administrative Expenses:

The increase in selling, general and administrative expenses of \$27,440,000, or 42%, was primarily due to an increase in stock based compensation of approximately \$18,850,000. In addition, Globe had an increase in salaries and wages of \$1,168,000 and an increase in variable-based compensation expense of \$4,872,000.

Contract Acquisition Costs:

During the twelve months ended June 30, 2014, Globe acquired supply arrangements that resulted in a payment of \$16,000,000.

Curtailment Gain:

Globe's subsidiary, Quebec Silicon, sponsors a postretirement benefit plan for certain employees, based on length of service and remuneration. Postretirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. As noted above, the CEP ratified a new collective bargaining agreement on December 27, 2013, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016. Globe remeasured the benefit obligations reflecting the curtailment which resulted in a curtailment gain of \$5,831,000.

Bargain Purchase Gain:

On November 21, 2013, Globe purchased 100% of the outstanding shares of Silicon Technology (Pty) Ltd. (Siltech) for \$4,000,000. Globe paid for the acquisition from available cash. Siltech is a silicon-based alloy producer in South Africa with an annual production capacity of approximately 45,000 metric tons. The acquisition was made to increase Globe's current silicon-based alloy capacity by approximately 30% and its strategic location will enable Globe to supplement its existing facility to service the large European, Asian and Middle Eastern markets. The fair value of the identifiable net assets acquired of \$33,538,000 exceeded the purchase price of \$4,000,000 resulting in a gain on bargain purchase of \$29,538,000.

Net Interest Expense:

Net interest expense increased \$1,888,000 in fiscal year 2014 compared to fiscal year 2013 primarily due to the write-off of deferred financing costs of \$3,354,000 in connection with the refinancing of Globe's existing \$300 million Revolving Credit Facility, offset partially by a decrease of \$941,000 attributable to loan repayment at Quebec Silicon.

[Table of Contents](#)

Other Expense:

Other loss decreased \$934,000 primarily due to foreign exchange loss on holdings of the Argentine peso partially offset by the elimination of a foreign exchange loss resulting from the revaluation of a U.S. dollar denominated loan at a foreign subsidiary in the prior year.

Provision for Income Taxes:

Provision for income taxes as a percentage of pre-tax income was approximately 22.9% or \$7,705,000 in fiscal year 2014 and provision for income taxes as a percentage of pre-tax loss was approximately (16.0%) or \$2,734,000 in fiscal year 2013. The tax rate increased compared to the prior year, due to increase in valuation allowance of \$5,214,000 attributable to change in tax law that impacted the utilization of certain state tax credits offset by the nontaxable bargain purchase gain of \$29,538,000 in connection with the acquisition of Siltech. In the prior year, the tax rate was impacted by certain nondeductible impairment charges recognized offset by a net reduction in valuation allowance associated with state tax credits due to an updated assessment regarding the likelihood of realization.

Segment Operations

GMI

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2014	2013		
Results of Operations				
Net sales	\$697,403	702,275	(4,872)	(0.7%)
Cost of goods sold	587,318	603,548	(16,230)	(2.7%)
Selling, general and administrative expenses	32,869	29,706	3,163	10.6%
Contract acquisition cost	16,000	—	16,000	NA
Curtailement gain	(5,831)	—	(5,831)	NA
Business interruption insurance recovery	—	(4,594)	4,594	(100.0%)
Operating income	<u>\$ 67,047</u>	<u>73,615</u>	<u>(6,568)</u>	<u>(8.9%)</u>

Net sales decreased \$4,872,000 or 1% from the prior year to \$697,403,000. The decrease was primarily attributable to a 6% decrease in average selling prices. Silicon metal tons sold decreased 9% due to lower sales volume at the Becancour, Quebec Canada facility as the sales volume for the year ended June 30, 2014 reflects the impact of a nearly eight month lockout and subsequent ramp up of production at the facility once the lockout ended in December 2013 compared to full production in the prior year period. Silicon-based alloys tons sold increased 27% primarily due to increased demand from the steel and automotive industries in North America and from the conversion of a silicon furnace to a ferrosilicon furnace at one of Globe's U.S. plants. Silicon metal pricing decreased 2% and silicon-based alloys pricing decreased 7% driven by pricing pressure from imports. Other revenue increased \$4,685,000 primarily due to increased shipments of silica fume as Globe realized a full year of benefit having purchased the remaining 50% interest in an existing equity investment in December 2012.

Cost of goods sold decreased 3% while total tons shipped increased 5%. Cost per ton sold decreased in fiscal year 2014 primarily due to a shift in mix from higher cost silicon products to lower cost ferrosilicon products and manufacturing cost improvement initiatives.

Selling, general and administrative expenses increased \$3,163,000 to \$32,869,000. This increase was primarily due to increases in salaries and wages and professional fees.

During fiscal year 2014, Globe acquired supply arrangements that resulted in a payment of \$16,000,000.

[Table of Contents](#)

A Globe subsidiary, Quebec Silicon, sponsors a postretirement benefit plan for certain employees, based on length of service and remuneration. Postretirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. On December 27, 2013, the CEP ratified a new collective bargain agreement, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016. Globe remeasured the benefit obligations reflecting the curtailment which resulted in a curtailment gain of \$5,831,000 during the second quarter of fiscal year 2014.

Operating income decreased \$6,568,000 from the prior year to \$67,047,000. This decrease was primarily due to a \$16,000,000 expense for supply arrangements acquired offset by a \$5,831,000 curtailment gain discussed above and a 6% decrease in the average selling price.

Globe Metales

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2014	2013		
(Dollars in thousands)				
Results of Operations				
Net sales	\$51,213	51,266	(53)	(0.1%)
Cost of goods sold	42,179	44,753	(2,574)	(5.8%)
Selling, general and administrative expenses	3,288	2,901	387	13.3%
Goodwill impairment	—	6,000	(6,000)	(100.0%)
Operating (loss) income	<u>\$ 5,746</u>	<u>(2,388)</u>	<u>8,134</u>	<u>(340.6%)</u>

Net sales were essentially the same in fiscal year 2014 compared to fiscal year 2013. Total tons shipped increased 5% while the average selling price decreased 6% primarily due to product mix. Overall demand increased due to stronger demand from the steel market and the European economy.

Operating income increased \$8,134,000 from the prior year to \$5,746,000. The increase was primarily due to increased volumes and lower costs due to the devaluation of the Argentine peso as well as the recognition of a goodwill impairment of \$6,000,000 during fiscal year 2013.

Solsil

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2014	2013		
(Dollars in thousands)				
Results of Operations				
Cost of goods sold	41	2,542	(2,501)	(98.4%)
Selling, general and administrative expenses	1	153	(152)	(99.3%)
Impairment of long-lived assets	—	18,452	(18,452)	(100.0%)
Operating loss	<u>\$ (42)</u>	<u>(21,147)</u>	<u>21,105</u>	<u>(99.8%)</u>

Solsil suspended commercial production during fiscal year 2010 as a result of a significant decline in the price of polysilicon and the decline in demand for upgraded metallurgical grade silicon. Operating loss of (\$21,147,000) from the prior year was related to the write-off of equipment as a result of Globe's decision to indefinitely take these assets out of service in response to sustained pricing declines that have rendered its production methods uneconomical and inventory write-downs due to expected lower net realizable values for certain inventories.

Corporate

	Years Ended June 30,		Increase (Decrease)	Percentage Change
	2014	2013		
(Dollars in thousands)				
Results of Operations				
Selling, general and administrative expenses	\$ 53,680	30,699	22,981	74.9%
Impairment of long-lived assets	—	16,935	(16,935)	(100.0%)
Operating loss	<u>\$ (53,680)</u>	<u>(47,634)</u>	<u>(6,046)</u>	12.7%

The operating loss increased \$6,046,000 from the prior year to \$53,680,000. Selling, general and administrative expenses increased \$22,981,000 year over year primarily due to an increase in stock based compensation of approximately \$18,850,000. Globe also had an increase in variable-based compensation of \$5,147,000. These increases were offset by lower professional fees and the recognition of long-lived assets impairment of approximately \$16,935,000 in the prior year.

Liquidity and Capital Resources
Sources of Liquidity

Globe's principal sources of liquidity are its cash and cash equivalents balance, cash flows from operations, and unused commitments under its existing credit facilities. At September 30, 2015, Globe's cash and cash equivalents balance was approximately \$107,126,000 and it had \$198,978,000 available for borrowing under its existing financing arrangements. Globe generated cash flows from operations totaling \$9,162,000 during the three months ended September 30, 2015. As of September 30, 2015, the amount of cash and cash equivalents included in Globe's consolidated cash that was held by foreign subsidiaries was approximately \$13,854,000.

Certain of Globe's subsidiaries borrow funds in order to finance working capital requirements and capital expansion programs. The terms of certain of Globe's financing arrangements place restrictions on distributions of funds to Globe; however, Globe does not expect this to have an impact on its ability to meet its cash obligations. Globe believes it has access to adequate resources to meet its needs for normal operating costs, capital expenditures, and working capital for its existing business. Globe's ability to fund planned capital expenditures and make acquisitions will depend upon its future operating performance, which will be affected by prevailing economic conditions in its industry as well as financial, business and other factors, some of which are beyond Globe's control.

Cash Flows

The following table summarizes Globe's primary sources (uses) of cash during the periods presented:

	Three Months Ended September 30,		Year Ended June 30,		
	2015	2014	2015	2014	2013
(Dollars in thousands)					
Cash and cash equivalents at beginning of period	\$ 115,944	97,792	97,792	169,676	178,010
Cash flows provided by operating activities	9,162	24,889	109,249	62,556	72,740
Cash flows used in investing activities	(12,839)	(9,831)	(42,243)	(64,271)	(49,029)
Cash flows used in financing activities	(5,520)	(6,377)	(49,753)	(68,608)	(30,994)
Effect of exchange rate changes on cash	379	(78)	899	(1,561)	(1,051)
Cash and cash equivalents at end of period	<u>\$ 107,126</u>	<u>106,395</u>	<u>115,944</u>	<u>97,792</u>	<u>169,676</u>

[Table of Contents](#)

Three Months Ended September 30, 2015

Operating Activities:

Globe's business is cyclical and cash flows from operating activities may fluctuate during the year and from year-to-year due to economic conditions.

Net cash provided by operating activities was approximately \$9,162,000 and \$24,889,000 in the first three months of fiscal year 2016 and 2015, respectively. The \$15,727,000 decrease in net cash provided by operating activities was due to a decrease in operating results for the first three months of fiscal year 2016 as compared to the prior year as well as an increase in working capital (primarily accounts payable).

Investing Activities:

Net cash used in investing activities was approximately \$12,839,000 and \$9,831,000 in the first three months of fiscal year 2016 and 2015, respectively. The \$3,008,000 increase was mostly due to the comparative effect of the \$7,005,000 sale of marketable securities in the prior year, partially offset by decreased capital expenditures in fiscal 2016 as the Siltech facility was restarted in the prior year.

Financing Activities:

Net cash used in financing activities was approximately \$5,520,000 and \$6,377,000 in the first three months of fiscal year 2016 and 2015, respectively. Net cash used for financing activities decreased by approximately \$857,000 from the prior year primarily due to borrowings of \$930,000 in fiscal 2016.

Exchange Rate Change on Cash:

The effect of exchange rate changes on cash was related to fluctuations in renminbi, Canadian dollars and rand, the functional currency of Globe's Chinese, Canadian and South African subsidiaries.

Fiscal Year Ended June 30, 2015 vs. 2014

Operating Activities:

Globe's business is cyclical and cash flows from operating activities may fluctuate during the year and from year-to-year due to economic conditions.

During fiscal year 2015, net cash provided by operating activities was \$109,249,000, compared to \$62,556,000 in the prior year. The increase in net cash provided by operating activities is primarily due to significant increase in operating results for fiscal year 2015 as compared to the prior year, which was partially offset by a decrease in working capital. In fiscal year 2015, inventory increased due to the start-up of the Siltech facility, increased production at Yonvey, and mine production at Alden.

Investing Activities:

During fiscal year 2015, net cash used in investing activities was \$42,243,000, compared to \$64,271,000 in the prior year. The decrease is primarily due to \$13,396,000 used for the purchase of marketable securities in fiscal 2014, while fiscal 2015 included \$7,776,000 in proceeds from the sale of marketable securities. In addition, the acquisition of Siltech in fiscal 2014 resulted in the use of approximately \$3,800,000 in net cash. These decreases in cash used for investing activities were partially offset by capital expenditures. In fiscal year 2015, capital expenditures increased by approximately \$2,944,000 primarily due to the start-up of the Siltech facility.

Globe expects the capital spending for fiscal year 2016 to be approximately \$36,000,000, which it plans to fund primarily with cash from operations.

[Table of Contents](#)

Financing Activities:

During fiscal year 2015, net cash used in financing activities was approximately \$49,753,000, compared to \$68,608,000 in the prior year. The decrease in net cash used in financing activities is primarily due to the decrease of \$28,720,000 of stock repurchases made in the prior year which was partially offset by a \$9,826,000 increase in net debt payments in fiscal 2015 when compared to the prior year.

Exchange Rate Change on Cash:

The effect of exchange rate changes on cash was related to fluctuations in renminbi, Canadian dollars and rand, the functional currency of Globe's Chinese, Canadian and South African subsidiaries.

Fiscal Year Ended June 30, 2014 vs. 2013

Operating Activities:

Globe's business is cyclical and cash flows from operating activities may fluctuate during the year and from year-to-year due to economic conditions.

During fiscal year 2014, net cash provided by operating activities was \$62,556,000, compared to \$72,740,000 in the prior year. The decrease in net cash provided by operating activities is primarily attributable to payments made to acquire supply agreements and the cash settlement of stock appreciation rights exercised during the year, offset by favorable working capital comparisons to the prior year.

Investing Activities:

During fiscal year 2014, net cash used in investing activities was \$64,271,000, compared to \$49,029,000 in the prior year. During the year, \$13,396,000 of cash was used to purchase marketable securities. In addition, \$3,800,000 of cash was used, net of cash acquired, in the acquisition of Siltech.

Financing Activities:

During fiscal year 2014, net cash used in financing activities was approximately \$68,608,000, compared to \$30,994,000 in the prior year. The increase in net cash used in financing activities was mainly attributable to the utilization of \$28,962,000 to purchase shares of Globe's own common stock and the net repayment of \$14,250,000 under Globe's revolving credit agreements. These increases in cash used in financing activities were offset by a decrease in Dividend payments of \$6,751,000 as a result of an additional dividend payment made during fiscal year 2013.

Exchange Rate Change on Cash:

The effect of exchange rate changes on cash was related to fluctuations in renminbi, Canadian dollars and rand, the functional currency of Globe's Chinese, Canadian and South African subsidiaries.

[Table of Contents](#)

Commitments and Contractual Obligations

The following tables summarize Globe's contractual obligations at June 30, 2015 and the effects such obligations are expected to have on its liquidity and cash flows in future periods:

Contractual Obligations(3)	Total	2016	2017- 2018	2019- 2020	2021 and beyond
Long-term debt obligations	\$101,048	953	95	100,000	—
Power commitments (1)	17,794	17,794	—	—	—
Purchase obligations (2)	42,646	31,486	11,160	—	—
Operating lease obligations	8,472	2,247	2,048	1,052	3,125
Capital lease obligations	7,193	2,627	2,797	932	837

- (1) Represents minimum charges that are enforceable and legally binding, and do not represent total anticipated purchases. Minimum charges requirements expire after providing one-year notice of contract cancellation.
- (2) Globe has outstanding purchase obligations with suppliers for raw materials in the normal course of business. These purchase obligation amounts represent on those items, which are based on agreements that are enforceable and legally binding, and do not represent total anticipated purchases.
- (3) Globe's contractual obligations have not materially changed from the period presented to September 30, 2015.

The table above also excludes certain other obligations reflected in Globe's consolidated balance sheet, including estimated funding for pension obligations, for which the timing of payments may vary based on changes in the fair value of pension plan assets and actuarial assumptions. Globe expects to contribute approximately \$1,237,000 to its pension plans for the year ended June 30, 2016.

Off-Balance Sheet Arrangements

Globe does not have any material off-balance sheet arrangements or relationships with unconsolidated entities of financial partnerships, such as entities often referred to as structured finance or special purpose entities.

Litigation and Contingencies

Globe is subject to various lawsuits, investigations, claims, and proceedings that arise in the normal course of business, including, but not limited to, labor and employment, commercial, environmental, safety, and health matters, as well as claims and indemnities associated with Globe's historical acquisitions and divestitures. Although it is not presently possible to determine the outcome of these matters, in the opinion of management, it is not reasonably possible that the ultimate disposition of these matters will have a material adverse effect on Globe's consolidated financial position, results of operations, or liquidity. During the fiscal year ended June 30, 2015, Globe recorded an expense of \$4,559 with respect to an indemnification obligation from a prior divestiture, of which \$1,659 is unpaid and is included in Other long-term liabilities at June 30, 2015.

Litigation Related to the Business Combination

On March 23, 2015, a putative class action lawsuit was filed on behalf of Globe's shareholders ("Globe Shareholders") in the Court of Chancery of the State of Delaware. The action, captioned *Fraser v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10823-VCG, named as defendants Globe, the members of its board of directors, Grupo VM, FerroAtlántica, Merger Sub and the Company. The complaint alleged, among other things, that the Globe directors breached their fiduciary duties by failing to obtain the best price possible for Globe Shareholders, that the proposed merger consideration to be received by Globe Shareholders is inadequate and significantly undervalued Globe, that the Globe directors failed to adequately protect against conflicts of interest in approving the transaction, and that the Business Combination Agreement unfairly deters competitive offers. The complaint also alleged that Globe, Grupo VM, FerroAtlántica, Merger Sub and the Company aided and abetted these alleged breaches. The action sought to enjoin or rescind the Business Combination, damages, and attorneys' fees and costs.

[Table of Contents](#)

On April 1, 2015, a purported Globe Shareholder filed a putative class action lawsuit on behalf of Globe Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *City of Providence v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10865-VCG, named as defendants Globe, the members of its board of directors, its Chief Executive Officer, Grupo VM, FerroAtlántica, Merger Sub and the Company. The complaint alleged, among other things, that Globe's board of directors and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and the Company, breached their fiduciary duties by entering into the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The complaint further alleged, among other things, that Globe's Executive Chairman and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and the Company, breached their fiduciary duties by negotiating the Business Combination Agreement, and, in the case of the Executive Chairman, by entering into a voting agreement in favor of the Business Combination Agreement, out of self-interest. The action sought to enjoin the Business Combination, to order the board of directors to obtain an alternate transaction, damages, and attorneys' fees and costs.

On April 10, 2015, a purported Globe Shareholder filed a putative class action lawsuit on behalf of Globe Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *Int'l Union of Operating Engineers Local 478 Pension Fund v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10899-VCG, named as defendants Globe, the members of its board of directors, its Chief Executive Officer, Grupo VM, FerroAtlántica, Merger Sub and the Company. The complaint made identical allegations and sought the same relief sought in *City of Providence v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10865-VCG.

On April 21, 2015, a purported Globe Shareholder filed a putative class action lawsuit on behalf of Globe Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *Cirillo v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10929-VCG, named as defendants Globe, its board of directors, Grupo VM, FerroAtlántica, Merger Sub and the Company. The complaint alleged, among other things, that Globe's directors, aided and abetted by Globe, Grupo VM, FerroAtlántica, Merger Sub and the Company, breached their fiduciary duties in agreeing to the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The action sought to enjoin or rescind the Business Combination, disclosure of information, damages, and attorneys' fees and costs.

On May 4, 2015, the Court of Chancery of the State of Delaware consolidated these four actions under the caption *In re Globe Specialty Metals, Inc. Stockholders Litigation*, Consolidated C.A. No. 10865-VCG (the "Action"). The Court further designated the complaint filed in C.A. No. 10865-VCG as the operative complaint in the consolidated action. Plaintiffs filed a motion for a preliminary injunction seeking to enjoin Globe from convening a special meeting of Globe Shareholders to vote on the proposal to adopt the Business Combination Agreement or consummating the Business Combination. In addition, Plaintiffs filed a motion for expedited proceedings, and supporting brief, in which they requested that the Court schedule a trial in this action before the Globe Shareholders vote on the Business Combination. Defendants, including Globe, filed an opposition brief in which they objected to Plaintiffs' motion for expedited proceedings to the extent it seeks expansive discovery and an expedited trial on the merits in lieu of a preliminary injunction hearing. Subsequently, the parties reached agreement on the scope of expedited discovery.

On June 15, 2015, Plaintiffs filed an amended consolidated class action complaint, realleging, among other things, that Globe's board of directors and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and the Company, breached their fiduciary duties by entering into the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The amended complaint further alleged that, among other things, Globe's preliminary proxy statement/prospectus filed with the SEC on May 6, 2015, was materially misleading and incomplete, and that Globe's board of directors and Chief Executive Officer breached their fiduciary duties by failing to disclose purportedly material information to Globe Shareholders in connection with the Business Combination. The amended complaint sought, among other relief, an order enjoining the Defendants from consummating the proposed Business Combination; a declaration that the disclosures contained in the preliminary proxy statement/prospectus are deficient; damages; and attorneys' fees and costs. On August 26, 2015, the Court held a hearing on Plaintiffs' motion for a preliminary injunction.

[Table of Contents](#)

On September 10, 2015, the parties to the Action entered into a Memorandum of Understanding (the “MOU”), which outlined the terms of an agreement in principle to settle the Action. Based on the terms of the MOU, the parties to the Action entered into a formal stipulation of settlement (the “Stipulation”) on October 30, 2015. The Stipulation provided that the settlement would be subject to certain conditions, including final court approval of the settlement, final certification of a settlement class, and closing of the Business Combination. Upon satisfaction of these conditions, a \$32.5 million aggregate cash payment will be paid after the closing of the Business Combination by the combined companies on a pro rata basis to the holders of shares of Globe common stock (other than the defendants in the Action and certain related persons) as of the close of business on the business day immediately prior to completion of the Business Combination. The Stipulation also provided that the Defendants would implement governance amendments for the benefit of Globe’s shareholders following completion of the Business Combination. Defendants have agreed to pay or cause to be paid such attorneys’ fees and expenses as may be awarded by the Court to Plaintiffs’ Counsel for their efforts in prosecuting the Action, as well as the costs of administering the settlement. The Stipulation includes a release of all claims against the Defendants and their advisors relating to or arising from the Action.

On December 23, 2015, the parties to the Business Combination Agreement completed the Business Combination. On February 10, 2016, the Court of Chancery of the State of Delaware held a hearing on Plaintiffs’ motion to approve the proposed settlement, including final certification of the settlement class, and Plaintiffs’ application for an award of attorneys’ fees and expenses. The Court approved the settlement, including final certification of the settlement class, and awarded Plaintiffs’ Counsel \$9,989,376.73 in attorneys’ fees and expenses. Defendants anticipate that a portion of the attorneys’ fee and expense award will be paid or reimbursed by insurance.

In connection with the above, on October 27, 2015, Mr. Kestenbaum submitted a request for indemnification under the Employment Agreement between Mr. Kestenbaum and Globe entered into as of January 27, 2011, as amended on February 22, 2015. The indemnity claim arises from the Stipulation and Agreement of Settlement (the “Settlement”), described above under “—Litigation Related to the Business Combination.” Pursuant to the Settlement, \$32.5 million will be paid by Globe to all record and beneficial holders of common stock of Globe who held their stock at any time during the period from and including February 22, 2015 through the date on which the Business Combination was completed, and whose shares of Globe common stock were exchanged for shares of Ferroglobe ordinary share in the Business Combination. The Settlement provides that the individual defendants in the Litigation Related to the Business Combination, including Mr. Kestenbaum, shall not be paid any of the \$32.5 million in settlement proceeds. As the holder of approximately 13% of Globe’s common stock during the relevant period, Mr. Kestenbaum contends that he has suffered an indemnifiable loss within the meaning of his Employment Agreement to the extent he is ineligible to receive a pro rata distribution from the settlement proceeds. The matter has been submitted to the Insurers as an additional claim under the main claim for the Litigation Related to the Business Combination. There has been no resolution to date.

FERROATLÁNTICA MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of FerroAtlántica's financial condition and results of operations for the six months ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012.

Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to FerroAtlántica's plans and strategy for the FerroAtlántica business, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, FerroAtlántica's actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. This discussion should be read in conjunction with the consolidated financial statements of FerroAtlántica for the six month period ended June 30, 2015 and 2014 and the years ended December 31, 2014, 2013 and 2012 included in this prospectus,

The following financial information has been extracted from the interim unaudited condensed consolidated financial statements of FerroAtlántica as of and for the six months ended June 30, 2015 and 2014 and the audited financial statements of FerroAtlántica as of and for the years ended December 31, 2014, 2013 and 2012. The consolidated financial information of FerroAtlántica included in this prospectus were translated from Euro to U.S. dollars. In accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates, FerroAtlántica's consolidated income statements for the six month periods ended June 30, 2015 and 2014 and the years ended December 31, 2014, 2013 and 2012 have been translated from Euro into U.S. dollars using the rate of 1.1157, 1.3703, 1.3285, 1.3281 and 1.2851, respectively, to one Euro, each of which is the average prevailing during the applicable period of the daily Euro foreign exchange reference rates as published by the European Central Bank, and FerroAtlántica's consolidated balance sheets as of June 30, 2015, December 31, 2014, 2013 and 2012 have been translated from Euro into U.S. dollars using the rate of 1.1190, 1.2141, 1.3791 and 1.3194, respectively, to one Euro, each of which is the Euro foreign exchange reference rate at the end of such date as published by the European Central Bank.

Overview

FerroAtlántica is the parent company of a Spanish multinational group operating globally in the silicon metal, manganese- and silicon-based alloy and other specialty metals industries, with interests in hydroelectric power in Spain and France and with quartz mining activities in Spain and South Africa. FerroAtlántica is a leading global silicon metal producer based on production output for 2015 and a leading global manganese- and silicon-based alloy producers based on production output for 2015.

FerroAtlántica's business is organized into two segments: (i) electrometallurgy and (ii) energy. FerroAtlántica generates revenues and cash flows principally from the sale of silicon and ferroalloys to industrial customers. The Electrometallurgy segment includes FerroAtlántica's silicon mining operations and its silicon metal and ferroalloy production, whereas the Energy segment comprises its hydroelectric power operations.

Principal Factors Affecting Results

Sale prices. FerroAtlántica's operating performance is highly correlated to sales prices, which are influenced by several different factors that vary across FerroAtlántica's two segments.

Manganese-based alloy prices have shown a direct correlation with the price of manganese ore. During 2015, we have seen two different trends. During the first part of the year, we have seen a high demand due to the performance of the steel industry, with sustained support in prices for the manganese alloys. Since June, prices declined, with a significant decrease in prices of all raw materials and specifically manganese ore. This had an impact in the evolution of prices.

[Table of Contents](#)

Market prices for silicon metal and silicon-based alloys have seen a similar evolution. The first part of the year had a positive evolution due to high demand on the chemical industry for silicon metal as well as a contained supply of alloys and silicon. During the second part of the year, as in manganese-based alloys, there was a retreat in prices.

Under FerroAtlántica's pricing policy, which is aimed at reducing dependence on spot market prices, prices applied to its term contracts are a function of (i) a base price representing a mark-up over real costs, which are calculated once a year and (ii) the spot market price, which is typically set by reference to CRU spot prices for each particular product, to which a premium or discount can be applied using a case by case analysis. FerroAtlántica sells certain high quality products, for which pricing is not directly correlated to spot market prices.

Cost of raw materials. The key raw materials sourced by Grupo FerroAtlántica are manganese ore, coal, quartz, wood and charcoal. Manganese ore is the largest component of the cost base for manganese-based alloys. In 2015, 98.17% of Grupo FerroAtlántica's total \$62 million expense with respect to manganese ore fell under contractual agreements with producers of manganese ore with terms of one to three years, while the remaining 1.83% was spent to procure manganese ore from the international spot market. Coal meeting certain standards for ash content and other physical properties is used as a major carbon reductant in silicon-based alloy production. In 2015, coal represented an \$86 million expense for Grupo FerroAtlántica. Wood is an important element for the production of silicon alloys and is used to produce charcoal, which is used as a carbon reductant at Grupo FerroAtlántica's South African and Chinese plants. Grupo FerroAtlántica's wood expense amounted to \$44.6 million in 2015. Grupo FerroAtlántica sources 45% of its quartz needs from its own mines in Spain and South Africa. Its French and Chinese operations source their quartz needs from third parties. Total quartz consumption in 2015 represented an expense of \$71.4 million.

Power. Power constitutes the largest expense for most of FerroAtlántica's products other than manganese-based alloys. FerroAtlántica focuses on minimizing energy prices and unit consumption throughout its operations by concentrating its silicon- and manganese-based alloy production during periods when energy prices are lower. In 2015, FerroAtlántica's total power consumption was 6,322 GWh, representing a total expense of €180.7 million. FerroAtlántica's power contracts vary across its operations. In Spain, South Africa and China (which collectively represent 53% of FerroAtlántica's total power consumption in 2015), power prices are mostly spot or daily prices with important seasonal fluctuations, whereas in France and Venezuela, FerroAtlántica has power contracts that provide for flat or near-flat rates for most of the year.

In Spain, FerroAtlántica receives a rebate on a portion of its energy costs in exchange for an agreement to interrupt production, and thus power usage, upon request. FerroAtlántica uses derivative financial instruments to partly hedge risks related to energy price volatility in Spain. In France, until 2015, FerroPem had access to relatively low power prices, as a result of a discount on Electricité de France's green tariffs. These green tariffs expired at the end of 2015 and the Government and Legislature came up with a new regulation for highly intensive energy consumers. Under this new regulation, prices for energy in France will be partly subject to wholesale energy markets, but will enjoy favorable terms in regulated parts of the power rates and rebates for services offered to the system. Additionally, the new system avoids the need to shut down its factories in January and February, when energy prices were historically at their highest.

In Venezuela, FerroAtlántica has access to low and stable power prices denominated in U.S. dollars through a long-term contract with the local power supplier, as its factories are located in the proximity of five hydroelectric power plants. In South Africa, the National Energy Regulator ("NERSA") regulates energy prices and price increases are publicly announced in advance. In China, FerroAtlántica purchases energy from the grid at a set tariff. During the dry season, which runs from January through May, FerroAtlántica shuts down operations in China due to the high cost of energy.

Foreign currency fluctuation. FerroAtlántica production costs are mostly dependent on local factors, with the exception of the cost of manganese ore and coal, whereas its product prices are more dependent on global factors. The relative strength of the functional currencies of FerroAtlántica's subsidiaries influences its competitiveness in the international market, most notably in the case of FerroAtlántica's Venezuelan and South African operations, which export a majority of their production to the U.S. and the European Union.

In South Africa, since 2012, the Rand has lost value against the U.S. dollar and the euro at a higher rate than its inflation differential with both the U.S. and the Eurozone, so the competitiveness of FerroAtlántica's South

[Table of Contents](#)

African production units has increased during this period. In Venezuela, the devaluation of the Venezuelan Bolivar in February 2013 (from VEF 4.3 to 6.3 to one U.S. dollar) was insufficient to compensate for the inflation differential between Venezuela and the U.S. since 2012, resulting in a loss of \$23.1 million at our Venezuelan operations in 2013. This trend was reversed in February 2014 when the Venezuelan Government approved a new exchange rate for exporting companies of VEF49.99 to one U.S. dollar. In January 2016, the exchange rate for export companies have been fixed at VEF199 to one U.S. dollar.

The current loss of value of the euro versus the U.S. dollar has resulted in a significant price gap between U.S. dollar- and euro-denominated spot market prices for silicon metal in particular, which enhances the competitiveness of our European production units in the international markets.

Regulatory changes. FerroAtlántica's energy operations are subject to government regulation. In Spain, the regulatory framework applicable to electricity producers underwent significant changes in 2013. The regulatory framework previously applicable to renewable energies was abolished, and the foundation for a new framework was established through the enactment of Royal Decree-Law 9/2013. The development of this new framework continued with the passing of the Electricity Industry Law in Spain in December 2013, and was completed with the enactment of Royal Decree 413/2014 and Order IET/1045/2014.

As a result of regulatory changes, since July 2013, FerroAtlántica has sold the electricity it generates at market prices, optimizing its generation by operating during peak price hours and participating in the "ancillary services" markets rather than at guaranteed prices that provided a premium above market prices, with the exception of energy generated by the Novo Pindo plant in Galicia, which continues to receive a premium. It is expected that new regulations will allow FerroAtlántica to continue to participate in 'ancillary services' markets. New power supply arrangements that have been entered into in 2016 for our French plants have managed to avoid this seasonal interruption.

Results of Operations*Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014*

(\$ thousands)	Six Months Ended June 30,	
	2015	2014
Sales	697,747	747,829
Cost of sales	(428,369)	(465,631)
Other operating income	6,674	5,221
Staff costs	(92,997)	(96,279)
Other operating expenses	(82,973)	(92,916)
Depreciation and amortization charges, operating allowances and write-downs	<u>(32,185)</u>	<u>(36,432)</u>
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	67,897	61,792
Net impairment losses	(870)	—
Net gains/losses due to changes in the value of assets	—	—
Gains/losses on disposals of non-current assets	—	69
Other gains/losses	202	8
Operating Profit	67,229	61,869
Finance income	243	2,284
Finance costs	(15,025)	(19,756)
Exchange differences	<u>5,575</u>	<u>1,284</u>
Profit Before Tax	58,022	45,681
Income tax	<u>(25,210)</u>	<u>(27,940)</u>
Profit for the Period	32,812	17,741
(Profit) loss attributable to non-controlling interests	<u>1,346</u>	<u>2,516</u>
Profit/(Loss) Attributable to Grupo FerroAtlántica	<u>34,158</u>	<u>20,257</u>

[Table of Contents](#)

Sales

Sales were \$ 697,747,000 for the six months of ended June 30, 2015, a decrease of \$ 50,082,000, or 6.6%, from \$ 747,829,000 for the first six months ended June 30, 2014, which was due to the evolution of the EUR/USD exchange rate, from 1.37 EUR/USD at June 30, 2014 to 1.12 EUR/USD at June 30, 2015, because in 2015 the sales in euros increased due to increased sales prices. The decrease in energy segment sales was due to the low rainfall in Galicia (Spain) during the first six months of 2015. Sales volumes for the electrometallurgy segment were 377,292 tons in the first half of 2015 (excluding fines, silica fume and other byproducts), a 5% increase from the first half of 2014 sales volumes, and average sales prices in the first half of 2015 were \$1,375 per ton, a 11% decrease compared to the first half of 2014, which were \$1,543 per ton. In euros, the sales price has increased in 9% at the same period due to the evolution of exchange rate.

Cost of sales

Cost of sales decreased \$ 37,262,000, or 8%, to \$ 428,369,000 for the six months ended June 30, 2015, from \$ 465,631,000 for the six months ended June 30, 2014, mainly due to the evolution of the EUR/USD exchange rate, from 1.37 EUR/USD at June 30, 2014 to 1.12 EUR/USD at June 30, 2015. Cost of sales was 61.3% of total sales for the six months ended June 30, 2015, compared to 62.2% for the six months ended June 30, 2014.

Other operating income

Other operating income increased \$ 1,453,000, or 27.8%, to \$ 6,674,000 for the six months ended June 30, 2015 from \$ 5,221,000 for the six months ended June 30, 2014 due to indemnity received for damages in Silicon Smelters in South Africa.

Staff costs

Staff costs decreased \$3,282,000, or 3.4%, to \$ 92,997,000 for the six months ended June 30, 2015 from \$ 96,279,000 for the six months ended June 30, 2014 due to the evolution of the EUR/USD exchange rate, from 1.37 EUR/USD at June 30, 2014 to 1.12 EUR/USD at June 30, 2015.

Other operating expenses

Other operating expenses decreased \$ 9,943,000 or 10.7%, to \$ 82,973,000 for the six months ended June 30, 2015 from \$ 92,916,000 for the six months ended June 30, 2014, which was due to the evolution of the EUR/USD exchange rate, from 1.37 EUR/USD at June 30, 2014 to 1.12 EUR/USD at June 30, 2015 despite the incurrence of expenses related to the merger project.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased \$ 4,247,000, or 11.6%, to \$ 32,185,000 for the six months ended June 30, 2015 from \$ 36,432,000 for the six months ended June 30, 2014, due to allowances and write-downs for two customers in FerroAtlántica and Hidro Nitro in 2015 that have been less significant as a result of exchange rate evolution during the period.

Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals on non-current assets and other gains and losses

Operating profit before impairment and results on disposals increased \$ 6,105,000, or 9.9%, to \$ 67,897,000 for the six months ended June 30, 2015 from \$ 61,792,000 for the six months ended June 30, 2014 as a result of the factors discussed above.

[Table of Contents](#)

Net impairment losses

Net impairment losses increased \$ 870,000, or 100%, to \$ 870,000 for the six months ended June 30, 2015 from \$ 0 for the six months ended June 30, 2014, due to some minor impairments in the electrometallurgy division.

Operating profit

Operating profit increased \$ 5,360,000, or 8.6%, to \$ 67,229,000 for the six months ended June 30, 2015 from \$ 61,869,000 in the first half of 2014 as a result of the factors discussed above.

Finance income

Finance income decreased \$ 2,041,000, or 89.3%, to \$ 243,000 for the six months ended June 30, 2015 from \$ 2,284,000 for the six months ended June 30, 2014, due to the shareholder partially repaying its debt as receivables of subsidiaries, causing finance income to decrease during the period.

Finance costs

Finance costs decreased \$ 4,731,000, or 23.9%, to \$ 15,025,000 for the six months ended June 30, 2015 from \$ 19,756,000 for the six months ended June 30, 2014 due to a decrease in the finance debt during the period.

Exchange differences

Exchange differences increased \$4,291,000, or 334.1%, to \$5,575,000 for the six months ended June 30, 2015, as the Rmb/EUR exchange rate decreased to 13.64 Rmb/EUR at June 30, 2015 from 14.46 Rmb/EUR at June 30, 2015.

Income tax

Income tax expense decreased \$2,730,000, or 9.7%, to \$25,210,000 for the six months ended June 30, 2015 from \$27,940,000 for the six months ended June 30, 2014. This increase income tax is due to the exchange rate above mentioned, because in euros, the amount has increased because the more profitable group companies as of June 30, 2015 has an income tax rate higher than the one in other group companies. Specially FerroPem, French subsidiary, that has a 38% income tax compared to the average of the group of approximately 30%. Furthermore, Spanish tax authorities has changed for fiscal year 2015 the income tax rate to 28% when in 2014 it was 30%.

Segment operations*Electrometallurgy*

(\$ thousands)	Six Months Ended June 30,	
	2015	2014
Sales	682,897	726,684
Cost of sales	(427,786)	(464,377)
Other operating income	7,158	5,766
Staff costs	(91,380)	(94,088)
Other operating expenses	(77,639)	(85,070)
Depreciation and amortization charges, operating allowances and write-downs	<u>(29,747)</u>	<u>(33,534)</u>
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	<u>63,503</u>	<u>55,381</u>

Sales

Sales for the electrometallurgy segment decreased \$43,787,000, or 6%, to \$682,897,000 for the six months ended June 30, 2015 from \$726,684,000 for the six months ended June 30, 2014 due to the evolution of the EUR/USD exchange rate, from 1.37 EUR/USD at June 2014 to 1.12 EUR/USD at June 30, 2015, because euro-denominated sales increased due to increases in the sales price. Sales volumes for the electrometallurgy segment were 377,292 tons for the six months ended June 30, 2015 (excluding fines, silica fume and other byproducts), a 5% increase from the six months ended June 30, 2014. Sales volumes, and average sales prices for the six months ended June 30, 2015 were \$1,375 per ton, an 11% decrease compared to the six months ended June 30, 2014, which were \$1,543 per ton. In euros, the sales price increased 9% during the same period due to the evolution of the exchange rate.

Cost of sales

Cost of sales for the electrometallurgy segment decreased \$36,591,000, or 7.8%, to \$427,786,000 for the six months ended June 30, 2015 from \$464,377,000 for the six months ended June 30, 2014 due to the evolution of the EUR/USD exchange rate, from 1.37 EUR/USD at June 30, 2014 to 1.12 EUR/USD at June 30, 2015.

Other operating income

Other operating income for the electrometallurgy segment increased \$1,392,000, or 24.1%, to \$7,158,000 for the six months ended June 30, 2015 from \$5,776,000 for the six months ended June 30, 2014 due to indemnity received for damages in Silicon Smelters in South Africa.

[Table of Contents](#)

Staff costs

Staff costs for the electrometallurgy segment decreased \$2,708,000 or 2.8% to \$91,380,000 for the six months ended June 30, 2015 from \$94,088,000 for the six months ended June 30, 2014 due to the evolution of the EUR/USD exchange rate, from 1.37 EUR/USD at June 30, 2014 to 1.12 EUR/USD at June 30, 2015.

Other operating expenses

Other operating expenses for the electrometallurgy segment decreased \$ 7,431,000, or 8.7%, to \$77,639,000 for the six months ended June 30, 2015 from \$85,070,000 for the six months ended June 30, 2014 as a result of the evolution of the EUR/USD exchange rate from 1.37 EUR/USD at June 30, 2014 to 1.12 at June 30, 2015 despite the incurrence of expenses related to the merger project.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs for the electrometallurgy segment decreased \$3,787,000, or 11.2%, to \$29,747,000 for the six months ended June 30, 2015 from \$33,534,000 for the six months ended June 30, 2014 due to allowances and write downs for two customers of FerroAtlántica and Hidro Nitro being much less significant in 2015 as a result of exchange rate evolution during the period.

Energy

(\$ thousands)	Six Months Ended June 30,	
	2015	2014
Sales	14,858	21,145
Cost of sales	(583)	(1,254)
Other operating income	79	107
Staff costs	(1,617)	(2,191)
Other operating expenses	(5,905)	(8,498)
Depreciation and amortization charges, operating allowances and write-downs	<u>(2,438)</u>	<u>(2,898)</u>
Operating profit before impairment losses, net gains/losses on disposals of non-current assets and other gains and losses	<u>4,394</u>	<u>6,411</u>

Sales

Sales for the Energy segment decreased \$6,287,000, or 29.7%, to \$14,858,000 for the six months ended June 30, 2015 from \$21,145,000 for the six months ended June 30, 2014 due to the regulatory changes abovementioned and a dry spell in Spain in 2015.

Cost of sales

Cost of sales for the Energy segment decreased \$671,000, or 53.5%, to \$583,000 for the six months ended June 30, 2015 from \$1,254,000 for the six months ended June 30, 2014, as the cost of sales decrease corresponded with the sales decrease during this period.

[Table of Contents](#)

Other operating income

Other operating income for the Energy segment decreased \$28,000, or 26.1%, to \$79,000 for the six months ended June 30, 2015 from \$107,000 for the six months ended June 30, 2014.

Staff costs

Staff costs for the Energy segment decreased \$574,000, or 26.1%, to \$1,617,000 for the six months ended June 30, 2015 from \$2,191,000 for the six months ended June 30, 2014 due to the evolution of the exchange rate between June 30, 2015 and June 30, 2014.

Other operating expenses

Other operating expenses for the Energy segment decreased \$2,593,000, or 30.5%, to \$5,905,000 for the six months ended June 30, 2015 from \$8,498,000 for the six months ended June 30, 2014 due to the decrease in sales during the period.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs for the Energy segment decreased \$460,000, or 15.8%, to \$2,438,000 during the six months ended June 30, 2015 from \$2,898,000 for the six months ended June 30, 2014 due to the evolution of the exchange rate between June 30, 2015 and June 30, 2014.

Results of Operations—2014 Compared to 2013

(\$ thousands)	2014	2013
Sales	1,466,304	1,463,878
Cost of sales	(889,561)	(910,892)
Other operating income	6,891	36,904
Staff costs	(218,043)	(217,527)
Other operating expenses	(165,491)	(197,670)
Depreciation and amortization charges, operating allowances and write-downs	(74,752)	(79,103)
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	125,348	95,590
Net impairment losses	(399)	(1,061)
Net gains/losses due to changes in the value of assets	(9,472)	6,475
Gains/losses on disposals of non-current assets	555	448
Other gains/losses	(60)	(2,802)
Operating Profit	115,972	98,650
Finance income	4,771	2,858
Finance costs	(37,105)	(47,225)
Exchange differences	7,800	(7,677)
Profit Before Tax	91,438	46,606
Income tax	(59,707)	(24,558)
Profit for the Year	31,731	22,048
(Profit) loss attributable to non-controlling interests	6,706	6,400
Profit/(Loss) Attributable to Grupo FerroAtlántica	38,437	28,448

Sales

Sales were \$1,466,304,000 in 2014, an increase of \$2,426,000, or 0.17%, from \$1,463,878,000 in 2013, which was due to a reduction of \$22,971,000 or 31.82% in energy segment sales as a result of lower energy production, which was 737,022MWh in 2014, a 2.70% decrease as compared to 2013, and a lower average sale price per MWh in 2014 of \$66.79, a 29.97% decrease from \$95.37 in 2013 due to the regulatory changes discussed above. The decrease in energy segment sales was offset by a moderate increase of \$25,405,000, or 1.83%, in electrometallurgy segment sales. Sales volumes for the electrometallurgy segment were 708,863 tons in 2014 (excluding fines, silica fume and other byproducts), a 3.6% increase from 2013 sales volumes, and average sales prices in 2014 were \$1,836 per ton, a 1.33% increase compared to 2013, which were offset by lower sales of silicon fines and other byproducts.

Cost of sales

Cost of sales decreased \$21,331,000, or 2.34%, to \$889,561,000 in 2014, from \$910,892,000 in 2013, mainly due to lower manganese ore prices and lower energy costs in Venezuela and in Spain. Cost of sales for the electrometallurgy segment was 62.65% of total sales in 2014, compared to 65.15% in 2013.

Other operating income

Other operating income decreased \$30,013,000, or 81.33%, to \$6,891,000 in 2014 from \$36,904,000 in 2013 due to the discontinuation of the power buyback program implemented by Eskom, the state-owned monopoly utility for power generation and distribution in South Africa, during 2013, which resulted in an extraordinary income of ZAR259 million during that period.

Staff costs

Staff costs increased \$516,000, or 0.24%, to \$218,043,000 in 2014 from \$217,527,000 in 2013 due to wage increases across FerroAtlántica's operations other than in Venezuela, as a result of collective bargaining agreements and higher bonus and retirement payments at FerroAtlántica's French subsidiary and an increase in the average annual total cost per employee from \$68,297 in 2013 to \$69,045 in 2014, which were offset by a \$16 million reduction in staff costs in Venezuela as a result of the 2014 devaluation of the Venezuela Bolivar and a decrease in FerroAtlántica's average total workforce from 3,185 in 2013 to 3,158 in 2014.

[Table of Contents](#)

Other operating expenses

Other operating expenses decreased \$32,179,000, or 16.28%, to \$165,491,000 in 2014 from \$197,670,000 in 2013, \$12.1 million of which was due to a decrease in costs for FerroAtlántica's Venezuelan operations due to the devaluation of the Venezuelan Bolívar in 2014, and \$7.8 million of which was due to a decrease in fees paid to Villar Mir Energía (which are correlated with revenues) along with lower taxes on power generation.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased \$4,351,000, or 5.50%, to \$74,752,000 in 2014 from \$79,103,000 in 2013, due to lower amortization charges recorded in 2014 as a result of a decrease in fixed assets.

Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals on non-current assets and other gains and losses

Operating profit before impairment and results on disposals increased \$29,758,000, or 31.13%, to \$125,348,000 in 2014 from \$95,590,000 in 2013 as a result of the factors discussed above.

Net impairment losses

Net impairment losses decreased \$662,000, or 62.39%, to \$399,000 in 2014 from \$1,061,000 in 2013.

Net gains/losses due to change in the value of assets

Net gains/losses due to a change in the value of assets decreased \$15,947,000, or 246.29%, to a loss of \$9,472,000 in 2014 from a gain of \$6,475,000 in 2013 due to a provision for certain assets pertaining to the electrometallurgy segment located outside the European Union and a loss relating to the sale of FerroAtlántica's stake in OHL to its parent, Grupo Villar Mir, at the end of 2014, which were partly offset by a revaluation of FerroAtlántica's forest reserves in South Africa amounting to \$4.35 million in 2014, compared to \$3.33 million in 2013.

Gains/losses due to disposal of non-current assets

Gains/losses due to the disposal of current financial assets increased \$107,000, or 23.88%, to \$555,000 in 2014 from \$448,000 in 2013.

Other gains/losses

Other gains/losses increased \$2,742,000, or 97.87%, to a loss of \$60,000 in 2014 from a loss of \$2,802,000 in 2013, due to a \$3.1 million loss recorded at a Spanish quartz mine subsidiary in respect of the expropriation of a portion of the land subject to FerroAtlántica's concession for occupation by a high-speed railway.

Operating profit

Operating profit increased \$17,322,000, or 17.56%, to \$115,972,000 in 2014 from \$98,650,000 in 2013.

Finance income

Finance income increased \$1,913,000, or 66.92%, to \$4,771,000 in 2014 from \$2,858,000 in 2013, due to a significant increase in the intercompany financial position with FerroAtlántica's parent Grupo Villar Mir, which position was cancelled in full by the end of 2014. As at December 31, 2013, there were \$56.0 million in loans from FerroAtlántica to Grupo Villar Mir outstanding. FerroAtlántica made several additional loans in a total amount of \$90.7 million to Grupo Villar Mir between July 2014 and December 2014, which is when the intercompany financial position was cancelled in full against a portion of the dividends distributed by FerroAtlántica to its sole shareholder.

[Table of Contents](#)

Finance costs

Finance costs decreased \$10,120,000, or 21.43%, to \$37,105,000 in 2014 from \$47,225,000 in 2013 due to a reduction in average interest rates (from 6.78% in 2013 to 5.07% in 2014), as revolving credit facilities were renewed at lower rates and term loans spreads narrowed as a result of lower leverage at FerroAtlántica's major subsidiaries, and a 6%, or approximately \$33 million, reduction in quarterly average indebtedness throughout 2014 as compared to throughout 2013.

Exchange differences

Exchange differences increased \$15,477,000, or 201.60%, to positive \$7,800,000 in 2014, mostly arising from our Chinese and Venezuelan operations, from negative \$7,677,000 in 2013, arising from our Venezuelan and South African operations, due to the depreciation of the euro against the U.S. dollar, South African Rand and Chinese Yuan during 2014.

Income tax

Income tax increased \$35,149,000, or 143.12%, to \$59,707,000 in 2014 from \$24,558,000 in 2013 due to the recording of a \$36.3 million tax expense as a consequence of the impact on FerroAtlántica's deferred tax position in Venezuela of the devaluation of the Venezuelan Bolivar in 2014 from VEF 6.3 to VEF 49.98 to one U.S. dollar, which was partly offset by the local revaluation of the tax value of certain assets allowed by local tax regulations.

Segment operations

Electrometallurgy

(\$ thousands)	2014	2013
Sales	1,417,094	1,391,689
Cost of sales	(887,772)	(906,469)
Other operating income	8,142	38,083
Staff costs	(213,829)	(213,355)
Other operating expenses	(148,553)	(172,808)
Depreciation and amortization charges, operating allowances and write-downs	(69,131)	(73,484)
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	105,951	63,656

Sales

Sales for the electrometallurgy segment increased \$25,405,000, or 1.83%, to \$1,417,094,000 in 2014 from \$1,391,689,000 in 2013 due to a 3.6% increase in sales volumes from to 708,863 tons in 2014 (excluding silicon fines, silica fume and other byproducts), and a \$1,836 per ton, or 1.33%, increase in average sale prices from 2013 to 2014, which were offset by lower sales of silicon fines and other byproducts.

[Table of Contents](#)

Cost of sales

Cost of sales for the electrometallurgy segment decreased \$18,697,000, or 2.06%, to \$887,772,000 in 2014 from \$906,469,000 in 2013 due to lower manganese ore prices and lower energy costs in Venezuela and in Spain. Cost of sales for the electrometallurgy segment was 62.65% of total sales in 2014, compared to 65.15% in 2013.

Other operating income

Other operating income for the electrometallurgy segment decreased \$29,941,000, or 78.62%, to \$8,142,000 in 2014 from \$38,083,000 in 2013 due to the discontinuation of the power buyback program implemented by Eskom, the state-owned power utility in South Africa, during 2013, which resulted in extraordinary income of ZAR259 million during that period.

Staff costs

Staff costs for the electrometallurgy segment increased \$474,000, or 0.22%, to \$213,829,000 in 2014 from \$213,355,000 in 2013 due to wage increases across FerroAtlántica's operations other than in Venezuela associated with collective bargaining agreements and higher bonus and retirement payments at FerroAtlántica's French subsidiary, which were offset by a \$16 million decrease in staff costs in Venezuela as a result of the 2014 devaluation of the Venezuela Bolívar.

Other operating expenses

Other operating expenses for the electrometallurgy segment decreased \$24,255,000, or 14.04%, to \$148,553,000 in 2014 from \$172,808,000 in 2013 as a result of a decrease of \$12.1 million in expenses with respect to FerroAtlántica's Venezuelan operations due to the devaluation of the Venezuelan Bolívar in 2014.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs for the electrometallurgy segment decreased \$4,353,000, or 5.92%, to \$69,131,000 in 2014 from \$73,484,000 in 2013 due to lower amortization charges recorded in 2014 as a result of a decrease in fixed assets.

Energy

(\$ thousands)	2014	2013
Sales	49,225	72,196
Cost of sales	(1,789)	(4,423)
Other operating income	197	190
Staff costs	(4,214)	(4,172)
Other operating expenses	(18,401)	(26,238)
Depreciation and amortization charges, operating allowances and write-downs	<u>(5,621)</u>	<u>(5,619)</u>
Operating profit before impairment losses, net gains/losses on disposals of non-current assets and other gains and losses	<u>19,397</u>	<u>31,934</u>

[Table of Contents](#)

Sales

Sales for the Energy segment decreased \$22,971,000, or 31.82%, to \$49,225,000 in 2014 from \$72,196,000 in 2013 due to a 2.70% decrease in production to 737,022MWh in 2014 and a 29.97% decrease in the average sales price per MWh from \$95.37 in 2013 to \$66.79 in 2014, due to regulatory changes discussed above.

Cost of sales

Cost of sales for the Energy segment decreased \$2,634,000, or 59.54%, to \$1,789,000 in 2014 from \$4,423,000 in 2013, mainly due to a decrease in energy purchases from third parties from \$4.25 million in 2013 to \$1.59 million in 2014.

Other operating income

Other operating income for the Energy segment increased \$7,000, or 3.68%, to \$197,000 in 2014 from \$190,000 in 2013.

Staff costs

Staff costs for the Energy segment increased \$42,000, or 1.02%, to \$4,214,000 in 2014 from \$4,172,000 in 2013 due to the lack of employee changes.

Other operating expenses

Other operating expenses for the Energy segment decreased \$7,837,000, or 29.87%, to \$18,401,000 in 2014 from \$26,238,000 in 2013 due to lower fees paid to Villar Mir Energía (which are directly correlated to our sales), and lower taxes on power generation.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs for the Energy segment remained relatively stable compared to \$5,619,000 in 2013.

Results of Operations—2013 Compared to 2012

(\$ thousands)	2013	2012
Sales	1,463,878	1,479,606
Cost of sales	(910,892)	(921,790)
Other operating income	36,904	15,676
Staff costs	(217,527)	(212,427)
Other operating expenses	(197,670)	(199,123)
Depreciation and amortization charges, operating allowances and write-downs	(79,103)	(68,582)
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	95,590	93,360
Net impairment losses	(1,061)	(15,663)
Net gains/losses due to changes in the value of assets	6,475	(2,751)
Gains/losses disposals of non-current assets	448	(13)
Other gains/losses	(2,802)	1,487
Operating Profit	98,650	76,420
Finance income	2,858	5,123
Finance costs	(47,225)	(45,665)
Exchange differences	(7,677)	81
Profit Before Tax	46,606	35,959
Income tax	(24,558)	(1,280)
Profit for the Year	22,048	34,679
(Profit) loss attributable to non-controlling interests	6,400	509
Profit/(Loss) Attributable to the Grupo FerroAtlántica	28,448	35,188

[Table of Contents](#)

Sales

Sales decreased \$15,728,000, or 1.06%, to \$1,463,878,000 in 2013 from \$1,479,606,000 in 2012, due to a \$20,530,000 decrease in electrometallurgy segment sales as a result of a decrease in prices for silicon metal, FeSi and FeMn (-2.6%, -12.5% and -7% respectively) from 2012 to 2013 while sale volumes remained flat, partly offset by a 41% and 15% increase in sale volumes for FeMn and foundry products, respectively, a 29% increase in prices for silicon fines, and a \$4,809,000 increase in energy segment sales as a result of a significant increase in production output (from 451 GWh in 2012 to 757 GWh in 2013), partly offset by a reduction in energy sale prices from \$149.42 per MWh in 2012 to \$95.37 per MWh in 2013.

Cost of sales

Cost of sales decreased \$10,898,000, or 1.18%, to \$910,892,000 in 2013 from \$921,790,000 in 2012 due to a decrease in cost of sales of \$10,932,000 with respect to the energy segment as a consequence of lower expenses in connection with energy trading activities in 2013, partly offset by a \$34,000 increase in cost of sales for the electrometallurgy segment caused by a 41% increase in FeMn volumes, which was partly offset by a 3.2%, 4.6% and 30% decrease in unitary costs for silicon metal, foundry products and silicon fines, respectively.

Other operating income

Other operating income increased \$21,228,000, or 135.42%, to \$36,904,000 in 2013 from \$15,676,000 in 2012 due to extraordinary revenues of ZAR259 million from the power buyback program implemented by Eskom, the state-owned power utility in South Africa, during 2013, under which 132 MW of furnace capacity (out of a total capacity of 180 MW) was shut down during approximately five months.

[Table of Contents](#)

Staff costs

Staff costs increased \$5,100,000, or 2.4%, to \$217,527,000 in 2013 from \$212,427,000 in 2012 due to the appreciation of the euro against the U.S. dollar in 2013, which was offset by lower U.S. dollar-denominated costs at the South African and Venezuelan subsidiaries, which represented approximately 19% of total 2013 staff costs, as a result of the depreciation of the Rand and the VEF against the U.S. dollar in 2013.

Other operating expenses

Other operating expenses decreased \$1,453,000, or 0.73%, to \$197,670,000 in 2013 from \$199,123,000 in 2012 due to a \$9,451,000 decrease in other operating expenses for the electrometallurgy segment as a result of a €10.6 million or 13% reduction in maintenance expenses with respect to FerroAtlántica's European operations, which was partly offset by the impact of the appreciation of the euro against the U.S. dollar, and a \$8,332,000 increase in other operating expenses for the Energy segment as a result of the payment of a new power generation tax in the amount of \$5.3 million arising from the new regulatory framework implemented in 2013.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs increased \$10,521,000, or 15.34%, to \$79,103,000 in 2013 from \$68,582,000 in 2012, primarily due to a \$6.24 million increase in depreciation of property, plant and equipment, which was caused by a higher volume of fixed assets integrated as a result of investments made in previous years.

Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses

Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses increased \$2,230,000, or 2.39%, to \$95,590,000 in 2013 from \$93,360,000 in 2012 as a result of the various factors discussed above.

Net impairment losses

Net impairment losses decreased \$14,602,000 or 93.23% to \$1,061,000 in 2013 from \$15,663,000 in 2012, which corresponded to an impairment of goodwill with respect to the Electrometallurgy segment.

Changes in value of assets

In 2013, FerroAtlántica recognized a gain due to change in the value of assets of \$6,475,000, due to a \$3.33 million increase in the value of FerroAtlántica's South African biological assets, compared to a loss of \$2,751,000 in 2012 related to the write down in the value of current financial assets.

Disposals of non-current assets

In 2013, FerroAtlántica recognized a gain due to disposal of current financial assets of \$448,000, compared to a loss of \$13,000 in 2012.

Other gains/losses

In 2013, FerroAtlántica recognized a loss in other gains/losses of \$2,802,000, compared to a gain of \$1,487,000 in 2012. The loss in 2013 was due to a \$3.1 million loss registered in respect of the expropriation of part of a Spanish quartz mine concession area for use by a high-speed railway.

Operating profit

Operating Profit increased \$22,230,000, or 29.09%, to \$98,650,000 in 2013 from \$76,420,000 in 2012.

[Table of Contents](#)

Finance income

Finance income decreased \$2,265,000, or 44.21%, to \$2,858,000 in 2013 from \$5,123,000 in 2012, mainly due to the cancellation in 2012 of balances of \$80 million with respect to the intercompany net financial position between FerroAtlántica and its parent, Grupo Villar Mir.

Finance expense

Finance expense increased \$1,560,000, or 3.42%, to \$47,225,000 in 2013 from \$45,665,000 in 2012 due to an increase in average consolidated interest rates from 5.56% in 2012 to 6.78% in 2013 as a result of the refinancing of Spanish credit facilities at higher rates in 2012, which was partly offset by a decrease of \$88.9 million in average gross indebtedness.

Exchange differences

In 2013, FerroAtlántica recognized a loss with respect to exchange differences of \$7,677,000, compared with a profit of \$81,000 in 2012, due to the negative impact of the devaluation of the Venezuelan Bolívar in February 2013, from 4.3 to 6.3 to the U.S. dollar, and the depreciation of the South African Rand against the U.S. dollar in 2013.

Income tax expense

Income tax expense increased \$23,278,000 to \$24,558,000 in 2013 from \$1,280,000 in 2012, mainly as a consequence of \$11,896,000 of positive income tax at the parent level as a result of the fact that impairment in respect of Mangshi in 2012 was tax-deductible, and positive variation in deferred income tax at the Venezuelan subsidiary due to the increase in the value of its tax assets due to local tax inflation.

Business Segments

Electrometallurgy

(US\$ thousands)	2013	2012
Sales	1,391,689	1,412,219
Cost of sales	(906,469)	(906,435)
Other operating income	38,083	16,709
Staff costs	(213,355)	(208,512)
Other operating expenses	(172,808)	(182,259)
Depreciation and amortization charges, operating allowances and write-downs	<u>(73,484)</u>	<u>(64,422)</u>
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	<u>63,656</u>	<u>67,300</u>

[Table of Contents](#)

Sales

Sales for the electrometallurgy segment decreased \$20,530,000, or 1.45%, to \$1,391,689,000 in 2013 from \$1,412,219,000 in 2012 due to a decrease in silicon metal, FeSi and FeMn prices (-2.6%, -12.5% and -7% respectively) without an increase in sales volumes for silicon metal and FeSi, which was partly offset by an increase of 41% and 15% in sales volumes for FeMn and foundry products, respectively, and a 29% increase in prices for silicon fines.

Cost of sales

Cost of sales for the electrometallurgy segment increased \$34,000, or 0.01%, to \$906,469,000 in 2013 from \$906,435,000 in 2012 due to a reduction in unitary costs for silicon metal, foundry products and silicon fines (-3.2%, -4.6% and -30% respectively), which was partly offset by a 41% increase in FeMn sales volumes.

Other operating income

Other operating income for the Electrometallurgy segment increased \$21,374,000, or 127.92%, to \$38,083,000 in 2013 from \$16,709,000 in 2012, mainly due to an extraordinary income of ZAR259 million pursuant to the power buyback program implemented by Eskom, the state-owned power utility in South Africa, during 2013, pursuant to which 132 MW of furnace capacity (out of a total capacity of 180MW) was shut down for approximately five months.

Staff costs

Staff costs for the electrometallurgy segment increased \$4,843,000, or 2.32%, to \$213,355,000 in 2013 from \$208,512,000 in 2012, due to the appreciation of the euro against the U.S. dollar in 2013 and a total increase in FerroAtlántica's total payroll expense from \$3.16 million in 2012 to \$3.19 million in 2013, the effect of which was partly offset by lower U.S. dollar-denominated costs at the South African and Venezuelan subsidiaries (which together represented approximately 19% of total 2013 staff costs), as the Rand and the VEF depreciated against the U.S. dollar in 2013.

Other operating expenses

Other operating expenses for the Electrometallurgy segment decreased \$9,451,000, or 5.19%, to \$172,808,000 in 2013 from \$182,259,000 in 2012, primarily as a result of a €10.6 million or 13% reduction in maintenance expenses for FerroAtlántica's European operations, which was partially offset by the effect of the appreciation of the euro against the U.S. dollar in 2013.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs for the Electrometallurgy segment increased \$9,062,000, or 14.07%, to \$73,484,000 in 2013 from \$64,422,000 in 2012, primarily as a result of an \$8.32 million increase in depreciation of property, plant and equipment in connection with the integration of a higher volume of fixed assets as a result of prior year investments.

Energy

(US\$ thousands)	2013	2012
Sales	72,196	67,387
Cost of sales	(4,423)	(15,355)
Other operating income	190	9
Staff costs	(4,172)	(3,915)
Other operating expenses	(26,238)	(17,906)
Depreciation and amortization charges, operating allowances and write-downs	<u>(5,619)</u>	<u>(4,160)</u>
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	<u>31,934</u>	<u>26,060</u>

Sales

Sales for the Energy segment increased \$4,809,000, or 7.14%, to \$72,196,000 in 2013 from \$67,387,000 in 2012, due to a reduction in energy sale prices from \$149.42 per MWh in 2012 to \$95.37 per MWh in 2013, which was partly offset by an increase in production output from 451GWh in 2012, during a severe drought, to 757GWh in 2013, and lower revenues from energy trading volumes in 2013 compared to 2012.

Cost of sales

Cost of sales for the Energy segment decreased \$10,932,000, or 71.2%, to \$4,423,000 in 2013 from \$15,355,000 in 2012, primarily due to lower expenses related to energy trading activities in 2013.

Other operating income

Other operating income for the Energy segment increased \$181,000 to \$190,000 in 2013 from \$9,000 in 2012.

Staff costs

Staff costs for the Energy segment increased \$257,000, or 6.57%, to \$4,172,000 in 2013 from \$3,915,000 in 2012 due to the appreciation of the euro against the U.S. dollar in 2013 and one-off retirement expenses.

Other operating expenses

Other operating expenses for the Energy segment increased \$8,332,000, or 46.54%, to \$26,238,000 in 2013 from \$17,906,000 in 2012 primarily due to a new power generation tax in the amount of \$5.3 million related to the new Spanish regulatory framework established in 2013.

[Table of Contents](#)

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charge, operating allowances and write-downs for the Energy segment increased \$1,459,000, or 35.08%, to \$5,619,000 in 2013 from \$4,160,000 in 2012.

Effect of Inflation

Management believes that the impact of inflation was not material to FerroAtlántica's results of operations in the six month period ended June 30, 2015, and the years ended December 31, 2014, 2013 and 2012, with the exception of the impact of Venezuelan inflation in 2014 and 2013 on FerroVen's production costs in 2014 and 2013, which resulted in a loss of competitiveness.

Seasonality

The seasonality of energy prices and the energy-intensive nature of ferroalloy production have an impact on the yearly production planning of FerroAtlántica's plants. FerroAtlántica's Spanish plants modulate their power consumption during the summer months to avoid production during the hours of the day when energy prices are at their peak. FerroAtlántica's French plants have also stopped their production during winter, from December to mid-March in order to avoid higher energy prices during this period. New power supply arrangements that have been entered into in 2016 for our French plants have managed to avoid this seasonal interruption. In South Africa, FerroAtlántica's plants tend to reduce production of silicon metal and FeSi by approximately one third between June and August. FerroAtlántica's Mangshi plant in China ceases production during the dry season, which typically lasts from December to May. The state owned power grid publishes a forward monthly energy tariff which works as an official indicator of beginning date for each season. This seasonality in production planning has an impact on the management of finished goods inventories which tend to grow before production reductions in winter and summer to help ensure supply to FerroAtlántica's customers.

Liquidity and Capital Resources

As of June 30, 2015, FerroAtlántica has financed its capital requirements with operating cash flows and long-term bank borrowings. Its primary short-term liquidity needs are to fund its capital expenditure commitments and operational needs and service its existing debt. FerroAtlántica's long-term liquidity needs primarily relate to debt repayment. FerroAtlántica's core objective with respect to capital management is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it has a presence, while keeping the cost of capital at competitive levels so as to fund FerroAtlántica's growth.

As of June 30, 2015, operating activities generated \$46,614,000 in cash. Investing activities absorbed a total of \$34,521,000 of cash. Financing activities absorbed a total of \$23,630,000 in cash. See "—Cash Flow Analysis" below for additional information.

FerroAtlántica finances its operations through cash flows from operations, which totaled \$46,614,000 at June 30, 2015, compared to \$150,130,000 at June 30, 2014, corporate financing through each of FerroAtlántica's main subsidiaries in the currency in which it operates, which totaled \$334,949,000 at June 30, 2015, compared to \$330,903,000 at June 30, 2014, and liquidity facilities taken out by FerroAtlántica under bilateral agreements with banks to provide FerroAtlántica with flexibility in its cash management activities, which totaled \$96,308,000 at June 30, 2015, compared to \$128,385,200 at June 30, 2014. In Venezuela, given the complexity of the local financial market and the restriction on capital flows, long-term financing is structured through intercompany loan agreements, whereas working capital needs are met with local currency bilateral agreements without recourse to FerroAtlántica.

Cash and cash equivalents are held primarily in euro, with approximately 41.8% held in U.S. dollars, South African Rand, Chinese Yuan and other currencies as of June 30, 2015.

At June 30, 2015, FerroAtlántica's total gross financial debt was \$455,922,658, compared to \$487,134,422 at June 30, 2014. Of the total gross financial debt at June 30, 2015, \$106,032,000 (\$136,801,259 at June 30, 2014) related to finance leases that are treated as debt under IFRS. Of the remaining \$349,900,658 of debt at June 30, 2015

[Table of Contents](#)

(\$350,333,163 at June 30, 2014), bank borrowings accounted for \$342,100,248 (\$339,988,594 at June 30, 2014) and other financial liabilities, consisting of interest rate swaps, accounted for the remaining \$7,809,922 (\$10,344,569 at June 30, 2014). In addition, at June 30, 2015, FerroAtlántica had approximately \$89,828,649 in available committed credit lines expiring after June 30, 2016. See Note 13 to the consolidated financial statements of FerroAtlántica included in this prospectus for additional information on FerroAtlántica's indebtedness at June 30, 2015.

Working Capital Position

Taking into account generally expected market conditions, FerroAtlántica anticipates that cash flow generated from operations will be sufficient to fund its operations, including its working capital requirements, and to make the required principal and interest payments on its indebtedness during the next 12 months.

As of June 30, 2015, FerroAtlántica's current assets totaled \$714,360,000 while current liabilities totaled \$372,929,000 resulting in a positive working capital position of \$341,431,000.

Cash Flow Analysis

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

The following table summarizes FerroAtlántica's primary sources (uses) of cash for the periods indicated:

<u>(US\$ thousands)</u>	Six Months Ended June	
	2015	2014
Cash and cash equivalents at beginning of period	48,651	62,246
Cash flows from operating activities	46,614	150,130
Cash flows from investing activities	(34,521)	(41,015)
Cash flows from financing activities	(23,630)	(111,409)
Exchange differences on cash and cash equivalents in foreign currencies	1,838	685
Cash and cash equivalents at end of period	<u>38,952</u>	<u>60,637</u>

[Table of Contents](#)

Cash flows from operating activities

Cash flows from operating activities decreased by \$103,516,000, to \$46,614,000 the first half of 2015, from \$150,130,000 during first half of 2014. The decrease was due to a decrease in operating working capital, due to a decrease in trade payables and an increase in trade receivables to June 30, 2015 from June 30, 2014.

Cash flows from investing activities

Cash flows from investing activities increased by \$6,494,000 to an outflow of \$34,521,000 in the first half of 2015, from an outflow of \$41,015,000 in the first half of 2014. Capital expenditures has increased in the six months period ended June 30, 2015 when compared to the six months period ended June 30, 2014 due to some investments the group was committed to in prior year as, for example, increase in production capacity of the Energy segment. In addition, investments in financial assets has decreased because FerroAtlántica, in the comparative six months period, made some loans to its shareholder. Similar loans were not done during the six months period ended June 30, 2015.

Cash flows from financing activities

Cash flows from financing activities increase by \$87,779,000 to an outflow of \$23,630,000 for the six months ended June 30, 2015, from an outflow of \$111,409,000 for the six months ended June 30, 2014. The increase is mainly attributable to a 82,720,000 decrease in debt repayments.

Year ended December 31, 2014 compared to the year ended December 31, 2013

The following table summarizes FerroAtlántica's primary sources (uses) of cash for the periods indicated:

(US\$ thousands)	2014	2013
Cash and cash equivalents at beginning of period	62,246	71,631
Cash flows from operating activities	191,420	166,695
Cash flows from investing activities	(155,293)	(32,072)
Cash flows from financing activities	(50,913)	(139,801)
Exchange differences on cash and cash equivalents in foreign currencies	1,190	(4,207)
Cash and cash equivalents at end of period	48,651	62,246

The following table sets forth the dividends paid by FerroAtlántica to Grupo VM in the year ended December 31, 2014.

(US\$ thousands)	
Cash payment	40,116
Compensation of Accounts Receivables from Grupo VM existing as of December 31, 2013 (Non-Cash movement)	95,111
Compensation of Accounts Receivables from Grupo VM debited and credited in 2014 (Cash movement)	86,991
Total dividends	222,218

[Table of Contents](#)

Cash flows from operating activities

Cash flows from operating activities increased by \$24,724,000, to \$191,420,000 in the year ended December 31, 2014, from \$166,695,000 during the year ended December 31, 2013. The increase was due to higher profit from operations, a \$10.12 million decrease in financial interest expense, and positive short-term variations totaling \$4.42 million, partly offset by a \$9.24 million increase in income tax paid and a \$5.26 million decrease in funds from working capital changes.

Cash flows from investing activities

Cash flows from investing activities decreased by \$123,221,000 to an outflow of \$155,293,000 in the year ended December 31, 2014, from an outflow of \$32,072,000 in the year ended December 31, 2013. The additional cash outflow is primarily due to a \$14.37 million increase in capital expenditures, a \$95.44 million increase in cash outflows relating to investment in non-current financial assets, a \$10.30 million decrease in cash inflows from the sale of current financial assets and an increase of \$5.7 million in payments relating to other investment activities.

Cash flows from financing activities

Cash flows from financing activities improved by \$88,888,000 to an outflow of \$50,913,000 in the year ended December 31, 2014, from an outflow of \$139,801,000 in the year ended December 31, 2013. The increase is mainly attributable to a \$98.76 million decrease in debt repayments, a \$12.62 million increase in cash dividends paid in 2013 and \$2.74 million in other positive financing variations.

Year ended December 31, 2013 compared to the year ended December 31, 2012

The following table summarizes FerroAtlántica's primary sources (uses) of cash for the periods indicated:

(US\$ thousands)	2013	2012
Cash and cash equivalents at beginning of period	71,631	31,816
Cash flows from operating activities	166,695	109,470
Cash flows from investing activities	(32,072)	(163,476)
Cash flows from financing activities	(139,801)	91,993
Exchange differences on cash and cash equivalents in foreign currencies	(4,207)	1,828
Cash and cash equivalents at end of period	62,246	71,631

Cash flows from operating activities

Cash flows from operating activities increased by \$57,225,000, to \$166,695,000 in the year ended December 31, 2013, from \$109,470,000 in the year ended December 31, 2012. The increase was due to higher profits from operations, a \$9.34 million decrease in income tax paid, an \$18.57 million increase from working capital changes and an \$18.12 million increase in cash flows due to other short term variations.

Cash flows from investing activities

Cash flows from investing activities increased by \$131,404,000 to an outflow of \$32,072,000 in the year ended December 31, 2013, from an outflow of \$163,476,000 in the year ended December 31, 2012. The improvement was due to a \$79.30 million decrease in capital investments and acquisitions as FerroAtlántica

[Table of Contents](#)

curtailed expansionary projects and limited capital expenditures to those required for maintenance (See “—Capital Expenditures” on page 96 of this prospectus) as part of a deleveraging strategy and a \$51.57 million decrease in outflows related to current and non-current financial assets.

Cash flows from financing activities

During the year ended December 31, 2013, cash flows from financing activities consisted of a cash outflow of \$139,801,000, compared to cash generated by financing activities of \$91,993,000 in the year ended December 31, 2012. The difference was primarily due to a net decrease in bank borrowings of \$109.5 million in the year ended December 31, 2013 as a result of FerroAtlántica’s implementation of its debt reduction strategy, compared to an increase in bank borrowings of \$140.44 million in the year ended December 31, 2012, and a \$18.6 million decrease in cash dividends paid in 2013 compared to 2012.

Capital Resources

FerroAtlántica’s core objective is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it has a presence, while keeping the cost of capital at competitive levels so as to fund FerroAtlántica’s growth. In addition to cash flows from continuing operations, the main sources of financing are long-term corporate financing through each of FerroAtlántica’s main subsidiaries and in the currency in which they operate and liquidity facilities taken out by FerroAtlántica under bilateral agreements with banks to provide FerroAtlántica with flexibility in its cash management activities. In the case of Venezuela, given the complexity of the Venezuelan financial market and the restrictions on capital flows, long-term financing is structured through intercompany loan agreements, whereby working capital needs are met with local currency bilateral agreements without recourse to FerroAtlántica. FerroAtlántica’s general policy is for each main subsidiary to be financed without recourse to or guarantees provided by FerroAtlántica.

The following table summarizes certain terms of FerroAtlántica’s outstanding credit facilities as of December 31, 2014:

<u>Subsidiary</u>	<u>Amount outstanding (Millions of U.S. \$)</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Limit (Millions of U.S. \$)</u>
Grupo FerroAtlántica S.A.U.	9.2	LIBOR +3.00%	2015	10.7
Grupo FerroAtlántica S.A.U.	8.4	EURIBOR +3.25%	2016	8.5
Grupo FerroAtlántica S.A.U.	20.9	EURIBOR +3.25%	2016	24.3
Grupo FerroAtlántica S.A.U.	12.2	EURIBOR +3.00%	2016	12.1
Grupo FerroAtlántica S.A.U.	0.8	EURIBOR +1.80%	2015	12.1
Grupo FerroAtlántica S.A.U.	12.2	EURIBOR +2.70%	2016	12.1
Grupo FerroAtlántica S.A.U.	0.0	EURIBOR +3.00%	2016	12.1
Grupo FerroAtlántica S.A.U.	12.2	EURIBOR +2.30%	2016	12.1
FerroAtlántica, S.A.U.	1.1	EURIBOR +4.50%	2015	1.1

Table of Contents

Subsidiary	Amount outstanding (Millions of U.S. \$)	Interest Rate	Maturity	Limit (Millions of U.S. \$)
FerroAtlántica, S.A.U.	21.9	EURIBOR +4.50%	2016	46.1
FerroAtlántica, S.A.U.	0.0	EURIBOR +3.50%	2015	6.1
FerroPem, S.A.S.	36.4	EURIBOR +2.00%	2018	36.4
FerroPem, S.A.S.	15.8	EURIBOR +2.50%	2018	18.2
FerroPem, S.A.S.	1.8	EURIBOR +2.00%	2015	7.3
FerroAtlántica de Venezuela S.A.	3.7	18%	2015	4.0
FerroAtlántica de Venezuela S.A.	2.3	18%	2015	3.0
FerroAtlántica de Venezuela S.A.	0.9	15%	2015	1.2
FerroAtlántica de Venezuela S.A.	0.8	17%	2015	0.7
Mangshi Sinice	7.5	PBOC* (1.28)	2015	14.3
Mangshi Sinice	8.8	PBOC* (1.23)	2015	10.3
Mangshi Sinice	9.8	6.95%	2015	14.3
Rocas, Arcillas y Minerales, S.A.	3.6	EURIBOR +3.50%	2015	3.6
Discount lines	8.0	EURIBOR +3.50%	2015	40.9
FerroAtlántica, S.A.U. (1)	37.0	EURIBOR +4.50%	2016	63
Silicon Smelters (Pty.), Ltd. (3)	17.3	JIBAR +2.60%	2018	17.0
Silicon Smelters (Pty.), Ltd. (3)	14.7	JIBAR +2.60%	2016	21.9
FerroPem, S.A.S. (4)	36.5	EURIBOR +2.75%	2018	42
Mangshi Sinice Silicon Industry Company, Ltd (5)	25.3	EURIBOR +2.60%	2019	25.3
Thaba Chueu Mining (Pty.), Ltd. (6)	8.8	JIBAR +3.35%	2018	8.8
Grupo FerroAtlántica, S.A.U.	8.6	LIBOR +3.40%	2015	8.6
Grupo FerroAtlántica, S.A.U.	6.1	2.75%	2016	6.1
Grupo FerroAtlántica, S.A.U.	15.1	EURIBOR +3.95%	2021	15.1
Silicio FerroSolar, S.L.U.	2.5	0%	2017	2.5
Silicio FerroSolar, S.L.U.	0.2	0%	2024	0.2
Hidro Nitro Española S.A. (2)	1.7	EURIBOR +1.10%	2015	1.7
Total	372.1			523.7

These credit facilities contain certain customary representations, warranties and covenants, and certain of them contain maintenance financial covenants. None of FerroAtlántica or its subsidiaries is in default under any of its credit facilities except for Mangshi Sinice Silicon Industry Company, Ltd. (“Mangshi Sinice”), which, in 2014, did not comply with the financial maintenance covenants contained in the agreement governing its credit facility with COFIDES in China. Mangshi Sinice requested and obtained a waiver from COFIDES in which COFIDES waived its right to accelerated amortization of the loan. The default did not affect any cross-default provisions.

Off-Balance Sheet Arrangements

Financial Guarantees

FerroAtlántica’s financial guarantees require it to make contingent payments upon the occurrence of certain events or changes in an underlying instrument that is related to an asset, a liability or the equity of the guaranteed party. These guarantees include arrangements that are direct obligations, giving the party receiving the guarantee a direct claim against FerroAtlántica, as well as indirect obligations, under which FerroAtlántica has agreed to provide the funds necessary for another party to satisfy an obligation.

At June 30, 2015, FerroAtlántica and its subsidiaries had granted guarantees on the debt or commitments of third parties or associated entities totaling \$46,221,758 (\$34,790,136 at December 31, 2014) related to Mangshi Sinice’s Chinese Yuan-denominated revolving facilities and a Thaba Chueu Mining (Pty.), Ltd. long-term loan.

[Table of Contents](#)

Contractual Obligations

The following table sets forth FerroAtlántica's contractual obligations and commercial commitments with definitive payment terms that will require significant cash outlays in the future, as of June 30, 2015:

	Payments Due by Period					
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years	
		(Expressed in thousands of \$)				
Long-term debt obligations	239,347	53,495	163,314	22,538	—	
Capital expenditures	23,600	23,600	—	—	—	
Finance leases	106,032	10,966	37,696	25,763	31,607	
Swap obligations	7,810	2	55	1,379	6,374	
Total	376,789	88,063	201,065	49,680	37,981	

Capital Expenditures

FerroAtlántica makes capital expenditures from time to time in connection with expansion and productivity improvements, production plants maintenance and research and development projects. Capital expenditures in connection with expansion and productivity improvements totaled \$4.9 million in the first six months of 2015 and \$6.3 million, \$3.9 million and \$55.6 million in 2014, 2013 and 2012, respectively. Capital expenditures in connection with production plants maintenance totaled \$18.7 million in the first six months of 2015 and \$39.1 million, \$29.8 million and \$36.9 million in 2014, 2013 and 2012, respectively. Capital expenditures related to research and development projects amounted to \$5.4 million in the first six months of 2015 and \$8.6 million, \$6.3 million and \$6.6 million in 2014, 2013 and 2012, respectively. In 2012, FerroAtlántica acquired SamQuarz, a South African quartz mine and EMIX, a French manufacturer of silicon furnaces, for a total of \$39.2 million, refurbished its Mangshi factory in China at a cost of \$17.15 million, invested \$8.40 million for a silicon furnace and filter at its Château-Feuillet factory, and invested \$4.29 million in the improvement of the delivery and stockage areas at its Laudun factory in France. In 2013, FerroAtlántica invested \$6.80 million in charcoal furnaces for its Mangshi plant in China, \$3.41 million to increase the capacity of its hydroelectric operations in Spain, \$1.86 in the maintenance of a furnace at its Mangshi plant in China, \$1.33 million to expand polycrystalline silicon powder production capacity at Anglefort in France and \$1.16 million in a 38MVA transformer for furnaces at Witbank in South Africa. In 2014, FerroAtlántica invested \$8.4 million to increase the capacity of one of its hydroelectric plants in Spain, \$3.62 million in water basin dam repair works for its Pierrefitte factory in France, \$1.73 million in loading railcars for its Laudun factory in France, \$1.50 million to improve the furnace in its Sabon factory in Spain and \$1.35 million to restart updates of silicon furnaces for its Château-Feuillet factory in France. In the first half of 2015, FerroAtlántica invested \$17.4 million in capital expenditures and research and developments projects. FerroAtlántica has reduced its capital expenditures relating to expansion in recent years in order to create flexibility to calibrate spending according to market conditions. As of June 30, 2015, FerroAtlántica had \$23.6 million of capital expenditures commitments, primarily relating to:

- \$16.5 million for the addition of 19 MW of annual capacity to FerroAtlántica's existing hydroelectric power plants;
- \$5,1 million for the investment in Anglefort, Château-Feuillet and Laudun
- \$1 million for engineering, procurement and construction in respect of FerroAtlántica's new silicon metal factory in Canada; and
- \$1 million for the purchase of hyperfine re-melting furnaces in France and South Africa.

To the extent FerroAtlántica is unable to draw down the amounts committed under its credit facilities, it will need to find alternative financing. If it is unable to find alternative financing, it will not be capable of funding all of its commitments for capital expenditures, which could adversely affect its results of operations and financial condition.

Recent Accounting Pronouncements

See Note 3 to the consolidated financial statements of FerroAtlántica.

Quantitative and Qualitative Disclosures about Risk

FerroAtlántica is exposed to market risks arising from adverse changes in interest rates and foreign exchange rates, and to liquidity risk, which arise if FerroAtlántica is unable to obtain the funds necessary for its working capital requirements and investments.

FerroAtlántica constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary actions to mitigate them. A discussion of FerroAtlántica's accounting policies on market risk and information on our exposure to market risk is included in Note 26 to FerroAtlántica's consolidated financial statements as of December 31, 2014 included elsewhere in this prospectus. The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon FerroAtlántica.

Interest rate risk

FerroAtlántica is subject to market risks relating to changes in interest rates because FerroAtlántica has floating rate debt outstanding, denominated mainly in euro. Potential changes in cash flows associated with interest payments on such borrowings due to changes in the benchmark interest rate, usually EURIBOR, could adversely affect FerroAtlántica's operating margins, results of operations and its ability to service its debt. In accordance with FerroAtlántica's risk management policy, all long-term financing transactions in euro and U.S. dollars are hedged with floating-to-fixed interest rate swaps. The principal objective of these contracts is to minimize the risks and costs associated with FerroAtlántica's floating rate debt and they are not for speculative or trading purposes.

The aggregate principal amount of FerroAtlántica's outstanding floating rate debt as of June 30, 2015 was 66% of total bank borrowing excluding debts already hedged with swaps or with fixed interest rates. As an indication of the extent of FerroAtlántica's sensitivity to interest rate changes, an increase of 0.5% in interest rates would give rise to additional borrowing costs of \$1.4 million in 2014 (\$1.6 million in 2013), based on FerroAtlántica's debt level during such years.

Foreign currency risk

FerroAtlántica is exposed to market risk arising from transactions denominated in currencies other than the euro, mainly the South African rand, which is the functional currency of FerroAtlántica's South African subgroup, the U.S. dollar, which is the functional currency of FerroVen (exports to the U.S.) and the Chinese yuan, which is the functional currency of FerroAtlántica's Chinese subsidiaries. Such risk is due to the potential changes in cash flows, fair value or net investment in foreign currency of these transactions as a result of changes in foreign currency exchange rates. Pursuant to its risk management policy for these transactions, FerroAtlántica arranges foreign currency hedges to mitigate this risk. A hypothetical uniform 10% increase or decrease in the value of the euro relative to the U.S. dollar would not have a material impact on FerroAtlántica's cash flows or results of operations due to foreign currency derivatives used by FerroAtlántica to hedge its exposure to foreign currency fluctuations because the net balance between cash outflows and cash inflows denominated in U.S. dollars is generally less than 5% of FerroAtlántica's total sales.

Venezuela

In recent years, there have been various developments in the Venezuelan economy that have affected FerroAtlántica's financial results, including annual and cumulative inflation over the last three years, restrictions in the official foreign exchange markets and, lastly, the devaluations of the Venezuelan currency over the last three years.

[Table of Contents](#)

Most of FerroVen's procurement and sale transactions are denominated in U.S. dollars, which is FerroVen's functional currency. In effect, FerroVen's parent, FerroAtlántica, procures and imports into Venezuela most of FerroVen's key raw materials and equipment, which FerroVen pays for in kind with its finished goods. FerroVen exports finished products to other foreign clients as well, including other subsidiaries of FerroAtlántica, at prices denominated in U.S. dollars. FerroVen also makes sales to domestic clients in Venezuelan Bolívares, though at prices that are partly indexed to the U.S. dollar. Further, though several of FerroVen's domestic expenses are in Venezuelan Bolívares, the price of the most important input, energy, is indexed to the U.S. dollar.

As a result of the above, FerroVen has a net short position with respect to Venezuelan Bolívares. The cash inflow of U.S. dollars FerroVen receives from exports is exchanged into Venezuelan Bolívares using the advantageous exchange rates available to exporting companies in Venezuela under the Marginal Currency System ("SIMADI"). Thus, the sharp decline in value of the Venezuelan Bolívar over the last three years has not had a direct negative impact on FerroVen's expenses and income. Rather, it has decreased FerroVen's expenses over this period.

On February 8, 2013, the Venezuelan Government announced the devaluation of the official Venezuelan Bolívar/U.S. dollar exchange rate. The official exchange rate of VEF 4.30 to one U.S. dollar was changed to VEF 6.30 to one U.S. dollar, giving rise to an exchange loss in the consolidated income statement of approximately \$4.7 million, as current assets valued in Bolívares were higher than current liabilities valued in Bolívares at the time of the devaluation. This 46% devaluation was insufficient to offset the impact of local inflation of 58.2% on domestic prices.

During 2014, the Venezuelan Government put into place SICAD II, a new exchange regime with a more widespread application. The exchange rate at December 31, 2014 pursuant to SICAD II was 49.988 VEF per U.S. dollar, giving rise to an exchange gain in FerroAtlántica's consolidated income statement of approximately \$7.5 million, as current assets valued in Bolívares were lower than current liabilities valued in Bolívares at the time of the devaluation. The devaluation of 694% represented by the SICAD II exchange rate more than offset the impact of local inflation on domestic prices of 68.5%, resulting in positive impacts on staff costs and other operating expenses, which in turn had a positive impact on cash flows, and a negative impact on tax expense, which had no impact on cash flows.

In January of 2016, the Venezuelan government had fixed a new exchange rate for exports companies, Simadi, a 199 Bs/\$

FerroAtlántica's Venezuelan operations had assets of \$144,676,000, \$155,839,000 and \$251,847,000 at June 30, 2015 and December 31, 2014 and 2013, respectively, which represented 11.3%, 11.23% and 15.03%, respectively, of the total assets of FerroAtlántica in such years. FerroAtlántica's Venezuelan operations had sales of \$37,594,000 at June 30, 2015, \$11,654,000 were domestic sales and \$25,940,000 were export sales. FerroAtlántica's Venezuelan operations had sales of \$97,620,000 at December 31, 2014, of which \$36,486,000 were domestic sales and \$61,134,000 were exports to other subsidiaries of FerroAtlántica, and \$141,605,000 at December 31, 2013, of which \$65,055,000 were domestic sales, \$73,695,000 were exports to other subsidiaries of FerroAtlántica and \$2,855,000 were exports to other third parties. Therefore, FerroVen sales to third parties (domestic and exports) represented 5.3% 2.49% and 4.64% of the total sales of FerroAtlántica at June 30, 2015 and December 31, 2014 and 2013, respectively.

In January 2014, Venezuela enacted the Organic Law on Fair Prices, which limits profit margins on the sale of goods and services to a maximum of 30% of operating costs for all persons engaging in economic activity in Venezuela. Since FerroVen sells most of its finished goods for export to FerroAtlántica or its subsidiaries, the Organic Law on Fair Prices has not had a material impact on FerroAtlántica's results.

In this context, and despite the existing socio-economic situation in Venezuela, FerroVen's operations have continued uninterrupted over the last years, both in its domestic and foreign markets. Further weakening of the Venezuelan Bolivar is expected, though this is not expected to have a negative impact on FerroVen's operations. However, it is possible that negative developments in the socio-economic situation in Venezuela could prevent FerroVen from assuring procurement of its basic inputs, such as raw materials, energy and labor, or hinder its ability to export its finished goods in the future.

Liquidity risk

Liquidity risk arises due to differences that might arise between the amount of funds used for investments and working capital requirements and the funds obtained from FerroAtlántica's activities and divestitures. Cash, credit and financing facilities of FerroAtlántica's subsidiaries is detailed in Notes 16 and 17 to the consolidated financial statements of FerroAtlántica as of December 31, 2014. Where appropriate, FerroAtlántica's subsidiaries provide financial support to each other for the purpose of ensuring liquidity and enabling them to meet the payment obligations arising from their business activities.

Management believes that the funds currently available, in addition to those funds that it expects will be generated from operating and financing activities, will enable FerroAtlántica to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfill its obligations to repay its debts as they become due.

For further information on the repayment structure of FerroAtlántica's financial assets and debt, see Note 11 and Note 16 to the consolidated financial statements of FerroAtlántica as of December 31, 2014 included in this prospectus. For further information on the repayment structure of derivative financial instruments, see Note 18 to the consolidated financial statements of FerroAtlántica as of December 31, 2014 included in this prospectus.

Research and development

FerroAtlántica's primary research and development activity over the last three years has involved the development of expertise in the purification of metallurgical grade silicon up to solar grade silicon aimed at developing the capacity to develop and sell solar grade silicon directly to solar panel manufacturers. This project entered the testing phase in 2013, whereby the feasibility of competitive large-scale production is being evaluated. Expenditure research and development was \$11.0 million, \$7.0 million and \$11.2 million and \$10.8 million, for the years ended December 31, 2014, 2013, 2012 and the six months ended June 30, 2015, respectively.

Critical Accounting Policies

The discussion and analysis of FerroAtlántica's financial condition and results of operations is based upon its consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of those financial statements requires FerroAtlántica to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, the disclosure of contingent assets and liabilities and related disclosure at the date of its financial statements. The estimates and related assumptions are based on available information at the date of preparation of the financial statements, on historical experience and on other relevant factors. Actual results may differ from these estimates under different assumptions and conditions. Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. The principal items affected by estimates are income taxes, depreciation of plant, property and equipment, depreciation of other intangible assets, impairment of plant, property and equipment, intangible assets and provisions and contingencies. The following are FerroAtlántica's most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a description of all of FerroAtlántica's principal accounting policies, see Note 6 to the consolidated financial statements of FerroAtlántica as of December 31, 2014 included elsewhere in this prospectus.

Income Taxes

The current income tax expense incurred by FerroAtlántica subsidiaries on an individual basis is determined by applying the applicable tax rate to the taxable profit for the year, calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences arising from the application of tax legislation and by the elimination of any tax consolidation adjustments, taking into account tax relief and tax credits. The consolidated income tax expense is calculated by adding together the expense recognized by each of the consolidated subsidiaries, increased or decreased, as appropriate, as a result of the tax effect of consolidation adjustments for accounting purposes.

FerroAtlántica's deferred tax assets and liabilities include temporary differences measured at the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their

[Table of Contents](#)

tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill. Deferred tax assets are recognized to the extent that it is considered probable that FerroAtlántica will have taxable profits in the future against which the deferred tax assets can be utilized. The deferred tax assets and liabilities recognized are reassessed at each reporting date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Significant judgment is required in determining income tax provisions and tax positions. FerroAtlántica may be challenged upon review by the applicable taxing authorities, and positions taken may not be sustained. The accounting for uncertain income tax positions requires consideration of timing and judgments about tax issues and potential outcomes and is a subjective estimate. In certain circumstances, the ultimate outcome of exposures and risks involves significant uncertainties. If actual outcomes differ materially from these estimates, they could have a material impact on FerroAtlántica's results of operations and financial condition. Interest and penalties related to uncertain tax positions are recognized in income tax expense. Spain is FerroAtlántica's most significant income tax jurisdiction.

Depreciation of property, plant and equipment

FerroAtlántica subsidiaries depreciate their property, plant and equipment by the straight-line method at annual rates based on the following years of estimated useful life:

<u>Asset</u>	<u>Years of estimated useful life</u>
Buildings	25-50
Technical installations and machinery	10-20
Equipment	12.5-15
Furniture and accessories	10-15
Information technology equipment	4-8
Transportation	10-15

Land is considered to be an asset with an indefinite useful life and, as such, is not depreciated, but rather it is tested for impairment annually.

The residual value, useful life and depreciation method relating to FerroAtlántica's property, plant and equipment are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the property, plant and equipment are expected to be consumed.

Other intangible assets

Intangible assets are recognized initially at acquisition or production cost. This cost is amortized systematically over the useful life of the asset. At each reporting date, intangible assets are measured at acquisition cost less accumulated amortization and any accumulated impairment losses. Development costs are recorded as assets if they are identifiable, their value can be measured reliably and if it is highly probable that they will produce future economic benefit. They are amortized on a straight-line basis throughout their useful life, which is between four and ten years, based on the project. Operating rights under administrative concessions are amortized on a straight-line basis over the term of the concession from the date the operations were considered to have commenced. FerroAtlántica's main administrative rights of use are being amortized over 20-30 years, a period equal to their initial use term. Computer software includes costs incurred in acquiring or developing computer software, including the related installation, and is amortized on a straight-line basis over five years.

Impairment of property, plant and equipment and intangible assets

In order to ascertain whether its assets have become impaired, FerroAtlántica compares their carrying amount with their recoverable amount at the end of the reporting period, or more frequently if there are indications

that the assets might have become impaired. Where the asset itself does not generate cash flows that are independent from other assets, FerroAtlántica estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value and value in use, which is the present value of the future cash flows that are expected to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life, discounted at a pre-tax rate which reflects the time value of money and the risks specific to the business to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognized as an expense under “net impairment losses” in the consolidated income statement. Where an impairment loss subsequently reverses, which is not permitted in the case of goodwill, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment is recognized as “other income” in the consolidated income statement. The basis for depreciation or amortization is the carrying amount of the assets, deemed to be the acquisition cost less any accumulated impairment losses.

Provisions and contingencies

FerroAtlántica’s consolidated financial statements include all material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed as required by IAS 37. See Note 23 to the consolidated financial statements of FerroAtlántica as of December 31, 2014.

Provisions are classified as short-term provisions or long-term provisions based on the estimated period of time in which the obligations covered by them will have to be met. They are recognized when the liability or obligation giving rise to the indemnity or payment arises, to the extent that its amount can be estimated reliably. Provisions include the provisions for pension and similar obligations assumed, provisions for contingencies and charges, such as those of an environmental nature and those arising from litigation in progress or from outstanding indemnity payments or obligations, and collateral and other similar guarantees provided by FerroAtlántica’s subsidiaries, provisions for future labor force restructuring costs and provisions for medium- and long-term employee incentives and long-service bonuses. FerroAtlántica estimates provisions for environmental obligations by analyzing each case separately and observing the relevant legal provisions, and the best possible estimate is made on the basis of the information available and a provision recognized provided that such information suggests that it is probable that the loss or expense will arise and it can be estimated in a sufficiently reliable manner.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS OF FERROGLOBE

On December 23, 2015, we completed the Business Combination of Globe and FerroAtlántica, which resulted in each of Globe and FerroAtlántica becoming our wholly owned subsidiaries. The following unaudited pro forma condensed combined financial information is based on the historical financial statements of Globe and the historical financial statements of FerroAtlántica, and has been prepared to reflect the business combination. Upon the consummation of the Business Combination, Globe changed its fiscal year end from June 30 to December 31.

The unaudited pro forma condensed combined financial information presents the condensed combined financial information giving effect to the Business Combination, as described below. The pro forma financial information is not necessarily indicative of what our condensed consolidated financial position or results of operations actually would have been had the Business Combination been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project our future financial position or operating results. The pro forma adjustments are based on the information available at the time of the preparation of this prospectus.

The unaudited pro forma condensed combined statement of financial position gives effect to the Business Combination as if it had occurred on June 30, 2015 and the unaudited pro forma condensed combined income statement for the six month period ended June 30, 2015 and the year ended December 31, 2014 is presented as if the Business Combination had been consummated on January 1, 2014. The historical financial statements have been adjusted in the pro forma financial information to give effects to events that are (1) directly attributable to the transactions, (2) factually supportable, and (3) with respect to the income statement, expected to have a continuing impact on us. The unaudited pro forma condensed combined income statement does not reflect any non-recurring charges directly related to the business combination that we may incur or have incurred upon completion of the transactions. Further, because the tax rate used for the pro forma financial information is an estimated statutory tax rate, it will likely vary from the actual effective rate in periods subsequent to completion of the Business Combination, and no adjustment has been made to the unaudited pro forma condensed combined financial information as it relates to limitations on the ability to utilize deferred tax assets, such as those related to net operating losses and tax credit carryforwards, as a result of the Business Combination.

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical consolidated financial statements and notes thereto of Ferroglobe, FerroAtlántica and Globe, which are included elsewhere in this prospectus.

The business combination was effected pursuant to the Business Combination Agreement entered into between the parties in three principal transaction steps:

- 1) Formation of Ferroglobe as a private limited company by issuing 15 ordinary shares of \$1.00 (which simultaneously with the transactions below are consolidated into 2 ordinary shares of \$7.50), and a subsequent increase of Ferroglobe's share capital by £50,000 by the issuance of 50,000 sterling non-voting redeemable preference shares (the "Non-voting Shares") and a conversion of Ferroglobe to a public limited liability company.
- 2) Ferroglobe then acquired from Grupo VM all of the issued and outstanding ordinary shares, par value €1,000 per share, of FerroAtlántica ("FerroAtlántica Shares") in exchange for 98,078,161 newly issued Class A ordinary shares, nominal value \$7.50 per share, of Ferroglobe ("Ferroglobe Class A Shares"), after which FerroAtlántica became a wholly owned subsidiary of Ferroglobe. We refer to the acquisition of the FerroAtlántica Shares by Ferroglobe in exchange for Ferroglobe Class A Shares as the "FerroAtlántica Stock Exchange". Immediately following the FerroAtlántica Stock Exchange Ferroglobe redeemed the Non-voting Shares.
- 3) Immediately after the FerroAtlántica Stock Exchange, Gordon Merger Sub, Inc., a wholly owned subsidiary of Ferroglobe ("Globe Merger Sub") merged with and into Globe, and each outstanding share of common stock, par value \$0.0001 per share, of Globe ("Globe Shares"), was converted into the right to receive one newly issued ordinary share, nominal value \$7.50 per share, of Ferroglobe ("Ferroglobe Ordinary Shares"). We refer to the merger of Globe Merger Sub with and into Globe as the "Globe Merger".

[Table of Contents](#)

We refer to the FerroAtlántica Stock Exchange, the Globe Merger and the other transactions consummated pursuant to the Business Combination Agreement as the “Business Combination”. The Ferroglobe Ordinary Shares and the Ferroglobe Class A Shares have the same rights, powers and preferences, and vote together as a single class, except for the right of the holders of Ferroglobe Ordinary Shares to receive the net proceeds, if any, of the R&W Policy. The R&W Policy insures Ferroglobe against breaches of certain representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement, subject to the deductibles, caps and other limitations contained in the insurance policy. Ferroglobe would be required to distribute the aggregate net proceeds under the R&W Policy, if any, to the holders of the Ferroglobe Ordinary Shares. Holders of Ferroglobe Class A Shares would not be entitled to participate in this distribution. As of the date of this prospectus, the parties have no factually supportable basis to conclude that any claims would be made under the R&W Policy.

The 50,000 Non-voting Shares are no longer outstanding following the consummation of the Business Combination. For a summary of the Business Combination, see “Prospectus Summary” and “Globe Management’s Discussion and Analysis of Financial Condition and Results of Operations—Business Combination with FerroAtlántica,” which is included elsewhere in this prospectus.

The Business Combination has been accounted for using the following treatment:

- 1) The FerroAtlántica Stock Exchange is a reorganization that does not give rise to any change of control, and therefore is outside the scope of the application of IFRS 3, Business Combinations (“IFRS 3”). Accordingly, it has been accounted for as a common control transaction measured at carrying values (i.e. using FerroAtlántica predecessor book values).
- 2) The Globe Merger has been accounted for using the acquisition method of accounting for business combinations under IFRS 3, with FerroAtlántica treated as the accounting acquirer. Under this method of accounting, any excess of (i) the aggregate of the acquisition consideration transferred and any non-controlling interest in Globe over (ii) the aggregate of the fair values as of the closing date of the Business Combination of the assets acquired and liabilities assumed was recorded as goodwill. The “Acquisition Consideration” is the fair value on the closing date of the Business Combination of the consideration given. The acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. In addition, the value of the Ferroglobe Ordinary Shares issued to Globe Shareholders pursuant to the Business Combination Agreement has been determined based on the trading price of the Globe Shares at the date of completion of the transactions. Now that the Business Combination has been consummated, final valuations will be performed and management anticipates that the values assigned to the assets acquired and liabilities assumed will be finalized during the one-year measurement period following the closing date of the Business Combination. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial information and the combined company’s future results of operations and financial position.

The unaudited pro forma condensed combined financial information does not reflect and does not give effect to any integration costs that may be incurred as a result of the acquisition and operating, financial and working capital synergies. The unaudited pro forma condensed combined financial information is only presented for indicative purposes with respect to the future consolidated results of operations, which may develop differently than expected. The unaudited pro forma adjustments are based on available information and certain assumptions that FerroAtlántica and Globe’s management believe are reasonable for purposes of this document.

Ferroglobe PLC

Unaudited Pro Forma Condensed Combined Income Statement

For the six months ended June 30, 2015 (in thousands of U.S. dollars, except per share data)

	Ferroglobe PLC for the period from February 5, 2015 to June 30, 2015	Ferro Atlántica	Globe in IFRS*	Pro Forma Adjustments	Note	Ferroglobe Pro Forma
Sales	\$ —	\$ 697,747	\$ 396,674	\$ —		\$1,094,421
Cost of sales	—	(428,369)	(218,255)	—		(646,624)
Other operating income	—	6,674	1,287	—		7,961
Staff cost	—	(92,997)	(67,850)	—		(160,847)
Other operating expenses	(45)	(82,973)	(59,333)	19,091	5	(123,260)
Depreciation, amortization and allowances	—	(32,185)	(28,122)	(7,932)	4	(68,239)
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	(45)	67,897	24,401	11,159		103,412
Net gains/ losses due to changes in value of assets	—	(870)	—	—		(870)
Gains/ Losses on disposals of non-current and financial assets	—	—	(355)	—		(355)
Other gains and losses	—	202	—	—		202
Operating profit	(45)	67,229	24,046	11,159		102,389
Finance income	—	243	129	—		372
Finance expense	—	(15,025)	(2,075)	—		(17,100)
Exchange differences	—	5,575	(1,679)	—		3,896
Profit before tax	(45)	58,022	20,421	11,159		89,557
Income tax**	—	(25,210)	(11,551)	1,662	4	(35,099)
Profit for the period	(45)	32,812	8,870	12,821		54,458
(Profit) Loss attributable to non-controlling interest	—	1,346	(1,537)	1,997	4	1,806
Profit attributable to the parent	\$ (45)	\$ 34,158	\$ 7,333	\$ 14,818		\$ 56,264
Earnings per share (basic and diluted)					7	\$ 0.33

[Table of Contents](#)

- * *Includes the impact of adjustments to Globe to align its fiscal year end and conform to the Combined Group's IFRS Accounting Policies. See Notes 1 and 2.*
- ** *Considers the tax effects of adjustments attributable to the parent, applying statutory tax rates of 28%.*

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial information.

Ferroglobe PLC
Unaudited Pro Forma Condensed Combined Statement of Financial Position
As of June 30, 2015 (in thousands of U.S. dollars)

	<u>Ferroglobe PLC</u>	<u>Ferro Atlántica</u>	<u>Globe in IFRS*</u>	<u>Pro Forma Adjustments</u>	<u>Note</u>	<u>Ferroglobe Pro Forma</u>
ASSETS	\$ 9	\$ 1,277,521	\$ 823,720	\$ 398,042		\$ 2,499,292
Non-current assets	—	\$ 563,161	\$ 508,452	\$ 433,388		\$ 1,505,001
Goodwill	—	2,435	43,343	(43,343)	4	309,643
				307,208	4	
Other intangible assets	—	58,109	477	(477)	4	95,109
				37,000	4	
Property, plant and equipment	—	455,742	454,769	136,000	4	1,046,511
Non-current financial assets and receivables from Group companies	—	7,724	5,973	(3,000)	4	10,697
Deferred tax assets	—	17,376	2,795	—		20,171
Other non-current assets	—	21,775	1,095	—		22,870
Current assets	\$ 9	\$ 714,360	\$ 315,268	\$ (35,346)		\$ 994,291
Inventories	—	347,200	119,732	10,000	4	476,932
Trade and other receivables	—	281,509	54,815	—		336,324
Current receivables from Group companies	—	20,163	—	—		20,163
Current income tax assets	—	302	—	—		302
Other current assets	9	26,234	24,777	—		51,020
Cash and cash equivalents	—	38,952	115,944	(45,346)	6	109,550
EQUITY AND LIABILITIES	\$ 9	\$ 1,277,521	\$ 823,720	\$ 398,042		\$ 2,499,292
Equity	\$ (45)	\$ 507,992	\$ 505,747	\$ 341,922	6	\$ 1,355,616
Non-current liabilities	—	\$ 396,600	\$ 204,266	\$ 59,523		\$ 660,389
Provisions	—	48,453	40,509	—		88,962
Bank borrowings	—	185,852	99,523	—		285,375
Obligations under finance leases	—	95,273	4,566	—		99,839

[Table of Contents](#)

	<u>Ferroglobe PLC</u>	<u>Ferro Atlántica</u>	<u>Globe in IFRS*</u>	<u>Pro Forma Adjustments</u>	<u>Note</u>	<u>Ferroglobe Pro Forma</u>
Other financial liabilities	—	7,811	—	—		7,811
Other non-current liabilities	—	9,080	9,257	(7,166)	4	13,860
				2,689	5	
Deferred tax liabilities	—	50,131	50,411	64,000	4	164,542
Current liabilities	\$ 54	\$372,929	\$113,707	\$ (3,403)		\$483,287
Provisions	—	6,024	949	—		6,973
Bank borrowings	—	156,268	953	—		157,221
Obligations under finance leases	—	10,759	2,627	—		13,386
Payables to Group companies	—	6,997	—	—		6,997
Trade and other payables	54	112,538	63,807	—		176,399
Current income tax liabilities	—	8,095	—	—		8,095
Other current liabilities	—	72,248	45,371	(5,447)	4	114,216
				2,044	5	

* Includes the impact of adjustments to Globe to conform to the Combined Group's IFRS Accounting Policies. See note 2.

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial information.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2015

In thousands of U.S. dollars, except per share data

Note 1—Basis of Presentation

The unaudited pro forma condensed combined financial information for Ferroglobe presents the condensed combined financial information giving effect to the combination of FerroAtlántica and Globe under Ferroglobe, in a transaction to be accounted for as a business combination under IFRS 3, with FerroAtlántica treated as the accounting acquirer. The unaudited pro forma condensed combined statement of financial position has been prepared as if the Business Combination had occurred on June 30, 2015. The unaudited pro forma condensed combined income statement for the six months ended June 30, 2015 has been prepared as if the Business Combination had occurred on January 1, 2014.

The unaudited pro forma condensed combined financial information has been prepared in accordance with IFRS as issued by the IASB, following FerroAtlántica's accounting policies and in U.S. dollars ("USD"). FerroAtlántica's IFRS-based accounting policies form the basis of Ferroglobe's accounting policies, which we refer to as the "Combined Group's IFRS Accounting Policies" throughout this document.

[Table of Contents](#)

The Globe pre-acquisition consolidated income statements and consolidated balance sheets used in the preparation of the unaudited pro forma condensed combined financial information differ from the Globe historical financial statements included elsewhere in this prospectus due to the following reasons:

- 1) The pre-acquisition financial statements used in the preparation of the pro forma information have been prepared on a basis consistent in all material respects with the Combined Group's IFRS Accounting Policies. The Globe historical financial statements have been prepared in accordance with U.S. GAAP.
- 2) Globe's historical financial statements are based on a fiscal year end of June 30, while Ferroglobe's fiscal year ends December 31. The pre-acquisition consolidated income statements and consolidated balance sheets used in the preparation of the pro forma financial information were aligned with Ferroglobe's fiscal year by using Globe's June 30, 2015 consolidated statements of operations as filed with Globe's Annual Report on Form 10-K, filed on August 27, 2015, and subtracting the year to date data from Globe's second quarter of fiscal 2015 from Globe's corresponding reviewed Quarterly Report on Form 10-Q, as described below in this Note 1.

[Table of Contents](#)

The following table illustrates in detail how Globe's U.S. GAAP 6-months ended June 30, 2015 results of operation was derived from its audited June 30, 2015 financial statements and the reviewed quarterly financial statements:

	<u>Globe 12 months ended 6/30/15 (1)</u>	<u>Globe last 6 months of 2014 – subtracted (2)</u>	<u>Globe 6 months ended 6/30/15</u>
Net sales	\$ 800,773	\$ 404,099	\$ 396,674
Cost of goods sold	(650,677)	(326,362)	(324,315)
Selling, general, and administrative expenses	(88,205)	(38,589)	(49,616)
Operating income	<u>61,891</u>	<u>39,148</u>	<u>22,743</u>
Other income (expense):			
Interest income	267	138	129
Interest expense, net of capitalized interest	(4,343)	(2,373)	(1,970)
Foreign exchange loss	(2,669)	(990)	(1,679)
Other income	1,132	789	343
Income before provision for income taxes	<u>56,278</u>	<u>36,712</u>	<u>19,566</u>
Provision for income taxes	(21,651)	(13,323)	(8,328)
Net income	<u>34,627</u>	<u>23,389</u>	<u>11,238</u>
Income attributable to non-controlling interest, net of tax	(3,307)	(1,714)	(1,593)
Net income attributable to Globe	<u>\$ 31,320</u>	<u>\$ 21,675</u>	<u>\$ 9,645</u>

1) The opening balance for the fiscal year end reconciliation was derived from Globe's Form 10-K filed 8/27/15

2) The data is extracted from Globe's Form 10-Q for the quarterly and year to date period ended 12/31/14

Note 2—Presentation of Globe financial information

For pro forma purposes, IFRS adjustments were made to the historical financial statements of Globe prepared under U.S. GAAP to align with the Combined Group's IFRS Accounting Policies. Such adjustments relate primarily to pensions, share-based payments and income taxes. In addition, certain reclassifications have been made to conform the consolidated income statements and consolidated balance sheets to an IFRS presentation consistent with the Combined Group's IFRS Accounting Policies included within the accounting policy adjustments below.

[Table of Contents](#)

The following table illustrates the impact of these adjustments in arriving at Globe's consolidated income statements for the six months ended June 30, 2015, as presented in the unaudited pro forma condensed combined income statement:

	<u>6 months ended June 30, 2015 Globe U.S. GAAP</u>	<u>Accounting Policy Adjustments</u>	<u>Note</u>	<u>IFRS Adjustments</u>	<u>Note</u>	<u>Globe in IFRS</u>
Sales	\$ 396,674	\$ —		\$ —		\$ 396,674
Cost of goods sold	(324,315)	324,315	A	—		—
Selling, general and administrative expenses	(49,616)	49,616	B	—		—
Cost of sales	—	(218,255)	A	—		(218,255)
Other operating income	343	944	A	—		1,287
Staff cost	—	(46,380)	A	(234)	C	(67,850)
		(22,325)	B	1,089	D	
Other operating expenses	—	(32,543)	A	—		(59,333)
		(26,790)	B			
Depreciation, amortization and allowances	—	(27,621)	A	—		(28,122)
		(501)	B			
Losses on disposals of non-current and financial assets	—	(355)	A	—		(355)
Profit from operations	23,086	105		855		24,046
Finance income	129	—		—		129
Finance expense	(1,970)	(105)	A	—		(2,075)
Net finance costs	(1,841)	—		—		(1,946)
Exchange differences	(1,679)	—		—		(1,679)
Profit before tax	19,566	—		855		20,421
Income tax	(8,328)	—		(3,223)	C,D	(11,551)
					,E	
Profit for the year	11,238	—		(2,368)		8,870
(Profit) Loss attributable to non-controlling interest	(1,593)	—		56	C	(1,537)
Profit attributable to the parent	\$ 9,645	\$ —		\$ (2,312)		\$ 7,333

[Table of Contents](#)

Accounting policy and IFRS adjustments are as follows:

- A. Cost of goods sold is a classification by function and the balance was reallocated based on the nature of expenses included within each such function, which resulted in the following adjustments:

Cost of sales	\$218,255
Other operating income	(944)
Staff cost	46,380
Other operating expenses	32,543
Depreciation, amortization and allowances	27,621
Finance expense	105
Loss on disposals	355
	<u>\$324,315</u>

- B. Selling, general and administrative expenses is a classification by function and the balance was reallocated based on the nature of expenses included within each such function, which resulted in the following adjustments:

Staff cost	\$22,325
Other operating expenses	26,790
Depreciation, amortization and allowances	501
	<u>\$49,616</u>

- C. This adjustment is to reflect Globe's defined benefit retirement and postretirement plans under IFRS. The most significant difference between U.S. GAAP and IFRS for Globe relates to different recognition and measurement approaches used for the components of defined benefit cost. Furthermore, under U.S. GAAP, the periodic cost of deferred benefit plans includes actuarial gains and losses that were previously recognized in other comprehensive income that have been reclassified to defined benefit cost, which differs from IFRS which prohibits this reclassification. These differences have resulted in additional defined benefit cost of \$234, a decrease of Income tax expense of \$66 and an adjustment to non-controlling interest in the amount of \$56, under IFRS.
- D. This adjustment is to reflect Globe's share-based compensation arrangements under IFRS. Unlike Globe's U.S. GAAP accounting policy for share-based compensation, grant date fair value is determined separately for each vesting tranche for awards that vest ratably or in installments over the specified vesting period under IFRS. Furthermore, IFRS require that, unlike Globe's U.S. GAAP accounting policy, changes in the fair value of liabilities for awards that were modified from equity-settled to cash-settled because of the addition of a cash alternative, and for which the fair value as of the modification date was less than the grant date fair value, are recognized in profit or loss for the period. These differences have resulted in a reduction of share-based compensation expense of \$1,089 and an increase of Income tax expense of \$155, under IFRS. In addition, Income tax expense increased by \$3,373 to reduce the deferred tax benefit expected to be realized upon exercise of share-based compensation.
- E. These adjustments reflect the aggregate adjustments to Globe's tax accounts, after the impacts to pension and share-based awards as noted in Notes C and D, as follows:
- Decrease Income tax expense \$143 to recognize the tax effects of intra-group transactions which are not immediately recognized under U.S. GAAP; and
 - Decrease Income tax expense \$96 to reflect the deferred tax amounts relating to exchange gains and losses on functional currency remeasurements that are not recognized under U.S. GAAP;
- resulting in a reduction of Other current assets of \$689, an increase of Income tax expense of \$3,134 and an increase to the net deferred tax liability position of \$2,532.

[Table of Contents](#)

The following table illustrates the impact of the adjustments in arriving at Globe's statement of financial position as of June 30, 2015, as presented in the unaudited pro forma condensed combined statement of financial position:

	Globe U.S. GAAP as of 6/30/15	Accounting Policy Adjustments	Note	IFRS Adjustments	Note	Globe IFRS as of 6/30/15
ASSETS	\$ 829,361	\$ —		\$ (5,641)		\$ 823,720
Non-current assets	\$ 507,019	\$ —		\$ 1,433		\$ 508,452
Goodwill	43,343	—		—		43,343
Other intangible assets	477	—		—		477
Property, plant, and equipment, net of accumulated depreciation, depletion and amortization	454,769	—		—		454,769
Non-current financial assets and receivables from Group companies	5,973	—		—		5,973
Deferred tax assets	790	—		2,005	E	2,795
Other non-current assets	1,667	—		(572)	F	1,095
Current assets	\$ 322,342	\$ —		\$ (7,074)		\$ 315,268
Inventories	119,732	—		—		119,732
Trade and other receivables	54,815	—		—		54,815
Marketable securities	4,965	(4,965)	A	—		—
Prepaid expenses and other current assets	20,501	(20,501)	A	—		—
Other current assets (includes other current financial assets)	—	25,466	A	(689)	K	24,777
Cash and cash equivalents	115,944	—		—		115,944
Deferred tax assets	6,385	—		(6,385)	J	—
EQUITY AND LIABILITIES	\$ 829,361	\$ —		\$ (5,641)		\$ 823,720
Equity	\$ 512,502	\$ —		(6,755)	G,H,I	\$ 505,747
Long-term liabilities	\$ 203,561	\$ —		\$ 705		\$ 204,266
Provisions	—	40,419	B	90	H	40,509
Bank borrowings	100,095	—		(572)	F	99,523

[Table of Contents](#)

	Globe U.S. GAAP as of 6/30/15	Accounting Policy Adjustments	Note	IFRS Adjustments	Note	Globe IFRS as of 6/30/15
Obligations under finance leases	—	4,566	B	—		4,566
Other non-current liabilities	52,605	(44,985)	B	1,637	G	9,257
Deferred tax liabilities	50,861	—		(450)	L	50,411
Current liabilities	\$ 113,298	\$ —		\$ 409		\$ 113,707
Share-based liabilities	4,851	(4,851)	C	—		—
Provisions	—	—		949	D	949
Bank borrowings	953	—		—		953
Obligations under finance leases	—	—		2,627	D	2,627
Trade and other payables	63,807	—		—		63,807
Other current liabilities	43,687	4,851	C	(3,576)	D	45,371
				596	G	
				(187)	J	

Accounting policy and IFRS adjustments are as follows:

- A. Reflects the reclassification of Marketable securities and Prepaid expenses and other current assets of \$4,965 and \$20,501, respectively, to Other current assets.
- B. Reflects the classification of Provisions, as defined under IFRS, in the amount of \$40,419 and Obligations under finance leases in the amount of \$4,566, from Other non-current liabilities.
- C. Reflects the reclassification of Share-based liabilities in an amount of \$4,851 to Other current liabilities.
- D. Reflects the classification of current Provisions, as defined under IFRS, in the amount of \$949 and Obligations under finance leases in the amount of \$2,627, from Other current liabilities.
- E. The deferred tax IFRS adjustment of \$2,005 is comprised of the following adjustments:
- Deferred tax implications of the pension liabilities under IFRS in the amount \$1,537 and share-based compensation in the amount of \$625;
 - Reclassification between long-term deferred tax assets and liabilities in a jurisdiction that resulted in a reduction in the amount of \$677; and
 - Increase of \$520 to recognize the tax effects of intra-group transactions which are not immediately recognized under U.S. GAAP.
- F. Under IFRS, debt issuance costs are included in the initial measurement of the related liability. Under U.S. GAAP, Globe recorded debt issuance costs as an asset. Therefore, the unamortized debt issuance cost of \$572 was reclassified and recorded as a reduction of the related debt under IFRS.
- G. Refer to Note D of the income statement for the discussion of the applicable accounting differences between U.S. GAAP and IFRS for Globe's share-based compensation arrangements. As a result, Other current liabilities increased by \$596 and Other non-current liabilities increased by \$1,637, and share capital decreased by \$2,697. The decrease results from a reduction of compensation costs related to the remeasurement of liabilities for modified awards (\$2,721), and additional compensation costs related to equity-settled awards of which \$24 relates to graded vesting.
- H. Refer to Note C of the income statement for the discussion of the applicable accounting differences between U.S. GAAP and IFRS for Globe's employee benefits. As a result, long-term Provisions increased by \$90, a \$7,825 decrease related to actuarial gains and losses was recognized directly in Equity, and Equity increased as a result of a reduction of tax expense that was recorded net against other comprehensive income and impact to non-controlling interest in the amount of \$674.
- I. Adjustments of \$1,622 in aggregate were recorded against Equity to reflect the cumulative adjustment recorded for all prior period adjustments which resulted in an increase to Equity.
- J. Under IFRS, deferred tax assets and liabilities are recorded as long-term. Under U.S. GAAP, the classification of deferred tax assets or liabilities can be short-term or long-term depending on the underlying relationship of the timing difference. As a result, \$6,385 of current Deferred tax assets and \$187 of Other current liabilities was reclassified to long-term Deferred tax assets and liabilities.
- K. Refer to Note E of the income statement for the discussion of the applicable other tax accounting differences between U.S. GAAP and IFRS.
- L. The adjustment of \$450 to Deferred tax liabilities is comprised of the following:
- Decrease of \$6,875 related to reclassification of current portion of deferred tax assets and liabilities to non-current;
 - Increase of \$3,052 to reflect the deferred tax amounts relating to exchange gains and losses on functional currency remeasurements that are not recognized under U.S. GAAP; and
 - Increase of \$3,373 to account for deferred tax implications of the share-based compensation adjustments.

Note 3—Estimate of Acquisition Consideration

Acquisition Consideration is comprised of the fair value of the Ferroglobe Ordinary Shares issued to Globe Shareholders on the closing date of the Business Combination, plus the portion of the Replacement Awards (as defined below) that are attributable to pre-combination service of Globe employees.

Under the terms of the Business Combination Agreement entered into between the parties, share-based compensation awards that were issued by Globe and that are outstanding and unexercised as of the effective date of the Globe Merger (“Globe’s Share-Based Awards”) were exchanged with Ferroglobe share-based awards (“Replacement Awards”) as follows:

- Stock Options – Each outstanding Globe stock option was converted into an option to purchase, generally on the same terms and conditions as were applicable to the Globe stock option prior to the Globe Merger, a number of Ferroglobe Ordinary Shares equal to the number of Globe Shares subject to such Globe stock option at an exercise price per Ferroglobe Ordinary Share equal to the exercise price per Globe share of such Globe stock option.
- Restricted Stock Units (“RSUs”) – Each outstanding RSU was assumed by Ferroglobe and was converted into a Ferroglobe RSU award, generally on the same terms and conditions as were applicable to the Globe RSUs prior to the Globe Merger, in respect of the number of Globe Shares equal to the number of Globe Shares underlying such Globe RSUs.
- Stock Appreciation Rights (“SARs”) – Each outstanding SAR was assumed by Ferroglobe and was converted into a Ferroglobe SAR, generally on the same terms and condition as were applicable to the Globe SARs prior to the Globe Merger, in respect of that number of Ferroglobe Ordinary Shares equal to the number of Globe Shares underlying such Globe SAR, at an exercise price per Ferroglobe Ordinary Share (rounded up to the nearest whole cent) equal to the exercise price per Globe share of such Globe SAR.

For the purpose of preparing the unaudited pro forma condensed combined financial information, the issuance of the Replacement Awards is accounted for as a modification of Globe’s Share-Based Awards, and the portion of the value of the Replacement Awards that is attributable to pre-combination services of Globe employees is included in the Acquisition Consideration transferred. Compensation expense related to post-combination services will be recognized over the individual vesting periods of the respective Replacement Awards and has not been included in the unaudited pro forma condensed combined financial information.

Both Ferroglobe and FerroAtlántica are private entities; therefore, fair value of their common shares is not readily available. IFRS 3 address various business combination scenarios, including those where the acquisition-date fair value of the acquiree’s equity interests may be *more reliably measurable* than the acquisition-date fair value of the acquirer’s equity interests. In such cases, IFRS 3 requires the acquirer to use the acquisition-date fair value of the *acquiree’s equity interests* instead of the acquisition-date fair value of *acquirer’s own equity interests* transferred.

As Globe’s common shares are publicly traded in the active market, FerroAtlántica and Globe’s management determined that Globe’s common shares are more reliably measurable to determine fair value of consideration transferred in the Business Combination. Under this approach, the value of the Ferroglobe Ordinary Shares issued to Globe Shareholders pursuant to the Business Combination Agreement is determined below. The value of Replacement Awards is added to the fair value of the Ferroglobe Ordinary Shares to determine the total Acquisition Consideration transferred as follows:

Globe common stock outstanding as of December 23, 2015 ¹	73,760
Exchange ratio	1.00
Ferroglobe Ordinary Shares issued and stock options, as converted	73,760
Globe common stock per share price as of December 23, 2015	\$ 10.80

[Table of Contents](#)

Fair value of Ferroglobe Ordinary Shares issued pursuant to the Business Combination and estimated value	\$796,608
Replacement Awards	6,140
Acquisition Consideration	\$802,748

- 1) *The number of shares of Globe common stock outstanding and exercisable Globe stock options was determined immediately prior to the effective time of the Business Combination.*

In accordance with IFRS 3, the fair value of Ferroglobe Ordinary Shares issued to Globe Shareholders pursuant to the Business Combination Agreement was measured on the closing date of the Business Combination at the then-current market price of Globe's common stock.

Note 4—Estimate of Assets Acquired and Liabilities Assumed

The following is a preliminary estimate of the fair value of assets acquired and the liabilities assumed by Ferroglobe in the Business Combination, reconciled to the value of the Ferroglobe Ordinary Shares issued to Globe Shareholders pursuant to the Business Combination Agreement:

Net book value of Globe's assets acquired as of June 30, 2015	\$505,747
Write-off of existing Globe goodwill	(43,343)
Write-off of existing Globe intangible assets	(477)
Write-off of existing liabilities related to Globe share-based compensation arrangements ¹	12,613
Non-controlling interest at June 30, 2015	(86,103)
Adjusted net book value of assets acquired as of June 30, 2015	388,437
Fair value adjustments:	
Intangible assets:	
Power supply agreements	35,000
Technologies	2,000
Property, plant and equipment	136,000
Investments in unconsolidated affiliates	(3,000)
Inventory	10,000
Deferred tax liability	(64,000)
Non-controlling interest	(8,897)
Total fair value adjustments	107,103
Fair value of assets acquired and liabilities assumed	495,540
Goodwill - consideration transferred in excess of fair value assigned	307,208
Total estimated purchase price²	\$802,748

- 1) *Ferroglobe has written-off a liability for the historic Globe share-based compensation arrangements in the amount of \$12,613 of which, \$5,447 was included in Other current liabilities and \$7,166 was included in Other non-current liabilities.*
- 2) *See Note 3 for the calculation of the Total estimated purchase price.*

The preliminary valuation of assets acquired and liabilities assumed performed for the purposes of the unaudited pro forma condensed combined financial information was primarily limited to the identification and initial measurement of intangible assets, property, plant and equipment, inventory and mineral reserves. The acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is

[Table of Contents](#)

sufficient information for a definitive measurement. FerroAtlántica and Globe management will continue to refine their identification and initial measurement of assets to be acquired and the liabilities to be assumed as further information becomes available, and such adjustments could be material to the amounts presented in the unaudited pro forma condensed consolidated financial information.

The comparison of previously fair valued intangible assets of Globe and the estimated fair values of intangible assets prepared for this unaudited pro forma condensed combined financial information is as follows:

	<u>Previously fair valued</u>	<u>Newly fair valued</u>	<u>Total estimated fair value adjustment</u>
Trade names	\$ 477	\$ —	\$ (477)
Power supply agreements	—	35,000	35,000
Technologies	—	2,000	2,000
Total	<u>\$ 477</u>	<u>\$ 37,000</u>	<u>\$ 36,523</u>

Depreciation and amortization have been calculated on the estimated preliminary fair value adjustments taking into account the estimated remaining useful lives of the acquired Intangible assets and Property, plant and equipment. Their estimated remaining useful lives are based on a preliminary evaluation; as further evaluation is performed, there could be changes in the estimated remaining useful lives. The following table shows the pro forma increase in relation to depreciation and amortization, and the resulting income tax impact calculated at the statutory tax rate.

	<u>Acquisition-related fair value adjustment</u>	<u>Estimated remaining useful life, in years</u>	<u>Six month depreciation/amortization expense</u>
Intangible assets:			
Power supply agreements	35,000	7	2,500
Technologies	2,000	9	111
Property, plant and equipment	136,000	Various, ranging from 4 to 28	5,321
Total	<u>\$ 173,000</u>		<u>\$ 7,932</u>
Tax benefit			<u>\$ 1,662</u>

The Tax benefit is a deferred tax that results from the difference between the pro forma depreciation and amortization that is attributable to the parent company (\$5,936), and depreciation and amortization for tax purposes.

An adjustment to non-controlling interest in the amount of \$1,997 was recorded in the income statement to reflect a third party's 49% share of the additional depreciation and amortization expense calculated above, as it relates to fair value increments of Property, plant and equipment and Intangible assets where the third party has a 49% stake in the underlying assets.

Note 5—Other Pro Forma Adjustments

The unaudited pro forma condensed combined income statement and the unaudited pro forma condensed combined statement of financial position include Ferroglobe's financial information which reflect its activities prior to the FerroAtlántica Stock Exchange and the Globe Merger.

Included in the pro forma adjustments is an adjustment of \$45 to the unaudited pro forma condensed combined income statement to reflect Ferroglobe's estimated operating expenses, as well as an adjustment of \$19,136 to exclude actual transaction costs incurred related to the merger.

[Table of Contents](#)

Ferroglobe has recorded a liability for the issuance of cash-settled Replacement Awards in the amount of \$4,733 of which, \$2,044 is included in Other current liabilities and \$2,689 is included in Other non-current liabilities. The tax effect of this liability is included in the fair value adjustments for the deferred tax liability (Note 4).

Note 6—Equity

For the purpose of this unaudited pro forma condensed combined financial information, Ferroglobe's equity comprises of its pre-combination shares (two ordinary shares with the par value of \$7.50), activity from inception, shares issued with regard to the FerroAtlántica Stock Exchange, plus the following effects resulting from the Globe Merger:

Eliminate Globe's historical stockholders' equity	\$(505,747)
Fair value of non-controlling interest ¹	95,000
Fair value of the shares of Ferroglobe Ordinary Shares issued ²	796,608
Replacement Awards – equity-settled awards	1,407
Transaction costs	<u>(45,346)</u>
	\$ 341,922

- 1) *Non-controlling interest represents a third party's 49% stake in WVA Manufacturing, LLC and Quebec Silicon LP where Globe is the majority owner and operator. All output is subject to a supply agreement based on proportional ownership.*
- 2) *The fair value of shares of Ferroglobe Ordinary Shares issued is presented in the unaudited pro forma condensed combined balance sheet as an increase in equity, which is presented net against the other adjustments noted above.*

Note 7—Ferroglobe Weighted-Average Shares

The unaudited pro forma condensed combined basic and diluted earnings per share calculations are based on the combined basic and diluted weighted-average shares, after giving effect to the Business Combination, as follows:

Ferroglobe Class A Shares issued to FerroAtlántica	98,078
Weighted average Ferroglobe Ordinary Shares issued to Globe	<u>73,760</u>
Pro forma weighted-average shares used in computing net earnings per share—basic	171,838
Dilutive securities	143
Pro forma weighted-average shares used in computing net earnings per share—diluted	<u>171,981</u>

The dilutive effect of Globe's Share-Based Awards converted into Ferroglobe share-based awards has been included in the calculation of the unaudited pro forma condensed combined diluted earnings per share. FerroAtlántica did not have any dilutive potential shares in 2015.

Ferroglobe PLC
Unaudited Pro Forma Condensed Combined Income Statement
For the Year Ended December 31, 2014 (in thousands of U.S. dollars, except per share data)

	<u>Ferro Atlántica</u>	<u>Globe in IFRS*</u>	<u>Pro Forma Adjustments</u>	<u>Note</u>	<u>Ferroglobe Pro Forma</u>
Sales	\$1,466,304	\$ 805,516	\$ —		\$ 2,271,820
Cost of sales	(889,561)	(445,285)	—		(1,334,846)
Other operating income	6,891	2,836	—		9,727
Staff cost	(218,043)	(147,239)	—		(365,282)
Other operating expenses	(165,491)	(99,335)	(72)	3	(264,898)
Depreciation, amortization and allowances	(74,752)	(46,946)	(15,864)	3	(137,562)
Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses	<u>125,348</u>	<u>69,547</u>	<u>(15,936)</u>		<u>178,959</u>
Net impairment losses	(399)	—	—		(399)
Net gains/ losses due to changes in value of assets	(9,472)	—	—		(9,472)
Gains/ Losses on disposals of non-current and financial assets	555	(738)	—		(183)
Other gains and losses	(60)	—	—		(60)
Operating profit	<u>115,972</u>	<u>68,809</u>	<u>(15,936)</u>		<u>168,845</u>
Finance income	4,771	73	—		4,844
Finance expense	(37,105)	(4,713)	—		(41,818)
Exchange differences	7,800	(3,002)	—		4,798
Profit before tax	<u>91,438</u>	<u>61,167</u>	<u>(15,936)</u>		<u>136,669</u>
Income tax**	(59,707)	(28,572)	3,324	3	(84,955)
Profit for the year	<u>31,731</u>	<u>32,595</u>	<u>(12,612)</u>		<u>51,714</u>
Loss (Profit) attributable to non-controlling interest	6,706	(2,910)	3,994	3	7,790
Profit attributable to the parent	<u>\$ 38,437</u>	<u>\$ 29,685</u>	<u>\$ (8,618)</u>		<u>\$ 59,504</u>
Earnings per share (basic and diluted)				4	\$ 0.35

* Includes the impact of adjustments to Globe to align its fiscal year end and conform to the Combined Group's IFRS Accounting Policies. See Notes 1 and 2.

** Considers the tax effects of adjustments attributable to the parent, applying statutory tax rates of 28%.

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial information.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2014

In thousands of U.S. dollars, except per share data

Note 1—Basis of Presentation

The unaudited pro forma condensed combined financial information for Ferroglobe presents the condensed combined financial information giving effect to the Business Combination of FerroAtlántica and Globe under Ferroglobe, in a transaction that has been accounted for as a business combination under IFRS 3, with FerroAtlántica treated as the accounting acquirer. The unaudited pro forma condensed combined income statement for the year ended December 31, 2014 has been prepared as if the Business Combination had occurred on January 1, 2014.

The unaudited pro forma condensed combined financial information has been prepared in accordance with IFRS as issued by the IASB, following FerroAtlántica's accounting policies and in USD. FerroAtlántica's IFRS-based accounting policies form the basis of Ferroglobe's accounting policies, which we refer to as the "Combined Group's IFRS Accounting Policies" throughout this document.

The Globe pre-acquisition consolidated income statements used in the preparation of the unaudited pro forma condensed combined financial information differ from the Globe historical financial statements included elsewhere in this prospectus due to the following reasons:

- 1) The pre-acquisition financial statements used in the preparation of the pro forma information have been prepared on a basis consistent in all material respects with the Combined Group's IFRS Accounting Policies. The Globe historical financial statements have been prepared in accordance with U.S. GAAP.
- 2) Globe's historical financial statements are based on a fiscal year end of June 30, while Ferroglobe's fiscal year ends December 31. The pre-acquisition consolidated income statements used in the preparation of the pro forma financial information were aligned with Ferroglobe's fiscal year by using Globe's June 30, 2014 consolidated statements of operations as filed with Globe's Current Report on Form 8-K, filed on May 5, 2015, and subtracting the quarterly data from Globe's first and second quarters of fiscal 2014 and adding Globe's first and second quarters of fiscal 2015 from Globe's corresponding reviewed Quarterly Reports on Form 10-Q, as described below in this Note 1.

[Table of Contents](#)

The following table illustrates in detail how Globe's U.S. GAAP 12-months ended December 31, 2014 results of operation was derived from its audited June 30, 2014 financial statements and the reviewed quarterly financial statements:

	Globe 12 months ended 6/30/14 (1)	Globe last 6 months of 2013 – subtracted (2)	Globe last 6 months of 2014 – added (3)	Globe 12 months ended 12/31/14
Net sales	\$ 752,817	\$ 351,400	\$ 404,099	\$ 805,516
Cost of goods sold	(635,735)	(302,993)	(326,362)	(659,104)
Selling, general, and administrative expenses	(92,103)	(51,637)	(38,589)	(79,055)
Contract acquisition cost	(16,000)	(14,400)	—	(1,600)
Curtailment gain	5,831	5,831	—	—
Operating income (loss)	14,810	(11,799)	39,148	65,757
Other income (expense):				
Bargain purchase gain	29,538	29,538	—	—
Interest income	67	132	138	73
Interest expense, net of capitalized interest	(8,022)	(5,928)	(2,373)	(4,467)
Foreign exchange loss	(3,121)	(1,109)	(990)	(3,002)
Other income	339	18	789	1,110
Income before provision for (benefit from) income taxes	33,611	10,852	36,712	59,471
(Provision for) benefit from income taxes	(7,705)	5,916	(13,323)	(26,944)
Net income	25,906	16,768	23,389	32,527
Income attributable to non-controlling interest, net of tax	(4,203)	(2,852)	(1,714)	(3,065)
Net income attributable to Globe	\$ 21,703	\$ 13,916	\$ 21,675	\$ 29,462

- 1) The opening balance for the fiscal year end reconciliation was derived from Globe's Form 10-K filed August 27, 2015
- 2) The data is extracted from Globe's Forms 10-Q for the 3-month periods ended 9/30/13 and the 12/31/13 information was derived from Globe's 12/31/14 Form 10-Q
- 3) The data is extracted from Globe's Forms 10-Q for the 3-month periods ended 9/30/14 and 12/31/14

Note 2—Presentation of Globe financial information

For pro forma purposes, IFRS adjustments were made to the historical financial statements of Globe prepared under U.S. GAAP to align with the Combined Group's IFRS Accounting Policies. Such adjustments relate primarily to pensions, share-based payments and income taxes. In addition, certain reclassifications have been made to conform the consolidated income statements to an IFRS presentation consistent with the Combined Group's IFRS Accounting Policies included within the accounting policy adjustments below.

The following table illustrates the impact of these adjustments in arriving at Globe's consolidated income statements for the year ended December 31, 2014, as presented in the unaudited pro forma condensed combined income statement:

	12 months ended Dec. 31, 2014 Globe U.S. GAAP	Accounting Policy Adjustments	Note	IFRS Adjustments	Note	Globe in IFRS
Sales	\$ 805,516	\$ —		\$ —		\$ 805,516
Cost of goods sold	(659,104)	659,104	A	—		—
Selling, general and administrative expenses	(79,055)	79,055	B	—		—
Cost of sales	—	(445,285)	A	—		(445,285)
Other operating income	1,110	1,939	A	—		2,836
		(213)	C			
Contract acquisition cost	(1,600)	1,600	D	—		—
Staff cost	—	(103,477)	A	(180)	E	(147,239)
		(45,458)	B	1,876	F	
Other operating expenses	—	(65,158)	A	—		(99,335)
		(32,577)	B			
		(1,600)	D			
Depreciation, amortization and allowances	—	(45,926)	A	—		(46,946)
		(1,020)	B			
Exchange differences	(3,002)	—		—		(3,002)
Profit from operations	63,865	984		1,696		66,545
Finance income	73	—		—		73
Finance expense	(4,467)	(246)	A	—		(4,713)
Net finance costs	(4,394)	(246)		—		(4,640)
Gains/(Losses) on disposals of non-current and financial assets	—	(951)	A	—		(738)
		213	C			
Profit before tax	59,471	—		1,696		61,167
Income tax	(26,944)	—		(1,628)	E,F,G	(28,572)
Profit for the year	32,527	—		68		32,595
(Profit) Loss attributable to non-controlling interest	(3,065)	—		155	E	(2,910)
Profit attributable to the parent	\$ 29,462	\$ —		\$ 223		\$ 29,685

Accounting policy and IFRS adjustments are as follows:

- A. Cost of goods sold is a classification by function and the balance was reallocated based on the nature of expenses included within each such function, which resulted in the following adjustments:

Cost of sales	\$445,285
Other operating income	(1,939)
Staff cost	103,477
Other operating expenses	65,158
Depreciation, amortization and allowances	45,926
Finance expense	246
Loss on disposals	951
	<u>\$659,104</u>

- B. Selling, general and administrative expenses is a classification by function and the balance was reallocated based on the nature of expenses included within each such function, which resulted in the following adjustments:

Staff cost	\$45,458
Other operating expenses	32,577
Depreciation, amortization and allowances	1,020
	<u>\$79,055</u>

- C. Reflects the reclassification of a gain from the sale of bonds in the amount of \$213 from other operating income to Gains/Losses on disposals of non-current and financial assets.
- D. Reflects the reclassification of Contract acquisition costs in the amount of \$1,600 to Other operating expenses.
- E. This adjustment is to reflect Globe's defined benefit retirement and postretirement plans under IFRS. The most significant difference between U.S. GAAP and IFRS for Globe relates to different recognition and measurement approaches used for the components of defined benefit cost. Furthermore, under U.S. GAAP, the periodic cost of deferred benefit plans includes actuarial gains and losses that were previously recognized in other comprehensive income that have been reclassified to defined benefit cost, which differs from IFRS which prohibits this reclassification. These differences have resulted in additional defined benefit cost of \$180, a decrease of Income tax expense of \$50 and an adjustment to non-controlling interest in the amount of \$155, under IFRS.
- F. This adjustment is to reflect Globe's share-based compensation arrangements under IFRS. Unlike Globe's U.S. GAAP accounting policy for share-based compensation, grant date fair value is determined separately for each vesting tranche for awards that vest ratably or in installments over the specified vesting period under IFRS. Furthermore, IFRS require that, unlike our U.S. GAAP accounting policy, changes in the fair value of liabilities for awards that were modified from equity-settled to cash-settled because of the addition of a cash alternative, and for which the fair value as of the modification date was less than the grant date fair value, are recognized in profit or loss for the period. These differences have resulted in a reduction of share-based compensation expense of \$1,876 and a decrease of Income tax expense of \$179, under IFRS.

[Table of Contents](#)

G. These adjustments reflect the aggregate adjustments to Globe's tax accounts, after the impacts to pension and share-based awards as noted in Notes E and F, as follows:

- Decrease Income tax expense \$1,620 to reflect an IFRS tax provision as at December 31, 2014;
- Increase Income tax expense \$312 to recognize the tax effects of intra-group transactions which are not immediately recognized under U.S. GAAP; and
- Increase Income tax expense \$3,165 to reflect the deferred tax amounts relating to exchange gains and losses on functional currency remeasurements that are not recognized under U.S. GAAP;

resulting in an increase in Income tax expense of \$1,857.

Note 3—Other Pro Forma Adjustments

The unaudited pro forma condensed combined income statement includes Ferroglobe's financial information which reflect its activities prior to the FerroAtlántica Stock Exchange and the Globe Merger.

Included in the pro forma adjustments is an adjustment of \$72 to the unaudited pro forma condensed combined income statement to reflect Ferroglobe's estimated operating expenses.

Depreciation and amortization have been calculated on the estimated preliminary fair value adjustments taking into account the estimated remaining useful lives of the acquired Intangible assets and Property, plant and equipment. Their estimated remaining useful lives are based on a preliminary evaluation; as further evaluation is performed, there could be changes in the estimated remaining useful lives. The following table shows the pro forma increase in relation to depreciation and amortization, and the resulting income tax impact calculated at the statutory tax rate.

	<u>Acquisition-related fair value adjustment</u>	<u>Estimated remaining useful life, in years</u>	<u>Annual depreciation/amortization expense</u>
Intangible assets:			
Power supply agreements	35,000	7	5,000
Technologies	2,000	9	222
Property, plant and equipment	136,000	Various, ranging from 4 to 28	10,642
Total	\$ 173,000		\$ 15,864
Tax benefit			\$ 3,324

The Tax benefit is a deferred tax that results from the difference between the pro forma depreciation and amortization that is attributable to the parent company (\$11,872), and depreciation and amortization for tax purposes.

An adjustment to non-controlling interest in the amount of \$3,994 was recorded in the income statement to reflect a third party's 49% share of the additional depreciation and amortization expense calculated above, as it relates to fair value increments of Property, plant and equipment and Intangible assets where the third party has a 49% stake in the underlying assets.

Note 4—Ferroglobe Weighted-Average Shares

The unaudited pro forma condensed combined basic and diluted earnings per share calculations are based on the combined basic and diluted weighted-average shares, after giving effect to the Business Combination, as follows:

Ferroglobe Class A Shares issued to FerroAtlántica	98,078
Weighted average Ferroglobe Ordinary Shares issued to Globe	<u>73,760</u>
Pro forma weighted-average shares used in computing net earnings per share—basic	171,838
Dilutive securities	<u>140</u>
Pro forma weighted-average shares used in computing net earnings per share—diluted	<u>171,978</u>

The dilutive effect of Globe's Share-Based Awards converted into Ferroglobe share-based awards has been included in the calculation of the unaudited pro forma condensed combined diluted earnings per share. FerroAtlántica did not have any dilutive potential shares in 2014.

BUSINESS

Our Company

We are a global leader in the fast-growing silicon and specialty metals industry with an expanded geographical reach, building on Globe's footprint in North America and FerroAtlántica's footprint in Europe.

We are a leading global producer of silicon metal and silicon- and manganese-based alloy, serving key customers in the specialty chemical, aluminum, solar, steel and ductile iron foundry industries. We leverage our diversified production base across five continents—Africa, Asia, Europe, North America and South America—and our ownership of high quality raw materials to deliver an enhanced product offering on a cost-efficient basis.

We benefit from an improved, vertically integrated business model, owning sources of hydro power generation, specialty coal, high-purity quartz, charcoal, woodchips, gravel and electrodes. This allows for lower costs and faster deliveries, reducing working capital, improving logistics and creating significant value for our customers and shareholders.

On December 23, 2015, we consummated the Business Combination, which resulted in each of Globe and FerroAtlántica becoming our wholly owned subsidiaries. Globe and FerroAtlántica now represent our two business divisions.

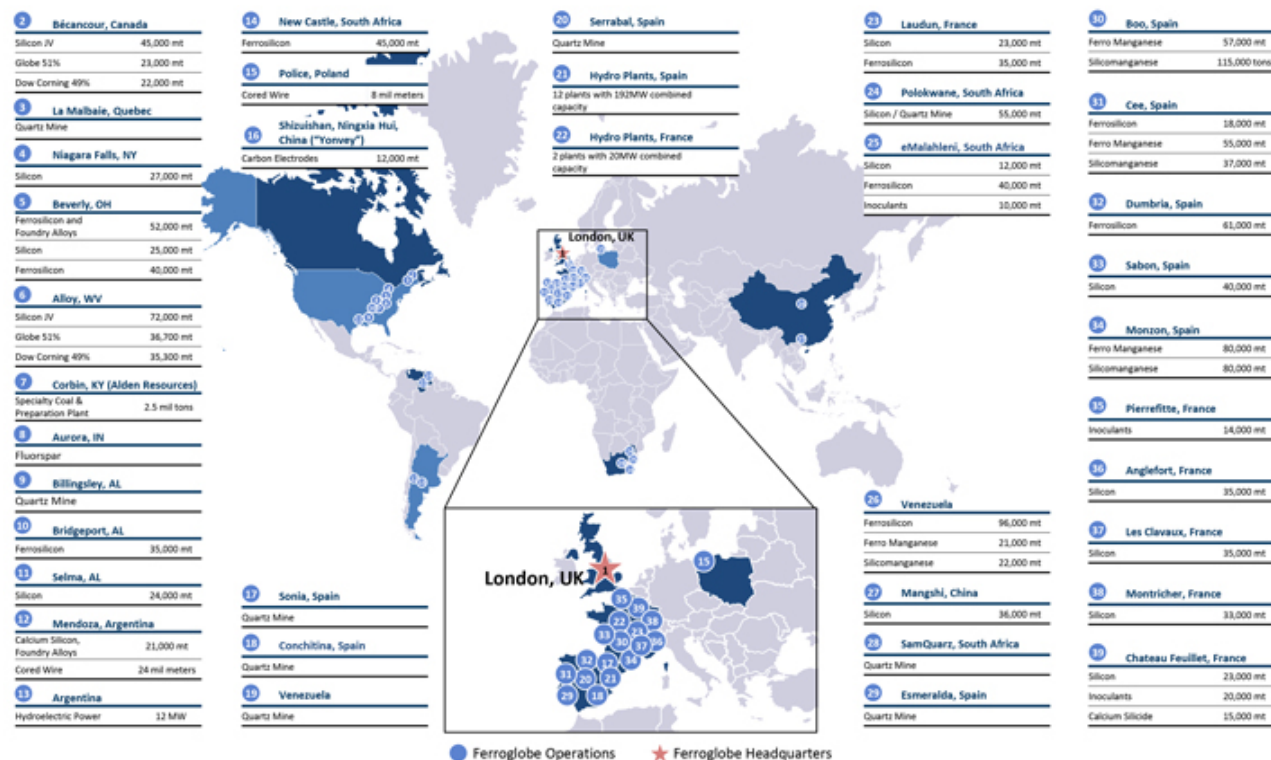
In connection with the Business Combination, we brought together two entrepreneurial companies. We expect to benefit from engineering and operational expertise to improve product flows, increase production efficiency, enhance technology and upgrade products quality, thereby enabling lower costs, faster delivery times and enhanced customer service as a result of the Business Combination.

We expect to realize operating and financial synergies and synergies from more efficient working capital management as a result of the Business Combination. Operational synergies include benefits from value chain optimization, including centralized raw materials procurement, materials management and reduced freight costs from improved logistics, as well as savings through the introduction of technological and operational best practices that both business divisions will share and through elimination of overlapping selling, general and administrative expenses and overhead. Financial synergies include potential savings on interest expense in the combined company based on its anticipated balance sheet and credit profile, as well as the potential for a reduced effective tax rate through expansion of the international platform of our non-U.S. subsidiaries, whether by internal growth or through strategic acquisitions, and through efficient financing structures.

The operations of our Globe and FerroAtlántica divisions are highly complementary. Globe operates 11 production facilities and three mining sites in six countries, with almost 90% of revenues coming from North America. FerroAtlántica operates 20 facilities (15 production plants and five mining sites) in five countries and hydroelectric power assets in Spain and France, with a majority of its revenues coming from Europe. We have a diversified production base and business mix with a reduced portfolio concentration and a greater international reach.

Table of Contents

The following chart shows the location of our primary facilities, the products produced at each facility and each facility's production capacity.



We are organized in the United Kingdom and headquartered in London, one of the global centers for the metals and specialized materials industry. London offers Ferroglobe and our management a central location with easy access to its international factories, customers, suppliers and financial markets. The Ferroglobe group has corporate offices in Miami, Florida for the Globe division and corporate offices in Madrid, Spain for the FerroAtlántica division.

The Globe Division

Globe is one of the world's largest and most efficient producers of silicon metal and silicon-based alloys, with approximately 140,000 metric tons (MT) of silicon metal capacity (excluding Dow Corning Corporation's portion of the capacity of its Alloy, West Virginia and Becanour, Quebec Canada plants) and 158,000 MT of silicon-based alloys capacity. Silicon metal, Globe's principal product, is used as a primary raw material in making silicone compounds, aluminum and polysilicon. Its silicon-based alloys are used as raw materials in making steel, automotive components and ductile iron. Globe controls the supply of most of its raw materials, and Globe captures, recycles and sells most of the by-products generated in its production processes.

Its products are produced in eight principal operating facilities located in the United States, Canada, Argentina and South Africa (currently idled). Additionally, Globe operates facilities in Poland and China. Its flexible manufacturing capabilities allow us to optimize production and focus on products that enhance profitability. Globe also benefits from having some of the lowest average operating costs of any large producer of silicon metal in the world, according to CRU International Limited (CRU), a leading metals industry consultant.

Table of Contents

Fiscal 2015 was a year of record shipments and record net sales as demand for silicon metal and silicon-based alloys remained strong. Globe's average selling prices in fiscal 2015 increased for silicon metal and remained flat for silicon-based alloys compared to the prior year.

Globe experienced an increase of 5% in its average selling prices in fiscal year 2015, with a 5% increase in silicon metal pricing, while silicon-based alloys pricing remained flat compared to the prior year. This increase was driven by higher pricing in the first half of the fiscal year. During the second half of fiscal year 2015, silicon metal and silicon-based alloys pricing declined due to increased import competition. Its fixed-price contracts were negotiated in November 2014 for the 2015 calendar year and were not affected by the recent decline in pricing. However, Globe has some exposure to these recent pricing fluctuations with respect to its contracts that are index-linked and spot priced.

Volumes increased 3% year-over-year, driven by a 14% increase in silicon metal metric tons sold, offset by an 8% decrease in silicon-based alloys metric tons sold. Customer demand continued to improve for silicon metal and silicon-based alloys in its major end markets, which include chemical, aluminum, automotive, steel, housing and solar. The sales mix shifted in fiscal year 2015 as Globe shipped more silicon metal than the prior year. The increase in silicon metal metric tons sold was primarily due to increased demand from the solar, auto and housing sectors in the U.S. and in Europe. With this increase in demand for silicon metal, at a time when ferrosilicon prices were declining, Globe converted a silicon-based alloys furnace to a silicon metal furnace at one of its U.S. plants.

Business segments

GMI

GMI operates six principal production facilities in the United States located in Beverly, Ohio, Alloy, West Virginia, Selma (currently idled), Alabama, Niagara Falls, New York and Bridgeport, Alabama and one production facility in Canada located in Quebec Canada. GMI also operates coal mines and coal preparation plants in Kentucky, open-pit quartzite mines in Alabama and a concession to mine quartzite in Saint-Urbain, Quebec.

Globe Metales

Globe Metales operates a production facility in Mendoza, Argentina. Globe Metales specializes in producing silicon-based alloy products, either in lump form or in cored-wire, a delivery method preferred by some manufacturers of steel, ductile iron, machine and auto parts and industrial pipe.

Solsil

Solsil is continuing to develop its technology to produce upgraded metallurgical grade silicon metal (UMG) manufactured through a proprietary metallurgical process, which is primarily used in silicon-based photovoltaic (solar) cells. Solsil is located in Beverly, Ohio and is currently focused on research and development projects and is not producing material for commercial sale. Globe owns a 97.25% interest in Solsil, Inc. (Solsil).

Corporate

The corporate office, located in Miami, Florida, includes general expenses, investments, and related investment income.

Other

Ningxia Yonvey Coal Industrial Co., Ltd. (Yonvey). Yonvey produces carbon electrodes, an important input in its production process, at a production facility in Shizuishan in the Ningxia Hui Autonomous Region of China. Globe currently consumes internally all of Yonvey's output of electrodes. Globe holds a 98% ownership interest in Yonvey.

[Table of Contents](#)

Ultracore Polska Sp.z.o.o (UCP). UCP produces cored-wire silicon-based alloy products. The fabrication facility is located in Police in northern Poland.

Silicon Technology (Pty) Ltd. (Siltech). Siltech is a silicon-based alloy producer with a facility located in the village of Newcastle, South Africa that is currently idled.

See Globe's June 30, 2015 consolidated financial statements and September 30, 2015 interim financial statements for financial information with respect to our segments.

Products and Operations

See chart above in "Business—Our Company" for the location of Globe's primary facilities, the products produced at each facility and each facility's production capacity.

Customers and Markets

The following table details its shipments and average selling price per MT over the last eight quarters through June 30, 2015. See note 22 (Operating Segments) to its June 30, 2015 consolidated financial statements for additional information.

	Quarter Ended							
	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Shipments (MT) (a)								
Silicon metal	39,536	38,285	38,436	39,416	36,884	36,530	31,631	31,619
Silicon-based alloys	32,615	30,949	32,450	33,900	38,530	37,396	34,985	30,416
Total	<u>72,151</u>	<u>69,234</u>	<u>70,886</u>	<u>73,316</u>	<u>75,414</u>	<u>73,926</u>	<u>66,616</u>	<u>62,035</u>
Average selling price (\$/MT) (a)								
Silicon metal	\$ 2,932	2,934	2,916	2,807	2,797	2,791	2,766	2,699
Silicon-based alloys (b)	\$ 1,962	2,008	2,030	2,048	2,009	2,001	1,983	2,019
Silicon metal and silicon-based alloys	\$ 2,491	2,520	2,511	2,456	2,395	2,391	2,355	2,365

(a) Shipments and average selling price exclude coal, silica fume, other by-products and electrodes.

(b) Silicon-based alloys in North America are priced on a silicon-content basis.

During the year ended June 30, 2015, its customers engaged primarily in the manufacture of silicone chemicals and polysilicon (36% of revenue), foundry alloys (17% of revenue), aluminum (17% of revenue) and steel (15% of revenue). Its customer base is geographically diverse, and includes North America, Europe, Asia and South America, which for the year ended June 30, 2015, represented 91%, 4%, 1% and 3% of its revenue, respectively.

For the year ended June 30, 2015, one customer accounted for more than 10% of revenues: Dow Corning, represented approximately 21% of revenues (approximately 77% of which was a result of the manufacturing joint ventures at its Alloy, West Virginia and Becancour, Quebec, Canada plants). Its ten largest customers account for approximately 53% of its revenue. These percentages include sales made under its joint venture agreements to Dow Corning.

[Table of Contents](#)

[Silicon Metal](#)

Globe is among the world's largest and most efficient producers of silicon metal. Silicon-based products are classified by the approximate percentage of silicon contained in the material and the levels of trace impurities. Globe produces specialty-grade, high quality silicon metal with silicon content generally greater than 99.25%. Globe produces the majority of this high-grade silicon metal for three industries: (i) the aluminum industry; (ii) the chemical industry; and (iii) polysilicon producers in the photovoltaic (solar)/semiconductor industry.

Globe markets to primary and secondary aluminum producers who require silicon metal with certain requirements for use as an alloy. Aluminum is used to manufacture a variety of automobile and truck components, including engine pistons, housings, and cast aluminum wheels and trim, as well as uses in high tension electrical wire, aircraft parts, beverage containers and other products which require optimal aluminum properties. The addition of silicon metal reduces shrinkage and the hot cracking tendencies of cast aluminum and improves the castability, hardness, corrosion resistance, tensile strength, wear resistance and weldability of the end products.

Globe markets to all the major silicone chemical producers. Silicone chemicals are used in a broad range of applications, including personal care items, construction-related products, health care products and electronics. In construction and equipment applications, silicones promote adhesion, act as a sealer and have insulating properties. In personal care and health care products, silicones add a smooth texture, protect against ultra violet rays and provide moisturizing and cleansing properties. Silicon metal is an essential component of the manufacture of silicones, accounting for approximately 20% of the cost of production.

Globe markets to producers of polysilicon and solar cells who utilize silicon metal as the core ingredient of their product. These manufacturers employ processes to further purify the silicon metal and then use the material to grow crystals. These crystals are then cut into wafers, which are capable of converting sunlight to electricity. The individual wafers are then soldered together to make solar cells.

[Silicon-Based Alloy Products](#)

Globe makes ferrosilicon by combining silicon dioxide (quartzite) with iron in the form of scrap steel and iron oxides. To produce its high-grade silicon-based alloys, Globe combines ferrosilicon with other additions that can include precise measured quantities of other metals and rare earths to create alloys with specific metallurgical characteristics. Its silicon-based alloy products can be divided into fits general categories: (i) ferrosilicon, (ii) magnesium-ferrosilicon-based alloys, (iii) ferrosilicon-based alloys and (iv) calcium silicon.

Magnesium-ferrosilicon-based alloys are known as "nodularizers" because, when combined with molten grey iron, they change the graphite flakes in the iron into spheroid particles, or "nodules," thereby increasing the iron's strength and resilience. The resulting product is commonly known as ductile iron. Ductile iron is employed in numerous applications, such as the manufacture of automobile crankshafts and camshafts, exhaust manifolds, hydraulic valve bodies and cylinders, couplings, sprockets and machine frames, as well as in commercial water pipes. Ductile iron is lighter than steel and provides better castability (i.e., intricate shapes are more easily produced) than untreated iron.

Ferrosilicon-based alloys (without or with very low concentrations of magnesium) are known as "inoculants" and can contain any of a large number of combinations of metallic elements. Inoculants act to evenly distribute the graphite particles found in both grey and ductile iron and refine other microscopic structures, resulting in a product with greater strength and improved casting and machining properties.

Calcium silicon is widely used to improve the quality, castability and machinability of steel. Calcium is a powerful modifier of oxides and sulfides. It improves the castability of the steel in a continuous casting process by keeping nozzles from clogging. Calcium also improves the machinability of steel, increasing the life of cutting tools.

[By-Products](#)

Globe captures, recycles and sells most of the by-products generated in its production processes. The largest volume by-product not recycled into the manufacturing process is silica fume. This dust-like material, collected in its air filtration systems, is sold to end users or to companies that process, package and market it for use as a concrete additive, refractory material or oil well conditioner. The other major by-products of its manufacturing

Table of Contents

processes are “fines,” the fine material resulting from crushing, and dross, which results from the purification process during smelting. The fines and dross that are not recycled into its own production processes are generally sold to customers who utilize these products in other manufacturing processes, including steel production.

Raw Material Supply

Globe controls the supply of most of its raw materials. All of its products require coal or charcoal, quartzite, woodchips and electrodes in their manufacture. Alden Resources provides a stable and long-term supply of low ash metallurgical grade coal supplying a substantial portion of its requirements to its operations in the U.S., Canada and South Africa. Globe has reduced its use of charcoal because of the increased coal supply from Alden Resources. Globe also obtains low ash metallurgical grade coal from other sites in the U.S. Globe uses charcoal from South American suppliers for its Argentine operations. Globe has quartzite mining operations located in Billingsley, Alabama and a concession to mine quartzite in Saint-Urbain, Québec (Globe is not the operator of the mine, it utilizes the services of a third party miner to extract the quartzite). These mines supply its U.S. and Canada operations with a substantial portion of its requirements for quartzite, the principal raw material used in the manufacturing of all of its products. Globe believes that these mines, together with additional leasing opportunities in the vicinity, should cover its needs well into the future. Globe also obtains quartzite from other sources in the U.S. and Canada. The quartzite is mined, washed and screened to its specifications by its suppliers. Woodchips are sourced locally by each plant, and Globe maintains a wood chipping operation at certain plants in the U.S. and Canada, which allows us to either buy logs or chips based on market pricing and availability. Carbon electrodes are supplied by Yonvey and are also purchased from several other suppliers on annual contracts and spot purchases. Most of its metal purchases are made on the spot market or from scrap dealers, with the exception of magnesium, which is purchased under a fixed duration contract for its U.S. business. Its principal iron source for producing ferrosilicon-based alloys has been scrap steel. Magnesium and other additives are obtained from a variety of sources producing or dealing in these products. Globe also obtains raw materials from a variety of other sources. Rail and truck are its principal transportation methods for gravel and coal. Globe has rail spurs at all of its plants. Other materials arrive primarily by truck. Globe requires its suppliers, whenever feasible, to use statistical process control procedures in their production processes to conform to its own processes.

Globe enters into long-term electric power supply contracts. Its power supply contracts result in stable, favorably priced, long-term commitments of power at reasonable rates, and Globe believes that most of its long-term power supply contracts provide us with a cost advantage. In West Virginia, Globe has a contract with Brookfield Energy to provide approximately 45% of its power needs, from a dedicated hydroelectric facility, at a fixed rate through December 2021. The remainder of its power needs in West Virginia, Ohio and Alabama are sourced through contracts that provide tariff rates at historically competitive levels. In connection with the reopening of its Niagara Falls, New York plant, and as an incentive to reopen the plant, Globe obtained a public-sector package including 18.4 megawatts of hydropower effective June 1, 2015, which was subsequently extended to 2021. Globe has entered into power hedge agreements, the most recent of which ended in June 2013, for approximately 20% of the total power required by its Niagara Falls, New York plant. In Newcastle, South Africa, Globe has a contract with Eskom public utility company to supply 70 megawatts of electricity at the industrial tariff rate.

Mining Information

The following table provides a summary of Globe’s coal operations as of June 30, 2015:

<u>(Thousands of net tons)</u>	<u>Proven Reserves</u>	<u>Annual Production</u>	<u>Mining Capacity</u>	<u>Mining Method</u>	<u>Btu content per pound</u>
Morgan Hollow/Colonel Hollow	364	144	150	Surface	14,000
Log Cabin	181	58	80	Underground	14,000
Maple Creek	331	140	150	Surface	14,000
Bain Branch No. 3	3,518	42	120	Underground	14,000
Engle Hollow	234	12	24	Underground	14,000
Harpes Creek 4A	1,131	72	100	Underground	14,000
Total	<u>5,759</u>	<u>468</u>	<u>624</u>		

Table of Contents

Net sales for the twelve months ended June 30:

	2015		2014	
	\$ (in 000s)	MT	\$ (in 000s)	MT
External Net Sales*	\$14,530	136,075	\$16,957	178,218
Internal Net Sales	79,893	248,798	60,103	201,386
Total Net Sales	\$94,423	384,873	\$77,060	379,604

* Includes by-products and other

As of June 30, 2015, Globe had six active coal mines (two surface mines and four underground mines), located in Kentucky. Globe also had six inactive permitted coal mines available for extraction located in Kentucky and Alabama. All of its coal mines are leased and the remaining term of the leases range from 2 to 40 years. The majority of the coal production is consumed internally in the production of silicon metal and silicon-based alloys. Reserves are defined by SEC Industry Standard Guide 7 as a mineral deposit that could be economically and legally extracted and produced at the time of the reserve determination. The estimate of proven and probable reserves is of recoverable tons, which represents the tons of product that can be used internally or delivered to the customer. The average mining recovery rate is approximately 60%. At June 30, 2015, Globe estimated its proven and probable reserves to be approximately 16,504,000 tons with an average permitted life of approximately 35 years at present operating levels. Present operating levels are determined based on a three-year annual average production rate. Reserve estimates were made by its geologists, engineers and third parties based primarily on drilling studies performed. These estimates are reviewed and reassessed from time to time. Reserve estimates are based on various assumptions, and any material changes in these assumptions could have a material impact on the accuracy of its reserve estimates.

Globe currently has two coal processing facilities, one of which is inactive. The active facility processes approximately 720,000 tons of coal annually, with a capacity of 2,500,000 tons. The average coal processing recovery rate is approximately 65%.

Sales and Marketing Activities

Globe's silicon metal and silicon-based alloys are sold to a diverse base of customers worldwide. Its products are typically sold on annual and quarterly contracts, with some capacity for spot sales. These contracts are fixed price or priced based on index, generally with firm volume commitments from the customers.

Globe's marketing strategy is to maximize profitability by varying the balance of its product mix among the various silicon-based alloys and silicon metal. Its products are sold directly by its own sales staff located in Buenos Aires, Argentina, Poland, and at various locations in the United States and Canada, who work together to optimize the sales efforts.

Globe also employs customer service representatives. Order receiving, entry, shipment coordination and customer service is handled primarily from the Beverly, Ohio facility for its U.S. operations, and in Buenos Aires, Argentina, and Poland for its non U.S. operations. In addition to its direct sales force, Globe sells through distributors in various U.S. regions, Canada, Southern and Northern Mexico, Australia, South America and Europe.

Globe maintains credit insurance for the majority of its customer receivables to mitigate collection risk.

Competition

The silicon metal market and the silicon-based and manganese-based alloys markets are capital intensive, global and highly competitive. Globe has historically proven to be a highly efficient, low cost producer, with competitive pricing and manufacturing processes that capture most of its production by-products for reuse or resale. Globe also has the flexibility to adapt to current market demands by switching certain furnaces between silicon-based alloy and silicon metal production with economical switching costs. Globe faces continual threats from

Table of Contents

existing and new competition. Nonetheless, certain factors can affect the ability of competition to enter or expand. These factors include (i) lead time of three to five years to obtain the necessary governmental approvals and construction completion; (ii) construction costs; (iii) the need to situate a manufacturing facility proximate to raw material sources, and (iv) energy supply for manufacturing purposes.

Competitive Strengths

Globe believes that it possesses a number of competitive strengths that position us well to continue as one of the leading global suppliers of silicon metal and silicon-based alloys.

- *Leading Market Positions.* Globe holds leading market positions in its primary geography, North America, and in a majority of its products. According to data from CRU, Globe believes its silicon metal capacity of approximately 140,000 MT annually (excluding Dow Corning's portion of the capacity of its Alloy, West Virginia and Becancour, Quebec, Canada plants), represents approximately 15% of the total Western World capacity.
- *Low Cost Producer.* Globe is among the lowest cost silicon metal producers in the world. Its low operating costs are primarily a result of its access to attractively priced power, proximity to, and ownership of, raw materials, and its efficient production process and skilled labor.
- *Highly Variable Cost Structure.* Globe operates with a largely variable cost of production and have the ability to rapidly turn furnaces on and off to react to changes in customer demand. During the global economic recession, Globe was able to quickly idle certain furnaces as demand declined and then quickly re-start them at minimal cost as demand returned.
- *Long-Term Power Contracts.* Electricity is the largest component of its production costs. Electricity accounted for approximately 22% of its total cost of production for the fiscal year 2015. Its power supply contracts result in stable, favorably priced, long-term commitments of power at reasonable rates.
- *Vertically Integrated Business Model.* To further enhance its cost position and increase operational and financial stability, Globe has increased its vertical integration over time through strategic acquisitions of providers of its principal raw materials. Globe now has captive sources for a majority of its raw material inputs on a cost basis, including each of its three primary inputs: Coal, woodchips and quartz, each in close proximity to its production facilities. Through its acquisition of Alden Resources, Globe is the only significant North American supplier of specialty low ash metallurgical coal which is used in the production of silicon metal and silicon-based alloys. Globe believes that the other available alternatives for low ash metallurgical coal include charcoal, which is more expensive, and Colombian coal, which is less reactive with quartz, not as pure, requires additional handling and is more costly to ship to North American production facilities. Globe believes its integrated business model and ownership of raw materials provides us with an advantage over its competitors. Globe has stable, long-term access to critical raw materials for its production processes and do not have to compete with its competitors for supply. Globe also supplies low ash metallurgical coal to its competitors. In addition, Globe is not reliant on any single supplier for its raw materials providing its business model with stability.
- *Efficient and Environmentally Sensitive By-Product Usage.* Globe utilizes or sell most of its manufacturing processes' by-products, which reduces costs and limits environmental impact.
- *Diverse Customers and End Markets.* Its wide range of customers, products, and end markets provides significant diversity and stability to its business. Its products are used in a wide range of end products spanning a broad variety of industries, including personal care and healthcare products, aluminum, automobiles, carbon and stainless steel, water pipe, solar, semiconductor, oil and gas, infrastructure and construction. Globe is also diversified geographically and sell its products to customers in over 30 countries. While its largest customer concentration is in the United States, Globe also has customers in Europe and South America. Although some of its end markets have similar growth drivers, others are less correlated and offer diversification benefits. Globe has the flexibility to adapt to current market demands by switching furnaces between silicon-based alloys and silicon metal production with low switching costs. This allows us to capitalize on its diversity and serve markets with the largest growth prospects. Globe has considerable diversification of customers across its primary end-markets. While its largest end-market is silicones, there is significant diversity within the silicones sector. Silicone chemicals are included in applications across a variety of industries, including healthcare, personal care, paints and coatings, sealants and adhesives, construction, electronics, transportation sectors, sports and fashion. Similarly, within each of its other primary end-markets, Globe observes considerable diversity in the end-use of its product. Globe believes that the variety of industries which its product ultimately serves results in revenue stability and insulation from significant changes in demand or product pricing within any particular industry.

[Table of Contents](#)

Business Strategy

- *Focus on Core Businesses.* Globe differentiates itself on the basis of its technical expertise and high product quality and use these capabilities to retain existing accounts and cultivate new business. As part of this strategy, Globe is focusing its production and sales efforts on its silicon metal and silicon-based alloys end markets where Globe may achieve the highest profitability. Globe continues to evaluate its core business strategy and may divest certain non-core and lower margin businesses to improve its financial and operational results.
- *Maintain Low Cost Position While Controlling Inputs.* Globe intends to maintain its position as one of the lowest cost producers of silicon metal in the world by continuing to control the cost of its raw material inputs through its captive sources and long-term supply contracts. Globe continues to focus on reducing its fixed costs in order reduce unit costs of silicon metal and silicon-based alloy sold.
- *Focus on financial metrics and conservative balance sheet.* Globe measures its success by reviewing pertinent financial metrics such as Reported and Adjusted EBITDA.

Reported and Adjusted EBITDA are pertinent non-GAAP financial metrics Globe utilizes to measure its success and are included in its quarterly press releases. These financial metrics are used to provide supplemental measures of its performance which Globe believes are important because they eliminate items that have less bearing on its current and future operating performance and highlights trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. Reconciliations of these measures to the comparable GAAP financial measures are provided below.

	Twelve Months	
	FY 2015	FY 2014
	(Dollars in thousands)	
Net income	\$ 34,627	25,906
Provision for income taxes	21,651	7,705
Net interest expense	4,076	7,955
Depreciation, depletion, amortization and accretion	52,006	45,228
Reported EBITDA	<u>\$112,360</u>	<u>86,794</u>

	Twelve Months	
	FY 2015	FY 2014
	(Dollars in thousands)	
Reported EBITDA	\$ 112,360	86,794
Transaction and due diligence expenses	16,734	1,081
Siltech idling/start-up costs	6,474	1,583
Business interruption	5,252	2,454
Divestiture indemnification payment	4,559	—
Plant relocation	568	—
Lease termination	457	—
Remeasurement of stock option liability	(3,410)	27,042
Contract acquisition cost	—	16,000
Quebec Silicon lockout costs	—	6,645
Quebec Silicon curtailment gain	—	(5,831)
Remeasurement/true-up of equity compensation	—	200
Variable compensation	—	3,885
Bargain purchase gain	—	(29,538)
Adjusted EBITDA	<u>\$ 142,994</u>	<u>110,315</u>

Reported and Adjusted EBITDA have limitations as analytical tools, and you should not rely upon them or consider them in isolation or as a substitute for GAAP measures, such as net income and other consolidated income or other cash flows statement data prepared in accordance with GAAP. In addition, these non-GAAP measures may not be comparable to other similarly titled measures of other companies. Because of these limitations, Reported and Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of its business.

- *Continue Pursuing Strategic Acquisition Opportunities.* Globe continues to pursue complementary acquisitions at appropriate valuations. Globe is actively reviewing several possible transactions to expand its strategic capabilities and leverage its products and operations. Globe intends to build on its history of successful acquisitions by continuing to evaluate attractive acquisition opportunities for the purpose of increasing its capacity, increasing its access to raw materials and other inputs and acquiring further refined products for its customers. In particular, Globe will consider acquisitions or investments that will enable us to leverage its expertise in silicon metal and silicon-based alloy products and to grow in these markets, as well as enable us to enter new markets or sell new products. Globe believes its overall metallurgical expertise and skills in lean production technologies position us well for future growth.
- *Leverage Flexible Manufacturing and Expand Other Lines of Business.* Globe plans to leverage its flexible manufacturing capabilities to optimize the product mix produced while expanding the products Globe offer. Additionally, Globe intends to leverage its broad geographic manufacturing reach to ensure that production of specific metals is in the most appropriate facility/region. In addition to its principal silicon metal products, Globe has the capability to produce silicon-based alloys, such as silicomanganese, using the same facilities. Its business philosophy is to allocate its furnace capacity to the products which Globe expects will maximize profitability.

Employees

As of June 30, 2015, Globe had 1,684 employees. Globe has 1,014 employees in the United States, 178 employees in Canada, 140 employees in Argentina, 217 employees in South Africa, 28 employees in Poland and 107 employees in China. Its total employees consist of 532 salaried employees and 1,152 hourly employees. Globe is a party to several collective bargaining agreements. Globe believes that relations with its employees are satisfactory.

Table of Contents

Its hourly employees at its Selma, Alabama facility are covered by a collective bargaining agreement with the Industrial Division of the Communications Workers of America, under a contract running through April 2, 2017. Its hourly employees at its Alloy, West Virginia, Niagara Falls, New York and Bridgeport, Alabama facilities are covered by collective bargaining agreements with The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union under contracts running through April 27, 2017, July 30, 2017, and March 3, 2018, respectively. Union employees in Argentina are working under a contract running through April 30, 2016. Its operations in Poland and China are not unionized. Its union employees in Canada work at the Becancour, Québec, plant and are covered by a Union Certification held by CEP, Local 184. The corresponding collective bargaining agreement at its Becancour facility runs through April 30, 2017.

Proprietary Rights and Licensing

The majority of its intellectual property relates to process design and proprietary know-how. Its intellectual property strategy is focused on developing and protecting proprietary know-how and trade secrets, which are maintained through employee and third-party confidentiality agreements and physical security measures. Although Globe has some patented technology, its businesses or profitability does not rely fundamentally upon such technology.

Regulatory Matters

Globe operates facilities in the U.S. and abroad, which are subject to foreign, federal, national, state, provincial and local environmental, health and safety laws and regulations, including, among others, those governing the discharge of materials into the environment, hazardous substances, land use, reclamation and remediation and the health and safety of its employees. These laws and regulations require us to obtain from governmental authorities permits to conduct certain regulated activities, which permits may be subject to modification or revocation by such authorities.

Globe is subject to the risk that it has not been or will not be at all times in complete compliance with such laws, regulations and permits. Failure to comply with these laws, regulations and permits may result in the assessment of administrative, civil and criminal penalties or other sanctions by regulators, the imposition of remedial obligations, the issuance of injunctions limiting or preventing its activities and other liabilities. Under these laws, regulations and permits, Globe could also be held liable for any and all consequences arising out of human exposure to hazardous substances or environmental damage Globe may cause or that relates to its operations or properties. Environmental, health and safety laws are likely to become more stringent in the future. Its costs of complying with current and future environmental, health and safety laws, and its liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect its business, results of operations and financial condition.

There are a variety of laws and regulations in place or being considered at the international, federal, regional, state, provincial and local levels of government that restrict or are reasonably likely to restrict the emission of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause us to incur material costs to reduce the greenhouse gas emissions from its operations (through additional environmental control equipment or retiring and replacing existing equipment) or to obtain emission allowance credits, or result in the incurrence of material taxes, fees or other governmental impositions on account of such emissions. In addition, such developments may have indirect impacts on its operations, which could be material. For example, they may impose significant additional costs or limitations on electricity generators, which could result in a material increase in its energy costs.

Certain environmental laws assess liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. In addition to cleanup, cost recovery or compensatory actions brought by foreign, federal, state, provincial and local agencies, neighbors, employees or other third parties could make personal injury, property damage or other private claims relating to the presence or release of hazardous substances. Environmental laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of hazardous substances. Persons who arrange for the disposal or treatment of hazardous substances also may be responsible for the cost of removal or remediation of these substances. Such persons can be responsible for removal and remediation costs even if they never owned or operated the disposal or treatment facility. In addition, such owners or operators of real property and persons who arrange for the disposal or treatment of hazardous substances can be held responsible for damages to natural resources.

[Table of Contents](#)

Soil or groundwater contamination resulting from historical, ongoing or nearby activities is present at certain of its current and historical properties, and additional contamination may be discovered at such properties in the future. Based on currently available information, Globe does not believe that any costs or liabilities relating to such contamination will have a material adverse effect on its financial condition, results of operations or liquidity.

Under current federal black lung benefits legislation, each coal mine operator is required to make certain payments of black lung benefits or contributions to:

- current and former coal miners totally disabled from black lung disease (pneumoconiosis);
- certain survivors of a miner who dies from black lung disease or pneumoconiosis; and
- a trust fund for the payment of benefits and medical expenses to claimants whose last mine employment was before January 1, 1970, where no responsible coal mine operator has been identified for claims (where a miner's last coal employment was after December 31, 1969), or where the responsible coal mine operator has defaulted on the payment of such benefits. The trust fund is funded by an excise tax on U.S. production of up to \$1.10 per ton for deep mined coal and up to \$0.55 per ton for surface-mined coal, neither amount to exceed 4.4% of the gross sales price.

The Patient Protection and Affordable Care Act ("PPACA"), which was implemented in 2010, made two changes to the Federal Black Lung Benefits Act. First, it provided changes to the legal criteria used to assess and award claims by creating a legal presumption that miners are entitled to benefits if they have worked at least 15 years in underground coal mines, or in similar conditions, and suffer from a totally disabling lung disease. To rebut this presumption, a coal company would have to prove that a miner did not have black lung or that the disease was not caused by the miner's work. Second, it changed the law so black lung benefits will continue to be paid to dependent survivors when the miner passes away, regardless of the cause of the miner's death. In addition to the federal legislation, Globe is also liable under various state statutes for black lung claims. Based on currently available information, Globe does not believe that any costs or liabilities relating to such matters will have a material adverse effect on its financial condition, results of operations or liquidity.

The FerroAtlántica Division

FerroAtlántica is the parent company of a Spanish multinational group operating globally in the silicon metal, manganese- and silicon-based alloy and other specialty metals industries, with interests in hydroelectric power in Spain and France and with quartz mining activities in Spain and South Africa. FerroAtlántica, together with its subsidiaries (collectively, the "FerroAtlántica Group"), is a leading global silicon metal producer based on production output for 2014 and 2015 and a leading global manganese- and silicon-based alloy producers based on production output for 2014 and 2015.

FerroAtlántica Group's business consists of two operating segments: the electrometallurgy segment, which includes the production of silicon metal, manganese-based alloys (silicomanganese and ferromanganese), ferrosilicon, other silicon-based alloys (such as silico-calcium and foundry products) and silica fume, and FerroAtlántica Group's quartz mining operations, which provide a key raw material for manufacturing electrometallurgical products, and the energy segment, which is comprised of FerroAtlántica Group's hydroelectric power operations in Spain.

FerroAtlántica Group's electrometallurgy factories are strategically spread over five countries, as follows: five factories in Spain, six in France, two in South Africa, one in Venezuela and one in China. FerroAtlántica Group operates quartz mines located in Spain and South Africa, with an annual production capacity of 1670 kt, and is developing a new quartz mine in Mauritania (see "—Properties" for more information).

[Table of Contents](#)

FerroAtlántica Group's energy segment comprises twelve hydroelectric power plants in Spain with a combined power generation installed capacity of 192 MW, as of December 31, 2015. Additionally, FerroAtlántica Group operates two hydroelectric power plants in France with a combined installed capacity of 20 MW, as of December 31, 2015, the results of which are reported within FerroAtlántica's electrometallurgy segment.

For six months ended June 2015 and the twelve months ended December 31, 2014, 2013 and 2012, FerroAtlántica Group's consolidated sales by business segment were as follows:

<i>(\$ millions)</i>	June 30, 2015	2014	2013	2012
Electrometallurgy segment:				
Silicon metal	299.5	596.2	506.0	538.3
Manganese-based alloys	148.4	316.5	343.4	304.9
Ferrosilicon	125.7	285.0	295.0	251.6
Other silicon-based alloys	57.0	103.4	98.4	99.4
Silica fume	16.1	31.6	30.2	34.3
Off grades-Others	36.2	84.4	118.7	183.7
Total of electrometallurgy segment	682.9	1,417.1	1,391.7	1,412.2
% of Group's total consolidated sales	97.9%	96.6%	95.1%	95.4%
Total of energy segment	14.8	49.2	72.2	67.4
% of Group's total consolidated sales	2.1%	3.4%	4.9%	4.5%
Total sales	697.7	1,466.3	1,463.9	1,479.6

History and development of FerroAtlántica Group

FerroAtlántica is the holding company of the FerroAtlántica Group. It was incorporated as a limited liability company under Spanish law on October 19, 2007 with the legal name of Grupo FerroAtlántica S.L. On June 20, 2011, FerroAtlántica was converted into a public limited liability company and its legal name was changed into Grupo FerroAtlántica S.A.U.

FerroAtlántica's corporate office is at Cuatro Torres Business Area, Torre Espacio, Paseo de la Castellana, 259D, 45th and 49th floors, 28046 Madrid, Spain. FerroAtlántica's registered office telephone numbers are + (34) 91 590 32 19 and + (34) 91 590 32 34 and its internet website address is www.grupoferroatlantica.es.

FerroAtlántica Group's history dates back to 1992, with the acquisition by Grupo VM of the ferroalloys division of Grupo Carburos Metálicos, a Spanish industrial gas and chemical products producer. Since then, the most relevant steps in FerroAtlántica Group's history are as follows:

- 1996: acquisition of the Spanish company Hidro Nitro Española, S.A. ("Hidro Nitro Española"), operating in the ferroalloys and hydroelectric power businesses, and start of the quartz mining operations through the acquisition of Cuarzos Industriales S.A.U. from Portuguese cement manufacturer Cimpor;
- 1998: FerroAtlántica expanded its manganese- and silicon-based alloy operations through the acquisition of 80% of the share capital of FerroAtlántica de Venezuela (currently FerroVen, S.A.) from the Government of Venezuela in a public auction;
- 2000: acquisition of 67% of the share capital of quartz mining company Rocas, Arcillas y Minerales, S.A. from Elkem, a Norwegian silicon metal and manganese- and silicon-based alloy producer;
- 2005: acquisition of Pechiney Électrometallurgie and Invensil, currently merged and renamed FerroPem, a silicon metal and silicon-based alloys company with operations in France which owned Silicon Smelters operating in South Africa;

Table of Contents

- 2007: creation of FerroAtlántica, the holding company of the FerroAtlántica Group;
- 2008: acquisition of Rand Carbide PLC, a ferrosilicon plant in South Africa, from South African mining and steel company Evraz Highveld Steel and Vanadium Limited, and creation of Silicio FerroSolar, S.L.U., which conducts research and development activities in the solar grade silicon sector;
- 2009: creation of French company Photosil Industries, which conducts research and development activities in the solar grade silicon sector;
- 2010: acquisition of Chinese silicon metal factory Mangshi Sinice Silicon Industry Company Limited;
- 2012: acquisition of SamQuarz (Pty) Ltd, a South African producer of silica, with quartz mining operations; and

Electrometallurgy segment

FerroAtlántica Group's electrometallurgy segment produces different specialized metals and alloys that can be grouped into five categories: silicon metal, manganese-based alloys, silicon-based alloys, silica fume and "other". Some of the factories specialize in one product category, while other factories produce across various categories. Production capacity of FerroAtlántica Group for each product category and actual sales in 2014 are shown in the following table:

	<u>Annual production capacity (tons)</u>	<u>Sales in June, 30 2015 (tons)</u>	<u>Sales in June 30, 2015 (Dollars in thousands)</u>
Silicon metal	298,000	111,297	299,5
Manganese-based alloys	423,500	160,314	148,4
Silicon-based alloys	312,500	105,681	182,6
Silica fume	186,500	81,128	16,1
Others	—	27,620	36,3
Total	1,220,500	486,040	682,9

Silicon metal

FerroAtlántica Group is a leading global silicon metal producer based on production output for 2014 with sales of 215,335 tons and during the first six months of 2015 with sales of 111,297 tons. For the twelve months ended December 31, 2014, 2013 and 2012, and the six months ended June 30, 2015, FerroAtlántica Group's revenues generated by silicon metal sales accounted for 40.7%, 34.6%, 36.4%, and 22.9% respectively, of FerroAtlántica Group's total consolidated revenues.

Silicon metal is used by primary and secondary aluminum producers, who require silicon metal with certain requirements to produce aluminum alloys. The addition of silicon metal reduces shrinkage and the hot cracking tendencies of cast aluminum and improves the castability, hardness, corrosion resistance, tensile strength, wear resistance and weldability of the aluminum end products. Aluminum is used to manufacture a variety of automotive components, including engine pistons, housings, and cast aluminum wheels and trim, as well as high tension electrical wire, aircraft parts, beverage containers and other products which require aluminum properties.

[Table of Contents](#)

Silicon metal is also used by several major silicone chemical producers. Silicone chemicals are used in a broad range of applications, including personal care items, construction-related products, health care products and electronics. In construction and equipment applications, silicone chemicals promote adhesion, act as a sealer and have insulating properties. In personal care and health care products, silicone chemicals add a smooth texture, protect against ultraviolet rays and provide moisturizing and cleansing properties. Silicon metal is an essential component of the manufacture of silicone chemicals, accounting for approximately 20% of the cost of production.

In addition, silicon metal is the core material needed for the production of polysilicon, which is most widely used to manufacture solar cells and semiconductors. Producers of polysilicon employ processes to further purify the silicon metal and then use the material to grow crystals. These crystals are then cut into wafers, which are capable of converting sunlight to electricity. The individual wafers are then soldered together to make solar cells.

Manganese alloys

With 229,500 tons of annual silicomanganese (SiMn) production capacity and 194,000 tons of annual ferromanganese (FeMn) production capacity, FerroAtlántica Group is among the leading global manganese-based alloys producers based on production output for 2014 and for the six months ended June, 30 2015. During the twelve months ended December 31, 2014, FerroAtlántica Group sold 267,489 tons of manganese-based alloys. For the twelve months ended December 31, 2014, 2013 and 2012, FerroAtlántica Group's revenues generated by manganese-based alloys sales accounted for, 21.6%, 23.5% and 20.6%, respectively of FerroAtlántica Group's total consolidated revenues. In the first six months of 2015, FerroAtlántica sold 160,314 tons, which represents 21.7% of total sales consolidated.

Over 90% of the global manganese-based alloys produced are used in steel production, and all steelmakers use manganese and manganese alloys in their production processes. Manganese alloys improve the hardness, abrasion resistance, elasticity and surface condition of steel when rolled. Manganese alloys are also used for deoxidation and desulphurization in the steel manufacturing process.

FerroAtlántica Group produces two types of manganese alloys, silicomanganese, or SiMn, and ferromanganese, or FeMn.

Silicomanganese is used as deoxidizing agent in the steel manufacturing process. Silicomanganese is also produced in the form of refined silicomanganese, or SiMn AF, and super-refined silicomanganese, or SiMn LC.

Ferromanganese is used as a deoxidizing, desulphurizing and degassing agent in steel to remove nitrogen and other harmful elements that are present in steel in the initial smelting process, and to improve the mechanical properties, hardenability and resistance to abrasion of steel. The three types of ferromanganese that FerroAtlántica Group produces are:

- high-carbon ferromanganese, or HC FeMn, used to improve the hardenability of steel;
- medium-carbon ferromanganese, or MC FeMn, used to manufacture flat and other steel products; and
- low-carbon ferromanganese, or LC FeMn, used in the production of stainless steel, steel with very low carbon levels, rolled steel plates and pipes for the oil industry.

Silicon-based alloys

FerroAtlántica Group is among the leading global ferrosilicon (FeSi) producers based on production output for 2014 and for the six months ended June, 30 2015. During the twelve months ended December 31, 2014, FerroAtlántica Group sold 186,217 tons of ferrosilicon and had 253,500 tons of annual ferrosilicon production capacity. For the twelve months ended December 31, 2014, 2013 and 2012, FerroAtlántica Group's revenues generated by ferrosilicon sales accounted for 27.4%, 28.2% and 24.8%, respectively, of FerroAtlántica Group's total consolidated revenues. In the first six months of 2015, FerroAtlántica sold 105,681 tons, which represents 26.7% of total sales consolidated.

Table of Contents

Ferrosilicon is an alloy of iron and silicon (normally approximately 75% silicon). Ferrosilicon products are used to produce stainless steel, carbon steel, and various other steel alloys and to manufacture electrodes and, to a lesser extent, in the production of aluminum. Approximately 65% of ferrosilicon is used in steel production.

Ferrosilicon is generally used to remove oxygen from the steel and as alloying element to improve the quality and strength of iron and steel products. Silicon increases steel's strength and wear resistance, elasticity and scale resistance, and lowers the electrical conductivity and magnetostriction of steel.

In addition to ferrosilicon, FerroAtlántica Group produces various different silicon-based alloys, including silico calcium (CaSi) and foundry products, which comprise inoculants and nodularizers. FerroAtlántica Group produces more than 20 specialized varieties of foundry products, several of which are custom made for its customers, and seven of which account for around 75% of FerroAtlántica Group's total foundry products sales. Demand for these specialty metals is increasing and, as such, they are becoming more important components of FerroAtlántica Group's product offering. FerroAtlántica Group's combined annual production capacity in connection with these other silicon-based alloys is 59,000 MT (excluding ferrosilicon). During the 12 months ended December 31, 2014, FerroAtlántica Group sold 43,458 MT of silicon-based alloys (excluding ferrosilicon). For the twelve months ended December 31, 2014, 2013 and 2012, FerroAtlántica Group's revenues generated by silicon-based alloys (excluding ferrosilicon) accounted for, 7.0%, 6.7% and 6.7%, respectively, of FerroAtlántica Group's total consolidated revenues.

The primary use for silico calcium is the deoxidation and desulfurization of liquid steel. In addition, silico calcium is used to control the shape, size and distribution of oxide and sulfide inclusions, improving fluidity, ductility, and the transverse mechanical and impact properties of the final product. Silico calcium is also used in the production of coatings for cast iron pipes, in the welding process of powder metal and in pyrotechnics.

The foundry products that FerroAtlántica Group manufactures include nodularizers and inoculants, which are used in the production of iron to improve its tensile strength, ductility and impact properties, and to refine the homogeneity of the cast iron structure.

Silica fume

During the twelve months ended December 31, 2014, FerroAtlántica Group sold 144,777 tons of silica fume. For the twelve months ended December 31, 2014, 2013 and 2012, FerroAtlántica Group's revenues generated by silica fume sales accounted for 2.2%, 2.1% and 2.3%, respectively, of FerroAtlántica Group's total consolidated sales. In the first six months of 2015, FerroAtlántica sold 81,128 tons, which represents 2.3% of total sales consolidated.

Silica fume is a byproduct of the electrometallurgical process of silicon metal and ferrosilicon. This dust-like material, collected through FerroAtlántica Group factories' air filtration systems, is mainly used in the production of high-performance concrete and mortar. The controlled addition of silica fumes to these products results in increased durability, improving their impermeability from external agents, such as water. These types of concrete and mortar are used in large-scale projects such as bridges, viaducts, ports, skyscrapers and offshore platforms.

Energy segment

FerroAtlántica Group's energy business mainly focuses on the small hydropower sector, as most of its hydroelectric plants have an installed power capacity below 50 MW. FerroAtlántica Group's total installed power capacity in Spain is 192 MW, with an average annual electric output of approximately 550,000 MWh, and an electric output of approximately 737,022 MWh in 2014. For the twelve months ended December 31, 2014, 2013 and 2012, FerroAtlántica Group's revenues generated by energy sales accounted for 3.4%, 4.9% and 4.5%, respectively, of FerroAtlántica Group's total consolidated revenues. In the first six months of 2015, FerroAtlántica produced 246,792 MWh and energy sales accounted for 2.1% of total sales consolidated.

[Table of Contents](#)

Hydroelectric power stations produce energy from the flow of water through channels or pipes to a turbine, causing the shaft of the turbine to rotate. An alternator or generator, which is connected to the rotating shaft of the turbine, converts the motion of the shaft into electrical energy.

In Spain, FerroAtlántica Group sells all of the power it produces in the wholesale energy market that has been in place in Spain since 1998. Prior to 2013, FerroAtlántica Group benefitted from a feed-in tariff support scheme, pursuant to which FerroAtlántica Group was legally entitled to feed its electric production into the Spanish grid in exchange for a fixed applicable feed-in-tariff over a fixed period, and therefore received a higher price than the market price. However, the new regulatory regime introduced in Spain in 2013 has eliminated the availability of the feed-in tariff support scheme for most of FerroAtlántica Group's facilities. FerroAtlántica Group has been able to partly mitigate this reduction in prices through the optimization of its power generation such that it operates in peak-price hours, as well as through participation in the "ancillary services" markets whereby FerroAtlántica Group agrees to generate power as needed to balance the supply and demand of energy in the markets in which it operates. See "[—Regulatory matters—Energy Segment](#)", below, and "[Management Discussion and Analysis of Financial Condition and Results of Operations of FerroAtlántica—Principal Factors Affecting Results—Regulatory changes](#)", beginning on page 73 of this prospectus.

Villar Mir Energía, S.L. ("VM Energía"), a Spanish company controlled by Grupo VM, advises in the day-to-day operations of FerroAtlántica Group's hydroelectric facilities in the Spanish wholesale market under a strategic advisory services contract. Operating in the Spanish wholesale market requires specialized trading skills that VM Energía can provide because of the broad base of both generating facilities and customers that it manages. VM Energía is also involved in the supply of electricity and natural gas and the construction and management of wind farms in Spain. For more information on the contractual arrangements between FerroAtlántica Group and VM Energía, see "[—Related Party Transactions](#)" below.

FerroAtlántica Group is currently carrying out the construction of 19 MW of additional capacity to its hydroelectric plants in Spain, expected to become available in 2016. If fully utilized, the additional capacity would represent an increase of 42,000 MWh, or 8%, in the average annual production of FerroAtlántica Group's existing plants in Spain.

FerroAtlántica Group also owns and operates 20 MW of hydroelectric power capacity in two plants in France. Given the small size of these operations and the specifics of the regulatory regime under which they operate, the results of operations and net assets with respect to these plants have always been reported within the electrometallurgy segment.

[Table of Contents](#)

FerroAtlántica Group production plants

Electrometallurgy segment

The following table sets forth operational information for FerroAtlántica Group's electrometallurgy plants, as of and for the first six months of 2015 and the twelve months ended December 31, 2014.

Plant	Location (country / province)	Products	Annual production capacity (T)*	Production in 2014 (T)	Production in June 30, 2015 (T)
FerroAtlántica S.A.					
Cee/Dumbria		Ferrosilicon, silicomanganese, ferromanganese and silica fume	211,000	188,834	89,989
Boo	Spain / A Coruña				
	Spain / Santander	Silicomanganese and ferromanganese	172,000	128,545	70,345
Sabón	Spain / A Coruña	Silicon metal silica fume	57,000	55,516	19,858
Hidro-Nitro Española S.A.					
Monzón		Silicomanganese, ferromanganese and powdered products	107,000	69,140	44,537
	Spain / Huesca				
FerroPem S.A.S.					
Anglefort	France / Ain	Silicon metal and silica fume	56,500	51,191	14,824
Château-Feuillet		Silicon metal, ferrosilicon, silico-calcium and silica fume	70,000	58,203	20,755
	France / Savoie				
Lex Clavaux	France / Isère	Silicon metal and silica fume	53,000	52,082	15,722
Laudun	France / Gard	Silicon metal, ferrosilicon and silica fume	71,000	68,531	24,543
Montricher	France / Savoie	Silicon metal and silica fume	46,500	43,828	13,921
Pierrefitte	France / Hautes Pyrénées	Inoculants and other specialty metals	18,000	18,228	5,927
Silicon Smelters Pty. Ltd.					
Polokwane	South Africa / Limpopo	Silicon metal and silica fume	80,000	69,020	25,937
eMalahleni	South Africa / Mpumalanga	Silicon metal, ferrosilicon, silica fume, inoculants and electrodes	78,500	66,440	24,181
FerroVen S.A.					
Puerto Ordaz	Venezuela / Bolívar	Ferrosilicon, silicomanganese, ferromanganese, electrodes and silica fume	152,000	84,898	35,774
Mangshi Sinice Silicon Industry Company Limited					
Mangshi	China / Yunnan	Silicon metal and silica fume	48,000	9,901	1,321

* Excluding electrode paste.

[Table of Contents](#)

Energy segment

The following table sets forth operational information for FerroAtlántica Group's hydroelectric power plants in Spain and France, as of and for the first six months of 2015 and the twelve months ended December 31, 2014.

Plant	Location	Installed annual capacity (MW)	Gross generation (GWh) in 2014	Gross generation (GWh) in June 30, 2015
FerroAtlántica S.A.		148.0	526.9	191.4
Castrelo	A Coruña (Castrelo) / Xallas river	28.7	38.4	8.0
Sta. Eugenia I	A Coruña (Ezaro) / Xallas river	49.1	192.9	70.8
Sta. Eugenia II	A Coruña (Ezaro) / Xallas river	49.1	185.0	65.1
Nuevo Pindo	A Coruña (Ezaro) / Xallas river	9.8	47.8	18.4
Ferverza	A Coruña (A Reboira) / Xallas river	3.6	17.8	6.5
Puente Olveira	A Coruña (Castrelo) / Xallas river	2.7	17.8	7.7
Carantoña	A Coruña (Pasarela) / Rio Grande	5.0	27.1	14.9
Hidro Nitro Española S.A.		44.0	210.1	63.4
Barasona	Huesca (Graus) / Esera river	22.0	105.3	38.2
El Ciego	Huesca (Estada) / Cinca river	3.4	16.0	3.8
Arias I	Huesca (Somontano de Barbastro) / Cinca river	6.3	30.0	7.2
Arias II	Huesca (Somontano de Barbastro) / Cinca river	6.3	30.0	7.2
Ariéstolas	Huesca (Somontano de Barbastro) / Cinca river	6.0	28.8	6.9
FerroPem S.A.S.*		20.0	97.8	
Saint-Béron	Saint-Béron / Rhône-Alpes region	14.0	63.5	36.3
Villelongue	Pierrefite / Hautes-Pyrénées region	6.0	34.3	18.7

Raw materials, logistics and power supply

The largest components of FerroAtlántica Group's cost base are raw materials and power used to operate its facilities. In the twelve months ended December 31, 2014, FerroAtlántica Group spent \$541,481,199 on raw materials and \$262,503,192 on power consumption, representing 60.8% and 29.5% of FerroAtlántica Group's total consolidated cost of sales, respectively. In the first six months of 2015, FerroAtlántica spent \$232,573 on raw materials and \$124,485 in power consumption.

The primary raw materials FerroAtlántica Group uses to produce its electrometallurgy products are carbon reductants (primarily coal, but also charcoal, metallurgical and petroleum coke, anthracite and wood) and minerals (manganese ore and quartz). Other raw materials used to produce FerroAtlántica Group's electrometallurgy products include electrodes (consisting of graphite and electrode paste), slags and limestone, as well as certain specialty additive metals. FerroAtlántica Group procures coal, manganese ore, quartz, petroleum and metallurgical coke, electrodes and most additive metals centrally under the responsibility of its production general manager and its raw materials procurement director, whereas responsibility for the procurement of other raw materials rests either with the raw materials procurement director or with each country raw materials procurement manager and/or the individual plant managers.

Coal

Coal is the major carbon reductant in silicon alloys production. Only washed and/or screened coal with ash content below 10% and with specific physical properties may be used for production of silicon alloys. Colombia and the United States are the best source for the required type of coal and the vast majority of the silicon alloys industry, including FerroAtlántica Group, is dependent on supply from these two countries.

Approximately 90% of the coal FerroAtlántica Group purchased in 2014, and similar during the first month of 2015, came from Carbones del Cerrejón Norte mine in Colombia, while the remaining 10% came from other Colombian mines, as well as from Poland, Russia (anthracite) and South Africa. FerroAtlántica Group purchases coal quarterly, half yearly or annually, based on market outlook. FerroAtlántica Group has a long standing

[Table of Contents](#)

relationship with Enerco, its principal coal supplier with a long-term relationship with the Cerrejón Norte mine. FerroAtlántica Group does not have any guarantee of supply from Enerco, but has been diversifying its supply base with at least two additional suppliers, reducing its dependency on Enerco. Over the last ten years, Enerco has been one of the major suppliers of coal to the silicon-based alloys industry.

Coal prices, which are denominated in U.S. dollars, are based on API 2, the benchmark price reference for coal imported into northwest Europe, and API 4, the benchmark price reference for coal exported out of South Africa's Richards Bay terminal, commonly used in physical and over-the-counter derivative contracts. Prices may also be affected by currency fluctuation, labor unrest and the transportation situation in Colombia and South Africa.

Manganese ore

The global supply of manganese ore is comprised of standard- to high-grade manganese ore, with 35 to 48% manganese content, and low-grade manganese ore, with lower manganese content. Manganese ore production comes mainly from eight countries: South Africa, Australia, China, Gabon, Brazil, Ukraine, India and Ghana. However, the production of high-grade manganese ore is concentrated in Australia, Gabon, South Africa and Brazil.

The vast majority of the manganese ore FerroAtlántica Group purchased in 2014 and similar structure for the first six months of 2015 came from suppliers located in South Africa (42% of total purchases) and Gabon (46% of total purchases). In 2014, key suppliers of manganese ore to FerroAtlántica Group included BHP Billiton (now South32), a multinational natural resources company with headquarters in Australia, and Eramet, a French multinational mining and metallurgical company, which supplied 82% of the manganese ore FerroAtlántica Group utilized. FerroAtlántica Group has contractual arrangements with South32 and Eramet with terms of one to three years and prices, expressed in USD, which depend primarily on spot prices. The contracts with Eramet and South32 do not provide FerroAtlántica Group with a guarantee of supply. The remaining 18% was purchased by FerroAtlántica Group on the international spot market from other suppliers, including Vale, Glencore and UMK.

Global manganese ore prices are mainly driven by manganese demand from India and China. Potential disruption of supply from South Africa, Australia, Brazil or Gabon due to logistical, labor or other reasons may have an impact on the availability of the ore and eventually on its price.

Quartz

Quartz is required to manufacture silicon-based alloys and silicon metal.

FerroAtlántica Group has secured access to quartz from its quartz mines in Spain and South Africa (see "*—Mining operations*"). For the twelve months ended December 31, 2014, 65% of FerroAtlántica Group's total consumption of quartz was self-supplied.

FerroAtlántica Group purchases the quartz which is not self-supplied quarterly, half yearly or annually, based on market outlook. FerroAtlántica Group's quartz suppliers typically have operations in the same countries where FerroAtlántica Group factories are located, or in close proximity, in order to minimize transportation and other logistical costs. FerroAtlántica Group purchases quartz from third-party suppliers on the basis of contractual arrangements with terms of up to four years. FerroAtlántica Group's primary third-party quartz supplier is Imeris in France.

Other raw materials

Wood is needed for the production of silicon-based alloys. It is used directly in furnaces as woodchips or cut to produce charcoal, which is the major source of carbon reductant for FerroAtlántica Group's plants in South Africa and China. In these two countries, charcoal is often utilized by FerroAtlántica Group's factories as a less expensive substitute for imported coal and provides desirable qualities to the silicon-based alloys it is used to produce.

Wood from FerroAtlántica Group's 10,000 hectares plantation in South Africa is of good quality and is sold as lumber in exchange for lower quality wood to produce charcoal for FerroAtlántica Group's South African operations. FerroAtlántica Group's charcoal production in South Africa is entirely subcontracted to third parties to whom FerroAtlántica Group delivers the lower quality wood.

[Table of Contents](#)

In China, FerroAtlántica Group purchases wood for charcoal production from local suppliers at spot prices quarterly, half yearly or annually, depending on market outlook. Since August 2013, almost all of the charcoal FerroAtlántica Group utilized in China is produced on-site at the Mangshi plant.

In the other countries where FerroAtlántica Group operates, FerroAtlántica Group purchases wood chips locally from a variety of suppliers.

Petroleum coke, carbon electrodes, slag, limestone and additive metals are other relevant raw materials which FerroAtlántica Group utilizes to manufacture its electrometallurgy products. Procurement of these raw materials is either managed centrally or with each country raw materials procurement manager or each plant manager, and is at spot prices or under contracts of a year or less. Certain of FerroAtlántica Group's contracts with suppliers of these materials do not provide FerroAtlántica Group with a guarantee of supply.

Logistics

Logistical operations are managed centrally and at the local level. Sea-freight operations and rail activity in France are managed centrally. Vehicle transport is normally managed at the plant level with some centralized coordination in multi-site countries. Contractual commitments in respect of transportation and logistics match, to the extent possible, FerroAtlántica Group's contracts for raw materials and customer contracts.

Power

In Spain, FerroAtlántica Group mainly acquires energy at the spot price through daily auction processes and is, therefore, exposed to market price volatility. FerroAtlántica Group seeks to reduce its energy costs by stopping the production at its factories during times of peak power prices and operating its factories in the hours of the day with lower energy prices. Additionally, FerroAtlántica Group receives a rebate on a portion of its energy costs in Spain in exchange for an agreement to interrupt production, and thus power usage, upon request by the grid operator. FerroAtlántica Group uses derivative financial instruments to partly hedge risks related to energy price volatility in Spain.

In France, FerroPem has traditionally had access to relatively low power prices, as it benefited from Electricité de France's green tariff ("Tarif Vert"), and a discount thereon. The green tariffs expired in 2015 and FerroAtlántica Group has negotiated alternative arrangements with Electricité de France for 2017, and is currently negotiating long term supply contracts with suppliers in the market place. Additionally, new regulation enacted by the National Assembly and the Government through Laws and Decrees allows Ferropem to benefit from reduced access tariffs plus rebates based on interruptibility. Furthermore, the new arrangements will allow Ferropem to operate competitively on a twelve months basis, avoiding the need to stop during two months under the Tarif Vert. Ferropem is confident that the new arrangements will provide power prices comparable to past levels and with high degree of predictability going forward.

FerroAtlántica Group's production of energy in Spain and France through its hydroelectric power plants partially mitigates its exposure to increases in power prices in these two countries, as an increase in energy prices has a positive impact on FerroAtlántica Group revenues from electricity generation.

In Venezuela, FerroAtlántica Group has access to low and stable power prices through a long-term contract with the local power supplier, as its factory is located in the proximity of five hydroelectric power plants.

In South Africa, energy prices are regulated by the NERSA and price increases are publicly announced in advance.

[Table of Contents](#)

In China, FerroAtlántica Group purchases energy from the grid at a set tariff. During the dry season, which runs from January through May, FerroAtlántica Group shuts down operations in China due to the high cost of energy.

Mining operations

The following table sets forth summary information on FerroAtlántica Group's mines which were in production as of June, 30 2015 and December 31, 2014.

Mine	Location	Mineralization	Annual capacity kt	Production June 30, 2015 Mt	Production in 2014 kt	Mining Recovery	Recoverable Reserves		Reserve grade	Mining method	Life (yrs) (2)	Expiry date (3)
							Proven reserves Mt(1)	Probable reserves Mt(1)				
Sonia	Spain (Mañón)	Quartz	150	98,9	148,6	0.4	2.4	0.8	Metallurgical	Open-pit	21	2069
Esmeralda	Spain (Val do Dubra)	Quartz	50	25,2	33,6	0.4	0.2	0.2	Metallurgical	Open pit	12	2029
Serrabal	Spain (Vedra & Boqueixón)	Quartz	330	209,6	300,7	0.2	4.3	1.9	Metallurgical	Open pit	20	2038
SamQuarz	South Africa (Delmas)	Quartzite	1,000	216,6	730	0.65	9.7	19.5	Metallurgical; glass industry	Open pit	40	2039
Mahale	South Africa (Limpopo)	Quartz	New	new	New	0.5	0	2.4	Metallurgical	Open pit	15	2035
Roodepoort	South Africa (Limpopo)	Quartz	40	40,0	20	0.5	0	0.1	Metallurgical	Open pit	4	2028
Fort Klipdam	South Africa (Limpopo)	Quartz	100	103,0	64.4	0.6	0	0.3	Metallurgical	Open pit	3	2017(4)
Soleyron	France (Saint Hippolyte de Montaigu)	Quartzite	20	20	20	0.25	0.02	0.05	Metallurgical	Blasting crushing, screening	2	2020
Cabanetas	Spain (Fonz-Huesca)	Limestone	50	1	1	0.9	1.3	1.8	na	Open-pit	21	2043
Totals (as applicable)			1,740	714,3	1,353.9		17.92	26.95				

- (1) The estimated recoverable proven and probable reserves represent the tons of product that can be used internally or delivered to the customer as metallurgical or glass grade. The mining recovery is based on historical yields in each particular exploitation. We estimate our mine permitted life at last year operating levels, which can be considered average production rates under current circumstances.
- (2) Current estimated mine life.
- (3) Expiry date of FerroAtlántica Group's mining concession.
- (4) The expiry date relates to three mining permits relating to an area within Fort Klipdam, outside the area covered by the mining right. The mining right is currently subject to an administrative proceeding with the relevant mining authority. See “—South African mining rights—Fort Klipdam” below for further information on Fort Klipdam.

Table of Contents

FerroAtlántica Group considers its Conchitina and Conchitina Segunda mines as a single mining project and intends to merge the mining concessions for these properties. FerroAtlántica Group currently holds all necessary permits to start production for its Conchitina mine and the Annual Mining Plan was authorized by the Spanish mining authority in 2015.

Reserves for the Conchitina mine are accordingly considered to be probable reserves. Set forth below is summary information on the Conchitina and Conchitina Segunda mines, together:

<u>Mine</u>	<u>Location</u>	<u>Mineralization</u>	<u>Mining Recovery</u>	<u>Recoverable Proven MT(1)</u>	<u>Reserves Probable MT(1)</u>	<u>Reserve Grade</u>	<u>Mining Method</u>
Conchitina and Conchitina Segunda	Spain (O Vicedo)	Quartz	0.35	0	1.4	Metallurgical	Open-pit

- (1) Estimates of recoverable probable reserves represent the tons of product that can be used internally or which are of metallurgical grade and can be delivered to FerroAtlántica Group's customers.

FerroAtlántica Group has mining rights at Cristina, Transmonte and Merlán in Spain, but none of these mines is in production and their development towards achieving mining production is currently uncertain. FerroAtlántica Group does not consider the Venezuelan mines of La Candelaria, El Manteco and El Mery to be mining assets due to the depletion of the quartz-mineralized material and legal issues relating to the mining rights in respect of these mines.

FerroAtlántica Group conducts its mining activities pursuant to mining concessions granted by the relevant public authorities. See "Risk Factors—Risks Relating to FerroAtlántica's Business—FerroAtlántica is heavily dependent on its mining operations, which are subject to risks that are beyond its control and which could result in materially increased expenses and decreased production levels."

Spanish mining concessions

Sonia

Before FerroAtlántica Group, the mining concession belonged to Cuarzos Industriales S.A.U., which had acquired it in 1979. FerroAtlántica Group acquired Cuarzos Industriales S.A.U., which is the owner of the properties currently mined at Sonia, along with Sonia mining concessions, in 1996 from Portuguese cement manufacturer Cimpor. The surface area covered by Sonia mining concession is 387 hectares and the concession is due to expire in 2069.

Esmeralda

The original mining concession was granted in 1999 to Cuarzos Industriales, S.A.U., the owner of the properties currently mined at Esmeralda, after proper mining research had been conducted and the mining potential of the area had been demonstrated to the relevant public authority. The surface area covered by Esmeralda mining concession is 84 hectares and the concession is due to expire in 2029.

Serrabal

The mining concession was originally granted in 1978 to Rocas, Arcillas y Minerales S.A. FerroAtlántica Group acquired control of such company, which is the owner of the properties currently mined at Serrabal, along with Serrabal mining concession, in 2000. At present, Rocas, Arcillas y Minerales, S.A. has applied for the renewal of the concession. Pursuant to an interim measure approved by the applicable mining authority, Rocas Arcillas y Minerales S.A. is permitted to continue mining operations in Serrabal indefinitely, until a final decision on the renewal of the concession is taken. If renewal were granted, the concession would expire in 2038. The surface area covered by Serrabal mining concession is 861 hectares.

Conchitina and Conchitina Segunda

The Conchitina mining concession previously belonged to Cuarzos Industriales S.A.U., which had acquired it in 1979. FerroAtlántica Group acquired such company, along with Conchitina mining concessions, in 1996 from Portuguese cement manufacturer Cimpor. Conchitina Segunda mining concession was granted to Cuarzos Industriales S.A.U. in 1997 for a 30 year term, after proper mining research had been conducted and the mining potential of the area had been demonstrated. The Conchitina concession expired in 2009 and Cuarzos Industriales S.A.U. has applied for its renewal, also requesting the competent authority to consolidate such concession with that of Conchitina Segunda. The legal support for the consolidation request is that both mining rights apply over a unique quartz deposit. Though the approval has not been formally granted by the authority, FerroAtlántica Group is not legally prevented from commencing mining operations in the area because the relevant authority has not issued an express declaration of expiry of the Conchitina concession. Cuarzos Industriales S.A.U. is the owner of the properties currently mined at both Conchitina and Conchitina Segunda. The surface area covered by Conchitina and Conchitina Segunda concessions is 497 hectares.

Cabanetas

The mining right granting process and tax regulations applicable to Cabanetas limestone quarry slightly differ from those applicable to the other FerroAtlántica Group's mines in Spain because Cabanetas classifies as quarry, not as mine. FerroAtlántica Group is currently operating Cabanetas quarry pursuant to a permit resolution issued in 2013 by the competent mining authority, which authorized the extension of the original mining concession. The renewal is for a period of 30 years and, consequently, the concession will expire in 2043. Limestone extracted from Cabanetas quarry is meant to be used by Hidro-Nitro Española S.A. electrometallurgy plant. However, because new metallurgical techniques require low consumption of this product, most of Cabanetas limestone is generally sold to the civil engineering and construction industry. The production level of Cabanetas has fallen considerably in recent years, mainly affected by the crisis in the local construction industry.

Land ownership belongs to the entity "Mancomunidad de propietarios de Fincas Las Sierras". Hidro-Nitro Española S.A. is the lessee of the land plot where the mining property is located pursuant to a lease agreement entered into in 1950, which was subsequently restated in 2000 and is now due to expire in 2020. The lease agreement may then be extended until 2050. To retain the lease, Hidro-Nitro Española S.A. pays the landlord an annual fee currently equal to €0.15 per ton of limestone quarried out of the mine. The quarry covers a surface area of approximately 180 hectares. The affected area by the planned exploitation during the current extension of the concession area is 6.9 hectares.

For further information regarding Spanish regulations applicable to mining concessions, as well as environmental and other regulations, see "Laws and regulations applicable to FerroAtlántica Group's mining operations—Spain", beginning on page 151 of this prospectus.

South African mining rights

SamQuarz

SamQuarz mining rights were transferred from the original owners, Glass South Africa Holdings (Pty) Ltd and Samancor Limited, to SamQuarz (Pty) Ltd in 1997. FerroAtlántica acquired control of SamQuarz, along with Samquarz mining rights, in 2012. In 2009, the Minister of Mineral Resources converted the then existing SamQuarz mining rights into new mining rights due to expire after 30 years in 2039. At the end of 2014, SamQuarz mining rights were transferred from SamQuarz (Pty) Ltd to its sole shareholder, Thaba Chueu Mining. SamQuarz (Pty) Ltd is the owner of the properties currently mined in Delmas. The total surface area covered by SamQuarz mine is 118.1 hectares.

Table of Contents

Mahale

Mahale is a state owned land, lawfully occupied by the Mahale community. Thaba Chueu Mining (Pty.), Ltd., FerroAtlántica Group's subsidiary, currently leases the land pursuant to an agreement with Majeje Traditional Authority and runs mining operations on the area pursuant to mining rights owned by the state and licensed to it. The latest mining right license was granted by the Department of Mineral Resources in December 2014 and is currently being registered at the mining titles deeds office. The license is for a 20 year period and will expire in 2035. The total surface area covered by Mahale mine is 329.7 hectares. The agreement for the lease of the land between Thaba Chueu Mining (Pty.), Ltd. and Majeje Traditional Authority will be in force for the entire duration of the mining right or as long as it is economically viable for the lessee to mine. Under the lease agreement, a monthly rent of ZAR1,500 is paid to the lessor and is reviewed annually to reflect increases in the consumer price index.

Roodeport

Roodeport mining right is held by Silicon Smelters (Pty.), Ltd., FerroAtlántica Group's subsidiary, and will expire in 2028. In 2009, Silicon Smelters (Pty.), Ltd. applied for a conversion of the mining right into a new mining right under the Mineral and Petroleum Resources Development Act ("MPRDA"), entered into force in 2004. Although the license has not yet been approved by the competent authority, the company is permitted to mine while waiting for the finalization of the application. Pursuant to the mining right, Silicon Smelters (Pty.), Ltd. is entitled to mine quartz as long as it is economically viable (i.e. for the duration of the mine). The total surface area covered by Roodeport mine is 19.5 hectares. The mining area covers the cobble and block areas. The land in which Roodeport mine is located is owned by Alpha Sand which also conducts all mining operations as a contractor for Silicon Smelters (Pty.), Ltd. An agreement is in place whereby Alpha Sand operates the mine and Silicon Smelters (Pty.), Ltd. purchases the quartz mined from Alpha Sand based on Silicon Smelters (Pty.), Ltd.'s quartz requirements and at prices that are reviewed annually on the basis of increases in production costs and diesel fuel. The agreement with Alpha Sand will terminate at the expiry of the mining right or when it is no longer economically viable to mine quartz in the area.

Fort Klipdam

The land is owned by Silicon Smelters (Pty.), Ltd., which filed a mining right application that was rejected on the basis of the alleged inadequacy of the mine social and labor plan (SLP). An appeal has been filed by Silicon Smelters (Pty.), Ltd. Pending a decision on the appeal, mining operations may only be conducted on an area located outside the area covered by the mining right, pursuant to three mining permits granted to Silicon Smelters (Pty.), Ltd that will expire in 2017. The total surface area covered by Fort Klipdam mine, including both the mining permits and the mining right, is 640.9 hectares.

For further information regarding South African regulations applicable to mining concessions, as well as environmental and other regulations, see "Laws and regulations applicable to FerroAtlántica Group's mining operations—South Africa", beginning on page 152 of this prospectus.

French mining rights

Soleyron

Of the overall Soleyron mine area, FerroPem S.A.S., FerroAtlántica Group's subsidiary, owns 7.5 hectares and the Saint-Hippolyte de Montaigu Municipality owns the remaining 12.9 hectares. In February 2015, FerroPem S.A.S. entered into a lease and royalty agreement with the Municipality with a validity of five years. The effective date of the agreement and the relevant term coincide with the effective date and the term of the prefectural authorization renewal, which was granted to FerroPem S.A.S. in March 2015 and is due to expire in 2020. Pursuant to this agreement, FerroPem S.A.S. pays to the municipality on an annual basis: (i) a fixed allowance for the lease of the land, and (ii) variable royalties on the basis of tons of quartz produced. In addition, FerroPem S.A.S had to provide financial guarantees through an insurance company for an amount of €146,300. Such amount has been defined in the prefectural authorization as the amount needed for the land remediation.

Table of Contents

Reserves

Reserves are defined by SEC Industry Guide 7 as the part of a mineral deposit that could be economically and legally extracted and produced at the time of the reserve determination. Proven, or measured, reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable, or indicated, reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance for probable reserves, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

FerroAtlántica Group's estimate of proven and probable reserves represents the tons of product that can be used internally or which is of metallurgical grade and can be delivered to FerroAtlántica Group's customers, and is based on historical yields for each location.

At December 31, 2014, FerroAtlántica Group's proven and probable reserves were estimated at approximately 44.9 Mt, with a current average estimated life of approximately 30 years. The estimated life of the mines is determined based on yearly operating levels which we consider to be average production rates under current circumstances and using current mining techniques. Reserve estimates were made by independent third party consultants, based primarily on dimensions revealed in outcrops, trenches, detailed sampling and drilling studies performed. These estimates are reviewed and reassessed from time to time. Reserve estimates are based on various assumptions, and any material changes in these assumptions could have a material impact on the accuracy of FerroAtlántica Group's reserve estimates. At June 30, 2015 there are not significant changes in terms of reserves estimated a life of mines. At December 31, 2014, FerroAtlántica Group's proven and probable reserves were estimated at approximately 44.9 Mt, with a current average estimated life of approximately 30 years. The estimated life of the mines is determined based on yearly operating levels which we consider to be average production rates under current circumstances and using current mining techniques. Reserve estimates were made by independent third party consultants, based primarily on dimensions revealed in outcrops, trenches, detailed sampling and drilling studies performed. These estimates are reviewed and reassessed from time to time. Reserve estimates are based on various assumptions, and any material changes in these assumptions could have a material impact on the accuracy of FerroAtlántica Group's reserve estimates. At June 30, 2015 there are not significant changes in terms of reserves estimated a life of mines.

Laws and regulations applicable to FerroAtlántica Group's mining operations

Spain

In Spain, mining concessions have an average term of 30 years and are extendable for additional 30-year terms, up to a maximum of 90 years. At the end of each 30 year period, in order to extend the concession term, the concessionaire must file an application with the competent public authority. The application, which must be filed three years prior to the expiration of the concession term, must be accompanied by a detailed report demonstrating the continuity of mineral deposit and the technical ability to extract it, as well as reserve estimates, an overall mining plan for the term of the concession and a detailed description of extraction and treatment techniques. The renewal process is straightforward for a mining company that has been mining the concession regularly, and the main impediments to renewal are a lack of mining activity and legal conflicts. Every year, in January, in order to maintain the validity of the mining concession, an annual mining plan must be submitted to the competent public authority. This document must detail the work to be developed during the year.

As regards environmental requirements applicable to FerroAtlántica Group's mining operations in Spain, each of Serrabal, Esmeralda, Conchitina and Conchitina Segunda is subject to an "environmental impact statement", issued by the competent environmental authority and specifically tailored to the environmental features of the relevant mine. The environmental impact statement requires compliance with high environmental standards and is based on the environmental impact study performed by the mining concession applicant in connection with each mining project. It is the result of a consultation process involving several public administrations, including cultural, archaeology, landscape, urbanistic, health, agriculture, water and industrial administrations. The statement sets forth all conditions to be fulfilled by the applicant to ensure that the relevant mining project is environmentally viable,

Table of Contents

including in connection with the protection of air, water, soil, flora and fauna, landscape, cultural heritage, restoration and the interaction among such elements. The statement refers exclusively to mining activities, auxiliary facilities and heap carried out in a determined perimeter of each mine, identified in the same statement. A program of surveillance and environmental monitoring is also included in the statement and the competent authority regularly verifies compliance with it.

Sonia is only subject to a “restoration plan” which provides for less stringent environmental requirements compared to environmental impact statements and is mainly aimed at ensuring that the new areas generated as result of the mining activity are properly restored in an environmentally friendly manner. The restoration plan is submitted by the mining concession applicant for the approval of the relevant authority together with the mining project for the area. Information about the exploitation project, including area of operation, annual production, method and operating system, designed top and bottom level of the pit, is included in the restoration plan.

All mines, with the exception of Cabanetas, also need to obtain from the competent public administration an authorization for the discharge of the water used at the mine, which authorization is subject to certain conditions, including performing analysis on the water before any such discharge is made. In addition, when presenting to the competent mining authorities its annual mining plans in connection with its Spanish mines, with the exception of Cabanetas, FerroAtlántica Group must include an environmental report describing all environmental actions carried out during the year. Authorities are able to oversee such actions upon their annual inspections. Because Cabanetas classifies as a quarry and not as a mine, environmental requirements are generally less stringent. Cabanetas environmental license is included in the mining permit and is formalized in the annual work plan and the annual restoration plan approved by the mining authority.

The main recurring payment obligation in connection with FerroAtlántica Group’s mines in Spain relates to a tax payable annually, calculated on the basis of the budget included in the relevant annual mining plan provided to the authority. In addition, with the exception of Cabanetas, a small surface tax is paid annually to the administration on the basis of the mine property extension. A levy also applies to water consumption at each mine property which is paid at irregular intervals, whenever the relevant public administration requires it.

South Africa

In South Africa, mining rights are valid for a maximum of 30 years and may be renewed for further periods of up to 30 years per renewal. Prior to granting and renewing a mining right, the competent authority must be satisfied with the technical and financial capacity of the intended mining operator and the mining work programme according to which the operator intends to mine. In addition, a species rescue, relocation and re-introduction plan must be developed and implemented by a qualified person prior to commencement of excavation, a detailed vegetation and habitat and rehabilitation plan must be developed by a qualified person and a permit must be obtained from South African Heritage Resource Agency prior to commencement of excavations. The mining right holder must also compile a labor and social plan for its mining operations and comply with certain additional regulatory requirements relating to, among other things, human resource development, employment equity, housing and living conditions and health and safety of employees, and the usage of water, which must be licensed.

It is a condition of the mining right that the holder shall dispose of all minerals and products derived from exploitation of the mineral at competitive market prices which shall mean, in all cases, non-discriminatory prices or non-export parity prices. If the minerals are sold to any entity which is an affiliate or non-affiliate agent or subsidiary of the mining right holder, or is directly or indirectly controlled by the holder, such purchaser must unconditionally undertake in writing to dispose of the minerals and any products from the minerals and any products produced from the minerals, at competitive market prices. The mining right, a shareholding, an equity, an interest or participation in the right or joint venture, or a controlling interest in a company, close corporation or joint venture, may not be encumbered, ceded, transferred, mortgaged, let, sublet, assigned, alienated or otherwise disposed of without the written consent of the Minister of Mineral Resources, except in the case of a change of controlling interest in listed companies.

Environmental requirements applicable to mining operations in South Africa are mostly set out in MPRDA, entered into force in 2004. Pursuant to MPRDA,

Table of Contents

in order to obtain reconnaissance permissions as well as actual mining rights, applicants must have in place an approved environmental management plan, pursuant to which, among other things, all boreholes, excavations and openings sunk or made during the currency of the mining right must be sealed, closed, fenced and made safe by the mining operator. MRPDA further requires mining right applicants to conduct an environmental impact assessment on the interested area and submit an environmental management programme setting forth, *inter alia*, baseline information concerning the affected environment to determine protection, remedial measures and environmental management objectives, and describing the manner in which the applicant intends to modify, remedy, control or stop any action, activity or process which causes pollution or environmental degradation, contain or remedy the cause of pollution or degradation and migration of pollutants and comply with any prescribed waste standard or management standards or practices. In addition, applicants must provide sufficient insurance, bank guarantee, trust fund or cash to ensure the availability of sufficient funds to undertake the agreed work programmes and for the rehabilitation, management and remediation of any negative environmental impacts on the interested areas. Holders of a mining right must conduct continuous monitoring of the environmental management plan, conduct performance assessments of the plan and compile and submit a performance assessment report to the competent authority, the frequency of which must be as approved in the environmental management programme, or every two years or as otherwise agreed by the authority in writing. Mine closure costs are evaluated and reported on an annual basis, but the actual costs only apply at mine closure. Further environmental requirements apply in connection with health and safety matters, waste management and water usage.

The mining right holder must also be in compliance with an important governmental regulation called Black Economic Empowerment (“BEE”), a program launched by the South African government to redress certain racial inequalities. In order for a mining right to be granted, a mining company must agree on certain BEE related conditions with the Department of Mineral and Petroleum Resources. Such conditions relate to, among other things, company’s ownership and employment equity and require the submission of a social and labour plan. Failure to comply with any of these BEE conditions may have an impact on, *inter alia*, the ability of the mining company to retain the mining right or obtain its renewal upon expiry. In addition, on an annual basis, companies subject to BEE must conduct a BEE rating audit on several aspects of the business, including black ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio economic development. Poor performance on the BEE rating audit may have a negative impact on the company’s ability to do business with other companies, to the extent that a company’s low rating is likely to reduce the rating of its business partners.

Mining rights are subject to payments of royalties to the tax authority (South African Revenue Services). Such payments are generally made by 30 June, 31 December and upon approval of the concessionaire’s financial statement every year.

France

In France, mining rights are subject to a prefectural authorization. The authorization provides details of all requirements, including environmental requirements, that the mining operator and its subcontractors must comply with to operate the mine. Such requirements mainly concern archeology, water protection, air pollution, control of noise, visual impact and safety matters. The authorization also contains the requirements relating to the remediation of the land after the end of the mining operations, including the provision of adequate financial guarantees by the mining operator. Mines are regularly inspected by the administration and local environmental commissions, comprising representatives of the relevant municipality, administration, several associations and the mining operator, which are set up and must meet at least once a year.

New mining project in Mauritania

In 2013, FerroAtlántica Group signed an option to purchase two exploration permits relating to a 2,000 square kilometer area located in northern Mauritania, approximately 250 kilometers from Nouadhibou harbor. FerroAtlántica Group has conducted exploration activity under one permit and will carry out additional exploration activities once it has acquired the mining rights in respect of this location.

[Table of Contents](#)

Customers and markets

United States and South Africa. FerroAtlántica and FerroPem sell primarily into Europe, FerroVen sells almost entirely into United States, Mexico and Europe, Silicon Smelters sells mainly in the United States, South Africa and Asia, and almost all Mangshi sales are made into China.

In the energy segment (which excludes the hydroelectric plants located in France), FerroAtlántica Group delivers all the electricity it produces in Spain to the Spanish national grid and sells it in the Spanish pool market.

The following table details the breakdown of FerroAtlántica Group's revenues from its electrometallurgy segment by geographic market for the six month period ended June 30, 2015 and 2014 and the years ended December 31, 2014, 2013 and 2012.

<i>(\$ millions)</i>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Europe					
<i>Spain</i>	149.0	155.6	306.3	320.0	289.7
<i>Germany</i>	111.6	120.7	238.6	253.8	233.3
<i>Italy</i>	69.7	81.1	146.2	111.8	110.5
<i>Rest of Europe</i>	148.8	152.1	302.2	285.9	328.6
Total revenues in Europe	479.1	509.5	993.3	971.5	962.1
Unites States	107.9	96.1	201.3	165.8	197.6
Rest of the world	95.9	121.1	271.8	326.5	320.0
Total	682.9	726.7	1,466.3	1,463.9	1,479.6

For the twelve months ended December 31, 2014, FerroAtlántica Group's ten largest customers accounted for approximately 43% of FerroAtlántica Group's consolidated revenue and none of them accounted for more than 10% of FerroAtlántica Group's consolidated revenue. FerroAtlántica Group's sales to these customers are mainly governed by contracts that are currently in force.

For the first six months of 2015 the ten largest customers accounted for 37% of FerroAtlántica Group's consolidated revenue, and none of them accounted more than 10% of FerroAtlántica Group's consolidated revenue.

Sales and marketing activities

FerroAtlántica Group sells its products under contracts which generally have durations of one to three years for silicone producers, and between three months to one year for steel and aluminum producing customers. All contracts generally include a volume framework and price formula based on the spot market price and other elements, including production costs and premiums. FerroAtlántica Group also makes spot sales to customers with which it does not have a contract as well as through quarterly agreements at prices that generally reflect market spot prices. In addition, FerroAtlántica Group sells certain high quality products at prices that are not directly correlated with the market prices for the minerals from which they are composed. Some of FerroAtlántica Group's customer contracts contain provisions relating to the purchase of minimum volumes of products.

Outside of the United States, the vast majority of FerroAtlántica Group's products are sold directly by its own sales force located in Spain, France, Germany, as well as in all of the countries in which FerroAtlántica Group operates. Almost all sales in the United States are intermediated through local exclusive agents pursuant to standardized contractual arrangements. Some sales to primary and secondary aluminum manufacturers and silicone producers are direct. In Italy and the U.K., sales of products other than silicon metal are intermediated through local exclusive agents.

FerroAtlántica Group maintains credit insurance for the majority of its customer receivables to mitigate collection risk.

Table of Contents

Competition

The most significant factors on which players in the silicon metal, manganese- and silicon-based alloys and specialty metals markets compete are price, and, for chemical customers, the consistency of the chemical and physical specifications of silicon metal over time.

The silicon metal, manganese- and silicon-based alloys and specialty metals markets are highly competitive, global markets, in which suppliers are able to reach customers across different geographies, and in which local presence is generally a minor advantage. In the silicon metal market, FerroAtlántica Group's primary competitors include Chinese producers, which have production capacity that exceeds total global demand. Aside from Chinese producers, FerroAtlántica Group's competitors include Elkem, a Norwegian manufacturer of silicon metal, ferrosilicon, foundry products, silica fumes, carbon products and energy, Rima, a Brazilian silicon metal and ferrosilicon producer, and Rusal, a Russian company that is a leading global aluminum and silicon metal producer.

In the manganese and silicon alloys market, FerroAtlántica Group's competitors include South32 (formerly BHP Billiton), a global mining company with operations in Australia and South Africa, Vale, a mining and metals group based in Brazil, Eramet, a French mining and metallurgical group, Privat Group, a Ukrainian company with operations in Australia, Ghana and Ukraine, Elkem and CHEMK Industrial Group, a Russian conglomerate which is one of the largest silicon-based alloy producers in the world.

FerroAtlántica Group strives to be a highly efficient, low cost producer, offering competitive pricing and engaging in manufacturing processes that capture most of its production by-products for reuse or resale. Additionally, through the vertical integration of its quartz mines in Spain and South Africa and tree plantations in South Africa to obtain wood with which to produce charcoal, FerroAtlántica Group has ensured access to some of the high quality raw materials that are essential in the silicon metal, manganese- and silicon-based alloy and specialty metals production process, and has been able to gain a competitive advantage over some of its competitors because it has reduced the contribution of these raw materials to its cost base.

Industry and market data

The statements and other information contained in this section “—Business of FerroAtlántica Group and certain information about FerroAtlántica Group” regarding market data and FerroAtlántica Group's competitive position and market share are based on the reports periodically published by a leading metals industry consultant and leading metals industry publications and information centers, as well as on the estimates of FerroAtlántica Group's management.

Research and Development (R&D)

FerroAtlántica Group focuses on continually developing its technology in an effort to improve its products and production processes. FerroAtlántica's research and development division coordinates all the research and development activities within FerroAtlántica Group. FerroAtlántica Group also has cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. For the twelve months ended December 31, 2014, 2013 and 2012, FerroAtlántica Group spent \$11.2 million, \$7.0 million and \$11.0 million, respectively, on research and development projects and activities. Set forth below is a description of FerroAtlántica Group's significant ongoing research and development projects. For the first six months of 2015, the FerroAtlántica Group spent \$5.4 million on research and development activities.

ELSA electrode

FerroAtlántica Group has internally developed a patented technology for electrodes used silicon metal furnaces, which it has been able to sell to several major silicon producers globally. This technology, known as the ELSA electrode, improves the energy efficiency in the production process of silicon metal and eliminates contamination with iron. FerroAtlántica Group has granted these producers the right to use the ELSA electrode against payment to FerroAtlántica Group of royalties.

Table of Contents

Solar Grade Silicon

FerroAtlántica Group's Ferrosolar Project involves the production of solar grade silicon metal with a purity above 99.9999% through a new, potentially cost-effective, electrometallurgical process, instead of the traditional chemical process, which tends to be costly and involves high energy consumption and potentially environmentally hazardous processes. The new technology, entirely developed by FerroAtlántica Group at its research and development facilities in Spain and France, aims to reduce the costs and energy consumption associated with the production of solar grade silicon.

FerroAtlántica Group has already started production of solar grade silicon metal through this new process in a prototype factory, and sells the small amounts it produces to manufacturers of solar cells. A pre-industrial site plant is under analysis and consideration for the production of 1,500-3,000 tons of solar grade silicon annually.

Capital expenditures

FerroAtlántica Group's capital expenditures for 2012, 2013 and 2014 were \$99.1 million, \$40.0 million and \$54.0 million, respectively. Principal capital expenditures during these periods were for the acquisition of SamQuarz (Pty) Ltd ("SamQuarz"), a South African producer of silica with quartz mining operations, in 2012, the refurbishing of FerroAtlántica Group's Mangshi silicon metal plant in China, research and development activities and maintenance and improvement works at FerroAtlántica Group's plants and mines.

As of June 30, 2015, FerroAtlántica had \$23.6 million of capital expenditure commitments, primarily relating to:

- \$16.5 million for the addition of 19 MW of annual capacity to FerroAtlántica's existing hydroelectric power plants;
- \$5.1 million for the investment in Anglefort, Château-Feuillet and Laudun
- \$1 million for engineering, procurement and construction in respect of FerroAtlántica's new silicon metal factory in Canada; and
- \$1 million for the purchase of hyperfine re-melting furnaces in France and South Africa.

FerroAtlántica Group finances these capital expenditures mainly from cash generated by its operating activities, and to a lesser extent, where applicable, from its existing credit facilities.

Proprietary rights and licensing

The majority of FerroAtlántica Group's intellectual property consists of proprietary know-how and trade secrets. FerroAtlántica Group's intellectual property strategy is focused on developing and protecting proprietary know-how and trade secrets, which are maintained through employee and third-party confidentiality agreements and physical security measures. Although FerroAtlántica Group has some patented technology, FerroAtlántica Group believes that its businesses and profitability do not rely fundamentally upon patented technology.

Regulatory matters

Electrometallurgy segment

FerroAtlántica Group operates facilities in Spain and abroad, which are subject to foreign, national, regional, provincial and local environmental, health and safety laws and regulations, including, among others, those governing the discharge of materials into the environment, hazardous substances, land use, reclamation and remediation and the health and safety of FerroAtlántica Group's employees. These laws and regulations require FerroAtlántica Group to obtain from governmental authorities permits to conduct its regulated activities, which permits may be subject to modification or revocation by such authorities.

FerroAtlántica Group is subject to the risk that it has not been or will not be at all times in complete compliance with such laws, regulations and permits, although FerroAtlántica Group is not aware of any material past or current noncompliance. Failure to comply with these laws, regulations and permits may result in the assessment of administrative, civil and criminal penalties or other sanctions by regulators, the imposition of remedial obligations, the issuance of injunctions limiting or preventing FerroAtlántica Group's activities and other liabilities.

[Table of Contents](#)

Under these laws, regulations and permits, FerroAtlántica Group could also be held liable for any and all consequences arising out of human exposure to hazardous substances or environmental damage FerroAtlántica Group may cause or that relates to its operations or properties. Environmental, health and safety laws are likely to become more stringent in the future. FerroAtlántica Group's costs of complying with current and future environmental, health and safety laws, and its liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect FerroAtlántica Group's business, results of operations and financial condition.

There are a variety of laws and regulations in place or being considered at the international, national, regional, provincial and local levels of government that restrict or are reasonably likely to restrict the emission of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause FerroAtlántica Group to incur material costs to reduce the greenhouse gas emissions from its operations (through additional environmental control equipment or retiring and replacing existing equipment) or to obtain emission allowance credits, or result in the incurrence of material taxes, fees or other governmental impositions on account of such emissions. In addition, such developments may have indirect impacts on FerroAtlántica Group's operations, which could be material. For example, they may impose significant additional costs or limitations on electricity generators, which could result in a material increase in energy costs.

Some environmental laws assess liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. In addition to cleanup, cost recovery or compensatory actions brought by foreign, national, provincial and local agencies, neighbors, employees or other third parties could make personal injury, property damage or other private claims relating to the presence or release of hazardous substances. Environmental laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of hazardous substances. Persons who arrange for the disposal or treatment of hazardous substances also may be responsible for the cost of removal or remediation of these substances. Such persons can be responsible for removal and remediation costs even if they never owned or operated the disposal or treatment facility. In addition, such owners or operators of real property and persons who arrange for the disposal or treatment of hazardous substances can be held responsible for damages to natural resources.

For a summary of regulatory matters applicable to FerroAtlántica Group's mining operations, see "Laws and regulations applicable to FerroAtlántica Group's mining operations", beginning on page 151.

Energy Segment

FerroAtlántica Group operates hydroelectric plants in Spain and France, which are subject to energy, environmental, health and safety laws and regulations, including those governing the health and safety of FerroAtlántica Group's employees, the generation of electricity and the use of water and river basins. These laws and regulations require FerroAtlántica Group to obtain from governmental authorities permits to conduct its activities, which permits may be subject to modification or revocation by these authorities.

Additionally, FerroAtlántica Group's energy operations are subject to government regulation. In Spain, the regulatory framework applicable to electricity producers underwent significant changes in 2013. The regulatory framework previously applicable to renewable energies was abolished, and a new regulatory framework was established through the enactment of Royal Decree-Law 9/2013 of July 13, taking certain urgent measures to guarantee the financial stability of the Spanish electrical system. The development of this new framework continued with the passing of the new Electricity Industry Law 24/2013 in Spain in December 2013, and was completed with the enactment of Royal Decree 413/2014 of June 6, which regulates electricity generation activities using renewable energy sources, co-generation and waste, and Order IET/1045/2014 of June 16, approving the compensation parameters for standard facilities applicable to certain production facilities based on renewable energy sources, co-generation and waste. This regulation established a new compensation scheme based on two concepts: remuneration for investments based on installed capacity, and remuneration for operation based on the energy produced. The first one guarantees a "reasonable return" on the investments, and the second one covers the operating cost of those technologies for which operating cost exceeds market revenues. As a result, since July 2013, FerroAtlántica Group has sold the electricity it generates in Spain at market prices rather than at guaranteed prices that provided a premium above market prices, with the exception of energy generated by the Novo Pindo plant in Galicia, which continues to receive a premium that is considerably lower than the premium it received under the prior regulatory framework. It is expected that new regulations will allow FerroAtlántica Group to continue to participate in 'ancillary services' markets.

[Table of Contents](#)

Seasonality

Electrometallurgy segment

Due to the cyclical nature of energy prices and the energy-intensive nature of the production processes for silicon metal, manganese- and silicon-based alloys and specialty metals, FerroAtlántica Group does not operate its electrometallurgy plants during certain periods or times of day when energy prices are at their peak. For example, in China, FerroAtlántica Group's subsidiary shuts down operations during the dry season, from January through May. Demand for FerroAtlántica Group's manganese- and silicon-based alloy and specialty metals products is lower during these periods as its customers also suspend their energy-intensive production processes involving FerroAtlántica Group's products. As a result, sales within particular geographic regions are subject to seasonality.

The seasonality of FerroAtlántica Group's operations is reflected in its borrowings, with its subsidiaries repaying borrowings between December and March, and increasing borrowings from April through November in geographies other than China. In China, FerroAtlántica Group's subsidiary increases borrowings to build up inventories during the dry season so that they are available for production during the wet season.

Energy segment

FerroAtlántica Group's hydroelectric power generation is dependent on the amount of rainfall in the regions in which its hydropower projects are located, which varies considerably from season to season.

Properties

The following tables describe FerroAtlántica Group's primary office space, manufacturing and hydroelectric power facilities, as well as mining properties.

<u>Name / Location of facility</u>	<u>Purpose</u>	<u>Square meters</u>	<u>Own/ Lease</u>	<u>Business segment served</u>
Madrid	Registered office	1,721	Lease	Electrometallurgy
Chambéry	Registered office	4,702	Lease	Electrometallurgy
FerroAtlántica de Venezuela, S.A. (Puerto Ordaz)	Office in Puerto Ordaz	2,025	Lease	Electrometallurgy
FerroAtlántica de México	Registered office	444	Lease	Electrometallurgy
FerroAtlántica Deutschland	Registered office	641	Lease	Electrometallurgy
Société FerroQuebec Inc.	Registered office	3,000	Lease	Electrometallurgy
Cee (Spain / A Coruña)	Manufacturing and other	34,867	Own	Electrometallurgy
Boo (Spain / Santander)	Manufacturing and other	122,719	Own	Electrometallurgy
Boo (Spain / Santander)	Manufacturing and other	54,613	Lease	Electrometallurgy
Dumbría (Spain / A Coruña)	Manufacturing and other	884,693	Own	Electrometallurgy
Sabón (Spain / A Coruña)	Manufacturing and other	20,869	Own	Electrometallurgy
Monzón (Spain / Huesca)	Manufacturing and other	292,830	Own	Electrometallurgy
Anglefort (France / Ain)	Manufacturing and other	20,949	Own	Electrometallurgy
Château-Feuillet (France / Savoie)	Manufacturing and other	39,443	Own	Electrometallurgy
Lex Clavaux (France / Isère)	Manufacturing and other	46,879	Own	Electrometallurgy
Laudun (France / Gard)	Manufacturing and other	33,106	Own	Electrometallurgy
Montricher (France / Savoie)	Manufacturing and other	20,882	Own	Electrometallurgy
Pierrefitte (France / Hautes Pyrénées)	Manufacturing and other	12,275	Own	Electrometallurgy
Polokwane (South Africa / Limpopo)	Manufacturing and other	1,618,458	Own	Electrometallurgy
Rand Carbide (South Africa / Mpumalanga)	Manufacturing and other	56,281	Own	Electrometallurgy

Table of Contents

<u>Name / Location of facility</u>	<u>Purpose</u>	<u>Square meters</u>	<u>Own/Lease</u>	<u>Business segment served</u>
Puerto Ordaz (Venezuela / Bolívar)	Manufacturing and other	563,137	Own	Electrometallurgy
Mangshi (China / Yunnan)	Manufacturing and other	96,204	Land Use Right	Electrometallurgy
Castrelo (Spain / Xallas river (Galicia region))	Hydroelectric power plant	4,176,280	Lease	Energy
Sta. Eugenia I & II (Spain / Xallas river (Galicia region))	Hydroelectric power plant	6,016	Lease	Energy
Nuevo Pindo (Spain / Xallas river (Galicia region))	Hydroelectric power plant	3,570	Lease	Energy
Fervenza (Spain / Xallas river (Galicia region))	Hydroelectric power plant	28,002	Lease	Energy
Puente Olveira (Spain / Xallas river (Galicia region))	Hydroelectric power plant	47,776	Lease	Energy
Carantoña (Spain / Rio Grande (Galicia region))	Hydroelectric power plant	52,690	Lease	Energy
Barasona (Spain / Rio Esera (Aragon region))	Hydroelectric power plant	11,737	Own	Energy
El Ciego (Spain / Rio Cinca (Aragon region))	Hydroelectric power plant	4,845	Own	Energy
Arias (Spain / Rio Cinca (Aragon region))	Hydroelectric power plant	35,051	Own	Energy
Arias II (Spain / Rio Cinca (Aragon region))	Hydroelectric power plant	66,383	Own	Energy
Ariéstolas (Spain / Rio Cinca (Aragon region))	Hydroelectric power plant	100,370	Own	Energy
Saint-Béron (France / Rhône-Alpes region)	Hydroelectric power plant	2,220	Own	Energy
Villelongue (France / Hautes-Pyrénées region)	Hydroelectric power plant	1,051	Own	Energy
New Hydroelectric power plants	Hydroelectric power plant	154,789	Own	Energy

<u>Name / Location of mine</u>	<u>Product</u>	<u>Own/Lease</u>	<u>Business segment served</u>
SamQuarz (South Africa)	Quartz	Mining right	Electrometallurgy
Ashoop (South Africa)	Quartz	Mining right(1)	Electrometallurgy
Witkop (South Africa)	Quartz	Mining right(1)	Electrometallurgy
Fotklipdam (South Africa)	Quartz	Mining right	Electrometallurgy
Mahale (South Africa)	Quartz	Mining right	Electrometallurgy
Roodepoort (South Africa)	Quartz	Mining right(1)	Electrometallurgy
Mina Serrabal (Spain)	Quartz	Concession	Electrometallurgy
Mina Sonia (Spain)	Quartz	Concession	Electrometallurgy
Mina Esmeralda (Spain)	Quartz	Concession	Electrometallurgy
Mina Conchitina (Spain)	Quartz	Concession(2)	Electrometallurgy
Mina Conchitina II (Spain)	Quartz	Concession(2)	Electrometallurgy
Mina Trasmonte (Spain)	Quartz	Concession(2)	Electrometallurgy

<u>Name / Location of mine</u>	<u>Product</u>	<u>Own/Lease</u>	<u>Business segment served</u>
Mina Merlán (Spain)	Quartz	Concession(2)	Electrometallurgy
Mina Cristina (Spain)	Quartz	Concession	Electrometallurgy
Mina Cabanetas (Spain)	Limestone	Concession	Electrometallurgy
Mina Soleyron (France)	Quartz	Concession(3)	Electrometallurgy

- (1) Applications to convert old order mining licenses to new order mining rights with respect to Ashoop, Witkop and Roodepoort were rejected. These mines are not in operation.
- (2) Applications were filed in 2006 to extend the term of the mining concessions of the Conchitina, Trasmonte and Merlan mines for an additional period of thirty years. The original mining concessions have expired and no decision has been taken on the matter to date by the relevant mining authority.
- (3) An application to obtain the renewal of the license granted to the Soleyron Factory to exploit quartz at the Saint Hippolyte de Montaigu is pending. The government has granted authorization to continue exploration until the license is effectively renewed.

Plans to expand or improve facilities

FerroAtlántica Group is currently carrying out the construction of 19 MW of additional capacity to its hydroelectric plants in Spain. 6.5 MW of additional capacity are expected to be available in 2015, with the remaining 12.5 expected to become available in 2016. If fully utilized, the additional capacity would represent an increase of 42,000 MWh, or 8%, in the average annual production of FerroAtlántica Group's existing plants in Spain. The overall capital expenditure for these improvements is estimated at \$28 million.

[Table of Contents](#)

Legal Proceedings

In the ordinary course of its business, FerroAtlántica Group is subject to periodic lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes, employment, environmental, health and safety matters. Although FerroAtlántica Group cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings asserted against it, FerroAtlántica Group does not believe any currently pending legal proceeding to which it is a party will have a material adverse effect on its business, prospects, financial condition, cash flows, results of operations or liquidity.

Joint Venture Arbitration

Arbitration proceedings are in process in relation to the Joint Venture Agreement between FerroAtlántica Group and Zeus Mineração Ltda., José Rubens Moretti Junior and Guilherme Moretti. FerroAtlántica Group has filed a claim to recover the initial joint venture contribution for a total approximate amount of \$17 million from respondents. Respondents in turn filed a counterclaim against FerroAtlántica Group seeking damages of approximately \$2.0 million. The hearing is scheduled for April 2015 and the arbitral tribunal is expected to render the award by the end of 2015. As of February 12, 2016, the arbitral tribunal has not rendered a decision.

Asbestos Claims

Certain maintenance employees of FerroPem S.A.S. entities in France may have been exposed prior to the early 1990s to asbestos in furnaces located at FerroPem plants. As of the date of this prospectus, at least 30 claims for inexcusable negligence (“faute inexcusable”) are pending against FerroPem for reasons of alleged injuries resulting from alleged asbestos exposure. The claims for inexcusable negligence are based either on the occurrence of work accidents (“accident du travail”) or on the recognition of an occupational disease (“maladie professionnelle”). During the period in question, FerroPem was wholly owned by Pechiney Bâtiments, which has indemnification obligations to FerroAtlántica Group pursuant to the sale and purchase agreement under which ownership of FerroPem was transferred to FerroAtlántica Group in 2005. Additional cases claiming damages for injuries related to asbestos exposure may be filed in the future.

Environmental Matter

On April 10, 2015, the Magistrate Court Number 2 of Santiago de Compostela notified FerroAtlántica of the opening of proceedings against the former Quality Control and Environmental Evaluation General Director for Galicia for an alleged criminal offense against the environment. FerroAtlántica was alleged to have profited from the alleged offence, which involved a determination regarding the flow of a river on which certain of FerroAtlántica’s hydroelectric facilities are located. FerroAtlántica was required to post a bond in the amount of EUR8.5 million to guarantee any civil financial responsibility that may be imposed on it as a result of the proceedings, which seek disgorgement of profits in the amount of approximately EUR6.4 million. FerroAtlántica filed a motion for dismissal of the claim against it on procedural grounds, which was rejected on June 22, 2015. The civil complaint against FerroAtlántica is dependent on the criminal proceeding against the public official. If the public official is found guilty, a civil proceeding to determine whether FerroAtlántica benefitted improperly from the determination will follow. FerroAtlántica disputes the merits of the claim against it and will continue to vigorously defend against such claim.

Other Legal Matters

The legal proceedings described below are pending in Spain in which Mr. López Madrid and Mr. Juan Miguel Villar Mir, President and Chairman of Grupo VM, respectively, have been called as “imputado” by a Spanish criminal investigative court. At the conclusion of these criminal investigatory proceedings, the Spanish court in each proceeding may determine to withdraw the investigation without issuing formal charges, excuse certain parties previously called as “imputado” on the basis that there is insufficient evidence to issue formal charges, or issue formal charges or indictments against specific named parties.

Table of Contents

On October 25, 2012, Mr. López Madrid was called as “imputado”, along with several other directors of Bankia, S.A. and Banco Financiero y de Ahorros, S.A., by a Spanish court investigating whether Mr. López Madrid and the other persons called as “imputado” in the investigation were involved in the misrepresentation of the financial condition of Bankia, S.A. in connection with its initial public offering. Mr. López Madrid advised us that he vehemently denies any allegations against him in connection with this matter and intends to defend himself vigorously. As part of the same proceeding, Mr. López Madrid was called again on January 28, 2015, along with several other directors of Bankia, S.A. and several former directors and senior executives of Caja Madrid, by the Spanish court in connection with its investigation into whether Mr. López Madrid and the other persons called as “imputado” in the investigation improperly used credit cards for personal expenditures paid by Bankia, S.A. and/or Caja Madrid. Mr. López Madrid advised Globe and FerroAtlántica that, upon learning that questions had been raised about his credit card charges in an internal audit, he had promptly reimbursed Bankia, S.A. €32,000 for the credit card charges paid by Bankia, S.A. and paid all taxes otherwise due and payable on account of such amounts. Mr. López Madrid advised us that he intends to defend himself vigorously in this matter.

On June 10, 2014, a physician (the “Physician”) who had previously treated Mr. López Madrid’s family was called as “imputado” by a Spanish investigative court in connection with criminal allegations that the Physician had harassed Mr. López Madrid, his family and his associates through anonymous phone calls and messages making false accusations and serious threats, which were received daily over a period of several months. On September 24, 2014, Mr. López Madrid was called as “imputado” by a Spanish investigative court in connection with criminal allegations that he had sexually harassed the Physician and was involved in a campaign of threats and physical violence against the Physician, her family and her associates. On November 12, 2014, the Spanish court entered a restraining order against Mr. López Madrid in the matter. Mr. López Madrid advised us that he vehemently denies the Physician’s allegations against him and intends to defend himself vigorously.

On October 21, 2014, Mr. López Madrid was called as “imputado” by a Spanish court investigating the sale of shares of Infoglobal by Grupo Urbina to three private individuals, in connection with allegations that Grupo Urbina failed to disclose negative material information regarding Infoglobal prior to the sale. Mr. López Madrid has advised Globe and FerroAtlántica that he was a passive investor in Grupo Urbina. Mr. López Madrid further advised Globe and FerroAtlántica that he did not have any managerial position or participation in management bodies at either Grupo Urbina or Infoglobal. On December 22, 2014, the investigating court dismissed the case. On February 23, 2015, an appellate court ordered the investigation reopened. Mr. López Madrid advised us that he vehemently denies any allegations against him in connection with this matter and intends to defend himself vigorously.

On or about July 29, 2015, news media reported that Mr. Villar Mir has been called as “imputado” in connection with allegations that Obrascón Huarte Laín, S.A.—a company partially owned by Grupo Villar Mir and of which Mr. Villar Mir is the Chairman—paid bribes in an unsuccessful attempt to win public contracts. Mr. Villar Mir advised us that he vehemently denies any allegations against him in connection with this matter and intends to defend himself vigorously.

Organizational Structure

FerroAtlántica is the holding company of the FerroAtlántica Group. Set forth below is a table containing information on the principal subsidiaries of FerroAtlántica.

Table of Contents

<u>Subsidiary</u>	<u>Registered office</u>	<u>Ownership interest</u>
FerroAtlántica, S.A.U.	Paseo de la Castellana 259D, 28046 Madrid, Spain	100.0%
Hidro-Nitro Española, S.A.	Paseo de la Castellana 259D, 28046 Madrid, Spain	99.85%
FerroPem S.A.S.	517 Avenue de la Boisse, 73 025 Chambéry Cedex, France	100%
Silicon Smelters (Pty.) Ltd.	Beyersnek Road, PO Box 657, Polokwane 0700, South Africa	86%
FerroAtlántica de Venezuela (FerroVen) S.A.	Av. Fuerzas Armadas, Zona Industrial Matanzas, Sector Punta Cuchillos, 8050 Ciudad Guayana, Estado Bolívar, Venezuela	80.0%
Mangshi Sinice Silicon Industry Company Limited	Mangnon Village, Fengping Town, Mangshi City, Dehong Prefecture, Yunnan Province- P.R., : 678400, China	100%
Silicio FerroSolar. S.L.U.	Paseo de la Castellana 259D, 28046 Madrid, Spain	100%
Cuarzos Industriales. S.A.U.	San Pedro de Villanova, 15886 A Coruña, Spain	100%
Rocas, Arcillas y Minerales. S.A.	San Pedro de Villanova, 15886 A Coruña, Spain	66.67%

Employees

For the first six months of 2015 and the twelve months ended December 31, 2014, 2013 and 2012, the average number of FerroAtlántica Group's employees by professional category was as follows:

<u>Category</u>	<u>June 30, 2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Management and qualified supervisors	258	258	234	205
Other line personnel	441	441	432	376
Clerical staff	299	299	347	252
Manual workers and other unqualified employees	<u>2,278</u>	<u>2,164</u>	<u>2,172</u>	<u>2,372</u>
Total number of employees	<u>3,276</u>	<u>3,162</u>	<u>3,185</u>	<u>3,205</u>

For first six months of 2015 and the twelve months ended December 31, 2014, 2013 and 2012, the average number of FerroAtlántica Group's employees by geographic area was as follows:

<u>Geographic area</u>	<u>June 30, 2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Spain	810	933	911	895
Other EU countries	1,102	1,000	1,039	1,027
Rest of the world	<u>1,364</u>	<u>1,229</u>	<u>1,235</u>	<u>1,283</u>
Total number of employees	<u>3,276</u>	<u>3,162</u>	<u>3,185</u>	<u>3,205</u>

[Table of Contents](#)

For first six months of 2015 and the twelve months ended December 31, 2014, 2013 and 2012, the average number of FerroAtlántica Group's employees by business segment was as follows:

<u>Business segment</u>	<u>June 30,</u> <u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Electrometallurgy	3,222	3,104	3,128	3,151
Energy	54	58	57	54
Total number of employees	3,276	3,162	3,185	3,205

A majority of FerroAtlántica Group's employees are affiliated with labor unions and FerroAtlántica Group's subsidiaries have entered into collective bargaining agreements in Spain, France, South Africa and Venezuela. FerroAtlántica Group has experienced union activity and strikes in the past. In 2014, there was a strike at FerroAtlántica Group's South African subsidiary that required FerroAtlántica Group to reduce production for seven days. FerroAtlántica Group has also experienced strikes by its employees in France from time to time. Several of FerroAtlántica Group's collective bargaining agreements expire before the end of 2015 and one, with respect to FerroAtlántica Group's subsidiary Silicio Ferrosolar S.L.U., expired at the end of 2014, though it remains applicable until a new agreement is negotiated and enters into force. Workers at FerroAtlántica Group's Chinese subsidiary have indicated an intent to unionize as well. See "Risk Factors—We are subject to the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business", beginning on page 15 of this prospectus.

DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE**Executive Officers and Directors**

The following table lists each of our executive officers and directors and their respective ages and positions as of the date of this prospectus. The business address of all our directors and senior management is our business address as set forth in the “Prospectus Summary—Corporate and Other Information.”

<u>Name</u>	<u>Age</u>	<u>Position</u>
Alan Kestenbaum	54	Director and Executive Chairman and Principal Executive Officer
Javier López Madrid	51	Director and Executive Vice-Chairman
Pedro Larrea Paguaga	52	Chief Executive Officer
Joseph Ragan	54	Chief Financial Officer and Principal Accounting Officer
Stephen Lebowitz	51	Chief Legal Officer
Donald G. Barger, Jr.	73	Director
Bruce L. Crockett	71	Director
Stuart E. Eizenstat	73	Director
Tomás García Madrid	53	Director
Greger Hamilton	49	Director
Javier Monzón	59	Director
Juan Villar-Mir de Fuentes	54	Director

Other than Javier López Madrid, who was appointed on February 5, 2015 (our date of incorporation), each director was appointed on December 23, 2015.

Other than employment agreements between Globe and each of Alan Kestenbaum, Joseph Ragan and Stephen Lebowitz, and an employment agreement between FerroAtlántica and Pedro Larrea Paguaga, there are no service contracts between the officers and directors listed in the table above, on the one hand, and us or any of our subsidiaries on the other, providing for benefits upon termination of employment. Other than the individuals listed in the table above, we have no other director or manager.

Set forth below is a brief biography of each of our executive officers and directors.

Alan Kestenbaum has served as a director, Executive Chairman and Principal Executive Officer since December 23, 2015. He has served as Executive Chairman and director of Globe since its inception in December 2004, and served as Chief Executive Officer from its inception through May 2008 and from August 31, 2015 until the closing of the Business Combination. From June 2004, Mr. Kestenbaum served as Chairman of Globe Metallurgical, Inc., until its acquisition by Globe in November 2006. He has over 30 years of experience in metals including finance, distribution, trading and manufacturing. Mr. Kestenbaum is a founder and was the Chief Executive Officer of Marco International Corp. and its affiliates, a finance trading group specializing in metals, minerals and other raw materials, founded in 1985. Mr. Kestenbaum began his career in metals with Glencore, Inc. and Philipp Brothers in New York City. He received his B.A. degree in Economics cum laude from Yeshiva University, New York.

Javier López Madrid has served as a director since our inception in February 2015 and has served as Executive Vice-Chairman since December 23, 2015. He is Chief Executive Officer of Grupo VM. He is founder and chairman of the venture group Siacapital and Tressis, Spain’s largest independent private bank. In addition to his professional activities, he is also a member of the World Economic Forum, Group of Fifty and a board member of various institutions including Patronato Fundación Principe de Asturias and Fundación Codespa. Mr. Madrid holds a Master in law and business from ICADE University.

Pedro Larrea Paguaga has served as the Chief Executive Officer since December 23, 2015. He was Chairman and CEO of Grupo FerroAtlántica since December 2012, and served in that role until the closing of the Business Combination. He joined Grupo FerroAtlántica as CEO in 2011. Before joining Grupo FerroAtlántica, for thirteen years (1996-2009), he worked in Endesa, the biggest power company in Spain and Latin America, where he reached the position of Chairman and CEO of Endesa Latinoamérica, with total revenues above 8 bn€ and EBITDA above 3 bn€. He served in the Board of Directors of Enersis (2007-2009) and Endesa Chile (1999-2002 and 2006-2007), both public Chilean companies listed on the NYSE. Pedro Larrea has also worked in management consulting firms like PwC (2010-2011), where he lead the energy sector practice in the Spanish office, and McKinsey & Company, in Spain, Latin America and the USA (1989-1995). Mr. Larrea holds a Mining Engineer degree (MSc equivalent) from Universidad Politécnica de Madrid (Graduated With Honors). He also holds an MBA from INSEAD, where he obtained the Henry Ford II award for academic excellence.

Joseph Ragan has served as Chief Financial Officer and Principal Accounting Officer since December 23, 2015. He joined Globe as Chief Financial Officer in May 2013, and served in that role until the closing of the Business Combination. Prior to that, Mr. Ragan served from 2008 to 2013 as Chief Financial Officer for Boart Longyear, the world's largest drilling services contractor for the global mining sector, operating in more than 40 countries and selling its products in nearly 100 countries. Prior to joining Boart Longyear, he held the position of Chief Financial Officer for the GTSI Corporation, a leading technology solutions provider for the public sector listed on NASDAQ. Earlier in his career, he held various international and domestic finance positions for PSEG, The AES Corporation, and Deloitte and Touche. He received his Bachelor of Science in Accounting from The University of the State of New York, his Master's degree in Accounting from George Mason University, and is a Certified Public Accountant in the commonwealth of Virginia.

Stephen Lebowitz has served as Chief Legal Officer since December 23, 2015. He served as Chief Legal Officer of Globe from July 2008 until the closing of the Business Combination. Prior to that, from 2001 to 2008, Mr. Lebowitz was in-house counsel to BP p.l.c.'s jet fuel, marine and solar energy divisions. Prior to joining BP, Mr. Lebowitz was in private practice and began his career in the government in the international trade area. Mr. Lebowitz holds a B.A. from the University of Vermont, received a law degree from George Washington University, and while overseas as a Fulbright Scholar, obtained an L.L.M. in European law.

Donald G. Barger, Jr. has served as a director since December 23, 2015. He is a member of our Compensation Committee and serves as the chairman of the Nominating and Corporate Governance Committee. He served as a member of the Globe board of directors since December 2008 until the closing of the Business Combination and was Chairman of Globe's Audit Committee and Chairman of Globe's Compensation Committee. Mr. Barger had a successful 36 year business career in manufacturing and services companies. He retired in February 2008 from YRC Worldwide Inc. (formerly Yellow Roadway Corporation), one of the world's largest transportation service providers. Mr. Barger served as Executive Vice President and Chief Financial Officer of YRC Worldwide Inc. from December 2000 to August 2007 and from August 2007 until his retirement as advisor to the CEO. From March 1998 to December 2000, Mr. Barger was Vice President and Chief Financial Officer of Hillenbrand Industries, a provider of services and products for the health care and funeral services industries. From 1993 to 1998, Mr. Barger was Vice President of Finance and Chief Financial Officer of Worthington Industries, Inc., a diversified steel processor. Mr. Barger served on the Board of Directors of Gardner Denver, Inc. and was a member of the Audit Committee for his entire nineteen year tenure until the company's sale in July 2013. He served as Chair of the committee seventeen of those years. He also served on the Board of Directors of Quanex Building Products Corporation for sixteen years, retiring in February 2012. Additionally, he served on the Audit Committee for fourteen years and was its Chair for most of that time. He also serves on the Board of Directors of Precision Aerospace Components, Inc. On all the public company boards on which Mr. Barger served, he was considered a "financial expert" for SEC purposes. Mr. Barger received a B.S. degree from the U.S. Naval Academy and an M.B.A. degree from the University of Pennsylvania.

Bruce L. Crockett has served as a director since December 23, 2015. He is a member of our Audit Committee and the BCA Special Committee. He served as a member of Globe's board of directors since April 2014 until the closing of the Business Combination and was a member of Globe's Audit Committee. Mr. Crockett is Chairman of the Invesco Mutual Funds Group Board of Directors, and is also a member of the audit, investment and governance committees. He serves as a member of the Investment Company Institute's Board of Governors and as a director and audit committee chair of ALPS Property & Casualty Insurance Company. Mr. Crockett is the chairman of Crockett Technologies Associates and a private investor. Mr. Crockett served as President and Chief Executive Officer of COMSAT Corporation from February 1992 until July 1996 and as President and Chief Operating Officer of COMSAT from April 1991 to February 1992. As an employee of COMSAT since 1980, Mr. Crockett held various other operational and financial positions including Vice President and Chief Financial Officer. Mr. Crockett served as a director of Ace Limited from 1995 until 2012 and as a director

[Table of Contents](#)

of Captaris, Inc. from 2001 until its acquisition in 2008, and as Chairman from 2003 to 2008. Mr. Crockett is also a life trustee of the University of Rochester. Mr. Crockett received an A.B. degree from the University of Rochester, a B.S. degree from the University of Maryland, and an M.B.A. degree from Columbia University and holds an honorary Doctor of Law degree from the University of Maryland.

Stuart E. Eizenstat has served as a director since December 23, 2015. He is a member of our Nominating and Corporate Governance Committee and BCA Special Committee. He served as a director of Globe since February 2008 until the closing of the Business Combination and was the Chairman of Globe's Nominating Committee. Mr. Eizenstat is Senior Counsel of Covington & Burling LLP in Washington, D.C. and heads the law firm's international practice. He served as Deputy Secretary of the United States Department of the Treasury from July 1999 to January 2001. He was Under Secretary of State for Economic, Business and Agricultural Affairs from 1997 to 1999. Mr. Eizenstat served as Under Secretary of Commerce for International Trade from 1996 to 1997 and was the U.S. Ambassador to the European Union from 1993 to 1996. During the Clinton Administration he also served as Special Representative of the President and Secretary of State on Holocaust Issues. From 1977 to 1981 he was Chief Domestic Policy Advisor in the White House to President Carter. He is a trustee of BlackRock Funds and served as a member of the Board of Directors of Alcatel-Lucent until 2016. He served as a member of the Board of Directors of United Parcel Service from 2005 to 2015. He serves on the Advisory Board of GML Ltd., and Office of Cherifien de Phosphates. He has received eight honorary doctorate degrees and awards from the United States, French, German, Austrian, Belgian and Israeli governments. He is the author of "Imperfect Justice: Looted Assets, Slave Labor, and the Unfinished Business of World War II" and "The Future of the Jews: How Global Forces are Impacting the Jewish People, Israel, and its Relationship with the United States." He currently serves as a Special Adviser to Secretary of State Kerry on Holocaust-Era Issues. Mr. Eizenstat holds a B.A. in Political Science from the University of North Carolina at Chapel Hill and a J.D. from Harvard Law School.

Tomás García Madrid has served as a director since December 23, 2015. He is a member of our Nominating and Corporate Governance Committee. Mr. García Madrid is the Chief Executive Officer of Grupo Villar Mir, S.A.U. and serves as a Managing Director of the Grupo VM board of directors. He has served on the board of directors of Obrascón Huarte Lain, S.A. since 1996. He also has served on the board of Obrascón Huarte Lain Mexico since 2010 and Abertis Infraestructuras, S.A. since 2012. Mr. García Madrid holds a Master's Degree in Civil Engineering from the Universidad Politécnica de Madrid and an Masters in Business Administration from Universidad IESE.

Greger Hamilton has served as a director since December 23, 2015. He is a member of our Compensation Committee and BCA Special Committee and serves as chairman of the Audit Committee. Mr. Hamilton is Managing Partner of Ovington Financial Partners, LTD, a role he has held since 2009. From 2009-2014 he also served as a Partner at European Resolution Capital Partners, where he assisted in the restructuring of international banks in 16 countries. Prior to that, he was Managing Director at Goldman Sachs International from 1997-2008, where he was responsible for Nordic and Eastern European banks, European stock exchanges and trading platforms. He began his career at McKinsey and Company, where he acted as Engagement Manager from 1990-1997. Mr. Hamilton holds a B.A. in Business Economics and International Commerce from Brown University.

Javier Monzón has served as a director since December 23, 2015. He is a member of our Audit Committee and serves as chairman of the Compensation Committee. He is currently the Senior Advisor to the Group Executive Chairman at Banco Santander, a position which Mr. Monzón has held since June 2015 as well as director of the Spanish ACS (Actividades de Construcción y Servicios, S.A.) since 2004 and member of the supervisory board of the French Lagardère SCA since 2008. Prior to that, Mr. Monzón was Chairman and CEO of Indra Sistemas, S.A., from 1992 until 2015. Before joining Indra Sistemas, S.A., he was a Partner at Arthur Andersen from 1989-1990. He also served as Chief Financial Officer of Telefonica, S.A. from 1984-1987, after which he acted as Executive Vice President until 1989. Mr. Monzón began his career at Caja Madrid, where he was a Corporate Banking Director. He holds a Bachelor's Degree in Economics from Universidad Complutense de Madrid.

Juan Villar-Mir de Fuentes has served as a director since December 23, 2015. He has acted as the Vice Chairman of Grupo Villar Mir, S.A.U. since 1999. He is also Vice Chairman and CEO of Inmobiliaria Espacio, S.A. Mr. Villar-Mir de Fuentes has served on the board of directors of Obrascón Huarte Lain, S.A. since 1996 and the board of directors of Abertis Infraestructuras, S.A. since 2012. He also serves as a director and on the audit committee of Inmobiliaria Colonial, S.A. He holds a Bachelor's Degree in Business Administration and Economics and Business Management.

Foreign Private Issuer Exemption

As a “foreign private issuer,” as defined by the SEC, although we are permitted to follow certain corporate governance practices of England and Wales, instead of those otherwise required under the NASDAQ for domestic issuers, we intend to follow the NASDAQ corporate governance rules applicable to foreign private issuers. While we voluntarily follow most NASDAQ corporate governance rules, we intend to take advantage of the following limited exemptions:

- Exemption from filing quarterly reports on Form 10-Q or provide current reports on form 8-K disclosing significant events within four days of their occurrence.
- Exemption from Section 16 rules regarding sales of ordinary shares by insiders, which will provide less data in this regard than shareholders of U.S. companies that are subject to the Exchange Act.
- Exemption from the NASDAQ rules applicable to domestic issuers requiring disclosure within four business days of any determination to grant a waiver of the code of business conduct and ethics to directors and officers. Although we will require board approval of any such waiver, we may choose not to disclose the waiver in the manner set forth in the NASDAQ rules, as permitted by the foreign private issuer exemption.
- Exemption from the requirement that our Board have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities. Currently, our Compensation Committee is comprised entirely of independent directors, but we are not certain at this time that we would not take advantage of this exception in the future;
- Exemption from the requirements that director nominees are selected, or recommended for selection by our Board, either by (1) independent directors constituting a majority of our Board’s independent directors in a vote in which only independent directors participate, or (2) a nominations committee comprised solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

Furthermore, NASDAQ Rule 5615(a)(3) provides that a foreign private issuer, such as we, may rely on home country corporate governance practices in lieu of certain of the rules in the NASDAQ Rule 5600 Series and Rule 5250(d), provided that we nevertheless comply with NASDAQ’s Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). Although we are permitted to follow certain corporate governance rules that conform to U.K. requirements in lieu of many of the NASDAQ corporate governance rules, we intend to comply with the NASDAQ corporate governance rules applicable to foreign private issuers. Accordingly, our shareholders will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ. We may utilize these exemptions for as long as we continue to qualify as a “controlled company” and foreign private issuer.

Board Composition and Election of Directors

Our Board of Directors consists of nine directors with four directors designated by Globe and five directors designated by Grupo VM. Alan Kestenbaum, is the Executive Chairman of the Board and is one of the Globe designees. Javier López Madrid is Executive Vice-Chairman of the Board and a Grupo VM designee. At least two of the Grupo VM designees and three of the Globe designees are required to qualify as “independent directors”, as such term is defined in the NASDAQ stock market rules and applicable law.

[Table of Contents](#)

Pursuant to the Articles, our directors are elected to a term concluding at the first annual general meeting of shareholders after the consummation of the Business Combination and thereafter for one year terms. For additional information regarding our board of directors, see “Description of Share Capital—Board of Directors.”

Director Independence

Pursuant to the Articles, each director of the Company shall at all times (A) be qualified to serve as a director under applicable rules and policies of the Company, the NASDAQ and applicable law and (B) have demonstrated good judgment, character and integrity in his or her personal and professional dealings and have relevant financial, management and/or global business experience.

Pursuant to the Shareholder Agreement between Grupo VM and us entered into on December 23, 2015, the qualification of each of the director nominees who are required to qualify as “independent” under the NASDAQ shall be determined by the Nominating and Corporate Governance Committee, acting reasonably and in good faith and in a manner consistent with the fiduciary duties of each director and the rules of the NASDAQ and applicable law.

In connection with the director appointments to the Board upon the closing of the Business Combination, our previous Board consisting of Mr. López Madrid, Mr. Calvo-Sotelo and Ms. Clara Ines Cerdan Molina passed a Directors’ Written Resolution by unanimous written consent, dated as of December 23, 2015, which, among other things, appointed our current directors to the Board upon the consummation of the Business Combination. During this meeting, the Board undertook a review of director independence by reviewing meeting declarations of interests held by each of Messrs. Kestenbaum, López Madrid, Barger, Crockett, Eizenstat, García Madrid, Hamilton, Monzón and Villar-Mir de Fuentes, which had been provided to the other directors of the Company in accordance with the requirements of section 184 of the Companies Act 2006. This review is designed to identify and evaluate any transactions or relationships between a director or any member of his immediate family and us or members of our senior management. Based on this review, our board of directors has affirmatively determined that each of Messrs. Barger, Crockett, Eizenstat, Hamilton and Monzón meet the independence requirements of the NASDAQ rules.

Committees of the Board of Directors

Our board of directors has three standing committees: an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. In addition, pursuant to the Business Combination Agreement, the Board created a BCA Special Committee.

Audit Committee

Our Audit Committee consists of three directors: Messrs. Crockett, Hamilton and Monzón, and Mr. Hamilton serves as its chairman and meets the requirements as an “audit committee financial expert” under the rules of the SEC and qualifies as a financially sophisticated audit committee member as required by the NASDAQ rules relating to audit committees. Our Board has determined that each of these directors satisfies the enhanced independence requirements for audit committee members required by Rule 10A-3 under the Exchange Act, and is financially literate as that phrase is used in the additional audit committee requirements of the NASDAQ rules.

[Table of Contents](#)

Our Audit Committee has responsibility to: (1) oversee our accounting and financial reporting processes and the audits of our financial statements; (2) monitor and make recommendations to the Board regarding the auditing and integrity of our consolidated financial statements; (3) be directly responsible for the qualification, selection, retention, independence, performance and compensation of our independent auditors, including resolution of disagreements between management and the auditors regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us, and have the auditors report directly to the Committee; and (4) provide oversight in respect of our internal audit and accounting and financial reporting processes. The Audit Committee will meet at least four times a year. Additional meetings may occur as the Audit Committee or its chair deem advisable.

Compensation Committee

Our Compensation Committee consists of three directors: Messrs. Barger, Hamilton and Monzón, and Mr. Monzón serves as its chairman. Our Board has determined that each of these directors meets the heightened independence requirements of compensation committee members under SEC rules.

Our Compensation Committee has responsibility to: (1) evaluate and approve the compensation of our directors, executive officers and key employees; (2) oversee directly or indirectly all compensation programs involving the use of our stock; (3) produce a report annually on executive compensation for inclusion in our proxy statement for our annual meeting of shareholders; (4) produce a report annually in compliance with remuneration reporting requirements (i.e., a directors' remuneration report), in each case in accordance with applicable rules and regulations; and (5) produce, review on an ongoing basis and update as needed, a directors' remuneration policy. The Compensation Committee will meet with such frequency, and at such times, and places and whether in person or electronically/telephonically as it determines is necessary to carry out its duties and responsibilities, but shall meet at least two times annually.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee (the "N&CG Committee") consists of three directors: Messrs. Barger, Crockett and García Madrid, and Mr. Barger serves as its chairman.

Our N&CG Committee has responsibility to consider and make recommendations to the Board related to Board membership and governance. The responsibility of our N&CG Committee as set forth in its Charter include the following: identifying and recommending to the Board for nomination individuals qualified to become Board members; reviewing and providing guidance on the independence of nominees; reviewing and providing guidance on the organization of the Board and its committee structure; reviewing and providing guidance on the self-evaluation procedures of the Board and its committees; reviewing and providing guidance on our code of ethics; reviewing and providing guidance on our stock ownership guidelines; and reviewing and providing guidance on proposed changes to the Articles. The N&CG Committee will meet at least once a year. Additional meetings may occur as the N&CG Committee or its chairperson deem advisable.

BCA Special Committee

Our BCA Special Committee (the "BCA Committee") consists of three directors: Messrs. Crockett, Eizenstat and Hamilton. The BCA Committee was formed in connection with the business combination transaction and has responsibility to: (1) administer the post-closing adjustment process and procedures, for us and on our behalf, pursuant to Section 1.3 of the Business Combination Agreement (which relates to the FerroAtlántica "net debt" adjustment provision in the Business Combination Agreement); (2) evaluate potential claims for losses and enforce the indemnification rights under the Business Combination Agreement; (3) exercise or waive any of our rights, benefits or remedies under the Business Combination Agreement; and (4) evaluate potential claims under our Buyer-side Representations and Warranties Insurance Policy.

Code of Business Conduct and Ethics

We have adopted a code of ethics that applies to all of our directors, officers and other employees of the Company and its subsidiaries. The code includes additional policies applicable to the Chief Executive Officer, Chief Financial Officer and Senior Financial Officers as required by NASDAQ rules and Section 406 of the Sarbanes Oxley Act of 2002.

Board Policy

We have adopted a Board Policy which provides certain practical principles relating to (i) the functioning of the Board; and (ii) the principles under which we will undertake our core management and overall supervision tasks from our London headquarters (the “Board Policy”). Following the Business Combination, and as set out in the Board Policy, we intend to provide management and other services (including, but not limited to, administration, financial, commercial and technical services) to Globe, FerroAtlántica and any other subsidiaries from time to time.

Compensation of Executive Officers and Directors

From our inception on February 5, 2015 up through the closing of the Business Combination, we were a shell entity and did not conduct any activities other than those incidental to our formation, the execution and performance of the Business Combination Agreement, such as the formation of Globe Merger Sub, the Business Combination, the filings required to be made under applicable laws, including U.S. securities laws, the laws of the State of Delaware, the laws of England and Wales, and antitrust and competition laws in connection with the Business Combination, and the preparation of a proxy statement/prospectus on Form F-4, which was declared effective by the SEC on August 11, 2015.

Our Predecessor, FerroAtlántica, was a private Spanish company, and as such is not required to publicly disclose the compensation of its directors and executive officers under its home country laws. Accordingly, we have not included any information about our Predecessor’s compensation of its directors and executive officers for the fiscal year ended December 31, 2014 in this prospectus.

PRINCIPAL SHAREHOLDERS

The following table and accompanying footnotes show information regarding the beneficial ownership of our Shares by:

- each person known by us to beneficially own 5% or more of our outstanding ordinary shares;
- each named executive officer;
- each of our directors; and
- all executive officers and directors as a group.

The percentage of Shares beneficially owned is based on 171,838,153 Shares issued and outstanding on February 17, 2016. Beneficial ownership for the purposes of this table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days.

<u>Name</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percentage of Outstanding Shares(1)</u>
Directors and Executive Officers:		
Alan Kestenbaum(2)	8,840,938	5.1%
Javier López Madrid	—	—
Pedro Larrea Paguaga	—	—
Joseph Ragan(3)	127,841	*
Stephen Lebowitz(4)	68,750	*
Donald G. Barger, Jr.(5)	43,155	*
Bruce L. Crockett(6)	9,560	*
Stuart E. Eizenstat(7)	39,605	*
Tomás García Madrid	—	—
Greger Hamilton	—	—
Javier Monzón	—	—
Juan Villar-Mir de Fuentes	—	—
Directors and Executive Officers as a Group	9,129,849	5.3%
5% Shareholders:		
Grupo Villar Mir, S.A.U.	98,078,163	57%
*Alan Kestenbaum(2)	8,840,938	5.1%

* Less than one percent (1%).

- (1) Each Class A Ordinary Share held by Grupo VM and its affiliates was converted into one (1) Ordinary Share for purposes of calculating the beneficial ownership percentage.
- (2) Includes 500,000 vested options and (ii) 108,578 unvested restricted shares.
- (3) Includes 127,841 shares issuable upon exercise of options within 60 days of February 17, 2016.
- (4) Includes 68,750 shares issuable upon exercise of options within 60 days of February 17, 2016.
- (5) Includes 34,525 shares issuable upon exercise of options within 60 days of February 17, 2016.
- (6) Includes 9,560 shares issuable upon exercise of options within 60 days of February 17, 2016.
- (7) Includes 34,526 shares issuable upon exercise of options within 60 days of February 17, 2016.

[Table of Contents](#)

On December 23, 2015, in connection with the closing of the Business Combination, Grupo VM amended its Pledge Agreement with the Lenders, pursuant to which Grupo VM agreed to pledge all of its Class A Ordinary Shares, an amount equal to approximately 57% of our issued and outstanding Shares, to the Lenders to secure the outstanding Loan. In the event Grupo VM defaults under the Credit Agreement, the Lenders may foreclose on the Class A Ordinary Shares subject to the pledge. In such case, we could experience a change of control.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following includes a summary of transactions since (x) February 5, 2015, when we were formed, to which we have been a party, (y) June 30, 2013 to which Globe has been a party and (z) January 1, 2013 to which FerroAtlántica has been a party, with any: (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us, Globe or FerroAtlántica, as applicable, (ii) associates, (iii) individuals owning, directly or indirectly, an interest in the voting power of the Company, Globe, or FerroAtlántica, as applicable, that gives them significant influence over us, Globe or FerroAtlántica, as applicable, and close members of any such individual's family, (iv) key management personnel, including directors and senior management of companies and close members of such individuals' families or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such person is able to exercise significant influence.

Ferroglobe

Grupo VM Shareholder Agreement

On December 23, 2015, we entered into a shareholder agreement with Grupo VM (the "Grupo VM Shareholder Agreement") that contained various rights and obligations with respect to Grupo VM's Class A Ordinary Shares. Under the Grupo VM Shareholder Agreement, Grupo VM has the right to nominate the number of directors for the Board that is proportionate to its share ownership and to designate one of the Grupo VM director designees to serve as Executive Vice-Chairman of the Board. On December 23, 2015, Grupo VM designated Javier López Madrid to serve as the Executive Vice-Chairman of the Board in connection with the closing of the Business Combination. The Grupo VM Shareholder Agreement also provides that Grupo VM director designees will be proportionately represented on each committee of the Board, subject to the NASDAQ stock market rules, except that the Globe independent directors will constitute a majority of the Nominating and Corporate Governance Committee and the BCA Special Committee will be composed of two Globe independent directors and one independent Grupo VM director.

Until the date on which Grupo VM no longer has the right to designate or nominate a majority of the Board and Grupo VM directors no longer constitute the majority of the Board (the "Decrease Date"), the independent directors designated to the Board by Globe (or replacements designated thereby) will have the exclusive right to nominate persons for election at any shareholders meeting called for the purpose of electing directors, subject to the right of Grupo VM to designate and nominate directors as provided under the Grupo VM Shareholder Agreement. On and after the Decrease Date, the Board will have the right to nominate persons for election at any shareholders meeting called for the purpose of electing directors, subject to the right of Grupo VM to designate and nominate directors as provided under the Grupo VM Shareholder Agreement.

Under the Grupo VM Shareholder Agreement, other than with respect to the election of directors (other than the Grupo VM director nominees) in a contested election for directors that occurs from and after the fifth anniversary of the closing of the Business Combination, Grupo VM shall vote its Shares to cause the election or reelection, as applicable, of the Grupo VM director nominees and the other persons nominated by the Board for election of directors. Grupo VM shall also not vote its Shares to cause the removal of the Globe independent directors or Mr. Kestenbaum or any replacement of Mr. Kestenbaum. In the case of a contested election for directors that occurs from and after the fifth anniversary of the closing of the Business Combination, Grupo VM will agree to abstain from voting its Shares with respect to the election of directors (other than the Grupo VM director nominees and Mr. Kestenbaum or any replacement Mr. Alan Kestenbaum).

Subject to certain exceptions, Grupo VM has preemptive rights to subscribe for up to its proportionate share of any Shares issued in connection with any primary offerings. The Grupo VM Shareholder Agreement (i) also restricts the ability of Grupo VM and its affiliates to acquire additional Shares and (ii) contains a standstill provision that limits certain proposals and other actions that can be taken by Grupo VM or its affiliates with respect to the Company, in each case, subject to certain exceptions, including prior Board approval. The Grupo VM Shareholder Agreement also restricts the manner by which, and persons to whom, Grupo VM or its affiliates may transfer Shares. On February 3, 2016, during an in-person meeting of our Board, the Board approved the purchase of up to one percent (1%) of the Shares by Javier López Madrid in the open market pursuant to Section 5.01(b)(vi) of the Grupo VM Shareholder Agreement ("JLM Shares"). In connection with the foregoing, Grupo VM and the

[Table of Contents](#)

Company, entered into Amendment NO. 1 to the Grupo VM Shareholder Agreement, dated as of February 10, 2016, which amended the Grupo VM Shareholder Agreement to disregard the JLM Shares from determining the percentage of the total aggregate issued and outstanding Shares of the Company owned by Grupo VM and its affiliates.

The Grupo VM Shareholder Agreement will terminate on the first date on which Grupo VM and its affiliates hold less than 15% of the outstanding Shares.

AK Shareholder Agreement

On December 23, 2015, we entered into a separate shareholder agreement with Mr. Kestenbaum and certain of his affiliates (the “AK Shareholder Agreement”) that contained various rights and obligations with respect to their Ordinary Shares. Pursuant to the AK Shareholder Agreement, Mr. Kestenbaum was appointed as Executive Chairman of the Board on December 23, 2015 in connection with the closing of the Business Combination, and, so long as he is serving in such capacity, he will be entitled to be nominated for election as a director at any meeting of our shareholders called for the purpose of electing directors.

Under the AK Shareholder Agreement, except with respect to a contested election for directors (other than Grupo VM director nominees), that occurs after the fifth anniversary of the closing of the Business Combination, so long as Mr. Kestenbaum and his affiliates own at least 1% of the total issued and outstanding Shares, Mr. Kestenbaum and his affiliates will vote their Ordinary Shares to cause the election or reelection, as applicable, of the Grupo VM director nominees and the other persons nominated by the Board for election of directors. In the case of a contested election for directors that occurs from and after the fifth anniversary of the closing of the Business Combination, Mr. Kestenbaum and his affiliates may vote their shares with respect to the election of directors (other than the Grupo VM director nominees) in any manner with respect to such contested election for directors. Mr. Kestenbaum and his affiliates must always vote in favor of the Grupo VM director nominees.

The AK Shareholder Agreement also provides that Mr. Kestenbaum will enter into a “gain recognition agreement” with the IRS if he is treated as a “five-percent transferee shareholder” of the Company following the Globe Merger, and will enter into subsequent “gain recognition agreements” with respect to actions or transactions taken by the Company or its affiliates, as required under applicable law.

The AK Shareholder Agreement will terminate upon the later of (i) Mr. Kestenbaum no longer acting as Executive Chairman of the Company or (ii) the aggregate total issued and outstanding Shares owned by Mr. Kestenbaum and his affiliates falling below 1%; provided that the tax covenants and indemnification obligation will survive until such time as set forth in the AK Shareholder Agreement.

Registration Rights Agreement

On December 23, 2015, we entered into a registration rights agreement with Grupo VM and Mr. Kestenbaum pursuant to which we will grant certain registration rights to each of Grupo VM and Mr. Kestenbaum, as described in further detail in “Description of Share Capital — Registration Rights.”

Agreements with Executive Officers and Key Employees

We have entered into agreements with our executive officers and key employees. See “Directors, Management and Corporate Governance — Executive Officers and Directors.”

Globe

Marco International

A current member of the board is affiliated with Marco International. During the years ended June 30, 2015, 2014, and 2013, Globe:

- Entered into agreements with Marco International to purchase carbon electrodes. Purchases under these agreements totaled \$19,573,000, \$19,217,000, and \$34,785,000, respectively. At June 30, 2015 and 2014, payables to Marco International under these agreements totaled \$951,000 and \$1,140,000, respectively.

[Table of Contents](#)

- Entered into agreements with Marco International to purchase rare earth minerals. Purchases under these agreements totaled \$826,000, \$559,000, and \$0, respectively. At June 30, 2015 and 2014, payables to Marco International under these agreements totaled \$148,000 and \$0, respectively.
- Entered into agreements to sell ferrosilicon to Marco International. Net sales under these agreements totaled \$778,000, \$641,000, and \$411,000, respectively. At June 30, 2015 and 2014, receivables from Marco International under these agreements totaled \$71,000 and \$0, respectively.
- Entered into agreements to sell calcium silicon powder to Marco International. Net sales under these agreements totaled \$176,000, \$4,173,000, and \$1,344,000, respectively. At June 30, 2015 and 2014, receivables from Marco International under these agreements totaled \$176,000 and \$0, respectively.

During the three months ended September 30, 2015 and 2014, the Company:

- Entered into agreements with Marco International to purchase carbon electrodes. Purchases under these agreements totaled \$379,000 and \$7,210,000, respectively. At September 30, 2015, payables to Marco International under these agreements totaled \$2,101,000.
- Entered into agreements with Marco International to purchase rare earth minerals. Purchases under these agreements totaled \$148,000 and \$344,000, respectively. At September 30, 2015, payables to Marco International under these agreements totaled \$0.
- Entered into an agreement to sell ferrosilicon to Marco International. Net sales were \$278,000 and \$213,000, respectively, under this agreement. At September 30, 2015, receivables from Marco International under this agreement totaled \$137,000.

FerroAtlántica

VM Energía

VM Energía, a Spanish company wholly owned by Grupo VM, advises in the day-to-day operations of FerroAtlántica Group's hydroelectric plants under two contracts entered into in April 2013 that provide for strategic advisory services to be provided by VM Energía to FerroAtlántica and Hidro Nitro Española. VM Energía's services under these contracts include the provisions of advisory services in relation to any economic, technical and administrative aspect of FerroAtlántica Group's energy operations, the preparation of periodic reports assessing the main risks associated with the energy market and analyzing the performance of each hydroelectric power plant, the provision of advisory services in connection with changes in the applicable energy regulatory framework and related assistance in dealing with the competent energy authorities. The contracts have five-year terms and are due to expire in 2018. FerroAtlántica and Hidro Nitro Española pay VM Energía a monthly remuneration calculated as a percentage of the revenues made each month by FerroAtlántica Group's hydroelectric power plants. For the twelve months ended December 31, 2014 and 2013, FerroAtlántica and Hidro Nitro Española made payments under these contracts to VM Energía of \$7,055,663 and \$11,851,964, respectively. During the first six months of 2015 FerroAtlántica and Hidro Nitro registered expenses for this agreement of \$2,077,000. VM Energía is not legally deemed to be a direct or indirect operator of the hydroelectric power plants owned by FerroAtlántica Group in spite of the services provided to FerroAtlántica Group under the strategic advisory services agreement.

Under contracts entered into with FerroAtlántica on June 22, 2010 and December 29, 2010, and with Hidro Nitro Española, S.A. on June 22, 2010 and December 29, 2010, and with Hidro Nitro Española on December 27, 2012, VM Energía supplies the energy needs of the Boo, Sabón and Monzón electrometallurgy facilities, as a broker for FerroAtlántica and Hidro Nitro Española in the wholesale power market. The contracts allow FerroAtlántica and Hidro Nitro Española to buy energy from the grid at market conditions without incurring costs normally associated with operating in the complex wholesale power market, as well as to apply for fixed energy price arrangements in advance from VM Energía, based on the

[Table of Contents](#)

energy markets for the power, period and profile applied for. The contracts have a term of one year, which can be extended by the mutual consent of the parties to the contract, and will expire on December 31, 2015, unless it is extended. FerroAtlántica pays VM Energía a service charge in addition to paying for the cost of energy purchase from the market. For the twelve months ended December 31, 2014 and 2013, FerroAtlántica and Hidro Nitro Española made payments under these contracts to VM Energía of \$87,032,692 and €86,413,826, respectively. These contracts are similar to contracts FerroAtlántica signs with other third-party brokers. Additionally, for the twelve months ended December 31, 2014 and 2013, VM Energía invoiced other subsidiaries of FerroAtlántica Group for a total amount of \$738,645 and \$703,210, respectively. In the first six months of 2015 FerroAtlántica and Hidro Nitro bought energy to VM Energía for this agreement for \$43,200,000. In the first six months of 2015, VM Energía invoiced other subsidiaries of FerroAtlántica Group for a total amount of \$419,000.

Under contracts dated June 30, 2012, Enérgya VM Generación, S.L. (“Enérgya VM”), a Spanish company wholly owned by VM Energía, arranges for the sale of energy produced by FerroAtlántica and Hidro Nitro Española’s hydroelectric plants. Pursuant to the contracts, Enérgya VM provides energy market brokerage services and represents the FerroAtlántica Group subsidiaries before the applicable energy market operator, the system operator and the Spanish National Markets and Competition Commission. FerroAtlántica and Hidro Nitro Española pay Enérgya VM a monthly remuneration calculated as a percentage of the sales made each month by their hydroelectric power plants. These contracts currently have one-year terms, subject to automatic yearly renewal, unless terminated with notice provided one month prior to the scheduled renewal. For the twelve months ended December 31, 2014 and 2013, Hidro Nitro Española made payments under its contract to Enérgya VM of \$666,907 and \$1,969,572, respectively, and FerroAtlántica made payments under its contracts to Enérgya VM of \$1,234,176 and \$1,667,000, respectively. In the first six months of 2015, FerroAtlántica made payments to Enérgya VM for \$302,000 and Hidro Nitro made payments to Enérgya VM for \$86,000.

On January 28, 2016, FerroAtlántica entered into a swap contract with Energía VM, a wholly owned subsidiary of VM Energía, of 75 megawatts of energy at 43.1 €/MWh for each of the second, third and fourth quarters of 2016. Together with another swap contract that FerroAtlántica entered into with a third party in November 2015 for 25 megawatts, we have locked in energy prices for approximately 35-40% of our total needs for 2016. The average price of the two energy contracts represents a savings of 2.5 million Euros compared with the budgeted price. We expect to make payments to Enérgya VM in 2016 of approximately Euros 21,000,000.

Espacio Information Technology, S.A.

Espacio Information Technology, S.A. (“Espacio I.T.”), a Spanish company wholly owned by Grupo VM, provides information technology and data processing services to three FerroAtlántica Group subsidiaries: FerroAtlántica, FerroAtlántica de Mexico, and Silicon Smelters pursuant to several contracts.

Under a contract entered into on January 1, 2004 Espacio I.T. provides FerroAtlántica with information processing, data management, data security, communications, systems control and customer support services. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice provided three months prior to the scheduled renewal. The base yearly amount due under the contract for these services is \$519,788, exclusive of VAT and subject to inflation adjustment. For the twelve months ended December 31, 2014 and 2013, FerroAtlántica made payments under this contract to Espacio I.T. of \$1,235,505 and \$1,342,709, respectively. In the first six months of 2015, FerroAtlántica made payments to EIT for \$534,420.

Under a contract entered into on January 1, 2006, Espacio I.T. provides FerroPem, S.A.S. with information processing, data management, data security, communications, systems control and customer support services. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice provided three months prior to the scheduled renewal. The base yearly amount due under the contract for these services is \$762,094, exclusive of VAT and subject to inflation adjustment. For the twelve months ended December 31, 2014 and 2013, FerroAtlántica made payments under this contract to Espacio I.T. of \$1,146,495 and \$913,733, respectively. In the first six months of 2015, FerroPem made payments to EIT for \$485,329.

Under a contract entered into on June 26, 2014, Espacio I.T. provides FerroAtlántica de Mexico with information processing, data management, data security, communications, systems control and customer support services. The contract has a two-year term, subject to automatic renewal every two years, unless terminated with notice six months prior to the scheduled renewal. The base yearly amount due under the contract for these services is \$21,920, exclusive of VAT and subject to inflation adjustment and adjustment based on the level of production of the previous year. From the date of effectiveness of the contract in July 2014 through December 31, 2014, FerroAtlántica de Mexico made payments to Espacio I.T. of \$5,480. In the first six months of 2015, FerroAtlántica Mexico made payments to EIT for \$2,630.

[Table of Contents](#)

Under a contract entered into on January 1, 2009, Espacio I.T. provides Silicon Smelters with services including the maintenance and monitoring of the company's network, servers, applications, and user workstations, as well as standard software licenses. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice three months prior to the scheduled renewal. The base yearly amount due under the contract is \$265,700, subject to inflation adjustment. For the twelve months ended December 31, 2014 and 2013, Silicon Smelters made payments under this contract to Espacio I.T. of \$299,533 and \$290,608, respectively. In the first six months of 2015, Silicon Smelters made payments to EIT for \$139,766.

For the twelve months ended December 31, 2014 and 2013, Espacio I.T. invoiced other subsidiaries of FerroAtlántica in a total amount of \$240,987 and \$402,950, respectively. In the first six months of 2015, subsidiaries of FerroAtlántica made payments to EIT for \$168,855.

Aurinka Solar

A current member of the Board is affiliated with Aurinka Solar. During the year ended December 31, 2015, FerroAtlántica:

- Entered into an agreement with Aurinka Solar for project optimization and characterization of silicon UMG purification process which provided state-level technology regarding conversion costs and quality of the final product ahead of undertaking industrial development. Purchases under this agreement totaled Euro 690,000.
- Entered into a project with Aurinka Solar for the production of solar silicon following the SIEMENS chemical process and other recycled, and detailed parameters of the process and its outcome through which Aurinka Photovoltaic Group determined which of the various technologies applied to SIEMENS process best suited Silicon production by the Company. Purchases under this project totaled Euro 445,000.

In 2016, FerroAtlántica entered into a project with Aurinka Solar for a feasibility study and basic engineering for a manufacturing silicon solar grade UMG plant. Purchases under this project is expected to be approximately Euro 1,200,000 for 2016.

Headquarters Lease

Under lease agreements entered into on August 9, 2007 and April 2, 2012 Torre Espacio Castellana, S.A., a Spanish company wholly owned by Grupo VM, leases to FerroAtlántica floor 49 and floor 45 South of the Torre Espacio office building in Paseo de la Castellana, Madrid, along with a number of parking spaces. As of November 30, 2013, these agreements had a 10-year term, which will expire on November 30, 2023. The base amount of annual rent is \$786,546 for floor 49 and the parking spaces and \$368,534 for floor 45 South, in each case subject to annual variation according to inflation. For the twelve months ended December 31, 2014 and 2013, FerroAtlántica made payments under these contracts to Torre Espacio Castellana of \$1,511,000 and \$1,507,000, respectively. In the six first months of 2015 the rent for the 49th floor had been \$425,074 and the rent for the 45th south floor had been \$204,043. In the first six months of 2015, the rent for the 49th floor had been \$425,074 and the rent for the 45th south floor have been \$204,043.

SELLING SHAREHOLDER

This prospectus covers the public resale of the Ordinary Shares owned by the selling shareholder named below. Such selling shareholder may from time to time offer and sell pursuant to this prospectus any or all of the Ordinary Shares owned by him. The selling shareholder, however, makes no representations that the Ordinary Shares will be offered for sale. The table below presents information regarding the selling shareholder and the Ordinary Shares that he may offer and sell from time to time under this prospectus.

The following table sets forth:

- the name of the selling shareholder;
- the number of Ordinary Shares beneficially owned by the selling shareholder prior to the sale of the Ordinary Shares covered by this prospectus;
- the number of Ordinary Shares that may be offered by the selling shareholder pursuant to this prospectus;
- the number of Ordinary Shares to be beneficially owned by the selling shareholder following the sale of any Ordinary Shares covered by this prospectus; and
- the percentage of our issued and outstanding Ordinary Shares to be owned by the selling shareholder before and after the sale of the Ordinary Shares covered by this prospectus (based on 171,838,153 Shares issued and outstanding as of February 17, 2016).

Generally, the Ordinary Shares being registered by the selling shareholder represents ordinary shares issued in connection with the Business Combination.

All information with respect to ownership of our Ordinary Shares of the selling shareholder has been furnished by or on behalf of the selling shareholder and, unless otherwise indicated, is as of February 17, 2016. We believe, based on information supplied by the selling shareholder, that except as may otherwise be indicated in the footnotes to the table below, the selling shareholder has sole voting and dispositive power with respect to the Ordinary Shares reported as beneficially owned by him. Unless otherwise indicated in the footnotes, shares in the table refer to our Ordinary Shares.

Because the selling shareholder may sell, transfer or otherwise dispose of all, some or none of the Ordinary Shares covered by this prospectus, we cannot determine the number of such Ordinary Shares that will be sold, transferred or otherwise disposed of by the selling shareholder, or the amount or percentage of Ordinary Shares that will be held by the selling shareholder upon termination of any particular offering or sale, if any. The selling shareholder makes no representations, however, that he will sell, transfer or otherwise dispose any Ordinary Shares in any particular offering or sale. In addition, the selling shareholder may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the Ordinary Shares he holds in transactions exempt from the registration requirements of the Securities Act after the date on which he provided the information set forth on the table below. Solely for purposes of the requirements applicable to the registration statement of which this prospectus forms a part, the following table assumes that the selling shareholder will sell all of the Ordinary Shares owned beneficially by him that are covered by this prospectus, but will not sell any other Ordinary Shares that he presently owns.

[Table of Contents](#)

Name of Selling Shareholder	Number of Shares Beneficially Owned Prior to this Offering	Number of Shares offered for Resale pursuant to this Offering	Percentage of Outstanding Shares Beneficially Owned Before Sale of Shares	Number of Shares Beneficially Owned After Sale of Shares	Percentage of Outstanding Shares Beneficially Owned After Sale of Shares
Alan Kestenbaum(1)	8,840,938	8,732,360	5.1%	108,578(2)	*

(1) Includes 500,000 vested options and (ii) 108,578 unvested restricted shares.

(2) Represents unvested restricted shares.

(3) Less than one percent (1%).

Beneficial ownership for the purposes of this table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days.

As of the consummation of the Business Combination, Mr. Kestenbaum is the Executive Chairman of our Board and one of our principal shareholders. Mr. Kestenbaum, and certain of his affiliates, entered into a Shareholder Agreement with the Company on December 23, 2015, which contains various rights and obligations with respect to their Ordinary Shares, as described in further detail in the section titled, “Certain Relationships and Related Party Transactions—AK Shareholder Agreement,” beginning on page 174 of this prospectus.

The selling shareholder and intermediaries through whom such securities are sold may be deemed “underwriters” within the meaning of the Securities Act with respect to the Ordinary Shares offered by this prospectus, and any profits realized or commissions received may be deemed underwriting compensation.

Additional selling shareholders not named in this prospectus will not be able to use this prospectus for resales until they are named in the table above by prospectus supplement or post-effective amendment. Transferees, successors and donees of identified selling shareholders will not be able to use this prospectus for resales until they are named in the table above by prospectus supplement or post-effective amendment. If required, we will add transferees, successors and donees by prospectus supplement in instances where the transferee, successor or donee has acquired its Ordinary Shares from holders named in this prospectus after the effective date of this prospectus.

PLAN OF DISTRIBUTION

The selling shareholder, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling Ordinary Shares or interests in Ordinary Shares received after the date of this prospectus from a selling shareholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of the Ordinary Shares on any stock exchange, market or trading facility on which the Ordinary Shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling shareholder may use any one or more of the following methods when disposing of his Ordinary Shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the Ordinary Shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the date the registration statement of which this prospectus is a part is declared effective by the SEC;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling shareholder to sell a specified number of such Ordinary Shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted by applicable law.

The selling shareholder may, from time to time, pledge or grant a security interest in some or all of the Ordinary Shares owned by him and, if he defaults in the performance of his secured obligations, the pledgees or secured parties may offer and sell the Ordinary Shares, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling shareholders to include the pledgee, transferee or other successors in interest as selling shareholders under this prospectus. The selling shareholder also may transfer the Ordinary Shares in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of his Ordinary Shares or interests therein, the selling shareholder may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of such Ordinary Shares in the course of hedging the positions they assume. The selling shareholder may also sell Ordinary Shares short and deliver these securities to close out their short positions, or loan or pledge the Ordinary Shares to broker-dealers that in turn may sell these securities. The selling shareholder may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of the Ordinary Shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

[Table of Contents](#)

The aggregate proceeds to the selling shareholder from the sale of the Ordinary Shares offered by him will be the purchase price of such Ordinary Shares less discounts or commissions, if any. The selling shareholder reserves the right to accept and, together with his agents from time to time, to reject, in whole or in part, any proposed purchase of Ordinary Shares to be made directly or through agents. We will not receive any of the proceeds from the resale of the Ordinary Shares.

Beginning on March 22, 2016, the selling shareholder also may resell all or a portion of his Ordinary Shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that the selling shareholder meets the criteria and conforms to the requirements of that rule.

The selling shareholder and any underwriters, broker-dealers or agents that participate in the sale of the Ordinary Shares therein may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the Ordinary Shares may be underwriting discounts and commissions under the Securities Act. Any selling shareholder who is an “underwriter” within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the Ordinary Shares to be sold, the names of the selling shareholder, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in a post-effective amendment to the registration statement that includes this prospectus.

Under the securities laws of some states, the Ordinary Shares may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the Ordinary Shares may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

We have advised the selling shareholder that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of Ordinary Shares in the market and to the activities of the selling shareholder and his affiliates. In addition, to the extent applicable, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling shareholder for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling shareholder may indemnify any broker-dealer that participates in transactions involving the sale of the Ordinary Shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling shareholder against certain liabilities, including some liabilities under the Securities Act in accordance with the registration rights agreement or the selling shareholder will be entitled to contribution. We may be indemnified by the selling shareholder against certain civil liabilities, including liabilities under the Securities Act that may arise from any written information furnished to us by the selling shareholder specifically for use in this prospectus, in accordance with the related registration rights agreements or we may be entitled to contribution.

There can be no assurance that the selling shareholder will sell any or all of the Ordinary Shares registered pursuant to this registration statement, of which this prospectus forms a part.

Once sold under the registration statement, of which this prospectus forms a part, the Ordinary Shares will be freely tradable in the hands of persons other than our affiliates.

DESCRIPTION OF SHARE CAPITAL

Issued Share Capital

We were incorporated as a private limited company with the legal name VeloNewco Limited under the laws of England and Wales on February 5, 2015 with an issued share capital of \$1.00, which consisted of one registered share and one class of ordinary shares. Prior to the consummation of the Business Combination, Ferroglobe's share capital was increased to meet the minimum sterling share capital requirement for an English public limited company of £50,000, by the issue of 50,000 non-voting redeemable preference shares of £1.00 each to Grupo VM. Following such issue, we were re-registered as a public limited company under the laws of England and Wales and changed our name to Ferroglobe PLC. In October 2015, we also issued 14 ordinary shares of \$1.00 each for a total amount of \$14.00. Subsequently on the same date, the 15 ordinary shares of \$1.00 each were consolidated into two shares of \$7.50 each, for a total amount of \$15.00.

In connection with the Stock Exchange and the closing of the Business Combination, we allotted and issued 98,078,161 Class A Ordinary Shares to Grupo VM in consideration for our acquisition of all of the issued and outstanding ordinary shares in FerroAtlántica. Immediately following the Stock Exchange, the non-voting redeemable preference shares were redeemed by the Company out of distributable reserves.

In connection with the Globe Merger and the closing of the Business Combination and following the redemption of the non-voting redeemable preference shares, we allotted and issued 73,759,990 Ordinary Shares to the holders of Globe's common stock in return for 73,759,990 shares of Globe's existing common being cancelled pursuant to the Globe Merger.

As of the February 17, 2016, we had 171,838,153 Shares outstanding, comprised of 73,759,990 Ordinary Shares and 98,078,163 Class A Ordinary Shares.

We are registered with the Registrar of Companies for England and Wales under the registration number 9425113, and our affairs are governed by the provisions of our Articles and we are subject to the laws of England and Wales.

The U.K. Companies Act 2006 abolishes the need for an objects clause in the Articles and, as such, our objects will be unrestricted.

Ordinary Shares

In accordance with the Articles, the following summarizes the rights of holders of our Ordinary Shares:

- each holder of our Ordinary Shares is entitled to one vote per Ordinary Share on all matters to be voted on by shareholders generally;
- the holders of the Ordinary Shares shall be entitled to receive notice of, attend, speak and vote at our general meetings;
- subject to applicable law, we are required to distribute the aggregate net proceeds, if any, received from the R&W Policy to holders of the Ordinary Shares by way of a dividend, net of any applicable taxes ("Preferred Dividend");
- holders of our Ordinary Shares are entitled to receive such dividends as are recommended by our directors and declared by our shareholders; and
- for so long as the Class A Ordinary Share structure remains in place, any Ordinary Share acquired by any person or entity which is, broadly, (a) Grupo VM, any Grupo VM family member or any affiliate of Grupo VM or a Grupo VM family member; (b) any trust or similar arrangement for the benefit of any of the foregoing persons; (c) any group (within the meaning of Regulation 13D of the Securities Exchange Act 1934) of which any of the foregoing persons is a member; or (d) any person under any of the foregoing persons' control, will be automatically converted into one Class A Ordinary Share.

Class A Ordinary Shares

In accordance with the Articles, the following summarizes the rights of holders of our Class A Ordinary Shares:

- each holder of our Class A Ordinary Shares is entitled to one vote per Class A Ordinary Share on all matters to be voted on by shareholders generally;
- the holders of the Class A Ordinary Shares shall be entitled to receive notice of, attend, speak and vote at our general meetings;
- each Class A Ordinary Share shall be automatically converted into one Ordinary Share upon the earlier of:
 - the expiration of the Preferred Dividend Term, which is defined as the period from and including December 23, 2015 until and including the earlier of (i) the date falling on the twentieth clear business day following the expiry and termination of any and all our rights under the R&W Policy and (ii) if, before December 23, 2016, we establish a trust and transfers all our rights under the R&W Policy to such trust in consideration for participation units and distributes such participation units along with any accrued but unpaid Preferred Dividend to the holders of Ordinary Shares, such time immediately following such distribution; and
 - its transfer to a Person which is not (i) Grupo VM, any Grupo VM family member or any affiliate of Grupo VM or a Grupo VM family member, (ii) any trust or similar arrangement for the benefit of any such Person, (iii) any group (within the meaning of Regulation 13D of the Exchange Act) of which any such person is a member or (iv) any person under any of the foregoing persons' control;
- holders of our Class A Ordinary Shares are not entitled to receive a Preferred Dividend; and
- holders of our Class A Ordinary Shares are entitled to receive such dividends as are recommended by our directors and declared by our shareholders.

See "Plan of Distribution" beginning on page 180 of this prospectus for more information.

Authority to Allot and Issue Share Capital

Pursuant to the Articles, the Board is authorized allot and issue Shares, and to grant rights to subscribe for or to convert any security into Shares up to a maximum aggregate amount representing 50% of the number of Shares in the capital of the Company in issue at the time the Articles were adopted. We may not issue or allot Class A Ordinary Shares, except pursuant to a conversion of Ordinary Shares required under the Articles.

The allotment authorization referred to above will expire five years after December 23, 2015 unless previously renewed, varied or revoked by us in general meeting.

Registered Shares

The Ordinary Shares are currently listed on NASDAQ in accordance with the relevant procedure. The Shares are registered shares rather than bearer shares. This means that legal ownership of the shares will be determined from the register of members held by us. Under English law, a transfer of legal ownership will only become effective once the transferee has agreed to become a member of the company and their name is

[Table of Contents](#)

entered onto the register of members. An allotment of shares must be entered onto the register of members as soon as practicable and, in any event, within two months of the allotment or an offence is committed by the company and every officer in default. Allotted shares will not be validly issued if they have not been entered in the registrar of members of a company. The register of members will ordinarily be updated by the company secretary or registrar.

In accordance with the Articles, our company secretary will prepare a list of members entitled to vote at a general meeting at least ten days before such meeting is held. The list of members will be available for inspection at least ten days before the meeting and for the duration of the meeting.

Preemptive Rights

English law generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the articles of association, or shareholders in general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution. In either case, this exclusion would need to be renewed by our shareholders upon its expiration (i.e., at least every five years). The Articles exclude preemptive rights for a period of five years from December 23, 2015, which exclusion will need to be renewed upon expiration (i.e., at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period). Pursuant to the Grupo VM Shareholder Agreement, we will provide Grupo VM with certain preemptive rights subject to certain limitations set forth in the Grupo VM Shareholder Agreement.

Reduction of Share Capital

The Board intends to reduce our share capital and as such the nominal value of each Share will be reduced from \$7.50 to \$0.01. Prior to the consummation of the Business Combination, our sole shareholder, Grupo VM, passed a special resolution to approve the reduction of capital. The Board has decided that it was logistically and commercially preferable to obtain this authority from a sole shareholder before the completion of the Business Combination and the listing of our Shares.

It is necessary to apply to the High Court of England and Wales (the "Court") for an order to confirm the reduction of the share capital. It is intended that this application will be made following the payment of the final Grupo VM adjustment, if any, under the terms of the Business Combination Agreement, although the Board may decide to submit such application earlier. It is expected that this payment will be made within the six months after closing of the Business Combination. Once the application is submitted, a Court hearing will be scheduled. At the hearing, the Court may make an order to confirm the reduction of capital under the U.K. Companies Act 2006 and, if an order is granted, the reduction will become effective upon registration of the Court's order and a statement of capital with the Registrar of Companies.

The Board will keep our shareholders and the market informed as to the progress of the reduction of capital through the announcements required to be made under local legislation.

Acquisition of Shares/Alteration of Share Capital

Subject to the provisions of the U.K. Companies Act 2006 and pursuant to the Articles, we may, from time to time:

- increase our share capital by allotting new shares;
- consolidate and divide all or any of our share capital into shares of larger amount than its existing shares;
- sub-divide our shares, or any of them, into shares of smaller amount than our existing shares;
- redeem and/or cancel any of our shares;
- redenominate our share capital or any class of share capital; and
- determine that, as between the shares resulting from a sub-division, any of them may have any preference or advantage or different rights as compared with the others.

[Table of Contents](#)

English law prohibits us from purchasing our own shares unless such purchase has been approved by our shareholders. Shareholders may approve two different types of purchases: “on-market” purchases or “off-market” purchases. “On-market” purchases may only be made on a “recognized investment exchange”, which does not include NASDAQ, which is the only exchange on which the Ordinary Shares will be traded. In order to purchase its own shares, we must therefore obtain shareholder approval for “off-market purchases”. This requires that our shareholders pass an ordinary resolution approving the terms of the contract pursuant to which the purchase(s) are to be made. Such approval may be for a maximum period of five years.

Shareholders’ Meetings and Consents

Under English law, we are required to hold an annual general meeting of shareholders within six months from the day following the end of our fiscal year. General meetings may be held at a time and place determined by the Board and, in accordance with the Articles, the Board may make arrangements for the simultaneous attendance and participation at satellite meeting places or to use other electronic means to allow persons not together to attend, speak and vote at the meeting.

Under English law, we must convene a general meeting once it has received requests to do so from shareholders representing at least 5% of the paid up share capital of the company as carries voting rights at general meetings.

In accordance with the Articles, all votes on resolutions at a general meeting shall be decided on a poll. Subject to any rights or restrictions attached to the Shares, on a vote on a resolution on a poll, every member present in person or by proxy shall have one vote for every share held.

The following summarizes certain additional relevant provisions of English law and the Articles in relation to our shareholders’ meetings:

- Notice of an annual general meeting shall be given to all our shareholders, Directors and auditors at least 21 clear days prior to the date of the meeting (i.e., 21 clear days including weekdays, weekends and holidays but excluding the date on which the notice is given and the date of the meeting itself).
- Notice of each annual general meeting of our shareholders shall state: (i) that the meeting is an annual general meeting; (ii) the place, date and time of the meeting; (iii) the general business of the meeting to be transacted; and (iv) in the case of a meeting to pass a special resolution, the intention to propose the resolution as a special resolution.
- All other general meetings may be called by not less than 14 clear days’ notice, unless a shorter notice is agreed to by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority who together hold not less than 95% in nominal value of the shares given that right.
- Subject to the provisions of the U.K. Companies Act 2006, we will be required to give at least seven clear days’ notice for any meeting adjourned for 30 days or more or for an indefinite period.
- The notice of a general meeting will be given to shareholders as of the record date for a given meeting, to the Board, to the beneficial owners nominated to enjoy information rights under the U.K. Companies Act 2006, and to the auditors.
- An “ordinary resolution” requires, on a poll, the affirmative vote of members representing a simple majority of the total voting rights of those who, being entitled to do so, vote, either in person or by proxy.

[Table of Contents](#)

- A “special resolution” requires, on a poll, the affirmative vote of members representing at least 75% of the total voting rights of those who, being entitled to do so, vote, either in person or by proxy.
- The U.K. Companies Act 2006 requires that a number of items be approved by way of special resolution including (amongst other things) an amendment to a company’s articles of association, changes of name (though the Articles also allow the Board acting by a majority to change our name), and re-registration as a public or private company.

Ownership and Voting Limits

No voting limit applies to the ownership of Shares. As described above, the Shares are held in registered form and legal ownership is determined from the register of members held by us.

Articles of Association

Composition of the Board

Pursuant to the Articles, the Board will consist of nine directors, which number may not be changed without (i) the approval of two-thirds of the entire Board prior to the first date on which Grupo VM and its affiliates in the aggregate beneficially own less than 15% of the Shares, which date we refer to as the “Sunset Date” and (ii) during the first five years from December 23, 2015, the approval of a majority of the independent directors of Company. Of the nine directors, four directors were designated by Globe and five directors were designated by Grupo VM. Mr. Kestenbaum was appointed as Executive Chairman of the Board and Mr. López Madrid was designated as Executive Vice-Chairman of the Board. At least two of the Grupo VM designees and three of the Globe designees are required to qualify as “independent directors”, as such term is defined in the NASDAQ stock market rules and applicable law. Our directors will be elected to a term concluding at the first annual general meeting of shareholders after the closing of the Business Combination and thereafter for one year terms.

Nominations of Directors and the Executive Chairman

Prior to the Sunset Date, Grupo VM will have the right to nominate that number of directors to the Board proportionate to its share ownership, generally rounded up to the nearest whole number of directors. Until the date on which Grupo VM no longer has the right to designate or nominate a majority of the Board and Grupo VM directors no longer constitute the majority of the Board (the “Decrease Date”), the Globe independent directors will have the exclusive right to nominate directors for election at annual shareholders meetings on behalf of the Board subject to the rights of Grupo VM to nominate individuals to, and to the right of Mr. Kestenbaum to be nominated to be a member of, the Board. From and after the Decrease Date, the Globe independent directors of the Company will have the right to nominate directors for election at annual shareholders meetings on behalf of the Board, subject to the rights of Grupo VM to nominate individuals to, and to the right of Mr. Kestenbaum to be nominated to be a member of, the Board. Our shareholders may propose nominees for director in accordance with the Articles and the U.K. Companies Act 2006.

Prior to December 23, 2018, if Mr. Kestenbaum is not serving as Executive Chairman of the Company, the Articles provide that Grupo VM and/or the Globe independent directors may submit the names of one or more person(s) to the Nominating and Corporate Governance Committee for consideration to be appointed as a director of the Company and act as the Executive Chairman. If the Nominating and Corporate Governance Committee recommends any of those person(s) to the Board, prior to December 23, 2018 or the Sunset Date, whichever is earlier, two-thirds of the entire Board (including at least one Globe independent director) must approve such recommended person in order for such person to be approved as a director. On or after December 23, 2018, if Mr. Kestenbaum is not serving as Executive Chairman of the Company, the Board may determine that the chief executive officer of the Company should serve as a member of the Board, provided that if our chief executive officer is an affiliate of Grupo VM or was a Grupo VM designee prior to such determination, he or she will be deemed to be a Grupo VM designee. Our directors must be qualified to serve under applicable law, the NASDAQ stock market rules and the Company polices, and also satisfy standards of character and experience.

[Table of Contents](#)

Board Powers and Function

The members of the Board, subject to the restrictions contained in the Articles, is responsible for the management of the Company's business, for which purpose they may exercise all our powers whether relating to the management of the business or not. In exercising their powers, the members of the Board must perform their duties to us under English law. These duties include, among others:

- to act within their powers and in accordance with the Articles;
- to act in a way that the directors consider, in good faith, would be most likely to promote our success for the benefit of its members as a whole (having regard to a list of non-exhaustive factors);
- to exercise independent judgment;
- to exercise reasonable care, skill and diligence;
- to avoid conflicts of interest;
- not to accept benefits from third parties; and
- to declare interests in proposed transactions/arrangements.

The Articles provide that the members of the Board may delegate any of the powers which are conferred on them under the Articles to such committee or person, by such means (including by power of attorney), to such an extent and on such terms and conditions, as they think fit.

Share Qualification of Directors

A director shall not be required to hold any Shares by way of qualification.

Board and Decision Making

The Articles provide that any director may call a meeting of the Board. Subject to the provisions of the U.K. Companies Act 2006, the Executive Chairman may also call general meetings on behalf of the Board. The quorum for such a meeting will be at least a majority of the directors then in office.

Except as otherwise provided in the Articles, a decision may be taken at a duly convened Board meeting with the vote of a majority of the directors present at such meeting who are entitled to vote on such question and each director will have one vote.

A director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. Except as otherwise provided by the Articles, a director shall not vote at a meeting of the Board or a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, us) which could reasonably be regarded as likely to give rise to a conflict with our interests.

Unless otherwise determined by us by ordinary resolution, the remuneration of the non-executive directors for their services in the office of director shall be as the Board may from time to time determine. Any director who holds any executive office or who serves on any committee of the Board or who performs services which the Board considers go beyond the ordinary duties of a director may be paid such special remuneration (by way of bonus, commission, participation in profits or otherwise) as the Board may determine. However, the U.K. Companies Act 2006 requires "quoted" companies, such as the Company, to obtain a binding vote of shareholders on the directors' remuneration policy at least once every three years and an annual advisory (non-binding) shareholders' vote on an on the directors' remuneration in the financial year being reported on and how the directors' remuneration policy will be implemented in the following financial year.

Directors' Borrowing Powers

Under our Board's general power to manage our business, our Board may exercise all the powers to borrow money; provided, however, that pursuant to the Articles, an enhanced Board approval is required for indebtedness in excess of US\$300 million in respect of any single transaction or in a series of related transactions. See "—Matters Requiring Majority Board and Executive Chairman Approval."

Matters Requiring Two-Thirds Board Approval

The Articles also provide that the following actions will require approval of two-thirds of the entire Board prior to the Sunset Date, including, if Mr. Kestenbaum is not serving as our Executive Chairman, the approval of at least one Globe independent director:

- any transaction that results in a change of control, or sale of all or substantially all of the consolidated assets, or the redomiciling into a different jurisdiction, other than a sale of 100% of the equity securities to a third party in a transaction in which all shareholders receive the same per share consideration;
- payment of any extraordinary dividend or other extraordinary distributions (except for any dividend distributions of proceeds received pursuant to the R&W Policy);
- extraordinary purchase, repurchase, or redemption of our Shares;
- appointment or removal of any member of the Board, otherwise than in accordance with the organizational documents;
- alteration, amendment or repeal of any provision of the organizational documents in a manner inconsistent with the agreed governance structure;
- increase or decrease the size of the Board; provided that during the first five years from December 23, 2015, any increase or decrease to the size of the Board shall also require the vote of a majority of our independent directors;

Table of Contents

- during the first three years after the closing of the Business Combination: (a) removal without cause of the Executive Chairman; and (b) appointment or election of a replacement Executive Chairman;
- alteration, amendment or repeal of any authorization given by the Board in respect of the exercise of a director's independent judgment or a conflict of interest;
- alteration, amendment or repeal of any guidelines established by the Board regarding the authority and responsibilities of the Executive Chairman or Executive Vice-Chairman;
- before the December 23, 2016, establishment of a trust to transfer our interest in the R&W Policy in exchange for participation units in such trust, which participation units would be distributed as a dividend on the Ordinary Shares; and
- re-acquiring "controlled company" status after we no longer qualify for such exemption under the NASDAQ stock market rules.

Matters Requiring Majority Board and Executive Chairman Approval

The Articles also provide that, until the earlier of the date on which Grupo VM and its affiliates hold less than 15% of our outstanding Shares or December 23, 2018, the following actions require approval of a majority of the entire Board, including the Executive Chairman:

- incurrence of indebtedness in excess of U.S. \$300 million in respect of any single transaction or in a series of transactions;
- issuance of shares or other equity interests in excess of U.S. \$300 million in respect of any single transaction or in a series of related transactions;
- entry into transactions with any affiliate of our or any of our subsidiaries, including Grupo VM and its affiliates; and
- creation of a committee of the Board or delegation of authority to any committee of the Board.

The Articles also provide that, until the Sunset Date, the alteration, amendment, repeal or waiver of any shareholder agreement entered into with Grupo VM will require the vote of a majority of the directors who are independent of Grupo VM and are not otherwise subject to any conflicts with respect to such matter. The Articles also provide that before December 23, 2016, the Board, by approval of a majority of the Board, will have the authority to establish a trust to transfer the Company's interest in the R&W Policy in exchange for participation units in such trust, which participation units would be distributed as a dividend on Ordinary Shares.

Director Liability

Under English law, members of the Board may be liable to us for negligence, default, breach of duty or breach of trust in relation to us. Any provision that purports to exempt a director from such liability is void. Subject to certain exceptions, English law does not permit us to indemnify a director against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to us. The exceptions allow us to:

- purchase and maintain director and officer insurance against any liability attaching in connection with any negligence, default, breach of duty or breach of trust owed to us;
- provide a qualifying third party indemnity provision which permits us to indemnify its directors (and directors of an "associated company" (i.e., a company that is a parent, subsidiary or sister company of Ferroglobe) in respect of proceedings brought by third parties (covering both legal costs and the amount of any adverse judgment), except for: (i) the legal costs of an unsuccessful defense of criminal proceedings or civil proceedings brought by us an associated company, or the legal costs incurred in connection with certain specified applications by the director for relief where the court refuses to grant the relief; (ii) fines imposed in criminal proceedings; and (iii) penalties imposed by regulatory bodies;

Table of Contents

- loan funds to a director to meet expenditure incurred in defending civil and criminal proceedings against him or her (even if the action is brought by us), or expenditure incurred applying for certain specified relief, but subject to the requirement for the director or officer to reimburse us if the defense is unsuccessful; and
- provide a qualifying pension scheme indemnity provision, (which allows us to indemnify a director of a company that is a trustee of an occupational pension scheme against liability incurred in connection with such company's activities as a trustee of the scheme (subject to certain exceptions).

Indemnification Matters

Under the Articles, subject to the provisions of the U.K. Companies Act 2006 and applicable law, we will exercise all of our powers to (i) indemnify any person who is or was a director (including by funding any expenditure incurred or to be incurred by him or her) against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or her or otherwise, in relation to us or any associated company; and/or (ii) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme (including by funding any expenditure incurred or to be incurred by him or her) against any liability, incurred by him or her in connection with our activities as trustee of an occupational pension scheme; including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

Under the Articles and subject to the provisions of the U.K. Companies Act 2006, we may exercise all of our powers to purchase and maintain insurance for or for the benefit of any person who is or was a director, officer or employee of, or a trustee of any pension fund in which our employees are or have been interested, including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

No director or former director shall be accountable to us or the members for any benefit provided pursuant to the Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a director.

Director Removal or Termination of Appointment

The general meeting of shareholders will, at all times, have the power to remove a member of the Board by an ordinary resolution, being a resolution passed by a simple majority of votes cast. The Articles also provide that a member of the Board will cease to be a director as soon as:

- the director ceases to be a director by virtue of any provision of the U.K. Companies Act 2006 (including, without limitation, section 168) or he becomes prohibited by applicable law from being a director;
- the director becomes bankrupt or makes any arrangement or composition with the director's creditors generally;

Table of Contents

- a registered medical practitioner who is treating that person gives a written opinion to us stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- by reason of the director's mental health a court makes an order which wholly or partly prevents the director from personally exercising any powers or rights he would otherwise have;
- the director resigns from office by notice in writing to us;
- in the case of a director who holds any executive office, the director's appointment as such is terminated or expires and the Board resolves that he should cease to be a director;
- the director is absent for more than six consecutive months, without permission of the Board, from meetings of the Board held during that period and the Board resolves that the director should cease to be a director; or
- the director dies.

Committees

Subject to the provisions of the Articles, the directors may delegate any of the powers which are conferred on them under the Articles:

- to a committee consisting of one or more directors and (if thought fit) one or more other persons, to such an extent and on such terms and conditions as the Board thinks fit (and such ability of the directors to delegate applies to all powers and discretions and will not be limited because certain articles refer to powers and discretions being exercised by committees authorized by directors while other articles do not);
- to such person by such means (including by power of attorney), to such an extent, and on such terms and conditions, as they think fit including delegation to any director holding any executive office, any manager or agent such of its powers as the Board considers desirable to be exercised by him; or
- to any specific director or directors (with power to sub-delegate). These powers can be given on terms and conditions decided on by the directors either in parallel with, or in place of, the powers of the directors acting jointly.

Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent all or any of the powers delegated and may be made subject to such conditions as the Board may specify, and may be revoked or altered. The directors can remove any people they have appointed in any of these ways and cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not has any notice of any cancellation or change.

Registration Rights

On December 23, 2015, we entered into a Registration Rights Agreement with Grupo VM and Mr. Kestenbaum. The Registration Rights Agreement governs Grupo VM's and Mr. Kestenbaum's respective rights and obligations with respect to the registration for resale of Shares held by Grupo VM and Mr. Kestenbaum following the Business Combination. Pursuant to the Registration Rights Agreement, both Grupo VM and Mr. Kestenbaum will have demand registration rights upon written request so long as the requesting party holds at least 2.5% of the outstanding Shares. Each of Grupo VM and Mr. Kestenbaum must notify the other party in writing if it or he, as applicable, plans to make a demand request and give the other party an opportunity to join such demand. The Company must also notify and give the non-requesting party an opportunity to join the demand. Grupo VM will be entitled to six demand registrations for so long as Grupo VM holds at least 2.5% of the outstanding Shares and Mr. Kestenbaum will be entitled to four demand registrations. In addition, Grupo VM and Mr. Kestenbaum will have piggyback registration rights with respect to any offerings initiated by us. These demand and piggyback registration rights will be subject to cutback procedures in the event the underwriters advise us that the demand or piggyback offering, as applicable, is oversubscribed.

[Table of Contents](#)

In connection with a demand registration, the requesting shareholder may require us to file and cause to be declared effective a Form F-3 (assuming we are eligible to use such form) shelf registration statement providing for an offering to be made on a continuous or delayed basis. We will provide the non-requesting shareholder with notice of the shelf registration demand and an opportunity to participate in the shelf. We will use our reasonable best efforts to keep the shelf registration statement continuously effective until the earlier of three years after the shelf registration statement has been declared effective and the date on which all registerable securities covered by the shelf registration statement have been sold in accordance with the plan.

We will be entitled to suspend the use of the Form F-3 (i) during any lockup period (as described below) and (ii) in the event the Board determines in good faith that there is a bona fide business purpose to prevent the disclosure of confidential information for up to 100 days, subject to certain limitations.

Grupo VM and Mr. Kestenbaum will also have withdrawal rights upon notice to us prior to the effective date of any related registration statements. No withdrawal will affect our obligations with respect to the other registerable securities not so withdrawn; provided, however, in the event of a demand registration, if such withdrawal reduces the number of registerable securities below 5% of the Shares outstanding, then we will not be required to register the Shares unless the non-withdrawing shareholder can satisfy the 5% threshold.

Grupo VM and Mr. Kestenbaum have both agreed to enter into lock-up agreements in connection with any underwritten offerings of the Shares (x) for a public offering (other than a demand or piggyback registration), during a period between the date specified by us and 120 days following the final prospectus filing date or (y) for a demand or piggyback registration, during the period between the date specified by us and 90 days following the final prospectus filing date.

The Registration Rights Agreement will terminate on the date on which all of the Shares subject to the agreement cease to be registerable securities.

Listing

The Ordinary Shares are currently listed on NASDAQ under the ticker symbol “GSM”.

Periodic Reporting under U.S. Securities Law

Under the Exchange Act, we are required to publicly file with the SEC an annual report on Form 20-F within four months of the end of the fiscal year covered by the report. We will also be required to publicly file with the SEC current reports on Form 6-K promptly after the occurrence of specified significant events.

NASDAQ Rules

For so long as its Shares are listed on NASDAQ, we will be required to meet certain requirements relating to ongoing communication and disclosure to our shareholders, including a requirement to make any annual report filed with the SEC available on or through our website and to comply with the “prompt disclosure” requirement of NASDAQ with respect to earnings and dividend announcements, combination transactions, stock splits, major management changes and any substantive items of an unusual or non-recurrent nature. Issuers listing shares on NASDAQ must also meet certain corporate governance standards, such as those relating to annual meetings, board independence, the formation and composition of nominating/corporate governance, compensation and audit committees, and approval by our shareholders of certain transactions.

Other UK Law Considerations

Obligation of Shareholders and Other Persons to Disclose Holding; Register of Persons with Significant Control

Section 793 of the U.K. Companies Act 2006 gives us the power to require persons whom we know have, or whom we have reasonable cause to believe have, or within the past three years have had, any ownership interest in any Shares to disclose specified information regarding those shares. Failure to provide the information requested within the prescribed period (or knowingly or recklessly providing false information) after the date the notice is sent can result in criminal or civil sanctions being imposed against the person in default.

Under the Articles, if any shareholder, or any other person appearing to be interested in the Shares held by such shareholder, fails to give us the information required by a Section 793 notice, then the Board may withdraw voting and certain other rights, place restrictions on the rights to receive dividends and transfer such shares (which includes any shares allotted or issued after the date of the Section 793 notice in respect of those shares).

With effect from 6 April 2016 we shall be required by the U.K. Companies Act 2006 to maintain a register of people with significant control over us. A “person with significant control” for the purpose of the register is an individual who meets one or more of the following conditions: (i) holds direct or indirect ownership of more than 25% of our Shares; (ii) holds direct or indirect control of more than 25% of our voting rights; (iii) holds direct or indirect right to appoint or remove a majority of the Board; (iv) exercises or has the right to exercise significant influence or control over us; or (v) exercises or has the right to exercise significant influence or control over activities of a trust or firm which itself meets one or more of the preceding conditions.

Takeover Provisions

An English public limited company is potentially subject to the U.K. City Code on takeovers and mergers (the “Takeover Code”), it is not expected that we will be subject to the Takeover Code based on the composition of the Board following the consummation of the Business Combination.

It is possible that, in the future, circumstances could change that may cause the Takeover Code to apply to us. It should be noted that if we become subject to the Takeover Code, the ability of the directors to engage in defensive measures to seek to frustrate bids will, in addition to being subject to the directors’ statutory and fiduciary duties, be subject to the provisions of the Takeover Code.

Furthermore, the Articles require that, prior to the Sunset Date, in any tender offer for us, holders of the Shares must be offered the same type and amount of consideration per share and the offer must be subject to a non-waivable condition that the tender offer be accepted by holders of a majority of the Shares not held by Grupo VM or any of its affiliates. The Articles also provide that, prior to the Sunset Date, in any scheme of arrangement, merger, consolidation or business combination or other transaction that results in a change of control of us, holders of Shares must receive the same type and amount of consideration per Share. If the holders of the Shares are offered, in the case of a tender offer, or receive, in the case of a scheme of arrangement, merger, consolidation or business combination or other transaction that results in a change of control of us, the right to elect to receive one of two or more alternative forms of consideration, the Articles provide that these requirements will be deemed satisfied if holders of the other class are offered the same election rights. The provisions mentioned above may only be removed from the Articles or amended or varied by shareholders representing a majority of the Shares present at a shareholder meeting excluding the Shares held by Grupo VM or its affiliates. For the purposes of this provision of the Articles, any consideration to be offered to or received by holders of the Shares pursuant to any employment, consulting, severance or other similar compensation arrangement approved by the Board, or any duly authorized committee of the Board, will not be considered to be consideration offered or received per Share for purposes of this provision, regardless of whether such consideration is paid in connection with, or conditioned upon the completion of, such tender offer, scheme of arrangement, merger, consolidation or other business combination transaction that results in a change of control of us.

Distributions and Distributions

Subject to the U.K. Companies Act 2006, our shareholders may declare by ordinary resolution that a dividend be paid to shareholders in accordance with their respective rights and interests in us, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. In addition, and subject to the U.K. Companies Act 2006 and the provisions of the Articles, the Board may declare that a dividend is payable to the holders of the Shares.

Dividends may only be paid out of our distributable reserves or distributable profits, defined as accumulated realized profits not previously utilized by distribution or capitalization less accumulated realized losses to the extent not previously written off in a reduction or reorganization of capital duly made, and not out of share capital, which includes the share premium account. Distributable profits are determined in accordance with generally accepted accounting principles at the time the relevant accounts are prepared.

The amount of our distributable profits is a cumulative calculation. We may be profitable in a single year but unable to pay a dividend if the profits of that year do not offset all previous year's accumulated losses.

Our shareholders may by ordinary resolution on the recommendation of the directors decide that the payment of all or any part of a dividend be satisfied by transferring non-cash assets of equivalent value, including shares or securities in any corporation. For more information, see "Dividend Policy."

Amendment of Articles of Association, Dissolution and Liquidation

Under English law, the shareholders may amend the articles of association of a public company by special resolution at a general meeting. The meeting must be convened in accordance with the U.K. Companies Act 2006 and the Articles and the text of any special resolution must be set out in full in the notice convening the relevant meeting.

In the event of the commencement of our liquidation, the liquidator may, on obtaining any sanction required by law, including a special resolution of the company, divide among the shareholders the whole or part of our assets, whether or not the assets consist of property of the same kind or of different kinds and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine.

The liquidator may not, however, distribute to a shareholder without his consent an asset to which there is a liability.

On a return of capital on liquidation, any surplus assets shall be distributed to shareholders in accordance with the order of priority set out in the Articles.

Comparison of Shareholder Rights

The applicable provisions of the U.K. Companies Act 2006 differ from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain differences between the provisions of the U.K. Companies Act 2006 applicable to us and the Delaware General Corporation Law relating to shareholders' rights and protections. This summary is not intended to be a complete discussion of the respective rights and it is qualified in its entirety by reference to English law and Delaware law.

	<u>England and Wales</u>	<u>Delaware</u>
Number of Directors	Under the U.K. Companies Act 2006, a public limited company must have at least two directors and the number of directors may be fixed by or in the manner provided in a company's articles of association.	Under Delaware law, a corporation must have at least one director and the number of directors shall be fixed by or in the manner provided in the bylaws.

[Table of Contents](#)

	<u>England and Wales</u>	<u>Delaware</u>
Removal of Directors	<p>Under the U.K. Companies Act 2006, shareholders may remove a director without cause by an ordinary resolution (which is passed by a simple majority of those voting in person or by proxy at a general meeting) irrespective of any provisions of any service contract the director has with the company, provided that 28 clear days' notice of the resolution is given to the company and its shareholders and certain other procedural requirements under the U.K. Companies Act 2006 are followed (such as allowing the director to make representations against his or her removal either at the meeting or in writing).</p>	<p>Under Delaware law, unless otherwise provided in the certificate of incorporation, directors may be removed from office, with or without cause, by a majority stockholder vote, though in the case of a corporation whose board is classified, stockholders may affect such removal only for cause.</p>
Vacancies on the Board of Directors	<p>Under English law, the procedure by which directors (other than a company's initial directors) are appointed is generally set out in a company's articles of association, provided that where two or more persons are appointed as directors of a public limited company by resolution of the shareholders, resolutions appointing each director must be voted on individually unless a resolution of the shareholders that such resolutions do not have to be voted on individually is first agreed to by the meeting without any vote being given against it. Vacancies may be filled by the directors of the Company or by shareholders at a general meeting.</p>	<p>Under Delaware law, vacancies on a corporation's Board of Directors, including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors.</p>
Annual General Meeting	<p>Under the U.K. Companies Act 2006, a public limited company must hold an annual general meeting in each six-month period following the company's annual accounting reference date.</p>	<p>Under Delaware law, the annual meeting of stockholders shall be held at such place, on such date and at such time as may be designated from time to time by the Board of Directors or as provided in the certificate of incorporation or by the bylaws.</p>

	<u>England and Wales</u>	<u>Delaware</u>
General Meeting	<p>Under the U.K. Companies Act 2006, a general meeting of the shareholders of a public limited company may be called by the directors.</p> <p>Shareholders holding at least 5% of the paid-up capital of the company carrying voting rights at general meetings can require the directors to call a general meeting.</p>	<p>Under Delaware law, special meetings of the stockholders may be called by the Board of Directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.</p>
Notice of General Meetings	<p>Under the U.K. Companies Act 2006, 21 clear days' notice must be given for an annual general meeting. Subject to a company's articles of association providing for a longer period, at least 14 clear days' notice is required for any other general meeting. In addition, certain matters (such as the removal of directors or auditors) require special notice, which is 28 clear days' notice. The shareholders of a company may in all cases consent to a shorter notice period, the proportion of shareholders' consent required being 100% of those entitled to attend and vote in the case of an annual general meeting and, in the case of any other general meeting, a majority in number of the members having a right to attend and vote at the meeting, being a majority who together hold not less than 95% in nominal value of the shares giving a right to attend and vote at the meeting. Neither of these thresholds can be changed by a company's articles of association.</p>	<p>Under Delaware law, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders must be given to each stockholder entitled to vote at the meeting not less than ten nor more than 60 days before the date of the meeting and shall specify the place, date, hour, and purpose or purposes of the meeting.</p>
Proxy	<p>Under the U.K. Companies Act 2006, at any meeting of shareholders, a shareholder may designate another person to attend, speak and vote at the meeting on their behalf by proxy.</p>	<p>Under Delaware law, at any meeting of stockholders, a stockholder may designate another person to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.</p>

Preemptive Rights

England and Wales

Under the U.K. Companies Act 2006, “equity securities” (being (i) shares in the company other than shares that, with respect to dividends and capital, carry a right to participate only up to a specified amount in a distribution (“ordinary shares”) or (ii) rights to subscribe for, or to convert securities into, ordinary shares) proposed to be allotted for cash must be offered first to the existing equity shareholders in the company in proportion to the respective nominal value of their holdings, unless an exception applies or a special resolution to the contrary has been passed by shareholders in a general meeting or the articles of association provide otherwise in each case in accordance with the provisions of the U.K. Companies Act 2006.

Delaware

Under Delaware law, unless otherwise provided in a corporation’s certificate of incorporation, a stockholder does not, by operation of law, possess preemptive rights to subscribe to additional issuances of the corporation’s stock.

Liability of Directors and Officers

England and Wales

Under the U.K. Companies Act 2006, any provision (whether contained in a company's articles of association or any contract or otherwise) that purports to exempt a director of a company (to any extent) from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void. Any provision by which a company directly or indirectly provides an indemnity (to any extent) for a director of the company or of an associated company against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he is a director is also void except as permitted by the U.K. Companies Act 2006, which provides exceptions for the company to: (i) purchase and maintain insurance against such liability; (ii) provide a "qualifying third party indemnity" (being an indemnity against liability incurred by the director to a person other than the company or an associated company). Such indemnity must not cover criminal fines, penalties imposed by regulatory bodies, the defense costs of criminal proceedings where the director is found guilty, the defense costs of civil proceedings successfully brought against the director by the company or an associated company, and the costs of unsuccessful applications by the director for relief; (iii) provide a "qualifying pension scheme indemnity" (being an indemnity against liability incurred in connection with the company's activities as trustee of an occupational pension plan); and (iv) loan funds to a director to meet expenditure incurred defending proceedings against him or her (even if the action is brought by the company itself), or expenditure incurred applying for certain specified relief, provided the loan is required to be repaid if the defense or application for relief is unsuccessful. Such indemnity must not cover a fine imposed in criminal proceedings, or sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising), or any liability incurred by the director in defending criminal proceedings in which he is convicted.

Delaware

Under Delaware law, a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation and its stockholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or
- any transaction from which the director derives an improper personal benefit.

Voting Rights

England and Wales

Under English law, unless a poll is demanded by the shareholders of a company or is required by the chairman of the meeting or the company's articles of association, shareholders shall vote on all resolutions on a show of hands. Under the U.K. Companies Act 2006, a poll may be demanded by: (i) not fewer than five shareholders having the right to vote on the resolution; (ii) any shareholder(s) representing at least 10% of the total voting rights of all the shareholders having the right to vote on the resolution (excluding any voting rights attached to treasury shares); or (iii) any shareholder(s) holding shares in the company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right. A company's articles of association may provide more extensive rights for shareholders to call a poll. Under English law, an ordinary resolution is passed on a show of hands if it is approved by a simple majority (more than 50%) of the votes cast by shareholders present (in person or by proxy) and entitled to vote. If a poll is demanded, an ordinary resolution is passed if it is approved by holders representing a simple majority of the total voting rights of shareholders present (in person or by proxy) who (being entitled to vote) vote on the resolution. Special resolutions require the affirmative vote of not less than 75% of the votes cast by shareholders present (in person or by proxy) at the meeting.

Delaware

Delaware law provides that, unless otherwise provided in the certificate of incorporation, each stockholder is entitled to one vote for each share of capital stock held by such stockholder.

Shareholder Vote on Certain Transactions

England and Wales

The U.K. Companies Act 2006 provides for schemes of arrangement, which are arrangements or compromises between a company and any class of shareholders or creditors and used in certain types of reconstructions, amalgamations, capital reorganizations or takeovers. These arrangements require:

- the approval at a shareholders' or creditors' meeting convened by order of the court, of a majority in number of shareholders or creditors representing 75% in value of the capital held by, or debt owed to, the class of shareholders or creditors, or class thereof present and voting, either in person or by proxy; and
- the approval of the court.

Standard of Conduct for Directors

Under English law, a director owes various statutory and fiduciary duties to the company, including:

- to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole;
- to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly conflicts, with the interests of the company;
- to act in accordance with the company's constitution and only exercise his powers for the purposes for which they are conferred;
- to exercise independent judgment;
- to exercise reasonable care, skill and diligence;
- not to accept benefits from a third party conferred by reason of his being a director or doing (or not doing) anything as a director; and
- a duty to declare any interest that he has, whether directly or indirectly, in a proposed or existing transaction or arrangement with the company.

Delaware

Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires:

- the approval of the Board of Directors; and
- approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter.

Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the stockholders.

Stockholder Suits

England and Wales

Under English law, generally, the company, rather than its shareholders, is the proper claimant in an action in respect of a wrong done to the company or where there is an irregularity in the company's internal management. Notwithstanding this general position, the U.K. Companies Act 2006 provides that (i) a court may allow a shareholder to bring a derivative claim (that is, an action in respect of and on behalf of the company) in respect of a cause of action arising from a director's negligence, default, breach of duty or breach of trust and (ii) a shareholder may bring a claim for a court order where the company's affairs have been or are being conducted in a manner that is unfairly prejudicial to some of its shareholders.

Delaware

Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must:

- state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiff's shares thereafter devolved on the plaintiff by operation of law; and
- allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or
- state the reasons for not making the effort.

Additionally, the plaintiff must remain a stockholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.

SHARES ELIGIBLE FOR FUTURE SALE

We cannot make any prediction as to the effect, if any, that sales of Ordinary Shares or the availability of Ordinary Shares for sale will have on the market price of our Ordinary Shares. The market price of our Ordinary Shares could decline because of the sale of a large number of Ordinary Shares or the perception that such sales could occur. These factors could also make it more difficult to raise funds through future offerings of our Shares.

Rule 144

The Ordinary Shares being sold in this offering will generally be freely tradable without restriction or further registration under the Securities Act, except that any shares held by an “affiliate” of ours may not be resold publicly except in compliance with the registration requirements of the Securities Act or under an exemption under Rule 144 or otherwise. Rule 144 permits shares that have been acquired by a person who is an affiliate of ours, or has been an affiliate of ours within the past three months, to be sold into the market in an amount that does not exceed, during any three-month period, the greater of:

- 1% of the total number of our outstanding Ordinary Shares; or
- the average weekly reported trading volume of our Shares on the NASDAQ Global Select Market for the four calendar weeks prior to the date on which notice of the sale is filed with the SEC.

Such sales are also subject to specific manner-of-sale provisions, a six-month holding period requirement for restricted securities, notice requirements and the availability of current public information about us. An “affiliate” is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with an issuer.

Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares that are restricted securities (including the holding period of any prior owner other than an affiliate), will be entitled to freely sell such shares subject only to the availability of current public information about us. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least one year beneficially owned shares that are restricted securities (including the holding period of any prior owner other than an affiliate), will be entitled to freely sell such shares under Rule 144 without regard to the public information requirements of Rule 144. To the extent that any of our affiliates sell their shares, other than pursuant to Rule 144 or a registration statement, the purchaser’s holding period for the purpose of effecting a sale under Rule 144 commences on the date of the transfer from the affiliate.

Lock Up

Pursuant to the Grupo VM Shareholder Agreement, except for permitted transfers, Grupo VM is subject to certain restrictions on its ability to (a) offer, transfer, sell, assign, pledge, hypothecate, encumber, gift or otherwise dispose of any beneficial ownership of, or pecuniary interest in, its Class A Ordinary Shares, (b) engage in any hedging, swap, forward contract or other transaction which reasonably could be expected to result in a sale or disposition of beneficial ownership of its Class A Ordinary Shares, or (c) enter into a short sale of, or trade in, derivative securities representing the right to vote or economic benefits of its Class A Ordinary Shares.

Each of the following will be considered a “permitted transfer”:

- any transfer to an affiliate of Grupo VM, as long as such affiliate joins the Grupo VM Shareholder Agreement;
- any transfer to the Company or a subsidiary of the Company;
- any transfer pursuant to a widely distributed public offering of our Shares for cash;
- any transfer effected through a “brokers’ transaction” as defined in Rule 144(g) under the Securities Act;

[Table of Contents](#)

- any transfer pursuant to a privately-negotiated transaction to any purchaser who, along with its affiliates or any “group” of which it is a member, immediately after the consummation of such transfer, would have beneficial ownership of less than 10% of the outstanding Shares, so long as, after reasonable inquiry, Grupo VM has no reason to believe that such purchaser is, or has the intent to be, a person who would be required to file a Schedule 13D under the Exchange Act disclosing an intent other than for investment;
- any transfer in connection with a public tender or similar takeover offer to all holders of our Shares for all of the Shares if such public tender or similar takeover offer (i) complies with the requirements of the SEC, NASDAQ and other applicable law, (ii) is made on the same price per Share, with the same form of consideration per Share and otherwise on the same terms to all holders of our Shares and (iii) has a nonwaivable condition that it be accepted by a majority of the Shares not held by Grupo VM or its affiliates;
- any pledge of our Shares if (i) such pledge is in favor of a bona fide independent financial institution that is not a “state-owned enterprise” and (ii) as a condition to pledgee’s ability to take ownership of such Shares, such pledgee agrees to comply with the transfer restrictions in the Grupo VM Shareholder Agreement with respect to such pledged shares; and
- any hedging, swap, forward or other derivative contract with respect to any of the Shares provided that (i) at no time will the aggregate number of the Shares covered pursuant to such contract exceed 20% of the aggregate number of the Shares held by Grupo VM and its affiliates and (ii) Grupo VM will not lend, or permit the lending of, any of its Shares to any person.

See “Certain Relationships and Related Party Transactions—Grupo VM Shareholder Agreement,” beginning on page 173 of this prospectus for more information.

Options/Equity Awards

On January 8, 2016, the Company filed a registration statement on Form S-8 under the Securities Act to register 1,310,666 Ordinary Shares to be offered and sold with respect to options granted under the Globe 2006 Employee, Director and Consultant Stock Plan, which were assumed by Ferroglobe in connection with the Business Combination.

Registration Rights

On December 23, 2015, we entered into a registration rights agreement with Grupo VM and Mr. Kestenbaum pursuant to which we will grant certain registration rights to each of Grupo VM and Mr. Kestenbaum, as described in further detail in “Description of Share Capital — Registration Rights.”

TAX CONSIDERATIONS

U.S. Federal Income Taxation

The following is a discussion of the material U.S. federal income tax consequences to U.S. holders (as defined below) of the ownership and disposition of Ordinary Shares. The discussion is based on and subject to the Code, the U.S. Treasury Regulations promulgated thereunder, administrative rulings and court decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. The discussion applies only to U.S. holders that acquire Ordinary Shares in exchange for cash in this offering and hold Ordinary Shares as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). The discussion also assumes that we will not be treated as a U.S. corporation under Section 7874 of the Code. The discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular U.S. holders in light of their personal circumstances, including any tax consequences arising under the Medicare contribution tax on net investment income, or to such shareholders subject to special treatment under the Code, such as:

- banks, thrifts, mutual funds, insurance companies, and other financial institutions,
- real estate investment trusts and regulated investment companies,
- traders in securities who elect to apply a mark-to-market method of accounting,
- brokers or dealers in securities or foreign currency,
- tax-exempt organizations or governmental organizations,
- individual retirement and other deferred accounts,
- U.S. holders whose functional currency is not the U.S. dollar,
- U.S. expatriates and former citizens or long-term residents of the United States,
- “passive foreign investment companies,” “controlled foreign corporations,” and corporations that accumulate earnings to avoid U.S. federal income tax,
- persons subject to the alternative minimum tax,
- shareholders who hold Ordinary Shares as part of a straddle, hedging, conversion, constructive sale or other risk reduction transaction,
- “S corporations,” partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes or other pass-through entities (and investors therein),
- persons that actually or constructively own 10% or more of our voting stock, and
- shareholders who received their shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

The discussion does not address any non-income tax consequences or any foreign, state or local tax consequences.

For purposes of this discussion, a U.S. holder means a beneficial owner of Ordinary Shares who is:

- an individual who is a citizen or resident of the United States;

[Table of Contents](#)

- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or any subdivision thereof, or that is otherwise treated as a U.S. tax resident under the Code;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership, including for this purpose any entity that is treated as a partnership for U.S. federal income tax purposes, holds Ordinary Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A U.S. holder that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the ownership and disposition of Ordinary Shares.

Prospective purchasers are urged to consult their tax advisors with respect to the U.S. federal income tax consequences to them of the purchase, ownership and disposition of Ordinary Shares, as well as the tax consequences to them arising under U.S. federal tax laws other than those pertaining to income tax (including estate or gift tax laws), state, local and non-U.S. tax laws, as well as any applicable income tax treaty.

Dividends and Other Distributions on Ordinary Shares

Dividends will generally be taxed as ordinary income to U.S. holders to the extent that they are paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. As such, subject to the following discussion of special rules applicable to PFICs (as defined below) and, assuming that Ordinary Shares continue to be listed on NASDAQ and certain holding-period requirements are met, the gross amount of the dividends paid by us to U.S. holders may be eligible to be taxed at lower rates applicable to dividends paid by a “qualified foreign corporation.” Dividends paid by us will not qualify for the dividends received deduction under Section 243 of the Code otherwise available to corporate shareholders. In general, and subject to the discussion below, the dividend income will be treated as foreign source passive income for U.S. federal foreign tax credit limitation purposes. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. holders should consult their tax advisors to determine whether and to what extent a credit would be available.

To the extent that the amount of any dividend exceeds our current and accumulated earnings and profits for a taxable year, the excess will first be treated as a tax-free return of capital, causing a reduction in the U.S. holder’s adjusted basis in Ordinary Shares. The balance of any excess will be taxed as capital gain, which would be long-term capital gain if the U.S. holder has held the Ordinary Shares for more than one year at the time the dividend is received.

It is possible that we are, or at some future time will be, at least 50% owned by U.S. persons. Dividends paid by a foreign corporation that is at least 50% owned by U.S. persons may be treated as U.S. source income (rather than foreign source passive income) for foreign tax credit purposes to the extent the foreign corporation has more than an insignificant amount of U.S. source income. The effect of this rule may be to treat a portion of any dividends paid by us as U.S. source income, which may limit a U.S. holder’s ability to claim a foreign tax credit with respect to foreign taxes payable or deemed payable in respect of the dividends or other foreign source passive income. The Code permits a U.S. holder entitled to benefits under the United Kingdom-United States Income Tax Treaty to elect to treat any dividends paid by us as foreign source income for foreign tax credit purposes if the dividend income is separated from other income items for purposes of calculating the U.S. holder’s foreign tax credit with respect to U.K. taxes withheld, if any, on the distribution of such dividend income. U.S. holders should consult their own tax advisors about the desirability and method of making such an election.

[Table of Contents](#)

We generally intend to pay dividends in U.S. dollars. If we were to pay dividends in a foreign currency or other property, the amount of any such dividend will be the U.S. dollar value of the foreign currency or other property distributed by us, calculated, in the case of foreign currency, by reference to the exchange rate on the date the dividend is includible in the U.S. holder's income, regardless of whether the payment is in fact converted into U.S. dollars on the date of receipt. Generally, a U.S. holder should not recognize any foreign currency gain or loss if the foreign currency is converted into U.S. dollars on the date the payment is received. However, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the dividend payment in income to the date such U.S. holder actually converts the payment into U.S. dollars will be treated as ordinary income or loss. That currency exchange or loss (if any) generally will be income or loss from U.S. sources for foreign tax credit purposes.

Sale, Exchange or Other Taxable Disposition of Ordinary Shares

Subject to the following discussion of special rules applicable to PFICs, a U.S. holder will generally recognize taxable gain or loss on the sale, exchange or other taxable disposition of Ordinary Shares in an amount equal to the difference between the amount realized on such taxable disposition and the U.S. holder's tax basis in the Ordinary Shares. A U.S. holder's initial tax basis in Ordinary Shares generally will equal the cost of such Ordinary Shares.

The source of any such gain or loss is generally determined by reference to the residence of the holder such that it generally will be treated as U.S. source income for foreign tax credit limitation purposes in the case of a sale, exchange or other taxable disposition by a U.S. holder. However, the Code permits a U.S. holder entitled to benefits under the United Kingdom-United States Income Tax Treaty to elect to treat any gain or loss on the sale, exchange or other taxable disposition of Ordinary Shares as foreign source income for foreign tax credit purposes if the gain or loss is sourced outside of the United States under the United Kingdom-United States Income Tax Treaty and such gain or loss is separated from other income items for purposes of calculating the U.S. holder's foreign tax credit. U.S. holders should consult their own tax advisors about the desirability and method of making such an election.

Gain or loss realized on the sale, exchange or other taxable disposition of Ordinary Shares generally will be capital gain or loss and will be long-term capital gain or loss if the Ordinary Shares have been held for more than one year. Non-corporate U.S. holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deduction of capital losses is subject to limitations.

Passive Foreign Investment Company Considerations

A foreign corporation is a "passive foreign investment company" (a "PFIC") if, after the application of certain "look-through" rules, (1) at least 75% of its gross income is "passive income" as that term is defined in the relevant provisions of the Code, or (2) at least 50% of the value of its assets (determined on the basis of a quarterly average) produce "passive income" or are held for the production of "passive income." The determination as to PFIC status is made annually. If a U.S. holder is treated as owning PFIC stock, the U.S. holder will be subject to special rules generally intended to reduce or eliminate the benefit of the deferral of U.S. federal income tax that results from investing in a foreign corporation that does not distribute all of its earnings on a current basis. These rules may adversely affect the tax treatment to a U.S. holder of dividends paid by us and of sales, exchanges and other dispositions of Ordinary Shares, and may result in other adverse U.S. federal income tax consequences.

We do not expect to be treated as a PFIC for the current taxable year, and we do not expect to become a PFIC in the future. However, there can be no assurance that the IRS will not successfully challenge this position or that we will not become a PFIC at some future time as a result of changes in our assets, income or business operations. U.S. holders should consult their own tax advisors about the determination of our PFIC status and the U.S. federal income tax consequences of holding Ordinary Shares if we are considered a PFIC in any taxable year.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to dividends received by U.S. holders of Ordinary Shares and the proceeds received on the disposition of Ordinary Shares effected within the United States (and, in certain cases, outside the United States), paid to U.S. holders other than certain exempt recipients (such as corporations). Backup withholding may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9) or is otherwise subject to backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

[Table of Contents](#)

Individuals that own “specified foreign financial assets” with an aggregate value of more than \$50,000 (or higher threshold for some married individuals and individuals living abroad) may be required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. Ordinary Shares generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Ordinary Shares are held in an account at a financial institution (which, in the case of a foreign financial account, may also be subject to reporting). Additionally, under proposed regulations, a domestic corporation, domestic partnership, or trust (as described in Section 7701(a)(30)(E) of the Code) which is formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets may be treated as an individual for purposes of these rules. U.S. holders should consult their own tax advisors regarding information reporting requirements relating to their ownership of Ordinary Shares, and the significant penalties to which they may be subject for failure to comply.

United Kingdom Taxation

The following paragraphs are intended as a general guide to current U.K. tax law and HM Revenue & Customs published practice applying as at the date of this prospectus (both of which are subject to change at any time, possibly with retrospective effect) relating to the holding of Ordinary Shares. They do not constitute legal or tax advice and do not purport to be a complete analysis of all U.K. tax considerations relating to the holding of Ordinary Shares. They relate only to persons who are absolute beneficial owners of Ordinary Shares (and where the Ordinary Shares are not held through an Individual Savings Account or a Self-Invested Personal Pension) and who are resident for tax purposes in (and only in) the U.K. (except to the extent that the position of non-U.K. resident persons is expressly referred to).

These paragraphs may not relate to certain classes of holders of Ordinary Shares, such as (but not limited to):

- persons who are connected with the Company;
- insurance companies;
- charities;
- collective investment schemes;
- pension schemes;
- brokers or dealers in securities or persons who hold Ordinary Shares otherwise than as an investment;
- persons who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment or who are or have been officers or employees of the Company or any of its affiliates; and
- individuals who are subject to U.K. taxation on a remittance basis.

These paragraphs do not describe all of the circumstances in which holders of Ordinary Shares may benefit from an exemption or relief from U.K. taxation. It is recommended that all holders of Ordinary Shares obtain their own tax advice. In particular, non-U.K. resident or domiciled persons are advised to consider the potential impact of any relevant double tax agreements.

Dividends

Withholding Tax

Dividends paid by the Company will not be subject to any withholding or deduction for or on account of U.K. tax, irrespective of the residence or particular circumstances of the shareholders.

Income Tax

An individual holder of Ordinary Shares who is resident for tax purposes in the U.K. may, depending on his or her particular circumstances, be subject to U.K. tax on dividends received from the Company. An individual holder of Ordinary Shares who is not resident for tax purposes in the U.K. should not be chargeable to U.K. income

[Table of Contents](#)

tax on dividends received from the Company unless he or she carries on (whether solely or in partnership) any trade, profession or vocation in the U.K. through a branch or agency to which the Ordinary Shares are attributable (subject to certain exceptions for trading through independent agents, such as some brokers and investment managers). Subject to certain conditions, an individual holder of Ordinary Shares who is resident for tax purposes in the U.K. will be entitled to a tax credit equal to one-ninth (2015/16) of the amount of the dividend received from the Company.

Dividends will be subject to U.K. income tax at the rate of 10% (2015/16) on the amount of the dividend and any associated one-ninth tax credit in the hands of an individual holder of Ordinary Shares who is liable to U.K. income tax at the basic rate. This means that the tax credit will generally satisfy in full the U.K. income tax liability of such a U.K. resident individual shareholder with respect to such a dividend.

An individual holder of Ordinary Shares who is liable to U.K. income tax at the higher rate will generally be subject to U.K. income tax at the rate of 32.5% (2015/16) on the amount of the dividend and any associated one-ninth tax credit. The tax credit will only partially satisfy that U.K. resident individual shareholder's U.K. income tax liability with respect to such a dividend and, accordingly, such shareholders will generally be liable for additional tax of 22.5% of the amount of the dividend and any associated one-ninth tax credit, or 25% of the cash dividend received.

An individual holder of Ordinary Shares who is liable to U.K. income tax at the additional rate will generally be subject to U.K. income tax at the rate of 37.5% (2015/16) on the amount of the dividend and any associated one-ninth tax credit. The tax credit will only partially satisfy that U.K. resident individual shareholder's U.K. income tax liability with respect to such a dividend and, accordingly, such shareholders will generally be liable for additional tax of 27.5% of the amount of the dividend and any associated one-ninth tax credit, or 30.56% of the cash dividend received.

Dividend income is treated as the top slice of the total income chargeable to U.K. income tax. Whether an individual holder of Ordinary Shares who is liable to U.K. income tax in respect of a dividend is liable to that tax at the higher or additional rate or not will depend on the particular circumstances of that shareholder.

The U.K. Government has announced that it will abolish the dividend tax credit system described in the above paragraphs with effect from April 2016. All individual holders of Ordinary Shares would instead get a tax-free allowance of £5,000 per annum. Dividend income in excess of this tax-free allowance would be charged at 7.5% for basic rate tax payers, 32.5% for higher rate taxpayers, and 38.1% for additional rate taxpayers.

Corporation Tax

Corporate holders of Ordinary Shares which are resident for tax purposes in the U.K. should not be subject to U.K. corporation tax on any dividend received from the Company so long as the dividends qualify for exemption (as is likely) and certain conditions are met (including anti-avoidance conditions).

Chargeable Gains

A disposal of Ordinary Shares by a shareholder resident for tax purposes in the U.K. may, depending on the shareholder's circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of U.K. capital gains tax and corporation tax on chargeable gains.

If an individual holder of Ordinary Shares who is subject to U.K. income tax at either the higher or the additional rate becomes liable to U.K. capital gains tax on the disposal of Ordinary Shares, the applicable rate will be 28% (2015/16). For an individual holder of Ordinary Shares who is subject to U.K. income tax at the basic rate and liable to U.K. capital gains tax on such disposal, the applicable rate would be 18% (2015/16), save to the extent that any capital gains exceed the unused basic rate tax band. In that case, the rate applicable to the excess would be 28% (2015/16).

If a corporate holder of Ordinary Shares becomes liable to U.K. corporation tax on the disposal of Ordinary Shares, the main rate of U.K. corporation tax (currently 20%) would apply. An indexation allowance may be available to such a holder to give an additional deduction based on the indexation of its base cost in the shares by reference to U.K. retail price inflation over its holding period. An indexation allowance can only reduce a gain on a future disposal, and cannot create a loss.

A holder of Ordinary Shares which is not resident for tax purposes in the U.K. should not normally be liable to U.K. capital gains tax or corporation tax on chargeable gains on a disposal of Ordinary Shares. However, an individual holder of Ordinary Shares who has ceased to be resident for tax purposes in the U.K. for a period of less than five years and who disposes of Ordinary Shares during that period may be liable on his or her return to the U.K. to U.K. tax on any capital gain realized (subject to any available exemption or relief).

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

The discussion below relates to holders of Ordinary Shares wherever resident.

Transfers of Ordinary Shares within a clearance service or depositary receipt system should not give rise to a liability to U.K. stamp duty or SDRT, provided that no instrument of transfer is entered into and that no election that applies to the Ordinary Shares is, or has been, made by the clearance service or depositary receipt system under Section 97A of the U.K. Finance Act 1986.

Transfers of Ordinary Shares within a clearance service where an election has been made by the clearance service under Section 97A of the U.K. Finance Act 1986 will generally be subject to SDRT (rather than U.K. stamp duty) at the rate of 0.5% of the amount or value of the consideration.

Transfers of Ordinary Shares that are held in certificated form will generally be subject to U.K. stamp duty at the rate of 0.5% of the consideration given (rounded up to the nearest £5). An exemption from U.K. stamp duty is available for a written instrument transferring an interest in Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. SDRT may be payable on an agreement to transfer such Ordinary Shares, generally at the rate of 0.5% of the consideration given in money or money’s worth under the agreement to transfer the Ordinary Shares. This charge to SDRT would be discharged if an instrument of transfer is executed pursuant to the agreement which gave rise to SDRT and U.K. stamp duty is duly paid on the instrument transferring the Ordinary Shares within six years of the date on which the agreement was made or, if the agreement was conditional, the date on which the agreement became unconditional. The stamp duty would be duly accounted for if it is paid, an appropriate relief is claimed or the instrument is otherwise certified as exempt.

If Ordinary Shares (or interests therein) are subsequently transferred into a clearance service or depositary receipt system, U.K. stamp duty or SDRT will generally be payable at the rate of 1.5% of the amount or value of the consideration given (rounded up in the case of U.K. stamp duty to the nearest £5) or, in certain circumstances, the value of the shares (save to the extent that an election has been made under Section 97A of the U.K. Finance Act 1986). This liability for U.K. stamp duty or SDRT will strictly be accountable by the clearance service or depositary receipt system, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt system.

EXPENSES RELATED TO THE OFFERING

We estimate the fees and expenses to be incurred by us in connection with the resale of the ordinary shares in this offering, other than underwriting discounts and commissions, to be as follows:

SEC registration fees	\$ 6,885
Legal fees and expenses	\$100,000
Accounting fees and expenses	\$351,000
Printing expenses	\$ 35,000
Miscellaneous expenses	\$ 50,000
Total	<u>\$542,885</u>

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are incorporated and currently existing under the laws of England and Wales. In addition, certain of our directors and officers reside outside of the United States and most of the assets of our non-U.S. subsidiaries are located outside of the United States. As a result, it may be difficult for investors to effect service of process on us or those persons in the United States or to enforce in the United States judgments obtained in United States courts against us or those persons based on the civil liability or other provisions of the United States securities laws or other laws.

In addition, uncertainty exists as to whether the courts of England and Wales would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liabilities provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in England and Wales against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

We have been advised by Latham & Watkins LLP, that there is currently no treaty between (i) the United States and (ii) England and Wales providing for reciprocal recognition and enforcement of judgments of United States courts in civil and commercial matters (although the U.S. and the United Kingdom are both parties to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards) and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether or not predicated solely upon the United States securities laws, would not be automatically enforceable in England and Wales. We have also been advised by Latham & Watkins LLP that any final and conclusive monetary judgment for a definite sum obtained against us in United States courts would be treated by the courts of England and Wales as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary, provided that:

- the relevant U.S. court had jurisdiction over the original proceedings according to English conflicts of laws principles at the time when proceedings were initiated;
- England and Wales courts had jurisdiction over the matter on enforcement and we either submitted to such jurisdiction or were resident or carrying on business within such jurisdiction and were duly served with process;
- the U.S. judgment was final and conclusive on the merits in the sense of being final and unalterable in the court that pronounced it and being for a definite sum of money;
- the judgment given by the courts was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations (or otherwise based on a U.S. law that an English court considers to relate to a penal, revenue or other public law);
- the judgment was not procured by fraud;
- recognition or enforcement of the judgment in England and Wales would not be contrary to public policy or the Human Rights Act 1998;
- the proceedings pursuant to which judgment was obtained were not contrary to natural justice;
- the U.S. judgment was not arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the UK Protection of Trading Interests Act 1980, or is a judgment based on measures designated by the Secretary of State under Section 1 of that Act;
- there is not a prior decision of an English court or the court of another jurisdiction on the issues in question between the same parties; and
- the English enforcement proceedings were commenced within the limitation period.

[Table of Contents](#)

Whether these requirements are met in respect of a judgment based upon the civil liability provisions of the United States securities laws, including whether the award of monetary damages under such laws would constitute a penalty, is an issue for the court making such decision.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. Nevertheless, we cannot assure you that those judgments will be recognized or enforceable in England and Wales.

If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will be enforceable by methods generally available for this purpose. These methods generally permit the English court discretion to prescribe the manner of enforcement. In addition, it may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is or becomes subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor. Also note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

LEGAL MATTERS

The validity of the ordinary shares offered by this prospectus and certain legal matters as to United Kingdom and United States law will be passed upon for us by Latham & Watkins.

EXPERTS

The consolidated financial statements of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) as of December 31, 2014 and December 31, 2013 and for each of the three years in the period ended December 31, 2014 included in this Prospectus have been audited by Deloitte, S.L., an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The address of Deloitte, S.L. is Plaza Pablo Ruiz Torre Picasso 1, Madrid, Spain 28020.

The financial statements of Ferroglobe PLC as of February 5, 2015 included in this Prospectus, have been audited by Deloitte, S.L., an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The address of Deloitte, S.L. is Plaza Pablo Ruiz Torre Picasso 1, Madrid, Spain 28020.

The consolidated financial statements of Globe Specialty Metals, Inc. as of June 30, 2015 and June 30, 2014, and for each of the years in the two-year period ended June 30, 2015, included in this prospectus, and the effectiveness of Globe Specialty Metals, Inc. internal control over financial reporting as of June 30, 2015, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The address of Deloitte & Touche LLP is 333 SE 2nd Avenue, Suite 3600, Miami, Florida, USA 33131.

The consolidated financial statements of Globe Specialty Metals, Inc. for the year ended June 30, 2013, have been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, dated August 28, 2013, which is included herein. Such consolidated financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The address of KPMG LLP is 345 Park Avenue, New York, New York, USA 10154.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to the Ordinary Shares offered under this prospectus. For purposes of this section, the term registration statement means the original registration statement and any and all amendments including the schedules and exhibits to the original registration statement or any amendment. This prospectus does not contain all of the information set forth in the registration statement we filed. For further information regarding us and the Ordinary Shares offered in this prospectus, you may desire to review the full registration statement, including the exhibits. The registration statement, including its exhibits and schedules, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling 1-202-551-8909. Copies of such materials are also available by mail from the Public Reference Branch of the SEC at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. In addition, the SEC maintains a website (<http://www.sec.gov>) from which interested persons can electronically access the registration statement, including the exhibits and schedules to the registration statement.

Upon the closing of the Business Combination, we became subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and Section 16 short-swing profit reporting for our officers and directors and for holders of more than 10% of our Ordinary Shares.

Table of Contents

INDEX TO FINANCIAL STATEMENTS OF FERROGLOBE PLC (formerly known as VeloNewco Limited)

Audited Financial Statements of Ferroglobe PLC

Report of Independent Registered Public Accounting Firm	FIN-2
Statement of Financial Position as at February 5, 2015	FIN-3
Statement of Changes in Equity as at February 5, 2015	FIN-4
Notes to the Consolidated Financial Statements	FIN-5

Unaudited Interim Financial Statements of Ferroglobe PLC

Statement of Financial Position as of June 30, 2015	FIN-7
Income Statement for the period from 5 February 2015 to 30 June 2015	FIN-8
Statement of Comprehensive Income from 5 February 2015 to 30 June 2015	FIN-9
Statement of Changes in Equity from 5 February 2015 to 30 June 2015	FIN-10
Statement of Cash Flows from 5 February 2015 to 30 June 2015	FIN-11
Notes to the Financial Statements	FIN-12

FERROGLOBE PLC

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Ferroglobe PLC:

We have audited the accompanying statement of financial position of Ferroglobe PLC (formerly known as VeloNewco Limited) (the “Company”) as of February 5, 2015 (date of incorporation) and the related statement of changes in equity. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration over of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ferroglobe PLC as of February 5, 2015, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Deloitte, S.L.
Madrid, Spain

May 6, 2015

FERROGLOBE PLC

STATEMENT OF FINANCIAL POSITION AS AT FEBRUARY 5, 2015 (DATE OF INCORPORATION)

	Note	Feb. 5, 2015 US Dollar
Non-current assets		—
Current assets		—
TOTAL ASSETS		<u>—</u>
Non-current liabilities		—
Current liabilities		—
TOTAL LIABILITIES		<u>—</u>
Equity	4	
Share capital		1
Uncalled Capital		<u>(1)</u>
TOTAL EQUITY		<u>—</u>
TOTAL EQUITY AND LIABILITIES		<u>—</u>

Notes 1 to 5 are an integral part of these financial statements.

FERROGLOBE PLC

STATEMENT OF CHANGES IN EQUITY AS AT FEBRUARY 5, 2015 (DATE OF INCORPORATION)

	Balance as at 02.05.15	Issue of Share capital	Uncalled Capital	Balance as at 02.05.15
Share capital	<u>—</u>	<u>1</u>	<u>(1)</u>	<u>—</u>
Total Equity	<u>—</u>	<u>1</u>	<u>(1)</u>	<u>—</u>

Notes 1 to 5 are an integral part of these financial statements.

Ferroglobe PLC

Notes to the financial statements as at February 5, 2015 (Date of incorporation)

1. General information

Ferroglobe PLC (formerly known as VeloNewco Limited) is a company incorporated in the United Kingdom (the “Company”). The Company was incorporated on February 5, 2015. Its registered office is in London at Legalinx Ltd, One Fetter Lane, London, EC4A, 1BR, U.K. The sole shareholder of the Company is Grupo Villar Mir, S.A. (Sociedad Unipersonal).

These financial statements are presented in U.S. Dollars (presentation currency), even though the primary currency in which the company operates (functional currency) is the EUR.

2. Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

1. Amendments to IAS 39 (Jun 2013) - Novation of Derivatives and Continuation of Hedge Accounting
2. Amendments to IAS 36 (May 2013) - Recoverable Amount Disclosures for Non-Financial Assets
3. IFRIC 21 – Levies
4. Amendments to IFRS 10, IFRS 12 and IAS 27 (Oct 2012) - Investment Entities

At the date of authorisation of these financial statements, the following standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

5. IFRS 9 - Financial Instruments
6. IFRS 15 – Revenue recognition
7. Amendment to IAS 27
8. Amendment to IAS 16 and 38

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Significant accounting policies

The financial statements of the Company as at February 5, 2015 was authorized for issue on May 6, 2015.

Basis of accounting

These financial statements have been issued in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter, “IFRS as issued by the IASB”).

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

4. Equity

As of February 5, 2015, the equity was divided into one registered share with a face value of \$1, of one class of ordinary shares. The share is issued but unpaid.

5. Subsequent events

On February 23, 2015, Grupo FerroAtlántica, S.A. (Sociedad Unipersonal), that is wholly owned by Grupo Villar Mir, S.A. (Sociedad Unipersonal) which is the sole-shareholder of the Company too, a producer of silicon metal, silicon alloys and ferroalloys, and Globe Specialty Metals, Inc. (NASDAQ: GSM), announced they have entered into a definitive agreement under which the two companies will combine in an all-stock transaction to create an international silicon and specialty metals producer which listed on NASDAQ, being intention of both groups of using Ferroglobe PLC as the holding of the new Group.

[Table of Contents](#)**Ferroglobe PLC****Unaudited Interim Statement of Financial Position as of 30 June 2015**

US Dollars

	Notes	30 June 2015
Non-current assets		—
Current assets		
Other current assets	5	<u>9,115</u>
Total assets		<u><u>9,115</u></u>
Non-current liabilities		—
Current liabilities		
Trade and other payables	5	<u>54,414</u>
Total liabilities		<u><u>54,414</u></u>
Equity		
Share capital	4	1
Uncalled Capital		(1)
Translation differences		(134)
Loss for the period	5	<u>(45,165)</u>
Total equity		<u><u>(45,299)</u></u>

Notes 1 to 7 are an integral part of these unaudited interim financial statements.

FIN-7

[Table of Contents](#)

Ferroglobe PLC

Unaudited Interim Income Statement for the period from 5 February 2015 (date of incorporation) to 30 June 2015

US Dollars		30 June 2015
Other operating income		—
Administrative expenses		—
Other operating expenses	5	(45,165)
Operating profit / (loss)		<u>(45,165)</u>
Other gains and losses		—
Finance costs		—
Profit / (loss) before tax		<u>(45,165)</u>
Tax		—
Profit / (loss) for the period		<u>(45,165)</u>

Notes 1 to 7 are an integral part of these unaudited interim financial statements.

[Table of Contents](#)

Ferroglobe PLC

Unaudited Interim Statement of Comprehensive Income Position from 5 February 2015 (date of incorporation) to 30 June 2015

US Dollars

	Notes	30 June 2015
CONSOLIDATED PROFIT FOR THE YEAR		45,165
Translation Difference		134
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		134
TOTAL TRANSFERS TO PROFIT OR LOSS		—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		134
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		45,299

Notes 1 to 7 are an integral part of these unaudited interim financial statements.

[Table of Contents](#)

Ferroglobe PLC

Unaudited Interim Statement of Changes in Equity from 5 February 2015 (date of incorporation) to 30 June 2015

US Dollars	Share capital	Uncalled Capital	Valuation adjustments	Loss for the period	Total
Balance at 5 February 2015	1	(1)	—	—	—
Total recognized expense for the period	—	—	(134)	(45,165)	(45,299)
Balance at 30 June 2015	<u>1</u>	<u>(1)</u>	<u>(134)</u>	<u>(45,165)</u>	<u>(45,299)</u>

Notes 1 to 7 are an integral part of these unaudited interim financial statements.

[Table of Contents](#)

Ferroglobe PLC

Unaudited Interim Statement of Cash Flows from 5 February 2015 (date of incorporation) to 30 June 2015

US Dollars

	Notes	30 June 2015
Cash Flow from Operating Activities		—
PROFIT FOR THE PERIOD		(45,165)
(Increase)/Decrease in Working Capital		45,165
Cash Flow from Investment Activities		—
Cash Flow from Financing Activities		—
Total Net Cash Flows For The Period		—
Beginning balance of cash and cash equivalents		—
Exchange differences on cash and cash equivalents in foreign currencies		—
Ending balance of cash and cash equivalents		—

Notes 1 to 7 are an integral part of these unaudited interim financial statements.

Ferroglobe PLC

Notes to the unaudited interim financial statements as of 30 June 2015 and for the period from 5 February 2015 (date of incorporation) to 30 June 2015

1. General information

Ferroglobe PLC (formerly known as VeloNewco Limited) is a company incorporated in the United Kingdom (the “Company”). The Company was incorporated on 5 February 2015. Its registered office is in London at Legalinx Ltd, One Fetter Lane, London, GBR, EC4A, 1BR. The sole-shareholder of the Company is Grupo Villar Mir, S.A. (Sole-Shareholder Company).

These unaudited interim financial statements are presented in US Dollar (presentation currency), even though the primary currency in which the Company operates (functional currency) is the Euro.

2. Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these unaudited interim financial statements.

- IAS 19 (Amendment) ‘Employee benefits (including pensions)’. These improvements are mandatory for periods beginning on or after July 1, 2014 under IFRS-IASB.
- IFRIC 21 (Interpretation) ‘Levies’.
- Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. These improvements are mandatory for periods beginning on or after July 1, 2014 under IFRS-IASB.

At the date of authorisation of these unaudited interim financial statements, the following standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Annual Improvements to IFRSs 2012-2014 cycle. These improvements are mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB.
- IFRS 9 ‘Financial Instruments’. This Standard will be effective from January 1, 2018 under IFRS-IASB.
- IFRS 15 ‘Revenues from contracts with Customers’. IFRS 15 is applicable for periods beginning on or after 1 January 2018. Earlier application is permitted.
- IAS 16 (Amendment) ‘Property, Plant and Equipment’ and IAS 38 ‘Intangible Assets’, regarding acceptable methods of amortization and depreciation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB.
- IAS 27 (Amendment) ‘Separate financial statements’ regarding the reinstatement of the equity method as an accounting option in separate financial statements. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB.
- IFRS 10 (Amendment) ‘Consolidated financial statements’, IFRS 12 ‘Disclosures of Interest in other Entities’ and IAS 28 ‘Investments in associates and joint ventures’ regarding the exemption from consolidation for investment entities.
- IFRS 11 (Amendment) ‘Joint Arrangements’ regarding acquisition of an interest in a joint operation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB, earlier application is permitted.
- IAS 16 (Amendment) ‘Property, Plant and Equipment’ and IAS 41 (Amendment) ‘Agriculture’ regarding bearer plants to be measured at fair value less costs to sell. This amendment is mandatory for periods beginning on or after January 1, 2016.
- IAS 1 (Amendment) ‘Disclosure Initiative’. This amendment is mandatory for periods beginning on or after January 1, 2016.
- IFRS 16 ‘Leases’. This amendment is mandatory for periods beginning on or after January 1, 2019.

[Table of Contents](#)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Significant accounting policies

The unaudited interim financial statements of the Company as of 30 June 2015 and for the period from 5 February 2015 (date of incorporation) to 30 June 2015 were drawn up by the Directors on 15 February 2016.

Basis of accounting

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). These unaudited interim financial statements as of 30 June 2015 and for the period from 5 February 2015 (date of incorporation) to 30 June 2015 do not constitute statutory accounts.

The unaudited interim financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Foreign currency

The financial statements are presented in US Dollars. However Euro is the functional currency of the Company. Foreign currency transactions are translated into functional currency using exchange rates all the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at period-end exchange rates, are recognized in the income statement except when deferred in equity as qualifying hedges.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets, financial liabilities and equity

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

4. Equity

On 5 February 2015, the date of incorporation of the Company, the equity consisted of one registered share with a face value of 1.00 US Dollars, with one class of ordinary shares. The share is issued but uncalled.

The composition of the shareholders as of 30 June 2015 is as follows:

Shareholders	30 June 2015 % of stake
Grupo Villar Mir, S.A.	100%
	<u>100%</u>

5. Other operating expenses

The loss for the period is due to professional services rendered by third parties including, among others, audit services fees amounting to 5,579 US Dollars. All these expenses are unpaid as of 30 June 2015, being classified in the "Current liabilities" caption of the accompanying unaudited interim statement of financial position.

The amount disclosed in "Other current assets" is due to VAT recoverable as of June 2015.

6. Related party transactions

Related party transactions in the period are limited to the issue of shares to Grupo Villar Mir, S.A. as disclosed in Note 4.

7. Subsequent events

On 25 September 2015, the Company increased its share capital by £50,000 by the issuance of 50,000 sterling non-voting redeemable preference shares (the "Non-voting Shares") and converted Ferroglobe to a public limited liability company.

On 13 October 2015, the Company also issued 14 ordinary shares of 1.00 US Dollars each for a total amount of 14 US dollars. Subsequently on the same date, the 15 ordinary shares of 1 US Dollar each were consolidated into 2 shares of 7.5 US Dollars each, for a total amount of 15 US Dollars.

On 23 December 2015, following receipt of all required regulatory clearances and approvals, the business combination announced on 23 February was completed. On that date, Grupo FerroAtlántica, S.A.U., Grupo Villar Mir, S.A.U. (as sole shareholder of Ferroglobe PLC) and Globe Specialty Metals, Inc. (NASDAQ: GSM), one of the largest producers worldwide of silicon metal and silicon alloys, signed a business combination agreement, whereby Grupo FerroAtlántica, S.A.U. and Globe Specialty Metals, Inc. would merge through corporate transactions to create a leader in the international production of silicon and special metals.

On 23 December 2015 Ferroglobe acquired from Grupo Villar Mir, S.A.U. all of the issued and outstanding ordinary shares, par value €1,000 per share, of Grupo FerroAtlántica, S.A.U. in exchange for 98,078,161 newly issued Class A ordinary shares, nominal value \$7.50 per share, of Ferroglobe, after which Grupo FerroAtlántica, S.A.U. became a wholly owned subsidiary of Ferroglobe. Immediately following Ferroglobe redeemed the Non-voting Shares.

Immediately after, Gordon Merger Sub, Inc., a wholly owned subsidiary of Ferroglobe merged with and into Globe Specialty Metals, Inc., and each outstanding share of common stock, par value \$0.0001 per share was converted into the right to receive one newly issued ordinary share, nominal value \$7.50 per share, of Ferroglobe.

After these steps, Ferroglobe PLC has issued 171,838,153 shares, out of which, 57% approximately are owned by Grupo Villar Mir, S.A. and the remaining of the former Globe Specialty Metals, Inc. shareholders.

[Table of Contents](#)

INDEX TO FINANCIAL STATEMENTS OF GLOBE SPECIALTY METALS, INC.

Audited Consolidated Financial Statements of Globe Specialty Metals, Inc. as of and for the years ended June 30, 2015, 2014 and 2013

Reports of Independent Registered Public Accounting Firms	FIN-16
Consolidated Balance Sheets at June 30, 2015 and 2014	FIN-18
Consolidated Statements of Operations for the years ended June 30, 2015, 2014, and 2013	FIN-19
Consolidated Statements of Comprehensive Income (Loss) – Years ended June 30, 2015, 2014, and 2013	FIN-20
Consolidated Statements of Changes in Stockholders' Equity for the years ended June 30, 2015, 2014, and 2013	FIN-21
Consolidated Statements of Cash Flows for the years ended June 30, 2015, 2014, and 2013	FIN-22
Notes to Consolidated Financial Statements	FIN-23

Unaudited Condensed Consolidated Interim Financial Statements of Globe Specialty Metals, Inc. as of and for the three months ended September 30, 2015 and 2014

Condensed Consolidated Balance Sheets at September 30, 2015 and June 30, 2015	FIN-42
Condensed Consolidated Income Statements for the three months ended September 30, 2015 and 2014	FIN-43
Condensed Consolidated Statements of Comprehensive (Loss) Income for the three months ended September 30, 2015 and 2014	FIN-44
Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended September 30, 2015 and 2014	FIN-45
Condensed Consolidated Statements of Cash Flows for the three months ended September 30, 2015 and 2014	FIN-46
Notes to Condensed Consolidated Financial Statements	FIN-47

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Globe Specialty Metals, Inc.
Miami, Florida

We have audited the accompanying consolidated balance sheets of Globe Specialty Metals, Inc. and subsidiaries (the “Company”) as of June 30, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders’ equity, and cash flows for each of the years in the two-year period ended June 30, 2015. We also have audited the Company’s internal control over financial reporting as of June 30, 2015, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Globe Specialty Metals, Inc. and subsidiaries as of June 30, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the two-year period ended June 30, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2015 based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ DELOITTE & TOUCHE LLP

Certified Public Accountants

Miami, Florida
August 26, 2015

[Table of Contents](#)

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Globe Specialty Metals, Inc.:

We have audited the accompanying consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows of Globe Specialty Metals, Inc. and subsidiaries (the Company) for the year ended June 30, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Globe Specialty Metals, Inc. and subsidiaries for the year ended June 30, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

New York, New York

August 28, 2013

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2015 and 2014

(In thousands, except share and per share amounts)

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 115,944	97,792
Marketable securities	4,965	10,399
Accounts receivable, net of allowance for doubtful accounts of \$778 and \$811 at June 30, 2015 and 2014, respectively	54,815	100,829
Inventories	119,732	80,924
Deferred tax assets	6,385	7,042
Prepaid expenses and other current assets	20,501	26,259
Total current assets	<u>322,342</u>	<u>323,245</u>
Property, plant, and equipment, net of accumulated depreciation, depletion and amortization	454,769	469,169
Deferred tax assets	790	901
Goodwill	43,343	43,343
Other intangible assets	477	477
Investments in unconsolidated affiliates	5,973	5,973
Other assets	1,667	2,018
Total assets	<u>\$ 829,361</u>	<u>845,126</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 63,807	46,613
Short-term debt	953	59
Share-based liabilities	4,851	12,552
Accrued expenses and other current liabilities	43,687	38,758
Total current liabilities	<u>113,298</u>	<u>97,982</u>
Long-term liabilities:		
Revolving credit agreements and other long-term debt	100,095	125,145
Deferred tax liabilities	50,861	50,845
Other long-term liabilities	52,605	50,626
Total liabilities	<u>316,859</u>	<u>324,598</u>
Commitments and contingencies (note 16)		
Stockholders' equity:		
Common stock, \$0.0001 par value. Authorized, 150,000,000 shares; issued, 75,637,059 and 75,623,454 shares at June 30, 2015 and 2014, respectively	8	8
Additional paid-in capital	403,413	398,685
Retained earnings	79,332	70,875
Accumulated other comprehensive loss:		
Foreign currency translation adjustment	(21,766)	(1,832)
Pension liability adjustment, net of tax	(5,399)	(3,689)
Unrealized (loss) gain on available for sale securities, net of tax	(711)	144
Total accumulated other comprehensive loss	<u>(27,876)</u>	<u>(5,377)</u>
Treasury stock at cost, 1,887,069 and 1,874,003 shares at June 30, 2015 and 2014, respectively	<u>(29,208)</u>	<u>(28,966)</u>
Total Globe Specialty Metals, Inc. stockholders' equity	425,669	435,225
Noncontrolling interest	86,833	85,303
Total stockholders' equity	<u>512,502</u>	<u>520,528</u>
Total liabilities and stockholders' equity	<u>\$ 829,361</u>	<u>845,126</u>

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
Years ended June 30, 2015, 2014, and 2013
(In thousands, except per share amounts)

	2015	2014	2013
Net sales	\$ 800,773	752,817	757,550
Cost of goods sold	650,677	635,735	657,911
Selling, general, and administrative expenses	88,205	92,103	64,663
Contract acquisition cost	—	16,000	—
Curtailment gain	—	(5,831)	—
Business interruption insurance recovery	—	—	(4,594)
Goodwill impairment	—	—	13,130
Impairment of long-lived assets	—	—	35,387
Operating income (loss)	61,891	14,810	(8,947)
Other income (expense):			
Gain on remeasurement of equity investment	—	—	1,655
Bargain purchase gain	—	29,538	—
Interest income	267	67	820
Interest expense, net of capitalized interest	(4,343)	(8,022)	(6,887)
Foreign exchange loss	(2,669)	(3,121)	(4,360)
Other income	1,132	339	644
Income (loss) before provision for income taxes	56,278	33,611	(17,075)
Provision for income taxes	21,651	7,705	2,734
Net income (loss)	34,627	25,906	(19,809)
Income attributable to noncontrolling interest, net of tax	(3,307)	(4,203)	(1,219)
Net income (loss) attributable to Globe Specialty Metals, Inc.	\$ 31,320	21,703	(21,028)
Weighted average shares outstanding:			
Basic	73,751	74,674	75,207
Diluted	73,892	74,793	75,207
Earnings (loss) per common share:			
Basic	\$ 0.42	0.29	(0.28)
Diluted	0.42	0.29	(0.28)
Cash dividends declared per common share	0.31	0.29	0.38

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income (Loss)
Years ended June 30, 2015, 2014, and 2013
(In thousands)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net income (loss)	\$ 34,627	25,906	(19,809)
Other comprehensive (loss) income			
Foreign currency translation adjustment	(21,474)	(2,232)	(1,642)
Pension liability adjustment, net of tax (benefit) expense of (\$735), \$635, and \$2,053, respectively	(1,947)	1,597	2,954
Unrealized (loss) gain on available for sale securities, net of tax (benefit) expense of (\$300), \$49, and \$13, respectively	(855)	144	38
Total other comprehensive (loss) income	<u>(24,276)</u>	<u>(491)</u>	<u>1,350</u>
Comprehensive income (loss)	10,351	25,415	(18,459)
Comprehensive income attributable to noncontrolling interest	1,530	4,171	647
Comprehensive income (loss) attributable to Globe Specialty Metals, Inc.	<u>\$ 8,821</u>	<u>21,244</u>	<u>(19,106)</u>

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity
Years ended June 30, 2015, 2014, and 2013
(In thousands)

	Globe Specialty Metals, Inc. Stockholders' Equity							
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock at Cost	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount						
Balance at June 30, 2012	75,332	\$ 8	405,675	119,863	(6,840)	(4)	85,097	603,799
Share-based compensation	2	—	(5,525)	—	—	—	—	(5,525)
Stock option exercises	255	—	1,023	—	—	—	—	1,023
Yonvey shares purchased	—	—	(1,939)	—	—	—	(1,510)	(3,449)
Quebec Silicon purchase price allocation adjustments	—	—	—	—	—	—	(3,102)	(3,102)
Cash dividend	—	—	—	(28,207)	—	—	—	(28,207)
Comprehensive (loss) income	—	—	—	(21,028)	1,922	—	647	(18,459)
Balance at June 30, 2013	75,589	8	399,234	70,628	(4,918)	(4)	81,132	546,080
Share-based compensation	4	—	(729)	—	—	—	—	(729)
Stock option exercises	30	—	180	—	—	—	—	180
Share repurchase	—	—	—	—	—	(28,962)	—	(28,962)
Cash dividend	—	—	—	(21,456)	—	—	—	(21,456)
Comprehensive income (loss)	—	—	—	21,703	(459)	—	4,171	25,415
Balance at June 30, 2014	75,623	8	398,685	70,875	(5,377)	(28,966)	85,303	520,528
Share-based compensation	7	—	4,648	—	—	—	—	4,648
Stock option exercises	7	—	80	—	—	—	—	80
Share repurchase	—	—	—	—	—	(242)	—	(242)
Cash dividend	—	—	—	(22,863)	—	—	—	(22,863)
Comprehensive income (loss)	—	—	—	31,320	(22,499)	—	1,530	10,351
Balance at June 30, 2015	75,637	\$ 8	403,413	79,332	(27,876)	(29,208)	86,833	512,502

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years ended June 30, 2015, 2014, and 2013
(In thousands)

	2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	\$ 34,627	25,906	(19,809)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	51,029	43,822	45,108
Depletion	752	1,151	1,513
Share-based compensation	4,648	(729)	(5,525)
Curtailement gain	—	(5,831)	—
Bargain purchase gain	—	(29,538)	—
Gain on remeasurement of equity investment	—	—	(1,655)
Goodwill impairment	—	—	13,130
Impairment of long-lived assets	—	—	35,387
Amortization of deferred financing fees	191	3,668	812
Unrealized foreign exchange loss	183	373	1,635
Deferred taxes	4,117	3,731	(3,541)
Amortization of customer contract liabilities	(3,727)	(7,183)	(6,626)
Accretion	225	255	267
Changes in operating assets and liabilities:			
Accounts receivable, net	43,309	(16,673)	3,513
Inventories	(45,000)	21,973	16,588
Prepaid expenses and other current assets	1,798	4,074	(4,533)
Accounts payable	15,116	7,251	(14,161)
Accrued expenses and other current liabilities	(486)	6,080	10,565
Other	2,467	4,226	72
Net cash provided by operating activities	<u>109,249</u>	<u>62,556</u>	<u>72,740</u>
Cash flows from investing activities:			
Capital expenditures	(50,019)	(47,075)	(44,509)
Acquisition of businesses, net of cash acquired of \$0, \$200, and \$3,656 during the years ended June 30, 2015, 2014, and 2013, respectively	—	(3,800)	(4,520)
Proceeds from sale (purchase) of marketable securities	7,776	(13,396)	—
Net cash used in investing activities	<u>(42,243)</u>	<u>(64,271)</u>	<u>(49,029)</u>
Cash flows from financing activities:			
Borrowings of long-term debt	894	145	—
Payments of short-term debt	(50)	(225)	(39)
Borrowings under revolving credit agreements	—	156,400	20,391
Payments under revolving credit agreements	(25,000)	(170,650)	(21,616)
Debt issuance costs	—	(1,080)	—
Dividend payments	(22,863)	(21,456)	(28,207)
Proceeds from stock option exercises	80	180	1,023
Purchase of treasury shares	(242)	(28,962)	—
Other financing activities	(2,572)	(2,960)	(2,546)
Net cash used in financing activities	<u>(49,753)</u>	<u>(68,608)</u>	<u>(30,994)</u>
Effect of exchange rate changes on cash and cash equivalents	899	(1,561)	(1,051)
Net increase (decrease) in cash and cash equivalents	18,152	(71,884)	(8,334)
Cash and cash equivalents at beginning of year	97,792	169,676	178,010
Cash and cash equivalents at end of year	<u>\$ 115,944</u>	<u>97,792</u>	<u>169,676</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of capitalized interest	\$ 1,855	3,938	5,492
Cash paid (refunded) for income taxes, net of refunds totaling \$554, \$8,708, and \$626 during the years ended June 30, 2015, 2014, and 2013, respectively	11,513	(6,212)	13,303

See accompanying notes to consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2015, 2014, and 2013

(Dollars in thousands, except share and per share data)

(1) Organization and Business Operations

Globe Specialty Metals, Inc. and subsidiaries (GSM, the Company, we, or our) is among the world's largest producers of silicon metal and silicon-based alloys, important ingredients in a variety of industrial and consumer products. The Company's customers include major silicone chemical, aluminum and steel manufacturers, auto companies and their suppliers, ductile iron foundries, manufacturers of photovoltaic solar cells and computer chips, and concrete producers.

On November 13, 2006, the Company acquired Globe Metallurgical, Inc. (GMI), a manufacturer of silicon metal and silicon-based alloys. GMI owns and operates plants in Beverly, Ohio, Alloy, West Virginia, Niagara Falls, New York, and Selma, Alabama. GMI's products are sold primarily to the silicone chemical, aluminum, metal casting, and solar cell industries, primarily in the United States, Canada, and Mexico. GMI also owns Norchem, Inc. (Norchem). Norchem manufactures and sells additives that enhance the durability of concrete, refractory material, and oil well conditioners. GMI sells silica fume (also known as microsilica), a by-product of its ferrosilicon metal and silicon metal production process, to Norchem, as well as other companies.

On November 20, 2006, the Company acquired Stein Ferroaleaciones S.A. (SFA), an Argentine manufacturer of silicon-based alloys, and SFA's affiliate, UltraCore Polska Sp.z.o.o. (UCP), a Polish manufacturer of cored wire alloys. SFA was renamed Globe Metales S.A. (Globe Metales). Globe Metales is headquartered in Buenos Aires, Argentina and operates a silicon-based alloy manufacturing plant in Mendoza province, Argentina and a cored wire packing plant in Police, Poland. Globe Metales' products are important ingredients in the manufacturing of steel, ductile iron, machine and auto parts, and pipe.

On January 31, 2007, the Company acquired Camargo Correa Metais S.A. (CCM), one of Brazil's largest producers of silicon metal and silica fume. CCM was renamed Globe Metais Indústria e Comércio S.A. (Globe Metais). On November 5, 2009, the Company sold 100% of its interest in Globe Metais. The sale of the Company's equity interest in Globe Metais was executed in connection with the sale of a 49% membership interest in WVA Manufacturing, LLC (WVA LLC), a newly formed entity by the Company, to Dow Corning Corporation (Dow Corning).

On February 29, 2008, the Company completed the acquisition of approximately 81% of Solsil, Inc. (Solsil). Solsil is continuing to develop its technology to produce upgraded metallurgical grade silicon through a proprietary metallurgical process for use in photovoltaic (solar) cells. Solsil is not presently producing material for commercial sale. The Company owns 97.25% of Solsil.

On May 15, 2008, the Company purchased an ownership interest of approximately 58% of Ningxia Yonvey Coal Industrial Co., Ltd (Yonvey). Yonvey is a producer of carbon electrodes, an important input in the silicon metal production process. Yonvey now principally supplies its electrodes to our subsidiaries. Yonvey's operations are located in Chonggang Industrial Park, Shizuishan in the Ningxia Hui Autonomous Region of China. On November 28, 2008, the Company increased its interest by an additional 12%. In January 2013, the Company purchased an additional 28% ownership interest in Yonvey, bringing the Company's ownership interest in Yonvey to 98%.

On April 1, 2010, the Company acquired Core Metals Group Holdings LLC (Core Metals). Core Metals is a leading producer, marketer, and distributor of ferroalloys and specialty materials for the North American steel and foundry industry. The acquisition was made to strengthen the Company's growing ferrosilicon business and expand the line of products and services it offers to steel markets around the world.

On July 28, 2011, the Company acquired Alden Resources, LLC (Alden) and Gatliff Services, LLC (Gatliff), collectively known as Alden. Alden is North America's leading miner, processor and supplier of specialty metallurgical coal to the silicon and silicon-based alloy industries. The acquisition was made in order to secure a stable, long-term and low-cost supply of specialty metallurgical coal, a key ingredient in the production of silicon metal and silicon-based alloys.

On June 13, 2012, the Company acquired Becancour Silicon Metal Inc.'s (BSI) 51% equity interest in Quebec Silicon Limited Partnership (QSLP), collectively known as Quebec Silicon. The Company operates Quebec Silicon's silicon metal plant located in Becancour, Quebec with its joint venture partner Dow Corning.

On November 21, 2013, the Company purchased 100% of the outstanding shares of Silicon Technology (Pty) Ltd. (Siltech). Siltech is a silicon-based alloy producer in South Africa. The acquisition was made to increase the Company's current silicon-based alloy capacity.

See note 3 (Business Combinations) for additional information regarding business combinations.

Proposed Business Combination

On February 23, 2015, the Company, Grupo Villar Mir, S.A.U., a public limited company (sociedad anónima) incorporated under the laws of Spain ("Grupo VM"), Grupo FerroAtlántica, S.A.U., a Spanish public limited liability company in the form of a sociedad anónima and wholly owned subsidiary of Grupo VM ("FerroAtlántica"), VeloNewco Limited, a newly formed private UK holding company and wholly owned subsidiary of Grupo VM ("VeloNewco"), and Gordon Merger Sub, Inc., a newly formed Delaware corporation and a direct wholly owned subsidiary of VeloNewco ("Merger Sub"), entered into a Business Combination Agreement (the "Original Business Combination Agreement") pursuant to which the parties agreed, subject to the terms and conditions of the Original Business Combination Agreement, to combine the businesses of the Company and FerroAtlántica under VeloNewco as described below (the "Business Combination"). The Original Business Combination Agreement was amended and restated on May 5, 2015. The Original Business Combination Agreement, as so amended and restated, is referred to as the "Business Combination Agreement".

Transaction Overview

Subject to the terms and conditions of the Business Combination Agreement, VeloNewco agreed to acquire from Grupo VM all of the issued and outstanding ordinary shares of FerroAtlántica in exchange for an aggregate of 98,078,161 newly issued VeloNewco Class A ordinary shares (each an "A

Ordinary Share”), which will result in FerroAtlántica becoming a wholly owned subsidiary of VeloNewco (the “Stock Exchange”). After consummation of the Stock Exchange, Merger Sub will merge with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of VeloNewco (the “Merger”).

In the Stock Exchange, Grupo VM may be required to pay to VeloNewco as additional consideration for the A Ordinary Shares an amount in cash, if any, based upon FerroAtlántica’s net debt at closing. In the Merger, each share of common stock of the Company will be converted into the right to receive one VeloNewco ordinary share (each an “Ordinary Share”). The A Ordinary Shares and the Ordinary Shares will have the same rights, powers and preferences, and vote together as a single class, except for the right of the holders of Ordinary Shares to the R&W Proceeds as described below.

[Table of Contents](#)

In connection with the transaction, VeloNewco expects to purchase a buy side representations and warranties insurance policy (the “R&W Policy”) to insure against certain breaches of certain representations and warranties made by FerroAtlántica and Grupo VM in the Business Combination Agreement. Under the terms of the Articles of Association of VeloNewco (the “VeloNewco Articles”), if VeloNewco receives proceeds under the R&W Policy (after deduction of taxes applicable to such proceeds, if any) (the “R&W Proceeds”), VeloNewco is required to distribute the aggregate R&W Proceeds to the holders of the Ordinary Shares. Each A Ordinary Share automatically converts into one Ordinary Share upon the earlier to occur of: (a) the expiration of the R&W Policy; and (b) its transfer to any person or group which is not Grupo VM, any Grupo VM family member or any affiliate of Grupo VM or a Grupo VM family member.

Completion of the Business Combination is subject to Globe shareholder approval, regulatory approvals and customary closing conditions. The special meeting of Globe shareholders to consider adoption of the business combination agreement is scheduled for Thursday, September 10, 2015.

(2) Summary of Significant Accounting Policies

a. Basis of Presentation and Principles of Consolidation

The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and present the accounts of Globe Specialty Metals, Inc. and its consolidated subsidiaries. When the Company does not have a controlling interest in an entity, but exerts significant influence over the entity, the Company applies the equity method of accounting. For investments in which the Company does not have significant influence, the cost method of accounting is used.

All intercompany balances and transactions have been eliminated in consolidation.

b. Use of Estimates

The Company prepares its consolidated financial statements in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. The Company based its estimates and judgments on historical experience, known or expected trends and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

c. Revenue Recognition

Revenue is recognized when title, ownership, and risk of loss pass to the customer, all of which occurs when products are delivered to the Company’s customers or when products are picked up by a customer or a customer’s carrier. Written sales terms, including the selling price, are determined at the time of shipment or delivery. We have not experienced significant credit issues with our customers. Shipping and other transportation costs charged to buyers are recorded in both net sales and cost of goods sold. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from net sales.

d. Foreign Currency Translation

The determination of the functional currency for the Company’s subsidiaries is made based on appropriate economic factors, including the currency in which the subsidiary sells its products, the market in which the subsidiary operates, and the currency in which the subsidiary’s financing is denominated. Based on these factors, management has determined that the U.S. dollar is the functional currency for Globe Metales. The functional currency for Yonvey is the Chinese renminbi. Yonvey’s assets and liabilities are translated using current exchange rates in effect at the balance sheet date and for income and expense accounts using average exchange rates. The functional currency for Quebec Silicon is the Canadian dollar. Quebec Silicon’s assets and liabilities are translated using current exchange rates in effect at the balance sheet date and for income and expense accounts using average exchange rates. The functional currency for Siltech is the South African rand. Siltech’s assets and liabilities are translated using current exchange rates in effect at the balance sheet date and for income and expense accounts using average exchange rates. Resulting translation adjustments are reported as a separate component of stockholders’ equity. Translation gains and losses are recognized on transactions in currencies other than the subsidiary’s functional currency and included in the consolidated statement of operations for the period in which the exchange rates changed.

e. Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments that are readily convertible into cash. Securities with contractual maturities of three months or less, when purchased, are cash equivalents. The carrying amount of these securities approximates fair value because of the short-term maturity of these instruments.

f. Receivables Sale Arrangement

The Company has the option to sell certain accounts receivables up to a cap of \$35,000 on a non-recourse basis to an unrelated financial institution under a receivables purchase arrangement in the U.S. An amendment to the agreement was entered into in the fourth quarter which raised the cap to \$55,000. The Company accounts for this transaction as a sale of receivables, removes receivables sold from its financial statements, and records cash proceeds when received by the Company as cash provided by operating activities in the Consolidated Statement of Cash Flows. The receivables are sold at a discount rate of 30 day LIBOR plus 1.25% per annum discounted upfront on the date of purchase. The Company entered into the arrangement in the second quarter of fiscal 2015. The arrangement has a term of twelve months and will be renewed for an additional twelve month period in the absence of written termination notice provided by the Company no later than sixty days prior to the termination date of the arrangement. During fiscal 2015, the Company sold \$175,592 of receivables under the arrangement and as of June 30, 2015, \$46,567 of receivables was outstanding with the financial institution.

g. Marketable Securities

Marketable securities consist of trading and available-for-sale securities. Trading securities are bought and held principally for the purpose of selling them in the near term. Available-for-sale securities are not classified as either trading securities or as held-to-maturity securities. Unrealized holding gains and losses for trading securities are included in earnings. Unrealized holding gains and losses for available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

h. Inventories

Cost of inventories is determined by the first-in, first-out method or, in certain cases, by the average cost method. Inventories are valued at the lower of cost or market value. Circumstances may arise (e.g., reductions in market pricing, obsolete, slow moving or defective inventory) that require the carrying amount of our inventory to be written down to net realizable value. The Company estimates market and net realizable value based on current and future expected selling prices, as well as expected costs to complete, including utilization of parts and supplies in the manufacturing process.

[Table of Contents](#)

i. Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of assets. The estimated useful lives of property, plant, and equipment are as follows:

Asset Type:	Range of Useful Lives
Land improvements and land use rights	20 to 36 years
Buildings	35 to 40 years
Manufacturing equipment	5 to 25 years
Furnaces	10 to 20 years
Other	2 to 10 years

Costs that do not extend the life of an asset, materially add to its value, or adapt the asset to a new or different use are considered repair and maintenance costs and expensed as incurred.

Costs for mineral properties, which are incurred to expand capacity of operating mines, are capitalized and charged to operations based on the units-of-production method over the estimated proven and probable reserve tons and based on the average useful life of the mine, respectively. Mine development costs include costs incurred for site preparation and development of the mines during the development stage, and are charged to operations on a straight-line basis over the estimated operational life of the mine.

j. Business Combinations

When the Company acquires a business, the purchase price is allocated based on the fair value of tangible assets and identifiable intangible assets acquired, and liabilities assumed. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Goodwill as of the acquisition date is measured as the residual of the excess of the consideration transferred, plus the fair value of any noncontrolling interest in the acquiree at the acquisition date, over the fair value of the identifiable net assets acquired. If the fair value of the net assets acquired exceeds the purchase price, the resulting bargain purchase is recognized as a gain in the consolidated statement of operations. Prior to the adoption of ASC Subtopic 805-10, *Business Combinations* (ASC 805-10), the resulting negative goodwill was allocated as a pro rata reduction of the values of acquired nonmonetary assets. The Company generally engages independent, third-party appraisal firms to assist in determining the fair value of assets acquired and liabilities assumed. Such a valuation requires management to make significant estimates, especially with respect to intangible assets. These estimates are based on historical experience and information obtained from the management of the acquired companies. These estimates are inherently uncertain. For all acquisitions, operating results are included in the consolidated statement of operations from the date of acquisition.

k. Goodwill and Other Intangible Assets

Impairment testing for goodwill is performed at the reporting unit level. In accordance with ASC Topic 350, *Intangibles — Goodwill and Other* (ASC 350), goodwill is tested for impairment annually during the third quarter, and will be tested for impairment between annual tests if an event occurs or circumstances change that more likely than not would indicate the carrying amount of a reporting unit may be impaired. Reporting units are at the reportable segment level, or one level below the reportable segment level for our GMI and Other reportable segments, and are aligned with our management reporting structure. Goodwill relates and is assigned directly to a specific reporting unit.

Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds the implied fair value of goodwill of the reporting unit. Refer to note 3 (Business Combinations) and note 7 (Goodwill and Other Intangibles) for additional information.

Trade names have indefinite lives and are not amortized but rather tested annually for impairment and written down to fair value as required.

l. Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Impairment losses are recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. The impairment loss is measured by comparing the fair value of the asset to its carrying amount. The Company considers various factors in determining whether an impairment test is necessary, including among other things, a significant or prolonged deterioration in operating results and projected cash flows, significant changes in the extent or manner in which assets are used, technological advances with respect to assets which would potentially render them obsolete, our strategy and capital planning, and the economic climate in the markets we serve. When estimating future cash flows and if necessary, fair value, the Company makes judgments as to the expected utilization of assets and estimated future cash flows related to those assets, considering historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and other information available at the time the estimates are made.

m. Mineral Reserves

Mineral reserves are recorded at fair value at the date of acquisition. Depletion of mineral reserves is computed using the units-of-production method utilizing only proven and probable reserves (as adjusted for recoverability factors) in the depletion base. Mineral reserves are included in Property, plant and equipment, net of accumulated depreciation, depletion and amortization in the consolidated balance sheets.

n. Exploration Costs

Costs incurred to maintain current production capacity at a mine and exploration expenditures are charged to operating costs as incurred, including costs related to drilling and study costs incurred.

o. Share-Based Compensation

The Company recognizes share-based compensation expense based on the estimated grant date fair value of share-based awards using a Black-Scholes option pricing model. Prior to vesting, cumulative compensation cost equals the proportionate amount of the award earned to date. The Company has elected to treat each award as a single award and recognize compensation cost on a straight-line basis over the requisite service period of the entire award. If the terms of an award are modified in a manner that affects both the fair value and vesting of the award, the total amount of remaining unrecognized compensation cost (based on the grant-date fair value) and the incremental fair value of the modified award are recognized over the amended vesting period.

On August 17, 2013, the Company amended certain outstanding options pursuant to the Company's 2006 Employee, Director and Consultant Stock Plan, to permit these options alternatively to be settled for cash or exercised for the issuance of shares, at the election of the option holder. This modification changed its classification from equity awards to liability awards and the fair value of the liability awards is remeasured at the end of each reporting period through settlement.

Refer to note 19 (Share-Based Compensation) for further information on the Company's accounting for share-based compensation.

p. Income Taxes

The Company's deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, and applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. If management determines it is more-likely-than-not that a portion of the Company's deferred tax assets will not be realized, a valuation allowance is recorded. The provision for income taxes is based on domestic (including federal and state) and international statutory income tax rates in the tax jurisdictions where the Company operates, permanent differences between financial reporting and tax reporting, and available credits and incentives.

Significant judgment is required in determining income tax provisions and tax positions. The Company may be challenged upon review by the applicable taxing authorities, and positions taken may not be sustained. All, or a portion of, the benefit of income tax positions are recognized only when the Company has made a determination that it is more-likely-than-not that the tax position will be sustained based upon the technical merits of the position. For tax positions that are determined as more-likely-than-not to be sustained, the tax benefit recognized is the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The accounting for uncertain income tax positions requires consideration of timing and judgments about tax issues and potential outcomes, and is a subjective estimate. In certain circumstances, the ultimate outcome of exposures and risks involves significant uncertainties. If actual outcomes differ materially from these estimates, they could have a material impact on the Company's results of operations and financial condition. Interest and penalties related to uncertain tax positions are recognized in income tax expense.

q. Financial Instruments

The Company accounts for derivatives and hedging activities in accordance with ASC Topic 815, *Derivatives and Hedging* (ASC 815). ASC 815 requires that all derivative instruments be recorded on the balance sheet at their respective fair values. On a historical basis, the Company has used interest rate caps and interest rate swaps to manage interest rate exposures on long-term debt, a power hedge to manage commodity price risk, and foreign exchange forward and option contracts to manage foreign currency exchange exposures as discussed in note 13 (Derivative Instruments). As of June 30, 2015, we had no outstanding derivative instruments.

r. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This new guidance is effective for annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt this new guidance and management is currently evaluating which transition approach to use. In July 2015, the FASB deferred the required implementation date one year to the first quarter of calendar year 2018 but also agreed to allow companies to adopt the standard at the original effective date of 2017. Accordingly, we will adopt this new guidance beginning in fiscal 2019. We are currently evaluating the impact of this guidance on our consolidated results of operations, financial position and cash flows.

In April 2015, the FASB issued an accounting standards update relating to the presentation of debt issuance costs. The accounting update requires companies to present debt issuance costs related to a recognized debt liability presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective beginning fiscal 2017. In June 2015, the SEC clarified that revolver arrangement costs are not in the scope of the new guidance. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued an accounting standards update relating to the measurement of inventory. The accounting update changes the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory measured using first-in, first-out (FIFO) or average cost. The guidance is effective beginning fiscal 2018. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

(3) Business Combinations

Step Acquisition:

On December 20, 2012, the Company closed its stock purchase of the remaining 50% interest in an existing equity investment. The total purchase price was \$5,000, of which \$4,500 was financed using cash on hand and the remaining \$500 was subject to the finalization of the working capital settlement. The Company recognized a gain of approximately \$1,655 on the fair value remeasurement (based on the transaction price) of its existing 50% equity investment. The Company finalized the purchase price allocation in December 2013. Total goodwill of \$3,371 was recorded in connection with the acquisition, which was assigned to the GMI operating segment.

Siltech:

On November 21, 2013, the Company purchased 100% of the outstanding shares of Silicon Technology (Pty) Ltd. (Siltech) for \$4,000. The Company paid for the acquisition from available cash. Siltech is a silicon-based alloy producer in South Africa with an annual production capacity of approximately 45,000 metric tons. The acquisition was made to increase the Company's current silicon-based alloy capacity by approximately 30% and its strategic location will enable the Company to supplement its existing facility to service the large and improving European, Asian and Middle Eastern markets.

The Siltech acquisition was recorded as a business combination under Accounting Standards Codification 805 ("ASC 805"), *Business Combinations*, with identifiable assets acquired and liabilities assumed provisionally recorded at their estimated fair values on the acquisition date while costs associated with the acquisition were expensed as incurred. The Company utilized the services of third-party valuation consultants, along with estimates and assumptions provided by the Company, to estimate the initial fair value of the assets acquired. The third-party valuation consultants utilized several appraisal methodologies including income, market and cost approaches to estimate the fair value of the identifiable net assets acquired.

Table of Contents

Based on the final purchase price allocation, the fair value of the identifiable net assets acquired of \$33,538 exceeded the purchase price of \$4,000, resulting in a gain on bargain purchase of \$29,538. The purchase price of \$4,000 was allocated as follows:

	Amounts Recognized as of Acquisition Date
Assets	
Current assets	\$ 2,399
Property, plant and equipment	46,267
Total assets acquired	<u>\$ 48,666</u>
Liabilities	
Accounts payable	\$ 423
Accrued expenses	206
Deferred tax liabilities	13,346
Other long-term liabilities	1,153
Total liabilities assumed	<u>\$ 15,128</u>
Net assets acquired	<u>33,538</u>
Consideration paid	4,000
Gain on bargain purchase	<u>\$ 29,538</u>

ASC 805 requires that when the fair value of the net assets acquired exceeds the purchase price, resulting in a bargain purchase of a business, the acquirer must reassess the reasonableness of the values assigned to all of the net assets acquired, liabilities assumed and consideration transferred. The Company performed such reassessment and concluded that the values assigned for the Siltech acquisition are reasonable. The gain on bargain purchase was primarily attributable to the fact that Siltech was considered an ancillary business to the seller (Siltech being the seller's only silicon-based alloys operation), coupled with the previous weaker silicon-based alloys pricing in the marketplace driven by end-user demand (which resulted in the idling of the facility by the seller in 2012).

The results of the acquired business are included within the Other operating segment. Pro forma results of operations and other disclosures for the Siltech acquisition have not been presented as they are not material in relation to the Company's reported results.

(4) Inventories

Inventories comprise the following at June 30:

	2015	2014
Finished goods	\$ 46,793	27,406
Work in process	5,120	5,120
Raw materials	53,105	33,843
Parts and supplies	14,714	14,555
Total	<u>\$ 119,732</u>	<u>80,924</u>

At June 30, 2015, \$107,992 in inventory is valued using the first-in, first-out method and \$11,740 using the average cost method. At June 30, 2014, \$73,894 in inventory is valued using the first-in, first-out method and \$7,030 using the average cost method. During the year ended June 30, 2015, the Company recorded inventory write-downs totaling \$1,109. During the year ended June 30, 2014, the Company did not record any inventory write-downs. During the year ended June 30, 2013, the Company recorded inventory write-downs totaling \$1,922 due to expected lower net realizable values for certain Solsil inventories. These write-downs were recorded in cost of goods sold.

(5) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets comprise the following at June 30:

	2015	2014
Value added and other non-income tax receivables	\$ 5,965	3,376
Income tax receivables	2,522	6,786
Bond trade settlement receivable	—	4,163
Other	12,014	11,934
Total	<u>\$20,501</u>	<u>26,259</u>

(6) Property, Plant, and Equipment

Property, plant, and equipment, net is comprised of the following at June 30:

	2015	2014
Land, land improvements, and land use rights	\$ 12,530	13,615
Buildings and improvements	97,167	89,222
Machinery and equipment	241,949	217,358
Furnaces	228,423	208,368
Mineral reserves	55,843	55,843
Mine development	10,291	9,317
Other	22,483	14,712

Construction in progress	<u>12,887</u>	<u>53,753</u>
Property, plant, and equipment, gross	681,573	662,188
Less accumulated depreciation, depletion and amortization	<u>(226,804)</u>	<u>(193,019)</u>
Property, plant, and equipment, net	<u>\$ 454,769</u>	<u>469,169</u>

Depreciation, depletion and amortization expense for the year ended June 30, 2015 was \$51,781, of which \$50,794 is recorded in cost of goods sold and \$987 is recorded in selling, general, and administrative expenses, respectively. Depreciation, depletion and amortization expense for the year ended June 30, 2014 was \$44,973, of which \$43,902 is recorded in cost of goods sold and \$1,071 is recorded in selling, general, and administrative expenses, respectively. Depreciation, depletion and amortization expense for the year ended June 30, 2013 was \$46,621, of which \$45,543 is recorded in cost of goods sold and \$1,078 is recorded in selling, general, and administrative expenses, respectively.

[Table of Contents](#)

Capitalized interest for the years ended June 30, 2015, 2014, and 2013 was \$0, \$103, and \$9, respectively.

Mineral reserves are recorded at fair value at the date of acquisition. Mineral reserves are included in “Property, plant and equipment, net of accumulated depreciation, depletion and amortization” on the condensed consolidated balance sheets.

(7) Goodwill and Other Intangibles

Goodwill and other intangibles presented below have been allocated to the Company’s operating segments.

a. Goodwill

Changes in the carrying amount of goodwill, by reportable segment, during the years ended June 30 are as follows:

	<u>GMI</u>	<u>Globe Metales</u>	<u>Solsil</u>	<u>Other</u>	<u>Total</u>
Balance at June 30, 2013					
Goodwill	\$34,734	14,313	57,656	7,260	113,963
Accumulated impairment loss	—	(6,000)	(57,656)	(7,130)	(70,786)
	<u>34,734</u>	<u>8,313</u>	<u>—</u>	<u>130</u>	<u>43,177</u>
Goodwill impairment	—	—	—	—	—
Purchase price allocation adjustments	166	—	—	—	166
Step acquisition	—	—	—	—	—
Foreign exchange rate changes	—	—	—	—	—
Balance at June 30, 2014					
Goodwill	34,900	14,313	57,656	7,260	114,129
Accumulated impairment loss	—	(6,000)	(57,656)	(7,130)	(70,786)
	<u>34,900</u>	<u>8,313</u>	<u>—</u>	<u>130</u>	<u>43,343</u>
Goodwill impairment	—	—	—	—	—
Purchase price allocation adjustments	—	—	—	—	—
Step acquisition	—	—	—	—	—
Foreign exchange rate changes	—	—	—	—	—
Balance at June 30, 2015					
Goodwill	34,900	14,313	57,656	7,260	114,129
Accumulated impairment loss	—	(6,000)	(57,656)	(7,130)	(70,786)
	<u>\$34,900</u>	<u>8,313</u>	<u>—</u>	<u>130</u>	<u>43,343</u>

b. Other Intangible Assets

There were no changes in the value of the Company’s indefinite lived intangible assets during the years ended June 30, 2015 or 2014. The trade name balance is \$477 at June 30, 2015 and 2014.

c. Annual Impairment Tests

The Company performed its annual goodwill and indefinite-lived intangible asset tests as of February 28, 2015. In accordance with ASC Topic 350, *Intangibles – Goodwill and Other*, goodwill is tested for impairment annually and is tested for impairment between annual tests if an event occurs or circumstances change that more likely than not would indicate the carrying amount of a reporting unit may be impaired. Impairment testing for goodwill is done at a reporting unit level. The valuation of the Company’s reporting units requires significant judgment in evaluation of overall market conditions, estimated future cash flows, discount rates and other factors. For the year ended June 30, 2015, all reporting units had fair values that exceeded carrying values and an impairment charge was not required.

Yonvey Goodwill

During the year ended June 30, 2013, the Company recognized an impairment charge to write-off goodwill associated with its electrode business in China (Yonvey) as a result of delays in the Company's ability to develop a new production method that caused it to revise its expected future cash flows. In estimating the fair value of Yonvey, the Company considered cash flow projections using assumptions about, among other things, overall market conditions and successful cost rationalization initiatives (principally through the development of new production methods that will enable sustainable quality and pricing). The Company made a downward revision in the forecasted cash flows from its Yonvey reporting unit which resulted in an impairment of the entire goodwill balance of approximately \$7,775 (impairment charge of \$7,130, net of adjustments for foreign exchange rate changes). The impairment charge is recorded within the Other reporting segment.

Metales Goodwill

During the year ended June 30, 2013, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of \$6,000 related to the partial impairment of goodwill at its silicon-based alloy business in Argentina (Metales) resulting from sustained sales price declines that caused the Company to revise its expected future cash flows. The impairment charge is recorded within the Metales reporting segment. Fair value was estimated based on discounted cash flows and market multiples. Estimates under the Company's discounted income based approach involve numerous variables including anticipated sales price and volumes, cost structure, discount rates and long term growth that are subject to change as business conditions change, and therefore could impact fair values in the future. The remaining goodwill is \$8,313 as of June 30, 2015.

(8) Impairment of Long-Lived Assets

In accordance with ASC Topic 360, *Property, Plant and Equipment*, the Company reviews the recoverability of its long-lived assets, such as plant and equipment and definite-lived intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future undiscounted cash flow of the related operations. The Company assesses the recoverability of the carrying value of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If these cash flows are less than the carrying value of such asset or asset group, an impairment loss is measured based on the difference between estimated fair value and carrying value. No impairment charges were recorded during the year ended June 30, 2015.

[Table of Contents](#)

Solsil Long-Lived Assets

In recent years, Solsil has been focused on research and development projects and was not producing material for commercial sale. Although the Company expected to expand operations through the construction of new facilities using new technologies, the falling prices of polysilicon make further research and development pursuits commercially not viable. During the year ended June 30, 2013, the Company recognized an impairment charge of \$18,452 to write-off equipment related to Solsil as a result of its decision to indefinitely take these assets out of service which was done, in response to sustained pricing declines that have rendered its production methods uneconomical. The amount of the impairment charge was determined by comparing the estimated fair value of the assets using an in-exchange premise (assumed to be zero) to their carrying amount. The impairment is recorded within the Solsil reporting segment.

Nigeria Exploration Licenses

In 2011, the Company acquired exploration licenses related to certain mines located in Nigeria, which granted it the right to explore for, among other things, manganese ore, a raw material used in the production of certain silicon and manganese based alloys. During the year ended June 30, 2013, based upon difficulties encountered in gaining secure access to the mines, the Company determined that exploration of these mines is not feasible and decided to abandon its plan to conduct exploration activities. Accordingly, the Company recognized an impairment charge of \$16,935 (representing the aggregate carrying amount of the licenses). The impairment has been recorded to the Corporate segment.

(9) Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates comprise the following at June 30:

	<u>Ownership Interest</u>	<u>2015</u>	<u>2014</u>
Inversora Nihuiles S.A.(a)	9.75%	\$3,067	3,067
Inversora Diamante S.A.(b)	8.40%	2,906	2,906
Total		<u>\$5,973</u>	<u>5,973</u>

(a) This entity owns a 51% interest in Hidroelectrica Los Nihuiles S.A., which is a hydroelectric company in Argentina.

(b) This entity owns a 59% interest in Hidroelectrica Diamante S.A., which is a hydroelectric company in Argentina.

(10) Debt

a. Short-Term Debt

Short-term debt comprises the following:

	<u>Outstanding Balance</u>	<u>Weighted Average Interest Rate</u>	<u>Unused Credit Line</u>
June 30, 2015:			
Type debt:			
Export financing	\$ 891	7.52%	\$ 2,989
Other	62	12.42%	—
Total	<u>\$ 953</u>		<u>\$ 2,989</u>
June 30, 2014:			
Type debt:			
Export financing	\$ —	NA	\$ 9,208
Other	59	14.47%	—
Total	<u>\$ 59</u>		<u>\$ 9,208</u>

Export Financing Agreements — The Company's Argentine subsidiary maintains various short-term export financing agreements. Generally, these arrangements are for periods ranging between seven and eleven months, and require the Company to pledge as collateral certain export accounts receivable.

b. Revolving Credit Agreements

A summary of the Company's revolving credit agreements at June 30, 2015 is as follows:

	<u>Outstanding Balance</u>	<u>Weighted Average Interest Rate</u>	<u>Unused Commitment</u>	<u>Total Commitment</u>
Revolving multi-currency credit facility	\$ 100,000	1.66%	\$ 198,978	300,000
Revolving credit agreement	—	5.00%	12,025	12,025

On August 20, 2013, the Company entered into a \$300,000 five-year revolving multi-currency credit facility, which includes a \$10,000 sublimit for swing line loans and a \$25,000 sublimit letter of credit facility. The credit facility refinanced existing debt under the revolving multi-currency credit agreement dated May 31, 2012 and closing costs. As a result of refinancing the previous credit facility, \$3,354 of deferred financing costs were expensed in the year ended June 30, 2014. The current credit facility provides up to an additional \$198,978 of borrowing capacity as of June 30, 2015. At the Company's election, the credit facility may be increased by an amount up to \$150,000 in the aggregate; such increase may be in the form of term loans or increases in the revolving credit line, subject to lender commitments and certain conditions as described in the credit agreement. The agreement contains provisions for adding domestic and foreign subsidiaries of the Company as additional borrowers under the credit facility. The agreement terminates on August 20, 2018 and requires no scheduled prepayments before that date. The Company classifies borrowings under this credit facility as long-term liabilities.

Interest on borrowings under the multi-currency credit facility is payable, at the Company's election, at either (a) a base rate (the higher of (i) the U.S. federal funds rate plus 0.50% per annum, (ii) the Administrative Agent's prime rate or (iii) a Eurocurrency Rate for loans with a one month interest period plus 1.00% per annum plus a margin ranging from 0.50% to 1.50% per annum (such margin determined by reference to the leverage ratio set forth in the credit agreement), or (b) the Eurocurrency Rate plus a margin ranging from 1.50% to 2.50% per annum (such margin determined by reference to the leverage ratio set forth in the credit agreement). Certain commitment fees are also payable under the credit agreement. The credit agreement contains various covenants. They include, among others, a maximum net debt to earnings before income tax, depreciation and amortization ratio and a minimum interest coverage ratio. The credit facility is guaranteed by certain of the Company's domestic subsidiaries (the "Guarantors"). Borrowings under the credit agreement are collateralized by the assets of the Company and the Guarantors, including certain real property, equipment, accounts receivable, inventory and the stock of certain of the Company's and the Guarantors' subsidiaries. The Company was in compliance with its financial loan covenants at June 30, 2015.

[Table of Contents](#)

At June 30, 2015, there was a \$100,000 balance outstanding on the revolving multi-currency credit facility. The total commitment outstanding on this credit facility includes \$722 outstanding letters of credit associated with landlord guarantees and \$300 outstanding letters of credit associated with economic development.

The Company's subsidiary, Quebec Silicon, entered into a revolving credit agreement dated October 1, 2010, amended on November 23, 2011 and further amended and restated on September 20, 2012, which provides for up to \$15,000 Canadian Dollars to fund Quebec Silicon's working capital requirements. Funding under the revolving credit agreement is available upon request at any time, up to the full amount of the unused credit commitment and subject to continued compliance with the terms of the agreement. Interest on borrowings under the credit agreement is payable at a variable rate of Canadian prime plus 2.00% (5.00% at June 30, 2015), payable quarterly. The credit agreement expires on September 20, 2015, and may be terminated earlier, at the lender's discretion subject to certain change in ownership conditions being met. All of Quebec Silicon's assets, properties and revenues have been pledged as security for Quebec Silicon's obligations under the revolving credit agreement. As of June 30, 2015, there was no outstanding balance under the facility.

c. *Other Long-Term Debt*

Other long-term debt comprises the following:

	Outstanding Balance	Weighted Average Interest Rate	Unused Credit Line
Other	\$ 95	19.00%	\$ —

d. *Fair Value of Debt*

The recorded carrying values of our debt balances approximate fair value given our debt is at variable rates tied to market indicators.

(11) **Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities comprise the following at June 30:

	2015	2014
Accrued wages, bonuses, and benefits	\$15,640	12,420
Accrued professional fees	5,225	1,183
Current portion of asset retirement obligations	4,092	125
Current portion of capital lease obligations	2,627	2,585
Accrued insurance	2,012	1,386
Accrued income taxes	1,502	3,153
Current portion of retained acquisition contingencies	750	812
Accrued property taxes	825	775
Deferred revenue	641	762
Deferred taxes	188	408
Acquired contract obligations	—	3,696
Other	10,185	11,453
Total	<u>\$43,687</u>	<u>38,758</u>

(12) **Other Long-Term Liabilities**

Other long-term liabilities comprise the following at June 30:

	2015	2014
Pension and postretirement benefits liability	\$21,055	20,890
Asset retirement obligations	10,672	9,009
Liability classified stock awards	5,529	5,019
Retained acquisition contingencies	5,328	4,953
Capital lease obligations	4,566	7,231
Environmental remediation obligation	1,179	1,111
Other	4,276	2,413
Total	<u>\$52,605</u>	<u>50,626</u>

(13) **Derivative Instruments**

The Company enters into derivative instruments to hedge certain interest rate, currency, and commodity price risks. The Company does not engage in interest rate, currency, or commodity speculation, and no derivatives are held for trading purposes. All derivatives are accounted for using mark-to-market accounting. The Company believes it is not practical to designate its derivative instruments as hedging instruments as defined under ASC Subtopic 815-10, *Derivatives and Hedging* (ASC 815). Accordingly, the Company adjusts its derivative financial instruments to current market value through the consolidated statement of operations based on the fair value of the agreement as of period-end. Although not designated as hedged items as defined under ASC 815, these derivative instruments serve to offset the Company's interest rate, currency, and commodity risks. Gains or losses from these transactions offset gains or losses on the assets, liabilities, or transactions being hedged. No credit loss is anticipated as the counterparties to these agreements are major financial institutions that are highly rated.

Interest Rate Risk:

The Company is exposed to market risk from changes in interest rates on certain of its short-term and long-term debt obligations. The Company has historically utilized interest rate swaps and interest rate cap agreements to reduce our exposure to interest rate fluctuations. All interest rate derivatives were settled when the Company closed on the \$300,000 revolving multi-currency credit facility discussed in note 10 (Debt). The Company currently has no interest rate derivatives to reduce exposure to interest rate fluctuations.

Foreign Currency Risk:

The Company is exposed to market risk arising from changes in currency exchange rates as a result of its operations outside the United States, principally in Argentina, China, Canada, and South Africa. A portion of the Company's net sales generated from its non-U.S. operations is denominated in currencies other than the U.S. dollar. Most of the Company's operating costs for its non-U.S. operations are denominated in local currencies, principally the Canadian dollar, Argentine peso, Chinese renminbi, and South African rand. Consequently, the translated U.S. dollar value of the Company's non-U.S. dollar net sales, and related accounts receivable balances, and its operating costs are subject to currency exchange rate fluctuations. Derivative instruments are not used extensively to manage this risk. At June 30, 2015 and 2014, the Company had no outstanding foreign exchange forward or option contracts.

Table of Contents

Commodity Price Risk:

The Company is exposed to price risk for certain raw materials and energy used in its production process. The raw materials and energy that the Company uses are largely commodities subject to price volatility caused by changes in global supply and demand and governmental controls. Derivative financial instruments are not used extensively to manage the Company's exposure to fluctuations in the cost of commodity products used in its operations. The Company attempts to reduce the impact of increases in its raw material and energy costs by negotiating long-term contracts and through the acquisition of companies or assets for the purpose of increasing its access to raw materials with favorable pricing terms. At June 30, 2015 and 2014, the Company had no outstanding power hedge agreements.

The effect of the Company's derivative instruments on the consolidated statements of operations is summarized in the following table:

	(Loss) Gain Recognized During the Years Ended June 30			Location of (Loss) Gain
	2015	2014	2013	
Foreign exchange forward and option contracts	—	(603)	(701)	Foreign exchange (loss)
Power hedge	—	—	424	Cost of goods sold

At June 30, 2015, the Company had no outstanding derivative instruments.

(14) Benefit Plans

a. Defined Benefit Retirement and Postretirement Plans

The Company's subsidiary, Globe Metallurgical Inc. (GMI), sponsors three noncontributory defined benefit pension plans covering certain employees. These plans were frozen in 2003. The Company's subsidiary, Core Metals, sponsors a noncontributory defined benefit pension plan covering certain employees. This plan was closed to new participants in April 2009.

The Company's subsidiary, Quebec Silicon, sponsors a contributory defined benefit pension plan and postretirement benefit plan for certain employees, based on length of service and remuneration. Postretirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. The contributory defined benefit pension plan was closed to new participants in December 2013. On December 27, 2013, the Communications, Energy and Paper Workers Union of Canada ("CEP") ratified a new collective bargaining agreement, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016. The Company remeasured the benefit obligations reflecting the curtailment which resulted in a curtailment gain of \$5,831. The curtailment gain is included in operating income for the year ended June 30, 2014.

The Company's funding policy has been to contribute, as necessary, an amount in excess of the minimum requirements in order to achieve the Company's long-term funding targets. During the years ended June 30, 2015 and 2014, the Company made contributions of \$1,303 and \$2,971, respectively, to the pension and other benefit plans.

The Company uses a June 30 measurement date for these defined benefit plans.

Benefit Obligations and Funded Status — The following provides a reconciliation of the benefit obligations, plan assets, and funded status of the plans at June 30, 2015 and 2014:

	Pension Plans		Nonpension Postretirement Plan	
	2015	2014	2015	2014
Change in benefit obligations:				
Benefit obligations at beginning of year	\$ 62,525	59,542	\$ 9,065	13,316
Interest cost	2,422	2,623	360	518
Service cost	413	414	339	640
Plan curtailments	—	—	—	(5,831)
Plan amendments	307	—	—	—
Employee contributions	43	52	—	—
Actuarial loss (gain)	1,939	3,063	(417)	758
Benefits paid	(2,802)	(2,789)	(116)	(109)
Net transfer in	229	—	—	—
Effect of exchange rate changes	(3,823)	(380)	(1,317)	(227)
Benefit obligations at end of year	<u>\$ 61,253</u>	<u>62,525</u>	<u>\$ 7,914</u>	<u>9,065</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 50,500	43,407	\$ —	—
Actual return on plan assets	1,952	7,419	—	—
Employer contributions	1,187	2,862	116	109
Employee contributions	43	52	—	—
Benefits paid	(2,802)	(2,789)	(116)	(109)
Expenses paid	(240)	(209)	—	—
Net transfer in	80	—	—	—
Effect of exchange rate changes	(2,763)	(242)	—	—
Fair value of plan assets at end of year	<u>\$ 47,957</u>	<u>50,500</u>	<u>\$ —</u>	<u>—</u>
Funded status at end of year:				
Fair value of plan assets	\$ 47,957	50,500	\$ —	—
Benefit obligations	<u>61,253</u>	<u>62,525</u>	<u>7,914</u>	<u>9,065</u>

Funded status	<u>\$ (13,296)</u>	<u>(12,025)</u>	<u>\$ (7,914)</u>	<u>(9,065)</u>
Amounts recognized in the consolidated balance sheet consist of:				
Noncurrent liability	\$ (13,296)	(12,025)	\$ (7,715)	(8,865)
Current liability	—	—	(199)	(200)
Accumulated other comprehensive loss	12,253	9,310	277	779

At June 30, 2015 and 2014, the accumulated benefit obligations were \$59,348 and \$59,888, respectively, for the defined benefit pension plans.

Table of Contents

All of our pension and postretirement plans are underfunded, and have been underfunded for all years presented. The amounts recognized in accumulated other comprehensive (loss) income consist primarily of net actuarial loss as well as a component related to prior service cost, which is not material. Reclassification adjustments out of accumulated other comprehensive (loss) income, which totaled \$702 for the year ended June 30, 2015, are recognized as components of net periodic pension expense.

Net Periodic Pension Expense — The components of net periodic pension expense for the Company's defined benefit pension and postretirement plans are as follows:

	Pension Plans			Nonpension Postretirement Plans		
	2015	2014	2013	2015	2014	2013
Interest cost	\$ 2,422	2,623	2,571	\$ 360	518	617
Service cost	413	414	893	339	640	1,172
Expected return on plan assets	(3,146)	(2,791)	(2,516)	—	—	—
Amortization of net loss	702	1,054	1,608	—	—	—
Curtailement gain	—	—	—	—	(5,831)	—
Net periodic pension expense	\$ 391	1,300	2,556	\$ 699	(4,673)	1,789

In fiscal year 2016, net actuarial losses of approximately \$1,248 are expected to be recognized into net periodic pension expense from accumulated other comprehensive income. The amount of prior service cost we expect to recognize in 2016 as a component of net periodic pension expense is not material.

Assumptions and Other Data — The assumptions used to determine benefit obligations at June 30, 2015 and 2014 follow:

	Pension Plans		Nonpension Postretirement Plans	
	2015	2014	2015	2014
Discount rate	4.00 to 4.15%	4.00 to 4.30%	4.20%	4.40%

The discount rate used in calculating the present value of our pension plan obligations is developed based on the Citigroup Pension Discount Curve for both the GMI plans and Core Metals plan, and the Mercer Yield Curve for Quebec Silicon pension and postretirement benefit plans and the expected cash flows of the benefit payments.

The assumptions used to determine net periodic expense for the Company's defined benefit pension plans for years ended June 30, 2015, 2014, and 2013 are as follows:

	Pension Plans			Nonpension Postretirement Plans		
	2015	2014	2013	2015	2014	2013
Discount rate	4.00 to 4.30%	3.75 to 4.75%	3.50 to 5.00%	4.40%	4.85%	5.10%
Expected return on plan assets	5.70 to 7.00%	5.70 to 7.00%	5.70 to 7.00%	NA	NA	NA

Expected return on plan assets is determined based on management's expectations of long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. In determining the expected return on plan assets, the Company takes into account historical returns, plan asset allocations and related investment strategies, as well as the outlook for inflation and overall fixed income and equity returns.

The Company expects to make discretionary contributions of approximately \$1,237 to the defined benefit pension and postretirement plans for the year ending June 30, 2016.

The following reflects the gross benefit payments that are expected to be paid for the benefit plans for the years ended June 30:

	Pension Plans	Nonpension Postretirement Plans
2016	\$ 2,889	\$ 199
2017	3,097	227
2018	3,194	241
2019	3,284	249
2020	3,345	253
Years 2021-2025	17,058	1,410

The accumulated nonpension postretirement benefit obligation has been determined by application of the provisions of the Company's health care and life insurance plans including established maximums, relevant actuarial assumptions and health care cost trend rates projected at 6.0% for fiscal 2015 and decreasing to an ultimate rate of 4.3% in fiscal 2033. The effect of a 1% increase in health care cost trend rate on nonpension postretirement net periodic benefit costs and the benefit obligations is \$179 and \$1,509, respectively. The effect of a 1% decrease in health care cost trend rate on nonpension postretirement net periodic benefit costs and the benefit obligation is (\$133) and (\$1,178), respectively.

The Company's overall strategy is to invest in high-grade securities and other assets with a limited risk of market value fluctuation. In general, the Company's goal is to maintain the following allocation ranges:

Equity securities	40 to 50%
Fixed income securities	40 to 50%
Real estate	5 to 10%

Table of Contents

The fair values of the Company's pension plan assets at June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	2015	2014
Cash and cash equivalents	\$ 818	637
Equity securities:		
Domestic equity mutual funds	5,380	5,563
International equity mutual funds	4,707	4,890
Commingled domestic equity funds	3,634	4,036
Commingled international equity funds	8,849	10,255
Fixed income securities:		
Fixed income mutual funds	10,556	11,059
Commingled fixed income funds	12,813	12,857
Real estate mutual funds	1,200	1,203
Total	\$ 47,957	50,500

Equity securities include domestic and international equity mutual funds and commingled domestic and international equity funds. Fixed income securities include fixed income mutual funds and commingled fixed income funds. In addition, a portion of the plan assets are in real estate mutual funds. For all plan assets, fair values were based on quoted prices in active markets and were therefore classified within Level 1 of the fair value hierarchy as of June 30, 2015. See note 20 (Fair Value Measures) for additional disclosures related to the fair value hierarchy. The Company held no level 2 or level 3 assets during the year ended June 30, 2015.

b. Other Benefit Plans

The Company administers healthcare benefits for certain retired employees through a separate welfare plan requiring reimbursement from the retirees.

The Company's subsidiary, GMI, provides two defined contribution plans (401(k) plans) that allow for employee contributions on a pretax basis. The Company agrees to match 25% of participants' contributions up to a maximum of 6% of compensation. Company matching contributions for the years ended June 30, 2015, 2014, and 2013 were \$579, \$393, and \$344, respectively. Additionally, subsequent to the acquisition of Core Metals, the Company began sponsoring the Core Metals defined contribution plan. Under the plan the Company may make discretionary payments to salaried and non-union participants in the form of profit sharing and matching funds. Company matching contributions for the years ended June 30, 2015, 2014, and 2013 were \$142, \$71, and \$95, respectively.

Other benefit plans offered by the Company include a Section 125 cafeteria plan for the pretax payment of healthcare costs and flexible spending arrangements.

(15) Income Taxes

The sources of income (loss) before provision for income taxes and income attributable to noncontrolling interest for the years ended June 30, 2015, 2014, and 2013 were as follows:

	2015	2014	2013
U.S. operations	\$54,999	1,822	17,541
Non-U.S. operations	1,279	31,789	(34,616)
Total	\$56,278	33,611	(17,075)

The components of current and deferred income tax expense (benefit) are as follows:

	2015	2014	2013
Current:			
Federal	\$13,402	(1,502)	3,120
State	1,355	1,428	696
Foreign	2,777	4,048	2,459
Total current	17,534	3,974	6,275
Deferred:			
Federal	2,942	(1,807)	2,440
State	642	3,875	(5,568)
Foreign	533	1,663	(413)
Total deferred	4,117	3,731	(3,541)
Total provision for income taxes	\$21,651	7,705	2,734

The following is a reconciliation, stated in percentage, of the U.S. statutory federal income tax rate to our effective tax rate for the years ended June 30, 2015, 2014, and 2013:

	2015	2014	2013
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	0.6	2.5	7.5

Bargain purchase gain	—	(30.8)	—
Foreign rate differential	(0.5)	0.5	(9.0)
Change in valuation allowance	2.0	16.0	3.4
Goodwill and other asset impairments	—	—	(57.4)
Domestic production activities deduction	(1.8)	—	1.7
Step acquisition	—	—	9.6
Foreign non-deductible loss	—	8.5	(10.9)
Uncertain tax position changes	(0.3)	(1.0)	(4.0)
Noncontrolling interest	(2.0)	(4.9)	5.3
Other	5.5	(2.9)	2.8
Effective tax rate	<u>38.5%</u>	<u>22.9%</u>	<u>(16%)</u>

FIN-33

[Table of Contents](#)

During the year ended June 30, 2014, the Company recorded a nontaxable bargain purchase gain of \$29,538 in connection with the acquisition of Siltech. See note 3 for additional information regarding the acquisition.

As of June 30, 2015, the Company had approximately \$84,983 of undistributed foreign earnings. We intend to reinvest earnings outside the U.S. for the foreseeable future and, therefore, have not recognized any U.S. tax expense on these earnings. It is not practicable for the Company to determine the amount of unrecognized U.S. tax expense on these reinvested foreign earnings. We have provided for tax on earnings of \$2,174 in Argentina that we do not consider permanently reinvested.

Significant components of the Company's deferred tax assets and deferred tax liabilities at June 30, 2015 and 2014 consist of the following:

	2015	2014
Deferred tax assets:		
Inventories	\$ 1,955	1,173
Accounts receivable	197	530
Accruals	16,202	8,845
Deferred revenue	12	52
Net operating losses and other carryforwards	23,501	24,114
Share-based compensation	7,051	8,414
Other	3,033	3,804
Gross deferred tax assets	51,951	46,932
Valuation allowance	(20,934)	(18,531)
Net deferred tax assets	31,017	28,401
Deferred tax liabilities:		
Fixed assets	(71,737)	(69,929)
Prepaid expenses	(1,010)	(1,482)
Other	(2,142)	(300)
Total deferred tax liabilities	(74,889)	(71,711)
Net deferred tax liabilities	\$(43,872)	(43,310)

A portion of the Company's net operating loss carry forwards (NOLs) are subject to various limitations and expire at various dates in the future as follows:

	Amount	Expires
Federal	\$ 18,386	2025 through 2026
State	303,945	2015 through 2034
Foreign	20,405	2015 through 2035

The Company maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. In determining whether a valuation allowance is warranted, the Company evaluates factors such as prior earnings history, expected future earnings, carry back and carry forward periods and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset. It is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. For the year ended June 30, 2015, the increase in the valuation allowance of \$2,403 was primarily attributable to a valuation allowance placed upon certain net operating losses and credits which are unlikely to be utilized due to a change in the Company's tax structure that resulted in a decrease in expected tax liability for those states, and for a full valuation allowance on net operating losses generated in China, Netherlands and South Africa. For the year ended June 30, 2014, the valuation allowance was primarily attributable to valuation allowance placed upon certain net operating losses and credits in certain state jurisdictions and full valuation allowance on the deferred tax assets in foreign jurisdictions of China, Netherlands and South Africa.

The total valuation allowance at June 30, 2015 and 2014 is \$20,934, and \$18,531, respectively, relates to the following:

	2015	2014
Federal NOLs	\$ 4,467	4,467
State NOLs	4,177	861
Foreign NOLs	8,621	9,201
Federal credits	236	236
State credits	3,433	3,766
Total	\$20,934	18,531

The Company files a consolidated U.S. income tax return and tax returns in various state and local jurisdictions. Our subsidiaries also file tax returns in various foreign jurisdictions. The Company's principal jurisdictions include the U.S., Canada, Argentina, and China. The number of open tax years subject to examination varies depending on the tax jurisdiction. The Company's major taxing jurisdictions and the related open tax years subject to examination are as follows: the U.S. from 2012 to present, Canada from 2012 to present, Argentina from 2010 to present, and China from 2011 to present. Our U.S. federal income tax filing for the year ended June, 30 2012 is under routine examination.

The following is a tabular reconciliation of the total amount of unrecognized tax benefits for the year, excluding interest and penalties:

	2015	2014	2013
Balance at the beginning of the year	\$ 795	1,115	522
Gross increases for prior year tax positions	210	—	659
Gross decreases for prior year tax positions	—	—	—
Lapse in statute of limitations	(307)	(320)	(66)
Balance at the end of the year	\$ 698	795	1,115

Interest and penalties related to uncertain tax positions are recognized in income tax expense. Included in our liability for uncertain tax positions are interest and penalties of \$68, \$138, and \$170 for the years ended June 30, 2015, 2014, and 2013, respectively. For the years ended June 30, 2015, 2014, and 2013, we recognized (\$70), (\$31), and \$98 respectively, of interest and penalties in income tax benefit/provision. The Company believes that it is reasonably possible that approximately \$310 of its uncertain tax position liability at June 30, 2015 may be recognized within the next twelve months as the statutes of limitations will expire. The portion of uncertain tax positions as of June 30, 2015 that would, if recognized, impact the effective tax rate was \$698, \$795, and \$1,115 as of June 30, 2015, 2014, and 2013, respectively.

(16) Commitments and Contingencies

a. Legal Contingencies

The Company is subject to various lawsuits, investigations, claims, and proceedings that arise in the normal course of business, including, but not limited to, labor and employment, commercial, environmental, safety, and health matters, as well as claims and indemnities associated with its historical acquisitions and divestitures. Although it is not presently possible to determine the outcome of these matters, in the opinion of management, it is not reasonably possible that the ultimate disposition of these matters will have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity. During the fiscal year ended June 30, 2015, the Company recorded an expense of \$4,559 with respect to an indemnification obligation from a prior divestiture, of which \$1,659 is unpaid and is included in Other long-term liabilities at June 30, 2015.

Litigation Related to the Proposed Business Combination

On March 23, 2015, a putative class action lawsuit was filed on behalf of the Company's shareholders ("Company Shareholders") in the Court of Chancery of the State of Delaware. The action, captioned *Fraser v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10823-VCG, named as defendants the Company, the members of its board of directors, Grupo VM, FerroAtlántica, Merger Sub and VeloNewco. The complaint alleged, among other things, that the Company directors breached their fiduciary duties by failing to obtain the best price possible for Company Shareholders, that the proposed merger consideration to be received by Company Shareholders is inadequate and significantly undervalued the Company, that the Company directors failed to adequately protect against conflicts of interest in approving the transaction, and that the Business Combination Agreement unfairly deters competitive offers. The complaint also alleged that the Company, Grupo VM, FerroAtlántica, Merger Sub and VeloNewco aided and abetted these alleged breaches. The action sought to enjoin or rescind the Business Combination, damages, and attorneys' fees and costs.

On April 1, 2015, a purported Company Shareholder filed a putative class action lawsuit on behalf of Company Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *City of Providence v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10865-VCG, named as defendants the Company, the members of its board of directors, its Chief Executive Officer, Grupo VM, FerroAtlántica, Merger Sub and VeloNewco. The complaint alleged, among other things, that the Company's board of directors and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and VeloNewco, breached their fiduciary duties by entering into the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The complaint further alleged, among other things, that the Company's Executive Chairman and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and VeloNewco, breached their fiduciary duties by negotiating the Business Combination Agreement, and, in the case of the Executive Chairman, by entering into a voting agreement in favor of the Business Combination Agreement, out of self-interest. The action sought to enjoin the Business Combination, to order the board of directors to obtain an alternate transaction, damages, and attorneys' fees and costs.

On April 10, 2015, a purported Company Shareholder filed a putative class action lawsuit on behalf of Company Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *Int'l Union of Operating Engineers Local 478 Pension Fund v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10899-VCG, named as defendants the Company, the members of its board of directors, its Chief Executive Officer, Grupo VM, FerroAtlántica, Merger Sub and VeloNewco. The complaint made identical allegations and sought the same relief sought in *City of Providence v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10865-VCG.

On April 21, 2015, a purported Company Shareholder filed a putative class action lawsuit on behalf of Company Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *Cirillo v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10929-VCG, named as defendants the Company, its board of directors, Grupo VM, FerroAtlántica, Merger Sub and VeloNewco. The complaint alleged, among other things, that the Company's directors, aided and abetted by the Company, Grupo VM, FerroAtlántica, Merger Sub and VeloNewco, breached their fiduciary duties in agreeing to the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The action sought to enjoin or rescind the Business Combination, disclosure of information, damages, and attorneys' fees and costs.

On May 4, 2015, the Court of Chancery of the State of Delaware consolidated these four actions for all purposes into C.A. No. 10865-VCG, now captioned *In re Globe Specialty Metals, Inc. Stockholders Litigation*, Consolidated C.A. No. 10865-VCG. The Court further designated the complaint filed in C.A. No. 10865-VCG as the operative complaint in the consolidated action. Plaintiffs filed a motion for a preliminary injunction seeking to enjoin the Company from convening a special meeting of Company Shareholders to vote on the proposal to adopt the Business Combination Agreement or consummating the Business Combination. In addition, Plaintiffs filed a motion for expedited proceedings, and supporting brief, in which they requested that the Court schedule a trial in this action before the Company Shareholders vote on the Business Combination. Defendants, including Globe, filed an opposition brief in which they objected to Plaintiffs' motion for expedited proceedings to the extent it seeks expansive discovery and an expedited trial on the merits in lieu of a preliminary injunction hearing. Subsequently, the parties reached agreement on the scope of expedited discovery. The Court scheduled a hearing on Plaintiffs' motion for a preliminary injunction for August 26, 2015.

On June 15, 2015, Plaintiffs filed an amended consolidated class action complaint, realleging, among other things, that the Company's board of directors and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and VeloNewco, breached their fiduciary duties by entering into the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The amended complaint further alleges that, among other things, the Company's preliminary proxy statement/prospectus filed with the SEC on May 6, 2015, is materially misleading and incomplete, and that the Company's board of directors and Chief Executive Officer breached their fiduciary duties by failing to disclose purportedly material information to Company Shareholders in connection with the Business Combination. The amended complaint seeks, among other relief, an order enjoining the Defendants from consummating the proposed Business Combination; a declaration that the disclosures contained in the preliminary proxy statement/prospectus are deficient; damages; and attorneys' fees and costs.

On August 10, 2015, Plaintiffs filed their opening brief in support of their motion for preliminary injunction.

The amended complaint does not specify the amount of damages sought by Plaintiffs in the consolidated action and it is not presently possible to determine the outcome of these matters. Accordingly, the possible loss, if any, related to these matters is uncertain and cannot be reasonably estimated at this time.

b. Environmental Contingencies

It is the Company's policy to accrue for costs associated with environmental assessments, remedial efforts, or other environmental liabilities when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. When a liability for environmental remediation is recorded, such amounts will be recorded without giving effect to any possible future recoveries. At June 30, 2015, there are no significant liabilities recorded for environmental contingencies. With respect to the cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred unless there is a long-term monitoring agreement with a governmental agency, in which case a liability is established at the inception of the agreement.

c. Asset Retirement Obligations

As of June 30, 2015 and 2014, the Company has recorded asset retirement obligation accruals for mine reclamation and preparation plant closure costs totaling \$14,764 and \$9,134, respectively. There were no assets that were legally restricted for purposes of settling asset retirement obligations at June 30, 2015 or 2014.

d. Employee Contracts

As of June 30, 2015, the Company had 1,684 employees. The Company's total employees consist of 532 salaried employees and 1,152 hourly employees, and include 625 unionized employees. 37% of the workforce is covered by collective bargaining agreements and 6% of the workforce is covered by collective bargaining agreements expiring within one year of June 30, 2015.

[Table of Contents](#)

e. Contract Acquisition Cost

During the fiscal year ended June 30, 2014, the Company acquired a supply arrangement that resulted in a payment of \$16,000, which impacted operating income for the period.

f. Contractual Commitments

The Company leases certain machinery and equipment, automobiles, railcars and office space. For the years ended June 30, 2015, 2014, and 2013, lease expense was \$4,649, \$5,059, and \$4,038, respectively.

The following table summarizes our contractual commitments by period:

	<u>Total</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 and Beyond</u>
Long-term debt obligations	\$101,048	953	50	45	100,000	—	—
Power commitments	17,794	17,794	—	—	—	—	—
Purchase commitments	42,646	31,486	11,160	—	—	—	—
Operating lease obligations	8,472	2,247	1,473	575	528	524	3,125
Capital lease obligations	7,193	2,627	2,389	408	497	435	837

(17) Stockholders' Equity

a. Preferred Stock

The Company is authorized to issue one million shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the board of directors. To date, no preferred stock has been issued by the Company.

b. Treasury Stock

On December 13, 2013, the Company's Board of Directors approved a share repurchase program that authorized the Company to repurchase up to \$75,000 of the Company's common stock valid through December 31, 2014. The program did not obligate the Company to acquire any particular amount of shares. On November 5, 2014, the Company extended its previously announced stock repurchase program, authorizing the repurchase of up to \$45,800 of its common shares through December 31, 2015. During the fiscal year ended June 30, 2015, 13,066 shares were repurchased at an aggregated cost of \$242. During the fiscal year ended June 30, 2014, 1,591,566 shares were repurchased at an aggregated cost of \$28,962.

c. Noncontrolling Interest

Yonvey Share Purchase

In January 2013, the Company purchased an additional 28% ownership interest in Yonvey for \$2,330, bringing the Company's ownership interest in Yonvey to 98%.

d. Dividend

On February 10, 2014, the Company's Board of Directors approved an increase to the annual dividend to \$0.300 per common share, payable quarterly in March 2014, June 2014, September 2014, and December 2014. The March 2014 quarterly dividend of \$0.075 per share, totaling \$5,559, was paid on March 12, 2014 to shareholders of record at the close of business on February 26, 2014. The June 2014 quarterly dividend of \$0.075 per share, totaling \$5,541, was paid on June 24, 2014 to shareholders of record at the close of business on June 10, 2014. The September 2014 quarterly dividend of \$0.075 per share, totaling \$5,532, was paid on September 24, 2014 to shareholders of record at the close of business on September 10, 2014. The December 2014 quarterly dividend of \$0.075 per share, totaling \$5,531, was paid on December 22, 2014 to shareholders of record at the close of business on December 8, 2014. On February 3, 2015, the Company's Board of Directors approved an annual dividend of \$0.32 per common share, payable quarterly. Accordingly, a quarterly dividend of \$0.08 per share, totaling \$5,900, was paid on March 12, 2015 to shareholders of record at the close of business on February 26, 2015. On May 5, 2015, the Company's board of directors approved the quarterly payment of the annual dividend of \$0.32 per common share. The June quarterly dividend of \$0.08 per share, totaling \$5,900, was paid on June 24, 2015 to shareholders of record at the close of business on June 10, 2015.

The September 2013 quarterly dividend of \$0.06875 per share, totaling \$5,178, was paid on September 24, 2013 to shareholders of record at the close of business on September 10, 2013. The December 2013 quarterly dividend of \$0.06875 per share, totaling \$5,178, was paid on December 23, 2013 to shareholders of record at the close of business on December 9, 2013.

(18) Earnings (Loss) Per Share

Basic earnings (loss) per common share are calculated based on the weighted average number of common shares outstanding during the years ended June 30, 2015, 2014, and 2013, respectively. Diluted earnings (loss) per common share assumes the exercise of stock options or the vesting of restricted stock grants, provided in each case the effect is dilutive.

The reconciliation of the amounts used to compute basic and diluted earnings (loss) per common share for the years ended June 30, 2015, 2014, and 2013, is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Basic earnings (loss) per share computation			
Numerator:			
Net income (loss) attributable to Globe Specialty Metals, Inc.	\$ 31,320	21,703	(21,028)
Denominator:			

Weighted average basic shares outstanding	<u>73,750,764</u>	<u>74,674,466</u>	<u>75,206,656</u>
Basic earnings (loss) per common share	<u>\$ 0.42</u>	<u>0.29</u>	<u>(0.28)</u>
Diluted earnings (loss) per share computation			
Numerator:			
Net income (loss) attributable to Globe Specialty Metals, Inc.	<u>\$ 31,320</u>	<u>21,703</u>	<u>(21,028)</u>
Denominator:			
Weighted average basic shares outstanding	73,750,764	74,674,466	75,206,656
Effect of dilutive securities	141,066	118,551	—
Weighted average diluted shares outstanding	<u>73,891,830</u>	<u>74,793,017</u>	<u>75,206,656</u>
Diluted earnings (loss) per common share	<u>\$ 0.42</u>	<u>0.29</u>	<u>(0.28)</u>

FIN-36

[Table of Contents](#)

The following potential common shares were excluded from the calculation of diluted earnings (loss) per common share because their effect would be anti-dilutive:

	2015	2014	2013
Stock options and restricted stock grants	103,630	172,500	367,554

(19) Share-Based Compensation

a. Stock Plan

The Company's share-based compensation program consists of the Globe Specialty Metals, Inc. 2006 Employee, Director and Consultant Stock Plan (the Stock Plan). The Stock Plan was initially approved by the Company's stockholders on November 10, 2006, and was amended and approved by the Company's stockholders on December 6, 2010 to increase by 1,000,000 the number of shares of common stock authorized for issuance under the Stock Plan. The Stock Plan, as amended, provides for the issuance of a maximum of 6,000,000 shares of common stock for the granting of incentive stock options, nonqualified options, stock grants, and share-based awards. Any remaining shares available for grant, but not yet granted, will be carried over and used in the following fiscal years.

On August 17, 2012, the Board authorized the Company to offer to amend outstanding options representing the right to purchase shares issued to directors, officers and current employees pursuant to the Stock Plan, to permit these options alternatively to be settled for cash or exercised for the issuance of shares, at the election of the option holder. This modification of the outstanding options changed its classification from equity awards to liability awards and the fair value of the liability awards is remeasured at the end of each reporting period through settlement. These outstanding options are excluded from the weighted average diluted shares outstanding calculation in note 18 (Earnings (Loss) Per Share). The Company believes the outstanding options will be settled in cash.

At June 30, 2015, there were 2,450,521 shares available for grant. All option grants have vesting terms of up to 3 years and maximum contractual terms ranging from 5 to 10 years. It is the Company's policy to issue new shares to satisfy the requirements of its share-based compensation plan. The Company does not expect to repurchase shares in the future to support its share-based compensation plan.

A summary of the changes in options outstanding under the Stock Plan for the years ended June 30, 2015, 2014, and 2013 is presented below:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding as of June 30, 2012	4,365,397	\$ 8.10		
Granted	13,188	13.43		
Exercised	(583,333)	4.03		
Forfeited and expired	—	—		
Outstanding as of June 30, 2013	<u>3,795,252</u>	<u>\$ 8.74</u>		
Outstanding as of June 30, 2013	3,795,252	\$ 8.74		
Granted	439,211	15.82		
Forfeited and converted to SARs	(2,447,500)	4.06		
Exercised	(45,521)	9.10		
Forfeited and expired	(26,446)	19.94		
Outstanding as of June 30, 2014	<u>1,714,996</u>	<u>\$ 17.05</u>		
Outstanding as of June 30, 2014	1,714,996	\$ 17.05		
Granted	31,130	17.46		
Exercised	(56,990)	11.92		
Forfeited and expired	(100,000)	19.87		
Outstanding as of June 30, 2015	<u>1,589,136</u>	<u>\$ 17.06</u>	<u>1.97</u>	<u>\$ 3,012</u>
Exercisable as of June 30, 2015	<u>1,307,745</u>	<u>\$ 17.36</u>	<u>1.75</u>	<u>\$ 2,241</u>

The weighted average grant date fair value of stock options granted during the years ended June 30, 2015, 2014, and 2013 was \$5.63, \$5.27, and \$4.55, respectively. The total intrinsic value of options exercised during the years ended June 30, 2015, 2014, and 2013, was \$457, \$507, and \$6,061, respectively.

The total fair value of stock options vested during the years ended June 30, 2015, 2014, and 2013, was \$2,982, \$2,186, and \$2,275, respectively. Of the unvested options as of June 30, 2015, 168,305 will vest and become exercisable as of June 30, 2016 and 113,086 will vest and become exercisable as of June 30, 2018.

The Company estimates the fair value of stock options using the Black-Scholes option pricing model. The following assumptions were used to estimate the fair value of stock option awards granted during the years ended June 30, 2015, 2014, and 2013:

	2015	2014	2013
Risk-free interest rate	1.56 to 1.74%	0.64 to 1.64%	0.15 to 1.38%
Expected dividend yield	1.46 to 1.92%	1.41 to 2.21%	2.30%
Expected volatility	40.42 to 44.25%	41.07 to 47.79%	29.89 to 59.90%
Expected term (years)	5.00	3.00 to 5.00	0.83 to 5.31

The risk-free interest rate is based on the yield of zero coupon U.S. Treasury bonds with terms similar to the expected term of the options. The expected dividend yield is estimated over the expected life of the options based on our historical annual dividend activity. Volatility reflects movements in our stock price over the most recent historical period equivalent to the expected life of the options. The expected forfeiture rate is zero as anticipated forfeitures are estimated to be minimal based on historical data. The expected term is the average of the vesting period and contractual term.

During the fiscal year ended June 30, 2015, 387,247 options vested. There are total vested options of 1,307,745 and 281,391 unvested options outstanding at June 30, 2015.

For the years ended June 30, 2015, 2014, and 2013, share-based compensation expense related to stock options was \$2,648 (\$1,589 after tax), \$13,552 (\$8,131 after tax), and \$15,333 (\$9,200 after tax), respectively. The expense is reported within selling, general, and administrative expenses.

b. Executive Bonus Plan

In addition to share-based awards issued under the Stock Plan, the Company issues restricted stock units under the Company's Executive Bonus Plan. The fair value of restricted stock units is based on quoted market prices of the Company's stock at the end of each reporting period. These restricted stock units proportionally vest over three years, but are not delivered until the end of the third year. The Company will settle these awards by cash transfer, based on the Company's stock price on the date of transfer. During the year ended June 30, 2015, there were 137,597 restricted stock units granted, 452,142 restricted options were exercised, and as of June 30, 2015, 348,866 restricted stock units were outstanding. For the years ended June 30, 2015 and 2014, share-based compensation expense for these restricted stock units was \$1,025 (\$615 after tax) and \$7,298 (\$4,378 after tax), respectively. The expense is reported within selling, general, and administrative expenses. Of the \$3,047 liability associated with these restricted stock units at June 30, 2015, \$2,162 is included in share-based liabilities and \$885 is included in other long-term liabilities.

c. Stock Appreciation Rights

The Company issues cash-settled stock appreciation rights as an additional form of incentivized bonus. Stock appreciation rights vest and become exercisable in one-third increments over three years. The Company settles all awards by cash transfer, based on the difference between the Company's stock price on the date of exercise and the date of grant. The Company estimates the fair value of stock appreciation rights using the Black-Scholes option pricing model. During the year ended June 30, 2015, there were 655,330 stock appreciation rights issued. During the year ended June 30, 2015, there were 4,262 and 46,700 stock appreciation rights that were exercised and forfeited, respectively. There were 1,976,957 stock appreciation rights outstanding as of June 30, 2015. For the years ended June 30, 2015 and 2014, pre-tax compensation expense for these stock appreciation rights was \$1,602 and \$14,767, respectively. The expense is reported within selling, general, and administrative expenses. Of the \$4,656 liability associated with these stock appreciation rights at June 30, 2015, \$209 is included in share-based liabilities and \$4,447 is included in other long-term liabilities.

d. Unearned Compensation Expense

As of June 30, 2015, the Company has unearned pre-tax compensation expense of \$206, related to nonvested liability classified stock options, which will be recognized over a weighted average term of 0.11 years. The unearned compensation expense represents the minimum expense to be recognized over the grant date vesting terms or earlier as a result of accelerated expense recognition due to remeasurement of compensation cost for liability classified awards. Future expense may exceed the unearned compensation expense in the future due to the remeasurement of liability classified awards. As of June 30, 2015, the Company has unearned pre-tax compensation expense of \$578 and \$1,080 related to nonvested equity classified stock options and restricted stock grants, which will be recognized over a weighted average term of 1.36 and 5.38 years, respectively.

(20) Fair Value Measures

ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy for disclosure of fair value measurements. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 — Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. For example, cash flow modeling using inputs based on management's assumptions.

The following table summarizes assets measured at fair value on a recurring basis at June 30, 2015:

	<u>Total</u>	<u>Level 1</u>
Marketable securities	\$4,965	4,965
Total assets at fair value	<u>\$4,965</u>	<u>4,965</u>

The following table summarizes assets measured at fair value on a recurring basis at June 30, 2014.

	<u>Total</u>	<u>Level 1</u>
Marketable securities	<u>\$10,399</u>	<u>10,399</u>
Total assets at fair value	<u>\$10,399</u>	<u>10,399</u>

The Company does not have any liabilities that are required to be remeasured at fair value at June 30, 2015 or at June 30, 2014.

Marketable securities primarily consist of corporate bonds for which fair values were based on quoted prices in active markets and were therefore classified within Level 1 of the fair value hierarchy. During the year ended June 30, 2015, we sold \$4,723 of these bonds for a gain of \$41. During the year ended June 30, 2014, we sold \$3,976 of these bonds for a gain of \$186 and the proceeds from the sale were received during the year ended June 30, 2015.

See note 10 (Debt) for information regarding the fair value of the Company's outstanding debt.

(21) Related Party Transactions

From time to time, the Company enters into transactions in the normal course of business with related parties.

A current and a former member of the board of directors are affiliated with Marco International. During the years ended June 30, 2015, 2014, and 2013, the Company:

- Entered into agreements with Marco International to purchase carbon electrodes. Purchases under these agreements totaled \$19,573, \$19,217, and \$34,785, respectively. At June 30, 2015 and 2014, payables to Marco International under these agreements totaled \$951 and \$1,140, respectively.
- Entered into agreements with Marco International to purchase rare earth minerals. Purchases under these agreements totaled \$826, \$559, and \$0, respectively. At June 30, 2015 and 2014, payables to Marco International under these agreements totaled \$148 and \$0, respectively.
- Entered into agreements to sell ferrosilicon to Marco International. Net sales under these agreements totaled \$778, \$641, and \$411, respectively. At June 30, 2015 and 2014, receivables from Marco International under these agreements totaled \$71 and \$0, respectively.
- Entered into agreements to sell calcium silicon powder to Marco International. Net sales under these agreements totaled \$176, \$4,173, and \$1,344, respectively. At June 30, 2015 and 2014, receivables from Marco International under these agreements totaled \$176 and \$0, respectively.

(22) Operating Segments

Operating segments are based upon the Company's management reporting structure and include the following five reportable segments:

- *GMI* — a manufacturer of silicon metal and silicon-based alloys and a provider of specialty metallurgical coal for the silicon metal and silicon-based alloys industries located in North America.
- *Globe Metales* — a manufacturer of silicon-based alloys located in Argentina.
- *Solsil* — a developer of upgraded metallurgical grade silicon metal located in the United States.
- *Corporate* — general corporate expenses, investments, and related investment income.
- *Other* — operations that do not fit into the above reportable segments and are immaterial for purposes of separate disclosure. The Other segment includes Yonvey's electrode production operations as well as Siltech's silicon alloy production and certain other distribution operations for the sale of silicon metal and silicon-based alloys.

Each of the Company's reportable segments distributes its products in both its country of domicile, as well as to other international customers. The following presents the Company's consolidated net sales by product line for the years ended June 30:

	2015	2014	2013
Silicon metal	\$ 450,788	377,954	422,564
Silicon-based alloys	261,258	282,998	248,276
Other	88,727	91,865	86,710
Total	<u>\$ 800,773</u>	<u>752,817</u>	<u>757,550</u>

a. Segment Data

Summarized financial information for our reportable segments as of, and for, the years ended June 30, 2014, 2013, and 2012 are shown in the following tables:

	2015							
	Net Sales	Depreciation and Amortization	Operating Income (Loss)	Interest Income	Interest Expense (1)	Income (Loss) Before Income Taxes	Total Assets	Capital Expenditures
GMI	\$753,905	43,222	114,733	2	(2,085)	112,768	610,592	(36,813)
Globe Metales	44,945	2,463	1,351	74	(733)	(18)	67,167	(1,535)
Solsil	—	—	(81)	—	—	(45)	15,566	—
Corporate	—	288	(45,533)	12	(1,522)	(46,005)	320,421	(334)
Other	36,308	5,056	(8,565)	179	(3)	(10,405)	98,469	(11,337)
Eliminations	(34,385)	—	(14)	—	—	(17)	(282,854)	—
	<u>\$800,773</u>	<u>51,029</u>	<u>61,891</u>	<u>267</u>	<u>(4,343)</u>	<u>56,278</u>	<u>829,361</u>	<u>(50,019)</u>

	2014							
	Net Sales	Depreciation and Amortization	Operating Income (Loss)	Interest Income	Interest Expense (1)	Income (Loss) Before Income Taxes	Total Assets	Capital Expenditures
GMI	\$697,403	39,069	67,047	26	(2,760)	64,237	657,714	(42,139)
Globe Metales	51,213	2,414	5,746	18	(676)	2,671	72,529	(3,680)
Solsil	—	—	(42)	—	—	(33)	15,633	—
Corporate	—	249	(53,680)	16	(4,586)	(28,523)	385,442	(653)
Other	12,651	2,090	(3,981)	7	—	(4,461)	76,758	(603)
Eliminations	(8,450)	—	(280)	—	—	(280)	(362,950)	—
	<u>\$752,817</u>	<u>43,822</u>	<u>14,810</u>	<u>67</u>	<u>(8,022)</u>	<u>33,611</u>	<u>845,126</u>	<u>(47,075)</u>

	<u>Net Sales</u>	<u>Depreciation and Amortization</u>	<u>Operating Income (Loss)</u>	<u>Interest Income</u>	<u>Interest Expense (1)</u>	<u>Income (Loss) Before Income Taxes</u>	<u>Total Assets</u>	<u>Capital Expenditures</u>
GMI	\$702,275	40,274	73,615	1	(4,107)	68,274	686,609	(35,543)
Globe Metales	51,266	2,009	(2,388)	781	(1,168)	(3,751)	74,517	(1,168)
Solsil	—	362	(21,147)	—	—	(21,147)	15,347	(30)
Corporate	—	388	(47,634)	37	(1,611)	(48,984)	419,504	(7,603)
Other	11,641	2,075	(10,762)	1	(1)	(10,837)	28,615	(165)
Eliminations	(7,632)	—	(631)	—	—	(630)	(352,969)	—
	<u>\$757,550</u>	<u>45,108</u>	<u>(8,947)</u>	<u>820</u>	<u>(6,887)</u>	<u>(17,075)</u>	<u>871,623</u>	<u>(44,509)</u>

1 — Net of capitalized interest.

The accounting policies of our operating segments are the same as those disclosed in note 2 (Summary of Significant Accounting Policies). We evaluate segment performance principally based on operating income (loss). Intersegment net sales are not material.

[Table of Contents](#)

b. Geographic Data

Net sales are attributed to geographic regions based upon the location of the selling unit. Net sales by geographic region for the years ended June 30, 2015, 2014, and 2013 consist of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
United States	\$ 635,941	628,673	590,011
Argentina	32,240	43,804	44,240
Canada	112,532	68,091	112,073
China	188	283	255
Poland	12,147	11,966	10,971
South Africa	7,725	—	—
Total	<u>\$ 800,773</u>	<u>752,817</u>	<u>757,550</u>

Long-lived assets by geographical region at June 30, 2015, 2014, and 2013 consist of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
United States	\$ 341,023	334,559	328,326
Argentina	24,684	25,611	24,344
Canada	73,290	90,071	95,591
China	13,293	15,029	16,955
Poland	741	813	885
South Africa	45,558	46,906	—
Total	<u>\$ 498,589</u>	<u>512,989</u>	<u>466,101</u>

Long-lived assets consist of property, plant, and equipment, net of accumulated depreciation, depletion and amortization, and goodwill and other intangible assets.

c. Major Customer Data

The following is a summary of the Company's major customers and their respective percentages of consolidated net sales for the years ended June 30, 2015, 2014, and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Dow Corning	21%	18%	19%
All other customers	79%	82%	81%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

The majority of sales to Dow Corning for the years ended June 30, 2015, 2014 and 2013 are associated with Dow Corning's 49% ownership interest in WVA Manufacturing LLC and QSLP. Sales to Dow Corning are included in the GMI segment.

(23) Business Interruption Insurance Recovery

In November 2011, there was a fire at the Bridgeport, Alabama ferrosilicon plant. The Company recorded and received business interruption insurance recovery payments totaling \$4,046 in March 2013.

Prior to acquisition, there was a fire at the Quebec Silicon plant. The Company recorded and received a business interruption insurance recovery payment totaling \$548 in March 2013.

(24) Contract Acquisition Costs

During the twelve months ended June 30, 2014, the Company acquired a supply arrangement that resulted in a payment of \$16,000,000.

(25) Subsequent Events

On August 21, 2015, our Board of Directors approved a quarterly dividend per common share of \$0.08 in furtherance of an annual calendar 2015 dividend authorized of \$0.32 per common share. The September 2015 quarterly dividend of \$0.08 per share is payable on September 24, 2015 to shareholders of record at the close of business on September 13, 2015.

(26) Unaudited Quarterly Results

Unaudited quarterly results for the years ended June 30, 2015, 2014 and 2013 were as follows:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
	(Unaudited)			
2015:				
Net sales	\$ 206,083	198,016	194,653	202,021
Operating income	21,901	17,247	15,849	6,894
Net income attributable to Globe Specialty Metals, Inc.	11,702	9,973	7,723	1,922
Basic earnings per common share	0.16	0.14	0.10	0.03
Diluted earnings per common share	0.16	0.13	0.10	0.03
2014:				
Net sales	\$ 172,994	178,406	196,057	205,360
Operating (loss) income	(4,424)	(7,375)	7,739	18,870
Net (loss) income attributable to Globe Specialty Metals, Inc.	(6,852)	20,768	1,561	6,226
Basic (loss) earnings per common share	(0.09)	0.28	0.02	0.08
Diluted (loss) earnings per common share	(0.09)	0.28	0.02	0.08
2013:				
Net sales	\$ 200,708	179,940	195,845	181,057
Operating (loss) income	(5,652)	22,556	(42,646)	16,795
Net (loss) income attributable to Globe Specialty Metals, Inc.	(5,705)	15,068	(40,135)	9,744
Basic (loss) earnings per common share	(0.08)	0.20	(0.53)	0.13
Diluted (loss) earnings per common share	(0.08)	0.20	(0.53)	0.13

Due to rounding differences, the sum of the quarterly amounts may not add precisely to the annual amounts.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
September 30, 2015 and June 30, 2015
(In thousands, except share and per share amounts)
(Unaudited)

	September 30, 2015	June 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 107,126	115,944
Marketable securities	4,461	4,965
Accounts receivable, net of allowance for doubtful accounts of \$761 and \$778 at September 30, 2015 and June 30, 2015, respectively	46,775	54,815
Inventories	121,710	119,732
Deferred tax assets	6,593	6,385
Prepaid expenses and other current assets	21,321	20,501
Total current assets	307,986	322,342
Property, plant, and equipment, net of accumulated depreciation, depletion and amortization	440,011	454,769
Deferred tax assets	744	790
Goodwill	43,343	43,343
Other intangible assets	477	477
Investments in unconsolidated affiliates	5,973	5,973
Other assets	1,517	1,667
Total assets	\$ 800,051	829,361
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 55,324	63,807
Short-term debt	1,883	953
Share-based liabilities	3,002	4,851
Accrued expenses and other current liabilities	43,798	43,687
Total current liabilities	104,007	113,298
Long-term liabilities:		
Revolving credit agreements and other long-term debt	100,083	100,095
Deferred tax liabilities	48,183	50,861
Other long-term liabilities	46,077	52,605
Total liabilities	298,350	316,859
Commitments and contingencies (note 9)		
Stockholders' equity:		
Common stock, \$0.0001 par value. Authorized, 150,000,000 shares; issued, 75,647,059 and 75,637,059 shares at September 30, 2015 and June 30, 2015, respectively	8	8
Additional paid-in capital	405,505	403,413
Retained earnings	79,422	79,332
Accumulated other comprehensive loss	(39,393)	(27,876)
Treasury stock at cost, 1,887,069 and 1,887,069 shares at September 30, 2015 and June 30, 2015, respectively	(29,208)	(29,208)
Total Globe Specialty Metals, Inc. stockholders' equity	416,334	425,669
Noncontrolling interest	85,367	86,833
Total stockholders' equity	501,701	512,502
Total liabilities and stockholders' equity	\$ 800,051	829,361

See accompanying notes to condensed consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES**Condensed Consolidated Income Statements
Three months ended September 30, 2015 and 2014
(In thousands, except per share amounts)
(Unaudited)**

	Three Months Ended September 30,	
	2015	2014
Net sales	\$ 174,756	206,083
Cost of goods sold	148,391	168,617
Selling, general, and administrative expenses	17,208	15,565
Business interruption insurance recovery	(1,665)	—
Operating income	10,822	21,901
Other income (expense):		
Interest income	61	81
Interest expense, net of capitalized interest	(1,021)	(1,243)
Foreign exchange loss	(864)	(905)
Other income	638	575
Income before provision for income taxes	9,636	20,409
Provision for income taxes	3,929	7,845
Net income	5,707	12,564
Loss (income) attributable to noncontrolling interest, net of tax	283	(862)
Net income attributable to Globe Specialty Metals, Inc.	\$ 5,990	11,702
Weighted average shares outstanding:		
Basic	73,751	73,754
Diluted	73,860	73,897
Earnings per common share:		
Basic	\$ 0.08	0.16
Diluted	0.08	0.16
Cash dividends declared per common share	0.08	0.08

See accompanying notes to condensed consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES**Condensed Consolidated Statements of Comprehensive (Loss) Income
Three months ended September 30, 2015 and 2014
(In thousands)
(Unaudited)**

	Three Months Ended September 30,	
	2015	2014
Net income	\$ 5,707	12,564
Other comprehensive loss:		
Foreign currency translation adjustment	(12,601)	(7,716)
Unrealized loss on available for sale securities, net of tax	(99)	(76)
Total other comprehensive loss	<u>(12,700)</u>	<u>(7,792)</u>
Comprehensive (loss) income	(6,993)	4,772
Comprehensive loss attributable to noncontrolling interest	(1,466)	(3)
Comprehensive (loss) income attributable to Globe Specialty Metals, Inc.	<u>\$ (5,527)</u>	<u>4,775</u>

See accompanying notes to condensed consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity
Three months ended September 30, 2015 and 2014
(In thousands)
(Unaudited)

	Globe Specialty Metals, Inc. Stockholders' Equity							Total Stockholders' Equity
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock at Cost	Noncontrolling Interest	
	Shares	Amount						
Balance at June 30, 2015	75,637	\$ 8	403,413	79,332	(27,876)	(29,208)	86,833	512,502
Share-based compensation	—	—	2,032	—	—	—	—	2,032
Stock option exercises	10	—	60	—	—	—	—	60
Cash dividend	—	—	—	(5,900)	—	—	—	(5,900)
Comprehensive income (loss)	—	—	—	5,990	(11,517)	—	(1,466)	(6,993)
Balance at September 30, 2015	75,647	\$ 8	405,505	79,422	(39,393)	(29,208)	85,367	501,701
Balance at June 30, 2014	75,623	\$ 8	398,685	63,580	(5,912)	(28,966)	85,303	512,698
Share-based compensation	7	—	2,079	—	—	—	—	2,079
Stock option exercises	5	—	57	—	—	—	—	57
Share repurchase	—	—	—	—	—	(242)	—	(242)
Cash dividend	—	—	—	(5,532)	—	—	—	(5,532)
Comprehensive income (loss)	—	—	—	11,702	(6,927)	—	(3)	4,772
Balance at September 30, 2014	75,635	\$ 8	400,821	69,750	(12,839)	(29,208)	85,300	513,832

See accompanying notes to condensed consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
Three months ended September 30, 2015 and 2014
(In thousands)
(Unaudited)

	Three Months Ended	
	September 30,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 5,707	12,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,277	11,273
Depletion	199	292
Share-based compensation	2,032	2,079
Unrealized foreign exchange gain	(210)	(300)
Amortization of deferred financing fees	48	46
Deferred taxes	(1,246)	3,170
Loss on disposal of fixed assets	2,172	—
Amortization of customer contract liabilities	—	(1,896)
Accretion	66	60
Changes in operating assets and liabilities:		
Accounts receivable, net	6,602	8,505
Inventories	(5,244)	(13,636)
Prepaid expenses and other current assets	(1,227)	2,762
Accounts payable	(6,267)	1,989
Accrued expenses and other current liabilities	(1,950)	(893)
Other	(4,797)	(1,126)
Net cash provided by operating activities	<u>9,162</u>	<u>24,889</u>
Cash flows from investing activities:		
Capital expenditures	(13,404)	(16,836)
Proceeds from sale of marketable securities	565	7,005
Net cash used in investing activities	<u>(12,839)</u>	<u>(9,831)</u>
Cash flows from financing activities:		
Borrowings of short-term debt	930	—
Payments of short-term debt	—	(14)
Payments under revolving credit agreements and other long-term debt	(12)	—
Dividend payment	(5,900)	(5,532)
Proceeds from stock option exercises	60	57
Purchase of treasury shares	—	(242)
Other financing activities	(598)	(646)
Net cash used in financing activities	<u>(5,520)</u>	<u>(6,377)</u>
Effect of exchange rate changes on cash and cash equivalents	379	(78)
Net (decrease) increase in cash and cash equivalents	<u>(8,818)</u>	<u>8,603</u>
Cash and cash equivalents at beginning of period	115,944	97,792
Cash and cash equivalents at end of period	<u>\$ 107,126</u>	<u>106,395</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of capitalized interest	\$ 294	526
Cash paid for income taxes, net of refunds totaling \$276 and \$281, respectively	577	212

See accompanying notes to condensed consolidated financial statements.

GLOBE SPECIALTY METALS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
Three months ended September 30, 2015 and 2014
(Dollars in thousands, except per share amounts)
(Unaudited)

(1) Organization and Business Operations

Globe Specialty Metals, Inc. and subsidiaries (GSM, the Company, we, or our) is among the world's largest producers of silicon metal and silicon-based alloys, important ingredients in a variety of industrial and consumer products. The Company's customers include major silicone chemical, aluminum and steel manufacturers, auto companies and their suppliers, ductile iron foundries, manufacturers of photovoltaic solar cells and computer chips, and concrete producers.

Proposed Business Combination

On February 23, 2015, the Company, Grupo Villar Mir, S.A.U., a public limited liability company (sociedad anónima) incorporated under the laws of Spain ("Grupo VM"), Grupo FerroAtlántica, S.A.U., a Spanish public limited liability company in the form of a sociedad anónima and wholly owned subsidiary of Grupo VM ("FerroAtlántica"), Ferroglobe PLC, a newly formed UK holding company formerly known as VeloNewco Limited and wholly owned subsidiary of Grupo VM ("Ferroglobe"), and Gordon Merger Sub, Inc., a newly formed Delaware corporation and a direct wholly owned subsidiary of Ferroglobe ("Merger Sub"), entered into a Business Combination Agreement (the "Original Business Combination Agreement") pursuant to which the parties agreed, subject to the terms and conditions of the Original Business Combination Agreement, to combine the businesses of the Company and FerroAtlántica under Ferroglobe as described below (the "Business Combination"). The Original Business Combination Agreement was amended and restated on May 5, 2015 and was further amended on September 10, 2015. The Original Business Combination Agreement, as so amended and restated, is referred to as the "Business Combination Agreement."

Transaction Overview

Subject to the terms and conditions of the Business Combination Agreement, Ferroglobe agreed to acquire from Grupo VM all of the issued and outstanding ordinary shares of FerroAtlántica in exchange for an aggregate of 98,078,161 newly issued Ferroglobe Class A ordinary shares (each an "A Ordinary Share"), which will result in FerroAtlántica becoming a wholly owned subsidiary of Ferroglobe (the "Stock Exchange"). After consummation of the Stock Exchange, Merger Sub will merge with and into the Company, with the Company surviving the merger as a wholly owned subsidiary of Ferroglobe (the "Merger").

In the Stock Exchange, Grupo VM may be required to pay to Ferroglobe as additional consideration for the A Ordinary Shares an amount in cash, if any, based upon FerroAtlántica's net debt at closing. In the Merger, each share of common stock of the Company will be converted into the right to receive one Ferroglobe ordinary share (each an "Ordinary Share"). The A Ordinary Shares and the Ordinary Shares will have the same rights, powers and preferences, and vote together as a single class, except for the right of the holders of Ordinary Shares to the R&W Proceeds as described below.

In connection with the transaction, Ferroglobe expects to purchase a buy side representations and warranties insurance policy (the "R&W Policy") to insure against certain breaches of certain representations and warranties made by FerroAtlántica and Grupo VM in the Business Combination Agreement. Under the terms of the Articles of Association of Ferroglobe (the "Ferroglobe Articles"), if Ferroglobe receives proceeds under the R&W Policy (after deduction of taxes applicable to such proceeds, if any) (the "R&W Proceeds"), Ferroglobe is required to distribute the aggregate R&W Proceeds to the holders of the Ordinary Shares. Each A Ordinary Share automatically converts into one Ordinary Share upon the earlier to occur of: (a) the expiration of the R&W Policy; and (b) its transfer to any person or group which is not Grupo VM, any Grupo VM family member or any affiliate of Grupo VM or a Grupo VM family member.

On September 10, 2015, in connection with the Memorandum of Understanding, the parties to the Business Combination Agreement entered into a First Amendment to Amended and Restated Business Combination Agreement, which provides, among other things, additional governance provisions for the benefit of the Company's shareholders following completion of the Business Combination.

On September 22, 2015, the Company's shareholders voted to adopt, and adopted, the Business Combination Agreement. Completion of the Business Combination pursuant to the Business Combination Agreement remains subject to regulatory approvals and other customary closing conditions.

See note 9 (Commitments and Contingencies) for further information regarding the Business Combination.

(2) Summary of Significant Accounting Policies

a. Basis of Presentation

In the opinion of the Company's management, the accompanying condensed consolidated financial statements include all adjustments necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) of the results for the interim periods presented and such adjustments are of a normal, recurring nature. The accompanying condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2015. The year-end balance sheet data was derived from audited financial statements, but does not include all of the information and disclosures required by U.S. GAAP. There have been no material changes to the Company's significant accounting policies during the three months ended September 30, 2015.

b. Receivables Sale Arrangement

The Company has the option to sell certain accounts receivables up to a cap of \$55,000 outstanding at any given time on a non-recourse basis to an unrelated financial institution under a receivables purchase arrangement in the U.S. The Company accounts for this transaction as a sale of receivables, removes receivables sold from its financial statements, and records cash proceeds when received by the Company as cash provided by operating activities in the Condensed Consolidated Statement of Cash Flows. The receivables are sold at a discount rate of 30 day LIBOR plus 1.25% per annum discounted upfront

on the date of purchase. The Company entered into the arrangement in the second quarter of fiscal 2015. The arrangement has a term of twelve months and will be renewed for an additional twelve month period in the absence of written termination notice provided by the Company no later than sixty days prior to the termination date of the arrangement. During the three months ended September 30, 2015, the Company sold \$69,060 of receivables under the arrangement and as of September 30, 2015, \$36,665 of receivables was outstanding with the financial institution.

c. Use of Estimates

The Company prepares its condensed consolidated financial statements in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. The Company based its estimates and judgments on historical experience, known or expected trends and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

d. Revenue Recognition

Revenue is recognized when title, ownership, and risk of loss pass to the customer, all of which occurs when products are delivered to the Company's customers or when products are picked up by a customer or a customer's carrier. Written sales terms, including the selling price, are determined at the time of shipment or delivery. We have not experienced significant credit issues with our customers. Shipping and other transportation costs charged to buyers are recorded in both net sales and cost of goods sold. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from net sales.

e. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This new guidance is effective for annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt this new guidance and management is currently evaluating which transition approach to use. In July 2015, the FASB deferred the required implementation date one year to the first quarter of calendar 2018 but also agreed to allow companies to adopt the standard at the original effective date of 2017. Accordingly, we will adopt this new guidance beginning in fiscal 2019. We are currently evaluating the impact of this guidance on our condensed consolidated results of operations, financial position and cash flows.

In April 2015, the FASB issued an accounting standards update relating to the presentation of debt issuance costs. The accounting update requires companies to present debt issuance costs related to a recognized debt liability presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective beginning fiscal 2017. In June 2015, the SEC clarified that revolver arrangement costs are not in the scope of the new guidance. The adoption of this guidance is not expected to have a material impact on the Company's condensed consolidated financial statements.

In July 2015, the FASB issued an accounting standards update relating to the measurement of inventory. The accounting update changes the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory measured using first-in, first-out (FIFO) or average cost. The guidance is effective beginning fiscal 2018. The adoption of this guidance is not expected to have a material impact on the Company's condensed consolidated financial statements.

(3) Inventories

Inventories comprise the following:

	September 30, 2015	June 30, 2015
Finished goods	\$ 48,294	46,793
Work in process	6,307	5,120
Raw materials	52,739	53,105
Parts and supplies	14,370	14,714
Total	<u>\$ 121,710</u>	<u>119,732</u>

At September 30, 2015, \$109,609 in inventory is valued using the first-in, first-out method and \$12,101 using the average cost method. At June 30, 2015, \$107,992 in inventory is valued using the first-in, first-out method and \$11,740 using the average cost method.

(4) Property, Plant, and Equipment

Property, plant, and equipment, net, comprise the following:

	September 30, 2015	June 30, 2015
Land, land improvements, and land use rights	\$ 11,954	12,530
Building and improvements	96,367	97,167
Machinery and equipment	243,340	241,949
Furnaces	221,442	228,423
Mineral reserves	55,843	55,843
Mine development	10,291	10,291
Other	23,352	22,483
Construction in progress	13,591	12,887
Property, plant, and equipment, gross	676,180	681,573
Less accumulated depreciation, depletion and amortization	(236,169)	(226,804)
Property, plant, and equipment, net	<u>\$ 440,011</u>	<u>454,769</u>

Depreciation, depletion and amortization expense for the three months ended September 30, 2015 was \$13,476, of which \$13,244 is recorded in cost of goods sold and \$232 is recorded in selling, general, and administrative expenses, respectively. Depreciation, depletion and amortization expense for the three months ended September 30, 2014 was \$11,565, of which \$11,322 is recorded in cost of goods sold and \$243 is recorded in selling, general, and administrative expenses, respectively.

There was no capitalized interest for the three months ended September 30, 2015 or 2014.

Mineral reserves are recorded at fair value at the date of acquisition. Mineral reserves are included in "Property, plant and equipment, net of accumulated depreciation, depletion and amortization" on the condensed consolidated balance sheets.

[Table of Contents](#)

(5) Goodwill and Other Intangibles

Goodwill and other intangibles presented below have been allocated to the Company's operating segments.

a. Goodwill

Changes in the carrying amount of goodwill, by reportable segment, during the three months ended September 30, 2015 are as follows:

	GMI	Globe Metales	Solsil	Other	Total
Goodwill	\$34,900	14,313	57,656	7,260	114,129
Accumulated impairment loss	—	(6,000)	(57,656)	(7,130)	(70,786)
Balance at June 30, 2015	34,900	8,313	—	130	43,343
Goodwill	34,900	14,313	57,656	7,260	114,129
Accumulated impairment loss	—	(6,000)	(57,656)	(7,130)	(70,786)
Balance at September 30, 2015	\$34,900	8,313	—	130	43,343

b. Other Intangible Assets

There were no changes in the value of the Company's indefinite lived intangible assets during the three months ended September 30, 2015.

(6) Debt

a. Short-Term Debt

Short-term debt comprises the following:

	Outstanding Balance	Weighted Average Interest Rate	Unused Credit Line
September 30, 2015:			
Type debt:			
Export financing	\$ 1,828	6.93%	\$ 2,379
Other	55	13.17%	—
Total	\$ 1,883		\$ 2,379
June 30, 2015:			
Type debt:			
Export financing	\$ 891	7.52%	\$ 2,989
Other	62	12.42%	—
Total	\$ 953		\$ 2,989

Export Financing Agreements – The Company's Argentine subsidiary maintains various short-term export financing agreements. Generally, these arrangements are for periods ranging between seven and eleven months, and require the Company to pledge as collateral certain export accounts receivable.

b. Revolving Credit Agreements

A summary of the Company's revolving credit agreements at September 30, 2015 is as follows:

	Weighted Outstanding Balance	Average Interest Rate	Unused Commitment	Total Commitment
Revolving multi-currency credit facility	\$ 100,000	1.69%	\$ 198,978	300,000

On August 20, 2013, the Company entered into a \$300,000 five-year revolving multi-currency credit facility, which includes a \$10,000 sublimit for swing line loans and a \$25,000 sublimit letter of credit facility. The credit facility refinanced existing debt under the revolving multi-currency credit agreement dated May 31, 2012 and closing costs. The current credit facility provides up to an additional \$198,978 of borrowing capacity as of September 30, 2015. At the Company's election, the credit facility may be increased by an amount up to \$150,000 in the aggregate; such increase may be in the form of term loans or increases in the revolving credit line, subject to lender commitments and certain conditions as described in the credit agreement. The agreement contains provisions for adding domestic and foreign subsidiaries of the Company as additional borrowers under the credit facility. The agreement terminates on August 20, 2018 and requires no scheduled prepayments before that date. The Company classifies borrowings under this credit facility as long-term liabilities.

Interest on borrowings under the multi-currency credit facility is payable, at the Company's election, at either (a) a base rate (the higher of (i) the U.S. federal funds rate plus 0.50% per annum, (ii) the Administrative Agent's prime rate or (iii) a Eurocurrency Rate for loans with a one month interest period plus 1.00% per annum plus a margin ranging from 0.50% to 1.50% per annum (such margin determined by reference to the leverage ratio set forth in the credit agreement), or (b) the Eurocurrency Rate plus a margin ranging from 1.50% to 2.50% per annum (such margin determined by reference to the leverage ratio set forth in the credit agreement). Certain commitment fees are also payable under the credit agreement. The credit agreement contains various covenants. They include, among others, a maximum net debt to earnings before income tax, depreciation and amortization ratio and a minimum interest coverage ratio. The credit facility is guaranteed by certain of the Company's domestic subsidiaries (the "Guarantors"). Borrowings under the credit agreement are collateralized by the assets of the Company and the Guarantors, including certain real property, equipment, accounts receivable, inventory and the stock of certain of the Company's and the Guarantors' subsidiaries. The Company was in compliance with its financial loan covenants at September 30, 2015.

At September 30, 2015, there was a \$100,000 balance outstanding on the revolving multi-currency credit facility. The total commitment outstanding on this credit facility includes \$722 outstanding letters of credit associated with landlord guarantees and \$300 outstanding letters of credit associated with economic development.

The Company's subsidiary, Quebec Silicon, entered into a revolving credit agreement dated October 1, 2010, amended on November 23, 2011 and further amended and restated on September 20, 2012, which provides for up to \$15,000 Canadian Dollars to fund Quebec Silicon's working capital requirements. Funding under the revolving credit agreement is available upon request at any time, up to the full amount of the unused credit commitment and subject to continued compliance with the terms of the agreement. Interest on borrowings under the credit agreement is payable at a variable rate of Canadian prime plus 2.00%, payable quarterly. The credit agreement expired on September 20, 2015. As of September 30, 2015, there was no outstanding balance under the facility.

[Table of Contents](#)

c. Other Long-Term Debt

Other long-term debt comprises the following:

	Outstanding Balance	Weighted Average Interest Rate	Unused Credit Line
Other	\$ 83	19.00%	\$ —

d. Fair Value of Debt

The recorded carrying values of our debt balances approximate fair value given our debt is at variable rates tied to market indicators.

(7) Benefit Plans

The Company's subsidiary, Globe Metallurgical Inc. (GMI), sponsors three noncontributory defined benefit pension plans covering certain employees. These plans were frozen in 2003. The Company's subsidiary, Core Metals, sponsors a noncontributory defined benefit pension plan covering certain domestic employees. This plan was closed to new participants in April 2009. The Company's subsidiary, Quebec Silicon, sponsors a contributory defined benefit pension plan. This plan was closed to new participants in December 2013.

Quebec Silicon sponsors a postretirement benefit plan for certain employees, based on length of service and remuneration. Postretirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. On December 27, 2013, the Communications, Energy and Paper Workers Union of Canada ("CEP") ratified a new collective bargaining agreement, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016.

The components of net periodic pension expense for the Company's defined benefit pension and postretirement plans are as follows:

	Three Months Ended September 30,	
	2015	2014
Interest cost	\$ 679	720
Service cost	210	236
Expected return on plan assets	(711)	(809)
Amortization of net loss	274	173
Net periodic pension expense	<u>\$ 452</u>	<u>320</u>

The Company expects to make required and discretionary contributions of approximately \$1,237 to the defined benefit pension and postretirement plans for the fiscal year ending June 30, 2016, of which \$321 has been contributed through September 30, 2015.

(8) Income Taxes

The provision for income taxes is based on the current estimate of the annual effective tax rate, adjusted as necessary for quarterly events. In accordance with ASC Topic 740, *Income Taxes — Accounting for Income Taxes in Interim Periods*, the Company's quarterly effective tax rate does not reflect a benefit associated with losses related to certain foreign subsidiaries. The effective tax rates for the three months ended September 30, 2015 and 2014 were based on our forecasted annualized effective tax rates, adjusted for discrete items that occurred within the respective periods.

The Company's effective tax rate for the three months ended September 30, 2015 was a tax expense of 40.8% compared to a tax expense of 38.4% for the three months ended September 30, 2014. The increase in effective tax rate was a result of increased losses in jurisdictions where, due to existing valuation allowances, we were unable to benefit from these losses. The estimated annual effective tax expense rate excluding discrete items is 37.3%.

The Company maintains valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. In determining whether a valuation allowance is warranted, the Company evaluates factors such as prior earnings history, expected future earnings, carry back and carry forward periods, and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset. During the three months ended September 30, 2015, the Company's net valuation allowances increased by \$972, due to valuation allowances generated by current period net operating losses (NOLs) in foreign jurisdictions where it is more likely than not the NOLs will not be utilized.

The Company files a consolidated U.S. income tax return and tax returns in various state and local jurisdictions. Our subsidiaries also file tax returns in various foreign jurisdictions. The Company's principal jurisdictions include the U.S., Argentina, Canada, Poland, and China. A number of years may elapse before a tax return is audited and finally resolved. The open tax years subject to examination varies depending on the tax jurisdiction. The Company's major taxing jurisdictions and the related open tax years subject to examination are as follows: the U.S. from 2012 to present, Canada from 2012 to present, Argentina from 2010 to present, and China from 2011 to present.

The Company regularly evaluates its tax positions for additional unrecognized tax benefits and associated interest and penalties, if applicable. There are many factors that are considered when evaluating these tax positions including: interpretation of tax laws, recent tax litigation on a position, past audit or examination history, and subjective estimates and assumptions that have been deemed reasonable by management. However, if management's estimates are not representative of actual outcomes, the Company's results could be materially impacted. There were no material changes in the Company's uncertain tax positions during the three months ended September 30, 2015.

(9) Commitments and Contingencies

a. Legal Contingencies

The Company is subject to various lawsuits, investigations, claims, and proceedings that arise in the normal course of business, including, but not limited to, labor and employment, commercial, environmental, safety, and health matters, as well as claims and indemnities associated with its historical acquisitions and divestitures. Although it is not presently possible to determine the outcome of these matters, in the opinion of management, it is not reasonably possible that the ultimate disposition of these matters will have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

Litigation Related to the Proposed Business Combination

On March 23, 2015, a putative class action lawsuit was filed on behalf of the Company's shareholders ("Company Shareholders") in the Court of Chancery of the State of Delaware. The action, captioned *Fraser v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10823-VCG, named as defendants the Company, the members of its board of directors, Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe. The complaint alleged, among other things, that the Company directors breached their fiduciary duties by failing to obtain the best price possible for Company Shareholders, that the proposed merger consideration to be received by Company Shareholders is inadequate and significantly undervalued the Company, that the Company directors failed to adequately protect against conflicts of interest in approving the transaction, and that the Business Combination Agreement unfairly deters competitive offers. The complaint also alleged that the Company, Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe aided and abetted these alleged breaches. The action sought to enjoin or rescind the Business Combination, damages, and attorneys' fees and costs.

[Table of Contents](#)

On April 1, 2015, a purported Company Shareholder filed a putative class action lawsuit on behalf of Company Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *City of Providence v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10865-VCG, named as defendants the Company, the members of its board of directors, its Chief Executive Officer, Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe. The complaint alleged, among other things, that the Company's board of directors and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe, breached their fiduciary duties by entering into the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The complaint further alleged, among other things, that the Company's Executive Chairman and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe, breached their fiduciary duties by negotiating the Business Combination Agreement, and, in the case of the Executive Chairman, by entering into a voting agreement in favor of the Business Combination Agreement, out of self-interest. The action sought to enjoin the Business Combination, to order the board of directors to obtain an alternate transaction, damages, and attorneys' fees and costs.

On April 10, 2015, a purported Company Shareholder filed a putative class action lawsuit on behalf of Company Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *Int'l Union of Operating Engineers Local 478 Pension Fund v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10899-VCG, named as defendants the Company, the members of its board of directors, its Chief Executive Officer, Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe. The complaint made identical allegations and sought the same relief sought in *City of Providence v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10865-VCG.

On April 21, 2015, a purported Company Shareholder filed a putative class action lawsuit on behalf of Company Shareholders challenging the Business Combination in the Court of Chancery of the State of Delaware. The action, captioned *Cirillo v. Globe Specialty Metals, Inc., et al.*, C.A. No. 10929-VCG, named as defendants the Company, its board of directors, Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe. The complaint alleged, among other things, that the Company's directors, aided and abetted by the Company, Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe, breached their fiduciary duties in agreeing to the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The action sought to enjoin or rescind the Business Combination, disclosure of information, damages, and attorneys' fees and costs.

On May 4, 2015, the Court of Chancery of the State of Delaware consolidated these four actions under the caption *In re Globe Specialty Metals, Inc. Stockholders Litigation*, Consolidated C.A. No. 10865-VCG (the "Action"). The Court further designated the complaint filed in C.A. No. 10865-VCG as the operative complaint in the consolidated action. Plaintiffs filed a motion for a preliminary injunction seeking to enjoin the Company from convening a special meeting of Company Shareholders to vote on the proposal to adopt the Business Combination Agreement or consummating the Business Combination. In addition, Plaintiffs filed a motion for expedited proceedings, and supporting brief, in which they requested that the Court schedule a trial in this action before the Company Shareholders vote on the Business Combination. Defendants, including Globe, filed an opposition brief in which they objected to Plaintiffs' motion for expedited proceedings to the extent it seeks expansive discovery and an expedited trial on the merits in lieu of a preliminary injunction hearing. Subsequently, the parties reached agreement on the scope of expedited discovery.

On June 15, 2015, Plaintiffs filed an amended consolidated class action complaint, realleging, among other things, that the Company's board of directors and Chief Executive Officer, aided and abetted by Grupo VM, FerroAtlántica, Merger Sub and Ferroglobe, breached their fiduciary duties by entering into the Business Combination for inadequate consideration and that certain provisions in the Business Combination Agreement unfairly deterred a potential alternative transaction. The amended complaint further alleged that, among other things, the Company's preliminary proxy statement/prospectus filed with the SEC on May 6, 2015, was materially misleading and incomplete, and that the Company's board of directors and Chief Executive Officer breached their fiduciary duties by failing to disclose purportedly material information to Company Shareholders in connection with the Business Combination. The amended complaint sought, among other relief, an order enjoining the Defendants from consummating the proposed Business Combination; a declaration that the disclosures contained in the preliminary proxy statement/prospectus are deficient; damages; and attorneys' fees and costs. On August 26, 2015, the Court held a hearing on Plaintiffs' motion for a preliminary injunction.

On September 10, 2015, the parties to the Action entered into a Memorandum of Understanding (the “MOU”), which outlined the terms of an agreement in principle to settle the Action. Based on the terms of the MOU, the parties to the Action entered into a formal stipulation of settlement (the “Stipulation”) on October 30, 2015. The Stipulation provides that the settlement is subject to certain conditions, including final court approval of the settlement, final certification of a settlement class, and closing of the Business Combination. Upon satisfaction of these conditions, a \$32.5 million aggregate cash payment will be paid after the closing of the Business Combination by the combined companies on a pro rata basis to the holders of shares of Company common stock (other than the defendants in the Action and certain related persons) as of the close of business on the business day immediately prior to completion of the Business Combination. The Stipulation also provides that the Defendants will implement governance amendments for the benefit of the Company’s shareholders following completion of the Business Combination. Defendants have agreed to pay or cause to be paid such attorneys’ fees and expenses as may be awarded by the court to Plaintiffs’ Counsel for their efforts in prosecuting the Action, as well as the costs of administering the settlement. The Stipulation includes a release of all claims against the Defendants and their advisors relating to or arising from the Action.

There can be no assurance that the conditions for the settlement will be satisfied and, therefore, that the settlement will be consummated on the terms set forth in the Stipulation. Accordingly, the possible loss, if any, related to these matters, including any attorneys’ fees and expenses awarded to the Plaintiff’s counsel, is uncertain and cannot be reasonably estimated at this time.

b. Environmental Contingencies

It is the Company’s policy to accrue for costs associated with environmental assessments, remedial efforts, or other environmental liabilities when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. When a liability for environmental remediation is recorded, such amounts will be recorded without giving effect to any possible future recoveries. At September 30, 2015, there are no significant liabilities recorded for environmental contingencies. With respect to the cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred unless there is a long-term monitoring agreement with a governmental agency, in which case a liability is established at the inception of the agreement.

c. Asset Retirement Obligations

As of September 30, 2015 and June 30, 2015, the Company has recorded asset retirement obligation accruals for mine reclamation and preparation plant closure costs totaling \$14,187 and \$14,764, respectively. There were no assets that were legally restricted for purposes of settling asset retirement obligations at September 30, 2015 or June 30, 2015.

d. Employee Contracts

As of September 30, 2015, there are 106 employees that are covered by union agreements expiring within one year.

e. Contractual Obligations

The Company has minimum power charges that are enforceable and legally binding, and do not represent total anticipated purchases. Minimum charge requirements expire after providing one year notice of contract cancellation. The Company has outstanding purchase obligations with suppliers for raw materials in the normal course of business. These purchase obligation amounts represent only those items which are based on annual agreements that are enforceable and legally binding, and do not represent total anticipated purchases. The Company’s contractual obligations have not changed materially from June 30, 2015.

(10) Stockholders' Equity

Dividend

On August 21, 2015, our Board of Directors approved a quarterly dividend per common share of \$0.08 in furtherance of an annual calendar year 2015 dividend authorized of \$0.32 per common share. The September 2015 quarterly dividend of \$0.08 per share, totaling \$5,900, was paid on September 24, 2015 to shareholders of record at the close of business on September 13, 2015.

Treasury Stock

On December 13, 2013, the Company's Board of Directors approved a share repurchase program that authorized the Company to repurchase up to \$75,000 of the Company's common stock valid through December 31, 2014. The program did not obligate the Company to acquire any particular amount of shares. On November 5, 2014, the Company extended its previously announced stock repurchase program, authorizing the repurchase of up to \$45,800 of its common shares through December 31, 2015. During the three months ended September 30, 2015, no shares were repurchased. During the three months ended September 30, 2014, 13,066 shares were repurchased at an aggregated cost of \$242.

(11) Earnings Per Share

Basic earnings per common share are calculated based on the weighted average number of common shares outstanding during the three months ended September 30, 2015 and 2014, respectively. Diluted earnings per common share assumes the exercise of stock options or the vesting of restricted stock grants, provided in each case the effect is dilutive.

The reconciliation of the amounts used to compute basic and diluted earnings per common share for the three months ended September 30, 2015 and 2014 is as follows:

	Three Months Ended	
	September 30,	
	2015	2014
Basic earnings per share computation		
Numerator:		
Net income attributable to Globe Specialty Metals, Inc.	\$ 5,990	11,702
Denominator:		
Weighted average basic shares outstanding	73,750,649	73,754,164
Basic earnings per common share	\$ 0.08	0.16
Diluted earnings per share computation		
Numerator:		
Net income attributable to Globe Specialty Metals, Inc.	\$ 5,990	11,702
Denominator:		
Weighted average basic shares outstanding	73,750,649	73,754,164
Effect of dilutive securities	109,523	142,548
Weighted average diluted shares outstanding	73,860,172	73,896,712
Diluted earnings per common share	\$ 0.08	0.16

Potential common shares associated with outstanding stock options totaling 103,630 and 178,630 for the three months ended September 30, 2015 and 2014, respectively, were excluded from the calculation of diluted earnings per common share because their effect would be anti-dilutive.

(12) Share-Based Compensation

a. Stock Plan

The Company's share-based compensation program consists of the Globe Specialty Metals, Inc. 2006 Employee, Director and Consultant Stock Plan (the Stock Plan). The Stock Plan was initially approved by the Company's stockholders on November 10, 2006, and was amended and approved by the Company's stockholders on December 6, 2010 to increase by 1,000,000 the number of shares of common stock authorized for issuance under the Stock Plan. The Stock Plan, as amended, provides for the issuance of a maximum of 6,000,000 shares of common stock for the granting of incentive stock options, nonqualified options, stock grants, and share-based awards. Any remaining shares available for grant, but not yet granted, will be carried over and used in the following fiscal years.

On August 17, 2012, the Board authorized the Company to offer to amend certain outstanding options representing the right to purchase shares issued to directors, officers and current employees pursuant to the Stock Plan, to permit these options alternatively to be settled for cash or exercised for the issuance of shares, at the election of the option holder. This modification of the outstanding options changed its classification from equity awards to liability awards and the fair value of the liability awards is remeasured at the end of each reporting period through settlement. These outstanding options are excluded from the weighted average diluted shares outstanding calculation in note 11 (Earnings Per Share). The Company believes the outstanding options will be settled in cash.

At September 30, 2015, there were 2,440,521 shares available for grant. All option grants have vesting terms of up to 3 years and maximum contractual terms ranging from 5 to 10 years. It is the Company's policy to issue new shares to satisfy the requirements of its share-based compensation plan. Currently the Company does not expect to repurchase shares in the future to support its share-based compensation plan.

During the three months ended September 30, 2015, no grants were made under the Stock Plan. A summary of the changes in options outstanding under the Stock Plan during the three months ended September 30, 2015 is presented below:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding as of June 30, 2015	1,589,136	\$ 17.06	1.97	\$ 3,012
Exercised	(10,000)	6.00		
Forfeited	(262,500)	18.81		
Outstanding as of September 30, 2015	<u>1,316,636</u>	<u>\$ 16.79</u>	<u>1.88</u>	<u>\$ 750</u>
Exercisable as of September 30, 2015	<u>1,171,051</u>	<u>\$ 16.92</u>	<u>1.70</u>	<u>\$ 750</u>

[Table of Contents](#)

The Company estimates the fair value of grants using the Black-Scholes option pricing model. The risk-free interest rate is based on the yield of zero coupon U.S. Treasury bonds with terms similar to the expected term of the options. The expected dividend yield is estimated over the expected life of the options based on our historical annual dividend activity. Volatility reflects movements in our stock price over the most recent historical period equivalent to the expected life of the options. The expected forfeiture rate is zero as anticipated forfeitures are estimated to be minimal based on historical data. The expected term is the average of the vesting period and contractual term.

During the three months ended September 30, 2015, 135,806 options vested. There are total vested options of 1,171,051 and 145,585 unvested options outstanding at September 30, 2015.

For the three months ended September 30, 2015 and 2014, pre-tax share-based compensation expense was \$144 and \$359, respectively. The expense is reported within selling, general, and administrative expenses. The \$227 liability associated with share-based compensation awards at September 30, 2015 is included in Share-based liabilities.

b. Executive Bonus Plan

In addition to share-based awards issued under the Stock Plan, the Company issues restricted stock units under the Company's Executive Bonus Plan. The fair value of restricted stock units is based on quoted market prices of the Company's stock at the end of each reporting period. These restricted stock units proportionally vest over three years, but are not delivered until the end of the third year. The Company will settle these awards by cash transfer, based on the Company's stock price on the date of transfer. During the three months ended September 30, 2015, there were 135,471 restricted stock units granted, no restricted stock units were exercised, and 67,286 restricted stock units were forfeited. There were 417,052 restricted stock units outstanding as of September 30, 2015. For the three months ended September 30, 2015 and 2014, pre-tax compensation (income) for these restricted stock units was (\$876) and (\$217), respectively. Of the \$2,710 liability associated with these restricted stock units at September 30, 2015, \$1,500 is included in Share-based liabilities and \$670 is included in Other long-term liabilities.

c. Stock Appreciation Rights

The Company issues cash-settled stock appreciation rights as an additional form of incentivized bonus. Stock appreciation rights vest and become exercisable in one-third increments over three years. The Company settles all awards by cash transfer, based on the difference between the Company's stock price on the date of exercise and the date of grant. The Company estimates the fair value of stock appreciation rights using the Black-Scholes option pricing model. During the three months ended September 30, 2015, there were no stock appreciation rights issued. During the three months ended September 30, 2015, there were 203,963 stock appreciation rights that were exercised and 647,319 stock appreciation rights that were forfeited. There were 1,163,354 stock appreciation rights outstanding as of September 30, 2015. For the three months ended September 30, 2015 and 2014, pre-tax compensation (income) expense for these stock appreciation rights was (\$2,938) and \$75, respectively. The expense is reported within selling, general, and administrative expenses. Of the \$1,270 liability associated with these stock appreciation rights at September 30, 2015, \$1,038 is included in share-based liabilities and \$232 is included in other long-term liabilities.

d. Unearned Compensation Expense

As of September 30, 2015, the Company has unearned pre-tax compensation expense of \$590 and \$1,029 related to nonvested equity classified stock options and restricted stock grants, which will be recognized over a weighted average term of 1.13 and 5.13 years, respectively.

(13) Fair Value Measurements

ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy for disclosure of fair value measurements. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 — Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. For example, cash flow modeling using inputs based on management's assumptions.

The following table summarizes assets measured at fair value on a recurring basis at September 30, 2015:

	<u>Total</u>	<u>Level 1</u>
Marketable securities	\$4,461	4,461
Total assets at fair value	<u>\$4,461</u>	<u>4,461</u>

The following table summarizes assets measured at fair value on a recurring basis at June 30, 2015:

	<u>Total</u>	<u>Level 1</u>
Marketable securities	\$4,965	4,965
Total assets at fair value	<u>\$4,965</u>	<u>4,965</u>

The Company does not have any liabilities that are required to be remeasured at fair value at September 30, 2015 or at June 30, 2015.

Marketable securities primarily consist of corporate bonds for which fair values were based on quoted prices in active markets and were therefore classified within Level 1 of the fair value hierarchy. During the three months ended September 30, 2015, the Company sold \$555 of these bonds for a gain of \$10.

See note 6 (Debt) for information regarding the fair value of the Company's outstanding debt.

(14) Related Party Transactions

From time to time, the Company enters into transactions in the normal course of business with related parties.

A current and a former member of the board of directors are affiliated with Marco International. During the three months ended September 30, 2015 and 2014, the Company:

- Entered into agreements with Marco International to purchase carbon electrodes. Purchases under these agreements totaled \$379 and \$7,210, respectively. At September 30, 2015 and June 30, 2015, payables to Marco International under these agreements totaled \$2,101 and \$951, respectively.
- Entered into agreements with Marco International to purchase rare earth minerals. Purchases under these agreements totaled \$148 and \$344, respectively. At September 30, 2015 and June 30, 2015, payables to Marco International under these agreements totaled \$0 and \$148, respectively.
- Entered into an agreement to sell ferrosilicon to Marco International. Net sales were \$278 and \$213, respectively, under this agreement. At September 30, 2015 and June 30, 2015, receivables from Marco International under this agreement totaled \$137 and \$71, respectively.
- Entered into an agreement to sell calcium silicon powder to Marco International. There were no sales under this agreement for the three months ended September 30, 2015 and 2014. At September 30, 2015 and June 30, 2015, receivables from Marco International under this agreement totaled \$0 and \$176, respectively.

(15) Operating Segments

Operating segments are based upon the Company's management reporting structure and include the following five reportable segments:

- *GMI* — a manufacturer of silicon metal and silicon-based alloys and a provider of specialty metallurgical coal for the silicon metal and silicon-based alloys industries located in North America.
- *Globe Metales* — a manufacturer of silicon-based alloys located in Argentina.
- *Solsil* — a developer of upgraded metallurgical grade silicon metal located in the United States.
- *Corporate* — general corporate expenses, investments, and related investment income.
- *Other* — operations that do not fit into the above reportable segments and are immaterial for purposes of separate disclosure. The Other segment includes Yonvey's electrode production operations as well as Siltech's silicon alloy production and certain other distribution operations for the sale of silicon metal and silicon-based alloys.

Each of the Company's reportable segments distributes its products in both its country of domicile, as well as to other international customers. The following presents the Company's consolidated net sales by product line:

	Three Months Ended	
	September 30,	
	2015	2014
Silicon metal	\$ 101,708	110,628
Silicon-based alloys	51,731	69,432
Other	21,317	26,023
Total	<u>\$ 174,756</u>	<u>206,083</u>

a. Segment Data

Summarized financial information for our reportable segments as of and for the three months ended September 30, 2015 and 2014, is shown in the following tables:

	Three Months Ended September 30, 2015			Total Assets
	Net Sales	Operating Income (Loss)	Income (Loss) Before Income Taxes	
GMI	\$164,454	21,437	21,444	637,459
Globe Metales	6,928	(1,680)	(2,057)	64,911
Solsil	—	(1)	8	15,566
Corporate	—	(6,596)	(6,533)	301,737
Other	10,749	(2,804)	(3,691)	86,235
Eliminations	(7,375)	466	465	(305,857)
	<u>\$174,756</u>	<u>10,822</u>	<u>9,636</u>	<u>800,051</u>

	Three Months Ended September 30, 2014			Income (Loss) Before Income Taxes
	Net Sales	Operating Income (Loss)		
GMI	\$193,455	27,518		27,164
Globe Metales	13,275	1,202		963
Solsil	—	(33)		(24)
Corporate	—	(4,734)		(5,353)
Other	4,059	(1,934)		(2,224)
Eliminations	(4,706)	(118)		(117)
	<u>\$206,083</u>	<u>21,901</u>		<u>20,409</u>

The accounting policies of our operating segments are the same as those disclosed in note 2 (Summary of Significant Accounting Policies) to our June 30, 2015 financial statements. We evaluate segment performance principally based on operating income (loss). Intersegment net sales are not material.

b. Geographic Data

Net sales are attributed to geographic regions based upon the location of the selling unit. Net sales by geographic region for the three months ended September 30, 2015 and 2014 consist of the following:

	Three Months Ended September 30,	
	2015	2014
United States	\$ 137,889	166,255
Argentina	4,512	9,701
Canada	26,565	27,109
China	32	4
Poland	2,359	3,014
South Africa	3,399	—
Total	<u>\$ 174,756</u>	<u>206,083</u>

Long-lived assets by geographical region at September 30, 2015 and June 30, 2015 consist of the following:

	September 30,	June 30,
	2015	2015
United States	\$ 335,909	341,023
Argentina	24,433	24,684
Canada	71,496	73,290
China	12,341	13,293
Poland	758	741
South Africa	38,894	45,558
Total	<u>\$ 483,831</u>	<u>498,589</u>

Long-lived assets consist of property, plant, and equipment, net of accumulated depreciation, depletion and amortization, and goodwill and other intangible assets.

c. Major Customer Data

The following is a summary of the Company's major customers and their respective percentages of consolidated net sales for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30,	
	2015	2014
Dow Corning	24%	22%
Momentive Performance Materials	8%	10%
All other customers	68%	68%
Total	<u>100%</u>	<u>100%</u>

Sales to Dow Corning for the three months ended September 30, 2015 and 2014 consist of sales associated with Dow Corning's 49% ownership interest in WVA Manufacturing, LLC (WVA LLC), and Quebec Silicon Limited Partnership (QSLP). Sales to Dow Corning are included in the GMI segment.

(16) Business Interruption Insurance Recovery

For the three months ended September 30, 2015, the Company recorded and received business interruption recovery payments totaling \$1,665 related to furnace downtime as a result of a transformer failure at one of our U.S. production facilities, which occurred in January 2014.

(17) Subsequent Events

On November 4, 2015, the Company's board of directors approved the quarterly payment of the annual dividend of \$0.32 per common share. A quarterly dividend of \$0.08 per share will be payable on December 23, 2015 to shareholders of record at the close of business on December 9, 2015.

[Table of Contents](#)

INDEX TO FINANCIAL STATEMENTS OF GRUPO FERROATLÁNTICA, S.A.U.

Audited Consolidated Financial Statements of Grupo FerroAtlántica, S.A.U. as of and for the years ended December 31, 2014, 2013 and 2012

Report of Independent Registered Public Accounting Firm	FIN-57
Consolidated Statement of Financial Position as of 31 December 2014 and 2013	FIN-58
Consolidated Income Statement for 2014, 2013 and 2012	FIN-59
Consolidated Statement of Comprehensive Income for 2014, 2013 and 2012	FIN-60
Consolidated Statement of Changes in Equity for 2014, 2013 and 2012	FIN-61
Consolidated Statement of Cash Flows for 2014, 2013 and 2012	FIN-62
Notes to the Consolidated Financial Statements	FIN-65

Unaudited Condensed Consolidated Interim Financial Statements of Grupo FerroAtlántica, S.A.U. as of and for the six months ended June 30, 2015 and 2014

Interim Condensed Consolidated Statement of Financial Position as of 30 June 2015 and 31 December 2014	FIN-130
Interim Condensed Consolidated Income Statement for the six months ended 30 June 2015 and 2014	FIN-131
Interim Condensed Consolidated Statement of Other Comprehensive Income for the six months ended 30 June 2015 and 2014	FIN-132
Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2015 and 2014	FIN-133
Interim Condensed Consolidated Statement of Cash Flows for the six month periods ended 30 June 2015 and 30 June 2014	FIN-134
Notes to the Interim Condensed Consolidated Financial Statements	FIN-136

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal):

We have audited the accompanying consolidated statements of financial position of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) and its subsidiaries (the “Company”) as of December 31, 2013 and 2014, and the related consolidated income statements, statements of comprehensive income, and statements of changes in equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) and its subsidiaries as of December 31, 2013 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Deloitte, S.L.

Madrid, Spain

May 6, 2015

GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL) AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2014 and 2013

Thousands of US dollars

ASSETS	Notes	31/12/14	31/12/13
NON-CURRENT ASSETS:		584,736	731,698
Goodwill	Note 8	2,642	3,397
Other intangible assets	Note 9	50,449	53,744
Property, plant and equipment	Note 10	479,546	546,843
Investment property		471	692
Non-current financial assets	Note 11	8,360	4,747
Deferred tax assets	Note 21	20,606	46,998
Non-current receivables from related parties	Notes 11 & 22	—	56,052
Other non-current assets	Note 13	22,662	19,225
CURRENT ASSETS:		803,422	944,277
Inventories	Note 12	439,017	466,854
Trade and other receivables	Note 11	296,847	339,585
Current receivables from related parties	Note 22	11,729	14,183
Current income tax assets		372	3,856
Current financial assets		237	51,919
Investments in related parties	Notes 11 & 22	—	36,728
Loans to related parties	Notes 11 & 22	—	14,911
Other current financial assets	Note 11	237	280
Other current assets	Note 13	6,569	5,634
Cash and cash equivalents		48,651	62,246
TOTAL ASSETS		1,388,158	1,675,975
EQUITY AND LIABILITIES	Notes	31/12/14	31/12/13
EQUITY:	Note 14	507,677	783,966
Share capital		285,760	285,760
Reserves		393,356	531,060
Translation differences		(152,530)	(68,403)
Valuation adjustments		(20,283)	(13,686)
Profit attributable to the Parent		38,437	28,448
Interim Dividend		(55,041)	—
Non-controlling interests		17,978	20,787
NON-CURRENT LIABILITIES:		468,585	477,125
Deferred income		4,277	5,602
Provisions	Note 15	50,317	50,301
Bank borrowings	Note 16	244,772	227,644
Obligations under finance leases	Note 17	109,048	132,110
Other financial liabilities	Note 18	10,467	6,307
Other non-current liabilities	Note 20	73	51
Deferred tax liabilities	Nota 21	49,631	55,110
CURRENT LIABILITIES:		411,896	414,884
Provisions	Note 15	6,349	9,961
Bank borrowings	Note 16	147,227	221,838
Obligations under finance leases	Note 17	11,634	11,910
Payables to related parties	Note 22	20,405	9,091
Trade and other payables	Note 19	155,786	106,137
Current income tax liabilities		3,721	2,290
Other current liabilities	Note 20	66,774	53,657
TOTAL EQUITY AND LIABILITIES		1,388,158	1,675,975

Notes 1 to 28 and Appendix I and II are an integral part of the consolidated financial statements

**GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL)
AND SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT FOR 2014, 2013 AND 2012
Thousands of US dollars

	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Sales	Note 24.1	1,466,304	1,463,878	1,479,606
Cost of sales		(889,561)	(910,892)	(921,790)
Other operating income		6,891	36,904	15,676
Staff costs	Note 24.2	(218,043)	(217,527)	(212,427)
Other operating expenses		(165,491)	(197,670)	(199,123)
Depreciation and amortisation charges, operating allowances and write-downs	Note 24.3	(74,752)	(79,103)	(68,582)
<i>Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses</i>	Note 6.16	125,348	95,590	93,360
Impairment losses	Note 24.5	(399)	(1,061)	(15,663)
Net gains/losses due to changes in the value of assets	Note 24.5	(9,472)	6,475	(2,751)
Gains/Losses on disposals of non-current assets		555	448	(13)
Other gains and losses	Note 24.6	(60)	(2,802)	1,487
OPERATING PROFIT		115,972	98,650	76,420
Finance income	Note 24.4	4,771	2,858	5,123
Finance costs	Note 24.4	(37,105)	(47,225)	(45,665)
Exchange differences		7,800	(7,677)	81
PROFIT BEFORE TAX		91,438	46,606	35,959
Income tax	Note 21	(59,707)	(24,558)	(1,280)
PROFIT FOR THE YEAR		31,731	22,048	34,679
Profit / Loss attributable to non-controlling interests	Note 14	6,706	6,400	509
PROFIT ATTRIBUTABLE TO THE PARENT		38,437	28,448	35,188
		<u>2014</u>	<u>2013</u>	<u>2012</u>
Consolidated profit attributable to the Parent (thousands of US dollars)		38,437	28,448	35,188
Average number of shares outstanding		200,000	200,000	200,000
Basic and diluted earnings per share (US dollars)		192.19	142.24	175.94

Notes 1 to 28 and Appendix I and II are an integral part of the consolidated financial statements

GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL) AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2014, 2013 AND 2012

Thousands of US dollars

	<u>2014</u>	<u>2013</u>	<u>2012</u>
CONSOLIDATED PROFIT FOR THE YEAR	31,731	22,048	34,679
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit obligation	(3,143)	(9,419)	—
Total	<u>(3,143)</u>	<u>(9,419)</u>	<u>—</u>
Items that may be reclassified subsequently to profit or loss:			
Arising from cash flow hedges	(6,624)	3,401	(10,239)
Translation differences	6,303	(18,764)	(7,109)
Tax effect	1,987	(981)	3,030
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	<u>1,666</u>	<u>(16,344)</u>	<u>(14,318)</u>
Items that have been reclassified to profit or loss in the period:			
Arising from cash flow hedges	1,689	2,864	2,648
Tax effect	(506)	(859)	(793)
TOTAL TRANSFERS TO PROFIT OR LOSS	<u>1,183</u>	<u>2,005</u>	<u>1,855</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(294)	(23,758)	(12,463)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>31,437</u>	<u>(1,710)</u>	<u>22,216</u>
Attributable to the Parent	38,143	4,690	22,725
Attributable to non-controlling interests	<u>(6,706)</u>	<u>(6,400)</u>	<u>(509)</u>

Notes 1 to 28 and Appendix I and II are an integral part of the consolidated financial statements

GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL) AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2014, 2013 AND 2012**

Thousands of US dollars

	Share Capital	Reserves	Translation Differences	Valuation Adjustments	Profit for the Year	Interim Dividend	Non-controlling Interests	Total
BALANCE AT 1 JANUARY 2012	285,760	547,234	(91,839)	(3,338)	152,466	(25,878)	27,854	892,259
Total recognised income and expense for 2012	—	—	(7,109)	(5,354)	35,188	—	(509)	22,216
Transactions with shareholders-Dividends paid	—	(126,453)	—	—	—	—	—	(126,453)
Other changes in equity-Distribution of 2011 profit	—	126,588	—	—	(152,466)	25,878	—	—
Other changes	—	(5,922)	14,444	—	—	—	30	8,552
BALANCE AT 31 DECEMBER 2012	285,760	541,447	(84,504)	(8,692)	35,188	—	27,375	796,574
Total recognised income and expense for 2013	—	—	(18,764)	(4,994)	28,448	—	(6,400)	(1,710)
Transactions with shareholders-Dividends paid (see Note 14)	—	(40,535)	—	—	—	—	—	(40,535)
Other changes in equity-Distribution of 2012 profit	—	35,188	—	—	(35,188)	—	—	—
Other changes	—	(5,040)	34,865	—	—	—	(188)	29,637
BALANCE AT 31 DECEMBER 2013	285,760	531,060	(68,403)	(13,686)	28,448	—	20,787	783,966
Total recognised income and expense for 2014	—	—	6,303	(6,597)	38,437	—	(6,706)	31,437
Transactions with shareholders-Dividends paid (see Note 14)	—	(167,177)	—	—	—	(55,041)	—	(222,218)
Other changes in equity-Distribution of 2013 profit	—	28,448	—	—	(28,448)	—	—	—
Other changes	—	1,025	(90,430)	—	—	—	3,897	(85,508)
BALANCE AT 31 DECEMBER 2014	285,760	393,356	(152,530)	(20,283)	38,437	(55,041)	17,978	507,677

Notes 1 to 28 and Appendix I and II are an integral part of the consolidated financial statements

**GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL)
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2014, 2013 AND 2012

Thousands of US dollars

	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		191,420	166,695	109,470
PROFIT FOR THE YEAR		31,731	22,048	34,679
Adjustments for-		167,651	152,645	127,263
Income tax	Note 21	59,707	24,558	1,280
Depreciation and amortisation charges, operating allowances and write-downs	Note 24.3	74,752	79,103	68,582
Finance income	Note 24.4	(4,771)	(2,858)	(5,123)
Finance costs	Note 24.4	37,105	47,225	45,665
Exchange differences		(7,800)	7,677	(81)
Net impairment losses		399	1,061	15,663
Net gains/losses due to changes in the value of assets		9,472	(2,654)	2,751
Gains/Losses on disposals of non-current and financial assets		(555)	(4,269)	13
Other adjustments		(658)	2,802	(1,487)
(Increase)/decrease in operating working capital-		40,171	45,435	26,864
(Increase)/decrease in inventories		(30,521)	50,422	36,712
(Increase)/decrease in trade receivables		550	5,910	15,884
Increase/(decrease) in trade payables		70,142	(10,897)	(25,732)
Other amounts received/(paid) due to operating activities		17,944	13,530	(4,593)
Income tax recovered (paid)		(28,973)	(19,737)	(29,079)
Interest paid		(37,105)	(47,225)	(45,665)
CASH FLOWS FROM INVESTING ACTIVITIES:		<u>(155,293)</u>	<u>(32,072)</u>	<u>(163,476)</u>
Payments due to investment-		(149,560)	(42,292)	(142,908)
Other investments		—	—	(2,799)
Other intangible assets	Note 9	(8,663)	(9,002)	(19,085)
Property, plant and equipment	Note 10	(45,383)	(31,010)	(77,179)
Non-current financial assets(*)	Note 11	(95,514)	(77)	(24,313)
Current financial assets		—	(2,203)	(19,531)
Disposals-		11	12,180	14,253
Intangible assets		—	214	1,055
Property, plant and equipment		—	1,627	12,863
Non-current financial assets		—	36	94
Current financial assets		11	10,304	242
Interest received		4,771	2,858	5,123
Other amounts paid due to investing activities		(10,514)	(4,818)	(39,944)
CASH FLOWS FROM FINANCING ACTIVITIES:		<u>(50,913)</u>	<u>(139,801)</u>	<u>91,993</u>
Dividends paid	Note 14	(40,116)	(27,498)	(46,100)
Increase/(decrease) in bank borrowings-		(10,737)	(109,499)	140,439
Issuance		180,053	153,494	342,889
Redemption		(190,790)	(262,993)	(202,450)
Other amounts received (paid) due to financing activities		(60)	(2,804)	(2,347)
TOTAL NET CASH FLOWS FOR THE YEAR		<u>(14,785)</u>	<u>(5,178)</u>	<u>37,987</u>
Beginning balance of cash and cash equivalents		62,246	71,631	31,816
Exchange differences on cash and cash equivalents in foreign currencies		1,190	(4,207)	1,828
Ending balance of cash and cash equivalents		48,651	62,246	71,631

[Table of Contents](#)

- (*) This amount represents a cash movement due to the issuance of an intercompany loan to the sole shareholder in 2014. During 2014, this intercompany loan was canceled against a non-cash dividend as indicated in Note 14. \$136,495 thousand was classified as non-current receivables from related parties and \$45,607 thousand was classified as current financial assets from related parties.

Notes 1 to 28 and Appendix I and II are an integral part of the consolidated financial statements

[Table of Contents](#)

**Grupo FerroAtlántica, S.A.
(Sociedad Unipersonal)
and Subsidiaries**

Consolidated Financial Statements
as of December 31, 2014, 2013 and
2012

FIN-64

Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) and Subsidiaries

Notes to the consolidated financial statements

1. Identifying data

Grupo FerroAtlántica, S.L. (Sociedad Unipersonal) was incorporated by means of a public deed executed in Madrid on 19 October 2007. Its registered office is in Madrid at Paseo de la Castellana no. 259-D. On 20 June 2011, the sole shareholder, Grupo Villar Mir, S.A. (Sociedad Unipersonal) approved the Company's re-registration as a public limited liability company and it was re-named Grupo FerroAtlántica, S.A. (Sociedad Unipersonal).

Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) ("the Parent") in turn heads a group of companies ("the Group"). The Parent engages in the ownership of shares in other companies that engage in the production, distribution and sale, in the Spanish and export markets, of all manner of metals and ferroalloys produced in electric furnaces and hydroelectric power production. The Parent also sells ferroalloys of those subsidiaries that lack an external commercial network.

The Parent of the Group to which the Company belongs is Grupo Villar Mir, S.A. (Sociedad Unipersonal), with registered office in Madrid at Paseo de la Castellana 259-D.

2. Group activities

Business areas

Grupo FerroAtlántica S.A. is the Parent of a group of businesses in the following areas:

<u>Lines of Business</u>	
Energy	Electrometallurgy

The Group currently operates 15 production centres working in the field of electrometallurgy: 5 in Spain, 6 in France, 1 in Venezuela, 2 in South Africa and 1 in China.

The consolidated Group companies and the information relating thereto are included in the Appendix to these notes to the consolidated financial statements. They are all investments in which Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) exercises effective control either directly or indirectly.

The companies composing the Group as of December 31, 2014 (see Appendix I), classified by business activity, were as follows:

Group Companies **FerroAtlántica Group**

Energy Segment:

FerroAtlántica, S.A.
(Sociedad Unipersonal) (1)
Hidro Nitro Española, S.A. (1)

Electrometallurgy Segment:

FerroAtlántica, S.A. (Sociedad Unipersonal) (1)
Hidro Nitro Española, S.A. (1)
FerroAtlántica de Venezuela (FerroVen), S.A.
Alloys International, A.G.
FerroAtlántica I+D, S.L. (Sociedad Unipersonal)
FerroAtlántica y Cía., F. de Ferroaleac. y Metales, S.C.
Cuarzos Industriales, S.A.U. (Sociedad Unipersonal)
Rocas, Arcillas y Minerales, S.A.
FerroAtlántica Deutschland, GmbH
Cuarzos Industriales de Venezuela (Cuarzoven), S.A.
FerroAtlántica de México, S.A. de C.V.
FerroPem, S.A.S.

Group Companies
FerroAtlántica Group

Silicon Smelters (Pty.), Ltd.
Invesil Free State (Pty.), Ltd.
Vaal Silicon Smelters (Pty.), Ltd.
FerroAtlántica Brasil Mineração Ltda.
Ganzi FerroAtlántica Silicon Industry Company, Ltd.
Silicio FerroSolar, S.L.U. (Sociedad Unipersonal)
MangShi Sinice Silicon Industry Company Limited
Photosil Industries, S.A.S. (2)
Emix, S.A.S. (2)
Samquarz (Pty.), Ltd. (2)
Thaba Chueu Mining (Pty.), Ltd. (2)
Rebone Mining (Pty.), Ltd. (2)
FerroQuébec, Inc. (3)

- (1) FerroAtlántica, S.A. (Sociedad Unipersonal) and Hidro Nitro Española, S.A. carry on business activities in both the Electrometallurgy and Energy Segments.
- (2) Companies included in the Group in 2012.
- (3) Company included in the Group in 2014.

Subsidiaries

Subsidiaries are all companies over which the FerroAtlántica Group has control.

Control is achieved when the Parent:

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

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The Group uses the acquisition method to account for the acquisition of subsidiaries. According to this method, the consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration transferred by the Group is recognised at fair value at the date of

acquisition. Subsequent changes in the fair value of the contingent consideration classified as an asset or a liability are recognised in accordance with IAS 39 either in the income statement or the statement of comprehensive income. The costs related to the acquisition are recognised as expenses in the years incurred. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially recognised at their fair value at the date of acquisition. The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Profit or loss for the period and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. The Company attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if the profit or loss of the non-controlling interests gives rise to a balance receivable.

When necessary, uniformity adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation.

Changes in scope of consolidation

In 2014 the Canadian company FerroQuébec, Inc., new incorporated, was included in the Group's scope of consolidation. This company was included in the scope of consolidation following its incorporation on 1 August 2014. The company object of this subsidiary is the production of silicon metal and other related special alloys. The project is currently in the design and development stage until the start up of the plant, which is expected to commence operations in 2017. Once all the scheduled stages of the project are completed this plant will have a silicon metal production capacity of approximately 100,000 tons per year. The Group wholly owns all of its share capital. The directors of the Group's Parent intend to finance the necessary investment using the eligible capital generated from the Group's operations and obtaining funds in the banking and debt capital markets.

In 2013 there were no changes in the Group's scope of consolidation.

The main changes in the scope of consolidation in 2012 relate to the following inclusions:

- (a) Emix, S.A.S.: this company was included in the scope of consolidation following the purchase thereof and the obtainment of an effective controlling interest therein by the Group on 1 June 2012. The Group company Silicio FerroSolar, S.L.U. (Sociedad Unipersonal) holds a 70% stake in this Group company, and the remaining ownership interest is held by several non-controlling shareholders. The company object of this subsidiary, part of the "Silicon Solar Project", being carried out by the Group, is mainly the manufacture of furnaces for the production of photovoltaic-grade silicon using metallurgical processes, the sale of these furnaces to other Group companies or third parties and, in addition, the sale of photovoltaic-grade silicon produced in these furnaces.

The acquisition cost of this ownership interest, equal to the "Cost of the Business Combination for the Group", amounted to \$4.9 million and had been paid in full at the end of the reporting period.

In 2012 this Group company, which was included in the scope of consolidation on 1 June 2012, as indicated above, contributed "Revenue" before consolidation adjustments of \$ 479 thousand and "Loss Attributable to the Parent" of \$ 1.010 thousand. If the acquisition were performed in 1 January 2012, the impact on the consolidated statements of income would not had been significant.

In 2014 the Group acquired 30% of capital share, therefore, at December 31, 2014 Group owns 100% of the capital share of the component.

- (b) Samquarz (Pty.), Ltd.: this company was included in the scope of consolidation following the purchase thereof and the obtainment of an effective controlling interest therein by the Group on 1 July 2012. The

Group company Thaba Chueu Mining (Pty.), Ltd. owns all the shares of this Group company. The company object of this subsidiary is the operation of a quartz mine, from which the raw material is extracted for the manufacture of silicon and, to a lesser extent, glass and other end products manufactured by third parties which use quartz as a raw material for the production thereof.

At the acquisition date, the acquisition cost of this ownership interest, amounted to approximately ZAR (South African rand) 280 million, equal to \$ 35 million, which were paid in full in 2012.

In 2012 this Group company, which was included in the scope of consolidation on 1 July 2012, as indicated above, contributed “Revenue” before consolidation adjustments of \$ 9.329 thousand and “Profit Attributable to the Parent” of \$703 thousand. If the acquisition were performed in 1 January 2012, the impact on the consolidated statements of income would not have been significant.

3. Basis of presentation and basis of consolidation

3.1 Basis of presentation

These consolidated financial statements have been issued in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter, “IFRS as issued by the IASB”).

The consolidated financial statements were issued by Group management on May 6, 2015.

The consolidated financial statements filed, for Spanish statutory purposes, are prepared in accordance with International Financial Accounting Standards endorsed by the European Union which are hereinafter referred to as “EU-IFRS”.

All accounting policies and measurement bases with effect on the consolidated financial statements were applied in their preparation.

The consolidated financial statements were prepared on a historical cost basis, with the exceptions disclosed in the notes to the consolidated financial statements, where applicable, and those situations where IAS-IFRSs requires that financial assets and financial liabilities are valued at fair value.

3.2 International financial reporting standards

Standards and interpretations in force in 2014

In 2014 the following new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated financial statements:

Application of new accounting standards

a) Standards, interpretations and amendments published by the IASB effective from January 1, 2014, applied by the Group:

- IAS 32 (Amendment) ‘Offsetting of financial assets and financial liabilities’.
- IAS 36 (Amendment) ‘Recoverable Amount Disclosures for Non-Financial Assets’.
- IAS 39 (Amendment) ‘Novation of Derivatives and Continuation of Hedge Accounting’.
- IFRIC 21 (Interpretation) ‘Levies’.

The applications of these amendments have not had any material impact on these Consolidated Financial Statements

b) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2015:

- Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. These improvements are mandatory for periods beginning on or after July 1, 2014 under IFRS-IASB.
- Annual Improvements to IFRSs 2012-2014 cycle. These improvements are mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB.
- IFRS 9 ‘Financial Instruments’. This Standard will be effective from January 1, 2018 under IFRS-IASB.
- IFRS 15 ‘Revenues from contracts with Customers’. IFRS 15 is applicable for periods beginning on or after 1 January 2017. Earlier application is permitted.
- IAS 16 (Amendment) ‘Property, Plant and Equipment’ and IAS 38 ‘Intangible Assets’, regarding acceptable methods of amortization and depreciation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB.
- IAS 27 (Amendment) ‘Separate financial statements’ regarding the reinstatement of the equity method as an accounting option in separate financial statements. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB.
- IFRS 10 (Amendment) ‘Consolidated financial statements’ and IAS 28 ‘Investments in associates and joint ventures’ regarding the exemption from consolidation for investment entities. These amendments are mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB.
- IFRS 11 (Amendment) ‘Joint Arrangements’ regarding acquisition of an interest in a joint operation. This amendment is mandatory for periods beginning on or after January 1, 2016 under IFRS-IASB, earlier application is permitted.

The Group is currently in the process of evaluating the impact on the Consolidated Financial Statements derived from the application of the new standards and amendments that will be effective for periods beginning after December 31, 2014.

3.3 Presentation currency

The Parent’s functional currency is the euro. The functional currencies of the companies composing the Group are those of the primary economic environment in which each company operates. The Group has historically presented its statutory consolidated financial statements in accordance with EU-IFRSs using the euro as the presentation currency and it is the clear intent of the directors to continue, for the purposes of its bylaws, using the euro as the presentation currency in the Group’s consolidated financial statements.

However, for the purposes of submitting the Group’s consolidated financial statements to the United States Securities and Exchange Commission (SEC), the presentation currency is US Dollars and as such the Group has translated its results and financial position pursuant to the provisions indicated in IAS 21 for such purpose.

For the purposes of presenting the Group’s consolidated financial statements in thousands of US dollars, Group management prepared the consolidated financial statements in euros (see Note 3.5) and then converted them into US dollars as detailed below:

- Assets, liabilities, valuation adjustments at the exchange rates prevailing on the reporting date.
- Income and expenses at the average exchange rate for the year. In this regard, it should be noted that applying this exchange rate or the rate in force at the date of each transaction does not give rise to significant differences in the Group’s consolidated financial statements.

- Accumulated exchanged differences related to a foreign operation that is consolidated but not wholly-owned arising from translation and attributable to non-controlling interest are allocated to, and recognized as part of, non-controlling interest in the consolidated statement of financial position.

All differences arising from the aforementioned conversion are recognised in equity under “Translation differences”.

Cash flows are translated using the average exchange rates for the year.

Amounts included in these consolidated financial statements are all expressed in thousands of US dollars, unless otherwise indicated.

3.4 Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of management of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal).

The preparation of these consolidated financial statements made it necessary for Group management to make certain assumptions and estimates. The main estimates related to the following:

- The impairment losses on certain assets.
- The useful life of property, plant and equipment and intangible assets.
- The fair value of certain unquoted financial assets.
- The assumptions used in the actuarial calculation of pension liabilities.
- The discount rate used to calculate the present value of certain collection rights and payment obligations.
- Provisions for contingencies and environmental liabilities.
- The calculation of income tax and of deferred tax assets and liabilities.

These estimates were made on the basis of the best information available at 31 December 2014 on the events analysed. However, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied in accordance with IAS 8.

At the date of preparation of these consolidated financial statements no events had taken place that might constitute a significant source of uncertainty regarding the accounting effect that such events might have in future reporting periods.

3.5 Basis of consolidation

Consolidation methods

i. Full consolidation (Subsidiaries)

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Accordingly, all balances and effects of the transactions between consolidated companies are eliminated on consolidation.

Non-controlling interests are presented in “Equity – Non-controlling interests” in the consolidated statement of financial position, separately from the consolidated equity attributable to the Parent’s sole shareholder. The share of non-controlling interests in the profit or loss for the year is presented under “Profit (Loss) attributable to non-controlling interests” in the consolidated income statement.

ii. Uniformity of items

In order to present the consolidated financial statements using uniform measurement bases, the necessary adjustments and reclassifications were made on consolidation at subsidiaries that apply accounting policies and measurement bases that differ from those used by the Group.

Table of Contents

iii. *Translation of foreign currency financial statements*

The financial statements of the subsidiaries with a functional currency other than the euro were translated to euros as follows:

- The assets and liabilities in the consolidated statements of financial position presented (including the comparative figures) were translated at the closing rates prevailing on the date of the consolidated statement of financial position.
- The income and expense items in the consolidated income statements (including the comparative figures) were translated at the average exchange rates for the period (month) in which they arose.

In presenting the consolidated statement of cash flows, the cash flows, including comparative balances, of the subsidiaries are translated to euros at the average exchange rates prevailing in the month in which the cash flows took place (see Note 6.13).

Thus, on the disposal of a foreign operation, the translation differences relating to that operation deferred as a separate component of consolidated equity are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

4. Earnings per share

Basic earnings per share, which are shown in the accompanying consolidated income statement, are calculated by dividing the consolidated profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Consolidated profit attributable to the Parent (thousands of US dollars)	38,437	28,448	35,188
Average number of shares outstanding	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Basic and diluted earnings per share (US dollars)	<u>192.19</u>	<u>142.24</u>	<u>175.94</u>

The diluted earnings per share, which are shown in the accompanying consolidated income statement, coincide with the basic earnings per share since there is no potential dilutive effect arising from share options, warrants, convertible debt or other similar financial instruments.

5. Information on the environment

The Group's property, plant and equipment include various technical installations intended to protect and improve the environment. The investments made in 2014 amounted to approximately USD 0.8 million (USD 2 million in 2013), the period depreciation charge on which was not material. The ordinary expenses incurred in 2014 to protect and improve the environment, such as those for waste treatment, the control and treatment of atmospheric pollutants and the treatment of liquid effluents, were recognised in the consolidated income statement according to their nature, for approximately USD 737 thousand (USD 356 thousand in 2013).

A provision of USD 1,903 thousand in connection with environmental actions was recognised under "Provisions" (see Note 15) (USD 1,601 thousand in 2013).

There were no extraordinary environmental expenses and the Group is not aware of there being any litigation in progress, claims for compensation or other environmental contingencies in addition to those recognised.

6. Accounting policies

The principal accounting policies applied in preparing these consolidated financial statements, in accordance with the IFRSs issued by the IASB in force at the date of preparation, are described below. No standards were applied early.

6.1 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

1. If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.
2. If it is attributable to specific intangible assets, recognising it explicitly in the consolidated statement of financial position provided that the fair value at the date of acquisition can be measured reliably.
3. The remaining amount is recognised as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer for future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

6.2 Other intangible assets

Other intangible assets are assets without physical substance which can be individually identified either because they are separable or because they arise as a result of a legal or contractual right or of a legal transaction or were developed by the consolidated companies. Only intangible assets whose value can be measured reliably and from which the Group expects to obtain future economic benefits are recognised in the consolidated statement of financial position.

Intangible assets are recognised initially at acquisition or production cost. The aforementioned cost is depreciated systematically over their useful life. At each reporting date, these assets are measured at acquisition cost less accumulated depreciation and any accumulated impairment losses, if any.

The Group's main intangible assets are as follows:

Development expenditure

Development expenditure is capitalised if it meets the requirements of identifiability, reliability in cost measurement and high probability that the assets created will generate economic benefits. It is depreciated on a straight-line basis over the useful life of the asset, which is between four and ten years, depending on the project.

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

Rights of use

Rights of use granted are depreciated on a straight-line basis over the term in which the right of use was granted from the date it is considered that use commenced. Rights of use are generally depreciated over a period ranging from 10 to 20 years.

Computer software

“Computer software” includes the costs incurred in acquiring or developing computer software, including the related installation. It is depreciated on a straight-line basis over five years.

Computer system maintenance costs are recognised with a charge to income for the year in which they are incurred.

Other intangible assets

This heading includes mainly the following:

- the expenses incurred during the exploration and feasibility stage of the quartz mines obtained under the right of use granted by FerroAtlántica de Venezuela (FerroVen), S.A., which are depreciated over four years;
- the mineral reserves from business combinations, depreciated over 38 years; and
- the supply agreement from business combinations that are depreciated in accordance with the estimated useful life, specifically five (5) years.

6.3 Property, plant and equipment

Cost

The Group recognises items of property, plant and equipment for own use by applying the cost model. Items of property, plant and equipment for own use are initially recognised at acquisition or production cost and are subsequently measured at acquisition or production cost less accumulated depreciation and any accumulated impairment losses.

When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs incurred over that period are capitalised. In 2014, 2013 and 2012 no material borrowing costs were capitalised.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. Repair, upkeep and maintenance expenses are recognised in the consolidated income statement for the year in which they are incurred.

Property, plant and equipment in the course of construction are transferred to property, plant and equipment in use at the end of the related development period.

Depreciation

The Group companies depreciate their property, plant and equipment by the straight-line method at annual rates based on the following years of estimated useful life:

	<u>Years of Estimated Useful Life</u>
Properties for own use	25-50
Plant and machinery	10-20
Tools	12.5-15
Furniture and fixtures	10-15
Computer hardware	4-8
Transport equipment	10-15

The land included under this heading is considered to be an asset with an indefinite useful life and, as such, is not depreciated, but rather it is tested for impairment annually.

Environment

The costs arising from the activities aimed at protecting and improving the environment are accounted for as an expense for the year in which they are incurred. When they represent additions to property, plant and equipment aimed at minimising the environmental impact and protecting and enhancing the environment, they are capitalised to non-current assets.

6.4 Impairment of property, plant and equipment, intangible assets and goodwill

In order to ascertain whether its assets have become impaired, the Group compares their carrying amount with their recoverable amount at the end of the reporting period, or more frequently if there are indications that the assets might have become impaired. Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of:

- Fair value: the price that would be agreed upon by two independent parties, less estimated costs to sell, and
- Value in use: the present value of the future cash flows that are expected to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life, discounted at a pre-tax rate which reflects the time value of money and the risks specific to the business to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognised as an expense under “Impairment losses” in the consolidated income statement.

Where an impairment loss subsequently reverses (not permitted in the case of goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as “Other income” in the consolidated income statement.

The basis for depreciation is the carrying amount of the assets, deemed to be the acquisition cost less any accumulated impairment losses.

6.5 *Financial instruments*

Financial assets

The main financial assets held by the Group are assets representing the Group's collection rights as a result of investments or loans. These rights are classified as current or non-current on the basis of whether they are due to be settled within less than or more than twelve months, respectively, or, if they do not have a specific maturity date (as in the case of marketable securities or investment fund units), whether or not the Group has the intention to dispose of them within less than or more than twelve months.

The Group classifies financial assets based on the purpose for which they were initially acquired and it reviews the classification at the end of each reporting period.

The financial assets held by the Group companies are classified as:

- **Loans and receivables:**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group companies provide cash, goods or services directly to a debtor. They are measured at the principal amount plus the accrued interest receivable. They are classified as non-current assets when they mature within more than twelve months after the end of the reporting period, and as current assets when they mature within less than twelve months from the end of the reporting period.

Loans and receivables originated by the Group companies are measured at the principal amount plus the accrued interest receivable, less any impairment losses, i.e. they are measured at their amortised cost.

The Group companies derecognise a financial asset when the rights to the future cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinate debt, provide any kind of guarantee or assume any other kind of risk. However, the Group companies do not derecognise financial assets, and recognise a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, recourse factoring and sales of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

- **Other financial assets:**

These include mainly deposits and guarantees given by the Group companies. These amounts are restricted until such time as the conditions of each agreement or tender expire. Deposits and guarantees expiring within twelve months are classified as current items and those expiring within more than twelve months are classified as non-current items.

Financial liabilities

Amortised cost:

The main financial liabilities held by the Group companies are held-to-maturity financial liabilities, which are measured at amortised cost. The financial liabilities held by the Group companies are classified as:

- **Bank and other loans:**

Loans from banks and other lenders are recognised at the proceeds received, net of transaction costs. They are subsequently measured at amortised cost. Borrowing costs are recognised in the

consolidated income statement on an accrual basis using the effective interest method and are added to the carrying amount of the liability to the extent that they are not settled in the period in which they arise.

- Trade and other payables:

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Fair value:

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable, willing parties in an arm's length transaction acting prudently. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised market ("quoted price" or "market price"). If this market price cannot be determined objectively and reliably, fair value is estimated on the basis of the price established in recent transactions involving similar instruments or of the present value of all the future cash flows (collections or payments), applying as the discount rate the market interest rate for similar financial instruments (same term, currency, interest rate and equivalent risk rating).

Fair value measurements of assets and liabilities are classified according to the following hierarchy established in IFRS 13:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

Financial derivatives

The Group has determined that the majority of the inputs used to calculate the fair value of derivative financial instruments are in Level 2 of the above hierarchy.

In those cases in which inputs classified under Level 3 were used, the Group calculated the impact that such data would have on the total valuation of the derivative financial instruments and determined that such impact was not material. The Group has therefore decided that the entire portfolio of derivative financial instruments is classified under Level 2.

The Group used mid-market prices as observable inputs from external sources of information recognised by the financial markets.

To determine the market value of interest rate derivatives (swaps or IRSs), the Group uses its own IRS pricing model using Euribor and Libor and long-term swaps market curves as inputs. Forwards were valued using spot and forward prices at the end of the reporting period. The techniques used to measure derivatives are based on discounting projected cash flows with market-related curves.

6.6 Inventories

Inventories comprise assets (goods) of the Group companies which:

- Are held for sale in the ordinary course of business (finished goods); or
- Are in the process of production for such sale (work in progress); or
- Will be consumed in the production process or in the rendering of services (raw materials and spare parts).

Inventories are stated at the lower of acquisition or production cost and net realisable value. The cost of each inventory item is generally calculated as follows:

- Raw materials, spare parts and other consumables and replacement parts: the lower of weighted average acquisition cost and net realisable value.
- Work in progress and finished and semi-finished goods: the lower of production cost (which includes the cost of materials, labour costs, direct and indirect manufacturing expenses) or net realisable value in the market.

Obsolete, defective or slow-moving inventories have been reduced to net realisable value.

Net realisable value is the estimated selling price less all the estimated costs of selling and distribution.

The amount of any write-down of inventories (as a result of damage, obsolescence or decrease in the selling price) to their net realisable value and all losses of inventories are recognised as expenses in the year in which the write-down or loss occurs. Any subsequent reversals are recognised as income in the year in which they arise.

The consumption of inventories is recognised as an expense in “Cost of sales” in the consolidated income statement in the period in which the revenue from their sale is recognised.

6.7 Biological assets

The Group recognises biological assets when, and only when:

- It controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The fair value or cost of the asset can be measured reliably.

Biological assets are measured at fair value less estimated costs to sell.

The fair value of forestry plantations is based on a combination of the fair value of the land and of the timber plantations with reference to current timber market prices.

The gains or losses arising on the initial recognition of a biological asset at fair value less costs to sell are included in the consolidated income statement for the period in which they arise.

6.8 Cash and cash equivalents

The Group classifies under “Cash and cash equivalents” any liquid financial assets, such as for example cash on hand and at banks, deposits and liquid investments, that can be converted into cash within three months and are subject to an insignificant risk of changes in value.

6.9 Provisions and contingencies

When preparing the consolidated financial statements, the Parent’s directors made a distinction between:

- Provisions: present obligations, either legal, contractual, constructive or assumed by the Group companies, arising from past events, the settlement of which is expected to give rise to an outflow of economic benefits the amount and/or timing of which are uncertain; and
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group companies, or present obligations arising from past events the amount of which cannot be estimated reliably or whose settlement is not likely to give rise to an outflow of economic benefits.

The consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see Note 23).

Provisions are classified as current or non-current based on the estimated period of time in which the obligations covered by them will have to be met. They are recognised when the liability or obligation giving rise to the indemnity or payment arises, to the extent that its amount can be estimated reliably.

“Provisions” includes the provisions for pension and similar obligations assumed; provisions for contingencies and charges, such as for example those of an environmental nature and those arising from litigation in progress or from outstanding indemnity payments or obligations, and collateral and other similar guarantees provided by the Group companies; and provisions for medium- and long- term employee incentives and the long-service bonus described in Note 15.

Provisions for litigation in progress

At the end of 2014 and 2013, certain court proceedings and claims were in process against the Group companies arising from the ordinary course of their business. The Group’s legal advisers and directors consider that the outcome of the court proceedings and claims will not have a material effect on the consolidated financial statements for the years in which they are settled.

Provisions for pensions and similar obligations

Certain Group companies have undertaken to supplement public retirement, disability and death benefits of those employees who fall into these categories and who have met certain conditions. The related obligations assumed are generally defined contribution plans.

Defined contribution plans

Certain Group employees have defined contribution plans which conform to the Spanish Pension Plans and Funds Law. The main features of these plans are as follows:

- They are mixed plans covering the benefits for retirement, disability and death of the participants.
- The sponsor undertakes to make monthly contributions of certain percentages of current employees’ salaries to external pension funds.

The annual cost of these plans is recognised under “Staff costs” in the consolidated income statement.

Defined benefit plans

IAS 19, Employee Benefits requires defined benefit plans to be accounted for:

- Using actuarial techniques to make a reliable estimate of the amount of benefits that employees have earned in return for their service in the current and prior periods.
- Discounting those benefits in order to determine the present value of the obligation.
- Determining the fair value of any plan assets.
- Determining the total amount of actuarial gains and losses and the amount of those actuarial gains and losses that must be recognised.

The amount recognised as a benefit liability arising from a defined benefit plan is the total net sum of:

- The present value of the obligations.

- Plus (minus) any unrecognised actuarial gain (loss).
- Minus any amount of past service cost not yet recognised.
- Minus the fair value of plan assets (if any) out of which the obligations are to be settled directly.

The Group recognises provisions for these benefits as the related rights vest and on the basis of actuarial studies. These amounts are recognised under “Provisions” in the consolidated statement of financial position, on the basis of their expected due payment dates. The plan assets are separate from the rest of the Group’s assets and are managed by third parties.

Environmental provisions

In general, the Group estimates provisions for environmental obligations by analysing each case separately and observing the relevant legal provisions. The best possible estimate is made on the basis of the information available and a provision is recognised provided that the aforementioned information suggests that it is probable that the loss or expense will arise and it can be estimated in a sufficiently reliable manner.

6.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group, which usually has the option to purchase the assets at the end of the lease under the terms agreed upon when the lease was arranged. All other leases are classified as operating leases.

Finance leases

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. To calculate the present value of the lease payments the interest rate stipulated in the finance lease is used.

The cost of assets acquired under finance leases is presented in the consolidated statement of financial position on the basis of the nature of the leased asset. The depreciation policy for these assets is consistent with that for property, plant and equipment for own use.

Finance charges are recognised over the lease term on a time proportion basis.

Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

Lease income and expenses from operating leases are credited or charged to income on an accrual basis depending on whether the Group acts as the lessor or lessee.

6.11 Current assets and liabilities

In general, assets and liabilities are classified as current or non-current based on the Group’s operating cycle. However, in view of the diverse nature of the activities carried on by the Group, in which the duration of the operating cycle differs from one activity to the next, in general assets and liabilities expected to be settled or fall due within twelve months from the end of the reporting period are classified as current items and those which fall due or will be settled within more than twelve months are classified as non-current items.

6.12 Income tax

The current income tax expense is calculated by aggregating the current tax to the change in deferred tax assets and liabilities.

The current income tax expense incurred by the Group companies on an individual basis is determined by applying the tax rate to the taxable profit (tax loss) for the year, calculated on the basis of accounting profit (loss) before tax, increased or decreased, as appropriate, by the permanent differences arising from the application of tax legislation and by the elimination of any tax consolidation adjustments, taking into account tax relief and tax credits.

Deferred tax assets and liabilities include temporary differences measured at the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill. Deferred tax assets are recognised to the extent that it is considered probable that the Group will have taxable profits in the future against which the deferred tax assets can be utilised. The deferred tax assets and liabilities recognised are reassessed at the end of each reporting period in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

The consolidated income tax expense is calculated by adding together the expense recognised by each of the consolidated companies, increased or decreased, as appropriate, as a result of the tax effect of consolidation adjustments for accounting purposes.

The Parent and the following Group companies file consolidated tax returns as part of the consolidated tax group, the parent of which is Inmobiliaria Espacio, S.A.:

Company	
Cuarzos Industriales, S.A.U. (Sociedad Unipersonal)	FerroAtlántica, S.A.U. (Sociedad Unipersonal)
FerroAtlántica I+D, S.L. (Sociedad Unipersonal)	Hidro Nitro Española, S.A. Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)
FerroAtlántica, S.L. y Compañía, Fabricación de Ferroaleaciones y Electrometales, Sociedad Colectiva	Silicio FerroSolar, S.L.U. (Sociedad Unipersonal)

The income tax expense is recognised in the consolidated income statement, except to the extent that it arises from a transaction which is recognised directly in consolidated equity, in which case the related tax is also recognised directly in consolidated equity.

6.13 Foreign currency transactions

The Group's functional currency is the euro (see Note 3.3). Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognised in the functional currency of the Group by applying the exchange rates prevailing at the date of the transaction.

Subsequently, at each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing on that date.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidated income statement for the year.

In substantially all cases, the Group companies arrange foreign exchange forward options to hedge their exposure to foreign currency risk. Note 6.17 details the Group's accounting policies for these derivative financial instruments; also, Note 26 to these consolidated financial statements details the financial risk policies of the Group and the Group companies.

The subsidiary in Venezuela, FerroAtlántica de Venezuela, S.A. ("FerroVen"), makes most of its procurement and sale transactions in US dollars; a significant portion of the subsidiary's flows and balances are denominated in US dollars. Therefore, and in accordance with that established in IAS 21, Group management considers that the financial statements that most reasonably reflect the subsidiary's financial and equity position and the results of its operations in 2014, 2013 and 2012 are those expressed in the functional currency, the US dollar.

6.14 Revenue recognition

Revenue includes the fair value of the goods sold or services rendered, excluding any related taxes and deducting any discounts or returns as a reduction in the amount of the transaction. Income is recognised when all of the following conditions are met:

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

In relation to transactions in the electrometallurgy business, ownership is considered to be transferred at the time agreed upon with customers based on the interco-term clauses applicable to the transaction.

Income from the energy business is recognised based on the power generated and put on the market at regulated prices, being recognized income when the energy produced is transferred to the system.

Accordingly, interest income is recognised using the effective interest method. Dividend income is also recognised when the shareholder's rights to receive payment have been established.

6.15 Expense recognition

Expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

An expense is recognized in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognized simultaneously with the recognition of the increase in a liability or the reduction of an asset. Additionally, an expense is recognized immediately in the consolidated income statement when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met. Also, an expense is recognized when a liability is incurred and no asset is recognized, as in the case of a liability relating to a guarantee.

6.16 Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses

The Group, historically, has been providing to its Shareholders and to third parties, mainly financial institutions that offer financial support to the Group, the amounts presented in the Consolidated Income

Statement under the subtotal “Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses”. Additionally, Management of the Group, has been using this subtotal in their analysis of the performance of the Group. In accordance with IAS 1.85a, modified in December 2014, when an entity presents subtotals, those subtotals shall (i) be comprised of line items made up of amounts recognised and measured in accordance with IFRS, (ii) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable, (iii) be consistent from period to period and (iv) not be displayed with more prominence than the subtotals and totals required in IFRS for the statement presenting profit or loss. Consequently, Management of the Group, estimates that the presentation of this subtotal in the face of the Consolidated Income Statement is essential for the understanding of the Group’s operations.

6.17 Financial derivative transactions

In order to mitigate the economic effects of exchange rate and interest rate fluctuations to which it is exposed as a result of its business activities, the Group uses derivative financial instruments, such as currency forwards and interest rate swaps.

The Group’s transactions with financial derivatives are in keeping with the risk management policy described in Note 26 to the accompanying consolidated financial statements.

The derivatives arranged are generally swaps, on the basis of which the Group and banks agree to exchange future interest or currency payments, or both simultaneously. In the case of an interest rate derivative, the usual commitment is to pay a fixed interest rate in exchange for receiving a floating interest rate (“interest rate swap”, IRS). The usual obligation with respect to a foreign currency derivative is to pay or receive a certain amount of euros in exchange for a certain amount of another currency.

The information relating to financial derivatives is presented in accordance with IFRS 7, and the accounting treatment is as follows:

Derivatives are recognised, both initially and subsequent to the end of the reporting period, at fair value (market value) under other financial assets or liabilities, as appropriate, in the consolidated statement of financial position.

Financial derivatives are measured using methods and techniques defined on the basis of observable market inputs and, for such purpose, Group management uses the assessments conducted by experts in this matter.

The recognition of changes in the fair value of a derivative gives rise to a change in equity. The change in equity is recognised directly through “Equity – Valuation adjustments” or indirectly through consolidated profit or loss. The criteria applied in each case are described below.

The fair value of a derivative changes over its term. Changes in fair value arise: as a result of the passage of time; as a result of changes in yield curves; and, in the case of foreign currency derivatives, also as a result of changes in exchange rates.

Only certain derivatives can be considered to qualify for hedge accounting.

The requirements that must be met for a derivative to be considered to qualify for hedge accounting are basically as follows:

- a. The underlying in relation to which the derivative is arranged to mitigate the economic effects that might arise therefrom as a result of fluctuations in exchange rates or in interest rates must initially be identified.
- b. When the derivative is arranged, the reason why it was arranged must be appropriately documented and the hedged risk must be identified.

- c. It must be demonstrated that the hedge is effective from the date of arrangement of the derivative to the date of its settlement, i.e. that it meets the objective initially defined. In order to assess this, the effectiveness of the hedge is tested, and certain levels of effectiveness must be obtained.

The Group verifies periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be offset by significant changes in interest rates and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item.

When the derivative does not qualify for hedge accounting, or the Group voluntarily decides not to apply hedge accounting, the changes in its fair value must be recognised in the consolidated income statement.

For derivatives that qualify for hedge accounting, under the relevant accounting standards, changes in fair value are recognised directly in equity or indirectly through consolidated profit or loss on the basis of the type of hedged risk concerned: All of the Group's hedges are considered cash flow hedges.

The portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the consolidated income statement in the same period during which the transaction was performed (for example when interest is accrued on a loan) or when it is no longer probable that the future transaction will be carried out.

6.18 Grants

Grants related to assets

Grants related to assets correspond basically to non-refundable grants that are measured at the amount granted or at the fair value of the assets delivered, if they have been transferred for no consideration, and are classified as deferred income when it is certain that they will be received. These grants are allocated to income on a straight-line basis over the useful life of the assets whose costs they are financing. The amounts of the assets and of the grants received are presented separately on the asset and liability sides, respectively, of the consolidated statement of financial position.

The amount of such grants was not material at 31 December 2014, 2013 or 2012.

Grants related to income

These are grants that become receivable by the Group companies as compensation for expenses or losses already incurred and are recognised as income for the period in which they become receivable. The amount of such grants was not material in 2014, 2013 or 2012.

6.19 Termination benefits

Under current labour legislation, the Group companies are required to pay termination benefits to employees whose employment relationship is terminated under certain conditions. The payments for termination benefits, when they arise, are charged as an expense when the decision to terminate the employment relationship is taken. At 31 December 2014, 2013 and 2012, the liabilities in this connection were not material.

6.20 Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows, prepared using the indirect method, with the meanings specified:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

[Table of Contents](#)

2. Operating activities: activities constituting the object of the companies forming part of the consolidated Group and other activities that are not investing or financing activities.
3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating or investing activities.

7. Segment reporting

Segment reporting is presented by segment or business unit, since the Group's organisation, the business decision-making process and the system relating to internal information generated for the Board of Directors are structured in this manner.

The consolidated income statement at 31 December 2014, 2013 and 2012, by segment, is as follows:

2014

	Thousands of US Dollars			
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	Total
Sales	49,225	1,417,094	(15)	1,466,304
Cost of sales	(1,789)	(887,772)	—	(889,561)
Other operating income	197	8,142	(1,448)	6,891
Staff costs	(4,214)	(213,829)	—	(218,043)
Other operating expenses	(18,401)	(148,553)	1,463	(165,491)
Depreciation and amortisation charge, operating allowances and write-downs	(5,621)	(69,131)	—	(74,752)
<i>Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses</i>	<u>19,397</u>	<u>105,951</u>	<u>—</u>	<u>125,348</u>
Net impairment losses	—	(399)	—	(399)
Net gains/losses due to changes in the value of assets	—	(9,472)	—	(9,472)
Gains/losses on disposal of non-current assets	—	555	—	555
Other gains and losses	—	(60)	—	(60)
Operation profit	<u>19,397</u>	<u>96,575</u>	<u>—</u>	<u>115,972</u>
Finance income	6,180	4,596	(6,005)	4,771
Finance costs	(8,690)	(34,420)	6,005	(37,105)
Exchange differences	—	7,800	—	7,800
Profit before tax	16,887	74,551	—	91,438
Income tax	(2,055)	(57,652)	—	(59,707)
Profit (Loss) attributable to non-controlling interests	(3)	6,709	—	6,706
Profit attributable to the parent	<u>14,829</u>	<u>23,608</u>	<u>—</u>	<u>38,437</u>

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

2013

	Thousands of US Dollars			
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	Total
Sales	72,196	1,391,689	(7)	1,463,878
Cost of sales	(4,423)	(906,469)	—	(910,892)
Other operating income	190	38,083	(1,369)	36,904
Staff costs	(4,172)	(213,355)	—	(217,527)
Other operating expenses	(26,238)	(172,808)	1,376	(197,670)
Depreciation and amortisation charge, operating allowances and write-downs	(5,619)	(73,484)	—	(79,103)
<i>Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses</i>	<u>31,934</u>	<u>63,656</u>	<u>—</u>	<u>95,590</u>
Net impairment losses	—	(1,061)	—	(1,061)
Net gains/losses due to changes in the value of assets	—	6,475	—	6,475
Gains/losses on disposal of non-current assets	—	448	—	448
Other gains and losses	—	(2,802)	—	(2,802)
Operation profit	<u>31,934</u>	<u>66,716</u>	<u>—</u>	<u>98,650</u>
Finance income	6,362	2,446	(5,950)	2,858
Finance costs	(9,455)	(43,720)	5,950	(47,225)
Exchange differences	—	(7,677)	—	(7,677)
Profit before tax	28,841	17,765	—	46,606
Income tax	(8,655)	(15,903)	—	(24,558)
Profit (Loss) attributable to non-controlling interests	(7)	6,407	—	6,400
Profit attributable to the parent	<u>20,179</u>	<u>8,269</u>	<u>—</u>	<u>28,448</u>

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

2012

	Thousands of US Dollars			Total
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	
Sales	67,387	1,412,219	—	1,479,606
Cost of sales	(15,355)	(906,435)	—	(921,790)
Other operating income	9	16,709	(1,042)	15,676
Staff costs	(3,915)	(208,512)	—	(212,427)
Other operating expenses	(17,906)	(182,259)	1,042	(199,123)
Depreciation and amortisation charge, operating allowances and write-downs	(4,160)	(64,422)	—	(68,582)
<i>Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses</i>	<u>26,060</u>	<u>67,300</u>	<u>—</u>	<u>93,360</u>
Net impairment losses	(1,285)	(14,378)	—	(15,663)
Net gains/losses due to changes in the value of assets	—	(2,751)	—	(2,751)
Gains/losses on disposal of non-current assets	—	(13)	—	(13)
Other gains and losses	54	1,433	—	1,487
Operation profit	<u>24,829</u>	<u>51,591</u>	<u>—</u>	<u>76,420</u>
Finance income	3,777	4,636	(3,290)	5,123
Finance costs	(8,051)	(40,904)	3,290	(45,665)
Exchange differences	—	81	—	81
Profit before tax	20,555	15,404	—	35,959
Income tax	(6,166)	4,886	—	(1,280)
Profit (Loss) attributable to non-controlling interests	(5)	514	—	509
Profit attributable to the parent	<u>14,384</u>	<u>20,804</u>	<u>—</u>	<u>35,188</u>

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

[Table of Contents](#)

The consolidated statement of financial position at 31 December 2014, 2013 and 2012, by segment, is as follows:

2014

	Thousands of US Dollars			Total
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	
Property, plant and equipment	80,231	399,315	—	479,546
Financial assets	—	8,597	—	8,597
Inventories	8	439,009	—	439,017
Receivables	152,595	303,701	(147,720)	308,576
Other assets	4,024	99,747	—	103,771
Cash and cash equivalents	63	48,588	—	48,651
Total assets	236,921	1,298,957	(147,720)	1,388,158
Equity	74,268	433,409	—	507,677
Deferred income	—	4,277	—	4,277
Provisions	1	56,665	—	56,666
Bank borrowings	11,329	391,137	—	402,466
Obligations under finance leases	116,237	4,445	—	120,682
Trade payables	11,746	312,165	(147,720)	176,191
Other non-trade payables	23,340	96,859	—	120,199
Total equity and liabilities	236,921	1,298,957	(147,720)	1,388,158

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

2013

	Thousands of US Dollars			Total
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	
Property, plant and equipment	87,402	459,441	—	546,843
Financial assets	—	112,718	—	112,718
Inventories	15	466,839	—	466,854
Receivables	171,323	332,163	(149,718)	353,768
Other assets	2,413	131,133	—	133,546
Cash and cash equivalents	9,455	52,791	—	62,246
Total assets	270,608	1,555,085	(149,718)	1,675,975
Equity	74,452	709,514	—	783,966
Deferred income	—	5,602	—	5,602
Provisions	3	60,259	—	60,262
Bank borrowings	12,288	443,501	—	455,789
Obligations under finance leases	143,901	119	—	144,020
Trade payables	7,209	257,737	(149,718)	115,228
Other non-trade payables	32,755	78,353	—	111,108
Total equity and liabilities	270,608	1,555,085	(149,718)	1,675,975

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

2012

	Thousands of US Dollars			Total
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	
Property, plant and equipment	85,711	502,901	—	588,612
Financial assets	—	125,587	—	125,587
Inventories	18	495,136	—	495,154
Receivables	151,838	332,473	(141,027)	343,284
Other assets	2,816	142,440	—	145,256
Cash and cash equivalents	12,946	58,685	—	71,631
Total assets	253,329	1,657,222	(141,027)	1,769,524
Equity	48,277	748,297	—	796,574
Deferred income	—	6,175	—	6,175
Provisions	18	49,989	—	50,007
Bank borrowings	18,110	521,897	—	540,007
Obligations under finance leases	148,476	197	—	148,673
Trade payables	15,289	246,804	(141,027)	121,066
Other non-trade payables	23,159	83,863	—	107,022
Total equity and liabilities	253,329	1,657,222	(141,027)	1,769,524

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

The notes to the consolidated financial statements include a detail, by geographical segment, of the income and balances receivable and payable in currencies other than the euro and of the property, plant and equipment owned abroad.

Other disclosures relating to the Electrometallurgy Segment

Income from the main products

Income from the main products of the Electrometallurgy Segment is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Manganese alloys	316,461	343,392	304,948
Ferrosilicon	284,987	294,982	251,604
Silicon metal	596,207	506,041	538,280
Other silicon based in alloys	103,397	98,399	99,413
Silica fume	31,666	30,164	34,322
Other	84,376	118,711	183,652
	1,417,094	1,391,689	1,412,219

Information about major customers

USD 556,546 thousand of the total income generated by the Group was obtained from its ten main customers in 2014 (USD 551,055 thousand in 2013, USD 580,819 thousand in 2012). It should be noted that no single customer represented more than 10% of the Group's revenue.

Other disclosures relating to the Energy Segment

2014 and 2013 saw several changes to the regulatory framework applicable to electricity production companies such as the energy Segments of the subsidiaries FerroAtlántica, S.A. (Sociedad Unipersonal) and Hidro Nitro Española, S.A.

Royal Decree-Law 9/2013, of 12 July, adopting urgent measures to guarantee the financial stability of the electricity system, came into force in Spain on 14 July 2013. This Royal Decree-Law abolished the regulatory framework applicable at the time to renewable energies (Royal Decree 661/2007, Royal Decree 1578/2008 and Article 4, additional provision one and section 2 of transitional provision five of Royal Decree-Law 6/2009) and laid the foundations for a new regulatory framework. Pursuant to Royal Decree-Law 9/2013, from the date of entry into force thereof to publication of the provisions required for the new remuneration system to become fully effective, the settlement body will make a payment on account of the computable items earned by the facilities under the special regime, as established in Royal Decree 661/2007, of 25 May.

Electricity Industry Law 24/2013, of 26 December, was published at 2013 year-end.

This new reform of the Electricity Industry Law aims to establish the electricity industry regulations in order to guarantee the supply of electricity and bring it into line with consumers' needs in terms of safety, quality, efficiency, objectivity and transparency, and at the lowest cost. The law establishes, *inter alia*, that the remuneration system for renewable energies, combined heat and power and waste management will be based on the required participation of these facilities in the market, while market revenue, where necessary, will be supplemented with a specific, regulated remuneration so as to ensure that these technologies may compete on an equal footing with the other technologies present in the market. This specific, supplementary remuneration, which shall be received in proportion to the income available from the system, must be sufficient for the facilities to achieve the minimum revenue level required to meet the costs which they, in contrast with conventional technologies, are unable to recover in the market, and also to earn a fair return with regard to each standard facility.

Royal Decree 413/2014, which regulates the production of electricity from renewable energy sources, combined heat and power, and waste, was published on 6 June 2014 as implementing legislation for that already introduced in Law 24/2013 and Royal Decree 9/2013. Subsequently, Ministerial Order IET/1045/2014, of 16 June, approving the remuneration parameters of standard facilities applicable to certain electrical power production from renewable energy sources, combined heat and power and waste, was published on 20 June 2014.

In this regard, it is Group management's opinion that the latest changes in relation to the regulatory framework have not had a significant impact on the continuity of operations of the facilities nor, therefore, on the Group's ability to meet the payment obligations outstanding at the date of these consolidated financial statements. Similarly and in accordance with applicable legislation, "Other current liabilities" in the consolidated statement of financial position includes USD 6,658 thousand (USD 7,751 thousand in 2013) relating to the surplus payments received and that will be offset with the payments to be received in 2015.

The Group's installed capacity in Spain is 192 MW. In 2014 these facilities generated 737,022 MWh of electricity (757,600 MWh and 450,000 MWh in 2013 and 2012, respectively). The Group also had an additional output of 20 MW in France, which generated 97,863 MWh in 2014 (108,400 MWh in 2013, 80,000 MWh in 2012).

In Spain, the Group sells all of the power it produces in the wholesale energy market that has been in place in Spain since 1998. Prior to 2013, the Group benefitted from a feed-in tariff support scheme, pursuant to which the Group was able to sell its energy at a price higher than the market price. However, the new regulatory regime introduced in Spain in 2013 has eliminated the availability of the feed-in tariff support scheme for most of the Group's facilities. The Group has been able to partly mitigate this reduction in prices through the optimization of its power generation such that it operates in peak-price hours, as well as through

[Table of Contents](#)

participation in the “ancillary services” markets whereby The Group agrees to generate power as needed to balance the supply and demand of energy in the markets in which it operates. The Group has considered this new regulation in the impairment test of the energy assets.

8. **Goodwill**

The changes in “Goodwill” in 2014 and 2013 were as follows:

	Thousands of US Dollars				
	01/01/2013	Exchange differences	31/12/2013	Exchange differences	31/12/2014
Goodwill – Electrometallurgy Segment-SamQuarz (Pty.), Ltd. (South Africa)	2,799	598	3,397	(755)	2,642

At 31 December 2014 and 2013, the analysis conducted by the Parent’s directors in accordance with the requirements of IAS 36 did not disclose any impairment of the goodwill recognised.

In this regard, the main assumptions considered in calculating the value in use of the aforementioned goodwill for 2014 were as follows:

	2014
Basis of valuation	Value in use: discounted cash flows
Period of projection of cash flows	5 years
Discount rate	12.9%
Gross margin	23%
Growth rate	5%

9. **Other intangible assets**

The detail of “Other intangible assets”, of the related accumulated amortisation and impairment and of the changes therein in 2014 and 2013 is as follows:

	Thousands of US Dollars						
	Development Expenditure	Rights of Use	Computer Software	Other Intangible Assets	Accumulated Depreciation (Note 24.3)	Impairment	Total
Balance at 1 January 2013	33,004	23,951	2,288	26,627	(31,468)	(2,639)	51,763
Additions	7,865	114	—	1,023	(6,548)	—	2,454
Disposals and reductions	—	—	—	(214)	—	—	(214)
Impairment (Note 24.5)	—	—	—	—	—	(1,061)	(1,061)
Exchange differences	1,451	1,088	103	(262)	(1,418)	(160)	802
Balance at 31 December 2013	42,320	25,153	2,391	27,174	(39,434)	(3,860)	53,744
Additions	5,846	—	—	2,816	(6,767)	—	1,895
Exchange differences	(5,567)	(3,009)	(286)	(990)	4,200	462	(5,190)
Balance at 31 December 2014	42,599	22,144	2,105	29,000	(42,001)	(3,398)	50,449

All balances at 31 December 2014 and 2013 and all changes in the line items under this heading in 2014 relate in full to the Group’s Electrometallurgy Segment.

The additions in 2014 and 2013 in “Development expenditure” related mainly to the development of the “Silicio Solar” project, undertaken by several Group companies.

Table of Contents

The Group has been granted certain rights of use on various assets that will have to be returned, free of charges, in successive years. The cost of the assets associated with these concessions is depreciated over the shorter of the useful life of the assets and the period for use and it is estimated that the costs, if any, to be incurred when the assets are handed over will not be significant.

“Other intangible assets” include USD 7,042 thousand related to the SamQuarz (PTY), Ltd business combination (see Note 2), being their carrying amount as of December 31, 2014 USD 5,768 thousand. These intangible assets are being depreciated during 38 years, the mining reserves and 5 years the supply agreements.

10. Property, plant and equipment

The detail of “Property, plant and equipment”, of the related accumulated depreciation and impairment and of the changes therein in 2014 and 2013 is as follows:

	Thousands of US Dollars							
	Land and Buildings	Plant and Machinery	Other Fixtures, Tools and Furniture	Advances and Property, Plant and Equipment in the Course of Construction	Other Items of Property, Plant and Equipment	Accumulated Depreciation (Note 24.3)	Impairment (Note 24.5)	Total
Balance at 1 January 2013	241,837	958,650	5,050	24,724	27,308	(668,957)	—	588,612
Additions	487	1,152	127	29,244	—	(70,089)	—	(39,079)
Disposals	(185)	(484)	(32)	—	—	701	—	—
Transfers from/(to) other accounts	729	21,594	9	(22,332)	—	—	—	—
Exchange differences and others	5,868	9,746	(258)	755	(566)	(18,235)	—	(2,690)
Balance at 31 December 2013	248,736	990,658	4,896	32,391	26,742	(756,580)	—	546,843
Additions	93	2,413	36	38,720	4,120	(65,948)	(399)	(20,965)
Disposals and other	(58)	(3,182)	(8)	(4,272)	—	7,520	—	—
Transfers from/(to) other accounts	5,657	25,635	421	(31,713)	—	—	—	—
Exchange differences	(25,640)	(97,428)	(151)	(3,525)	(1,715)	82,092	35	(46,332)
Balance at 31 December 2014	228,788	918,096	5,194	31,601	29,147	(732,916)	(364)	479,546

The detail, by Segment, of “Property, plant and equipment” at 31 December 2014 and 2013 net of the related accumulated depreciation, is as follows:

2014

	Thousands of US Dollars							
	Land and Buildings	Plant and Machinery	Other Fixtures, Tools and Furniture	Advances and Property, Plant and Equipment in the Course of Construction	Other Items of Property, Plant and Equipment	Accumulated Depreciation	Impairment	Total
Energy Segment	37,307	182,556	83	13,067	—	(152,782)	—	80,231
Electrometallurgy Segment	191,481	735,540	5,111	18,534	29,147	(580,134)	(364)	399,315
	228,788	918,096	5,194	31,601	29,147	(732,916)	(364)	479,546

2013

	Thousands of US Dollars						Total
	Land and Buildings	Plant and Machinery	Other Fixtures, Tools and Furniture	Advances and Property, Plant and Equipment in the Course of Construction	Other Items of Property, Plant and Equipment	Accumulated Depreciation	
Energy Segment	42,378	207,365	94	5,276	—	(167,711)	87,402
Electrometallurgy Segment	206,358	783,293	4,802	27,115	26,742	(588,869)	459,441
	248,736	990,658	4,896	32,391	26,742	(756,580)	546,843

There is no indication of impairment in the Group's property, plant and equipment and it is considered that the recoverable amount of the assets is higher than their carrying amount, net of any depreciation.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it in the pursuit of its business activities. These policies are considered to adequately cover the risks to which the related items were subject at 31 December 2014 and 2013.

Property, plant and equipment abroad from Spain

The carrying amount of the Group's property, plant and equipment abroad was USD 291,012 thousand at 31 December 2014 (USD 331,546 thousand in 2013), the detail being as follows:

	Thousands of US Dollars	
	2014	2013
<i>Energy Segment</i>	—	—
<i>Electrometallurgy Segment (1)-</i>		
France	78,530	92,488
South Africa	76,283	86,369
Republic of China	70,797	78,256
Others	65,402	74,467
Total	291,012	331,580

- (1) Electrometallurgy Segment: this relates to the value of the electrometallurgy (ferroalloy) and silicon metal plants located in France (owned by FerroPem, S.A.S., Photosil Industries, S.A.S. and Emix, S.A.S.), Venezuela (owned by FerroAtlántica de Venezuela (FerroVen), S.A.), People's Republic of China (owned by Ganzi FerroAtlántica Silicon Industry Co. Ltd. and MangShi Sinice Silicon Industry Company Limited) and South Africa (owned by the South African subgroup headed by Silicon Smelters (Pty.), Ltd.).

Charges

Certain of the Group's items of property, plant and equipment with a carrying amount of approximately USD 62,949 thousand at 31 December 2014 (approximately USD 71,215 thousand in 2013) have been mortgaged as security for bank loans received and other payables against which USD 32,011 thousand had been drawn down (USD 40,195 thousand in 2013).

[Table of Contents](#)

Finance leases

The balances of the main assets held by the Group companies under finance leases, included in “Plant and Machinery” in the previous disclosure, are as follows:

	Lease Term (Years)	Time Elapsed (Years)	Cost (Euros)	Thousands of US Dollars				
				Cost	Accumulated Depreciation	Carrying Amount	Interest Payable	Lease Payments Outstanding (*)
Year 2014-								
Hydroelectrical installations (*)	10	2.6	109,047	132,394	(77,767)	54,627	—	116,237
Year 2013-								
Hydroelectrical installations (*)	10	1.6	109,047	150,387	(84,183)	66,204	—	143,901

(*) See also Note 17.

These assets will revert back to the Spanish State, free of charges, between 2038 and 2060. The costs incurred at the time of the reversal are not deemed to be significant.

Commitments

At 31 December 2014 the Group has USD 31.55 million of capital expenditures commitments, primarily relating to the addition of 19 MW of annual capacity to existing hydroelectric power plants.

At 31 December 2013 there were no commitments to acquire property, plant and equipment of significant amounts.

11. Financial assets

The detail of “Non-current financial assets”, “Trade and other receivables” and “Current financial assets” at 31 December 2014 and 2013 is as follows:

2014

	Thousands of US Dollars		
	Non- Current	Current	Total
Trade and other receivables	—	296,847	296,847
Financial assets held with third parties:			
Loans and receivables	7,062	237	7,299
Other financial assets	1,298	—	1,298
	<u>8,360</u>	<u>237</u>	<u>8,597</u>
	8,360	297,084	305,444

2013

	Thousands of US Dollars		
	Non-Current	Current	Total
Trade and other receivables	—	339,585	339,585
Financial assets held with third parties:			
Loans and receivables (*)	3,282	280	3,562
Other financial assets	1,465	—	1,465
	4,747	280	5,027
Financial assets held with Group and related companies (see Note 22):			
Investments in Obrascon Huarte Laín, S.A.	—	36,728	36,728
Loans and receivables (*)	56,052	14,911	70,963
	56,052	51,639	107,691
	60,799	391,504	452,303

(*) In 2014 the Group's Parent delivered an additional cash flow amount of \$95,514 thousand held with the Group and related parties and with third parties. This amount was canceled against a portion of the dividends distributed by the Group to its sole shareholder (see Note 14).

Trade and other receivables

The detail of "Trade and other receivables" in the accompanying consolidated statements of financial position at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars	
	2014	2013
Trade receivables	248,916	276,499
Trade notes receivable	1,375	142
Unmatured discounted notes and bills	6,256	13,984
Doubtful trade receivables	7,220	5,518
Tax receivables (1)	18,816	35,239
Employee receivables	342	542
Other receivables	21,142	13,179
Less – Impairment losses on uncollectible trade receivables	(7,220)	(5,518)
	296,847	339,585

(1) "Tax receivables" relates mainly to VAT borne, to be offset or refunded by the tax authorities in the countries in which the Group companies are located, mainly Spain (FerroAtlántica), Venezuela (FerroVen) and China (MangShi).

The fair value of the balances included under this heading, which are expected to be settled within less than one year, does not differ substantially from their carrying amount and, therefore, these balances have not been adjusted to amortised cost.

The age of the past-due receivables for which no allowance had been recognised is as follows:

	Thousands of US Dollars	
	2014	2013
0-90 days	52,551	67,650
90-180 days	946	19,870
180-360 days	—	4,508
More than 360 days	—	—
	53,497	92,028
Average collection period (days)	69	68

The changes in 2014 and 2013 in “Impairment losses” were as follows:

	Thousands of
	US Dollars
Balance at 1 January 2013	6,320
Reversed	(170)
Amount in used	(1,218)
Exchange differences	586
Balance at 31 December 2013	5,518
Charge for the year	2,646
Reversed	(61)
Exchange differences	(883)
Balance at 31 December 2014	7,220

The Group recognised the related valuation adjustments to cover the risk of possible bad debts that might arise (see Note 24.3).

At 31 December 2014 and 2013, there was no concentration of balances with the same customer representing more than 10% of the amount recognised in the various line items under “Trade and other receivables” (see Note 7).

Factoring without recourse arrangements

The following Group companies entered into factoring without recourse agreements, the amounts of which at the reporting date were as follows:

Group Company	Thousands of US Dollars	
	2014	2013
FerroAtlántica, S.A. (Sociedad Unipersonal)	37,081	13,630
FerroPem, S.A.S.	12,621	—
Silicon Smelters (Pty), Ltd.	7,629	3,777
Hidro Nitro Española, S.A.	4,362	5,922
Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	2,318	11,881
	64,011	35,210

These amounts were derecognised from the consolidated statement of financial position as the directors consider that substantially all the risks and rewards associated with the receivables, as well as control over the receivables, have been transferred, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. The Group companies continue to manage collections of these receivables.

[Table of Contents](#)

Transfer of financial assets (commercial discounting of accounts receivable)

In trade discount transactions (recourse factoring) carried out by Group companies, it is understood that the risks and rewards associated with the discounted receivables have not been transferred, given that if these receivables are not collected on maturity, the bank has the right to claim the unpaid amount from the Group companies.

In this regard, the related Group companies recognised the amount receivable under “Trade notes receivable” with a credit to “Bank borrowings – Payables in relation to discounted notes and bills” (see Note 16), until they are collected or settled.

Loans and receivables

“Loans and receivables” includes the loans granted to third parties:

	Thousands of US Dollars			
	2014		2013	
	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>
Accounts receivable from third parties	7,062	237	3,282	280
	<u>7,062</u>	<u>237</u>	<u>3,282</u>	<u>280</u>

These accounts receivable relate mainly to payments made to local public-sector entities pursuant to the legislation applicable to various Group companies, which are subsequently reimbursed by such entities or by third-party loans. These accounts are valued at amortised cost.

The planned long-term (non-current) maturity of these accounts receivable at 31 December 2014 and 2013 was as follows:

2014

	Thousands of Euros					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Other</u>	<u>Total</u>
Accounts receivable from third parties	4,507	254	215	209	1,877	7,062

2013

	Thousands of Euros					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Other</u>	<u>Total</u>
Accounts receivable from third parties	255	257	263	237	2,270	3,282

12. Inventories

The detail of “Inventories” in the accompanying consolidated statements of financial position at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars	
	<u>2014</u>	<u>2013</u>
Finished industrial goods	281,368	297,689
Raw materials in progress and industrial supplies	142,970	157,005
Other inventories	20,257	18,532
Advances to suppliers	137	263
Less – Write-downs	<u>(5,715)</u>	<u>(6,635)</u>
	<u>439,017</u>	<u>466,854</u>

[Table of Contents](#)

The changes in 2014 and 2013 in “Write-downs” were as follows:

	Thousands of US Dollars
Balance at 1 January 2013	7,930
Charge for the year	616
Reversed	(479)
<i>Net write-down (Note 24.3)</i>	<u>137</u>
Amount in used	(1,729)
Exchange differences	297
Balance at 31 December 2013	6,635
Charge for the year	227
Reversed	(365)
<i>Net write-down (Note 24.3)</i>	<u>(138)</u>
Exchange differences	(782)
Balance at 31 December 2014	5,715

The write-downs in 2014 and 2013 were recognised to adjust the acquisition or production cost to the net realisable value of the inventories.

The amount of the purchase commitments of the various Group companies was not significant at the 2014 and 2013 reporting dates.

The Group companies have taken out insurance policies to sufficiently cover the costs and expenses arising from possible future losses relating to inventories.

Also, at December 31, 2014 approximately USD 59.7 million of these assets are securing the loan granted to the subsidiary Silicon Smelters (Pty.) Ltd. (USD 55.6 million at 31 December 2013).

13. Other assets

The detail of this heading at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars					
	2014			2013		
	Non- Current	Current	Total	Non- Current	Current	Total
Guarantees and deposits given	3,966	—	3,966	4,288	—	4,288
Prepayments and accrued income	—	1,336	1,336	—	1,274	1,274
Biological assets	17,024	—	17,024	13,384	—	13,384
Other assets	1,672	5,233	6,905	1,553	4,360	5,913
	<u>22,662</u>	<u>6,569</u>	<u>29,231</u>	<u>19,225</u>	<u>5,634</u>	<u>24,859</u>

“Biological assets” includes the forest plantations of the South African subsidiary Silicon Smelters (Pty.), Ltd., which are used for the production of silicon metal. It should be noted that the plantations are measured at fair value less the incremental costs to be incurred until the related products are at the point of sale. The main assumptions used include the number of hectares planted, and the age and average annual growth of the plantations. The changes in value of this asset are recognised in “Net gains/losses due to changes in the value of assets” in the consolidated income statement for the year (See Note 24.5).

In particular, the methods and assumptions used in determining the fair value are as follows:

- The arm’s length price (market price) used by the market for wood of varying ages. It should be noted that Silicon Smelters does not normally use production cost to measure the wood.

[Table of Contents](#)

- The wood pulp industry Mean Annual Increment (MAI) index of 15 for gum and 10.5 for pine is used to determine the annual growth rate of the plantations.
- The density index used to convert cubic meters of wood to metric tons is 0.94 for pine and 1 for wood pulp.
- Lastly, it should be noted that the foregoing assumptions were applied on a consistent basis in recent years.

Third parties have filed claims against this investee in respect of a portion of these plantations, but it is not possible to assess the financial exposure in this connection. The cost of the plantations that are the subject of claims amounts to USD 2,160 thousand (USD 2,364 thousand in 2013). In this regard, Group management considers the risk of these claims to be remote and, therefore, no provision has been recognised in this connect.

14. Equity

Share capital

The share capital of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) at 31 December 2014, 2013 and 2012 was represented by 200,000 fully subscribed and paid shares of EUR 1,000 par value each. All the shares carry the same voting and dividend rights.

At 31 December 2014, 2013 and 2012, the Parent's sole shareholder was Grupo Villar Mir, S.A. (Sociedad Unipersonal). The Parent's sole-shareholder status is registered at the Mercantile Registry.

Legal reserve

Under the Spanish Limited Liability Companies Law, the Group must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2014, 2013 and 2012, the legal reserve had reached the legally required minimum in accordance with the current legislation applicable to it.

Valuation adjustments

The detail of this heading in the consolidated statements of financial position at 31 December 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Actuarial gains and losses	(12,562)	(9,419)	—
Hedging instruments and other	(7,721)	(4,267)	(8,728)
	(20,283)	(13,686)	(8,728)

Capital management

The Group's core objective is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it has a presence, while keeping the cost of capital at competitive levels so as to fund the Group's growth. The main sources of financing are as follows:

1. Cash flows from continuing operations.
2. Long-term corporate financing through each of the Group's main subsidiaries and in the currency in which they operate. The Group's general policy is for each of the subgroup heads to be financed without recourse to or guarantees provided by the Parent.

Table of Contents

3. Liquidity facilities taken out by the Parent under bilateral agreements with banks, to provide the Group with flexibility in its cash management activities.

In the case of Venezuela in particular, given the complexity of its financial market and the restrictions on capital flows, long-term financing is structured through intercompany loan agreements.

In this regard, the capital structure is controlled through the leverage ratio, i.e. the ratio of net financial debt to consolidated equity and through other financial ratios included in our financial borrowings (see note 16). Group management considers that the leverage ratio at 31 December 2014, 2013 and 2012 was adequate, the detail being as follows:

	Thousands of US Dollars		
	2014	2013	2012
Consolidated equity	507,677	783,966	796,574
Gross financial debt (*)	523,148	599,809	688,680
Cash and cash equivalents	(48,651)	(62,246)	(71,631)
Net financial debt	474,497	537,563	617,049
Net financial debt/Consolidated equity (**)	93.46%	68.57%	77.46%

(*) Including the carrying amount (fair value) of the hedging derivatives recognised, arranged by several Group companies.

(**) Some bank borrowings include conditions related to the achievement of a leverage ratio lower than 100%.

The distribution of the Group's borrowings between non-current and current is as follows:

	Thousands of US Dollars					
	2014	%	2013	%	2012	%
Non-current gross financial debt	364,287	70	366,061	61	292,546	42
Current gross financial debt	158,861	30	233,748	39	396,134	58
Total gross financial debt	523,148	100	599,809	100	688,680	100

Dividends policy

The distribution of dividends in 2014 from the Parent to the sole shareholder consisted of:

- On 25 July 2014 and 5 August 2014, the Parent's Board of Directors resolved to distribute dividends through a cash payment of \$13,440 thousand and \$26,676 thousand, respectively, with a charge to "Voluntary reserves".
- On 29 December 2014, the Parent's Board of Directors also resolved to distribute dividends of \$127,061 thousand with a charge to "Voluntary reserves". Payment of the dividends was effected by transferring and/or offsetting certain collection rights against the Parent's sole shareholder that the Parent and certain Group companies had with the sole shareholder.
- Lastly, on this date the Parent's Board of Directors also resolved to distribute dividends of \$55,041 thousand with a charge to "Interim dividends" out of 2014 profit. Payment of the dividends was made through the delivery of financial assets amounting to \$32,438 thousand to the Parent's sole shareholder and by cancelling the collection rights against the sole shareholder in the amount of \$22,603 thousand.

Of the total dividends issued by FerroAtlántica during 2014 cancelling the collection rights against the sole shareholder, \$136,495 thousand were classified as non-current receivables from related parties and \$45,607 thousand were classified as current financial assets from related parties.

[Table of Contents](#)

The distribution of dividends in 2013 from the Parent to the sole shareholder consisted of:

- On 1 July 2013 and 17 December 2013, the Parent's Board of Directors resolved to distribute dividends of \$13,037 thousand and \$27,498 thousand, respectively, with a charge to "Voluntary Reserves", of which \$27,498 thousand were paid in cash and the remainder was settled by delivering financial assets worth \$13,037 thousand to the Parent's sole shareholder.

The distribution of dividends in 2012 from the Parent to the sole shareholder consisted of:

- On 28 September 2012 and 28 November 2012, the Parent's Board of Directors resolved to distribute dividends of \$46,100 thousand and \$80,688 thousand, respectively, with a charge to "Voluntary Reserves". Payment of the dividends was effected by offsetting accounts receivable by the Parent from its sole shareholder amounting to \$80,353 thousand and, in addition, through a cash payment of \$46,100 thousand.

These compensations through the delivery of financial assets are the main non-cash transactions performed by the Group.

Non-controlling interests

The balance of "Non-controlling interests" in the consolidated statement of financial position relates to the value of the interest of non-controlling shareholders in the fully consolidated Group companies. Also, the balance of "Profit (Loss) attributable to non-controlling interests" in the consolidated income statement represents the share of non-controlling shareholders in the profit for the year.

The changes in "Non-controlling interests" in the consolidated statements of financial position in 2014 and 2013 were as follows:

	Thousands of US Dollars						
	<u>01/01/2013</u>	<u>Profit/ (Loss) for the Year</u>	<u>Translation Differences and Other</u>	<u>31/12/2013</u>	<u>Profit/ (Loss) for the Year</u>	<u>Translation Differences and Other</u>	<u>31/12/2014</u>
FerroAtlántica de Venezuela (FerroVen), S.A.	18,619	(4,619)	(1,082)	12,918	(7,655)	534	5,797
Rocas, Arcillas y Minerales, S.A.	1,019	(598)	(14)	407	736	(112)	1,031
Ganzi FerroAtlántica Silicon Industry Co. Ltd.	6,792	(325)	(873)	5,594	(35)	(908)	4,651
Thaba Chueu Mining (Pty.), Ltd.	326	(570)	(128)	(372)	312	4,612	4,552
Other	619	(288)	1,909	2,240	(64)	(229)	1,947
	<u>27,375</u>	<u>(6,400)</u>	<u>(188)</u>	<u>20,787</u>	<u>(6,706)</u>	<u>3,897</u>	<u>17,978</u>

At 31 December 2014, there were no non-controlling shareholders that held more than 10% of the share capital of the main Group companies, except in the case of the subsidiary FerroAtlántica Brasil Mineração, Ltda., whose non-controlling shareholder, with a 20% ownership interest in its share capital, is the Brazilian company Zeus; the subsidiary Rocas, Arcillas y Minerales, in which several non-controlling shareholders (natural persons) hold a 33% ownership interest; the subsidiary Ganzi FerroAtlántica Silicon Industry Company Ltd., whose non-controlling shareholder, with a 25% ownership interest in its share capital, is the Chinese company Gan Zi Kang Ding ShunDa Silicon Co., Ltd.

[Table of Contents](#)

15. Provisions

The detail of this heading at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars					
	2014			2013		
	Non-Current	Current	Total	Non-Current	Current	Total
Provision for pensions	44,927	—	44,927	44,437	—	44,437
Environmental provision (Note 5)	1,043	860	1,903	1,216	385	1,601
Provisions for litigation	—	807	807	—	1,303	1,303
Provisions for third-party liability	4,316	4,593	8,909	4,648	7,153	11,801
Other provisions	31	89	120	—	1,120	1,120
	50,317	6,349	56,666	50,301	9,961	60,262

The changes in the various line items of “Provisions” in 2014 and 2013 were as follows:

	Thousands of US Dollars					
	Provision for Pensions	Environmental Provision	Provisions for Litigation in Progress	Provisions for Third-Party Liability	Other Provisions	Total
Balance at 1 January 2013	30,105	1,570	1,633	15,503	1,196	50,007
Charges for the year	8,897	—	—	—	—	8,897
Provisions reversed with a credit to income	—	—	—	(4,241)	—	(4,241)
Amounts used	(2,826)	—	(389)	—	—	(3,215)
Provision against equity	9,419	—	—	—	—	9,419
Exchange differences and others	(1,158)	31	59	539	(76)	(605)
Balance at 31 December 2013	44,437	1,601	1,303	11,801	1,120	60,262
Charges for the year	5,663	551	—	338	—	6,552
Provisions reversed with a credit to income	—	—	—	(1,718)	—	(1,718)
Amounts used	(3,123)	—	(372)	(240)	(9)	(3,744)
Provision against equity	3,143	—	—	—	—	3,143
Exchange differences and others	(5,193)	(249)	(124)	(1,272)	(991)	(7,829)
Balance at 31 December 2014	44,927	1,903	807	8,909	120	56,666

The main provisions relating to employee obligations are as follows:

France

These relate to various obligations assumed by Ferropem, S.A. with various groups of employees relate to long-service benefits, medical insurance supplements and retirement obligations, all of which are defined benefit obligations, whose changes in 2014 and 2013 were as follows:

	Thousands of US Dollars	
	2014	2013
Obligations at beginning of year	29,682	18,584
Current service cost	1,508	2,152
Borrowing costs	901	511
Actuarial differences	3,548	8,513
Benefits paid	(1,598)	(1,298)
Exchange differences	(3,926)	1,220
Obligations at end of year	30,115	29,682

[Table of Contents](#)

The subsidiary recognised provisions in this connection based on an actuarial study performed by an independent expert.

South Africa

South African Group companies provide medical aid to their employees and their families. At 31 December 2014, the provision recognised in this connection amounted to USD 7,201 thousand (USD 7,095 thousand at 31 December 2013). At the aforementioned date, the effect of a 1% change in the cost of the medical aid would have amounted to approximately USD 1,456 thousand (USD 1,226 thousand 31 December 2013).

Venezuela

The Group company FerroVen has pension obligations to all of its employees who, once reaching retirement age, have accumulated at least 15 years of service at the company and receive a Venezuelan Social Security Institute (IVSS) pension. In addition to the pension paid by the IVSS, 80% of the basic salary accrued when the pension benefit is awarded is guaranteed and paid by means of a lifelong monthly pension. At 31 December 2014 and 2013, the provision recognised in this connection, based on the actuarial studies performed by independent experts, amounted to USD 2,565 thousand and USD 4,661 thousand, respectively.

The summary of the main actuarial assumptions used to calculate the aforementioned obligations is as follows:

	France		South Africa		Venezuela	
	2014	2013	2014	2013	2014	2013
Salary increase	2%-6.5%	2%-6.5%	7.2%	N/A	20%	20%
Discount rate	2%	3.15%	8.4%	9.25%	39.39%	39.39%
Expected inflation rate	2%	2%	6.20%	7.5%	35%	35%
Mortality	TGH05/TGF05	TGH05/TGF05	N/A	N/A	UP94	UP94
Retirement age	63	63	63	63	63	63

Provisions for third-party liability

The amounts recognised under this heading relate to current obligations due to legal claims or obligations arising from past actions that involve a probable outflow of resources that can be reliably estimated. At the date of preparation of these consolidated financial statements, there were no lawsuits in progress the outcome of which could significantly affect the Group's equity position.

16. Bank borrowings

The detail of "Non-current liabilities – Bank borrowings" and "Current liabilities – Bank borrowings" at 31 December 2014 and 2013 is as follows:

2014

	Limit (Millions of US Dollars)	Thousands of US Dollars		
		Non-Current Amount Drawn Down	Current Amount Drawn Down	Total
Borrowings to finance investments	213	115,500	58,290	173,790
Credit facilities	271	117,734	72,471	190,205
Discounted bills and notes	41	—	7,990	7,990
Other	20	11,538	8,476	20,014
	545	244,772	147,227	391,999

[Table of Contents](#)

2013

	Limit (Millions of US Dollars)	Thousands of US Dollars		
		Non-Current Amount Drawn Down	Current Amount Drawn Down	Total
Borrowings to finance investments	258	157,878	58,734	216,612
Credit facilities	250	17,611	133,636	151,247
Discounted bills and notes	46	—	13,984	13,984
Other (*)	113	52,155	15,484	67,639
	667	227,644	221,838	449,482

(*) Includes primarily two financing lines, arranged by FerroPem, S.A.S. within the framework of the syndicated bank loan entered into with a syndicate of banks, with BNP Paribas acting as the agent bank (see “Non-current borrowings to finance investments” in this Note).

The detail, by currency, of the non-current and current bank borrowings is as follows:

2014

	Limit (Millions of US Dollars)	Thousands of US Dollars		
		Non-Current Amount Drawn Down	Current Amount Drawn Down	Total
Borrowings in euros	403	222,774	83,400	306,174
Borrowings in foreign currencies	142	21,998	63,827	85,825
	545	244,772	147,227	391,999

2013

	Limit (Millions of US Dollars)	Thousands of US Dollars		
		Non-Current Amount Drawn Down	Current Amount Drawn Down	Total
Borrowings in euros	430	160,087	121,285	281,372
Borrowings in foreign currencies	237	67,557	100,553	168,110
	667	227,644	221,838	449,482

The detail, by Segment, of the Group’s loans and credit facilities at 31 December 2014 and 2013 is as follows:

2014

	Thousands of US Dollars				
	Loans to Finance Investments	Credit Facilities	Discounted Bills and Notes	Other	Total
Energy Segment	1,700	—	—	—	1,700
Electrometallurgy Segment	172,090	190,205	7,990	20,014	390,299
	173,790	190,205	7,990	20,014	391,999

2013

	Thousands of US Dollars				
	Loans to Finance Investments	Credit Facilities	Discounted Bills and Notes	Other	Total
Energy Segment	4,827	3,584	—	—	8,411
Electrometallurgy Segment	211,785	147,663	13,984	67,639	441,071
	216,612	151,247	13,984	67,639	449,482

At 31 December 2014, the detail, by maturity, of the non-current bank borrowings is as follows:

	Thousands of US Dollars					
	2016	2017	2018	2019	Other	Total
Borrowings to finance investments	49,516	21,837	23,866	5,087	15,194	115,500
Credit facilities	65,528	—	52,206	—	—	117,734
Other	1,124	543	2,973	554	6,344	11,538
	116,168	22,380	79,045	5,641	21,538	244,772

The average interest rates applicable to the Group's financial borrowings in 2014 and 2013 were 5.07% and 6.78%, respectively.

Borrowings to finance investments

"Borrowings to finance investments" includes bank borrowings, secured by in real guarantee, arranged to finance investments in non-current assets, including most notably the following:

2014

Company	Bank	Purpose	Maturity	Limit (Millions of US Dollars)	Thousands of US Dollars		
					31/12/2014	Non-Current	Current
FerroAtlántica, S.A. (Sociedad Unipersonal) (1)	Syndicated, agent bank – Santander	Corporate finance	2016	63	22,990	14,005	36,995
Silicon Smelters (Pty.), Ltd. (2)	Standard Bank	Sundry investments	2018	17	14,060	3,244	17,304
Silicon Smelters (Pty.), Ltd.	Standard Bank	Sundry investments	2016	22	—	14,706	14,706
FerroPem, S.A.S. (3)	Syndicated, agent bank – BNP Paribas	Syndicated financing for sundry investments	2018	42	27,417	9,128	36,545
Mangshi Sinice Silicon Industry Company, Ltd (4)	COFIDES	Investments in Mangshi plant	2019	25	20,234	5,059	25,293
Thaba Chueu Mining (Pty.), Ltd. (5)	Standard Bank	Adquisición SamQuarz (Pty.), Ltd.	2018	9	7,939	822	8,761
Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	Banco do Brasil	Corporate investment financing	2015	8	—	8,623	8,623
Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	Bankinter	Corporate investment financing	2016	6	6,071	—	6,071
Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	COFIDES	Corporate investment financing	2021	15	15,067	—	15,067
Other loans				6	1,722	2,703	4,425
				213	115,500	58,290	173,790

2013

Company	Bank	Purpose	Maturity	Limit (Millions of US Dollars)	Thousands of US Dollars 31/12/2013		
					Non- Current	Current	Total
FerroAtlántica, S.A. (Sociedad Unipersonal)	Syndicated, agent bank – Santander	Corporate finance	2016	84	32,534	10,551	43,085
Hidro Nitro Española, S.A.	HSBC	Long-term loans and credits	2015	22	1,931	19,859	21,790
Silicon Smelters (Pty.), Ltd.	Standard Bank	Sundry investments	2018	29	24,820	3,897	28,717
FerroPem, S.A.S.	Syndicated, agent bank – BNP Paribas	Syndicated financing for sundry investments	2018	48	42,905	5,363	48,268
FerroPem, S.A.S.	Bankia	Sundry investments	2014	3	—	2,299	2,299
Mangshi Sinice Silicon Industry Company, Ltd	COFIDES	Investments in Mangshi plant	2019	34	28,731	5,747	34,478
Thaba Chueu Mining (Pty.), Ltd.	Standard Bank	Adquisición SamQuarz (Pty.), Ltd.	2018	19	17,163	1,656	18,819
Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	Banco do Brasil	Corporate investment financing	2015	12	9,794	2,448	12,242
Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	Banco do Brasil	Corporate investment financing	2014	7	—	6,896	6,896
Other loans				—	—	18	18
				258	157,878	58,734	216,612

(1), (2), (3), (4) and (6). These are the main agreements that include conditions relating to the achievement of certain financial and equity ratios associated with the separate financial statements of each company that is a party thereto.

With regard to the syndicated loan (1), on 30 December 2008 FerroAtlántica, S.A. (Sociedad Unipersonal) arranged a syndicated loan and a syndicated credit facility for EUR 100,000 thousand and EUR 50,000 thousand, respectively. On 29 November 2012, this Group company refinanced the aforementioned debt by arranging a loan amounting to EUR 34,000 thousand and two syndicated credit facilities. The first syndicated credit facility related to a revolving credit line amounting to EUR 38,000 thousand and the second to an investment credit amounting to EUR 35,000 thousand. At 31 December 2014, EUR 17,000 thousand had been drawn down on the loan (2013: EUR 25,500 thousand) (without taking into account the expenses inherent to the arrangement thereof), which were classified as current and non-current items in accordance with the maturities established in the repayment schedule, as shown in the foregoing table. At 31 December 2014, EUR 14,030 thousand (2013: EUR 7,150 thousand) of the credit facility associated with the financing of investments and EUR 18,000 thousand (2013: EUR 5,000 thousand) of the revolving credit facility recognised under “Credit facilities” had been drawn down, which are classified as current liabilities. The aforementioned syndicated loan and syndicated credit facility include conditions tied to the achievement of certain economic and equity ratios associated with the subsidiary’s financial statements. These ratios had been achieved at the end of 2014.

The loan granted to the subsidiary Silicon Smelters (Pty.) Ltd. (2) was refinanced by Standard Bank (South Africa) on 8 February 2013 for a maximum amount of ZAR 615 million; this limit relates to a loan for investments amounting to ZAR 315 million, a revolving credit facility of ZAR 250 million, also for investments, and a credit facility for a maximum amount of ZAR 50 million. These borrowings

mature at five years from the execution of the refinancing, bear interest at a market rate for ZAR loans granted by South African banks and are subject to the achievement of certain financial ratios. The original loan granted to this subsidiary, which was still in force at 31 December 2014, included conditions relating to the achievement of financial ratios, which had been met at year-end.

With regard to (3), on 1 August 2013, the subsidiary FerroPem, S.A.S arranged, for a total of EUR 80,000 thousand, a loan amounting to EUR 35,000 thousand and two syndicated credit facilities. The first syndicated credit facility related to a revolving credit line amounting to EUR 30,000 thousand and the second to the financing of the subsidiary's stock amounting to EUR 15,000 thousand. At 31 December 2014, EUR 30,100 thousand had been drawn down (EUR 35,000 thousand in 2013), which were classified as current and non-current items in accordance with the maturities established in the repayment schedule, as shown in the foregoing table. At 31 December 2014, EUR 14,498 thousand (EUR 15,000 thousand in 2013) of the credit facility associated with the financing of stocks and EUR 30,000 thousand (EUR 6,394 thousand in 2013) of the revolving credit facility recognised under "Credit facilities" had been drawn down, which are classified as current liabilities. The aforementioned syndicated loan and syndicated credit facility include conditions tied to the achievement of certain economic and equity ratios associated with the subsidiary's financial statements. These ratios had been achieved at the end of 2014. In relation to the revolving credit facility, the subsidiary, following law D'Ailly, has provided invoices amounting to EUR 36 million (EUR 18 million as of 31 December 2013).

The loan to finance investments (4) granted by Compañía Española de Financiación de Desarrollo, S.A. (COFIDES) to the subsidiary MangShi Sinice Silicon Industry Company, Ltd., against which EUR 25,000 thousand had been drawn down at 31 December 2014 and 2013, includes conditions relating to the achievement of certain financial ratios associated with the subsidiary's financial statements and also with the Group's consolidated financial statements.

Lastly, on 30 June 2013, the subsidiary Thaba Chueu Mining (Pty.), Ltd. entered into a financing agreement (5) with Standard Bank (South Africa), with a limit of ZAR 195 million, for the acquisition of the subsidiary SamQuarz (Pty.), Ltd. This loan matures at six years, with the first repayment due 20 months after the agreement execution date. The loan bears interest at a market rate for ZAR loans granted by South African banks and is subject to the achievement of certain financial ratios which had been achieved at 31 December 2014.

17. Leases

Obligations under finance leases

The detail of "Non-current liabilities – Obligations under finance leases" and "Current liabilities – Obligations under finance leases" in the accompanying consolidated statements of financial position at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars					
	2014			2013		
	Non-Current	Current	Total	Non-Current	Current	Total
Hydroelectrical installations (including power lines and concessions)	105,262	10,975	116,237	132,034	11,867	143,901
Other finance leases	3,786	659	4,445	76	43	119
	109,048	11,634	120,682	132,110	11,910	144,020

[Table of Contents](#)

The detail, by maturity, of the non-current payment obligations under finance leases is as follows:

	Thousands of US Dollars					Total
	2016	2017	2018	2019	Other	
Hydroelectrical installations	11,525	12,102	12,706	13,337	55,592	105,262
Other finance leases	930	969	1,197	690	—	3,786
	12,455	13,071	13,903	14,027	55,592	109,048

The most significant finance lease held by the Group is that arranged by FerroAtlántica, S.A. (Sociedad Unipersonal) for the hydroelectrical installations relating to certain rights of use granted thereto.

On 25 May 2012 and prior to maturity of the lease-back agreement executed on 29 May 2003, FerroAtlántica, S.A. (Sociedad Unipersonal) cancelled and exercised its purchase option. Also, FerroAtlántica, S.A. (Sociedad Unipersonal) arranged in the aforementioned year a new lease contract amounting to EUR 120 million with Abanca (formerly NCG Banco), under which a collection rights assignment agreement was also entered into between Abanca and the bank consortium formed by Bankinter (EUR 45 million), CaixaBank (EUR 35 million) and BBVA (EUR 25 million). The agreement leaves Abanca with an ultimate share in the lease contract, excluding the purchase option, of EUR 14 million, thus covering the total amount, EUR 120 million, including the purchase option (approximately EUR 1 million). This lease expires ten years from the date on which it was entered into. This lease accrues interest at a rate of 3.68%

This lease bears interest at a market rate and FerroAtlántica, S.A. (Sociedad Unipersonal) has entered into hedges (“IRs”) on the unaccrued interest on this lease (see Note 18).

In this regard, and in reference only to the aforementioned lease of hydroelectrical installations, at year-end 2014 and 2013 FerroAtlántica, S.A. (Sociedad Unipersonal) had the following minimum lease payments with the related lessors, in accordance with the current contracts in force, without taking into account any future contractual lease payment revisions.

Minimum Finance Lease Payments	Thousands of US Dollars	
	2014	2013
Within one year	10,975	11,867
Between one and five years	49,670	55,055
After five years	55,592	76,979
	116,237	143,901

Operating leases

At 31 December 2014 and 2013, the Group had contracted with lessors certain lease payments. Main lease relates to the Group’s current head offices being its minimum lease payments, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions:

	Thousands of US Dollars	
	2014	2013
Within one year	1,507	1,507
Between one and five years	6,028	6,028
After five years	6,028	7,535
	13,563	15,070

Remaining operating leases are not significant for consolidation purposes.

[Table of Contents](#)

18. Other financial liabilities (current and non-current)

The detail of “Other financial liabilities” at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars					
	2014			2013		
	Non-Current	Current	Total	Non-Current	Current	Total
Interest rate swaps (hedges)	10,467	—	10,467	6,307	—	6,307
Other derivatives (hedges)	—	—	—	—	—	—
	10,467	—	10,467	6,307	—	6,307

Interest rate swaps

At 31 December 2014 and 2013, the following Group companies had entered into the following interest rate hedges:

2014

Bank	Company	Purpose	Nominal Amount (Thousands of US Dollars)	Maturity	Fixed Interest Rate	Reference Floating Interest Rate	Market Value (Thousands of US Dollars)
Abanca (agent bank)	FerroAtlántica, S.A. (Sociedad Unipersonal)	Lease of hydroelectrical installations	116,237	2022	2.05%	6-month Euribor	(8,546)
Société Générale	Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	Financing for investments in Chinese subsidiaries	25,293	2019	2.81%	6-month Euribor	(1,801)
Other	Several Group subsidiaries	Financing					(120)
							(10,467)

2013

Bank	Company	Purpose	Nominal Amount (Thousands of US Dollars)	Maturity	Fixed Interest Rate	Reference Floating Interest Rate	Market Value (Thousands of US Dollars)
NCG (agent bank)	FerroAtlántica, S.A. (Sociedad Unipersonal)	Lease of hydroelectrical installations	149,901	2022	2.05%	6-month Euribor	(3,926)
Société Générale	Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)	Financing for investments in Chinese subsidiaries	34,473	2019	2.81%	6-month Euribor	(2,165)
Other	Several Group subsidiaries	Financing					(216)
							(6,307)

[Table of Contents](#)

Foreign currency swaps (forwards)

The Group has arranged forward foreign currency purchase and sale transactions with various banks totalling USD 5,298 thousand and USD 58,163 thousand, respectively (USD 49,394 thousand and USD 47,935 thousand, respectively). At 31 December 2014 and 2013, the fair value of these forwards was not significant.

Estimate of fair value

The detail at 31 December 2014 of the assets and liabilities measured at fair value, based on the hierarchy levels mentioned in Note 6.5, is as follows:

2014

	Thousands of US Dollars			
	Value at 31/12/2014	Level 1	Level 2	Level 3
Non-current non-financial assets:				
Investment property	471	—	—	471
Biological Assets	17,024	—	—	17,024
Financial liabilities:				
Other financial liabilities – derivatives	10,467	—	10,467	—

2013

	Thousands of US Dollars			
	Value at 31/12/2013	Level 1	Level 2	Level 3
Non-current non-financial assets:				
Investment property	692	—	—	692
Biological Assets	13,384	—	—	13,384
Financial liabilities:				
Other financial liabilities – derivatives	6,307	—	6,307	—

19. Trade and other payables

The detail of this heading at 31 December 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars	
	2014	2013
Payable to suppliers	147,243	96,473
Trade notes and bills payable	8,543	9,664
	155,786	106,137

[Table of Contents](#)

The detail, by Segment, of the balance of this heading at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars					
	2014			2013		
	Payable to Suppliers	Trade Notes and Bills Payable	Total	Payable to Suppliers	Trade Notes and Bills Payable	Total
Energy Segment	5,474	2,372	7,846	1,372	1,298	2,670
Electrometallurgy Segment	141,769	6,171	147,940	95,101	8,366	103,467
	147,243	8,543	155,786	96,473	9,664	106,637

20. Other liabilities

The detail of “Other non-current liabilities” and “Other current liabilities” in the accompanying consolidated statements of financial position at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars					
	2014			2013		
	Non-Current	Current	Total	Non-Current	Current	Total
Payable to non-current asset suppliers	—	970	970	—	3,104	3,104
Guarantees and deposits	38	—	38	51	—	51
Remuneration payable	—	27,719	27,719	—	21,750	21,750
Tax payables	—	18,152	18,152	—	20,853	20,853
Other	35	19,933	19,968	—	7,950	7,950
	73	66,774	66,847	51	53,657	53,708

Tax payables

The detail of this heading at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars					
	2014			2013		
	Non-Current	Current	Total	Non-Current	Current	Total
VAT	—	1,984	1,984	—	3,137	3,137
Accrued social security taxes payable	—	6,757	6,757	—	7,545	7,545
Personal income tax withholdings payable	—	1,178	1,178	—	1,251	1,251
Other	—	8,233	8,233	—	8,920	8,920
	—	18,152	18,152	—	20,853	20,853

21. Tax matters

All the companies included in the Group file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations.

The consolidated income tax has been calculated as an aggregation of income tax expenses of each individual company. In order to calculate the taxable income of the consolidated entities individually, the accounting profit is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each consolidated income statement date, a current tax asset or liability is

[Table of Contents](#)

recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

The reconciliation between the theoretical income tax resulting from applying an average statutory tax rate to income before income tax and the actual income tax expense recognized in the income statements for the years ended 31 December 2014 and 2013, is as follows:

	Thousands of US Dollars	
	2014	2013
Consolidated profit before taxes	(91,438)	(46,606)
Regulatory tax rate	30%	30%
Corporate income tax at regulatory tax rate	27,431	13,982
Differences in foreign tax rates	(745)	1,620
Permanent differences	(1,319)	720
Incentives and deductions	(2,820)	(2,246)
Change in Spanish corporate income tax	(3,029)	—
Tax losses carryforward provided	4,645	12,769
Other non-taxable (income)/expense	35,544	(2,288)
Corporate income tax	59,707	24,558
Effective Tax Rate	65%	53%

The functional currency of the subsidiary FerroAtlántica de Venezuela (FerroVen), S.A. is the US dollar (see Note 6.13). In 2014, the carrying amount of its non-current assets and inventories was similar to that of previous years, while their tax value decreased in value as a result of the depreciation of the local currency. As a result of the difference between the carrying amounts and the tax values of the assets aforementioned, the related deferred tax assets and liabilities were adjusted with an impact in the Income tax amounting to USD 36,268 thousand included in “Other non taxable (income)/expense”.

A positive impact of USD 3,029 thousand has been recorded as a result of the adjustment of the tax rate in Spain due to the publication of the new Income Tax Law 27/2014 on 27 November, which reduced the rate to 28% for 2015 and to 25% for 2016 onwards.

Deferred taxes

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated statement of financial position and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse.

The Group has recognised the deferred tax assets arising from temporary differences, except for those with respect to which there are reasonable doubts as to their future recovery.

[Table of Contents](#)

The changes in deferred tax assets and liabilities in 2014 and 2013 were as follows:

	Thousands of US Dollars	
	Deferred Tax Assets	Deferred Tax Liabilities
Balance at 31 December 2012	43,590	57,973
Increases	2,745	2,204
Decreases	(1,407)	(7,316)
Exchange differences	2,070	2,249
Balance at 31 December 2013	46,998	55,110
Increases	9,525	4,581
Decreases	(32,245)	(11,608)
Exchange differences	(3,672)	1,548
Balance at 31 December 2014	20,606	49,631

The detail of “Deferred tax assets” at 31 December 2014 and 2013 is as follows:

	Thousands of US Dollars	
	2014	2013
Temporary differences:		
Non-current assets	5,382	21,024
Provisions	7,019	7,484
Depreciation and amortisation charge	3,202	2,189
Hedging instruments	3,140	1,884
Other	818	196
Tax Losses, Incentives, reductions and tax credits carryforwards	1,045	14,221
	20,606	46,998

Years open for review and tax audits

Under current legislation, tax returns cannot be deemed to be final until they have been audited by the tax authorities or until the statute-of-limitations period.

In general, the Group companies have the last four years open for review for all the taxes applicable to them. On 6 April 2015 the Spanish Tax Office has communicated to Group’s directors the tax review for mainly income tax from some Spanish subsidiaries for the years 2010, 2011 and 2012. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, Group management considers that the liabilities, if any, that might arise in the event of such tax audits would not be material.

22. Related party transactions and balances

At December 31, 2013 the Company had long-term loans granted to Grupo Villar Mir, S.A.U. related mainly to renewable cash loans earning interest at a market rate and maturing at long term.

These loans were offset as part of the dividend distributed on 29 December 2014 (see Note 14).

Current balances with related parties

The detail of current balances with related parties at 31 December 2014 and 2013 is as follows:

2014

	Thousands of US Dollars	
	Receivables	Payables
Current receivables from and payables to related parties:		
Grupo Villar Mir, S.A. (Sociedad Unipersonal)	1,654	(5,131)
Inmobiliaria Espacio, S.A.	282	(1,125)
Enérgya VM Generación, S.L.	5,402	(125)
Villar Mir Energía, S.L. (Sociedad Unipersonal)	4,391	(13,929)
Other related parties	—	(95)
	11,729	(20,405)

2013

	Thousands of US Dollars	
	Receivables	Payables
Current financial assets - Investments in related parties:		
Acciones Obrascón, Huarte y Laín, S.A. ("OHL") (Note 11)	36,728	—
	36,728	—
Loans to related parties:		
Grupo Villar Mir, S.A. (Sociedad Unipersonal) (Note 11)	14,911	—
	14,911	—
Current receivables from and payables to related parties:		
Inmobiliaria Espacio, S.A.	4,572	(399)
Enérgya VM Generación, S.L.	5,191	—
Villar Mir Energía, S.L. (Sociedad Unipersonal)	4,410	(8,691)
Other related parties	10	(1)
	14,183	(9,091)
	65,822	(9,091)

The short-term loans granted by related parties to Grupo Villar Mir, S.A. (Sociedad Unipersonal) relate mainly to renewable cash loans earning interest at a market rate and maturing at short term.

The loans granted to Inmobiliaria Espacio, S.A. relate mainly, on the one hand, to interest-free cash transfers with no fixed maturity and, on the other, to the balances payable arising from the consolidated income tax returns filed by several related parties as part of the consolidated tax group headed by Inmobiliaria Espacio, S.A.

The balances with the other related parties arose as a result of the commercial transactions performed with them (see explanation of main transactions below).

Transactions with related parties and other related parties

The detail of the transactions with Group companies in 2014, 2013 and 2012 is as follows:

2014

	Thousands of US Dollars			
	Sales and Operating Income	Cost of Sales	Other Operating Expenses	Finance Income (Note 24.4)
Inmobiliaria Espacio, S.A.	—	—	—	2,146
Grupo Villar Mir, S.A.U.	—	—	—	1,617
Torre Espacio Castellana, S.A.U.	—	—	1,511	—
Villar Mir Energía, S.L.U.	61	87,033	7,794	—
Espacio Information Technology, S.A.U.	—	—	2,928	—
Enérgya VM Generación, S.L.	42,524	1,234	667	—
Other related parties	36	—	183	—
	42,621	88,267	13,083	3,763

2013

	Thousands of US Dollars			
	Sales and Operating Income	Cost of Sales	Other Operating Expenses	Finance Income (Note 24.4)
Inmobiliaria Espacio, S.A.	—	—	—	1,732
Torre Espacio Castellana, S.A.U.	—	—	1,507	—
Villar Mir Energía, S.L.U.	70	86,414	12,555	—
Espacio Information Technology, S.A.U.	—	—	2,950	—
Enérgya VM Generación, S.L.	32,678	1,667	1,970	—
Other related parties	56	7	68	9
	32,804	88,088	19,050	1,741

2012

	Thousands of US Dollars			
	Sales and Operating Income	Cost of Sales	Other Operating Expenses	Finance Income (Note 24.4)
Grupo Villar Mir, S.L.U.	—	—	618	3,805
Torre Espacio Castellana, S.A.U.	—	—	1,295	—
Villar Mir Energía, S.L.U.	68	66,007	9,766	—
Espacio Information Technology, S.A.U.	—	—	2,390	—
Enérgya VM Generación, S.L.	2,574	1,708	352	—
Other related parties	27	—	603	—
	2,669	67,715	15,024	3,805

“Cost of sales” of the related parties vis-à-vis Villar Mir Energía, S.L. (Sociedad Unipersonal) relates to the purchase of energy from the latter by the Group companies in the Electrometallurgy Segment.

“Sales” relates to energy generated and sold to Enérgya VM Generación, S.L. at market prices.

“Other operating expenses” relates to service fees paid to Villar Mir Energía, S.L.U. for managing and supervising the day-to-day operation of Group hydroelectric facilities in Spain.

23. Guarantee commitments to third parties and other contingent assets and liabilities

Guarantee commitments to third parties and contingent liabilities

At 31 December 2014, Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) had provided the following guarantees for its subsidiaries:

- Guarantee to several financial institutions in connection with the credit facilities arranged by the subsidiary MangShi Sinice Silicon Industry Company Limited for a total of USD 51,796 thousand.
- Guarantee to standard bank of South Africa in connection with the borrowing to finance investment arranged by the subsidiary Thaba Chueu Mining (Pty.), Ltd. for a total of USD 8,761 thousand.

At 31 December 2014, FerroAtlántica S.A. (Sociedad Unipersonal) had provided the following guarantees for its subsidiaries:

- Guarantee to Bankia in connection with the credit facility arranged with this bank by the subsidiary Rocas, Arcillas y Minerales, S.A. (RAMSA) for a total of USD 3,642 thousand.

In addition to the foregoing, at 31 December 2014, 2013 and 2012 the subsidiary FerroAtlántica, S.A. (Sociedad Unipersonal) had provided guarantees for USD 4,565 thousand, USD 2,206 thousand and USD 1,380 thousand, respectively.

At 31 December 2014, 2013 and 2012, Hidro Nitro Española, S.A. had provided third-party guarantees amounting to approximately USD 3,946 thousand, USD 4,940 thousand and USD 4,847 thousand, respectively.

At 31 December 2014, Cuarzos Industriales, S.A.U. had provided third-party guarantees for other companies amounting to approximately USD 1,453 thousand (USD 1,671 thousand in 2013 and 2012).

At 31 December 2014, 2013 and 2012, Silicon Smelters (Pty.) Ltd. had provided third-party guarantees amounting to approximately USD 2,160 thousand, USD 2,713 thousand and USD 3,524 thousand, respectively.

No other Group company has provided any material guarantees to third parties.

Group management considers that any unforeseen liabilities at 31 December 2014 that might arise from the guarantees given would not be material.

Contingent assets

In 2008 the Group made an investment in a Joint Venture in order to obtain certain operating rights in Brazil. However an arbitration process was launched in 2009, claiming the reimbursement of the total amount invested.

In 2010 the seller filed an appeal which temporarily suspended the arbitration proceedings. In 2013 the relevant Brazilian arbitration authorities resumed the arbitration proceedings and a new hearing is expected on April 2015.

Considering the conditions under which the investment recovery process is being carried out and the uncertainty as to the amount that will be recovered, due to the likely insolvency of the other party, and the doubts concerning when the amounts relating to the investment will be reimbursed, Group management decided to recognise an impairment loss on the carrying amount of these financial assets at that date, which was written down in full. The amount claimed from the other party is USD 22 million less the necessary costs incurred (with a limit of USD 5 million). At 31 December 2014, Group management considered that these factors casting doubt on the recoverability of the investment still prevailed and, therefore, they considered it reasonable to maintain the carrying amount of the aforementioned investment at zero; however, the aforementioned process will continue for the purpose of recovering as much as possible of the total amount invested.

24. Income and expenses

24.1 Sales

The detail, by business line, of the Group's sales revenue in 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Energy Segment	49,224	72,196	67,387
Electrometallurgy Segment	1,417,080	1,391,682	1,412,219
	1,466,304	1,463,878	1,479,606

The detail, by geographical area, of the Group's sales revenue in 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars					
	2014		2013		2012	
	Energy	Electrometallurgy	Energy	Electrometallurgy	Energy	Electrometallurgy
Spain	49,224	257,039	72,196	247,796	67,387	222,269
<i>EU Countries-</i>						
Germany	—	238,576	—	253,773	—	233,284
Italy	—	146,166	—	111,826	—	110,519
Other EU Countries	—	302,214	—	285,936	—	328,574
<i>Rest of the world-</i>						
EEUU	—	201,317	—	165,813	—	197,558
Rest of the countries	—	271,768	—	326,538	—	320,015
	49,224	1,417,080	72,196	1,391,682	67,387	1,412,219

24.2 Staff costs

The detail of "Staff costs" in the accompanying consolidated income statements for the years ended 31 December 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Wages, salaries and similar expenses	152,731	140,596	148,091
Pension plan contributions	12,349	9,415	6,496
Employee benefit costs	52,963	67,516	57,840
	218,043	217,527	212,427

24.3 Depreciation and amortisation charge, operating allowances and write-downs

The detail of "Depreciation and amortisation charge, operating allowances and write-downs" in the accompanying consolidated income statements for 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Amortisation of intangible assets (Note 9)	6,767	6,548	5,360
Depreciation of property, plant and equipment (Note 10)	65,948	70,089	61,769
Change in impairment losses on uncollectible trade receivables (Note 11)	2,585	(170)	1,432
Change in inventory write-downs (Note 12)	(138)	137	2,250
Other	(410)	2,499	(2,229)
	74,752	79,103	68,582

24.4 Finance income and finance costs

The detail of “Finance income” in the accompanying consolidated income statements for 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Dividends from Obrascón Hurate Laín, S.A.	—	634	527
Finance income of related parties (Note 22)	3,763	1,741	3,805
Other finance income	1,008	483	791
	4,771	2,858	5,123

The detail of “Finance costs” in the accompanying consolidated income statements for 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Interest on loans and credit facilities	19,454	25,998	25,727
Interest on note and bill discounting	2,274	3,342	2,885
Interest on finance leases	5,993	5,557	4,642
Interest on interest rate swaps	2,195	4,418	3,441
Other	7,189	7,910	8,970
	37,105	47,225	45,665

24.5 Impairment losses and net gains/losses due to changes in the value of assets

The detail of “Impairment losses” and “Net gain/losses due to changes in the value of assets” in the accompanying consolidated income statements for 2014, 2013 and 2012 is as follows:

	Thousands of US Dollars		
	2014	2013	2012
Impairment of goodwill	—	—	13,093
Impairment of intangible assets (Note 9)	—	1,061	2,570
Impairment of property, plant and equipment (Note 10)	399	—	—
	399	1,061	15,663
Biological assets change in value	(4,352)	(3,331)	—
Financial investment gains /losses	3,467	(3,820)	—
Other value losses	10,357	676	2,751
	9,472	(6,475)	2,751

Impairment losses recorded in 2012 were recognized in respect of goodwill attributable to electrometallurgy segment, basically, for the activities carried out in Spain and France (see Note 2).

“Other value losses” included mainly in 2014 provisions recorded for risks associated to certain assets of the electrometallurgy Segment located outside of the European Union.

24.6 Other gains and losses

The amount included in the account “Other gains and losses” in 2013 come for the agreement reached by the Group to settle a litigation with ADIF (Administración de Infraestructuras Ferroviarias).

25. Remuneration and other benefits paid to key management personnel

The remuneration received by members of the Management Committee that constitute the Group's key management personnel in 2014, 2013 and 2012 was as follows:

	US Dollars		
	2014	2013	2012
Fixed remuneration	1,282,775	1,121,888	1,022,810
Variable remuneration	377,177	353,884	718,098
Contributions to pension plans and insurance policies	45,657	38,144	34,969
Other remuneration	33,697	14,496	10,170
	1,739,306	1,528,412	1,786,047

No loans, advances or termination benefits have been granted to the Group's key management personnel.

26. Financial risk management policy

The Group's activities are carried out through its operating segments and are exposed to several financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

The Group's management model attempts to minimize the potential adverse impact of such risks upon the Group's financial performance. Risk is managed by the Group's Corporate Finance Department, which is responsible for identifying and evaluating financial risks in conjunction with the Group's operating segments, quantifying them by project, region and Group companies. The internal management rules provide written policies for global risk management, as well as for specific areas such as foreign currency risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives, and investment of surplus liquidity.

Each of the financial risks to which the Group is exposed in carrying out its business activities is detailed as follows:

a) Market risk

Market risk arises when the Group's activities expose it mainly to the financial risks of changes in foreign exchange rates and interest rates and of changes in the fair value of certain raw materials.

To hedge such exposure, Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) uses forward foreign currency contracts and interest rate swaps. The Group does not generally use derivative financial instruments for speculative purposes.

- Foreign currency risk: the Group's international activity generates exposure to foreign currency risk. Foreign currency risk arises when future commercial transactions and assets and liabilities are denominated in a currency other than the functional currency of the Group company that performs the transaction or recognises the asset or liability. The main exposure for the Group to foreign currency risk is that relating to the US dollar against the euro.

Forward foreign currency contracts are used for the purpose of controlling foreign currency risk.

Details of the financial instruments arising from foreign currency collections and payments at 31 December 2014 and 2013 are included in Note 18 to these consolidated financial statements.

- Interest rate risk: this risk arises mainly from financial liabilities at floating interest rates.

The Group actively manages its risks exposure to interest rate risk, to mitigate its exposure to changes in interest rates arising from the borrowings arranged with floating interest rates.

In corporate financing arrangements, hedges are generally arranged for the total amount and term of the respective financing, through option contracts and/or swaps.

In this regard, the main exposure for the Group to interest rate risk is that relating to the floating interest rate tied to Euribor.

To mitigate interest rate risk, the Group primarily uses swaps, which, in exchange for a fee, offer protection against an increase in interest rates.

Details of the interest rate derivative financial instruments at 31 December 2014 and 2013 are included in Note 18 to these consolidated financial statements.

b) Credit risk

Credit risk arises when a third party fails to comply with its contractual obligations. In this regard, the Group's main credit risk exposure relates to the following items:

- Trade and other receivables: most of the receivables relate to international groups operating in a range of industries and countries with high solvency.

The Company insures its trade receivables with insurance companies to mitigate the credit risk of its clients whenever there is credit available in the insurance market.

- Investments considered to be cash and cash equivalents: the Group is governed by the principle of prudence in its investment policy. The main objectives of the principles in its investment policy are to mitigate the credit risk and liquidity risk of the investments and the counterparty risk of the financial institutions by establishing very detailed analysis criteria.

c) Liquidity risk

The purpose of the Group's liquidity and financing policy is to ensure that the Company keeps sufficient funds available to meet its financial obligations. Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) uses three main sources of financing:

- Long term financing arrangements which are generally used to finance the operations of any significant subsidiary. The debt repayment profiles are established based on the capacity of each business to generate funds, allowing for variability depending on the expected cash flows for each business. Each long term contract usually provides for lines to finance working capital requirements at the operating subsidiary level. This ensures that sufficient financing is available to meet deadlines and maturities, which significantly mitigates liquidity risk.
- Parent company financing, which is mainly used to provide liquidity for the operations of the group as a whole, and to finance start up projects that require the initial support of the parent company.
- The Company arranges firm commitments from leading financial institutions to purchase the receivables through non-recourse factoring arrangements. Under these agreements, the Group company pays a fee to the bank for assuming its credit risk, plus interest on the financing received. In all cases, the company assumes liability for the validity of the receivables.

To ensure there are sufficient funds available to repay its debt in relation to its cash-generating capacity, each year the Group's Financial Planning Department prepares a Financial Budget that is approved by the Management Committee and that details all financing needs and how such financing will be provided. The Budget projects the funds necessary for the most significant cash requirements, such as prepayments for capital expenditures, debt repayments and, where applicable, working capital requirements. In addition, the Group generally does not allocate its own equity in projects until the associated long-term financing is obtained.

Accordingly, the Group diversifies its sources of financing in order to prevent concentrations that may expose its working capital to liquidity risk.

d) Capital risk

The Group manages capital risk to ensure the continuity of its subsidiaries from an equity standpoint by maximizing the return for the sole shareholder and optimizing the equity structure and borrowings on the liability side of the statement of financial position (see Note 14).

e) Quantitative information

i. Credit risk:

	<u>2014</u>	<u>2013</u>
Percentage of accounts receivable secured through credit insurance	63%	62%

There are not any customers whose transactions exceed 10%.

ii. Interest rate risk:

	<u>2014</u>	<u>2013</u>
Percentage of bank borrowings tied to fixed rates	1%	— %
Percentage of bank borrowings secured with hedge	42%	45%

Analysis of sensitivity to interest rates

Changes in the market value of the interest rate derivatives arranged by the Company depend on the changes in the Euribor yield curve and long-term swaps. The market value of these derivatives at 31 December 2014 was USD 10,467.

Following is a detail of the analysis of the sensitivity (changes in market value at 31 December 2014) of the market values of the derivatives to changes in the euro yield curve that the Group considers to be reasonable:

<u>Sensitivity</u>	<u>In USD</u>
+0.5% (increase in yield curve)	(2,931)
-0.1% (decrease in yield curve)	576

As the hedges are highly effective under hedge accounting, the changes in market value of these derivatives are recognised in full in the equity accounts.

The Group also performed a sensitivity analysis of the amounts of the floating rate borrowings which indicated that an increase of 0.5% in interest rates would give rise to additional borrowing costs of USD 1.4 million (USD 1.6 million in 2013).

iii. Foreign currency risk:

	<u>2014</u>	<u>2013</u>
Percentage of accounts receivable in currencies for which foreign currency swaps have been arranged	23.3%	17.3%
Percentage of accounts payable in currencies for which foreign currency swaps have been arranged	3.5%	51.1%

[Table of Contents](#)

Analysis of sensitivity to exchange rates

The changes in the market value of the foreign currency derivatives arranged by the Company depend mainly on the changes in the USD/EUR spot rate and on the evolution of forward points curve. The market value of these derivatives at 31 December 2014 was EUR -3.3 million for the EUR/USD position.

The detail of the sensitivity analysis (changes in the market value at 31 December 2014) of the foreign currency derivatives is as follows:

<u>Sensitivity to the EUR/USD Exchange Rate</u>	<u>Million USD</u>
+10% (appreciation of the euro)	1.32
-10% (depreciation of the euro)	(11.2)

Foreign currency derivatives mainly cover monetary items in the statement of financial position and, therefore, the exchange differences are offset by the differences in value of the derivatives in profit or loss for the year.

27. Other disclosures

Restricted net asset

Certain of our entities are restricted from remitting certain funds to us in the form of cash dividends or loans by a variety of regulations, contractual or statutory requirements. These restrictions are related to standard covenant requirements included in our bank borrowings. At 31 December 2014, the accumulated amount of the restrictions for the whole restricted term of these affiliates was approximately USD 462,531 thousand. The company expects in the future to extract cash from the entities and to pay dividends to their shareholders. The Company performed a test on the restricted net assets of combined subsidiaries in accordance with Securities and Exchange Commission Regulation rule 5-04 (c) 'what schedules are to be filed' and concluded the restricted net assets exceed 25% of the consolidated net assets of the Group at 31 December 2014. Therefore the separate condensed financial statements of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal), should be presented (see Appendix II for details).

Other significant information in regards to the Parent Company is as follows:

Cash dividends paid to Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)

The amounts of cash dividends paid to the registrant for each of the last three years by consolidated subsidiaries and unconsolidated subsidiaries are as follows:

	<u>Thousands of US Dollars</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Consolidated subsidiaries	36,081	13,017	—
Unconsolidated subsidiaries	—	634	527
	36,081	13,651	527

[Table of Contents](#)

Long-term obligations of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal)

Main long-term obligations relates to bank borrowings. At 31 December 2014, the detail, by maturity, of the non-current bank borrowings is as follows:

	Thousands of US Dollars					
	2016	2017	2018	2019	Other	Total
Borrowings to finance investments	6,071	—	—	—	15,067	21,138
Credit facilities	65,533	—	—	—	—	65,533
	71,604	—	—	—	15,067	86,671

Other information

The Parent is respondent for certain bank borrowings received by their subsidiaries. At 31 December 2014, the detail, by maturity, of the non-current bank borrowings is as follows:

	Thousands of US Dollars						
	Current	2016	2017	2018	2019	Other	Total
Borrowings to finance investments	7,080	7,080	7,080	7,758	5,057	—	34,055
Credit facilities	26,503	—	—	—	—	—	26,503
	33,583	7,080	7,080	7,758	5,057	—	60,558

In addition to the above, the Parent had no material contingency or guarantee at 31 December 2014 and 2013. Likewise, Parent did not have any provision for long-term obligations, nor mandatory dividend or redemption requirements of redeemable stock.

28. Events after the reporting period

The most significant events that occurred after the end of the reporting period (31 December 2014) are as follows:

Merger of Grupo FerroAtlántica and Globe Specialty Metals

On 23 February 2015, Grupo FerroAtlántica, Grupo Villar Mir S.A.U. (as sole shareholder of Grupo FerroAtlántica) and Globe Specialty Metals, Inc. (NASDAQ: GSM), one of the largest producers worldwide of silicon metal and silicon alloys, signed a Business Combination Agreement (hereinafter the “BCA”), whereby both companies would merge through corporate transactions to create a leader in the international production of silicon and special metals. The aforementioned merger, which was approved by the respective Boards of Directors, is currently in process and expected to be completed in the fourth quarter of 2015. The transaction depends on a number of conditions being satisfied or, to the extent legally permissible, waived. These conditions include:

- adoption of the Business Combination Agreement by the Globe Shareholders;
- the Ordinary Shares of the new Group having been approved for listing on the NASDAQ;
- no governmental entity of competent jurisdiction enacting any law or issuing any order or injunction that prohibits or makes illegal consummation of the Business Combination;
- the registration statement being declared effective by the Securities and Exchange Commission (the “SEC”) and not being subject to any stop order suspending its effectiveness;
- any waiting period (or any extension thereof) required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), and the competition laws of Spain, Germany and South Africa having expired or been terminated and (to the extent applicable) any such competition approvals having been obtained.

[Table of Contents](#)

According to the provisions of the BCA, FerroAtlántica Group and Globe Specialty Metals Group have each agreed that until the effective time of the transaction both companies and its subsidiaries need to obtain the prior consent of the other party before taking certain material decisions like amending or changing its organizational or governing documents, issuing any shares of capital stock, selling or disposing of material properties or assets, paying dividends over certain amount, etc.

Amendments to the exchange rate system in Venezuela

During the first few months of 2015 the Venezuelan government published a new Exchange Agreement No. 27 which created a new Currency Marginal System (SIMADI) rate that would be set on a daily basis with a maximum daily amount of USD 50 million. However, at the date of preparation of these consolidated financial statements, it was still fairly uncertain as to whether this rate would be set, which is what happened with previous rates, in terms of the offers received, offers accepted, amounts awarded and fees, etc. Consequently, FerroVen, as an exporter, did not know whether or not the SIMADI rate would be applied and, despite having announced that the previous rates would be eliminated, the basic rates at VEF 6.3/USD 1, the SICAD I, SICAD II and SIMADI continue to be in force on a day-to-day basis. Therefore, it is not possible for the Group to determine the effect of the new rate, beyond the fact that the government set an exchange rate for exports of VEF 174/USD 1, which would once again give rise to a reduction in FerroVen's costs that are in Venezuelan bolivars.

Appendix I

	Auditor	Percentage of Ownership		Line of Business	Registered Office
		Direct	Total		
Energy Segment:					
FerroAtlántica, S.A. (Sociedad Unipersonal) (Energy Segment)	DT	100	100	Services - Energy	Pº Castellana, 259-D (Madrid)
Hidro Nitro Española, S.A. (Energy Segment)	DT	—	99.85	Services - Energy	Pº Castellana, 259-D (Madrid)
Electrometallurgy Segment:					
FerroAtlántica, S.A. (Sociedad Unipersonal) (Electrometallurgy Segment)	DT	100	100	Electrometallurgy	Pº Castellana, 259-D (Madrid)
Hidro Nitro Española, S.A. (Electrometallurgy Segment)	DT	—	99.85	Electrometallurgy	Pº Castellana, 259-D (Madrid)
FerroAtlántica de Venezuela (FerroVen), S.A. (FerroVen)	DT	—	80	Electrometallurgy	Av. Fuerzas Armadas (Venezuela)
Alloys Internacional, A.G.	DT	—	100	Electrometallurgy	Lucerna (Switzerland)
FerroAtlántica I+D, S.L. (Sociedad Unipersonal)	N/A	—	100	Electrometallurgy	Pº Castellana, 259-D (Madrid)
FerroAtlántica y Cía, F. de Ferroleac. y Metales, S.C.	N/A	—	99.97	Electrometallurgy	Pº Castellana, 259-D (Madrid)
Cuarzos Industriales, S.A.U. (Sociedad Unipersonal)	DT	—	100	Electrometallurgy	Serrabal mine (A Coruña)
Rocas, Arcillas y Minerales, S.A.	DT	—	66.67	Electrometallurgy	Serrabal mine (A Coruña)
FerroAtlántica Deutschland, GmbH	N/A	—	100	Electrometallurgy	Hatzper Strasse, 30 (Germany)
Cuarzos Industriales de Venezuela, S.A. (Cuarzoven)	DT	—	100	Electrometallurgy	Pª Colón TR-Polar Oeste (Venezuela)
FerroAtlántica de México, S.A. de C.V.	N/A	—	100	Electrometallurgy	Nueva León (Mexico)
FerroPem, S.A.S.	DT	100	100	Electrometallurgy	Av. de la Boisse, 517 (France)
Silicon Smelters (Pty.), Ltd.	EY	100	100	Electrometallurgy	Polokwane, 0700 (South Africa)
Invesil Free State (Pty.), Ltd.	N/A	—	74.90	Electrometallurgy	Polokwane, 0700 (South Africa)
Vaal Silicon Smelters (Pty.), Ltd.	N/A	—	100	Electrometallurgy	Polokwane, 0700 (South Africa)
Silicio Ferrosolar, S.L.U. (Sociedad Unipersonal)	N/A	100	100	Electrometallurgy	Pº Castellana, 259-D (Madrid)
Ganzi FerroAtlántica Silicon Industry Company, Ltd.	DT	—	75	Electrometallurgy	Yuanyangba, Kanding Country (Sichuan) (China)
FerroAtlántica Brasil Mineração, Ltda.	N/A	—	70	Electrometallurgy	Rodgo 241, km. 22 (Brazil)
MangShi Sinice Silicon Industry Company Limited	DT	100	100	Electrometallurgy	MangShi, Dehong (Yunnan) (China)
Photosil Industries, S.A.S.	DT	—	100	Electrometallurgy	Av. de la Boisse, 517 (France)
Emix, S.A.S.	PWC	—	100	Electrometallurgy	Parc d'activités de la Croisière, St Maurice La Souterraine (France)
Thaba Chueu Mining (Pty.), Ltd.	DT	—	74	Electrometallurgy	Polokwane, 0700 (South Africa)
SamQuarz (Pty.), Ltd.	DT	—	74	Electrometallurgy	Hartbeesthoek, 94, Delmas (South Africa)
Rebone Mining (Pty.), Ltd.	DT	—	100	Electrometallurgy	Polokwane, 0700 (South Africa)
FerroQuébec, Inc.	N/A	—	100	Electrometallurgy	Port Cartier, Québec (Canada)
FerroQuartz Mauritania, S.R.L.	N/A	—	100	Electrometallurgy	Nouadhibou (Mauritania)

Appendix II

Schedule I has been provided pursuant to the requirements of Rule 12- 04(a) of Regulation S-X, of the US Securities and Exchange Commission (SEC) which require condensed financial information as to the financial position, change in financial position, results of operations of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal), other comprehensive income statement and cash flow statement as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. Other comprehensive income statement is not applicable for the periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with International Financial Reporting Standards have been condensed or omitted. The footnote disclosures contain supplemental information only and, as such, these statements should be read in conjunction with the notes to the accompanying consolidated financial statements.

Basis of Presentation.

The presentation of Grupo FerroAtlántica, S.A. stands alone condensed financial statement has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements except that, in the stand alone condensed financial statements the investments in subsidiaries are being recorded under the equity method of accounting.

GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL)

CONDENSED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2014 and 2013

(Thousand USD)

ASSETS	31/12/14	31/12/13	EQUITY AND LIABILITIES	31/12/14	31/12/13
NON-CURRENT ASSETS	676,480	790,195	EQUITY	489,699	763,179
Property, plant and equipment	—	—	NET ASSETS-	509,982	776,865
Investment in subsidiaries-	672,236	785,338	Share capital	285,760	285,760
Equity instruments	656,311	775,399	Reserves	393,356	531,060
Long term investments	15,925	9,939	Translation differences	(152,530)	(68,403)
Deferred tax assets	4,244	4,857	Valuation adjustments	(20,283)	(13,686)
CURRENT ASSETS	36,941	70,248	Profit for the year	38,437	28,448
Inventories	78	—	Interim Dividend	(55,041)	—
Trade and other receivables	25,789	21,972	NON-CURRENT LIABILITIES	110,737	11,958
Current receivables from related parties-	9,858	43,668	Long term debts-	88,466	11,958
Equity instruments	—	36,738	Bank borrowings	86,665	9,793
Loans to related parties	9,858	6,930	Hedging Derivatives	1,801	2,165
Current financial assets	—	—	Long term debts from related parties	22,271	—
Short term accruals	—	—	CURRENT LIABILITIES	112,985	85,306
Cash and cash equivalents	1,216	4,608	Short term debts	18,499	41,315
TOTAL ASSETS	713,421	860,443	Short term debts from related parties	66,992	13,328
			Trade and other payables-	27,494	30,663
			TOTAL EQUITY AND LIABILITIES	713,421	860,443

GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL)**CONDENSED STATEMENT OF INCOME FOR 2014, 2013 AND 2012**

(Thousand USD)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Revenues-	197,992	161,037	195,155
Sales	197,992	160,403	194,628
Dividends	—	634	527
Cost of sales	(194,686)	(155,626)	(190,625)
Operating expenses	(7,285)	(7,055)	(9,223)
Depreciation and amortisation charge	—	(5)	(14)
OPERATING PROFIT BEFORE IMPAIRMENT LOSSES, NET GAINS/LOSSES ON DISPOSALS OF NON-CURRENT ASSETS, GAINS/LOSSES ON DISPOSALS OF NON-CURRENT ASSETS AND OTHER GAINS AND LOSSES	(3,979)	(1,649)	(4,707)
Other gains and losses	—	1,183	(3,843)
OPERATING PROFIT	(3,979)	(466)	(8,550)
FINANCIAL PROFIT (LOSS)	(3,700)	(2,308)	(1,664)
Share of income at companies accounted for using the equity method	43,813	30,316	33,505
PROFIT BEFORE TAX	36,134	27,542	23,291
Income tax	2,303	906	11,897
PROFIT FOR THE YEAR	38,437	28,448	35,188

GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL)**CONDENSED STATEMENT OF RECOGNIZED INCOME AND EXPENSE**

(Thousand USD)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
PROFIT FOR THE YEAR	38,437	28,448	35,188
Items that will not be reclassified subsequently to profit or loss	—	—	—
Items that may be reclassified subsequently to profit or loss	537	1,240	(411)
Transfers to profit or loss	(463)	(603)	(399)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	38,511	29,085	34,378

FIN-128

GRUPO FERROATLÁNTICA, S.A. (SOCIEDAD UNIPERSONAL)**CONDENSED STATEMENT OF CASH FLOWS FOR 2014, 2013 AND 2012**

(Thousand USD)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES	20,770	31,700	768
PROFIT FOR THE YEAR	38,437	28,448	35,188
Adjustments for-	(42,417)	(30,726)	(40,407)
- Income tax	(2,304)	(906)	(11,896)
- Share of income at companies accounted for using the equity method	(43,813)	(30,316)	(33,505)
- Dividends	—	(634)	(527)
- Depreciation and amortisation charges	—	5	14
- Other gains and losses	—	(1,183)	3,843
- Finance loss	3,700	2,308	1,664
Net change in other operating assets and liabilities	(6,591)	14,215	13,638
Other amounts received/(paid) due to operating activities-	31,341	19,763	(7,651)
- Interest paid	(6,758)	(4,805)	(5,989)
- Dividends received	36,081	13,915	527
- Income tax recovered (paid)	2,018	10,653	(2,189)
CASH FLOWS FROM INVESTING ACTIVITIES	(138,092)	8,696	(41,235)
Payments due to investment-	(142,458)	(80,684)	(45,021)
- Group companies	(142,458)	(80,684)	(45,021)
Disposals-	1,205	87,267	242
- Group companies	1,205	86,782	—
- Other current financial assets	—	485	242
Other cash flows from operating activities-	3,161	2,113	3,544
- Interest received	3,161	2,113	3,544
CASH FLOWS FROM FINANCING ACTIVITIES	114,054	(39,631)	40,444
Increase/(decrease) in bank borrowings and Group companies	154,170	(12,133)	86,544
- Increase in bank borrowings	105,640	39,270	29,568
- Increase in Group companies	106,782	—	69,762
- Decrease in bank borrowings	(39,799)	(28,126)	—
- Decrease in Group companies	(18,453)	(23,277)	(12,786)
Dividends paid-	(40,116)	(27,498)	(46,100)
- Dividends	(40,116)	(27,498)	(46,100)
TOTAL NET CASH FLOWS FOR THE YEAR	(3,268)	765	(23)
Beginning balance of cash and cash equivalents	4,608	2,338	1,696
Exchange differences on cash and cash equivalents in foreign currencies	(124)	1,505	665
Ending balance of cash and cash equivalents	1,216	4,608	2,338

GRUPO FERROATLÁNTICA, S.A. (SOLE-SHAREHOLDER COMPANY) AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2015 AND 31 DECEMBER 2014

Thousands of US Dollars

ASSETS	Notes	6/30/2015	12/31/2014	EQUITY AND LIABILITIES	Notes	6/30/2015	12/31/2014
NON-CURRENT ASSETS:		563,161	584,736	EQUITY:	Note 11	507,992	507,677
Goodwill		2,435	2,642	Share capital		285,760	285,760
Other intangible assets	Note 7	58,109	50,449	Reserves		379,381	393,356
Property, plant and equipment	Note 8	455,296	479,546	Translation differences		(188,444)	(152,530)
Investment property	Note 15	446	471	Valuation adjustments		(18,977)	(20,283)
Non-current financial assets		7,724	8,360	Profit attributable to the Parent		34,158	38,437
Deferred tax assets		17,376	20,606	Dividend		—	(55,041)
Other non-current assets		21,775	22,662	Non-controlling interests		16,114	17,978
CURRENT ASSETS:		714,360	803,422	NON-CURRENT LIABILITIES:		396,600	468,585
Inventories	Note 9	347,200	439,017	Deferred income		9,044	4,277
Trade and other receivables	Note 10	281,509	296,847	Provisions	Note 12	48,453	50,317
Current receivables from related parties	Note 19	20,163	11,729	Bank borrowings	Note 13	185,852	244,772
Current income tax assets		302	372	Obligations under finance leases	Note 14	95,273	109,048
Current financial assets		121	237	Other financial liabilities	Note 15	7,811	10,467
Other current financial assets		121	237	Other non-current liabilities	Note 17	36	73
Other current assets		26,113	6,569	Deferred tax liabilities		50,131	49,631
Cash and cash equivalents		38,952	48,651	CURRENT LIABILITIES:		372,929	411,896
TOTAL ASSETS		<u>1,277,521</u>	<u>1,388,158</u>	Provisions	Note 12	6,024	6,349
				Bank borrowings	Note 13	156,268	147,227
				Obligations under finance leases	Note 14	10,759	11,634
				Payables to related parties	Note 19	6,997	20,405
				Trade and other payables	Note 16	112,538	155,786
				Current income tax liabilities		8,095	3,721
				Other current liabilities	Note 17	72,248	66,774
				TOTAL EQUITY AND LIABILITIES		<u>1,277,521</u>	<u>1,388,158</u>

Notes 1 to 22 are an integral part of the unaudited interim condensed consolidated financial statements

GRUPO FERROATLÁNTICA, S.A. (SOLE-SHAREHOLDER COMPANY) AND SUBSIDIARIES

**UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH
PERIODS ENDED AS OF 30 JUNE 2015 AND 30 JUNE 2014**

Thousands of US dollars

	<u>Notes</u>	<u>06/30/2015</u>	<u>06/30/2014</u>
Sales	Note 21.1	697,747	747,829
Cost of sales		(428,369)	(465,631)
Other operating income		6,674	5,221
Staff costs	Note 21.2	(92,997)	(96,279)
Other operating expenses		(82,973)	(92,916)
Depreciation and amortisation charges, operating allowances and write-downs		(32,185)	(36,432)
<i>Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses</i>		67,897	61,792
Impairment losses		(870)	—
Net gains/losses due to changes in the value of assets		—	—
Gains/Losses on disposals of non-current assets		—	69
Other gains and losses		202	8
OPERATING PROFIT		67,229	61,869
Finance income		243	2,284
Finance costs		(15,025)	(19,756)
Exchange differences		5,575	1,284
PROFIT BEFORE TAX		58,022	45,681
Income tax	Note 18	(25,210)	(27,940)
PROFIT FOR THE PERIOD		32,812	17,741
Profit / Loss attributable to non-controlling interests		1,346	2,516
PROFIT ATTRIBUTABLE TO THE PARENT		34,158	20,257
		<u>06/30/2015</u>	<u>06/30/2014</u>
Consolidated profit attributable to the Parent (thousands of US dollars)		34,158	20,257
Average number of shares outstanding (thousands of shares)		200	200
Basic and diluted earnings per share (US dollars)		170.79	101.29

Notes 1 to 22 are an integral part of the unaudited interim condensed consolidated financial statements

GRUPO FERROATLÁNTICA, S.A. (SOLE-SHAREHOLDER COMPANY) AND SUBSIDIARIES**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED AS OF 30 JUNE 2015 AND 30 JUNE 2014**

Thousands of US dollars

	<u>06/30/2015</u>	<u>06/30/2014</u>
CONSOLIDATED PROFIT FOR THE PERIOD	32,812	17,741
Items that may be reclassified subsequently to profit or loss:		
Arising from cash flow hedges	1,026	(5,059)
Translation differences	2,351	(6,638)
Tax effect	(288)	1,520
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	3,089	(10,177)
Items that have been reclassified to profit or loss in the period:		
Arising from cash flow hedges	791	986
Tax effect	(223)	(295)
TOTAL TRANSFERS TO PROFIT OR LOSS	568	691
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	3,657	(9,486)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	36,469	8,255
Attributable to the Parent	37,815	10,771
Attributable to non-controlling interests	(1,346)	(2,516)

Notes 1 to 22 are an integral part of the unaudited interim condensed consolidated financial statements

GRUPO FERROATLÁNTICA, S.A. (SOLE-SHAREHOLDER COMPANY) AND SUBSIDIARIES

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS
ENDED AS OF 30 JUNE 2015 AND 30 JUNE 2014**

Thousands of US dollars

	Share Capital	Reserves	Translation Differences	Valuation Adjustments	Profit attributable to the Parent	Interim Dividend	Non-controlling Interests	Total
BALANCE AT 1 JANUARY 2014	285,760	531,060	(68,403)	(13,686)	28,448	—	20,787	783,966
Total recognised income and expense for 2014	—	—	(6,638)	(2,848)	20,257	—	(2,516)	8,255
Transactions with shareholders- Dividends paid	—	—	—	—	—	—	—	—
Other changes in equity- Distribution of 2013 profit	—	28,448	—	—	(28,448)	—	—	—
Other changes	—	2,203	4,633	—	—	—	2,217	9,053
BALANCE AT 30 JUNE 2014	285,760	561,711	(70,408)	(16,534)	20,257	—	20,488	801,274
	Share Capital	Reserves	Translation Differences	Valuation Adjustments	Profit attributable to the Parent	Interim Dividend	Non-controlling Interests	Total
BALANCE AT 1 JANUARY 2015	285,760	393,356	(152,530)	(20,283)	38,437	(55,041)	17,978	507,677
Total recognised income and expense for 2015	—	—	2,351	1,306	34,158	—	(1,346)	36,469
Transactions with shareholders- Dividends paid	—	—	—	—	—	—	—	—
Other changes in equity- Distribution of 2014 profit	—	(16,604)	—	—	(38,437)	55,041	—	—
Other changes	—	2,629	(38,265)	—	—	—	(518)	(36,154)
BALANCE AT 30 JUNE 2015	285,760	379,381	(188,444)	(18,977)	34,158	—	16,114	507,992

Notes 1 to 22 are an integral part of the unaudited interim condensed consolidated financial statements

**GRUPO FERROATLÁNTICA, S.A. (SOLE-SHAREHOLDER COMPANY)
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIODS ENDED 30
JUNE 2015 AND 30 JUNE 2014**

Thousands of US dollars

	<u>06/30/2015</u>	<u>06/30/2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	46,614	150,130
PROFIT FOR THE PERIOD	32,812	17,741
Adjustments for-	67,270	80,483
Income tax	25,210	27,940
Depreciation and amortisation charges, operating allowances and write-downs	32,185	36,432
Finance income	(243)	(2,284)
Finance costs	15,025	19,756
Exchange differences	(5,575)	(1,284)
Net impairment losses	870	—
Gains/Losses on disposals of non-current and financial assets	—	(69)
Other adjustments	(202)	(8)
(Increase)/decrease in operating working capital-	4,542	111,046
(Increase)/decrease in inventories	57,040	46,960
(Increase)/decrease in trade receivables	(18,294)	3,286
Increase/(decrease) in trade payables	(34,204)	60,800
Other amounts received/(paid) due to operating activities	(34,708)	(36,013)
Income tax recovered (paid)	(8,277)	(3,371)
Interest paid	(15,025)	(19,756)
CASH FLOWS FROM INVESTING ACTIVITIES:	(34,521)	(41,015)
Payments due to investment-	(35,670)	(44,813)
Other intangible assets	(6,423)	(5,607)
Property, plant and equipment	(29,228)	(21,999)
Non-current financial assets	(19)	(7,042)
Current financial assets	—	(10,165)
Disposals-	40	3,900
Property, plant and equipment	—	3,683
Non-current financial assets	—	217
Current financial assets	40	—
Interest received	243	2,284
Other amounts paid due to investing activities	866	(2,386)
CASH FLOWS FROM FINANCING ACTIVITIES:	(23,630)	(111,409)
Dividends paid	—	—
Increase/(decrease) in bank borrowings-	(23,630)	(111,409)
Issuance	79,224	74,165
Redemption	(102,854)	(185,574)
TOTAL NET CASH FLOWS FOR THE PERIOD	(11,537)	(2,294)
Beginning balance of cash and cash equivalents	48,651	62,246
Exchange differences on cash and cash equivalents in foreign currencies	1,838	685
Ending balance of cash and cash equivalents	38,952	60,637

Notes 1 to 22 are an integral part of the unaudited interim condensed consolidated financial statements

[Table of Contents](#)

**Grupo FerroAtlántica, S.A.
(Sole-Shareholder Company)
and Subsidiaries**

Unaudited Interim Condensed
Consolidated Financial Statements
as of and for the six month periods
ended 30 June 2015 and 2014

FIN-135

Grupo FerroAtlántica, S.A. (Sole-Shareholder Company) and Subsidiaries

Notes to the unaudited interim condensed consolidated financial statements and for the six month period ended 30 June 2015 and 2014

1. Identifying data

Grupo FerroAtlántica, S.L. (Sole-Shareholder Company) was incorporated by means of a public deed executed in Madrid on 19 October 2007. Its registered office is in Madrid at Paseo de la Castellana no. 259-D. On 20 June 2011, the sole shareholder, Grupo Villar Mir, S.A. (Sole-Shareholder Company) approved the Company's re-registration as a public limited liability company and it was re-named Grupo FerroAtlántica, S.A. (Sole-Shareholder Company).

Grupo FerroAtlántica, S.A. (Sole-Shareholder Company) ("the Parent" or "the Company") in turn heads a group of companies ("the Group"). The Parent engages in the ownership of shares in other companies that engage in the production, distribution and sale, in the Spanish and export markets, of all manner of metals and ferroalloys produced in electric furnaces and hydroelectric power production. The Parent also sells ferroalloys of those subsidiaries that lack an external commercial network.

The parent of the Group to which the Company belongs is Grupo Villar Mir, S.A. (Sole-Shareholder Company), with registered office in Madrid at Paseo de la Castellana 259-D.

2. Group activities

Business areas

Grupo FerroAtlántica, S.A. is the Parent of a group of businesses in the following areas:

<u>Lines of Business</u>	
Energy	Electrometallurgy

The Group currently operates 15 production centers working in the field of electrometallurgy: 5 in Spain, 6 in France, 1 in Venezuela, 2 in South Africa and 1 in China.

Table of Contents

The Group companies are all investments in which Grupo FerroAtlántica, S.A. (Sole-Shareholder Company) exercises effective control either directly or indirectly. The companies composing the Group as of 30 June 2015, classified by business activity, were as follows:

Group Companies

Grupo FerroAtlántica

Energy Segment:

FerroAtlántica, S.A. (Sole-Shareholder Company)
(1)
Hidro Nitro Española, S.A. (1)

Electrometallurgy Segment:

FerroAtlántica, S.A. (Sole-Shareholder Company) (1)
Hidro Nitro Española, S.A. (1)
FerroAtlántica de Venezuela (FerroVen), S.A.
Alloys International, A.G.
FerroAtlántica I+D, S.L. (Sole-Shareholder Company)
FerroAtlántica y Cía., F. de Ferroaleac. y Metales, S.C.
Cuarzos Industriales, S.A. (Sole-Shareholder Company)
Rocas, Arcillas y Minerales, S.A.
FerroAtlántica Deutschland, GmbH
Cuarzos Industriales de Venezuela (Cuarzoven), S.A.
FerroAtlántica de México, S.A. de C.V.
FerroPem, S.A.S.
Silicon Smelters (Pty.), Ltd.
Invesil Free State (Pty.), Ltd.
Vaal Silicon Smelters (Pty.), Ltd.
FerroAtlántica Brasil Mineração Ltda.
Ganzi FerroAtlántica Silicon Industry Company, Ltd.
Silicio FerroSolar, S.L. (Sole-Shareholder Company)
MangShi Sinice Silicon Industry Company Limited
Photosil Industries, S.A.S.
Emix, S.A.S.
Samquarz (Pty.), Ltd.
Thaba Chueu Mining (Pty.), Ltd.
Rebone Mining (Pty.), Ltd.
FerroQuébec, Inc. (2)

- (1) FerroAtlántica, S.A. (Sole-Shareholder Company) and Hidro Nitro Española, S.A. carry on business activities in both the Electrometallurgy and Energy Segments.
- (2) Company included in the Group in 2014.

3. Basis of presentation and basis of consolidation

3.1 Basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and interpretations of the IFRS Interpretations Committee (IFRIC). These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the audited 2014 consolidated financial statements of Grupo FerroAtlántica, S.A. and subsidiaries (2014 Annual Report). These unaudited interim condensed financial statements as of and for the six months period ended 30 June 2015 and 2014 do not constitute statutory accounts. Certain financial information that is included in the 2014 consolidated financial statements but is not required for interim reporting purposes has been condensed or omitted.

The condensed interim financial statements for the six months ended 30 June 2015 and 2014 have been prepared on a going concern basis as the directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern in the foreseeable future, a period not less than 12 months from the date of this report.

These interim condensed consolidated financial statements were authorized for issue by the Company on 15 February 2016.

Despite operations are affected by seasonality (not cyclicity), it is not regarded as significant to the unaudited interim condensed consolidated financial statements.

In determining the disclosures to be made on the various items in the financial statements or other matters, the Group, in accordance with IAS 34, took into account their materiality in relation to the interim condensed consolidated financial statements for the period.

3.2 International financial reporting standards

Standards and interpretations in force in 2015

In 2015 the following new accounting standards came into force and were therefore taken into account when preparing the accompanying unaudited interim condensed consolidated financial statements:

Application of new accounting standards

a) Standards, interpretations and amendments published by the IASB effective from 1 January, 2015, applied by the Group:

- IAS 19 (Amendment) 'Employee benefits (including pensions)'. These improvements are mandatory for periods beginning on or after 1 July 2014 under IFRS-IASB.
- IFRIC 21 (Interpretation) 'Levies'.
- Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. These improvements are mandatory for periods beginning on or after 1 July 2014 under IFRS-IASB.

The applications of these amendments have not had any impact on these unaudited interim condensed consolidated financial statements

b) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after 1 January 2016:

- Annual Improvements to IFRSs 2012-2014 cycle. These improvements are mandatory for periods beginning on or after 1 January 2016 under IFRS-IASB.
- IFRS 9 'Financial Instruments'. This Standard will be effective from 1 January 2018 under IFRS-IASB.
- IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for periods beginning on or after 1 January 2018. Earlier application is permitted.
- IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding acceptable methods of amortization and depreciation. This amendment is mandatory for periods beginning on or after 1 January 2016 under IFRS-IASB.
- IAS 27 (Amendment) 'Separate financial statements' regarding the reinstatement of the equity method as an accounting option in separate financial statements. This amendment is mandatory for periods beginning on or after 1 January 2016 under IFRS-IASB.
- IFRS 10 (Amendment) 'Consolidated financial statements', IFRS 12 'Disclosures of Interest in other Entities' and IAS 28 'Investments in associates and joint ventures' regarding the exemption from consolidation for investment entities.
- IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation. This amendment is mandatory for periods beginning on or after 1 January 2016 under IFRS-IASB, earlier application is permitted.

- IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 41 (Amendment) 'Agriculture' regarding bearer plants to be measured at fair value less costs to sell. This amendment is mandatory for periods beginning on or after 1 January 2016.
- IAS 1 (Amendment) 'Disclosure Initiative'. This amendment is mandatory for periods beginning on or after 1 January 2016.
- IFRS 16 'Leases'. This amendment is mandatory for periods beginning on or after 1 January 2019.

The Group is currently in the process of evaluating the impact on the consolidated financial statements derived from the application of the new standards and amendments.

3.3 Presentation currency

The Parent's functional currency is the euro. The functional currencies of the companies composing the Group are those of the primary economic environment in which each company operates. The Group has historically presented its statutory consolidated financial statements in accordance with EU-IFRSs using the euro as the presentation currency and it is the clear intent of the directors to continue, for the purposes of its bylaws, using the euro as the presentation currency in the Group's consolidated financial statements.

However, for the purposes of submitting the Group's consolidated financial statements to the United States Securities and Exchange Commission (SEC), the presentation currency is US Dollars and as such the Group has translated its results, financial position and cash flows pursuant to the provisions indicated in IAS 21 for such purpose.

For the purposes of presenting the Group's consolidated financial statements in thousands of US Dollars, Group management prepared the consolidated financial statements in euros and then converted them into US Dollars. For interim financial reporting the same principals as at year end have been used.

Amounts included in these interim condensed consolidated financial statements are all expressed in thousands of US Dollars, unless otherwise indicated.

3.4 Responsibility for the information and use of estimates

The information in these unaudited interim condensed consolidated financial statements is the responsibility of management of Grupo FerroAtlántica, S.A. (Sole-Shareholder Company).

The preparation of these unaudited interim condensed consolidated financial statements made it necessary for Group management to make certain assumptions and estimates. The main estimates related to the following:

- The impairment losses on certain assets.
- The useful life of property, plant and equipment and intangible assets.
- The fair value of certain unquoted financial assets.
- The assumptions used in the actuarial calculation of pension liabilities.
- The discount rate used to calculate the present value of certain collection rights and payment obligations.
- Provisions for contingencies and environmental liabilities.
- The calculation of income tax and of deferred tax assets and liabilities.

These estimates were made on the basis of the best information available at 30 June 2015 and 2014 on the events analysed. However, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied in accordance with IAS 8.

[Table of Contents](#)

At the date of preparation of these interim condensed consolidated financial statements no events had taken place that might constitute a significant source of uncertainty regarding the accounting effect that such events might have in future reporting periods.

4. Earnings per share

Basic earnings per share, which are shown in the accompanying unaudited interim condensed consolidated income statement, are calculated by dividing the consolidated profit for the half year attributable to the Parent by the weighted average number of ordinary shares outstanding, excluding the average number of treasury shares.

	<u>06/30/2015</u>	<u>06/30/2014</u>
Consolidated profit attributable to the Parent (thousands of US dollars)	34,158	20,257
Average number of shares outstanding	<u>200,000</u>	<u>200,000</u>
Basic and diluted earnings per share (US dollars)	<u>170,79</u>	<u>101,29</u>

The diluted earnings per share, which are shown in the accompanying unaudited consolidated income statement, coincide with the basic earnings per share since there is no potential dilutive effect arising from share options, warrants, convertible debt or other similar financial instruments.

5. Accounting policies

These unaudited interim condensed consolidated financial statements are prepared using the same accounting policies as applied in the audited 2014 consolidated financial statements.

6. Segment reporting

Segment reporting is presented by segment or business unit, since the Group's organisation, the business decision-making process and the system relating to internal information generated for the Board of Directors are structured in this manner.

[Table of Contents](#)

The interim consolidated income statement at 30 June 2015 and 2014, by segment, is as follows:

2015

	Thousands of US Dollars			
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	Total
Sales	14,858	682,897	(8)	697,747
Cost of sales	(583)	(427,786)	—	(428,369)
Other operating income	79	7,158	(563)	6,674
Staff costs	(1,617)	(91,380)	—	(92,997)
Other operating expenses	(5,905)	(77,639)	571	(82,973)
Depreciation and amortisation charge, operating allowances and write-downs	(2,438)	(29,747)	—	(32,185)
<i>Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses</i>	<u>4,394</u>	<u>63,503</u>	<u>—</u>	<u>67,897</u>
Net impairment losses	—	(870)	—	(870)
Net gains/losses due to changes in the value of assets	—	—	—	—
Gains/losses on disposal of non-current assets	—	—	—	—
Other gains and losses	—	202	—	202
Operation profit	<u>4,394</u>	<u>62,835</u>	<u>—</u>	<u>67,229</u>
Finance income	2,381	243	(2,381)	243
Finance costs	(3,219)	(14,187)	2,381	(15,025)
Exchange differences	—	5,575	—	5,575
Profit before tax	3,556	54,466	—	58,022
Income tax	(994)	(24,216)	—	(25,210)
Profit (Loss) attributable to non-controlling interests	—	1,346	—	1,346
Profit attributable to the parent	<u>2,562</u>	<u>31,596</u>	<u>—</u>	<u>34,158</u>

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

2014

	Thousands of US Dollars			Total
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	
Sales	21,145	726,684	—	747,829
Cost of sales	(1,254)	(464,377)	—	(465,631)
Other operating income	107	5,766	(652)	5,221
Staff costs	(2,191)	(94,088)	—	(96,279)
Other operating expenses	(8,498)	(85,070)	652	(92,916)
Depreciation and amortisation charge, operating allowances and write-downs	(2,898)	(33,534)	—	(36,432)
<i>Operating profit before impairment losses, net gains/losses on disposals of non-current assets, gains/losses on disposals of non-current assets and other gains and losses</i>	<u>6,411</u>	<u>55,381</u>	<u>—</u>	<u>61,792</u>
Net impairment losses	—	—	—	—
Net gains/losses due to changes in the value of assets	—	—	—	—
Gains/losses on disposal of non-current assets	—	69	—	69
Other gains and losses	—	8	—	8
Operation profit	<u>6,411</u>	<u>55,458</u>	<u>—</u>	<u>61,869</u>
Finance income	3,072	2,136	(2,924)	2,284
Finance costs	(4,582)	(18,098)	2,924	(19,756)
Exchange differences	—	1,284	—	1,284
Profit before tax	4,901	40,780	—	45,681
Income tax	(1,476)	(26,464)	—	(27,940)
Profit (Loss) attributable to non-controlling interests	(1)	2,517	—	2,516
Profit attributable to the parent	<u>3,424</u>	<u>16,833</u>	<u>—</u>	<u>20,257</u>

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

[Table of Contents](#)

The interim consolidated statement of financial position at 30 June 2015 and 31 December 2014, by segment, is as follows:

2015

	Thousands of US Dollars			Total
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	
Property, plant and equipment	75,497	379,799	—	455,296
Financial assets	63	7,782	—	7,845
Inventories	8	347,192	—	347,200
Receivables	128,659	304,621	(131,608)	301,672
Other assets	3,116	123,440	—	126,556
Cash and cash equivalents	67	38,885	—	38,952
Total assets	207,410	1,201,719	(131,608)	1,277,521
Equity	72,094	435,898	—	507,992
Deferred income	—	9,044	—	9,044
Provisions	3	54,474	—	54,477
Bank borrowings	6,342	343,589	—	349,931
Obligations under finance leases	102,137	3,895	—	106,032
Trade payables	9,327	241,816	(131,608)	119,535
Other non-trade payables	17,507	113,003	—	130,510
Total equity and liabilities	207,410	1,201,719	(131,608)	1,277,521

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

2014

	Thousands of US Dollars			Total
	Energy	Electrometallurgy	Consolidation Adjustments/ Eliminations (*)	
Property, plant and equipment	80,231	399,315	—	479,546
Financial assets	—	8,597	—	8,597
Inventories	8	439,009	—	439,017
Receivables	152,595	303,701	(147,720)	308,576
Other assets	4,024	99,747	—	103,771
Cash and cash equivalents	63	48,588	—	48,651
Total assets	236,921	1,298,957	(147,720)	1,388,158
Equity	74,268	433,409	—	507,677
Deferred income	—	4,277	—	4,277
Provisions	1	56,665	—	56,666
Bank borrowings	11,329	391,137	—	402,466
Obligations under finance leases	116,237	4,445	—	120,682
Trade payables	11,746	312,165	(147,720)	176,191
Other non-trade payables	23,340	96,859	—	120,199
Total equity and liabilities	236,921	1,298,957	(147,720)	1,388,158

(*) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

Other disclosures relating to the Electrometallurgy Segment

Income from the main products

Income from the main products of the Electrometallurgy Segment is as follows:

	Thousands of US Dollars	
	06/30/2015	06/30/2014
Manganese alloys	148,366	172,329
Ferrosilicon	125,686	142,695
Silicon metal	299,517	303,928
Other silicon based in alloys	57,045	54,295
Silica fume	16,064	15,410
Other	36,219	38,027
	682,897	726,684

Information about major customers

USD 260,836 thousand of the total income generated by the Group was obtained from its ten main customers as of 30 June 2015 (USD 292,060 thousand as of 30 June 2014). It should be noted that no single customer represented more than 10% of the Group's revenue.

Additions by segments of property, plant and equipment

The detail of additions by segment, of "Property, plant and equipment" at 30 June 2015 and 2014, is as follows:

	Thousands of US Dollars	
	06/30/2015	06/30/2014
Electrometallurgy	25,102	16,211
Energy	3,983	5,788
	29,085	21,999

[Table of Contents](#)

7. **Other intangible assets**

The detail of “Other intangible assets”, of the related accumulated amortisation and impairment and of the changes between 31 December 2014 and 30 June 2015 is as follows:

	Thousands of US Dollars						Total
	Development Expenditure	Rights of Use	Computer Software	Other Intangible Assets	Accumulated Depreciation	Impairment	
Balance at 31 December 2014	42,599	22,144	2,105	29,000	(42,001)	(3,398)	50,449
Additions	1,374	—	—	11,068	(2,410)	—	10,032
Exchange differences	(3,333)	(1,735)	(152)	173	2,409	266	(2,372)
Balance at 30 June 2015	40,640	20,409	1,953	40,241	(42,002)	(3,132)	58,109

All balances at 30 June 2015 and 31 December 2014 and all changes in the line items under this heading in 2015 relate in full to the Group’s Electrometallurgy Segment.

The Group has been granted certain rights of use on various assets that will have to be returned, free of charges, in successive years. The cost of the assets associated with these concessions is depreciated over the shorter of the useful life of the assets and the period for use and it is estimated that the costs, if any, to be incurred when the assets are handed over will not be significant.

The additions in 2015 in “Other Intangible Assets” related mainly to additions of allowance trading scheme (USD 5.02 million) and the development of the Ferroquebec project (USD 5.36 million).

8. **Property, plant and equipment**

The detail of “Property, plant and equipment”, of the related accumulated depreciation and impairment and of the changes between 31 December 2014 and 30 June 2015 is as follows:

	Thousands of US Dollars						Total	
	Land and Buildings	Plant and Machinery	Other Fixtures, Tools and Furniture	Advances and Property, Plant and Equipment in the Course of Construction	Other Items of Property, Plant and Equipment	Accumulated Depreciation		Impairment
Balance at 31 December 2014	228,788	918,096	5,194	31,601	29,147	(732,916)	(364)	479,546
Additions	372	3,471	736	24,274	232	(27,703)	(870)	512
Exchange differences	(11,062)	(63,781)	(268)	2,645	497	47,182	25	(24,762)
Balance at 30 June 2015	218,098	857,786	5,662	58,520	29,876	(713,437)	(1,209)	455,296

[Table of Contents](#)

Charges

Certain of the Group's items of property, plant and equipment with a carrying amount of approximately USD 58,887 thousand at 30 June 2015 (approximately USD 62,949 thousand at 31 December 2014) have been mortgaged as security for bank loans received and other payables against which USD 32,866 thousand had been drawn down (USD 32,011 thousand at 31 December 2014).

Commitments

At 30 June 2015 the Group has USD 23.6 million of capital expenditures commitments, primarily relating to the addition of 19 MW of annual capacity to existing hydroelectric power plants.

At 31 December 2014 the Group has USD 31.55 million of capital expenditures commitments, primarily relating to the addition of 19 MW of annual capacity to existing hydroelectric power plants.

9. Inventories

The detail of "Inventories" in the accompanying interim condensed consolidated statements of financial position at 30 June 2015 and 31 December 2014 is as follows:

	Thousands of US Dollars	
	<u>06/30/2015</u>	<u>12/31/2014</u>
Finished industrial goods	218,509	281,368
Raw materials in progress and industrial supplies	86,697	142,970
Other inventories	44,688	20,257
Advances to suppliers	220	137
Less – Write-downs	(2,914)	(5,715)
	<u>347,200</u>	<u>439,017</u>

The changes at 30 June 2015 and 2014 in "Write-downs" were as follows:

30 June 2015

	Thousands of US Dollars
Balance at 31 December 2014	5,715
Charge for the period	228
Amount in used	(2,574)
Exchange differences	(455)
Balance at 30 June 2015	2,914

30 June 2014

	Thousands of US Dollars
Balance at 31 December 2013	6,635
Reversed	(118)
Exchange differences	(42)
Balance at 30 June 2014	6,475

[Table of Contents](#)

The write-downs were recognised to adjust the acquisition or production cost to the net realisable value of the inventories.

The amount of the purchase commitments of the various Group companies was not significant at 30 June 2015 and 31 December 2014 reporting dates.

The Group companies have taken out insurance policies to sufficiently cover the costs and expenses arising from possible future losses relating to inventories.

Also, at 30 June 2015 approximately USD 62.2 million of these assets are securing the loan granted to the subsidiary Silicon Smelters (Pty.) Ltd. (USD 59.7 million at 31 December 2014).

10. Trade and other receivables

The detail of "Trade and other receivables" in the accompanying interim condensed consolidated statements of financial position at 30 June 2015 and 31 December 2014 is as follows:

	Thousands of US Dollars	
	06/30/2015	12/31/2014
Trade receivables	249,026	248,916
Trade notes receivable	372	1,375
Unmatured discounted notes and bills	7,147	6,256
Doubtful trade receivables	7,737	7,220
Tax receivables	718	18,816
Employee receivables	5,743	342
Other receivables	18,503	21,142
Less – Impairment losses on uncollectible trade receivables	(7,737)	(7,220)
	281,509	296,847

The fair value of the balances included under this heading, which are expected to be settled within less than one year, does not differ substantially from their carrying amount and, therefore, these balances have not been adjusted to amortised cost.

Factoring without recourse arrangements

The following Group companies entered into factoring without recourse agreements, the amounts of which at the reporting date were as follows:

Group Company	Thousands of US Dollars	
	06/30/2015	12/31/2014
FerroAtlántica, S.A. (Sole-Shareholder Company)	35,510	37,081
Grupo FerroAtlántica, S.A. (Sole-Shareholder Company)	10,688	12,621
Hidro Nitro Española, S.A.	6,315	7,629
Silicon Smelters (Pty), Ltd.	6,345	4,362
FerroPem, S.A.S.	4,288	2,318
	63,146	64,011

These amounts were derecognised from the consolidated statement of financial position as the directors consider that substantially all the risks and rewards associated with the receivables, as well as control over the receivables, have been transferred, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. The Group companies continue to manage collections of these receivables.

11. Equity

Share capital

The share capital of Grupo FerroAtlántica, S.A. (Sole-Shareholder Company) at 30 June 2015 and 31 December 2014 was represented by 200,000 fully subscribed and paid shares of EUR 1,000 par value each. All the shares carry the same voting and dividend rights.

At 30 June 2015 and 31 December 2014, the Parent's sole shareholder was Grupo Villar Mir, S.A. (Sole-Shareholder Company) (see Note 22). The Parent's sole-shareholder status is registered at the Mercantile Registry.

Capital management

The Group's core objective is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it has a presence, while keeping the cost of capital at competitive levels so as to fund the Group's growth. The main sources of financing are as follows:

1. Cash flows from continuing operations.
2. Long-term corporate financing through each of the Group's main subsidiaries and in the currency in which they operate. The Group's general policy is for each of the subgroup heads to be financed without recourse to or guarantees provided by the Parent.
3. Liquidity facilities taken out by the Parent under bilateral agreements with banks, to provide the Group with flexibility in its cash management activities.

In the case of Venezuela in particular, given the complexity of its financial market and the restrictions on capital flows, long-term financing is structured through intercompany loan agreements.

In this regard, the capital structure is controlled through the leverage ratio, i.e. the ratio of net financial debt to consolidated equity and through other financial ratios included in our financial borrowings. Group management considers that the leverage ratio at 30 June 2015 and 31 December 2014 was adequate, the detail being as follows:

	Thousands of US Dollars	
	06/30/2015	12/31/2014
Consolidated equity	507,992	507,677
Gross financial debt (*)	455,963	523,148
Cash and cash equivalents	(38,952)	(48,651)
Net financial debt	417,011	474,497
Net financial debt/Consolidated equity (**)	82.09%	93.46%

(*) Including the carrying amount (fair value) of the hedging derivatives recognised, arranged by several Group companies.

(**) Some bank borrowings include conditions related to the achievement of a leverage ratio lower than 100%.

[Table of Contents](#)

The distribution of the Group's borrowings between non-current and current is as follows:

	Thousands of US Dollars			
	06/30/2015	%	12/31/2014	%
Non-current gross financial debt	288,936	63	364,287	70
Current gross financial debt	167,027	37	158,861	30
Total gross financial debt	455,963	100	523,148	100

Financial risk management policy

The Group's activities are carried out through its operating segments and are exposed to several financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

The Group's management model attempts to minimize the potential adverse impact of such risks upon the Group's financial performance. Risk is managed by the Group's Corporate Finance Department, which is responsible for identifying and evaluating financial risks in conjunction with the Group's operating segments, quantifying them by project, region and Group companies. The internal management rules provide written policies for global risk management, as well as for specific areas such as foreign currency risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives, and investment of surplus liquidity.

There has not been any significant change on financial risk management policies compared to those that were disclosed in prior year end Grupo FerroAtlántica financial statements.

Dividends policy

No dividends have been distributed during the first half of 2015.

Non-controlling interests

The balance of "Non-controlling interests" in the unaudited interim condensed consolidated statement of financial position relates to the value of the interest of non-controlling shareholders in the fully consolidated Group companies. Also, the balance of "Profit (Loss) attributable to non-controlling interests" in the unaudited interim condensed consolidated income statement represents the share of non-controlling shareholders in the profit for the six months period ended 30 June 2015 and 2014.

The changes in "Non-controlling interests" in the unaudited interim condensed consolidated statements of financial position as of 30 June 2015 and 31 December 2014 were as follows:

	Thousands of US Dollars			
	12/31/2014	Profit/ (Loss) for the period	Translation Differences and Other	06/30/2015
FerroAtlántica de Venezuela (FerroVen), S.A.	5,797	(1,330)	(4)	4,463
Rocas, Arcillas y Minerales, S.A.	1,031	183	(80)	1,134
Ganzi FerroAtlántica Silicon Industry Co. Ltd.	4,651	(100)	1,753	6,304
Thaba Chueu Mining (Pty.), Ltd.	4,552	(49)	(121)	4,382
Other	1,947	(50)	(2,066)	(169)
	17,978	(1,346)	(518)	16,114

At 30 June 2015 there were no non-controlling shareholders that held more than 10% of the share capital of the main Group companies, except in the case of the subsidiary FerroAtlántica Brasil Mineração, Ltda., whose non-controlling shareholder, with a 20% ownership interest in its share capital, is the Brazilian company Zeus; the subsidiary Rocas, Arcillas y Minerales, in which several non-controlling shareholders (natural persons) hold a 33% ownership interest; the subsidiary Ganzi FerroAtlántica Silicon Industry Company Ltd., whose non-controlling shareholder, with a 25% ownership interest in its share capital, is the Chinese company Gan Zi Kang Ding ShunDa Silicon Co., Ltd.

[Table of Contents](#)

12. Provisions

The detail of this heading at 30 June 2015 and 31 December 2014 is as follows:

	Thousands of US Dollars					
	06/30/2015			12/31/2014		
	Non-Current	Current	Total	Non-Current	Current	Total
Provision for pensions	41,607	7	41,614	44,927	—	44,927
Environmental provision	1,188	612	1,800	1,043	860	1,903
Provisions for litigation	—	744	744	—	807	807
Provisions for third-party liability	5,478	4,326	9,804	4,316	4,593	8,909
Other provisions	180	335	515	31	89	120
	48,453	6,024	54,477	50,317	6,349	56,666

Main fluctuations have been due to exchange rate variations. There have not been significant variations in local currencies during the six months period ended 30 June 2015.

Provisions for third-party liability

The amounts recognised under this heading relate to current obligations due to legal claims or obligations arising from past actions that involve a probable outflow of resources that can be reliably estimated. At the date of preparation of these unaudited interim condensed consolidated financial statements, there were no lawsuits in progress the outcome of which could significantly affect the Group's equity position.

13. Bank borrowings

The detail of "Non-current liabilities – Bank borrowings" and "Current liabilities – Bank borrowings" at 30 June 2015 and 31 December 2014 is as follows:

30 June 2015

	Limit (Millions of US Dollars)	Thousands of US Dollars		
		Non-Current Amount Drawn Down	Current Amount Drawn Down	Total
Borrowings to finance investments	193	90,071	53,495	143,566
Credit facilities	263	77,471	89,837	167,308
Discounted bills and notes	15	—	7,141	7,141
Other	34	18,310	5,795	24,105
	503	185,852	156,268	342,120

31 December 2014

	Limit (Millions of US Dollars)	Thousands of US Dollars		
		Non-Current Amount Drawn Down	Current Amount Drawn Down	Total
Borrowings to finance investments	213	115,500	58,290	173,790
Credit facilities	271	117,734	72,471	190,205
Discounted bills and notes	41	—	7,990	7,990
Other	20	11,538	8,476	20,014
	545	244,772	147,227	391,999

The average interest rates applicable to the Group's financial borrowings at 30 June 2015 and 31 December 2014 were 5.39% and 5.07%, respectively.

At 30 June 2015, the detail, by maturity, of the non-current bank borrowings is as follows:

	Thousands of US Dollars					
	2016/2017	2017/2018	2018/2019	2019/2020	Other	Total
Borrowings to finance investments	35,454	27,271	9,865	2,331	15,149	90,070
Credit facilities	38,635	38,836	—	—	—	77,471
Other	11,933	667	667	667	4,377	18,311
	86,022	66,774	10,532	2,998	19,526	185,852

Some of the bank borrowings include conditions relating to the achievement of certain financial and equity ratios associated with the separate financial statements of each company that is a party thereto. Except for a borrowing amounting to USD 20,981 thousand, these ratios had been achieved at 30 June 2015. Similarly as in previous years, Management expects to obtain a waiver prior to 2015 year end.

14. Leases

Obligations under finance leases

The detail of "Non-current liabilities – Obligations under finance leases" and "Current liabilities – Obligations under finance leases" in the accompanying unaudited interim condensed consolidated statements of financial position at 30 June 2015 and 31 December 2014 is as follows:

	Thousands of US Dollars					
	06/30/2015			12/31/2014		
	Non-Current	Current	Total	Non-Current	Current	Total
Hydroelectrical installations (including power lines and concessions)	91,624	10,513	102,137	105,262	10,975	116,237
Other finance leases	3,649	246	3,895	3,786	659	4,445
	95,273	10,759	106,032	109,048	11,634	120,682

[Table of Contents](#)

The most significant finance lease held by the Group is that arranged by FerroAtlántica, S.A. (Sole-Shareholder Company) for the hydroelectrical installations relating to certain rights of use granted thereto. This lease expires in 2022.

This lease bears interest at a market rate and FerroAtlántica, S.A. (Sole-Shareholder Company) has entered into hedges (“IRSs”) on the unaccrued interest on this lease.

In this regard, and in reference only to the aforementioned leave of hydroelectrical installations, at 30 June 2015 and year-end 2014 FerroAtlántica, S.A. (Sole-Shareholder Company) had the following minimum leave payments in accordance with the current contracts in force, without taking into account any future contractual lease payment revisions:

<u>Minimum Finance Lease Payments</u>	<u>Thousands of US Dollars</u>	
	<u>06/30/2015</u>	<u>12/31/2014</u>
Within one year	10,511	10,975
Between one and five years	47,759	49,670
After five years	43,867	55,592
	<u>102,137</u>	<u>116,237</u>

15. Fair value

The detail at 30 June 2015 and 31 December 2014 of the assets and liabilities measured at fair value, based on the hierarchy, is as follows:

30 June 2015

	<u>Thousands of US Dollars</u>			
	<u>Value at 30/06/2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Non-current non-financial assets:				
Investment property	446	—	—	446
Biological Assets (*)	16,144	—	—	16,144
Financial liabilities:				
Other financial liabilities – derivatives	7,811	—	7,811	—

(*) Included in the caption “Other non-current assets”.

31 December 2014

	<u>Thousands of US Dollars</u>			
	<u>Value at 31/12/2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Non-current non-financial assets:				
Investment property	471	—	—	471
Biological Assets (*)	17,024	—	—	17,024
Financial liabilities:				
Other financial liabilities – derivatives	10,467	—	10,467	—

(*) Included in the caption “Other non-current assets”.

[Table of Contents](#)

16. Trade and other payables

The detail of this heading at 30 June 2015 and 31 December 2014 is as follows:

	Thousands of US Dollars	
	06/30/2015	12/31/2014
Payable to suppliers	109,339	147,243
Trade notes and bills payable	3,199	8,543
	112,538	155,786

17. Other liabilities

The detail of “Other non-current liabilities” and “Other current liabilities” in the accompanying unaudited interim condensed consolidated statements of financial position at 30 June 2015 and 31 December 2014 is as follows:

	Thousands of US Dollars					
	06/30/2015			12/31/2014		
	Non-Current	Current	Total	Non-Current	Current	Total
Payable to non-current asset suppliers	—	925	925	—	970	970
Guarantees and deposits	36	—	36	38	—	38
Remuneration payable	—	23,026	23,026	—	27,719	27,719
Tax payables	—	11,394	11,394	—	18,152	18,152
Other	—	36,903	36,903	35	19,933	19,968
	36	72,248	72,284	73	66,774	66,847

18. Tax matters

All the companies included in the Group file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations.

The consolidated income tax has been calculated as an aggregation of income tax expenses of each individual company. In order to calculate the taxable income of the consolidated entities individually, the accounting profit is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each consolidated income statement date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

Table of Contents

The reconciliation between the theoretical income tax resulting from applying an average statutory tax rate to income before income tax and the actual income tax expense recognized in the income statements for the six months periods ended at 30 June 2015 and 30 June 2014 is as follows:

	Thousands of US Dollars	
	06/30/2015	06/30/2014
Consolidated profit before taxes	58,022	45,681
Regulatory tax rate	28%	30%
Corporate income tax at regulatory tax rate	16,246	13,704
Differences in foreign tax rates	2,701	(629)
Permanent differences	1,029	629
Tax losses carryforward provided	2,243	3,277
Other non-taxable (income)/expense	2,991	10,959
Corporate income tax	25,210	27,940
Effective Tax Rate	43%	61%

The functional currency of the subsidiary FerroAtlántica de Venezuela (FerroVen), S.A. is the US dollar. In 2014, the carrying amount of its non-current assets and inventories was similar to that of previous years, while their tax value decreased in value as a result of the depreciation of the local currency. As a result of the difference between the carrying amounts and the tax values of the assets aforementioned, the related deferred tax assets and liabilities were adjusted with an impact in the Income tax at 30 June 2015 and 2014 amounting to USD 3,198 thousand and USD 12,089 thousand, respectively, included in "Other non taxable (income)/expense".

Years open for review and tax audits

Under current legislation, tax returns cannot be deemed to be final until they have been audited by the tax authorities or until the statute-of-limitations period.

In general, the Group companies have the last four years open for review for all the taxes applicable to them. On 6 April 2015 the Spanish Tax Office has communicated to Group's directors the tax review for mainly income tax from some Spanish subsidiaries for the years 2010, 2011 and 2012. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, Group management considers that the liabilities, if any, that might arise in the event of such tax audits would not be material.

19. Related party transactions and balances

Current balances with related parties

The detail of current balances with related parties at 30 June 2015 and 31 December 2014 is as follows:

30 June 2015

	Thousands of US Dollars	
	Receivables	Payables
Current receivables from and payables to related parties:		
Grupo Villar Mir, S.A. (Sole-Shareholder Company)	16,817	—
Inmobiliaria Espacio, S.A.	—	(59)
Enérgya VM Generación, S.L.	1,044	(1)
Villar Mir Energía, S.L. (Sole-Shareholder Company)	2,302	(6,689)
Other related parties	—	(248)
	20,163	(6,997)

[Table of Contents](#)

31 December 2014

	Thousands of US Dollars	
	Receivables	Payables
Current receivables from and payables to related parties:		
Grupo Villar Mir, S.A. (Sole-Shareholder Company)	1,654	(5,131)
Inmobiliaria Espacio, S.A.	282	(1,125)
Enérgya VM Generación, S.L.	5,402	(125)
Villar Mir Energía, S.L. (Sole-Shareholder Company)	4,391	(13,929)
Other related parties	—	(95)
	11,729	(20,405)

The short-term loans granted by related parties to Grupo Villar Mir, S.A. (Sole-Shareholder Company) relate mainly to renewable cash loans earning interest at a market rate and maturing at short term.

The loans granted to Inmobiliaria Espacio, S.A. relate mainly, on the one hand, to interest-free cash transfers with no fixed maturity and, on the other, to the balances payable arising from the consolidated income tax returns filed by several related parties as part of the consolidated tax group headed by Inmobiliaria Espacio, S.A.

Transactions with related parties and other related parties

The detail of the transactions with Group companies for the six month period ended as of 30 June 2015 and 2014 is as follows:

30 June 2015

	Thousands of US Dollars			
	Sales and Operating Income	Cost of Sales	Other Operating Expenses	Finance Income
Inmobiliaria Espacio, S.A.	—	—	3	—
Grupo Villar Mir, S.A.U.	—	—	—	32
Torre Espacio Castellana, S.A.U.	—	—	630	—
Villar Mir Energía, S.L.U.	—	43,200	2,496	—
Espacio Information Technology, S.A.U.	—	—	1,331	—
Enérgya VM Generación, S.L.	14,848	302	86	—
Other related parties	—	—	70	—
	14,848	43,502	4,616	32

30 June 2014

	Thousands of US Dollars			
	Sales and Operating Income	Cost of Sales	Other Operating Expenses	Finance Income
Inmobiliaria Espacio, S.A.	—	—	—	1,054
Grupo Villar Mir, S.A.U.	—	—	—	1,015
Torre Espacio Castellana, S.A.U.	—	—	780	—
Villar Mir Energía, S.L.U.	45	34,973	3,333	—
Espacio Information Technology, S.A.U.	—	—	1,527	—
Enérgya VM Generación, S.L.	20,934	961	351	—
Other related parties	16	—	25	—
	<u>20,995</u>	<u>35,934</u>	<u>6,016</u>	<u>2,069</u>

20. Guarantee commitments to third parties and other contingent assets and liabilities**Guarantee commitments to third parties and contingent liabilities**

At 30 June 2015, Grupo FerroAtlántica, S.A. (Sole-Shareholder Company) had provided the following guarantees for its subsidiaries:

- Guarantee to several financial institutions in connection with the credit facilities arranged by the subsidiary MangShi Sinice Silicon Industry Company Limited for a total of USD 38,699 thousand.
- Guarantee to standard bank of South Africa in connection with the borrowing to finance investment arranged by the subsidiary Thaba Chueu Mining (Pty.), Ltd. for a total of USD 7,522 thousand.

In addition to the foregoing, at 30 June 2015 the subsidiary FerroAtlántica, S.A. (Sole-Shareholder Company) had provided guarantees for USD 26,521 thousand.

At 30 June 2015, Hidro Nitro Española, S.A. had provided third-party guarantees amounting to approximately USD 3,061 thousand.

At 30 June 2015, Cuarzos Industriales, S.A. had provided third-party guarantees for other companies amounting to approximately USD 1,373 thousand.

At 30 June 2015, Silicon Smelters (Pty.) Ltd. had provided third-party guarantees amounting to approximately USD 2,779 thousand.

No other Group company has provided any material guarantees to third parties.

Group management considers that any unforeseen liabilities at 30 June 2015 that might arise from the guarantees given would not be material.

Contingent assets

No significant developments have occurred related to those contingent assets disclosed in prior year end consolidated financial statements.

21. Income and expenses

21.1 Sales

The detail, by business line, of the Group's sales revenue at 30 June 2015 and 30 June 2014 is as follows:

	Thousands of US Dollars	
	06/30/2015	06/30/2014
Energy Segment	14,850	21,145
Electrometallurgy Segment	682,897	726,684
	697,747	747,829

The detail, by geographical area, of the Group's sales revenue at 30 June 2015 and 30 June 2014 is as follows:

	Thousands of US Dollars			
	06/30/2015		06/30/2014	
	Energy	Electrometallurgy	Energy	Electrometallurgy
Spain	14,850	149,038	21,145	155,551
<i>EU Countries-</i>				
Germany	—	111,601	—	120,675
Italy	—	69,683	—	81,079
Other EU Countries	—	148,754	—	152,143
<i>Rest of the world-</i>				
USA	—	107,935	—	96,094
Rest of the countries	—	95,886	—	121,142
	14,850	682,897	21,145	726,684

21.2 Staff costs

The detail of "Staff costs" in the accompanying interim condensed unaudited consolidated income statements at 30 June 2015 and 30 June 2014 is as follows:

	Thousands of US Dollars	
	06/30/2015	06/30/2014
Wages, salaries and similar expenses	64,509	65,150
Pension plan contributions	6,076	5,351
Employee benefit costs	22,412	25,778
	92,997	96,279

22. Events after the reporting period

The most significant events that occurred after the end of the reporting period (30 June 2015) are as follows:

Merger of Grupo FerroAtlántica and Globe Specialty Metals

On 23 February 2015, Grupo FerroAtlántica, S.A.U., Grupo Villar Mir, S.A.U. (as sole shareholder of Ferroglobe PLC) and Globe Specialty Metals, Inc. (NASDAQ: GSM), one of the largest producers worldwide of silicon metal and silicon alloys, signed a business combination agreement, whereby Grupo FerroAtlántica, S.A.U. and Globe Specialty Metals, Inc. would merge through corporate transactions to create a leader in the international production of silicon and special metals. The aforementioned merger, which was approved by the respective Boards of Directors, was completed on 23 December 2015 following receipt of all required regulatory clearances and approvals.

Amendments to the exchange rate system in Venezuela

During the first few months of 2015 the Venezuelan government published a new Exchange Agreement No. 27 which created a new Currency Marginal System (SIMADI) rate that would be set on a daily basis with a maximum daily amount of USD 50 million. However, at the date of preparation of these interim condensed consolidated financial statements, it was still fairly uncertain as to whether this rate would be set, which is what happened with previous rates, in terms of the offers received, offers accepted, amounts awarded and fees, etc. Consequently, FerroVen, as an exporter, did not know whether or not the SIMADI rate would be applied and, despite having announced that the previous rates would be eliminated, the basic rates at VEF 6.3/USD 1, the SICAD I, SICAD II and SIMADI continue to be in force on a day-to-day basis. Therefore, it is not possible for the Group to determine the effect of the new rate, beyond the fact that the government set an exchange rate for exports of VEF 174/USD 1, which would once again give rise to a reduction in FerroVen's costs that are in Venezuelan bolivars.

Ongoing Operations

During the second half of the year 2015, the Group Management adopted particular decisions that could affect FerroAtlántica Group's assets. Those decisions are:

- In the light of recent market developments and facing the prospect of optimizing the production capacity of its existing operations, Grupo FerroAtlántica put an end to its Port-Cartier investment project. Recent developments in China's silicon industry have led FerroAtlántica to review its growth strategy. The current and announced growth of China's production capacities are such that they will significantly tilt the market balance over the long term. This new factor compels FerroAtlántica to seek new development opportunities to complement its growth strategy through the optimization of its existing infrastructures, particularly in Europe. The Group will therefore favor expanding its activities from its home ports over investing in new facilities. As a consequence, net assets amounting to USD 24,065 thousand consolidated as of 30 June 2015 have been impaired subsequent to that date.
- At year-end 2015, the Group has sold certain non-current assets which belong to Electrometallurgy segment for about USD 14,612 thousand, recording a loss amounted to USD 2,644 thousand.

8,732,360 Ordinary Shares



PROSPECTUS

, 2016

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

Under our Articles of Association, referred to as the “Articles”, subject to the provisions of the U.K. Companies Act 2006 and applicable law, Ferroglobe will exercise all of its powers to (i) indemnify any person who is or was a Ferroglobe director (including by funding any expenditure incurred or to be incurred by him or her) against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or her or otherwise, in relation to Ferroglobe or any associated company; and/or (ii) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme (including by funding any expenditure incurred or to be incurred by him or her) against any liability, incurred by him or her in connection with Ferroglobe’s activities as trustee of an occupational pension scheme; including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

Under the Articles and subject to the provisions of the U.K. Companies Act 2006, Ferroglobe may exercise all of its powers to purchase and maintain insurance for or for the benefit of any person who is or was a Ferroglobe director, officer or employee of Ferroglobe, or a trustee of any pension fund in which employees of Ferroglobe are or have been interested, including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

No Ferroglobe director or former Ferroglobe director shall be accountable to Ferroglobe or the members for any benefit provided pursuant to the Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a Ferroglobe director.

Item 7. Recent Sales of Unregistered Securities

Ferroglobe PLC (formerly known as VeloNewco Limited) was incorporated on 5 February 2015 with an issued share capital of one ordinary share with a face value of \$1.00. The share was issued but uncalled.

On 25 September 2015, the Company increased its share capital by £50,000 by the issuance of 50,000 sterling non-voting redeemable preference shares (the “Non-voting Shares”) and converted Ferroglobe to a public limited liability company.

On 13 October 2015, the Company also issued 14 ordinary shares of \$1.00 each for a total amount of \$14.00. Subsequently on the same date, the 15 ordinary shares of \$1.00 each were consolidated into two shares of \$7.50 each, for a total amount of \$15.00.

On 23 December 2015, Ferroglobe acquired from Grupo Villar Mir, S.A.U. all of the issued and outstanding ordinary shares, par value €1,000 per share, of Grupo FerroAtlántica, S.A.U. in exchange for 98,078,161 newly issued Class A ordinary shares, nominal value \$7.50 per share, of Ferroglobe, after which Grupo FerroAtlántica, S.A.U. became a wholly owned subsidiary of Ferroglobe. Immediately following Ferroglobe redeemed the Non-voting Shares.

Immediately after, Gordon Merger Sub, Inc., a wholly owned subsidiary of Ferroglobe merged with and into Globe Specialty Metals, Inc., and each outstanding share of common stock, par value \$0.0001 per share was converted into the right to receive one newly issued ordinary share, nominal value \$7.50 per share, of Ferroglobe. The ordinary shares were registered by the Company pursuant to a registration statement on Form F-4, which was declared effective by the SEC on August 11, 2015, and trade on the NASDAQ Global Select Market under the ticker symbol “GSM.”

[Table of Contents](#)

After these steps, Ferroglobe PLC issued 171,838,153 shares, out of which, 57% approximately are owned by Grupo Villar Mir, S.A. and the remaining of the former Globe Specialty Metals, Inc. shareholders.

Item 8. Exhibits and Financial Statement Schedules

(a) Exhibits

Exhibit No.	Exhibit Description
2.1	Amended and Restated Business Combination Agreement, dated as of May 5, 2015, by and between Globe, Grupo VM, FerroAtlántica, Ferroglobe and Merger Sub (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by Globe with the SEC on May 6, 2015)
2.2	Letter Agreement, dated November 11, 2015, by and among Globe, Grupo VM, FerroAtlántica, Ferroglobe and Merger Sub (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by Globe with the SEC on November 12, 2015)
2.3	First Amendment to Amended and Restated Business Combination Agreement, dated September 10, 2015 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by Globe with the SEC on September 11, 2015)
3.1	Articles of Association of Ferroglobe PLC, dated as of December 23, 2015
4.1	Shareholder Agreement, dated as of December 23, 2015, between Grupo VM and Ferroglobe
4.2	Amendment No. 1, dated February 10, 2016, to the Grupo VM Shareholder Agreement, between Grupo VM and Ferroglobe
4.3	Shareholder Agreement, dated as of December 23, 2015, between Alan Kestenbaum, certain of his affiliates and Ferroglobe
5.1	Opinion of Latham & Watkins
10.1	Credit Agreement, dated as of August 20, 2013, among Globe, certain subsidiaries of Globe from time to time party thereto, Citizens Bank of Pennsylvania as Administrative Agent and L/C issuer, RBS Citizens, N.A., PNC Bank, National Association and Wells Fargo Securities, LLC as Joint Lead Arrangers and Joint Book Runners, PNC Bank, National Association and Wells Fargo Bank, National Association, as Co-Syndication Agents, and BBVA Compass Bank, as Documentation Agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Globe with the SEC on August 21, 2013)
10.2	First Amendment to Credit Agreement and Waiver, dated as of February 11, 2016, by and among Globe, certain subsidiaries of Globe party thereto, the various financial institutions from time to time party thereto and Citizens Bank of Pennsylvania, as Administrative Agent
10.3†	Employment Agreement, dated January 27, 2011, between Globe and Alan Kestenbaum (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Globe with the SEC on May 12, 2011)
10.4†	Amendment, dated February 22, 2015, to the Employment Agreement, dated January 27, 2011, between Globe and Alan Kestenbaum (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Globe with the SEC on February 23, 2015)
10.5†	2006 Employee, Director and Consultant Stock Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-1 filed by Globe with the SEC on July 25, 2008)
10.6†	Amendments to 2006 Employee, Director and Consultant Stock Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed by Globe with the SEC on February 11, 2011)
10.7†	2010 Annual Executive Bonus Plan (incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K filed by Globe with the SEC on September 28, 2010)
10.8†	2011 Annual Executive Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed by Globe with the SEC on May 12, 2011)
10.9†	2012 Long-Term Incentive Plan (incorporated by reference to Exhibit B to Globe's Proxy Statement filed on October 28, 2011)

Table of Contents

- 10.10† Form Stock Option Agreement (incorporated by reference to Exhibit 10.13 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.11† Form Stock Appreciation Right Agreement (incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.12† Form Restricted Stock Unit Grant Agreement (cash settled) (incorporated by reference to Exhibit 10.15 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.13† Form Restricted Stock Unit Grant Agreement (stock settled) (incorporated by reference to Exhibit 10.16 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.14 IT Services Agreement, dated as of January 1, 2004, between FerroAtlántica and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.15 IT Outsourcing Agreement, dated as of June 26, 2014, between FerroAtlántica de Mexico and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.18 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.16 IT Services Agreement, in force since January 1, 2006, between Ferropem S.A.S. and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.17 Outsourcing Agreement, in force since January 1, 2009, between Silicon Smelters (Pty.) Ltd. and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.20 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.18 Advisory Services Agreement, dated as of April 15, 2013, between FerroAtlántica S.A.U. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.21 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.19 Advisory Services Agreement, dated as of April 15, 2013, between Hidro Nitro Española S.A. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.22 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.20 Framework agreement for the supply of electricity to the Boo de Guarnizo facility (Cantabria) executed on June 22, 2010, between FerroAtlántica, S.A.U. and Villar Mir Energía S.L., as amended by the amendments provided to Gordon (incorporated by reference to Exhibit 10.23 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.21 Framework Agreement, dated as of December 27, 2012, between Hidro Nitro Española S.A. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.24 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.22 Framework Agreement, dated as of December 29, 2010, between FerroAtlántica S.A.U. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.25 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.23 Lease Agreement, dated as of August 9, 2007, between Torre Espacio Castellana S.A and FerroAtlántica S.L.U. (incorporated by reference to Exhibit 10.26 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.24 Lease Agreement, dated as of April 2, 2012, between Torre Espacio Castellana S.A and FerroAtlántica S.L.U. (incorporated by reference to Exhibit 10.27 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.25 Representation Contract, dated as of June 30, 2012, between Enérgya VM Generación S.L. and FerroAtlántica S.A.U. (incorporated by reference to Exhibit 10.28 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.26 Representation Contract, dated as of June 30, 2012, between Enérgya VM Generación S.L. and Hidro Nitro Española S.A. (incorporated by reference to Exhibit 10.29 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)
- 10.27 Registration Rights Agreement, dated as of December 23, 2015, among Ferroglobe, Grupo VM and Alan Kestenbaum

[Table of Contents](#)

21.1	List of Significant Subsidiaries
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm for Globe Specialty Metals, Inc.
23.2	Consent of KPMG, former Independent Registered Public Accounting Firm for Globe Specialty Metals, Inc.
23.3	Consent of Deloitte, S.L., Independent Registered Public Accounting Firm for Grupo FerroAtlántica S.A. (Sociedad Unipersonal)
23.4	Consent of Deloitte, S.L., Independent Registered Public Accounting Firm for Ferroglobe PLC
23.5	Consent of Latham & Watkins (included in Exhibit 5.1)
24	Power of attorney (included on signature page)
†	Management contract or compensatory plan or arrangement

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 9. Undertakings

(a) The undersigned hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
- (2) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) To file a post-effective amendment to the registration statement to include any financial statements required by "Item 8.A. of Form 20-F" at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933 need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.
- (5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:
 - (i) If the registrant is relying on Rule 430B:
 - (A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

Table of Contents

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

- (ii) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned hereby undertakes:

- (1) That for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the United Kingdom on February 18, 2016

FERROGLOBE PLC

By: /s/ Alan Kestenbaum
Name: Alan Kestenbaum
Title: Principal Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Stephen Lebowitz as his true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this registration statement and to sign any related registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Alan Kestenbaum</u> Alan Kestenbaum	Director and Executive Chairman and Principal Executive Officer	February 18, 2016
<u>/s/ Joseph Ragan</u> Joseph Ragan	Chief Financial Officer and Principal Accounting Officer	February 18, 2016
<u>/s/ Javier López Madrid</u> Javier López Madrid	Director and Executive Vice-Chairman	February 18, 2016
<u>/s/ Greger Hamilton</u> Greger Hamilton	Director	February 18, 2016
<u>/s/ Tomás García Madrid</u> Tomás García Madrid	Director	February 18, 2016

[Table of Contents](#)

<u>/s/ Javier Monzón</u> Javier Monzón	Director	February 18, 2016
<u>/s/ Juan Villar-Mir de Fuentes</u> Juan Villar-Mir de Fuentes	Director	February 18, 2016
<u>/s/ Donald G. Barger, Jr.</u> Donald G. Barger, Jr.	Director	February 18, 2016
<u>/s/ Stuart E. Eizenstat</u> Stuart E. Eizenstat	Director	February 18, 2016
<u>/s/ Bruce L. Crockett</u> Bruce L. Crockett	Director	February 18, 2016
<u>/s/ Stephen Lebowitz</u> Stephen Lebowitz	Authorized Representative in the United States	February 18, 2016

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the requirements of Section 6(a) of the Securities Act of 1933, as amended, this Registration Statement on Form F-1 has been signed on behalf of the Registrant by the undersigned, solely in his capacity as the duly authorized representative of the Registrant in the United States, on February 18, 2016.

By: /s/ Stephen Lebowitz
Name: Stephen Lebowitz
Title: Authorized Representative

ARTICLES OF ASSOCIATION
of
FERROGLOBE PLC
“the Company”
(effective as from 23 December 2015)

ARTICLES OF ASSOCIATION

CONTENTS

Clause		Page
1.	MODEL ARTICLES NOT TO APPLY	1
2.	INTERPRETATION	1
3.	LIABILITY OF MEMBERS	5
4.	SHARES AND SHARE CAPITAL	5
5.	AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS	8
6.	VARIATION OF RIGHTS	9
7.	SHARE CERTIFICATES	10
8.	LIEN	10
9.	CALLS ON SHARES	11
10.	FORFEITURE AND SURRENDER	11
11.	TRANSFER OF SHARES	12
12.	TRANSMISSION OF SHARES	13
13.	SHARE WARRANTS	14
14.	UNTRACED MEMBERS	14
15.	ALTERATION OF CAPITAL	15
16.	GENERAL MEETINGS	16
17.	NOTICE OF GENERAL MEETINGS	16
18.	LIST OF MEMBERS FOR VOTING AT GENERAL MEETINGS	17
19.	PROCEEDINGS AT GENERAL MEETINGS	17
20.	AMENDMENTS TO RESOLUTIONS	20
21.	PROPOSED MEMBER RESOLUTIONS	20
22.	VOTES OF MEMBERS	22
23.	PROXIES AND CORPORATE REPRESENTATIVES	24
24.	NUMBER OF DIRECTORS	27
25.	APPOINTMENT OF DIRECTORS	27
26.	DIRECTORS' FEES AND EXPENSES	30
27.	DIRECTORS' GRATUITIES AND BENEFITS	30
28.	ALTERNATE DIRECTORS	31
29.	POWERS OF THE BOARD	31
30.	DELEGATION OF DIRECTORS' POWERS	32
31.	DISQUALIFICATION AND REMOVAL OF DIRECTORS	33
32.	EXECUTIVE DIRECTORS	33
33.	DIRECTORS' INTERESTS	34
34.	PROCEEDINGS OF DIRECTORS	38

35. MINUTES	40
36. SECRETARY	40
37. THE SEAL	40
38. REGISTERS	41
39. DIVIDENDS	41
40. SCRIP DIVIDENDS	44
41. CAPITALISATION OF PROFITS	45
42. RETURN OF CAPITAL	46
43. CHANGE OF THE COMPANY'S NAME	47
44. RECORD DATES	47
45. ACCOUNTS	47
46. NOTICES AND OTHER COMMUNICATIONS	48
47. DESTRUCTION OF DOCUMENTS	50
48. WINDING UP	51
49. INDEMNITY AND INSURANCE	52
50. DISPUTE RESOLUTION	52

1. MODEL ARTICLES NOT TO APPLY

The regulations in the relevant model articles shall not apply to the Company.

2. INTERPRETATION

2.1 In these Articles (if not inconsistent with the subject or context) the following words shall bear the following meanings:

“**A Ordinary Shares**” means the A ordinary shares in the capital of the Company from time to time, identified in paragraph (b) of Article 4.1 and with the rights and being subject to the limitations in these Articles generally;

“**Affiliate**” means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person. Notwithstanding the foregoing, (i) neither the Company nor any Person Controlled by the Company shall be deemed to be an “Affiliate” of Grupo VM or of any Affiliate of Grupo VM and (ii) neither Grupo VM nor any Affiliate thereof shall be deemed to be an “Affiliate” of any other member or any Affiliate thereof by virtue of its Ordinary Shares;

“**AK**” means Alan Kestenbaum;

“**Articles**” means the articles of association for the time being of the Company;

“**BCA**” means the amended and restated business combination agreement dated May 5, 2015 between Globe Specialty Metals, Inc., a Delaware corporation, Grupo FerroAtlántica, S.A.U., a Spanish public limited liability company in the form of a *sociedad anónima*, Grupo VM, Gordon Merger Sub, Inc., a Delaware corporation and the Company, as amended on September 10, 2015;

“**Board**” means the board of Directors of the Company from time to time;

“**certificated share**” means share in the capital of the Company which is held in physical certificated form and references in these Articles to a share being held in certificated form shall be construed accordingly;

“**Change of Control**” occurs where a Person who Controls any body corporate ceases to do so or if another Person acquires Control of such body corporate;

“**clear days**” means, in relation to the period of a notice, that period excluding the day on which a notice is given or deemed to be given and the day for which it is given or which it is to take effect;

“**Companies Act**” means the Companies Act 2006 including any modifications or re-enactment of it for the time being in force;

“**Company Ordinary Shares**” means the Ordinary Shares and the A Ordinary Shares;

“**Contract**” means, as to any Person, any contract, lease, easement, license, instrument or understanding to which the applicable Person is a party;

“**Control**” means, as to any Person, the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of shares or other equity securities or as trustee or executor, by Contract or otherwise; the terms “Controlled” and “Controlling” shall have a correlative meaning;

“**Decrease Date**” means the first date on which (a) Grupo VM no longer has the right to designate or nominate the majority of the entire Board pursuant to Article 25 and (b) Grupo VM Directors no longer constitute the majority of the entire Board;

“**Depository**” means any depository, custodian or nominee approved by the Board that holds legal title to shares in the capital of the Company for the purposes of facilitating beneficial ownership of such shares by another individual;

“**Director**” means a director of the Company from time to time;

“**Director Nominees**” means any person nominated as a Director in accordance with Articles 25.3 through 25.6;

“**dividend**” means dividend or bonus;

“**electronic address**” means any number or address used for the purposes of sending or receiving notices, documents or information by electronic means;

“**Exchange**” means the stock exchange on which the Company maintains its primary listing, and in all events will be the Nasdaq so long as listed thereon;

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder;

“**Exchange Rules**” means the rules of the Exchange applicable to the Company, as amended and supplemented from time to time;

“**executed**” means any mode of execution;

“**Executive Chairman**” has the meaning given in Article 25.5;

“**Executive Vice-Chairman**” has the meaning given in Article 32.1;

“**Governmental Authority**” shall mean any national, federal, state, county, municipal, local or foreign government, or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government, and any arbitrator or arbitral body or panel of competent jurisdiction;

“**Grupo VM**” means Grupo Villar Mir, S.A.U., a public limited company (*sociedad anónima*) incorporated under the laws of Spain;

“**Grupo VM Director**” means any Grupo VM Nominee elected to the Board in accordance with these Articles;

“**Grupo VM Family Members**” means (a) Juan Miguel Villar Mir and any direct descendant of Juan Miguel Villar Mir, (b) any current or former spouse of any person described in clause (a) and (c) any trust solely for the benefit of persons described in clauses (a) and (b) as to which voting and disposition power of the Company Ordinary Shares is Controlled by a Grupo VM Family Member;

“**Grupo VM Nominee**” has the meaning given to it in Article 25.3;

“**holder**” means, in relation to a share in the capital of the Company, the member whose name is entered in the register of members as the holder of that share;

“**Independent Director**” means (a) each Initial Independent Director and (b) any other Director nominated for election or appointment to the Board by the Independent Directors or the Board from time to time in accordance with Article 25.4, and who is a member of the Board and qualifies as an independent director under the Exchange Rules;

“**Initial Independent Director**” means Donald G. Barger, Jr., Stuart E. Eizenstat and Bruce L. Crockett;

“**Law**” means any federal, state, provincial, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding;

“**member**” means a member of the Company;

“**Nasdaq**” means the Nasdaq Stock Market;

“**Nasdaq Rules**” means the Nasdaq Stock Market Rules or the rules of such other applicable Exchange, as amended and supplemented from time to time;

“**Nominating and Corporate Governance Committee**” has the meaning given in Article 25.8;

“**Office**” means the registered office of the Company from time to time;

“**officer**” includes a Director, manager and the secretary, but shall not include an auditor;

“**Ordinary Shares**” means the ordinary shares in the capital of the Company from time to time, identified in paragraph (a) of Article 4.1 and with the rights and being subject to the limitations in these Articles generally;

“**paid**” means paid or credited as paid;

“**Percentage Interest**” means, with respect to any member, the percentage of the total outstanding Company Ordinary Shares owned by that member;

“**Person**” means any individual, corporation, limited company, limited liability company, partnership, association, trust, unincorporated organization, Governmental Authority, other entity or group (as defined in Section 13(d) of the Exchange Act) wherever resident or domiciled;

“**Preferred Dividend**” has the meaning given in Article 39.2;

“**Preferred Dividend Term**” means the period from and including the date of the adoption of these Articles by the Company until and including the earlier of (i) the date falling on the twentieth clear business day following the expiry and termination of any and all rights of the policyholder under the R&W Policy and (ii) such date as may be deemed pursuant to Article 4.14;

“**public announcement**” shall mean disclosure in a press release reported by Reuters, the Dow Jones News Service, Associated Press or a comparable news service or other method of public announcement as the Board may deem appropriate in the circumstances or in a document publicly filed by the Company with the US Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act;

“**Qualified Director Nominees**” has the meaning given in Article 25.8;

“**R&W Policy**” means that certain Buyer-Side Representations and Warranties Insurance Policy, issued by AIG Specialty Insurance Company, for the benefit of the Company as named insured;

“**R&W Proceeds**” has the meaning given in Article 39.2;

“**R&W Trust**” has the meaning given in Article 4.13;

“**register**” means the register of members of the Company;

“**seal**” means the common seal (if any) of the Company and includes an official seal (if any) kept by the Company by virtue of section 49 or 50 of the Companies Act;

“**secretary**” means the secretary of the Company and includes a joint, assistant, deputy or temporary secretary and any other person appointed to perform the duties of the secretary of the Company;

“**Subsidiary**” shall mean, with respect to any Person, any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, a majority of the stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, partnership, joint venture or other legal entity, or any Person that would otherwise be deemed a “subsidiary” under Rule 12b-2 promulgated under the Exchange Act;

“**Sunset Date**” means the first date after the date of adoption of these Articles on which Grupo VM and its Affiliates in the aggregate beneficially own less than 15% of the issued and outstanding Company Ordinary Shares;

“**tender offer**” means a tender offer within the meaning of Section 14(d) of the Exchange Act.

“**uncertificated share**” means a share in the capital of the Company which is not held in physical certificated form and references in these Articles to a share being held in uncertificated form shall be construed accordingly;

“**undertaking**” includes a body corporate, trust or partnership, joint ventures or an unincorporated association carrying on a trade or business with or without a view to profit (and, in relation to an undertaking which is not a company, expressions in these Articles appropriate to companies shall be construed as references to the corresponding persons, officers, documents or organs (as the case may be) appropriate to undertakings of that description);

“**United Kingdom**” means Great Britain and Northern Ireland;

“**Units**” has the meaning given in Article 4.13;

“**US Dollars**” or “**\$**” means the lawful currency of the United States of America;

“**Voting Shares**” means the Company Ordinary Shares and any other shares which may be issued with the right to attend and vote at general meetings.

- 2.2 Subject to the following paragraph, references to any provision of any enactment or of any subordinate legislation (as defined by section 2(1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force.
- 2.3 Words and expressions contained in these Articles which are not defined in Article 2 but are defined in the Companies Act have the same meaning as in the Companies Act (but excluding any modification of the Companies Act not in force at the date these Articles took effect) unless inconsistent with the subject or the context.
- 2.4 In these Articles, unless the context otherwise requires:
- (a) words in the singular include the plural, and *vice versa*;
 - (b) words importing any gender include all genders;
 - (c) reference to a document or information being “sent”, “supplied” or “given” to or by a Person means such document or information, or a copy of such document or information, being sent, supplied, given, delivered, issued or made available to or by, or served on or by, or deposited with or by that Person by any method authorised by these Articles, and “sending”, “supplying” and “giving” shall be construed accordingly;
 - (d) references to documents “being signed” or to “signature” include a reference to it being executed under hand or under seal or by any other method and, in the case of a communication in electronic form, such references are to its being authenticated as specified in the Companies Act;
 - (e) references to “writing” include references to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form, whether sent or supplied in electronic form or made available on a website or otherwise and “written” shall be construed accordingly;
 - (f) references to “other” and “otherwise” shall not be construed *ejusdem generis* where a wider construction is possible;
 - (g) references to a power are to power of any kind, whether administrative, discretionary or otherwise;

- (h) references to a committee of the Directors are to a committee established in accordance with these Articles, whether or not comprised wholly of Directors;
- (i) any words following the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- (j) powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them;
- (k) the word “Board” in the context of the exercise of any power contained in these Articles includes any committee consisting of one or more Directors, any Director, any other officer of the Company and any local or divisional board, manager or agent of the Company to which or, as the case may be, to whom the power in question has been delegated;
- (l) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation;
- (m) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other Person who is for the time being authorised to exercise it under these Articles or under another delegation of the power; and
- (n) references to the “entire” Board are to the total number of Director positions on the Board entitled to vote, including any vacancies, at the relevant time. As an example, if there are nine Director positions, six of which are filled and three of which are vacant, the entire Board shall be nine Directors, so an action required to be taken by a majority of the entire Board shall require the approval of five of the six Directors in office and any action requiring the approval of two-thirds of the entire Board shall require the approval of all six Directors in office. If one or more Directors is not entitled to vote on a resolution in accordance with Article 33, the size of the entire Board shall be deemed reduced by the number of conflicted Directors, except that any item that under these Articles requires the approval of two-thirds of the entire Board would still require either (i) the approval of two-thirds of the entire Board (determined without regard to the deemed reduction pursuant to this sentence) or (ii) the approval of two-thirds of the entire Board (determined after taking into account the deemed reduction pursuant to this sentence), including the approval of at least one Independent Director, or, if there are no Independent Directors, at least one Director who qualifies as independent under the Exchange Rules and is not a Grupo VM Director.

2.5 The headings are inserted for convenience only and do not affect the construction of these Articles.

3. LIABILITY OF MEMBERS

The liability of each member is limited to the amount, if any, unpaid on the shares held by that member.

4. SHARES AND SHARE CAPITAL

4.1 Subject to Article 5.6, the Company may issue the following shares in the capital of the Company with rights attaching to them and denominated, in each case, as follows:

- (a) **Ordinary Shares**, each of which shall be denominated in US Dollars. Each Ordinary Share shall be issued with one vote attaching to it for voting purposes in respect of all matters on which Voting Shares in the capital of the Company have voting rights and shall form a single class with the other Voting Shares in the capital of the Company for such purposes. The holders of Ordinary Shares shall be entitled to receive notice of, attend and speak at and vote at, general meetings of the Company; and
- (b) **A Ordinary Shares**, each of which shall be denominated in US Dollars. Each A Ordinary Share shall be issued with one vote attaching to it for voting purposes in respect of all matters on which Voting Shares in the capital of the Company have voting rights and shall form a single class with the other Voting Shares in the capital of the Company for such purposes. The

holders of A Ordinary Shares shall be entitled to receive notice of, attend and speak at and vote at, general meetings of the Company.

- 4.2 Notwithstanding Article 4.1, subject to the provisions of the Companies Act, and without prejudice to any rights attached to any existing shares or class of shares (including, for the avoidance of doubt, that no share shall rank in priority to the Ordinary Shares with respect to the dividend rights of the Ordinary Shares as a result of any payment under the R&W Policy):
- (a) any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine);
 - (b) the Company may issue nil paid or partly paid shares and the holder of such nil paid or partly paid shares shall have a right to vote, receive dividends and participate in a return of capital as if the shares were fully paid, together with such other rights or restrictions as the Board shall determine; and
 - (c) shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of shares provided that it does so before the shares are allotted.
- 4.3 The Company may exercise all powers of paying commissions or brokerage conferred or permitted by the Companies Act. Subject to the provisions of the Companies Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other and may be in respect of a conditional or an absolute subscription.
- 4.4 Except as required by Law or any Contract entered into by the Company, no Person shall be recognised by the Company as holding any share upon any trust. Except as otherwise provided by these Articles or by Law, the Company shall not be bound by or recognise (even if having notice of it) any equitable, contingent, future, partial or other claim or any interest in any share (or in any fractional part of a share) except the holder's absolute ownership of the entirety of the share and all the rights attaching to it.
- 4.5 Without prejudice to any powers which the Company or the Board may have to grant options to acquire, issue, allot, dispose of, convert, or otherwise deal with or make arrangements in relation to, shares and other securities in any form:
- (a) the Board may permit the holding of shares in any class of shares in uncertificated form; and
 - (b) the Company may issue shares in uncertificated form and may convert shares from certificated form to uncertificated form and *vice versa*.
- 4.6 Shares in the capital of the Company that fall within a certain class shall not form a separate class of shares from other shares in that class because any share in that class is held in uncertificated form.
- 4.7 Unless the Directors decide otherwise, shares in uncertificated form will be treated as separate holdings from any certificated shares which that member holds.
- 4.8 Unless Law or the Exchange Rules otherwise require or the Directors otherwise determine, shares which are issued or created from or in respect of shares in uncertificated form will be in uncertificated form and shares which are issued or created from or in respect of certificated shares will be certificated shares.
- 4.9 The Company shall be entitled to assume that entries on any record of securities kept by it in accordance with Law and the Exchange Rules and regularly reconciled with the relevant operator of the register of securities are a complete and are an accurate reproduction of the particulars entered in the operator of the register of securities and therefore will not be liable in respect of anything done or not done by or on its behalf in reliance on such assumption; in particular, any provision of these Articles which requires or envisages action to be taken in reliance on information contained in the register or allows that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

- 4.10 Where the Company is entitled under any provision of the Companies Act or these Articles to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of, or otherwise enforce a lien over, a share held in uncertificated form, the Company shall be entitled, subject to the provisions of the Companies Act and these Articles to:
- (a) require the holder of that uncertificated share by notice to change that share into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;
 - (b) appoint any Person to take any other steps, by instruction given through a Depositary or otherwise, in the name of the holder of that share as may be necessary to effect the transfer of that share and these steps will be as effective as if they had been taken by the registered holder of that share; and
 - (c) take any action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, reallocation or surrender of that share, or otherwise to enforce a lien in respect of that share.
- 4.11 If the Company has any shares in issue in uncertificated form, these Articles apply to those shares, but only so far as they are consistent with:
- (a) holding and transferring shares in an uncertificated form; or
 - (b) any provision of Law and the applicable Exchange Rules,
- and, without affecting the general nature of this Article, if and to the extent that any provision of these Articles is inconsistent with the holding of, transfer of title to or maintenance of shares in uncertificated form, it shall not apply to any share of any class which is in uncertificated form.
- 4.12 Each A Ordinary Share shall be automatically converted into one Ordinary Share upon the earlier of:
- (a) the expiration of the Preferred Dividend Term; and
 - (b) its transfer to a Person which is not (i) Grupo VM, any Grupo VM Family Member or any Affiliate of Grupo VM or a Grupo VM Family Member, (ii) any trust or similar arrangement for the benefit of any such Person, (iii) any group (within the meaning of Regulation 13D of the Exchange Act) of which any such Person is a member or (iv) any Person under any of the foregoing Persons' Control.
- 4.13 At any time prior to the first anniversary of the date of the adoption of these Articles, two-thirds of the entire Board may, and at any time following the first anniversary of the date of the adoption of these Articles, a majority of the entire Board may:
- (a) establish a unit trust (the "**R&W Trust**") and irrevocably and unconditionally transfer all rights, interests and claims the Company has or may have under the R&W Policy to the R&W Trust in consideration for the issue by the R&W Trust of such number of participation units (the "**Units**") as is equal to the number of Ordinary Shares in issue at the time the R&W Trust is established; and
 - (b) promptly following the establishment of the R&W Trust, declare a dividend of all the Units and the amount of any Preferred Dividend due but not yet paid (if any) to the holders of the Ordinary Shares in full satisfaction of the Company's obligation to pay any Preferred Dividends.
- 4.14 Immediately following the payment of the dividend contemplated by paragraph (b) of Article 4.13 the Preferred Dividend Term shall be deemed to have expired.
- 4.15 Prior to the Sunset Date, in any tender offer for Company Ordinary Shares, (a) the holders of Company Ordinary Shares shall be offered the same type and amount of consideration per share in such tender offer and (b) such tender offer shall be subject to a non-waivable condition that such tender offer be accepted by holders of a majority of the Company Ordinary Shares not held by Grupo VM or any

Affiliate of Grupo VM; provided, however, that if the holders of Company Ordinary Shares are offered the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if all holders are offered the same election rights. This Article 4.15 may only be removed, amended or varied by resolution of members representing a majority of the Company Ordinary Shares present at a meeting of the Company, excluding Company Ordinary Shares held by Grupo VM or any Affiliate of Grupo VM.

- 4.16 Prior to the Sunset Date, in any scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction negotiated with the Company that results in a Change of Control of the Company (other than any tender offer), the same type and amount of consideration per share shall be received by the holders of Company Ordinary Shares in such scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction that results in a Change of Control of the Company; provided, however, that (a) if the holders of Company Ordinary Shares are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if all holders are granted identical election rights and (b) this requirement shall not apply with respect to any Company Ordinary Shares held by the counterparty to, or acquiror of the Company under, such scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction or any of such counterparty's or acquiror's Affiliates. This Article 4.16 may only be removed, amended or varied by resolution of members representing a majority of the Company Ordinary Shares present at a meeting of the Company, excluding Company Ordinary Shares held by Grupo VM or any Affiliate of Grupo VM.
- 4.17 Any consideration to be offered to or received by holders of Company Ordinary Shares pursuant to any employment, consulting, severance or other similar compensation arrangement approved by the Board, or any duly authorized committee thereof, shall not be considered to be consideration offered or received per share for purposes of the Article 4.15 or 4.16, regardless of whether such consideration is paid in connection with, or conditioned upon the completion of, such tender offer, scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction that results in a Change of Control of the Company.

5. AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS

- 5.1 Subject to these Articles and any agreement entered into with a member in writing, in addition to any similar authority which has not been fully utilised, the Board shall be generally and unconditionally authorised pursuant to section 551 of the Companies Act to:
- (a) exercise all of the powers of the Company to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate amount representing 50 per cent. of the number of shares in the capital of the Company as at the date of the adoption of these Articles and after consummation of the transactions contemplated by the BCA (in addition to any authority to allot that has not yet expired granted to the Board prior to the date of the adoption of these Articles) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the date which is five years from the date of the adoption of these Articles by the Company; and
 - (b) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of the authority described in this Article 5.1 and the Board may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.
- 5.2 Subject to these Articles, and any agreement entered into with a member in writing, the Board shall be generally empowered pursuant to section 570 of the Companies Act and section 573 of the Companies Act to allot equity securities (as defined in the Companies Act) for cash, pursuant to the authority conferred by Article 5 of these Articles as if section 561(1) of the Companies Act did not apply to the allotment.
- 5.3 Subject to the provisions of the Companies Act relating to the authority to allot shares and the disapplication of pre-emption rights or otherwise and of any resolution of the Company in general meeting passed pursuant to those provisions, and, in the case of redeemable shares, the provisions of Article 5.4:

- (a) all shares for the time being in the capital of the Company shall be at the disposal of the Board; and
 - (b) the Board may reclassify, allot (with or without conferring a right of renunciation), grant options over, or otherwise dispose of them to such Persons on such terms and conditions and at such times as it thinks fit.
- 5.4 Subject to the provisions of the Companies Act, and without prejudice to any rights attached to existing shares, any share may be issued which is to be redeemed, or is liable to be redeemed at the option of the Company or the holder. The Board may determine the terms, conditions and manner of redemption of any redeemable share so issued provided that it does so before the share is allotted, and these terms and conditions will apply to the relevant shares as if they were set out in these Articles.
- 5.5 The terms and conditions of any issued shares in the Company which are:
- (a) to be redeemed, or are liable to be redeemed at the option of the Company or the holder; and
 - (b) were issued prior to the adoption of these Articles,
- will apply to the relevant shares as if they were set out in these Articles provided that such shares were issued in accordance with the articles of the Company at the time and applicable Law.
- 5.6 The Company may not issue or allot A Ordinary Shares other than as consideration for the Stock Exchange (as defined in the BCA) or pursuant to conversion of Ordinary Shares pursuant to Article 11.2.
- 6. VARIATION OF RIGHTS**
- 6.1 Subject to these Articles and the provisions of the Companies Act, if at any time the capital of the Company is divided into different classes of shares, all or any of the rights attached to any existing class may from time to time be varied or abrogated, either while the Company is a going concern or during or in contemplation of a winding up:
- (a) in such manner (if any) as may be provided by those rights; or
 - (b) subject to Article 6.4 and 6.5, with the written consent of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), which consent shall be in hard copy form or in electronic form sent to such address (if any) for the time being specified by or on behalf of the Company for that purpose, or in default of such specification to the Office, and may consist of several documents, each executed or authenticated in such manner as the Board may approve by or on behalf of one or more holders, or a combination of both,
- but not otherwise.
- 6.2 Subject to the provisions of the Companies Act, all the Articles relating to general meetings will apply to any such class meeting, with any necessary changes.
- 6.3 For the purposes of Article 6.1, if at any time the capital of the Company is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares, those rights shall be deemed not to be varied or abrogated by:
- (a) the issue of further shares ranking *pari passu* with, or subsequent to, that share or class of shares;
 - (b) the purchase or redemption by the Company of any of its own shares; and
 - (c) the exercise by the Board of any of the powers contemplated by Articles 39.9, 39.10 and 40.1.

6.4 In accordance with Article 4.1 and subject to Article 6.5, for the purpose of the variation or abrogation of the rights attaching to the Ordinary Shares and the A Ordinary Shares pursuant to Article 6.1 the Ordinary Shares and A Ordinary Shares shall constitute the same class of shares.

6.5 Article 6.4 will not apply, and the Ordinary Shares and A Ordinary Shares will constitute separate classes of shares for the purpose of Article 6.1, where the effect of the variation or abrogation is that the differences in the economic and voting rights as between the Ordinary Shares and A Ordinary Shares will cease to be the same in all material respects as such differences existed as at the date of adoption of these Articles.

7. SHARE CERTIFICATES

7.1 On becoming the holder of any share other than a share in uncertificated form, every Person (except if applicable Law allows the Company not to issue share certificates) shall be entitled, without payment, to have issued to him within two months after allotment or lodgement of a transfer (unless the terms of issue of the shares provide otherwise) one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of that holding). A holder may elect to receive one or more additional certificates for any of his shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine from time to time.

7.2 Every certificate shall:

- (a) be issued under the seal, or under such other form of authentication as the Board may approve (which may include manual or facsimile signatures by one or more Directors); and
- (b) shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares.

7.3 The Company shall not be bound to issue more than one certificate for shares held jointly by more than one Person and delivery of a certificate to one joint holder shall be sufficient delivery to all of them, and seniority shall be determined in the manner described in Article 22.3. Shares of different classes may not be included in the same certificate.

7.4 If a share certificate is damaged, defaced or worn out or said to be lost, stolen or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of any exceptional out-of-pocket expenses incurred by the Company in investigating evidence and preparing the requisite form of indemnity as the Directors may determine but otherwise free of charge, and (in the case of damage, defacement or wearing out) on delivery up of the old certificate to the Company.

8. LIEN

8.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable to the Company (whether presently or not) in respect of that share. The Board may at any time (generally or in a particular case) waive any lien or declare any share to be wholly or in part exempt from the provisions of Articles 8.1 to 8.4 inclusive. The Company's lien on a share shall extend to all amounts (including without limitation dividends) payable in respect of it.

8.2 The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if an amount in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the Person entitled to it in consequence of the death or bankruptcy of the holder or otherwise by operation of Law, stating the amount of money due, demanding payment and stating that if the notice is not complied with the shares may be sold.

8.3 To give effect to the sale the Board may, in the case of a share in certificated form, authorise any Person to execute an instrument of transfer of the share sold to, or in accordance with the directions of, the purchaser. In the case of a share in uncertificated form, the Board may, to enable the Company to deal with the share in accordance with the provisions of this Article 8.3, exercise any of the powers of the Company under Article 4.10 to effect the sale of the share. The title of the transferee to the share

shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale and the transferee shall not be bound to see to the application of the purchase money.

- 8.4 The net proceeds of the sale, after payment of the costs, shall be applied in or towards payment or satisfaction of so much of the amount for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the share sold, in the case of a share in certificated form, and, whether the share sold is in certificated form or uncertificated form, subject to a like lien for any amount not presently payable as existed upon the share before the sale) be paid to the Person entitled to the share at the date of the sale.

9. CALLS ON SHARES

- 9.1 Subject to the terms of allotment, the Board may from time to time make calls upon the members in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of an amount due under it, be revoked in whole or in part and payment of a call may be postponed in whole or part. A Person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- 9.2 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.
- 9.3 The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.
- 9.4 If a call or an instalment of a call remains unpaid in whole or in part after it has become due and payable the Person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the shares in question or in the notice of the call or, if no rate is fixed, the rate determined by the Board, not exceeding 15 per cent. per annum, or, if higher, at the appropriate rate (as defined by the Companies Act), but the Board may in respect of any individual member waive payment of interest wholly or in part.
- 9.5 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and notified and payable on the date so fixed or in accordance with the terms of the allotment. If it is not paid these Articles shall apply as if that sum had become due and payable by virtue of a call duly made and notified.
- 9.6 Subject to the terms of allotment, the Directors may on the issue of shares differentiate between the allottees or holders in the amounts and times of payment of calls on their shares.
- 9.7 The Board may, if it thinks fit, receive from any member willing to advance it all or any part of the amount unpaid on any shares held by him (beyond the sums actually called up) as a payment in advance of calls, and such payment shall, to the extent of it, extinguish the liability on the shares in respect of which it is advanced. The Company may pay on all or any of the amount so advanced (until it would, but for such advance, become presently payable) interest on the amount so received, or so much of it as exceeds the sums called up on the shares in respect of which it has been received, at such rate (if any) as the member and the Board agree not exceeding 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Companies Act).

10. FORFEITURE AND SURRENDER

- 10.1 If a call or an instalment of a call remains unpaid, in whole or in part, after it has become due and payable, the Board may give to the Person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

- 10.2 If the notice is not complied with, any share in respect of which it was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board. The forfeiture shall include all dividends and other amounts payable in respect of the forfeited shares and which have not been paid before the forfeiture. When a share has been forfeited, notice of the forfeiture shall be sent to the Person who was the holder of the share before the forfeiture. An entry shall be made promptly in the register opposite the entry of the share showing that notice has been sent, that the share has been forfeited and the date of forfeiture. No forfeiture shall be invalidated by the omission or neglect to send that notice or to make those entries.
- 10.3 Subject to the provisions of the Companies Act, a forfeited share shall be deemed to belong to the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determines either to the Person who was before the forfeiture the holder or to any other Person. At any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Board determines. Where for the purposes of its disposal a forfeited share is to be transferred to any Person, the Board may, in the case of a share in certificated form, authorise someone to execute an instrument of transfer and, in the case of a share in uncertificated form, the Board may exercise any of the powers of the Company under Article 12. The Company may receive the consideration given for the share on its disposal and register the transferee as the holder of the share.
- 10.4 A Person shall cease to be a member in respect of any share which has been forfeited or surrendered and shall, if the share is held in certificated form, surrender to the Company for cancellation the certificate for the share forfeited but shall remain liable to the Company for all amounts which at the date of forfeiture were presently payable by him to the Company in respect of that share plus interest at the rate at which interest was payable on those amounts before the forfeiture or, if no interest was so payable, at the rate determined by the Board, not exceeding 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Companies Act) from the date of forfeiture until payment. The Board may waive payment wholly or in part or enforce payment without any allowance for the value of the share at the time of forfeiture or for any consideration received on its disposal.
- 10.5 The Board may accept the surrender of any share which it is in a position to forfeit upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited.
- 10.6 The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the Person whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or are by the Companies Act given or imposed in the case of past members.
- 10.7 A statutory declaration by a Director or the secretary that a share has been duly forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all Persons claiming to be entitled to the share. The declaration shall (subject to the execution of an instrument of transfer if necessary, in the case of a share in certificated form) constitute a good title to the share. The Person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings relating to the forfeiture or disposal of the share.

11. TRANSFER OF SHARES

- 11.1 Without prejudice to any power of the Company to register as member a Person to whom the right to any share has been transmitted by operation of Law, the instrument of transfer of a share in certificated form may be in any usual form or in any other form which the Board may approve. An instrument of transfer shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.
- 11.2 Prior to the expiration of the Preferred Dividend Term, each Ordinary Share acquired by (a) (i) Grupo VM, any Grupo VM Family Member or any Affiliate of Grupo VM or a Grupo VM Family Member, (ii) any trust or similar arrangement for the benefit of any such Person referred to in (i) above, (iii) any group (within the meaning of Regulation 13D of the Exchange Act) of which any such Person referred to in (i) above is a member or (iv) any Person under any of the foregoing Persons' Control or (b) any

insurance company that issued the R&W Policy or any Affiliate of such insurance company, or any Person under such Person's Control, shall be automatically converted into one A Ordinary Share.

- 11.3 The Board may, in its absolute discretion, refuse to register the transfer of a share in certificated form if it is not fully paid provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.
- 11.4 The Board may, in its absolute discretion, also refuse to register the transfer of a share:
- (a) unless the instrument of transfer:
 - (i) is lodged, duly stamped, at the Office or such other place as the Board has appointed, accompanied by the certificate for the share to which it relates, or such other evidence as the Directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
 - (ii) is in respect of only one class of shares; or
 - (iii) is in favour of not more than four transferees;
 - (b) with respect to a share on which the Company has a lien and a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share in accordance with Article 8.2; or
 - (c) in uncertificated form:
 - (i) in circumstances set out in the Exchange Rules or in accordance with applicable Law; or
 - (ii) unless the instrument of transfer is in favour of not more than four transferees.
- 11.5 If the Board refuses to register a transfer of a share, it shall as soon as practicable and in any event within two months after the date on which the instrument of transfer was lodged with the Company (in the case of a transfer of a share in certificated form) send to the transferee notice of the refusal together with reasons for the refusal. The Board shall send to the transferee such further information about the reasons for the refusal as the transferee may reasonably request.
- 11.6 No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.
- 11.7 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board refuses to register shall (except in the case of fraud) be returned to the Person lodging it when notice of the refusal is sent.
- 11.8 Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment of any share by the allottee in favour of some other Person.
- 11.9 For the avoidance of doubt, nothing in these Articles shall require shares to be transferred by a written instrument if the Law or Exchange Rules provides otherwise and the Directors shall be empowered to implement such arrangements as they consider fit in accordance with and subject to the Law and the Exchange Rules to evidence and regulate the transfer of title to shares in the Company and for the approval or disapproval as the case may be by the Board or the operator of a Depositary of the registration of those transfers.
- 12. TRANSMISSION OF SHARES**
- 12.1 If a member dies, the survivor or survivors where he was a joint holder, or his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only Persons recognised by the Company as having any title to his interest, but nothing in this Article 12.1 shall release the

estate of a deceased member from any liability in respect of any share which had been solely or jointly held by him.

- 12.2 Subject to the limitations of Article 11.2, a Person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of Law may, upon such evidence being produced as the Board may properly require, elect either to become the holder of the share or to have some Person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another Person registered, and the share is a certificated share, he shall execute an instrument of transfer of the share to that Person. If he elects to have himself or another Person registered and the share is an uncertificated share, he shall take any action the Board may require and/or as required in accordance with the Exchange Rules (including without limitation the execution of any document) to enable himself or that Person to be registered as the holder of the share. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer signed by the member and the death or bankruptcy of the member or other event giving rise to the transmission had not occurred.
- 12.3 The Board may at any time send a notice requiring any such Person referred to in Article 12.2 to elect either to be registered himself or to transfer the share. If the notice is not complied with within 60 days, the Board may after the expiry of that period withhold payment of all dividends or other amounts payable in respect of the share until the requirements of the notice have been complied with.
- 12.4 A Person becoming entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of Law shall, upon such evidence being produced as the Board may reasonably require as to his entitlement and subject otherwise to Article 12.2, have the same rights in relation to the share to which he would be entitled if he were the holder of the share, and may give a discharge for all dividends and other moneys payable in respect of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to receive notice of, or to attend or vote at, any general meeting or at any separate meeting of the holders of any class of shares in the capital of the Company.

13. SHARE WARRANTS

- 13.1 In accordance with Law, the Company shall not issue share warrants to bearer.

14. UNTRACED MEMBERS

- 14.1 The Company shall be entitled to sell any share held by a member, or any share to which a Person is entitled by transmission, if:
- (a) during the period of 12 years before the date of the publication of the advertisements referred to in paragraph (b) of this Article 14 (or, if published on different dates, the first date) (the *relevant period*) at least three dividends in respect of the share have been declared and all dividend warrants, cheques or other method of payment for amounts payable in respect of the share which have been sent and were payable in a manner authorised by these Articles have remained uncashed;
 - (b) the Company has, as soon as practicable after the expiration of the relevant period, inserted an advertisement in a leading national daily newspaper published in the United Kingdom and in a newspaper circulating in the area of the registered address or last known address of the member or Person concerned, giving notice of its intention to sell such share; and
 - (c) during the relevant period and the further period of three months after the publication of the advertisements referred to in paragraph (b) of this Article 14 (or, if published on different dates, the first date) the Company has received no communication from, or on behalf of, such member or Person concerned.
- 14.2 The Company shall also be entitled to sell any additional share issued during the relevant period of 12 years in right of any share to which Article 14.1 applies (or in right of any share so issued), if the criteria in Article 14.1 are satisfied in relation to the additional share (but as if the words “during the period of 12 years” were omitted from paragraph (a) of Article 14.1 and the words “, after the expiration of the relevant period,” were omitted from paragraph (b) of Article 14.1).

- 14.3 To give effect to the sale of any share pursuant to Articles 14.1 to 14.4 inclusive the Company may:
- (a) in the case of a share in certificated form, appoint any Person to execute an instrument of transfer of the share, and the instrument shall be as effective as if it had been executed by the registered holder of, or Person entitled by transmission to, the share; and
 - (b) in the case of a share in uncertificated form, the Directors may, to enable the Company to deal with the share in accordance with the provisions of Articles 14.1 to 14.4 inclusive, do all acts and things it considers necessary and expedient to effect the transfer of the share to, or in accordance with the directions of, the purchaser.
- 14.4 An instrument of transfer executed by that Person in accordance with paragraph (a) of Article 14.3 shall be as effective as if it had been executed by the holder of, or Person entitled by transmission to, the shares. An exercise by the Company of its powers in accordance with paragraph (b) of Article 14.3 shall be as effective as if exercised by the registered holder of or Person entitled by transmission to the shares. The purchaser shall not be bound to see to the application of the proceeds of sale, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be indebted to the member or other Person entitled to the share for an amount equal to the net proceeds of the sale and the Company shall enter the name of such former member or other Person in the books of the Company as a creditor for that amount. No trust or duty to account shall arise in respect of the net proceeds and no interest shall be payable in respect of the proceeds of sale, which may be employed in the business of the Company or invested in such investments as the Board may think fit.

15. ALTERATION OF CAPITAL

- 15.1 Subject to the Companies Act and the provisions of these Articles, and without prejudice to any relevant special rights attached to any class of shares, the Company may from time to time:
- (a) increase its share capital by allotting new shares;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) sub-divide its shares, or any of them, into shares of smaller amount than its existing shares;
 - (d) redeem and/ or cancel any of its shares;
 - (e) redenominate its share capital or any class of share capital; and
 - (f) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage or different rights as compared with the others,
- and where any difficulty arises in regard to any consolidation or division, the Directors may settle such difficulty as they see fit.

- 15.2 Whenever any fractions arise as a result of a consolidation or sub-division of shares, the Board may on behalf of the members deal with the fractions as it thinks fit. In particular, without limitation, the Board may sell shares, representing fractions to which any members would otherwise become entitled, to any Person (including, subject to the provisions of the Companies Act, the Company) and distribute the net proceeds of sale in due proportion among those members or retain such net proceeds for the benefit of the Company. In the case of shares to be sold being held in certificated form, the Board may authorise some Person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. In the case of shares to be sold in uncertificated form, the Board may, to enable the Company to deal with the share in accordance with the provisions of this Article 15.2, do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

- 15.3 All shares created by an increase of the Company's share capital (unless otherwise provided by the terms of allotment of the shares of that class), by consolidation, division or sub-division of its share capital or the conversion of stock into paid-up shares shall be subject to all the provisions of these Articles, including without limitation provisions relating to the payment of calls, lien, forfeiture, transfer and transmission.
- 15.4 The Company shall not consolidate, divide, sub-divide or redenominate any one or more Company Ordinary Shares without consolidating, dividing, sub-dividing or redenominating (as the case may be) all of the Company Ordinary Shares, on an equal per share basis.
- 16. GENERAL MEETINGS**
- 16.1 The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the Companies Act.
- 16.2 All provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply to every separate general meeting of the holders of any class of shares in the capital of the Company.
- 16.3 Where a Person is present by proxy or proxies, he is treated only as holding the shares in respect of which those proxies are authorised to exercise voting rights with respect to any matter proposed at the meeting.
- 16.4 The Board may call general meetings whenever and at such times and places as it shall determine. Subject to the provisions of the Companies Act, the Executive Chairman may also call general meetings on behalf of the Board. On requisition of members pursuant to the provisions of the Companies Act, the Board shall promptly convene a general meeting in accordance with the requirements of the Companies Act.
- 17. NOTICE OF GENERAL MEETINGS**
- 17.1 Subject to the provisions of the Companies Act, an annual general meeting and all other general meetings shall be called by at least such minimum period of notice as is prescribed or permitted under the Companies Act.
- 17.2 Subject to the provisions of the Companies Act and any relevant special rights or restrictions attached to any shares, notices shall be given to every member as of the record date for such meeting and to the Directors. The auditors of the Company are entitled to receive all notices of, and other communications relating to, any general meeting which any member is entitled to receive. The Company shall solicit proxies and provide proxy statements for all meetings of members. The Independent Directors (or, if there are no Independent Directors, the Directors who qualify as independent under the Exchange Rules and are not Grupo VM Directors) shall have the full power and authority of the Board, acting in the name and on behalf of the Company, to direct and manage the solicitation of proxies and related matters with respect to the appointment of Directors (other than Directors in respect of which Grupo VM has the right to nominate Director candidates under Article 25.3) at any general meeting of the members of the Company at which Directors are to be elected and at which one or more members of the Company (other than Grupo VM or its Affiliates) shall have nominated, in accordance with the Companies Act and Articles 21.1, 21.4 and 25.1(b) hereof, and not withdrawn from nomination prior to the meeting, one or more persons for election as a Director in opposition to the persons nominated for election by the Board.
- 17.3 Subject to the provisions of the Companies Act, the notice shall specify the place (including without limitation any satellite meeting place arranged for the purposes of Article 19.8, which shall be identified as such in the notice), the date and the time of meeting and the general nature of the business to be transacted, and in the case of an annual general meeting shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.
- 17.4 Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting.

- 17.5 The accidental omission to send notice of a meeting or resolution, or to send any notification where required by the Companies Act or these Articles in relation to the publication of a notice of meeting on a website, or to send a form of proxy where required by the Companies Act or these Articles, to any Person entitled to receive it, or the non-receipt for any reason of any such notice, resolution or notification or form of proxy by that Person, whether or not the Company is aware of such omission or non-receipt, shall not invalidate the proceedings at that meeting.
- 18. LIST OF MEMBERS FOR VOTING AT GENERAL MEETINGS**
- 18.1 At least ten days before every general meeting, the secretary shall prepare a complete list of the members entitled to vote at the meeting. Such list shall:
- (a) be arranged in alphabetical order;
 - (b) show the address of each member entitled to vote at the meeting; and
 - (c) show the number of shares registered in the name of each member.
- 18.2 The list of members prepared in accordance with Article 18.1 shall be available during ordinary business hours for a period of at least ten days before the general meeting for inspection by any member for any purpose relevant to the meeting. If the notice of the meeting does not specify the place where the members may inspect the list of members, the list of members shall be available for inspection (at the discretion of the Board) at either the Office or on a website. The list of members shall be available for inspection by any member who is present at the meeting, at the place and for the duration, of the meeting.
- 19. PROCEEDINGS AT GENERAL MEETINGS**
- 19.1 No business shall be transacted at a meeting unless a quorum is present. The absence of a quorum shall not preclude the choice or appointment of a chairman, which shall not be treated as part of the business of the meeting. Except as otherwise provided by these Articles, a quorum is the members who together represent at least the majority of the voting rights of all the members entitled to vote, present in person or by proxy, at the relevant meeting.
- 19.2 If a quorum is not present within half an hour after the time appointed for holding the meeting (or any longer period not exceeding one hour which the chairman of the meeting can decide), or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved, and in any other case shall stand adjourned to such date, time and place as the chairman of the meeting may, subject to the provisions of the Companies Act, determine. If at the adjourned meeting a quorum is not present within 15 minutes after the time appointed for holding the meeting, the meeting shall be dissolved.
- 19.3 The chairman (if any) of the Board, or in his absence the deputy chairman of the Board, shall preside as chairman of the meeting. In the absence of the chairman of the Board or the deputy chairman of the Board, some other Director nominated prior to the meeting by the Board shall preside as chairman of the meeting. If none of the chairman, deputy chairman or such other Director (if any) is present within 15 minutes after the time appointed for holding the meeting or is not willing to act as chairman, the Directors present shall elect one of their number present and willing to act to be chairman of the meeting, and if there is only one Director present, he shall be chairman of the meeting if he agrees. This Article 19.3 is subject to Article 19.4
- 19.4 If no Director is willing to act as chairman or if no Director is present within 15 minutes after the time appointed for holding the meeting, the members present in person or by proxy and entitled to vote shall choose a member present in person or a proxy of a member or a person authorised to act as a representative of a corporation in relation to the meeting to be chairman of the meeting.
- 19.5 The Board or the chairman of the meeting may direct that any person wishing to attend any general meeting should submit to such searches or other security arrangements (including without limitation, requiring evidence of identity to be produced before entering the meeting and placing restrictions on the items of personal property which may be taken into the meeting) as they or he consider appropriate under the circumstances. The Directors or the chairman of the meeting may in their or his absolute

discretion refuse entry to, or eject from, any general meeting any person who refuses to submit to a search or otherwise comply with such security arrangements.

- 19.6 The Board or the chairman of the meeting may take such action, give such direction or put in place such arrangements as they or he consider appropriate to secure the safety of the people attending the meeting and to promote the orderly conduct of the business of the meeting. Any decision of the chairman of the meeting on matters of procedure or matters arising incidentally from the business of the meeting, and any determination by the chairman of the meeting as to whether a matter is of such a nature, shall be final.
- 19.7 Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are members. The chairman of the meeting may permit other Persons who are not members of the Company or otherwise entitled to exercise the rights of members in relation to general meetings to attend and, at the chairman of the meeting's discretion, speak at a general meeting or at any separate class meeting.
- 19.8 In the case of any general meeting, the Board may, notwithstanding the specification in the notice convening the general meeting of the place at which the chairman of the meeting shall preside (the "**principal place**"), make arrangements for simultaneous attendance and participation at satellite meeting places, or by way of any other electronic means, allowing persons not present together at the same place to attend, speak and vote at the meeting. The arrangements for simultaneous attendance and participation at satellite meeting places, or other places at which persons are participating via electronic means may include arrangements for controlling or regulating the level of attendance at any particular venue provided that such arrangements shall operate so that all members and proxies wishing to attend the meeting are able to attend at one or other of the venues. The members or proxies at the satellite meeting places, or other places at which persons are participating via electronic means, shall be counted in the quorum for, and be entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that the members or proxies attending at the satellite meeting places, or other places at which persons are participating via electronic means, are able to:
- (a) participate in the business for which the meeting has been convened;
 - (b) see and hear all persons who speak (whether through the use of microphones, loud speakers, audio-visual communication equipment or otherwise) in the principal place and any other such place; and
 - (c) be heard and seen by all other persons so present in the same way.
- 19.9 The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal place. If it appears to the chairman of the meeting that the facilities at the principal place or any satellite meeting place, have become inadequate for the purposes set out in Article 19.8, then the chairman of the meeting may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at the general meeting up to the point of the adjournment shall be valid. The provisions of Article 19.14 shall apply to that adjournment.
- 19.10 The Board may make arrangements for persons entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any member present in person or by proxy at such a venue to view or hear all or any of the proceedings of the meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the meeting.
- 19.11 The Board may from time to time make any arrangements for controlling the level of attendance at any venue for which arrangements have been made pursuant to Article 19.8 (including without limitation the issue of tickets or the imposition of some other means of selection) it in its absolute discretion considers appropriate, and may from time to time change those arrangements. If a member, pursuant to

those arrangements, is not entitled to attend in person or by proxy at a particular venue, he shall be entitled to attend in person or by proxy at any other venue for which arrangements have been made pursuant to Article 19.10. The entitlement of any member to be present at such venue in person or by proxy shall be subject to any arrangement then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.

- 19.12 If, after the sending of the notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board decides that it is impracticable or unreasonable, for a reason beyond its control, to hold the meeting at the declared place (or any of the declared places, in the case of a meeting to which Article 19.8 applies) and/or time, it may change the place (or any of the declared places, in the case of a meeting to which Article 19.7 applies) and/or postpone the time at which the meeting is to be held. If such a decision is made, the Board may then change the place (or any of the declared places, in the case of a meeting to which Article 19.8 applies) and/or postpone the time again if it decides that it is reasonable to do so. In either case:
- (a) no new notice of the meeting need be sent, but the Board shall, if practicable, advertise the date, time and place of the meeting by public announcement and in two newspapers with national circulation in the United Kingdom and shall make arrangements for notices of the change of place and/or postponement to appear at the original place and/or at the original time; and
 - (b) a proxy appointment in relation to the meeting may, if by means of a document in hard copy form, be delivered to the Office or such other place within the United Kingdom as may be specified by or on behalf of the Company in accordance with paragraph (a) of Article 23.6 or, if in electronic form, be received at the address (if any) specified by or on behalf of the Company in accordance with paragraph (b) of Article 23.6.
- 19.13 For the purposes of Articles 19.8, 19.9, 19.10, 19.11 and 19.12, the right of a member to participate in the business of any general meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Act or these Articles to be made available at the meeting.
- 19.14 Without prejudice to any other power of adjournment he may have under these Articles or at common law:
- (a) the chairman of the meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place; and
 - (b) the chairman of the meeting may, without the consent of the meeting, adjourn the meeting before or after it has commenced, to another date, time or place which the chairman of the meeting may decide, if the chairman of the meeting considers that:
 - (i) there is not enough room for the number of members and proxies who wish to attend the meeting;
 - (ii) the behaviour of anyone present prevents, or is likely to prevent, the orderly conduct of the business of the meeting;
 - (iii) an adjournment is necessary to protect the safety of any person attending the meeting; or
 - (iv) an adjournment is otherwise necessary in order for the business of the meeting to be properly carried out.
- 19.15 An adjournment may, subject to the provisions of the Companies Act and these Articles, be for such time and to such other place (or, in the case of a meeting held at a principal place and a satellite meeting place, such other places) as the chairman may, in his absolute discretion determine, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting. Any such member may nevertheless appoint a proxy for the adjourned meeting

either in accordance with Articles 23.2, 23.3 and 23.6 or by means of a document in hard copy form which, if delivered at the meeting which is adjourned to the chairman or the secretary or any Director, shall be valid even though it is given at less notice than would otherwise be required by paragraph (a) of Article 23.6. Subject to the provisions of the Companies Act, it shall not be necessary to give notice of an adjourned meeting, except that when a meeting is adjourned for 30 days or more, or for an indefinite period, at least seven clear days' notice shall be given specifying the time and place (or places, in the case of a meeting to which Article 19.8 applies) of the adjourned meeting and the general nature of the business to be transacted. No business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. Members who together represent at least the majority of the voting rights of all the members entitled to vote, present in person or by proxy, at the relevant meeting will constitute a quorum at an adjourned meeting.

19.16 Any resolution put to a vote at a general meeting shall be decided on a poll. This Article 19.16 may only be removed, amended or varied by resolution of the members passed unanimously at a general meeting of the Company.

19.17 Subject to Article 19.18, a poll shall be taken as the chairman directs and he may, and shall if required by the meeting, appoint scrutineers (who need not be members) and fix a time and a place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

19.18 A poll on the election of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken at the meeting or, the chairman may, with the consent of the meeting, determine that the poll shall be taken at such time and place as the chairman directs not being more than 30 days after the meeting.

20. AMENDMENTS TO RESOLUTIONS

20.1 A special resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
- (b) the amendment does not go beyond what is necessary to correct a clear error in the resolution.

20.2 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) written notice of the terms of the proposed amendment and of the intention to move the amendment have been delivered in hard copy to the Company at the Office or to such other place as may be specified by or on behalf of the Company for that purpose, or received in electronic form at such address (if any) for the time being specified by or on behalf of the Company for that purpose, at least 48 hours before the time for holding the meeting or the adjourned meeting at which the ordinary resolution in question is proposed (which, if the Board so specifies, shall be calculated taking no account of any part of a day that is not a working day) and the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the substance of the resolution; or
- (b) the chairman of the meeting, in his absolute discretion, decides that the proposed amendment may be considered or voted on.

20.3 With the consent of the chairman of the meeting, an amendment may be withdrawn by its proposer before it is voted on. If an amendment proposed to any resolution under consideration is ruled out of order by the chairman of the meeting, the proceedings on the resolution shall not be invalidated by any error in the ruling.

21. PROPOSED MEMBER RESOLUTIONS

21.1 Where a member or members, in accordance with the provisions of the Companies Act, request the Company to (i) call a general meeting for the purposes of bringing a resolution before the meeting, or (ii) give notice of a resolution to be proposed at a general meeting, such request must, in each case and

in addition to the requirements of the Companies Act, contain the following (and, to the extent that the request relates to the nomination of a Director, the content requirements of paragraph (b) of Article 25.1 also apply):

- (a) to the extent that the request relates to the nomination of a Director, as to each person whom the member(s) propose(s) to nominate for election or re-election as a Director, all information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected;
- (b) to the extent that that request relates to any business other than the nomination of a Director that the member(s) propose(s) to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such member(s) and any Member Associated Person, individually or in the aggregate, including any anticipated benefit to the member(s) or the Member Associated Person therefrom; and
- (c) as to the member(s) giving the notice and the Member Associated Person, if any:
 - (i) the name and address of such member(s), as they appear on the Company's books, and of such Member Associated Persons, if any;
 - (ii) the class and number of shares of the Company which are owned beneficially and of record by such member(s) and such Member Associated Persons, if any;
 - (iii) a description of all agreements, arrangements and understandings between: (i) such member (other than where the member is a Depository) and such Member Associated Persons, if any; and (ii) such member (other than where the member is a Depository) and such Member Associated Persons and each proposed nominee and any other Person or Persons (including their names) in connection with the nomination of a Director;
 - (iv) the proposal of any other business by such member(s) or such Member Associated Person, if any;
 - (v) any other information relating to such member or Member Associated Person within Article 21.2(b) that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies pursuant to Section 14 of the Exchange Act; and
 - (vi) to the extent known by the Member Associated Person or the member(s) giving the notice, the name and address of any other member or person within Article 21.2(a) - (c) supporting the nominee for election or re-election as a Director or the proposal of other business on the date of such request.

21.2 For the purposes of this Article 21.1, a **Member Associated Person** of any member shall mean:

- (a) any Person controlling, directly or indirectly, or acting in concert with, such member;
- (b) any beneficial owner of shares in the capital of the Company owned of record or beneficially (within the meaning of the Exchange Act) by such member; and
- (c) any Person controlling, controlled by or under common control with such Member Associated Person,

and in each case on whose behalf the member's request in accordance with this Article 21 is made.

- 21.3 If a request made in accordance with Article 21.1 does not include the information specified in that Article, or if a request made in accordance with Article 21.1 is not received in the time and manner required by Article 21.4, in respect of such shares which the relevant member(s) or Member Associated Person own beneficially (the “**member default shares**”) the relevant member(s) shall not be entitled to vote, either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares (or at an adjournment of any such meeting), the member default shares with respect to the matters detailed in the request made in accordance with Article 21.1.
- 21.4 Without prejudice to the rights of any member under the Companies Act, a member who makes a request to which Article 21.1 relates, must deliver any such request in writing to the secretary at the Office not earlier than the close of business on the one hundred and twentieth (120) calendar day nor later than the close of business on the ninetieth (90) calendar day prior to the date of the first anniversary of the preceding year’s annual general meeting provided, however, that in the event that the date of an annual general meeting is more than thirty (30) calendar days before or more than sixty (60) calendar days after the date of the first anniversary of the preceding year’s annual general meeting, notice by the member must be so delivered in writing not earlier than the close of business on the one hundred and twentieth (120) calendar day prior to such annual general meeting and not later than the close of business on the later of (i) the ninetieth (90) calendar day prior to such annual general meeting and (ii) the 10 calendar day after the day on which public announcement of the date of such annual general meeting is first made by the Company. In no event shall any adjournment or postponement of an annual general meeting or the public announcement thereof commence a new time period for the giving of a member’s notice as described in this Article 21.4.

Notwithstanding anything in the foregoing provisions of this Article 21.4 to the contrary, in the event that the number of Directors to be elected to the Board is increased and there is no public announcement, naming all of the nominees for Director or specifying the size of the increased Board, made by the Company at least one hundred (100) calendar days prior to the date of the first anniversary of the preceding year’s annual general meeting or, a member’s notice required by this Article 21.4 shall also be considered as validly delivered in accordance with this Article 21.4, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the Office not later than 5.00 pm, local time, on the tenth (10) calendar day after the day on which such public announcement is first made by the Company.

Notwithstanding the provisions of Articles 21.1 or 21.3 or the foregoing provisions of this Article 21.4, a member shall also comply with all applicable requirements of the Companies Act and of the Exchange Act with respect to the matters set forth in Articles 21.1 or 21.3 or in this Article 21.4. Nothing in Article 21.1 or 21.3 or in this Article 21.4 shall be deemed to affect any rights of members to request inclusion of proposals in, nor the right of the Company to omit proposals from, the Company’s proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act, to the extent applicable to the Company and, in such event, subject in each case to compliance with the Exchange Act.

22. VOTES OF MEMBERS

- 22.1 Subject to any relevant special rights or restrictions attached to any shares (including, for the avoidance of doubt, such rights and restrictions set out in Article 4.1 and Article 25.10), on a vote on a resolution on a poll every member present in person or by proxy shall have one vote for every share of which is the holder or in respect of which his appointment of proxy or corporate representative has been made.
- 22.2 A member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.
- 22.3 In the case of joint holders the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.
- 22.4 A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote by any person authorised in that behalf by that court or official and such person may vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming the right to vote shall be delivered to the Office, or such other place as is specified in accordance with these Articles for the

delivery or receipt of appointments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised (provided that the Company may specify, in any case, that in calculating the period of 48 hours, no account shall be taken of any part of a day that is not a working day). Failure to satisfy the requirements of this Article 22.4 shall cause the right to vote not to be exercisable.

- 22.5 No member shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by representative or proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.
- 22.6 If at any time the Board is satisfied that any member, or any other Person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Companies Act (a “**section 793 notice**”) and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time by notice (a “**direction notice**”) to such member direct that:
- (a) in respect of the shares in relation to which the default occurred (the “**default shares**”, which expression includes any shares issued after the date of the section 793 notice in respect of those shares) the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll; and
 - (b) in respect of the default shares:
 - (i) no payment shall be made by way of dividend and no share shall be allotted or distributed pursuant to Articles 40.1, 41.1, and 41.2; and
 - (ii) no transfer of any default share shall be registered unless:
 - (A) the member is not himself in default as regards supplying the information requested and it has been proved to the satisfaction of the Board that no person in default of supplying the information required is interested in any of the shares which are the subject of the transfer; or
 - (B) the transfer is an approved transfer.
- 22.7 The Company shall send the direction notice to each other Person appearing to be interested in the default shares, but the failure or omission by the Company to do so shall not invalidate such notice.
- 22.8 Any direction notice shall cease to have effect not more than seven days after the earlier of receipt by the Company of:
- (a) a notice of an approved transfer, but only in relation to the shares transferred; or
 - (b) all the information required by the relevant section 793 notice, in a form satisfactory to the Board.
- 22.9 The Board may at any time send a notice cancelling a direction notice.
- 22.10 The Company may exercise any of its powers under Article 4.10 in respect of any default share that is held in uncertificated form.
- 22.11 For the purposes of this Article 22.11 and Articles 22.6, 22.7, 22.8, 22.9 and 22.10:
- (a) a Person shall be treated as appearing to be interested in any shares if the member holding such shares has sent to the Company a notification under section 793 of the Companies Act which either:
 - (i) names such Person as being so interested; or

- (ii) fails to establish the identities of all those interested in the shares, and (after taking into account the said notification and any other relevant section 793 notification) the Company knows or has reasonable cause to believe that the Person in question is or may be interested in the shares;
 - (b) the prescribed period is 14 days from the date of service of the section 793 notice; and
 - (c) a transfer of shares is an approved transfer if:
 - (i) it is a transfer of shares pursuant to an acceptance of a takeover offer (within the meaning of section 794 of the Companies Act);
 - (ii) the Board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the member and with any other Person appearing to be interested in the shares; or
 - (iii) the transfer results from a sale made through a recognised investment exchange as defined in the Financial Services and Markets Act 2000 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.
- 22.12 Nothing contained in Article 22.6, 22.7, 22.8, 22.9 and 22.10 limits the power of the Company under section 794 of the Companies Act.
- 22.13 Any objection to the qualification of any Person voting at a general meeting or on a poll or to the counting of, or failure to count, any vote, must be made at the meeting or adjourned meeting or at the time the poll is taken (if not taken at the meeting or adjourned meeting) at which the vote objected to is tendered. Every vote not disallowed at such meeting shall be valid and every vote not counted which ought to have been counted shall be disregarded. Any objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive. If a vote is not disallowed by the chairman of the meeting it is valid for all purposes.
- 22.14 The Company shall not be bound to enquire whether any proxy or corporate representative votes in accordance with the instructions given to him by the member he represents and if a proxy or corporate representative does not vote in accordance with the instructions of the member he represents the vote or votes cast shall nevertheless be valid for all purposes.
- 22.15 If any votes are counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same meeting, or any adjournment of the meeting, and, in the opinion of the chairman, it is of sufficient magnitude to vitiate the result of the voting.

23. PROXIES AND CORPORATE REPRESENTATIVES

- 23.1 A member is entitled to appoint another Person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company in respect of the shares to which the proxy appointment relates. The proxy appointment shall, unless it provides to the contrary, be valid for any adjournment of the meeting as well as for the meeting to which it relates. A proxy need not be a member.
- 23.2 The appointment of a proxy shall be:
- (a) in the case of a proxy relating to shares in the capital of the Company held in the name of a Depositary, in a form or manner of communication approved by the Board, which may include, without limitation, a voter instruction form to be provided to the Company by certain third parties on behalf of the Depositary. Subject thereto, the appointment of a proxy may be:
 - (i) in hard copy form; or
 - (ii) in electronic form, to the electronic address provided by the Company for this purpose; or

- (b) in the case of a proxy relating to the shares to which paragraph (a) of Article 23.2 does not apply:
 - (i) in any usual form or in any other form or manner of communication which the Board may approve. Subject thereto, the appointment of a proxy may be:
 - (A) in hard copy form; or
 - (B) in electronic form, to the electronic address provided by the Company for this purpose;
- 23.3 The appointment of a proxy, whether made in hard copy form or in electronic form, shall be executed by or on behalf of the appointor in such manner as the Directors may approve, which in the case of a corporation may be either under its common seal or under the hand of a duly authorised officer or other person duly authorised for that purpose or in any other manner authorised by its constitution.
- 23.4 The Board may, if it thinks fit, but subject to the provisions of the Companies Act, at the Company's expense (with or without provision for their return prepaid) send hard copy forms of proxy for use at the meeting, or at any separate meeting of the holders of any class of shares, and issue invitations in electronic form to appoint a proxy in relation to the meeting in such form as may be approved by the Board. If, for the purpose of any meeting appointments of proxy or invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote at it. The accidental omission or the failure due to circumstances beyond the Company's control, to send or make available such an appointment of proxy or give such an invitation to, or the non-receipt thereof by, any member entitled to attend and vote, at a meeting shall not invalidate the proceedings at that meeting.
- 23.5 The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion, provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that member. References in these Articles to an appointment of proxy include references to an appointment of multiple proxies.
- 23.6 Without prejudice to paragraph (b) of Article 19.12 or the second sentence of Article 19.15, the appointment of a proxy shall:
 - (a) if in hard copy form, be delivered by hand or by post to the Office or such other place within the United Kingdom as may be specified by or on behalf of the Company for that purpose:
 - (i) in the notice convening the meeting; or
 - (ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting,by the time specified by the Board (as the Board may determine, in compliance with the provisions of the Companies Act) in any such notice or form of proxy; and
 - (b) if in electronic form, be received at the electronic address to which the appointment of a proxy may be sent by electronic means pursuant to a provision of the Companies Act or to any other address specified by or on behalf of the Company for the purpose of receiving the appointment of a proxy in electronic form:
 - (i) in the notice convening the meeting;
 - (ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting;
 - (iii) in any invitation to appoint a proxy issued by the Company in relation to the meeting; or
 - (iv) on a website that is maintained by or on behalf of the Company and identifies the Company,

by the time specified by the Board (as the Board may determine, in compliance with the provisions of the Companies Act) in any such method of notification.

The Board may specify, when determining the dates by which proxies are to be lodged, that no account need be taken of any part of a day that is not a working day.

- 23.7 Subject to the provisions of the Companies Act, where the appointment of a proxy is expressed to have been or purports to have been sent or supplied by a Person on behalf of a holder:
- (a) the Company may treat the appointment as sufficient evidence of that Person's authority to execute the appointment of proxy on behalf of that member; and
 - (b) the holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of reasonable evidence of the authority under which the appointment of proxy has been made, sent or supplied (which may include, without limitation, a copy of such authority certified notarially or in some other way approved by the Board), to such address and by such time as may be specified in the request and, if the request is not complied with in any respect, the appointment of proxy may be treated as invalid.
- 23.8 Subject to Article 23.7, a proxy appointment which is not delivered or received in accordance with Article 23.6 shall be invalid. Where two or more valid appointments of proxy are delivered or received in respect of the same share in relation to the same meeting, the one which was last delivered or received shall, unless otherwise specified in the notice convening the meeting, be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which is last delivered or received, or if the Company determines that it has insufficient evidence to decide whether or not a proxy appointment is in respect of the same share, it shall be entitled to determine which proxy appointment (if any) is to be treated as valid. Subject to the Companies Act, the Company may determine at its discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles.
- 23.9 The Company shall not be required to check that a proxy or corporate representative votes in accordance with any instructions given by the member by whom he is appointed. Any failure to vote as instructed shall not invalidate the proceedings on the resolution.
- 23.10 Any corporation which is a member of the Company (the "**grantor**") may, by resolution of its directors or other governing body, authorise such Person or Persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any separate meeting of the holders of any class of shares. A Director, the secretary or other person authorised for the purpose by the secretary may require all or any of such Persons to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers. Such Person is entitled to exercise (on behalf of the grantor) the same powers as the grantor could exercise if it were an individual member of the Company. Where a grantor authorises more than one Person and more than one authorised Person purports to exercise a power in respect of the same shares:
- (a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
 - (b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
- 23.11 The termination of the authority of a Person to act as a proxy or duly authorised representative of a corporation does not affect:
- (a) whether he counts in deciding whether there is a quorum at a meeting;
 - (b) the validity of anything he does as chairman of a meeting;
 - (c) the validity of a poll demanded by him at a meeting; or
 - (d) the validity of a vote given by that Person,

unless notice of the termination was either delivered or received as mentioned in the following sentence at least 24 hours before the start of the relevant meeting or adjourned meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll. Such notice of termination shall be either by means of a document in hard copy form delivered to the Office or to such other place within the United Kingdom as may be specified by or on behalf of the Company in accordance with paragraph (a) of Article 23.6 or in electronic form received at the address specified by or on behalf of the Company in accordance with paragraph (b) of Article 23.6, regardless of whether any relevant proxy appointment was effected in hard copy form or in electronic form.

23.12 A proxy given in the form of a power of attorney or similar authorisation granting power to a Person to vote on behalf of a member at forthcoming meetings in general shall not be treated as valid if it grants authorisation for a period of more than three years, unless a contrary intention is stated in it.

24. NUMBER OF DIRECTORS

The Company must have a minimum of two Directors and a maximum of nine Directors. Except as otherwise determined by a resolution of the Board, the entire Board shall consist of nine Directors; provided, however, that prior to the Sunset Date, any such resolutions shall require the vote of two-thirds of the entire Board; provided, further, that prior to the fifth anniversary of the date of the Adoption of these Articles, any such resolutions shall also require the approval of a majority of the Directors who are independent of Grupo VM and otherwise unconflicted with respect to such matter.

25. APPOINTMENT OF DIRECTORS

25.1 No person shall be appointed a Director at any general meeting unless:

- (a) he is nominated by the Board; or
- (b) notice in respect of that person is given by a member qualified to vote at the meeting has been received by the Company in accordance with Article 21.1 and Article 21.4 or section 338 of the Companies Act of the intention to nominate that person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors, together with notice by that person of his willingness to be appointed.

25.2 Except as otherwise authorised by the Companies Act, a motion for the appointment of two or more persons as Directors by a single resolution shall not be made unless a resolution that it should be so made has first been agreed to by the meeting without any vote being given against it.

25.3 Prior to the Sunset Date, subject to and in accordance with this Article 25, in connection with any election of Directors, Grupo VM shall have the right to nominate, for election at any meeting of members called for the purpose of electing Directors for, or to appoint persons to fill vacancies in, the Board, a number of Director candidates (each such candidate, a "**Grupo VM Nominee**") equal to its Percentage Interest multiplied by the number of Directors constituting the entire Board, rounded up to the nearest whole number, calculated on the date that is ten days prior to the beginning of the period during which members may give notice of a resolution to be proposed at a general meeting pursuant to Article 21; provided, however, that in the event such whole number would cause the Grupo VM Nominees to constitute two-thirds or more of the entire Board, such result shall be rounded down to the nearest whole number. Prior to the Decrease Date, Grupo VM shall at all times nominate at least two Grupo VM Directors who shall qualify as independent directors under the Nasdaq Rules (regardless of whether Company Ordinary Shares are listed thereon). On and after the Decrease Date, until the number of Grupo VM Directors is reduced to one, Grupo VM shall at all times nominate at least one Grupo VM Director who shall qualify as an independent director under the Nasdaq Rules (regardless of whether Company Ordinary Shares are listed thereon).

25.4 Prior to the Decrease Date, subject to and in accordance with this Article 25.4, the Independent Directors (or, if there are no Independent Directors, the Directors who qualify as independent under the Exchange Rules and are not Grupo VM Directors) shall have the exclusive right to nominate persons on behalf of the Board for election at any meeting of members called for the purpose of electing Directors for, or to appoint persons to fill vacancies in, the Board, subject to the right of Grupo VM to designate and nominate Directors under these Articles or any contractual agreement between Grupo

VM and the Company and subject to Articles 25.5, 25.6 and 25.7. On and after the Decrease Date, the Board shall have the right to nominate persons on behalf of the Board for election at any meeting of members called for the purpose of electing Directors for, or to fill vacancies in, the Board, subject to the exclusive right of Grupo VM to designate and nominate Directors under these Articles or any contractual agreement between Grupo VM and the Company and subject to Articles 25.5, 25.6 and 25.7. With respect to any meeting of members called for the purpose of electing Directors prior to the Decrease Date, the number of nominations by the Independent Directors (or, if there are no Independent Directors, the Directors who qualify as independent under the Exchange Rules and are not Grupo VM Directors) shall not exceed the number of the entire Board reduced by the number of Grupo VM Directors and by any person entitled to nomination under Articles 25.5, 25.6 and 25.7.

- 25.5 Subject to these Articles, for so long as AK is serving as the executive chairman of the Company (the “**Executive Chairman**”), he shall be entitled to nomination for election as a Director at any meeting of members called for the purpose of electing Directors.
- 25.6 Prior to the third anniversary of the date of adoption of these Articles, if AK is not serving as the Executive Chairman, Grupo VM and/or the Independent Directors may submit the names of one or more Person(s) to the Nominating and Corporate Governance Committee for consideration to be appointed as a Director and act as the Executive Chairman. The Nominating and Corporate Governance Committee shall evaluate the qualifications of each such Person to serve as a Director and the Executive Chairman and, following such evaluation, shall make a recommendation to the Board for action by the requisite approval of the entire Board as to such Person under paragraph (b) of Article 34.3 for appointment of a replacement Executive Chairman. In the event the requisite approval of the entire Board is not obtained in accordance with paragraph (b) of Article 34.3, Grupo VM and/or the Independent Directors may, and in any event Grupo VM shall, in good faith and consistent with the requirements of this Article 25, within 30 days of such disapproval, submit the names of one or more additional (but not the same) Person(s) to serve as a Director and act as the Executive Chairman for approval in accordance with the foregoing sentence. Grupo VM shall continue to submit the names of additional (but not the same) Persons in accordance with this Article 25.6 until the earlier of (x) such time as an Executive Chairman is appointed and (y) the third anniversary of the adoption of these Articles. In the event the Executive Chairman is a Grupo VM Director or an Affiliate of Grupo VM, the Executive Chairman shall constitute a Grupo VM Nominee and a Grupo VM Director for all purposes under these Articles.
- 25.7 On or after the third anniversary of the adoption of these Articles, if AK is not serving as the Executive Chairman, the Board may determine that the chief executive should serve as a member of the Board; provided, that (A) if the chief executive officer is an Affiliate of Grupo VM, he or she shall be deemed to be a Grupo VM Nominee and a Grupo VM Director, as the case may be, for all purposes under these Articles and (B) if the chief executive officer was a Grupo VM Director prior to such Board determination, he or she shall be deemed to be a Grupo VM Nominee and a Grupo VM Director, as the case may be, for all purposes under these Articles.
- 25.8
- (a) Each Director shall at all times (A) be qualified to serve as a Director under applicable rules and policies of the Company, the Exchange and applicable Law and (B) have demonstrated good judgment, character and integrity in his or her personal and professional dealings and have relevant financial, management and/or global business experience.
- (b) Each of the Director Nominees nominated as an Independent Director or as a Grupo VM Director who is required to qualify as “independent” under the Nasdaq Rules (any such Director Nominee, a “Qualified Director Nominee”) shall at all times be qualified to serve as a Director under applicable rules and policies of the Company, the Exchange and applicable Law. Such qualification shall be determined with respect to each Qualified Director Nominee by the nominating and corporate governance committee of the Board, or other committee performing the functions of nominating Directors for election to the Board (the “Nominating and Corporate Governance Committee”), acting reasonably and in good faith and in a manner consistent with the fiduciary duties applicable to directors and the rules of the Exchange and applicable Law. In addition, in evaluating the Qualified Director Nominees for nomination, the Nominating and Corporate Governance Committee shall consider whether each Qualified

Director Nominee (i) has demonstrated good judgement, character and integrity in his or her personal and professional dealings and (ii) has relevant financial, management and/or global business experience, each as determined by the Nominating and Corporate Governance Committee, acting reasonably and in good faith and in a manner consistent with the fiduciary duties applicable to directors and the rules of the Exchange and applicable Law. In the event the Nominating and Corporate Governance Committee determines reasonably and in good faith and in a manner consistent with the fiduciary duties applicable to directors, that a Qualified Director Nominee is ineligible to serve under the applicable rules and policies of the Company, the Exchange and applicable Law, or otherwise does not satisfy the standards for service on the Board specified above, the Nominating and Corporate Governance Committee will inform Grupo VM, the Board and the Qualified Director Nominee of its determination and the basis therefor in writing and in reasonable detail and will allow a reasonable opportunity for Grupo VM, the Board and the Qualified Director Nominee to evaluate the determination, including through meetings and discussions with the Nominating and Corporate Governance Committee regarding the circumstances of his or her eligibility to serve. Following such discussions, if the Nominating and Corporate Governance Committee, acting reasonably and in good faith and in a manner consistent with the fiduciary duties applicable to directors, has not reversed its determination that the Qualified Director Nominee is ineligible to serve, then, in the case of a Qualified Director Nominee who has been submitted for nomination, Grupo VM, the Independent Directors or the Board, as applicable, shall submit in good faith a replacement Qualified Director Nominee for consideration by the Nominating and Corporate Governance Committee as promptly as possible but in all cases within thirty (30) days, in accordance with the requirements of this Article 25, or in the case of a Qualified Director Nominee who is an incumbent Director, such Qualified Director Nominee will, if requested by the Nominating and Corporate Governance Committee, promptly tender his or her resignation from the Board or committee of the Board, as applicable, and the resulting vacancy will be filled pursuant to this Article 25.

25.9 The Company shall, until the Sunset Date, subject to applicable Law and to Article 25.8, include the Director Nominees in the slate of nominees recommended by the Board to the members, and included in the related Company notice of annual or other general meeting, voting ballots, proxy notice, or proxy statement (if applicable) and proposed as a resolution at such annual or general meeting, for election to the Board at any annual or other general meeting of the members of the Company at which Directors are to be elected.

25.10 In the event that at a general meeting the number of resolutions to be put to the meeting for appointment of a person as a Director (each a “**Director Resolution**”) exceeds the Board Vacancy Number at that time:

- (a) a share may only be voted in favour of such number of the Director Resolutions that is equal to or less than the Board Vacancy Number; and
- (b) the person(s) that shall be appointed Director(s) shall first be the person who, as compared to the rest of the Director Resolutions, receives the greatest number of “for” votes (whether or not the “for” votes are a majority of the votes cast in respect of that Director Resolution), and then shall second be the person who, as compared to the rest of the Director Resolutions, receives the second greatest number of “for” votes (whether or not a majority of those “for” votes are a majority of the votes cast in respect of that Director Resolution) and so on until the number of Directors appointed equals (but in no circumstance exceeds) the Board Vacancy Number.

For the purpose of this Article 25.10, “**Board Vacancy Number**” means the number of Directors which constitutes the entire Board under Article 24 less the number of Directors in office at the date of the relevant general meeting who are not retiring from office at that general meeting.

25.11 At every annual general meeting all the Directors shall retire from office and will be eligible, subject to applicable Law, for nomination for re-appointment by the Board in accordance with this Article 25. A Director retiring at a general meeting retires at the end of that meeting or (if earlier) when a resolution is passed to appoint another person in the Director’s place. Where a retiring Director is re-appointed, he continues as a Director without a break.

- 25.12 Article 25.3 shall not apply to any resolution proposed to be voted on at a general meeting in respect of the proposed removal of an existing Director and appointment of a person instead of the person so removed, which pursuant to the Companies Act shall be proposed as an ordinary resolution. Subject to these Articles and any agreement entered into with a member in writing, in addition to any power to remove Directors conferred by the Law, the Company can pass a special resolution to remove a Director from office even though his time in office has not ended and can (subject to these Articles) appoint a person to replace a Director who has been removed in this way by passing an ordinary resolution.
- 25.13 Subject to the provisions of these Articles, the Company may by ordinary resolution appoint a person who is willing to act as a Director, and is permitted by Law to do so, to be a Director, either to fill a vacancy or as an additional Director. Any Director elected in accordance with this Article 25.13 shall hold office for the remainder of the full term of the class of Directors in which the vacancy occurred or to which the new Director is appointed, until his successor is appointed or until his earlier resignation or removal in accordance with Article 31.
- 25.14 Subject to the provisions of these Articles, the Board may appoint a person who is willing to act as a Director and is permitted by Law to do so, either to fill a vacancy or as an additional Director. Any Director elected in accordance with this Article 25.14 shall hold office for the remainder of the full term of the class of Directors in which the vacancy occurred or to which the new Director is appointed, until his successor is appointed or until his earlier resignation or removal in accordance with Article 31.
- 25.15 A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

26. DIRECTORS' FEES AND EXPENSES

- 26.1 Unless otherwise determined by the Company by ordinary resolution, the remuneration of the Directors (other than the Executive Chairman, any chief executive officer who is serving as a Director, alternate Directors and Directors employed by the Company in an executive capacity, each of whom shall not receive separate remuneration for his services as a Director) for their services in the office of Director shall be as the Board may from time to time determine. The fees of the Directors shall be deemed to accrue from day to day and shall be distinct from and additional to any remuneration or other benefits which may be paid or provided to any Director pursuant to any other provision of these Articles.
- 26.2 The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors, or of committees of the Board, or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties as Directors. The Company can also fund a Director's or former Director's expenditure and that of a Director or former Director of any holding company of the Company for the purposes permitted by the Law and can do anything to enable a Director or former Director or a Director or former Director of any holding company of the Company to avoid incurring such expenditure all as provided in the Law.
- 26.3 Any Director who holds any executive office or who serves on any committee of the Board or who performs services which the Board considers go beyond the ordinary duties of a Director may be paid such special remuneration (whether by way of bonus, commission, participation in profits or otherwise) as the Board may determine.

27. DIRECTORS' GRATUITIES AND BENEFITS

- 27.1 The Board may (by the establishment of, or maintenance of, schemes or otherwise) provide benefits, whether by the payment of allowances, gratuities or pensions, or by insurance or death, sickness or disability benefits or otherwise, for any past or present Director or employee of the Company or any past or present Director or employee of any of the Company's parent or subsidiary undertakings or any undertaking associated with, or any business acquired by, any of them, and for any member of his family (including a spouse or civil partner and a former spouse or former civil partner) or any person who is or was dependent on him and may (before as well as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

27.2 Any past or present Director or employee of the Company or any past or present director or employee of any of the Company's parent or subsidiary undertakings or any undertaking associated with, or any business acquired by, any of them, and any relations or dependents of such Directors and employees will not be accountable to the Company or the members for any benefit provided pursuant to this Article 27. Anyone receiving such a benefit will not be disqualified from being or becoming a Director of the Company.

28. ALTERNATE DIRECTORS

28.1 Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of two-thirds of the entire Board and willing to act and permitted by Law to do so, to be an alternate Director and may remove an alternate Director appointed by him from his appointment as alternate Director. Subject to the foregoing, a Director may appoint more than one alternate and a person may act as alternate for more than one Director. A Director may appoint an alternate director by sending a signed written notice of appointment to the office or to an address specified by the Company or by tabling it at a meeting of the Directors, or in such other way as the Board shall approve.

28.2 An alternate Director shall be entitled to receive notices of meetings of the Directors and of committees of the Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not present but at which meeting such Director would be entitled to vote, and generally to perform all of the functions of his appointor as a Director in his absence, but shall not (unless the Company by ordinary resolution otherwise determines) be entitled to any fees for his services as an alternate Director. If an alternate Director is himself a Director, or he attends any meeting as an alternate Director for more than one Director, he can vote cumulatively for himself and for each other Director he represents but he cannot be counted more than once for the purposes of the quorum.

28.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director. If a Director retires but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his reappointment.

28.4 An alternate Director shall cease to be an alternate Director on the occurrence (in relation to the alternate Director) of any event which, if it occurred in relation to his appointor, would result in the termination of the appointor's appointment as Director.

28.5 An appointment or removal of an alternate Director shall be by notice in writing to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board.

28.6 Save as otherwise provided in these Articles, an alternate Director:

- (a) shall be deemed for all purposes to be a Director;
- (b) shall alone be responsible for his own acts and omissions;
- (c) shall, in addition to any restrictions which may apply to him personally, be subject to the same restrictions as his appointor; and
- (d) shall not be deemed to be the agent of the Director appointing him.

29. POWERS OF THE BOARD

29.1 Subject to the provisions of the Companies Act, these Articles and to any directions given by special resolution to take or refrain from taking, specified action, the business of the Company shall be managed by the Board who may exercise all the powers of the Company, including without limitation the power to dispose of all or any part of the undertaking of the Company. No alteration of these Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article 29.1 shall not be limited by any special power given to the Board by these Articles, and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

- 29.2 The Board may exercise the voting power conferred by the shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including without limitation the exercise of that power in favour of any resolution appointing its members or any of them as directors of such body corporate, or voting or providing for the payment of remuneration or the provision of indemnification to the directors of such body corporate).
- 29.3 The Board may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its Subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any Person of the whole or part of the undertaking of the Company or that Subsidiary.

30. DELEGATION OF DIRECTORS' POWERS

- 30.1 Subject to the provisions of these Articles, the Directors may delegate any of the powers which are conferred on them under these Articles:
- (a) to a committee consisting of one or more Directors and (if thought fit) one or more other persons, to such an extent and on such terms and conditions as the Board thinks fit (and such ability of the Directors to delegate under this Article applies to all powers and discretions and will not be limited because certain Articles refer to powers and discretions being exercised by committees authorised by Directors while other Articles do not);
 - (b) to such person by such means (including by power of attorney), to such an extent, and on such terms and conditions, as they think fit including delegation to any Director holding any executive office, any manager or agent such of its powers as the Board considers desirable to be exercised by him; or
 - (c) to any specific Director or Directors (with power to sub-delegate). These powers can be given on terms and conditions decided on by the Directors either in parallel with, or in place of, the powers of the Directors acting jointly.

Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more Directors (whether or not acting as a committee) or to any employee or agent of the Company all or any of the powers delegated and may be made subject to such conditions as the Board may specify, and may be revoked or altered. References in these Articles to any committee, Director, employee or agent include those acting under a delegation pursuant to this Article 30.1. The Directors can remove any people they have appointed in any of these ways and cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not has any notice of any cancellation or change.

- 30.2 Prior to the Sunset Date, and subject to applicable Law and the rules of the Exchange, each committee of the Board shall contain a number of Grupo VM Directors equal to the product (rounded up to the nearest whole number) of (a) the total number of members of such committee and (b) Grupo VM's Percentage Interest, provided, however, that, prior to the Decrease Date, Independent Directors (or, if there is an insufficient number of Independent Directors to constitute such a majority, Independent Directors or Directors who qualify as independent under the Exchange Rules and are not Grupo VM Directors) shall constitute a majority of the Nominating and Corporate Governance Committee, and, provided, further, that at all times that the Board has constituted the BCA Special Committee (as defined in the BCA) it shall be a three-member committee composed of two Independent Directors and one Grupo VM Director who qualifies as independent under the Exchange Rules. Subject to this Article 30.2, the appointment of Directors to committees of the Board, including the chairpersons thereof, shall be determined by two-thirds of the entire Board.
- 30.3 Subject to Article 30.4, the proceedings of any committee appointed under paragraph (a) of Article 30.1 with two or more members shall be governed by such of these Articles as regulate the proceedings of Directors so far as they are capable of applying, and the quorum at a meeting of any such committee shall be two.
- 30.4 The Directors may make rules regulating the proceedings of such committees, which shall prevail over any rules derived from these Articles pursuant to Article 30.2 if, and to the extent that, they are not consistent with them.

- 30.5 The Directors may, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the Directors, to be the agent of the Company for such purposes, with such powers, authorities and discretions (not exceeding those vested in the Board) and subject to such conditions as they think fit. The Directors may revoke or vary any such appointment or delegation and may also authorise the agent to sub-delegate all or any of the powers, authorities and discretions vested in him.
- 30.6 The power to delegate under Article 30.1 includes the power to delegate the determination of any fee, remuneration or other benefit which may be paid or provided to any Director.
- 30.7 The Board may appoint any person to any office or employment having a designation or title including the word “director” or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word “director” in the designation or title of any such office or employment shall not imply that the holder is a Director, and the holder shall not thereby be empowered in any respect to act as, or be deemed to be, a Director for any of the purposes of these Articles.

31. DISQUALIFICATION AND REMOVAL OF DIRECTORS

A person ceases to be a Director if:

- (a) he ceases to be a Director by virtue of any provision of the Companies Act (including, without limitation, section 168 of the Companies Act) or he becomes prohibited by Law from being a Director;
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (d) by reason of his mental health a court makes an order which wholly or partly prevents him from personally exercising any powers or rights he would otherwise have;
- (e) he resigns his office by notice in writing to the Company;
- (f) in the case of a Director who holds any executive office, his appointment as such is terminated or expires and the Board resolves that he should cease to be a Director;
- (g) he is absent for more than six consecutive months without permission of the Board from meetings of the Board held during that period and the Board resolves that he should cease to be a Director; or
- (h) he dies.

32. EXECUTIVE DIRECTORS

- 32.1 Subject to the provisions of the Companies Act, the Directors may appoint one or more of their number to the office of Executive Chairman, executive vice-chairman (“**Executive Vice-Chairman**”), chief executive or to any other executive office of the Company (including, without limitation, to hold the office of president and/or treasurer but excluding that of auditor) and any such appointment may be made for such terms, at such remuneration and on such other conditions as the Directors think fit. The Company may enter into an agreement or arrangement with any such Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. The Board may revoke or vary any such appointment but without prejudice to any rights or claims which the person whose appointment is revoked or varied may have against the Company because of the revocation or variation.
- 32.2 Any appointment of a Director to an executive office shall terminate if he ceases to be a Director but without prejudice to any rights or claims which he may have against the Company by reason of that cessation. Except as provided in Article 31, a Director appointed to an executive office shall not cease to be a Director merely because his appointment to such executive office terminates.

- 32.3 The emoluments of any Directors holding executive office for his services shall be determined by the Board, and may be of any description, including without limitation admission to, or continuance of, membership of any scheme (including any share acquisition scheme) or fund instituted or established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, or the payment of a pension or other benefits to him or his dependants on or after retirement or death, apart from membership of any such scheme or fund.
- 32.4 AK shall be the initial Executive Chairman. Except as otherwise delegated or agreed from time to time by (a) prior to the third anniversary of the adoption of these Articles, two-thirds of the entire Board or (b) on or after the third anniversary of the adoption of these Articles, the Board, the Executive Chairman shall have the authority and responsibilities set out in the guidelines established by the Board as at the date of adoption of these Articles.
- 32.5 Except as otherwise delegated or agreed from time to time by (a) prior to the third anniversary of the adoption of these Articles, two-thirds of the entire Board or (b) on or after the third anniversary of the adoption of these Articles, a majority of the entire Board, the Executive Vice-Chairman shall have the authority and responsibilities set out in the guidelines established by the Board as at the date of adoption of these Articles.

33. DIRECTORS' INTERESTS

- 33.1 For the purposes of these Articles (i) a conflict of interest may include (x) a conflict of interest and duty, (y) a conflict of duties, (ii) interest includes both direct and indirect interests and (iii) a Contract includes references to an existing or proposed contract and to an existing or proposed transaction or arrangement whether or not it is or will be a contract.
- 33.2 For the purposes of section 175 of the Companies Act, the Board may (subject to such terms and conditions, if any, as the Board may think fit to impose from time to time, and always subject to the Board's right to vary or terminate such authorisation) authorise, to the fullest extent permitted by Law:
- (a) any matter proposed to it in accordance with these Articles which would, if not so authorised, involve a breach of duty by a Director under that section, including, without limitation, any matter which relates to a situation in which a Director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company or which may reasonably be regarded as likely to give rise to a conflict of interest; and
 - (b) a Director to accept or continue in any office, employment or position in addition to his office as a Director and, without prejudice to the generality of paragraph (a) of this Article 33.2, may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises,

provided that any such authorisation will be effective only if:

- (i) any requirement as to quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and
- (ii) the matter was agreed to without such Director voting or would have been agreed to if such Director's votes had not been counted.

The Board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded). The Board may vary or terminate any such authorisation at any time.

- 33.3 In accordance with Article 33.2, a Director shall be authorised for the purposes of section 175 of the Companies Act to act or continue to act as a Director notwithstanding that at the time of his appointment or subsequently he also:
- (a) holds office as a director of any other member of the Company's group;

- (b) holds any other office, employment or engagement with any other member of the Company's group;
- (c) participates in any scheme, transaction or arrangement for the benefit of the employees or former employees of any member of the Company's group (including any pension fund or retirement, death or disability scheme or other bonus or employee benefit scheme); or
- (d) is interested directly or indirectly in any shares or debentures (or any rights to acquire shares or debentures) in any member of the Company's group.

33.4 Subject to Article 33.2, and for all purposes pursuant to these Articles or any agreement between the members, each Director with an interest pursuant to Article 33.3 shall be authorised for the purposes of sections 173(2) and 175 of the Companies Act to:

- (a) attend and vote at meetings of the Board (or any committee thereof) at which any relevant matter will or may be discussed, and receive board papers relating thereto; and
- (b) receive confidential information and other documents and information relating to the Company.

33.5 Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of any material interest of his (unless the circumstances referred to in section 177(5) or section 177(6) of the Companies Act apply, in which case no disclosure is required), a Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) may (or any firm of which he is a member may) act in a professional capacity for the Company (otherwise than as auditor) or any other body in which the Company is otherwise interested and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; and
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any undertaking:
 - (i) in which the Company is (directly or indirectly) interested as member, member, partner or otherwise; or
 - (ii) with which he has such a relationship at the request or direction of the Company,

and, subject to these Articles, the Directors can exercise or arrange for the exercise of the voting rights attached to any shares in another company held by the Company and the voting rights which they have as directors of that company in any way that they decide. This includes voting in favour of a resolution appointing any of them as directors or officers of that company and deciding their remuneration. Subject to these Articles, they can also vote and be counted in the quorum as Directors of the Company in connection with any of these things.

33.6 A Director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any undertaking:

- (a) the acceptance, entry into or existence of which has been authorised by the Board pursuant to Article 33.2 (subject, in any case, to any limits or conditions to which such authorisation was subject); or
- (b) which he is permitted to hold or enter into by virtue of paragraphs (a), (b) or (c) of Article 33.5,

nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Companies Act.

- 33.7 Any disclosure required by Article 33.5 may be made at a meeting of the Board, by notice in writing or by general notice or otherwise in accordance with section 177 of the Companies Act.
- 33.8 A Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director and in respect of which he owes a duty of confidentiality to another Person. However, to the extent that his relationship with that other Person gives rise to a conflict of interest or possible conflict of interest, this Article 33.8 applies only if the existence of that relationship has been authorised by the Board pursuant to Article 33.2. In particular, the Director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Companies Act because he fails:
- (a) to disclose any such information to the Board or to any Director or other officer or employees of the Company; and/or
 - (b) to use or apply any such information in performing his duties as a Director.
- 33.9 Where the existence of a Director's relationship with another Person has been authorised by the Board pursuant to Article 33.2 and his relationship with that Person gives rise to a conflict of interest or possible conflict of interest, the Director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Companies Act because he:
- (a) absents himself from meetings of the Board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or
 - (b) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser,
- for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists.
- 33.10 The provisions of Articles 33.8 and 33.9 are without prejudice to any equitable principle or rule of Law which may excuse the Director from:
- (a) disclosing information, in circumstances where disclosure would otherwise be required under these Articles; or
 - (b) attending meetings or discussions or receiving documents and information as referred to in Article 33.9, in circumstances where such attendance or receiving such documents and information would otherwise be required under these Articles.
- 33.11 For the purposes of Article 33.5:
- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified Person or class of Persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;
 - (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
 - (c) a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a Director, officer or employee of any undertaking in which the Company is interested.
- 33.12 Except as otherwise provided by these Articles, a Director shall not vote at a meeting of the Board or a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) which can reasonably be regarded as likely to give rise to a conflict with the interests of

the Company, unless his interest arises only because the resolution falls within one or more of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) the giving to him of any other indemnity which is on substantially the same terms as indemnities given or to be given to all of the other Directors and/or to the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other Directors have been given or are to be given substantially the same arrangements;
- (d) a Contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription, purchase or exchange, in which offer he is or may be entitled to participate as holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (e) a Contract, arrangement, transaction or proposal concerning any other undertaking in which he or any Person connected with him is interested, directly or indirectly, and whether as an officer, member, partner, creditor or otherwise if he and any Persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Companies Act) representing one per cent or more of either any class of the equity share capital of such undertaking (or any other undertaking through which his interest is derived) or of the voting rights available to shareholders, members, partners or equivalent of the relevant undertaking (or any interest being deemed for the purpose of this Article 33.12 to be likely to give rise to a conflict with the interests of the Company in all circumstances);
- (f) a Contract, arrangement, transaction or proposal for the benefit of employees and Directors and/or former employees and Directors of the Company or any of its subsidiary undertakings and/or members of their families (including a spouse or civil partner or a former spouse or former civil partner) or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to any Director any privilege or advantage not generally accorded to the employees and/or former employees to whom such arrangement relates; and
- (g) a Contract, arrangement, transaction or proposal concerning any insurance against any liability which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

33.13 Subject to paragraph (c)(iii) of Article 34.3, the Board may suspend or relax to the extent permitted by Law, either generally or in respect of any particular matter, any provision of these Articles prohibiting a Director from voting at a meeting of the Directors or of a committee of the Directors or ratify any transaction not duly authorised by reason of contravention of any such provision.

33.14 Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any undertaking in which the Company is interested, the proposals may be divided and considered in relation to each Director separately. In such cases each of the Directors concerned shall be entitled to vote in respect of each resolution except that concerning his own appointment.

33.15 If a question arises at a meeting of the Directors, or a meeting of a committee of the Directors, as to the right of a Director to vote, the question may, before the conclusion of the meeting, be decided by a resolution of a majority of Directors present at the meeting (other than the Director concerned and any other Director having a like interest as such Director) and such resolution shall be final and conclusive.

34. PROCEEDINGS OF DIRECTORS

34.1 Subject to the provisions of these Articles, the Board may regulate their proceedings as they think fit.

34.2 A Director may, and the secretary at the request of a Director shall, call a meeting of the Board by giving notice to each Director. A notice of a meeting of the Board shall be deemed to be properly given to a Director if given to him personally or by word of mouth, or sent in hard copy to him at his last known address or any other address (if any) as may for the time being be specified by him or on his behalf to the Company for this purpose or sent in electronic form to such address (if any) for the time being specified by him or on his behalf to the Company for this purpose. Any Director may waive the requirement for notice of a meeting and any such waiver may be retrospective. Any notice pursuant to this Article 34.2 need not be in writing if the Board so determines and any such determination may be retrospective.

34.3 The following provisions shall apply to proceedings of the Board:

- (a) Subject to paragraphs (b) and (c) of this Article 34.3, questions arising at a meeting shall be decided by a majority of votes of the Directors present at such meeting who are entitled to vote on such question. If votes are equal, the resolution will not be passed.
- (b) From the date of adoption of these Articles until the Sunset Date, decisions regarding the matters set forth below shall require the vote of two-thirds of the entire Board, including if AK is not serving as Executive Chairman the approval of at least one Independent Director (or, if there are no Independent Directors, a Director who qualifies as independent under the Exchange Rules and is not a Grupo VM Director):
 - (i) any merger, consolidation, reorganization, recapitalization or other corporate transaction that results in a Change of Control of the Company, or sale of all or substantially all of the Company's consolidated assets, or the redomiciling of the Company into a different jurisdiction, other than a sale of 100% of the Company Ordinary Shares to a third party in a transaction in which each holder of Company Ordinary Shares receives the same per share consideration, the same form of consideration and otherwise is subject to the same terms and conditions as all other holders of Company Ordinary Shares;
 - (ii) other than as provided for in Article 4.13, the payment of any special dividend or other distributions outside of the ordinary course of business by the Company;
 - (iii) the extraordinary purchase, repurchase or redemption of the Company Ordinary Shares outside customary share buy-back programmes;
 - (iv) the appointment or removal of any member of the Board, otherwise than in accordance with these Articles;
 - (v) the alteration, amendment or repeal (whether by merger, consolidation, operation of Law, or otherwise) of Articles 5, 19, 24, 25, 30, 32, 33 and 34;
 - (vi) any increase or decrease in the size of the Board, otherwise than in accordance with these Articles; provided that prior to the fifth anniversary of the date of the Adoption of these Articles, any such decision shall also require the approval of a majority of the Directors who are independent of Grupo VM and otherwise unconflicted with respect to such matter;
 - (vii) prior to the third anniversary of the adoption of these Articles and subject to Articles 25.6 and 25.12: (A) the removal without cause of the Executive Chairman and (B) the appointment or election of a replacement Executive Chairman;
 - (viii) the alteration, amendment or repeal of any authorisation given by the Board for the purposes of sections 173(2) and 175 of the Companies Act;

- (ix) subject to Article 32.4, the alteration, amendment or repeal of any guidelines established by the Board as at the date of adoption of these Articles regarding the authority and responsibilities of the Executive Chairman;
 - (x) subject to Article 32.5, the alteration, amendment or repeal of any guidelines established by the Board as at the date of adoption of these Articles regarding the authority and responsibilities of the Executive Vice-Chairman; and
 - (xi) after the first date on which the Company no longer qualifies for the controlled company exemption under the applicable Exchange Rules any application by the Company to further seek a controlled company status under the Exchange Rules.
- (c) From the date of adoption of these Articles until the earlier of (i) the Sunset Date and (ii) the third anniversary of the adoption of these Articles, decisions regarding the matters set forth below shall require the vote of a majority of the entire Board, including the approval of AK to the extent he holds office as Executive Chairman; provided, however, that if AK ceases to hold office as Executive Chairman at any time during such period and the Executive Chairman position remains vacant for 90 consecutive days thereafter, decisions regarding the matters set forth below shall require the vote of two-thirds of the entire Board until the earliest of (i) such time as the Executive Chairman position is filled in accordance with these Articles, (ii) the Sunset Date and (iii) the third anniversary of the adoption of these Articles:
- (i) the incurrence of indebtedness in excess of US\$300 million in respect of any single transaction or in a series of related transactions;
 - (ii) the issuance of shares or other equity interests in the Company in excess of US\$300 million in respect of any single transaction or in a series of related transactions;
 - (iii) the entry into any transaction, agreement or arrangement with any Affiliate of the Company or any of its Subsidiaries, including Grupo VM and its Affiliates (except that the approval of any Grupo VM Designee shall not be required for any transaction, agreement or arrangement with Grupo VM or any of its Affiliates and the approval of the Executive Chairman shall not be required for any transaction, agreement or arrangement with the Executive Chairman or any of his Affiliates); and
 - (iv) subject to these Articles, the creation of a Board committee or delegation of authority to any committee of the Board.
- (d) From the date of adoption of these Articles until the Sunset Date, the alteration, amendment, repeal or waiver of any shareholder agreement entered into with Grupo VM on the date of adoption of these Articles shall require the vote of a majority of the Directors who are independent of Grupo VM and otherwise unconflicted with respect to such matter.

34.4 No business shall be transacted at any meeting of the Board unless a quorum is present. The quorum at a meeting of the Board shall be a majority of the Directors then in office. Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no Director objects. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director, who is not himself a Director shall, if his appointor is not present but is entitled to be counted in the quorum, be counted in the quorum.

34.5 The Directors may at any time elect from their number, and remove, a chairman of the Board and a deputy chairman. Unless he is unwilling to do so, the Director appointed as chairman, or in his stead the Director appointed as deputy chairman, shall preside at all meetings of the Board at which he is present. If there is no Director holding either office, or if neither the chairman nor the deputy chairman is present within five minutes after the time appointed for the meeting, or if the chairman or deputy chairman is not willing to preside, the Directors present may choose one of their number to be chairman of the meeting.

- 34.6 All acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as a Director, shall, notwithstanding that it may afterwards be discovered that there was a defect in the appointment of any Director, any member of the committee or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, or that the meeting was not quorate (provided that the Directors present at the inquorate meeting believed, in good faith, that the meeting was quorate and made all such enquiries as were reasonable in the circumstances to establish that the meeting was quorate), be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote and that the meeting was quorate.
- 34.7 A resolution in writing agreed to by all the Directors entitled to receive notice of a meeting of the Board or of a committee of the Board and who would be entitled to vote (and whose vote would have been counted) on the resolution at a meeting of the Board or of a committee of the Board shall (if that number is sufficient to constitute a quorum) be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) of that committee, duly convened and held. A resolution in writing is adopted when the Company receives from all such Directors a document indicating their agreement to the proposed resolution either by being signed or otherwise authenticated in the manner permitted by the Companies Act for a document in the relevant form, sent in either hard copy or electronic form (including facsimile transmission) to such address (if any) for the time being specified by the Company for that purpose. A resolution agreed to by an alternate Director need not also be agreed to by his appointor and, if it is agreed to by a Director who has appointed an alternate Director, it need not also be agreed to by the alternate Director in that capacity.
- 34.8 Without prejudice to Article 34.1, a meeting of the Board or of a committee of the Board may consist of a conference between Directors who are not all in one place, but each of whom is able (whether directly or by conference telephone or by any other form of communication equipment) to hear each of the other participating Directors, and to speak to and be heard by each of the others simultaneously. A Director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in the quorum accordingly and the word "meeting" in these Articles shall be construed accordingly. Such meeting shall be deemed to take place where it is convened to be held or (if no Director is present in that place) where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is located.

35. MINUTES

- 35.1 The Directors shall cause minutes to be made in books kept for the purpose:
- (a) of all appointments of officers made by the Directors; and
 - (b) of all proceedings at meetings of the Company, of the holders of any class of shares in the capital of the Company, and of the Board, and of committees of the Board, including the names of the Directors present at each such meeting.
- 35.2 Any such minutes, if purporting to be signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts therein stated.

36. SECRETARY

Subject to the provisions of the Companies Act, the secretary shall be appointed by the Board for such term, at such remuneration and on such other conditions as they think fit. Any secretary so appointed may be removed by the Board but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

37. THE SEAL

- 37.1 The seal shall be used only by the authority of a resolution of the Board or of a committee of the Board. The Board may determine whether any instrument to which the seal is affixed, shall be signed and, if it is to be signed, who shall sign it. Unless otherwise determined by the Board:
- (a) share certificates and, subject to the provisions of any instrument constituting the same, certificates issued under the seal in respect of any debentures or other securities, need not be

signed and any signature may be applied to any such certificate by any mechanical, electronic or other means or may be printed on it; and

- (b) every other instrument to which the seal is affixed shall be signed by two authorised persons or by a Director in the presence of a witness who attests the signature and for this purpose an authorised person is any Director or the secretary of the Company.

37.2 Any document may be executed under the seal by impressing the seal by mechanical means or by printing the seal or a facsimile of it on the document or by applying the seal or a facsimile of it by any other means to the document. A document executed, with the authority of a resolution of the Board, in any manner permitted by section 44(2) of the Companies Act and expressed (in whatever form of words) to be executed by the Company has the same effect as if executed under the seal.

37.3 Subject to the provisions of the Companies Act, the Company may have an official seal for use in any place.

38. REGISTERS

38.1 Subject to the provisions of the Companies Act, the Company may keep an overseas or local register in any place, and the Board may make, amend and revoke any regulations it thinks fit about the keeping of that register.

38.2 Any Director or the secretary or any other person appointed by the Board for the purpose shall have power to authenticate and certify as true copies of and extracts from:

- (a) any document comprising or affecting the constitution of the Company, whether in hard copy form or electronic form;
- (b) any resolution passed by the Company, the holders of any class of shares in the capital of the Company, the Board or any committee of the Board, whether in hard copy form or electronic form; and
- (c) any book, record and document relating to the business of the Company, whether in hard copy form or electronic form (including without limitation the accounts).

If certified in this way, a document purporting to be a copy of a resolution, or the minutes or an extract from the minutes of a meeting of the Company, the holders of any class of shares in the capital of the Company, the Board or a committee of the Board, whether in hard copy form or electronic form, shall be conclusive evidence in favour of all Persons dealing with the Company in reliance on it or them that the resolution was duly passed or that the minutes are, or the extract from the minutes is, a true and accurate record of any proceedings at a duly constituted meeting.

39. DIVIDENDS

39.1 The rights as regarding income attaching to the Company Ordinary Shares shall be as set out in this Article 39.

39.2 Subject to Article 39.3, the Company undertakes, following each occasion on which it receives proceeds under the R&W Policy (after deducting taxes applicable to such proceeds, if any) ("**R&W Proceeds**"), and without resolution of the Board or the Company in general meeting and before application of any available profits to reserve or for any other purpose (including making any other distribution or paying any other dividend to holders of Company Ordinary Shares), to pay the holders of the Ordinary Shares an aggregate total amount equal to the R&W Proceeds (after deducting taxes applicable to such proceeds, if any) ("**Preferred Dividend**"), on the twentieth clear business day after receiving the R&W Proceeds.

39.3 If the Company is unable to pay the Preferred Dividend in full on the due date because there are insufficient profits available for distribution, it shall pay the Preferred Dividend on that date to the extent that it is lawfully able to do so and the remaining portion of such Preferred Dividend as soon as it may lawfully do so. Each Ordinary Share shall rank equally with all other Ordinary Shares in the capital of the Company for any Preferred Dividend and the holder of each Ordinary Share shall receive

its pro rata portion of the Preferred Dividend rounded down to the nearest cent (such rounding to be in the sole discretion of the Board).

- 39.4 Subject to Articles 39.2, 39.3, 39.9, 39.10 and 41.2 and provided any outstanding Preferred Dividend has been paid in full, the holder of each Company Ordinary Share shall be entitled to receive all of the distributable profits available and declared by the Directors for distribution by way of a dividend amongst the holders of the Company Ordinary Shares. Each Company Ordinary Share shall rank equally with all other Company Ordinary Shares in the capital of the Company for any dividend and the holder of each Company Ordinary Share shall receive its pro rata portion of any dividend rounded down to the nearest cent (such rounding to be in the sole discretion of the Board).
- 39.5 Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.
- 39.6 Subject to the provisions of the Companies Act and to Article 39.10, the Board may pay interim dividends, whether or not satisfied wholly or partly by the distribution of assets including without limitation paid up shares or debentures of another body corporate, of such amounts and on such dates and in respect of such periods as they may think fit if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Board may:
- (a) pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if at the time of payment, any preferential dividend is in arrears; and
 - (b) pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment;
- If the Board acts in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights. Where any distribution is satisfied wholly or partly by the distribution of assets, where any difficulty arises in regard to such distribution, the Directors may settle the same as they think fit and in particular (but without limitation) may issue fractional certificates (or ignore fractions) and fix the value for distribution of any assets, and may determine that cash shall be paid to any member on the basis of the value so fixed in order to adjust the rights of members, and may vest any assets in trustees.
- 39.7 Dividends may be declared and paid in any currency or currencies that the Board shall determine. The Board may also determine the exchange rate and the relevant date for determining the value of any dividend in any currency.
- 39.8 Subject to the provisions of the Companies Act and except as otherwise provided by these Articles or the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case (and except as aforesaid), dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this Article 39.8, an amount paid up on a share in advance of a call shall be treated, in relation to any dividend declared after the payment but before the call, as not paid up on the share.
- 39.9 Subject to Article 39.10, a general meeting declaring a dividend may, upon the recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets including without limitation paid up shares or debentures of another body corporate.
- 39.10 Unless otherwise approved by the vote by two-thirds of the entire Board and approved by an ordinary resolution of the Company, where the securities of another body corporate are distributed, they must only be distributed to holders of Company Ordinary Shares on the basis that the holders of Company Ordinary Shares receive the identical class of securities of that other body corporate on an equal per share basis.

- 39.11 Any dividend or other money payable in respect of a share may be paid:
- (a) in cash;
 - (b) by cheque or warrant made payable to or to the order of the holder or Person entitled to payment;
 - (c) by direct debit, bank or other funds transfer system to the holder or Person entitled to payment or, if practicable, to a Person designated by notice to the Company by the holder or Person entitled to payment; or
 - (d) by any other method approved by the Board and agreed (in such form as the Company thinks appropriate) by the holder or Person entitled to payment.
- 39.12 If two or more Persons are registered as joint holders of any share, or are entitled by transmission jointly to a share, the Company may:
- (a) pay any dividend or other moneys payable in respect of the share to any one of them and any one of them may give effectual receipt for the payment; and
 - (b) for the purpose of Article 39.11, rely in relation to the share on the written direction, designation or agreement of, or notice to the Company by, any one of them.
- 39.13 A cheque or warrant may be sent by post:
- (a) where a share is held by a sole holder, to the registered address of the holder of the share;
 - (b) if two or more Persons are the holders of the share, to the registered address of the Person who is first named in the register of members;
 - (c) if two or more Persons are holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of Law, as if it were a notice to be sent under Article 46.12; or
 - (d) in any case to such Person and to such address as the Person entitled to payment may direct by notice to the Company.
- 39.14 Every cheque or warrant shall be made payable to the order of or to the Person or Persons entitled or to such other Person as the Person or Persons entitled may by notice direct and payment of the cheque or warrant shall be a good discharge to the Company. Every cheque or warrant sent or transfer of funds made by the relevant bank or system in accordance with these Articles shall be at the risk of the holder or Person entitled. The Company shall have no responsibility for any sums lost or delayed in the course of payment by any method used by the Company in accordance with Article 39.11.
- 39.15 The Company may cease to send any cheque or warrant (or to use any other method of payment) for any dividend payable in respect of a share if:
- (a) in respect of at least two consecutive dividends payable on that share the cheque or warrant has been returned undelivered or remains uncashed (or that other method of payment has failed); or
 - (b) following one such occasion, reasonable enquiries have failed to establish any new address of the holder;
- but, subject to the provisions of these Articles, shall recommence sending cheques or warrants (or using another method of payment) for dividends payable on that share if the Person or Persons entitled so request and have supplied in writing a new address or account to be used for that purpose.
- 39.16 The Board may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him to the Company in respect of that share. Where a Person is

entitled by transmission to a share, the Board may retain any dividend payable in respect of that share until that Person (or that Person's transferee) becomes the holder of that share.

- 39.17 No dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.
- 39.18 Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other money payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect of it.
- 39.19 All amounts payable by the Company pursuant to these Articles, including dividends, shall be paid without any withholding or deduction, save as may be required by applicable Law.

40. SCRIIP DIVIDENDS

- 40.1 The Board may offer any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend subject to the following terms and conditions:
- (a) Each holder of shares shall be entitled to that number of new shares as are together as nearly as possible equal in value to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder would have received by way of dividend but elects to forego (each a new share). For this purpose, the value of each new share shall be:
- (i) equal to the average quotation for the relevant shares in the capital of the Company, that is, the average of the closing prices for those shares on the Exchange as derived from such source as the Board may deem appropriate, on the day on which such shares are first quoted ex the relevant dividend and the four subsequent business days; or
 - (ii) calculated in any other manner the Board considers fit;
- but shall never be less than the par value of the new share. A certificate or report by the auditors as to the value of a new share in respect of any dividend shall be conclusive evidence of that value.
- (b) Each holder of shares shall only be entitled to new Company Ordinary Shares.
- (c) On or as soon as possible after announcing that any dividend is to be declared or recommended, the Board, if it intends to offer an election in respect of that dividend, shall also announce that intention. If, after determining the basis of allotment, the Board decides to proceed with the offer, it shall notify the holders of shares of the terms and conditions of the right of election offered to them, specifying the procedure to be followed and place at which, and the latest time by which, elections or notices amending or terminating existing elections must be delivered in order to be effective.
- (d) The Board shall not proceed with any election unless the Board has sufficient authority to allot shares and sufficient reserves or funds that may be appropriated to give effect to it after the basis of allotment is determined.
- (e) The Board may exclude from any offer any holders of shares where the Board believes the making of the offer to them would or might involve the contravention of the Laws of any territory or that for any other reason the offer should not be made to them.
- (f) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable in cash on shares in respect of which an election has been made (the "**elected ordinary shares**") and instead such number of new shares shall be allotted to each holder of elected ordinary shares as is arrived at on the basis stated in paragraph (a) of this Article 40.1. For that purpose the Board shall appropriate out of any amount for the time

being standing to the credit of any reserve or fund (including without limitation the profit and loss account), whether or not it is available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to each holder of elected shares as is arrived at on the basis stated in paragraph (a) of this Article 40.1.

- (g) The new shares when allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except that they shall not be entitled to participate in the relevant dividend in lieu of which they were allotted.
- (h) No fraction of a share shall be allotted. The Board may make such provisions as it thinks fit for any fractional entitlements including without limitation payment in cash to holders in respect of their fractional entitlements, provision for the accrual, retention or accumulation of all or part of the benefit of fractional entitlements to or by the Company or to or by or on behalf of any holder or the application of any accrual, retention or accumulation to the allotment of fully paid shares to any holder.
- (i) The Board may do all acts and things it considers necessary or expedient to give effect to the allotment and issue of any share pursuant to this Article 40.1 or otherwise in connection with any offer made pursuant to this Article 40.1 and may authorise any Person, acting on behalf of the holders concerned, to enter into an agreement with the Company providing for such allotment or issue and incidental matters. Any agreement made under such authority shall be effective and binding on all concerned.
- (j) The Board may, at its discretion, amend, suspend or terminate any offer pursuant to the above.

41. CAPITALISATION OF PROFITS

41.1 The Board may, subject to the provisions of this Article 41.1, Article 41.2 and Article 41.3 inclusive, resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including without limitation the Company's share premium account and capital redemption reserve, if any) and:

- (a) appropriate the sum resolved to be capitalised to the members or any class of members on the record date specified in the relevant resolution who would have been entitled to it if it were distributed by way of dividend and in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend;
- (b) apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full shares, debentures or other obligations of the Company of a nominal amount equal to that sum but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article 41.1, only be applied in paying up shares to be allotted to members credited as fully paid;
- (c) allot the shares, debentures or other obligations credited as fully paid to those members or as they may direct, in those proportions, or partly in one way and partly in the other;
- (d) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall so long as such shares remain partly paid rank for dividend only to the extent that the latter shares rank for dividend;
- (e) where shares or debentures become, or would otherwise become, distributable under this Article 41.1 in fractions, make such provision as the Board thinks fit for any fractional entitlements including without limitation authorising their sale and transfer to any Person, resolving that the distribution be made as nearly as practicable in the correct proportion but not exactly so, ignoring fractions altogether or resolving that cash payments be made to any members in order to adjust the rights of all parties;

- (f) authorise any Person to enter on behalf of all the members concerned into an agreement with the Company providing for either:
 - (i) the allotment to members respectively, credited as fully paid, of any further shares, debentures or other obligations to which they are entitled upon such capitalisation; or
 - (ii) the payment up by the Company on behalf of the members of the amounts, or any part of the amounts, remaining unpaid on their existing shares by the application of their respective proportions of the sums resolved to be capitalised,and any agreement made under such authority being binding on all such members, and
- (g) generally do all acts and things required to give effect to such resolution as aforesaid.

41.2 In exercising its authority under Article 41.1, unless approved by the vote of two-thirds of the entire Board and approved by an ordinary resolution of the Company, the Board may only resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including without limitation the Company's share premium account and capital redemption reserve, if any) and to issue and allot Company Ordinary Shares, as otherwise contemplated by Article 41.1, to holders of Company Ordinary Shares on an equal per share basis.

41.3

- (a) Where, pursuant to an employees' share scheme (within the meaning of section 1166 of the Companies Act) the Company has granted awards ("awards" being options or other incentive awards, including, without limitation, stock appreciation rights, restricted stock units, performance stock units and restricted stock awards) to subscribe for or with respect to shares on terms which provide (inter alia) for adjustments to the subscription, exercise or base price payable on the exercise of such award or to the number of shares to be allotted upon the exercise, or with respect to, such award, in the event of any increase or reduction in, or other reorganisation of, the Company's issued share capital and an otherwise appropriate adjustment would result in the subscription, exercise or base price for any share being less than its nominal value, then, subject to the provisions of the Companies Act, the Directors may, on the exercise of any of the awards concerned and payment of the subscription, exercise or base price which would have applied had such adjustment been made, capitalise any such profits or other sum as is mentioned in Article 41.1 above (as if such Article 41.1 did not make reference to Article 41.2) to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be allotted on the exercise of such awards and apply such amount in paying up such balance and allot shares fully paid accordingly. The provisions of Article 41.1 shall apply mutatis mutandis to this Article 41.3 as if Article 41.1 did not make reference to Article 41.2.
- (b) Where, pursuant to an employees' share scheme (within the meaning of section 1166 of the Companies Act) the Company has granted awards ("awards" being options or other incentive awards, including, without limitation, stock appreciation rights, restricted stock units, performance stock units and restricted stock awards) to subscribe for or with respect to shares, then, subject to the provisions of the Companies Act, the Directors may, on the grant, exercise or vesting of any of the awards concerned, capitalise any such profits or other sum as is mentioned in Article 41.1 above (as if such Article 41.1 did not make reference to Article 41.2) to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be allotted on the grant, exercise or vesting of such awards and apply such amount in paying up such balance and allot shares fully paid accordingly. The provisions of Article 41.1 shall apply mutatis mutandis to this paragraph (b) as if Article 41.1 did not make reference to Article 41.2.

42. RETURN OF CAPITAL

42.1 The rights as regards return of capital attaching to the Company Ordinary Shares shall be as set out in this Article.

42.2 On a return of capital on a liquidation, reduction of capital or otherwise, the surplus assets of the Company available for distribution among the members shall be applied in the same order of priority as applies in respect of dividends and distributions set out in Article 39 (or as close thereto as is possible).

43. CHANGE OF THE COMPANY'S NAME

The Company's name may be changed by resolution approved by the vote of a majority of the Board.

44. RECORD DATES

44.1 Notwithstanding any other provision of these Articles, and subject to the Companies Act, but without prejudice to any special rights attached to any shares, the Company or the Directors may:

- (a) fix any date as the record date for any dividend, distribution, allotment or issue, which shall not be more than 60 days prior to such action;
- (b) for the purpose of determining which Persons are entitled to attend and vote at a general meeting of the Company, or a separate general meeting of the holders of any class of shares in the capital of the Company, and how many votes such Persons may cast, specify in the notice of meeting a time by which a Person must be entered on the register in order to have the right to attend or vote at the meeting provided that such time shall not be more than 60 days nor less than 10 days before the date of such meeting and changes to the register after the time specified by virtue of this Article 44.1 shall be disregarded in determining the rights of any Person to attend or vote at the meeting; and
- (c) for the purposes of sending notices to any one or more members (including, without limitation, notices of general meetings, or separate general meetings of the holders of any class of shares in the capital of the Company), give such notices by reference to the register of members as it stands at the close of business on a day determined by the Company or the Board, which day may not be more than 60 days before the day that such notices are sent.

44.2 In the case of determination of members entitled to vote at any general meeting or adjournment thereof, or a separate general meeting of the holders of any class of shares in the capital of the Company, the record date shall, unless otherwise required by the Companies Act, not be more than 60 days nor less than 10 days before the date of such meeting.

44.3 In the case of any other lawful action, and save as otherwise provided by these Articles, the record date shall not be more than 60 days prior to such other action.

45. ACCOUNTS

45.1 No member (as such, other than a Director) shall have any right to inspect any accounting record or other document of the Company, unless he is authorised to do so by statute, by order of the court, by the Board or by ordinary resolution of the Company.

45.2 Subject to the Companies Act, a copy of the Company's annual accounts and reports for that financial year shall, at least 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the provisions of the Companies Act, be sent to every member and to every holder of the Company's debentures, and to every Person who is entitled to receive notice of meetings from the Company under the provisions of the Companies Act or of these Articles or, in the case of joint holders of any share or debenture, to one of the joint holders. A copy need not be sent to a Person for whom the Company does not have a current address.

45.3 Subject to the Companies Act, the requirements of Article 45.2 shall be deemed satisfied in relation to any Person by sending to the Person, instead of such copies, a summary financial statement derived from the Company's annual accounts and directors' report, which shall be in the form and containing the information prescribed by the Companies Act and any regulations made under the Companies Act.

46. NOTICES AND OTHER COMMUNICATIONS

- 46.1 Any notice to be given to or by any Person pursuant to these Articles shall be in writing other than a notice calling a meeting of the Directors which need not be in writing.
- 46.2 Any notice, document or information may (without prejudice to Articles 46.9 and 46.10) be given, sent or supplied by the Company to any member either:
- (a) personally;
 - (b) by sending it by post in a prepaid envelope addressed to the member at his registered address or postal address given to the Company for that purpose, or by leaving it at that address;
 - (c) subject to Article 46.3, by sending it in electronic form to a Person who has agreed (generally or specifically) that the notice, document or information may be sent or supplied in that form (and has not revoked that agreement); or
 - (d) subject to the provisions of the Companies Act, by making it available on a website, provided that the requirements in (i) to (iv) below are satisfied.

The requirements referred to in paragraph (d) are that:

- (i) the member has agreed (generally or specifically) that the notice, document or information may be sent or supplied to him by being made available on a website (and has not revoked that agreement), or the member has been asked by the Company to agree that the Company may send or supply notices, documents and information generally, or the notice, document or information in question, to him by making it available on a website and the Company has not received a response within the period of 28 days beginning on the date on which the Company's request was sent and the member is therefore taken to have so agreed (and has not revoked that agreement);
- (ii) the member is sent a notification of the presence of the notice, document or information on a website, the address of that website, the place on that website where it may be accessed, and how it may be accessed (**notification of availability**); and
- (iii) in the case of a notice of meeting, the notification of availability states that it concerns a notice of a Company meeting, specifies the place, time and date of the meeting, and states whether it will be an annual general meeting, and
- (iv) the notice, document or information continues to be published on that website, in the case of a notice of meeting, throughout the period beginning with the date of the notification of availability and ending with the conclusion of the meeting and in all other cases throughout the period specified by any applicable provision of the Companies Act, or, if no such period is specified, throughout the period of 28 days beginning with the date on which the notification of availability is sent to the member, save that if the notice, document or information is made available for part only of that period then failure to make it available throughout that period shall be disregarded where such failure is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

- 46.3 The Board may from time to time issue, endorse or adopt terms and conditions relating to the use of electronic means for the sending of notices, other documents and proxy appointments by the Company to members or Persons entitled by transmission and by members or Persons entitled by transmission to the Company.

46.4 In the case of joint holders of a share:

- (a) it shall be sufficient for all notices, documents and other information to be given, sent or supplied to the joint holder whose name stands first in the register of members in respect of the joint holding (first named **holder**) only and any notice, document or other information so sent shall be deemed for all purposes sent to all the joint holders; and

- (b) the agreement of the first named holder that notices, documents and information may be given, sent or supplied in electronic form or by being made available on a website shall be binding on all the joint holders.
- 46.5 The Company may at any time and at its sole discretion choose to give, send or supply notices, documents and information only in hard copy form to some or all members.
- 46.6 For the avoidance of doubt, the provisions of Articles 46.1 to 46.5 are subject to Article 17.5.
- 46.7 A member present either in person or by proxy, or in the case of a corporate member by a duly authorised representative, at any meeting of the Company or of the holders of any class of shares shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 46.8 Every Person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been given to the Person from whom he derives his title, but this Article 46.8 does not apply to a notice given under section 793 of the Companies Act.
- 46.9 Subject to the Companies Act, where by reason of the suspension or curtailment of postal services, the Company is unable effectively to give notice of a general meeting, the general meeting may be convened by public announcement. The Company shall send a copy of the notice to members in the same manner as it sends notices under Articles 46.1 to 46.5 inclusive if at least seven clear days before the meeting the posting of notices again becomes practicable.
- 46.10 Subject to the Companies Act, any notice, document or information to be given, sent or supplied by the Company to the members or any of them, not being a notice to which Article 46.9 applies, shall be sufficiently given, sent or supplied if given by public announcement.
- 46.11 Any notice, document or information given, sent or supplied by the Company to the members or any of them:
- (a) by hand shall be deemed to have been received by the member when it is handed to the member or left at his registered address;
 - (b) by post, shall be deemed to have been received 24 hours after the time at which the envelope containing the notice, document or information was posted unless it was sent by second class post or there is only one class of post, or it was sent by air mail to an address outside the United Kingdom, in which case it shall be deemed to have been received 48 hours after it was posted Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice, document or information was sent or supplied;
 - (c) by advertisement, shall be deemed to have been received on the day on which the advertisement appears;
 - (d) by electronic means, shall be deemed to have been received by the member on the day following that on which it was sent or supplied Proof that a notice, document or information in electronic form was addressed to the electronic address provided by the member for the purpose of receiving communications from the Company shall be conclusive evidence that the notice, document or information was sent or supplied and such notice, document or information shall be deemed received by the member at that time notwithstanding that the Company becomes aware that the member has filed to receive the relevant notice, document or information for any reason and notwithstanding that the Company subsequently sends or supplies a hard copy of such document or information by post to the member;
 - (e) by making it available on a website, shall be deemed to have been received on the date on which the notice, document or information was first made available on the website or, if later, when the member is deemed to have been received notification of the fact that the notice, document or information was available on the website in accordance with this Article 46.11 and such notice, document or information shall be deemed received by the member on that day notwithstanding that the Company becomes aware that the member has filed to receive the

relevant document or information for any reason and notwithstanding that the Company subsequently sends a hard copy of such notice, document or information by post to the member, or

- (f) by means of a Depositary, shall be deemed to have been received 24 hours after the Company, or Person acting on the Company's behalf, gives the notice, document or information to the Depositary.

46.12 Any notice, document or information may be given, sent or supplied by the Company to the Person entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of Law by sending or delivering it in any manner that the Company may choose authorised by these Articles for the sending of notice, document or information to a member addressed to that Person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any similar description, at the address, if any, as may be supplied for that purpose by the Person claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy or other event giving rise to the transmission had not occurred.

46.13 If on three consecutive occasions, or on one occasion and reasonable enquiries have failed to establish the member's address, notices, documents or information sent or supplied to a member by post have been returned undelivered, the member shall not be entitled to receive any subsequent notice, document or information until he has supplied to the Company (or its agent) a new registered address or a postal address, or shall have informed the Company, in such a manner as may be specified by the Company, of an electronic address. For the purposes of this Article 46.13, references to notices, documents or information include references to a cheque or other instrument of payment, but nothing in this Article 46.13 entitles the Company to cease sending any cheque or other instrument of payment for any dividend, unless it is otherwise so entitled under these Articles. Without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact sent or purports to be sent to such member shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

46.14 Where a document is required under these Articles to be signed by a member or any other Person, if the document is in electronic form, then in order to be valid the document must either:

- (a) incorporate the electronic signature, or personal identification details (which may be details previously allocated by the Company), of that member or other Person, in such form as the Directors may approve; or
- (b) be accompanied by such other evidence as the Directors may require in order to be satisfied that the document is genuine.

The Company may designate mechanisms for validating any such document and a document not validated by the user of any such mechanisms shall be deemed as having not been received by the Company. In the case of any document or information relating to a meeting, an instrument of proxy or invitation to appoint a proxy, any validation requirements shall be specified in the relevant notice of meeting in accordance with Article 17.4 and paragraph (b) of Article 23.6.

47. DESTRUCTION OF DOCUMENTS

47.1 The Company shall be entitled to destroy:

- (a) any instrument of transfer of shares which have been registered, and all other documents on the basis of which any entry is made in the register, at any time after the expiration of six years from the date of registration;
- (b) any dividend mandate, variation or cancellation of dividend mandates, and notification of change of name or address, at any time after two years from the date on which it is recorded;
- (c) any share certificate which has been cancelled at any time after the expiration of one year from the date on which it is cancelled;

- (d) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment;
- (e) all proxy appointments which have been used for the purpose of a poll at any time after the expiration of one year from the date of use;
- (f) all proxy appointments which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the proxy appointment relates and at which no poll was demanded; and
- (g) any other document on the basis of which an entry in the register of members is made, after six years from the date on which it is made.

Any document referred to in this Article 47.1 may be destroyed earlier than the relevant date authorised, provided that a permanent record of the document is made which is not destroyed before that date.

47.2 It shall be conclusively presumed in favour of the Company that:

- (a) every entry in the register of members purporting to have been made on the basis of an instrument of transfer or other document destroyed in accordance with Article 47.1 was duly and properly made;
- (b) that every instrument of transfer destroyed in accordance with Article 47.1 was a valid and effective instrument duly and properly registered;
- (c) that every share certificate destroyed in accordance with Article 47.1 was a valid and effective certificate duly and properly cancelled; and
- (d) that every other document destroyed in accordance with Article 47.1 was a valid and effective document in accordance with the particulars in the records of the Company.

provided that

- (i) Article 47.1 shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant;
- (ii) nothing in Article 47.1 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document otherwise than in accordance with Article 47.1 which would not attach to the Company in the absence of Article 47.1; and
- (iii) references in Article 47.1 to the destruction of any document include references to the disposal of it in any manner.

48. WINDING UP

48.1 If the Company commences liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by Law, subject to the provisions of the Companies Act:

- (a) divide among the members in specie the whole or any part of the assets, whether they shall consist of property of the same kind or not, of the Company and may, for that purpose, value any assets as he deems fair and determine how the division shall be carried out as between the members or different classes of members; and
- (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine;

but no member shall be compelled to accept any assets upon which there is a liability.

48.2 The power of sale of a liquidator shall include a power to sell wholly or partially for shares or debentures or other obligations of another body corporate, either then already constituted or about to be constituted for the purpose of carrying out the sale.

49. INDEMNITY AND INSURANCE

49.1 Subject to the provisions of the Companies Act and applicable Law, the Company shall exercise all the powers of the Company to:

- (a) indemnify to any extent any person who is or was a Director, or a Director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company; and/or
- (b) indemnify to any extent any person who is or was a Director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme;

including without limitation insurance against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to this duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

49.2 Subject to the provisions of the Companies Act, the Company may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any person who is or was:

- (a) a Director, officer or employee of the Company, or any body corporate which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated; or
- (b) a trustee of any pension fund in which employees of the Company or any other body referred to in paragraph (a) of this Article 49.2 are or have been interested;

including without limitation insurance against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to this duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund

49.3 No Director of former Director shall be accountable to the Company or the members for any benefit provided pursuant to these Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a Director.

50. DISPUTE RESOLUTION

50.1 The courts of England and Wales shall have exclusive jurisdiction to determine any and all disputes brought by a member in that member's capacity (whether in its own name or in the name of the Company) as such against the Company and/or the Board and/or any of the Directors individually or collectively, arising out of or in connection with these Articles or any non-contractual obligations arising out of or in connection with these Articles.

50.2 The governing Law of these Articles is the Law of England and Wales and these Articles shall be interpreted in accordance with the Laws of England and Wales.

50.3 For the purposes of Article 50.1, Director shall be read so as to include each and any Director of the Company from time to time in his capacity as such or as an employee of the Company and shall include any former Director of the Company.

SHAREHOLDER AGREEMENT

BETWEEN

GRUPO VILLAR MIR, S.A.U.

AND

FERROGLOBE PLC

Dated as of December 23, 2015

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
Certain Definitions	1
SECTION 1.01. Defined Terms	1
SECTION 1.02. Other Definitional Provisions	4
ARTICLE II	
Holdco	5
SECTION 2.01. Ownership; Shares	5
ARTICLE III	
Management and Operations of Holdco	5
SECTION 3.01. Board of Directors	5
SECTION 3.02. Appointment of Executive Chairman and Executive Vice-Chairman	9
SECTION 3.03. Committees	9
ARTICLE IV	
Preemptive Rights	9
SECTION 4.01. Preemptive Rights	9
SECTION 4.02. Exceptions From Preemptive Rights	10
SECTION 4.03. Nonintervention by Holdco	10
SECTION 4.04. Certain Issues of Shares	10
ARTICLE V	
Standstill Provisions	10
SECTION 5.01. Standstill	10
SECTION 5.02. Nonintervention by Holdco	12
ARTICLE VI	
Transfers	12
SECTION 6.01. Restrictions on Transfers	12

SECTION 6.02. Permitted Transfers	13
ARTICLE VII	
Representations and Warranties	14
SECTION 7.01. Representations and Warranties of Grupo VM	14
SECTION 7.02. Representations and Warranties of Holdco	15
ARTICLE VIII	
Miscellaneous	16
SECTION 8.01. Term and Termination of Agreement	16
SECTION 8.02. Confidentiality Agreement	16
SECTION 8.03. Notices	16
SECTION 8.04. Severability	17
SECTION 8.05. Entire Agreement; Amendments and Waivers	17
SECTION 8.06. Assignment	18
SECTION 8.07. Parties in Interest	18
SECTION 8.08. Mutual Drafting	18
SECTION 8.09. Governing Law; Consent to Jurisdiction	18
SECTION 8.10. Counterparts	19
SECTION 8.11. Delivery by Facsimile or Email	19
SECTION 8.12. Specific Performance	19
SECTION 8.13. Process Agent	19

SCHEDULES

SCHEDULE I Percentage Interest

SHAREHOLDER AGREEMENT (as it may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of December 23, 2015, between Grupo Villar Mir, S.A.U., a public limited company (*sociedad anónima*) incorporated under the laws of Spain ("Grupo VM"), and Ferroglobe PLC, a public limited company incorporated under the laws of England ("Holdco").

WHEREAS, on the Effective Date, Holdco issued Shares to Grupo VM pursuant to the Business Combination Agreement; and

WHEREAS the parties hereto desire to enter into this Agreement to govern certain rights, obligations and interests of Grupo VM with respect to Holdco.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

Certain Definitions

SECTION 1.01. Defined Terms. (a) In this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" shall mean, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person. Notwithstanding the foregoing, (i) neither Holdco nor any Person Controlled by Holdco shall be deemed to be an "Affiliate" of Grupo VM or of any Affiliate of Grupo VM and (ii) neither Grupo VM nor any Affiliate thereof shall be deemed to be an "Affiliate" of any other Shareholder or any Affiliate thereof by virtue of its Shares.

"AK" shall mean Alan Kestebaum.

"Articles of Association" shall mean the Articles of Association of Holdco, as the same may be amended or supplemented from time to time.

"beneficial owner" shall mean any Person deemed to be the beneficial owner pursuant to Rule 13d-3 under the Exchange Act; provided, however, that, notwithstanding anything in Rule 13d-3(d)(1)(i) to the contrary, the determination of the "beneficial owner" shall be made after giving effect to the conversion of all options, warrants, rights and convertible or other similar securities outstanding as of any date in question. The term "beneficial ownership" shall have a correlative meaning.

"Business Combination Agreement" shall mean the Amended and Restated Business Combination Agreement among GSM, FA, Grupo VM, Holdco and Gordon Merger Sub, Inc., a Delaware corporation, dated as of May 5, 2015, as amended on September 10, 2015 and November 11, 2015.

"Contested Election for Directors" shall mean an election of directors at any annual general meeting of the members of the Company at which directors of the Company are

to be elected and at which (i) one or more members of the Company (other than Grupo VM, its Affiliates or AK) nominates, in accordance with the Companies Act and Articles 21.1, 21.4 and 25.1(b) of the Articles of Association, and does not withdraw from nomination prior to the meeting, one or more persons for election as a director in opposition to the persons nominated for election by the Board of Directors in accordance with Section 3.01(c) and (ii) such member or members of the Company (A) attends the annual general meeting, in person or by proxy, (B) votes (or shall have executed a deed providing that such member or members shall vote) all Shares beneficially owned by such member or members in favor of such persons nominated for election by such member or members, and (C) makes a material effort to solicit proxies in favor of such persons nominated for election by such member or members.

“Contract” shall mean, as to any Person, any contract, lease, easement, license, instrument or understanding to which the applicable Person is a party.

“Control” shall mean, as to any Person, the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of shares or other equity securities or as trustee or executor, by Contract or otherwise. The terms “Controlled” and “Controlling” shall have a correlative meaning.

“Covered Equity Securities” shall mean any equity securities of Holdco or any Holdco Subsidiary.

“Decrease Date” shall mean the first date on which (a) Grupo VM no longer has the right to designate or nominate the majority of the entire Board of Directors and (b) Grupo VM Directors no longer constitute the majority of the entire Board of Directors.

“Director Nominees” shall mean (a) the Grupo VM Nominees, (b) AK, if he is nominated as director of the Board of Directors, (c) any person nominated as a GSM Independent Director and (d) any other person nominated as a director of the Board of Directors in accordance with Section 3.01(d).

“Effective Date” shall mean the Closing Date (as defined in the Business Combination Agreement).

“Employment Agreement” shall mean any agreement that has been approved by the Board of Directors for the employment by Holdco of any person.

“equity security” shall have the meaning given to such term in Rule 405 under the Securities Act.

“Exchange” shall mean the stock exchange in which Holdco maintains its primary listing, and in all events will be the Nasdaq so long as listed thereon.

“Exchange Act” means the Securities Exchange of 1934, as amended, and the rules and regulations promulgated thereunder.

“FA” shall mean Grupo FerroAtlántica, S.A.U., a Spanish public limited liability company in the form of a *sociedad anónima*.

“Governmental Authority” shall mean any national, federal, state, county, municipal, local or foreign government, or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government, and any arbitrator or arbitral body or panel of competent jurisdiction.

“GSM” shall mean Globe Specialty Metals, Inc., a Delaware corporation.

“GSM Independent Director” shall mean (a) any Initial GSM Independent Director and (b) any other Director nominated for election or appointment to the Board of Directors by the GSM Independent Directors or the Board of Directors in accordance with Section 3.01(c), and who is a member of the Board of Directors and qualifies as an independent director under the Nasdaq Rules. The Grupo VM Directors and AK shall not constitute GSM Independent Directors.

“Holdco Equity Securities” shall mean the Shares and any other equity securities of Holdco.

“Holdco Subsidiary” shall mean any direct or indirect Subsidiary of Holdco.

“Law” shall mean any federal, state, provincial, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding.

“Nasdaq Rules” shall mean the Nasdaq Stock Market Rules or other rules of the applicable Exchange applicable to Holdco, as amended and supplemented from time to time.

“Percentage Interest” shall mean, with respect to any Shareholder, the percentage of the total issued and outstanding Shares of Holdco owned by that Shareholder.

“Permitted Maximum Percentage” shall mean the Percentage Interest of Grupo VM and its Affiliates as of the Effective Date; provided that if at any time the aggregate Percentage Interest of Grupo VM and its Affiliates falls below 44.4% (other than as a result of any issuance or offering of Shares by Holdco (i) with respect to which Grupo VM and its Affiliates did not have preemptive rights under Section 4.01 or (ii) for non-cash consideration), the Permitted Maximum Percentage shall be 44.4%.

“Person” shall mean any individual, corporation, limited company, limited liability company, partnership, association, trust, unincorporated organization, Governmental Authority, other entity or group (as defined in Section 13(d) of the Exchange Act).

“Registration Rights Agreement” shall mean the Registration Rights Agreement among Grupo VM, Holdco and AK, dated the date hereof.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Act” shall mean the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shareholders” shall mean the shareholders of Holdco.

“Shares” shall mean Company Ordinary Shares (as defined in the Articles of Association).

“Subsidiary” shall mean, with respect to any Person, any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, a majority of the stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, partnership, joint venture or other legal entity, or any Person that would otherwise be deemed a “subsidiary” under Rule 12b-2 promulgated under the Exchange Act.

“Sunset Date” shall mean the first date after the Effective Date on which Grupo VM and its Affiliates in the aggregate beneficially own less than 15% of the issued and outstanding Shares.

“Grupo VM Director” shall mean any Initial Grupo VM Director or any Grupo VM Nominee elected to the Board of Directors in accordance with the Articles of Association and this Agreement.

(b) Each of the following terms is defined in the Section listed opposite such term:

<u>Term</u>	<u>Defined in</u>
“Agreement”	Preamble
“Board of Directors”	Section 3.01(a)
“Executive Chairman”	Section 3.01(d)(i)
“Holdco”	Preamble
“Initial Directors”	Section 3.01(a)
“Initial GSM Independent Directors”	Section 3.01(a)
“Initial Grupo VM Directors”	Section 3.01(a)
“Nominating and Corporate Governance Committee”	Section 3.01(e)(ii)
“Notice of Primary Offering”	Section 4.01
“Permitted Transfer”	Section 6.02
“Qualified Director Nominee”	Section 3.01(e)(ii)
“Transfer”	Section 6.01
“Grupo VM”	Preamble
“Grupo VM Nominee”	Section 3.01(b)
“Working Hours”	Section 8.03(b)

SECTION 1.02. Other Definitional Provisions. (a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender

shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders. As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.” As used in this Agreement, references to a “party” or the “parties” are intended to refer to a party to this Agreement or the parties to this Agreement. Except as otherwise indicated, all references in this Agreement to “Sections,” “Exhibits” and “Schedules” are intended to refer to Sections of this Agreement and Exhibits and Schedules to this Agreement. Unless otherwise specifically provided for herein, the term “or” shall not be deemed to be exclusive.

(b) Any agreement, instrument, statute or regulation defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument, statute or regulation as from time to time amended, consolidated, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

(c) References to the “entire” Board of Directors are to the total number of director positions on the Board of Directors, without regard to any vacancies, at the relevant time. As an example, if there are nine director positions, six of which are filled and three of which are vacant, the entire Board of Directors shall be nine directors, action by a majority of the entire Board of Directors shall require the approval of five of the six sitting directors and action by two-thirds of the entire Board of Directors shall require the approval of all six of the sitting directors. If one or more Directors is not entitled to vote on a resolution in accordance with Article 33 of the Articles of Association, the size of the entire Board shall be deemed reduced by the number of conflicted Directors, except that any item that under the Articles of Association that requires the approval of two-thirds of the entire Board would still require either (i) the approval of two-thirds of the entire Board (determined without regard to the deemed reduction pursuant to this sentence) or (ii) the approval of two-thirds of the entire Board (determined after taking into account the deemed reduction pursuant to this sentence), including the approval of at least one Independent Director.

ARTICLE II

Holdco

SECTION 2.01. Ownership; Shares. Schedule I sets forth the number of Shares Grupo VM owns and its related Percentage Interest, as of the Effective Date.

ARTICLE III

Management and Operations of Holdco

SECTION 3.01. Board of Directors.

(a) Pursuant to the Business Combination Agreement, on the Effective Date the board of directors of Holdco (the “Board of Directors”) shall have up to nine Directors,

consisting of: (1) three Directors designated by GSM after consultation with Grupo VM who qualify as independent directors under the Nasdaq Rules (regardless of whether Shares are listed thereon) and were members of the board of directors of GSM on the date prior to the Effective Date (the “Initial GSM Independent Directors”); (2) five Directors designated by Grupo VM, at least two of whom shall be designated after consultation with GSM and qualify as an independent director under the Nasdaq Rules (regardless of whether Shares are listed thereon) (the “Initial Grupo VM Directors”); and (3) AK, if he was serving as chairman of the board of directors of GSM on the date prior to the Effective Date (together with the Initial GSM Directors and the Initial Grupo VM Directors, the “Initial Directors”).

(b) Prior to the Sunset Date, subject to and in accordance with this Section 3.01, in connection with any election of the Board of Directors, Grupo VM shall have the right to nominate, for election at any meeting of Holdco shareholders called for the purpose of electing directors for, or to appoint persons to fill vacancies in, the Board of Directors, a number of director candidates (each such candidate, a “Grupo VM Nominee”) equal to its Percentage Interest multiplied by the number of directors constituting the entire Board of Directors, rounded up to the nearest whole number, calculated on the date that is ten days prior to the beginning of the period during which shareholders of Holdco may give notice of a resolution to be proposed at a general meeting pursuant to Article 21 of the Articles of Association; provided, however, that in the event such whole number would cause the Grupo VM Nominees to constitute two-thirds or more of the entire Board, such result shall be rounded down to the nearest whole number. Prior to the Decrease Date, Grupo VM shall at all times nominate at least two Grupo VM Directors who shall qualify as independent directors under the Nasdaq Rules (regardless of whether Shares are listed thereon). On and after the Decrease Date, until the number of Grupo VM Directors is reduced to one, Grupo VM shall at all times nominate at least one Grupo VM Director who shall qualify as an independent director under the Nasdaq Rules (regardless of whether Shares are listed thereon).

(c) Prior to the Decrease Date, subject to and in accordance with this Section 3.01, the GSM Independent Directors shall have the exclusive right to nominate persons on behalf of the Board of Directors for election at any meeting of Holdco shareholders called for the purpose of electing directors for, or to appoint persons to fill vacancies in, the Board of Directors, subject to the right of Grupo VM to designate and nominate Directors under this Agreement and to Section 3.01(d). On and after the Decrease Date, the Board of Directors shall have the right to nominate persons on behalf of the Board of Directors for election at any meeting of Holdco shareholders called for the purpose of electing directors for, or to fill vacancies in, the Board of Directors, subject to the right of Grupo VM to designate and nominate Directors under this Agreement and to Section 3.01(d). With respect to any meeting of Holdco shareholders called for the purpose of electing directors prior to the Decrease Date, the number of nominations by the GSM Independent Directors shall not exceed the number of the entire Board of Directors reduced by the number of Grupo VM Directors and by any person entitled to nomination under Section 3.01(d).

(d) (i) Subject to the Articles of Association, for so long as AK is serving as the executive chairman of Holdco (the “Executive Chairman”), he shall be entitled to nomination for election as a director at any meeting of Holdco shareholders called for the purpose of electing directors.

(ii) Prior to the third anniversary of the Effective Date, if AK is not serving as the Executive Chairman, Grupo VM and/or the GSM Independent Directors may submit the names of one or more Person(s) to the Nominating and Corporate Governance Committee for consideration to be appointed as a director and act as the Executive Chairman. The Nominating and Corporate Governance Committee shall evaluate the qualifications of each such Person to serve as a director and the Executive Chairman and, following such evaluation, shall make a recommendation to the Board of Directors for action by the requisite approval of the entire Board of Directors as to such Person under the Articles of Association for appointment of a replacement Executive Chairman. In the event the requisite approval of the entire Board of Directors is not obtained in accordance with the Articles of Association, Grupo VM and/or the GSM Independent Directors may, and in any event Grupo VM shall, in good faith and consistent with the requirements of Section 3.01(e), within 30 days of such disapproval, submit the names of one or more additional (but not the same) Person(s) to serve as a director and act as the Executive Chairman for approval in accordance with the foregoing sentence. Grupo VM shall continue to submit the names of additional (but not the same) Persons in accordance with this Section 3.01(e)(ii) until the earlier of (x) such time as an Executive Chairman is appointed and (y) the third anniversary of the Effective Date. In the event the Executive Chairman is a Grupo VM Director or an Affiliate of Grupo VM, the Executive Chairman shall constitute a Grupo VM Nominee and a Grupo VM Director for all purposes under this Agreement.

(iii) On and after the third anniversary of the Effective Date, if AK is not serving as Executive Chairman, the Board of Directors may determine that Holdco's chief executive officer should serve as a member of the Board of Directors; provided, that (A) if the chief executive officer is an Affiliate of Grupo VM, he or she shall be deemed to be a Grupo VM Nominee and a Grupo VM Director, as the case may be, for all purposes under this Agreement and (B) if the chief executive officer was a Grupo VM Director prior to such Board determination, he or she shall be deemed to be a Grupo VM Nominee and a Grupo VM Director, as the case may be, for all purposes under this Agreement.

(e) (i) Each Director shall at all times (A) be qualified to serve as a Director under applicable rules and policies of Holdco, the Exchange and applicable Law and (B) have demonstrated good judgment, character and integrity in his or her personal and professional dealings and have relevant financial, management and/or global business experience.

(ii) Each of the Director Nominees nominated as a GSM Independent Director or as a Grupo VM Director who is required to qualify as "independent" under the Nasdaq Rules (any such Director Nominee, a "Qualified Director Nominee") shall at all times be qualified to serve as a director under applicable rules and policies of Holdco, the Exchange and applicable Law. Such qualification shall be determined with respect to each Qualified Director Nominee by the nominating and corporate governance committee of the Board of Directors, or other committee performing the functions of nominating directors for election to the Board of Directors (the "Nominating and Corporate Governance Committee"), acting reasonably and in good faith and in a manner consistent with the fiduciary duties of each director and the rules of the Exchange and applicable Law. In addition, in evaluating the Qualified Director Nominees for nomination, the Nominating and Corporate Governance Committee shall consider whether each Qualified Director Nominee (i) has demonstrated good judgment, character and integrity in his or her personal and professional dealings and (ii) has relevant financial, management and/or

global business experience, each as determined by the Nominating and Corporate Governance Committee, acting reasonably and in good faith and in a manner consistent with the fiduciary duties of each director and the rules of the Exchange and applicable Law. In the event the Nominating and Corporate Governance Committee determines reasonably and in good faith and in a manner consistent with the fiduciary duties of each director, that a Qualified Director Nominee is ineligible to serve under the applicable rules and policies of Holdco, the Exchange and applicable Law, or otherwise does not satisfy the standards for service on the Board of Directors specified above, the Nominating and Corporate Governance Committee will inform Grupo VM, the Board of Directors and the Qualified Director Nominee of its determination and the basis therefor in writing and in reasonable detail and will allow a reasonable opportunity for Grupo VM, the Board of Directors and the Qualified Director Nominee to evaluate the determination, including through meetings and discussions with the Nominating and Corporate Governance Committee regarding the circumstances of his or her eligibility to serve. Following such discussions, if the Nominating and Corporate Governance Committee, acting reasonably and in good faith and in a manner consistent with the fiduciary duties of each director, has not reversed its determination that the Qualified Director Nominee is ineligible to serve, then, in the case of a Qualified Director Nominee who has been submitted for nomination, Grupo VM, the GSM Independent Directors or the Board of Directors, as applicable, shall submit in good faith a replacement Board Nominee for consideration by the Nominating and Corporate Governance Committee as promptly as possible but in all cases within thirty (30) days, in accordance with the requirements of this Article III, or in the case of a Board Nominee who is an incumbent director, such Board Nominee will, if requested by the Nominating and Corporate Governance Committee, promptly tender his or her resignation from the Board of Directors or committee of the Board of Directors, as applicable, and the resulting vacancy will be filled pursuant to this Article III.

(f) Holdco shall, during the term of this Agreement, subject to applicable Law and to Section 3.01(e), include the Director Nominees in the slate of nominees recommended by the Board of Directors to the shareholders of Holdco, and included in the related Holdco notice of annual or other general meeting, voting ballots, proxy notice, or proxy statement (if applicable) and proposed as a resolution at such annual or general meeting, for election to the Board of Directors at any annual or other general meeting of shareholders of Holdco at which directors are to be elected.

(g) Except with respect to the election of directors (other than the Grupo VM Nominees and any person nominated to the Board of Directors pursuant to Section 3.01(d)) in a Contested Election for Directors that occurs from and after the fifth anniversary of the Effective Date, Grupo VM shall vote, in person or by proxy, its Shares at any meeting of the Holdco shareholders at which action is to be taken with respect to the election of directors to cause the election or reelection, as applicable, of the Grupo VM Nominees and any person nominated by the Board of Directors for any election of directors so long as such nominations are in accordance with Sections 3.01(c), 3.01(d) and 3.01(e) and the Articles of Association. Grupo VM shall not vote, in person or by proxy, its Shares at any meeting of the Holdco shareholders to cause the removal as a director of any person entitled to nomination pursuant to Section 3.01(c) or any director nominated for election or appointment in accordance with Section 3.01(d). In the case of a Contested Election for Directors that occurs from and after the fifth anniversary of the Effective Date, (i) Grupo VM shall vote, in person or by proxy, its Shares at any meeting of the

Holdco shareholders at which action is to be taken with respect to the election of directors to cause the election or reelection, as applicable, of the Grupo VM Nominees and any person nominated for election to the Board of Directors pursuant to Section 3.01(d) and (ii) Grupo VM shall abstain from voting and not vote its Shares with respect to the election of directors other than the Grupo VM Nominees or any person nominated to the Board of Directors pursuant to Section 3.01(d). Grupo VM shall not take any actions which are inconsistent with the intent and purpose of any of the foregoing or vote, in person or by proxy, in any manner that is inconsistent with the intent and purpose of any of the foregoing.

(h) Upon the death, resignation, retirement, incapacity, disqualification or removal (with or without cause) for any other reason of any Grupo VM Director, Grupo VM shall have the right to nominate the individual to fill the resulting vacancy in accordance with Section 3.01(b) and the Articles of Association.

SECTION 3.02. Appointment of Executive Chairman and Executive Vice-Chairman. On the Effective Date, (a) AK shall be appointed as the Executive Chairman and (b) a Grupo VM Director, to be designated by Grupo VM, shall be appointed as the executive vice-chairman of the Board of Directors. Each of the Executive Chairman and the executive vice-chairman of the Board of Directors shall have the authority and responsibility set forth in the Articles of Association and as otherwise delegated or agreed by the Board of Directors from time to time.

SECTION 3.03. Committees. The Board of Directors may designate one or more committees of the Board of Directors. Prior to the Sunset Date, subject to applicable Law and the rules of the Exchange, each committee of the Board of Directors shall contain a number of Grupo VM Directors equal to the product (rounded up to the nearest whole number) of (a) the total number of members of such committee and (b) Grupo VM's Percentage Interest; provided, however, that, prior to the Decrease Date, GSM Independent Directors shall constitute a majority of the Nominating and Corporate Governance Committee and, provided, further, that at all times the BCA Special Committee (as defined in the Business Combination Agreement) shall be a three-member committee composed of two GSM Independent Directors and one independent Grupo VM Director.

ARTICLE IV

Preemptive Rights

SECTION 4.01. Preemptive Rights. Grupo VM shall have preemptive rights to subscribe for up to its Percentage Interest of any issue of Covered Equity Securities by Holdco or any Holdco Subsidiary for cash or non-cash consideration, in each case on the same terms and at the same price per Covered Equity Security offered to each offeree. Prior to any such issuance of Covered Equity Securities, Holdco shall first deliver written notice to Grupo VM of the proposed primary offering, including the number and terms of the Covered Equity Securities to be sold, the proposed price per Covered Equity Security and other relevant terms of the issue and the proposed closing date for such transaction ("Notice of Primary Offering"). Grupo VM shall have a period of 60 days after delivery of the Notice of Primary Offering to elect to subscribe for a number of Covered Equity Securities, up to a maximum of the Percentage Interest of Grupo

VM immediately prior to such issue multiplied by the number of Covered Equity Securities being issued. This right shall be exercised by Grupo VM, if at all, by delivery of written notice to Holdco. A failure to deliver such notice to Holdco shall be deemed an election by Grupo VM not to participate in the offering, but shall not waive Grupo VM's rights with respect to future offerings. An election by Grupo VM to subscribe shall constitute an agreement to purchase that number of Covered Equity Securities so elected on the terms contained in the Notice of Primary Offering.

SECTION 4.02. Exceptions From Preemptive Rights. The preemptive rights of Grupo VM in Section 4.01 shall not apply to any issue by Holdco of Shares: (a) pursuant to any share split, share dividend or similar corporate action, (b) pursuant to a firm-commitment underwritten public offering of Shares for cash, with the number of Shares issued in any 12-month period pursuant to such offering not to exceed 10% of the Shares issued and outstanding immediately prior to such 12-month period, (c) in connection with the acquisition of any Person or the purchase of the assets or properties of any Person to the extent such Shares are not issued for cash consideration, (d) in connection with the bona fide sale by Holdco or any Holdco Subsidiary of all or substantially all of the equity securities of one or more Holdco Subsidiaries or (e) pursuant to an employee share plan, incentive plan, restricted share plan or other similar benefit plan, program or agreement approved by the Board of Directors.

SECTION 4.03. Nonintervention by Holdco. Holdco shall not, and shall not permit any of its Subsidiaries to, take any action that directly impairs the ability of Grupo VM to exercise its preemptive rights under this Article IV.

SECTION 4.04. Certain Issues of Shares. Holdco shall not issue any Shares in connection with the acquisition of any Person or the purchase of the assets or properties of any Person if the aggregate number of Shares to be issued in any single acquisition or purchase would exceed 20% of the issued and outstanding Shares immediately prior to such issue, without the prior approval of the holders of the Shares by ordinary resolution.

ARTICLE V

Standstill Provisions

SECTION 5.01. Standstill.

(a) Prior to the Sunset Date, neither Grupo VM nor any Affiliate of Grupo VM shall: (i) effect, agree, seek or make any proposal or offer with respect to, or announce any intention with respect to or cause or participate in or in any way assist, facilitate or encourage any other Person to effect or seek, directly or indirectly, (A) any acquisition of any Holdco Equity Securities (or beneficial ownership thereof), or any assets, indebtedness or businesses of Holdco or any Holdco Subsidiary, (B) any tender or exchange offer, merger or other business combination involving Holdco or any Holdco Subsidiary or assets of Holdco or any Holdco Subsidiary constituting a significant portion of the consolidated assets of Holdco and the Holdco Subsidiaries, (C) any recapitalization, restructuring, liquidation, dissolution, change of Control or other extraordinary transaction with respect to Holdco or any Holdco Subsidiary, or (D) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC) to vote any equity securities of Holdco; (ii) form, join or in any way participate in a "group" (as defined under the Exchange Act) with respect to Holdco or otherwise act in concert with any Person or

group in respect of any equity securities of Holdco; (iii) except in accordance with this Agreement, otherwise act, alone or in concert with others, to seek representation on the Board of Directors; (iv) take any action which would or would reasonably be expected to cause Holdco to make a public announcement under applicable Law regarding any of the types of matters set forth in clause (i) above; (v) enter into any discussions or arrangements with any Person with respect to any of the foregoing or (vi) request that Holdco amend or waive any provision of this Section 5.01(a).

(b) Section 5.01(a) shall not prohibit: (i) any transaction, discussions or arrangements solely between or among Grupo VM and its Affiliates; (ii) any acquisition pursuant to an equity incentive or similar plan established by the Board of Directors for members of the Board of Directors in their capacities as such; (iii) any acquisition pursuant to or in connection with a share split, share dividend or similar corporate action initiated by Holdco; (iv) any acquisition pursuant to Article IV; (v) any purchase of Shares "regular-way" on the Nasdaq or other recognized securities exchange if immediately subsequent to such purchase, the aggregate Percentage Interests of Grupo VM and its Affiliates does not exceed the Permitted Maximum Percentage as of immediately prior to such purchase; (vi) any transaction previously approved by the Board of Directors in accordance with this Agreement and actions in furtherance thereof; (vii) any action expressly permitted by this Agreement or the Registration Rights Agreement; (viii) Grupo VM or any Grupo VM Director from engaging in non-public discussions with the Board of Directors regarding one or more transactions that would otherwise be prohibited by Section 5.01 so long as (A) with respect to any such discussions occurring prior to the Decrease Date with respect to matters of a type listed in paragraphs (b) and (c) of Article 34.3 of the Articles of Association, such discussions would not reasonably be expected to result in public disclosure by Grupo VM under applicable Law, including requirements of the SEC and (B) with respect to any such discussions occurring after the Decrease Date, such discussions would not reasonably be expected to result in public disclosure by Grupo VM under applicable Law, including requirements of the SEC, and (ix) at any time after the third anniversary of the Effective Date, an acquisition of Shares for cash pursuant to a takeover offer made to all holders of Shares for all Shares if such takeover offer (A) complies with all applicable requirements of the SEC, and (B) has a non-waivable condition that it be accepted by holders of a majority of Shares not held by Grupo VM and its Affiliates.

(c) Prior to the Decrease Date, Section 5.01(a) shall also not prohibit any transaction (or any proposal, announcement, discussion or arrangement in connection therewith) not of a type listed in paragraphs (b) and (c) of Article 34.3 of the Articles of Association (or any successor provisions) and actions in furtherance thereof; provided, however, that immediately subsequent to any such transaction otherwise permitted by this Section 5.01(c), the aggregate Percentage Interests of Grupo VM and its Affiliates does not exceed the Permitted Maximum Percentage.

(d) Section 5.01(a) shall also not prohibit or prevent Grupo VM or any of its Affiliates from acquiring securities of, or from entering into any merger or other business combination with, another Person that owns, beneficially or otherwise, any Holdco Equity Securities; provided, however, that (i) such Person shall not have acquired such Holdco Equity Securities in contemplation of Grupo VM or such Affiliate acquiring the securities of, or entering into any such merger or other business combination with, such Person, (ii) the ownership of such

Holdco Equity Securities by such Person shall not be a material reason for Grupo VM or such Affiliate acquiring the securities of, or entering into any such merger or other business combination with, such Person, and (iii) such Person shall not own, beneficially or otherwise, greater than 1% of the Holdco Equity Securities then-outstanding.

(e) If (i) the aggregate Percentage Interest of Grupo VM and its Affiliates falls below 30% (other than as a result of an issuance or offering of Shares by Holdco with respect to which Grupo VM and its Affiliates did not have preemptive rights) and (ii) Grupo VM or any of its Affiliates subsequently purchases any Shares pursuant to Section 5.01(b)(v) and as a result of such purchase the aggregate Percentage Interests of Grupo VM and its Affiliates exceeds 30%, then Grupo VM will make a “mandatory bid” in compliance with Rule 9 of The City Code on Takeovers and Mergers, without regard for whether Rule 9 or such Code is otherwise applicable.

SECTION 5.02. Nonintervention by Holdco. Holdco shall not, and shall not permit any of its Subsidiaries to, take any action that would directly impair the ability of Grupo VM to exercise its rights under Sections 5.01(b), 5.01(c) and 5.01(d) or its obligations under Section 5.01(e).

ARTICLE VI

Transfers

SECTION 6.01. Restrictions on Transfers.

(a) Grupo VM shall not, directly or indirectly, by operation of Law, Contract or otherwise, (a) offer, transfer, sell, assign, pledge, hypothecate, encumber, gift or otherwise dispose of any beneficial ownership of, or pecuniary interest in, any Covered Equity Securities (whether by sale, merger, consolidation, liquidation, dissolution, dividend, distribution or otherwise), (b) engage in any hedging, swap, forward contract or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of beneficial ownership of, or pecuniary interest in, any Covered Equity Securities, including any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to the Covered Equity Securities; or (c) enter into a short sale of, or trade in, derivative securities representing the right to vote or economic benefits of, the Covered Equity Securities (in each case, a “Transfer”), other than in a Permitted Transfer (as defined below).

(b) Any Transfer not expressly permitted herein shall be null and void ab initio and of no effect, and Holdco shall not record any such Transfer on its books or treat any purported transferee as the owner of Covered Equity Securities for any purpose.

(c) If and to the extent Grupo VM holds any Shares in certificated form, Grupo VM hereby agrees, as promptly as practicable after the date of this Agreement, to deliver certificates evidencing all of the Covered Equity Securities held by Grupo VM to Holdco, and hereby authorizes and instructs Holdco (including through Holdco’s transfer agent or registrar, as applicable), and Holdco agrees, not to register any Transfer of any of the Covered Equity Securities held by Grupo VM, except as expressly permitted by this Agreement and in any event

not before any transferee of a Permitted Transfer has entered into a customary binding deed of adherence to this Agreement (if required hereunder), and to legend the certificates evidencing such Covered Equity Securities. Holdco agrees that as promptly as practicable after the date of this Agreement it shall (i) make a notation on its records and give instructions to the transfer agent and registrar for the Covered Equity Securities not to permit, during the term of this Agreement, the Transfer of the Covered Equity Securities held by Grupo VM and (ii) place (or cause the transfer agent and registrar for the Covered Equity Securities to place) the legend described below in its registry of members and on any certificates evidencing any Covered Equity Securities held by Grupo VM. Holdco agrees that, following the termination of this Agreement, Holdco shall cause any restricted transfer instructions imposed pursuant to this Section 6.01(c) to be lifted and any legended certificates delivered pursuant to this Section 6.01(c) to be replaced with certificates not bearing such legend.

Holdco shall note the following legend on its registry of members with respect to the Covered Equity Securities held by Grupo VM in certificated form, and each certificate evidencing Covered Equity Securities shall bear the following legend on the face thereof:

“THE SHARES REPRESENTED BY CERTIFICATE NO. [] ARE SUBJECT TO RESTRICTIONS ON VOTING, TRANSFER AND CERTAIN OTHER LIMITATIONS SET FORTH IN THAT CERTAIN SHAREHOLDER AGREEMENT, DATED AS OF DECEMBER 23, 2015, BETWEEN HOLDCO AND GRUPO VM, COPIES OF WHICH SHAREHOLDER AGREEMENT ARE ON FILE AT THE PRINCIPAL OFFICE OF HOLDCO. THE SHARES REPRESENTED BY CERTIFICATE NO. [] MAY NOT BE VOTED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH SAID SHAREHOLDER AGREEMENT.”

SECTION 6.02. Permitted Transfers. Each of the following is a “Permitted Transfer”:

(a) any Transfer to an Affiliate of Grupo VM, so long as such Affiliate, to the extent it has not already done so, executes a customary binding deed of adherence to this Agreement, in form and substance reasonably acceptable to Holdco;

(b) any Transfer to Holdco or a Subsidiary of Holdco;

(c) any Transfer pursuant to a widely distributed public offering of Shares for cash;

(d) any Transfer of Shares effected through a “brokers’ transaction” as defined in Rule 144(g) under the Securities Act;

(e) any Transfer of Shares pursuant to a privately-negotiated transaction to any purchaser who, along with its Affiliates or any “group” (as defined under the Exchange Act) of which it is a member (to the extent Grupo VM has knowledge of the existence and composition of such group after reasonable inquiry), immediately after the consummation of such Transfer, would have beneficial ownership of less than 10% of outstanding Shares, provided, that after reasonable inquiry, Grupo VM has no reason to believe that such purchaser is, or has the intent

to be, a Person who would be required to file a Schedule 13D (or successor form) under the Exchange Act disclosing an intent other than for investment;

(f) any Transfer of Shares in connection with a public tender or similar takeover offer made to all holders of Shares for all Shares if such public tender or similar takeover offer (i) complies with all applicable requirements of the SEC, the Exchange and other applicable Law, (ii) is made on the same price per Share, with the same form of consideration per Share and otherwise on the same terms and conditions to all holders of Shares (provided, however, that if the holders of Shares are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if each holder of Shares is granted identical election rights) and (iii) has a non-waivable condition that it be accepted by holders of a majority of the Shares not held by Grupo VM or its Affiliates;

(g) any pledge of Covered Equity Securities and/or depositary receipts issued by any depositary, custodian or nominee in respect of Shares deposited with any depositary, custodian or nominee that holds legal title to the Shares for the purposes of facilitating beneficial ownership of the Shares by Grupo VM, any assignment of such pledge and any Transfer pursuant to the enforcement of such pledge if (i) such pledge or assignment, as applicable, is in favor of a bona fide independent financial institution that is not a “state-owned enterprise” (which term shall not include any publicly traded European financial institution in which some but not all of the equity interests therein are owned by a Governmental Authority) and (ii) as a condition to pledgee’s ability to take ownership of such Covered Equity Securities, such pledgee or its assignee (as applicable) agrees to comply with the restrictions in this Article VI with respect to such Covered Equity Securities (it being acknowledged and agreed that such pledgee shall inure to the rights of Grupo VM and its Affiliates under the Registration Rights Agreement with respect to such Covered Equity Securities); and

(h) any hedging, swap, forward or other derivative contract with respect to any Covered Equity Securities, provided that (i) at no time shall the aggregate number of Covered Equity Securities underlying such hedging, swap, forward or other derivative arrangements exceed 20% of the aggregate number of the Covered Equity Securities held by Grupo VM and its Affiliates and (ii) Grupo VM shall not lend, or permit or authorizing the lending of, any Covered Equity Security to any Person.

ARTICLE VII

Representations and Warranties

SECTION 7.01. Representations and Warranties of Grupo VM. Grupo VM represents and warrants as of the date hereof as follows:

(a) Due Incorporation. It is duly incorporated, registered and validly existing under the laws of the jurisdiction of its incorporation, and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. It is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material

adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. It has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due execution and delivery by Holdco, this Agreement constitutes the valid and binding obligations of Grupo VM, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the certificate of incorporation, by-laws or other constitutive documents of Grupo VM; (ii) any instrument or Contract to which Grupo VM is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of Grupo VM to perform its obligations under this Agreement.

SECTION 7.02. Representations and Warranties of Holdco. Holdco represents and warrants as of the date hereof as follows:

(a) Due Incorporation. It is duly incorporated, registered and validly existing under the laws of England and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. It is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. It has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due execution and delivery by Grupo VM, this Agreement constitutes the valid and binding obligations of Holdco, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the Articles of Association as of the date of

this Agreement; (ii) any instrument or Contract to which Holdco is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of Holdco to perform its obligations under this Agreement.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Term and Termination of Agreement. (a) This Agreement shall continue in full effect until the Sunset Date, and shall terminate immediately thereafter. Except as expressly set out in this Agreement, neither party shall be entitled to rescind or terminate this Agreement in any circumstances whatsoever at any time, and each party waives any rights of rescission or termination it may have.

(b) Upon termination of this Agreement pursuant to Section 8.01(a), each party to this Agreement shall release and discharge the other party from all claims or demands under or in connection with this Agreement, except that (i) this Article VIII shall survive such termination and (ii) nothing herein shall relieve any party from liabilities or damages incurred or suffered as a result of a Willful and Material Breach (as defined in the Business Combination Agreement) by such party of any of its respective representations, warranties, covenants or other agreements set forth in this Agreement.

SECTION 8.02. Confidentiality Agreement. Grupo VM hereby agrees that, notwithstanding any other provision of this Agreement to the contrary, Grupo VM and its Affiliates may be provided confidential information in accordance with and subject to the terms of a Confidentiality Agreement in the form attached hereto as Exhibit A, which such Confidentiality Agreement has been mutually executed and delivered concurrently with the execution and delivery of this Agreement.

SECTION 8.03. Notices. (a) Any notices or other communications required or permitted under, or otherwise given in connection with, this Agreement shall be in writing and shall be given as follows:

If to Holdco, addressed to it at:

Ferroglobe PLC
c/o Globe Specialty Metals, Inc.
600 Brickell Avenue, Suite 1500
Miami, FL 33131
Tel: (786) 509-6900
Fax: (305) 704-8700
Attention: Chief Legal Officer
Email: slebowitz@glbsm.com

If to Grupo VM, addressed to it at:

Grupo Villar Mir, S.A.U.
Paseo de la Castellana, 259 D
28046 Madrid (SPAIN)
Tel: +34 91 556 7347
Fax: + 34 915 97 32 23
Attention: Torre Espacio
Email: jlm@gvm.es

(b) Any notice or other communication given under this Agreement or in connection with the matters contemplated herein shall, except where otherwise specifically provided, be in writing in the English language, addressed as provided in Section 8.03(a) and served: (i) by leaving it at the relevant address in which case it shall be deemed to have been given upon delivery to that address; (ii) by fax, in which case it shall be deemed to have been given when despatched subject to confirmation of uninterrupted transmission by a transmission report; or (iii) by e-mail, in which case it shall be deemed to have been given when despatched subject to confirmation of delivery by a delivery receipt, provided that in the case of sub-clauses (ii) and (iii) any notice despatched other than between the hours of 9:30 a.m. to 5:30 p.m. on a business day ("Working Hours") shall be deemed given at the start of the next period of Working Hours.

(c) Any party to this Agreement may notify the other parties of any change to its address or other details specified in Section 8.03(a) provided that such notification shall only be effective on the date specified in such notice or five business days after the notice is given, whichever is later.

SECTION 8.04. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of an arbitral tribunal or court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the arbitral tribunal or court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or (to the extent possible) to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such arbitral tribunal or court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

SECTION 8.05. Entire Agreement; Amendments and Waivers. This Agreement constitutes the complete, final and exclusive statement of the agreement among the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. No amendment, supplement, modification, rescission or waiver of this Agreement shall be binding unless

executed in writing by the parties hereto. Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a continuing waiver unless otherwise expressly provided. The parties expressly acknowledge that they have not relied upon any prior agreements, understandings, negotiations and discussions, whether oral or written.

SECTION 8.06. Assignment. Grupo VM shall not assign any of its rights under this Agreement, in whole or in part, to any Person, without first obtaining the prior written consent of Holdco, and any assignment in contravention hereof shall be null and void; provided, that Grupo VM may assign this Agreement to an Affiliate in connection with a Permitted Transfer if such Affiliate executes a customary binding deed of adherence to this Agreement, in form and substance reasonably acceptable to Holdco. This Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns.

SECTION 8.07. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the parties (and their respective successors and assigns) and any pledgee or its assignee (as applicable) pursuant to a Permitted Transfer, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement or shall be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

SECTION 8.08. Mutual Drafting. Each party has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive negotiations between the parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision.

SECTION 8.09. Governing Law; Consent to Jurisdiction.

(a) This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England.

(b) The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any Disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

(c) For the purposes of this Section 8.09, "Dispute" means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of this Agreement or the consequences of its nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with this Agreement.

SECTION 8.10. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 8.11. Delivery by Facsimile or Email. This Agreement, and any amendments hereto, waivers hereof or consents hereunder, to the extent signed and delivered by facsimile or by email with scan attachment, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of either party, the other party shall re-execute original forms thereof and deliver them to the requesting party. No party shall raise the use of facsimile or email to deliver a signature or the fact that any signature was transmitted or communicated by facsimile or email with scan attachment as a defense to the formation of a legally binding contract, and each such party forever waives any such defense.

SECTION 8.12. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent actual or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof in any courts of England or Wales or any state or foreign jurisdiction having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. The parties waive, in connection with any action for specific performance or injunctive relief, the defense of adequacy of remedies at law and any requirement under law to post a bond or other security or prove damages as a prerequisite to obtaining equitable relief.

SECTION 8.13. Process Agent. Without prejudice to any other permitted mode of service, the parties agree that service of any claim form, notice or other document for the purpose of or in connection with any action or proceeding in England or Wales arising out of or in any way relating to this Agreement shall be duly served upon Grupo VM if it is delivered personally or sent by recorded or special delivery post (or any substantially similar form of mail) to FERROATLÁNTICA INTERNATIONAL LIMITED, 125 Old Broad Street, EC2N 1AR London, United Kingdom (marked for the attention of the Secretary of the Company) or such other person and address in England or Wales as such party shall notify all the other parties in writing from time to time, whether or not such claim form, notice or other document is forwarded to the relevant party or received by such party.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its respective officers thereunto duly authorized on the date first above written.

GRUPO VILLAR MIR, S.A.U.,

by /s/ Javier López Madrid

Name: Javier López Madrid

Title: Chief Executive Officer

FERROGLOBE PLC,

by /s/ Javier López Madrid

Name: Javier López Madrid

Title: Director

[Signature Page to Grupo VM Shareholder Agreement]

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage Interest as of the Effective Date</u>
Grupo VM	98,078,163	57%

Exhibit A

Confidentiality Agreement

[Attached.]

AMENDMENT NO. 1, dated as of February 10, 2016 (this "Amendment"), to the Shareholder Agreement, dated as of December 23, 2015 (the "GVM Shareholder Agreement"), between Grupo Villar Mir, S.A.U., a public limited company (sociedad anónima) incorporated under the laws of Spain ("Grupo VM"), and Ferroglobe PLC, a public limited company incorporated under the laws of England ("Holdco").

WHEREAS the parties to the GVM Shareholder Agreement desire to amend the GVM Shareholder Agreement in the manner set forth herein; and

WHEREAS the GVM Shareholder Agreement may be amended, in accordance with Section 8.05 thereof, by a written instrument executed by the parties thereto.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to Section 1.01 of the GVM Shareholder Agreement. (a) Section 1.01 of the GVM Shareholder Agreement is hereby amended by adding the following definition in proper alphabetical order:

"JLM Shares" shall mean the Shares acquired by Javier López Madrid pursuant to and in accordance with the approval of such acquisition by the Board of Directors on February 3, 2016 under Section 5.01(b)(vi).

(b) The definition of "Percentage Interest" in Section 1.01 of the GVM Shareholder Agreement is hereby amended by deleting the current text of such definition in its entirety and replacing it with the language set forth below:

"Percentage Interest" shall mean, with respect to any Shareholder, the percentage of the total issued and outstanding Shares of Holdco owned by that Shareholder; *provided*, however, that the Percentage Interest attributable to the JLM Shares shall be disregarded for the purpose of determining the aggregate Percentage Interests of Grupo VM and its Affiliates under this Agreement.

SECTION 2. No Other Amendments; Confirmation. Except as expressly set forth herein, this Amendment shall not by implication or otherwise alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the GVM Shareholder Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. On and after the date hereof, any reference to the GVM Shareholder Agreement shall mean the GVM Shareholder Agreement as modified hereby.

SECTION 3. Miscellaneous. This Amendment shall become effective as of the date hereof. The provisions of Sections 8.03 (Notices), 8.04 (Severability), 8.05 (Entire Agreement; Amendments and Waivers), 8.06 (Assignment), 8.07 (Parties in Interest), 8.08 (Mutual Drafting), 8.09 (Governing Law; Consent to Jurisdiction), 8.10 (Counterparts), 8.11 (Delivery by Facsimile or Email), 8.12 (Specific Performance) and 8.13 (Process Agent) of the GVM Shareholder Agreement shall apply to this Amendment, mutatis mutandis, as though fully set forth herein.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the date first above written.

GRUPO VILLAR MIR, S.A.U.

By: _____
Name:
Title:

FERROGLOBE PLC

By: _____
Name:
Title:

[Signature Page to Grupo VM Shareholder Agreement Amendment]

SHAREHOLDER AGREEMENT

AMONG

Alan Kestenbaum,

AK Family Investments LLC

AND

Ferroglobe PLC

Dated as of December 23, 2015

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
Certain Definitions	1
SECTION 1.01. Defined Terms	1
SECTION 1.02. Other Definitional Provisions	4
ARTICLE II	
Holdco	4
SECTION 2.01. Ownership; Shares	4
ARTICLE III	
Management and Operations of Holdco	4
SECTION 3.01. Board of Directors	4
SECTION 3.02. Appointment of Executive Chairman	5
ARTICLE IV	
Representations and Warranties	5
SECTION 4.01. Representations and Warranties of the AK Group	5
SECTION 4.02. Representations and Warranties of Holdco	6
ARTICLE V	
Tax Matters	7
SECTION 5.01. AK Tax Covenants.	7
SECTION 5.02. Holdco Tax Covenants.	7
SECTION 5.03. Tax Records and Cooperation.	8
SECTION 5.04. Indemnity and Administration.	9
ARTICLE VI	
Miscellaneous	9
SECTION 6.01. Term and Termination of Agreement	9
SECTION 6.02. Notices	10

SECTION 6.03. Severability	10
SECTION 6.04. Entire Agreement; Amendments and Waivers	11
SECTION 6.05. Assignment	11
SECTION 6.06. Parties in Interest	11
SECTION 6.07. Mutual Drafting	11
SECTION 6.08. Governing Law; Consent to Jurisdiction	12
SECTION 6.09. Counterparts	12
SECTION 6.10. Delivery by Facsimile or Email	12
SECTION 6.11. Specific Performance	12
SECTION 6.12. Process Agent	12

SCHEDULES

SCHEDULE I Percentage Interest

SHAREHOLDER AGREEMENT (as it may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of December 23, 2015, among Alan Kestenbaum ("AK") and AK Family Investments LLC, a Delaware limited liability company (the "AK Affiliate"), and together with AK, collectively, the "AK Group"), on the one hand, and Ferroglobe PLC, a public limited company incorporated under the laws of England ("Holdco"), on the other hand.

WHEREAS, on the Effective Date, Holdco issued Shares to the AK Group pursuant to the Business Combination Agreement;

WHEREAS, at the Effective Time (as defined in the Business Combination Agreement) AK is expected to enter into a gain recognition agreement pursuant to U.S. Treasury Regulations Section 1.367(a)-8 with respect thereto (the "Gain Recognition Agreement"); and

WHEREAS the parties hereto desire to enter into this Agreement to govern certain rights, obligations and interests of the AK Group with respect to Holdco.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

Certain Definitions

SECTION 1.01. Defined Terms. (a) In this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" shall mean, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person. Notwithstanding the foregoing, (i) neither Holdco nor any Person Controlled by Holdco shall be deemed to be an "Affiliate" of the AK Group or of any Affiliate of the AK Group and (ii) neither the AK Group nor any Affiliate thereof shall be deemed to be an "Affiliate" of any other Shareholder or any Affiliate thereof by virtue of its Shares.

"Articles of Association" shall mean the Articles of Association of Holdco, as the same may be amended or supplemented from time to time.

"Business Combination Agreement" shall mean the Amended and Restated Business Combination Agreement among GSM, FA, Grupo VM, Holdco and Merger Sub, dated as of May 5, 2015, as amended on September 10, 2015 and November 11, 2015.

"Code" shall mean the United States Internal Revenue Code of 1986, as amended.

"Contested Election for Directors" shall mean an election of directors at any annual general meeting of the members of the Company at which directors of the Company are to be elected and at which (i) one or more members of the Company (other than Grupo VM, its Affiliates or AK) nominates, in accordance with the Companies Act and Articles 21.1, 21.4 and

25.1(b) of the Articles of Association, and does not withdraw from nomination prior to the meeting, one or more persons for election as a director in opposition to the persons nominated for election by the Board of Directors in accordance with Section 3.01(c) of the Grupo VM Shareholder Agreement and (ii) such member or members of the Company (A) attends the annual general meeting, in person or by proxy, (B) votes (or shall have executed a deed providing that such member or members shall vote) all Shares beneficially owned by such member or members in favor of such persons nominated for election by such member or members, and (C) makes a material effort to solicit proxies in favor of such persons nominated for election by such member or members.

“Contract” shall mean, as to any Person, any contract, lease, easement, license, instrument or understanding to which the applicable Person is a party.

“Control” shall mean, as to any Person, the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of shares or other equity securities or as trustee or executor, by Contract or otherwise. The terms “Controlled” and “Controlling” shall have a correlative meaning.

“Effective Date” shall mean the Closing Date (as defined in the Business Combination Agreement).

“equity security” shall have the meaning given to such term in Rule 405 under the Securities Act.

“Exchange” shall mean the stock exchange in which Holdco maintains its primary listing, and in all events will be the Nasdaq so long as listed thereon.

“Exchange Act” means the Securities Exchange of 1934, as amended, and the rules and regulations promulgated thereunder.

“FA” shall mean Grupo FerroAtlántica, S.A.U.

“Governmental Authority” shall mean any national, federal, state, county, municipal, local or foreign government, or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government, and any arbitrator or arbitral body or panel of competent jurisdiction.

“Grupo VM” shall mean Grupo Villar Mir, S.A.U.

“Grupo VM Nominee” shall mean each director candidate nominated by Grupo VM for election at any meeting of Holdco shareholders called for the purpose of electing directors for, or to appoint persons to fill vacancies in, the Board of Directors in accordance with the Articles of Association and the Grupo VM Shareholder Agreement.

“Grupo VM Shareholder Agreement” shall mean the Shareholder Agreement between Grupo VM and Holdco, dated December 23, 2015.

“GSM” shall mean Globe Specialty Metals, Inc.

“IRS” shall mean the United States Internal Revenue Service.

“Law” shall mean any federal, state, provincial, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding.

“Percentage Interest” shall mean, with respect to any Shareholder, the percentage of the total issued and outstanding Shares of Holdco owned by that Shareholder.

“Person” shall mean any individual, corporation, limited company, limited liability company, partnership, association, trust, unincorporated organization, Governmental Authority, other entity or group (as defined in Section 13(d) of the Exchange Act).

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Act” shall mean the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shareholders” shall mean the shareholders of Holdco.

“Shares” shall mean Company Ordinary Shares (as defined in the Articles of Association).

“Tax Authority” shall mean a Governmental Authority (foreign or domestic) or any subdivision, agency, commission or authority thereof having jurisdiction over the assessment, determination, collection or imposition of any Tax.

“Tax Return” shall mean any report, return (including information return), claim for refund, election, estimated Tax filing or declaration required to be supplied to any Governmental Authority with respect to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

“Taxes” shall mean any and all taxes, fees, levies, duties, tariffs, imposts and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority (whether payable directly or by withholding), including income, franchise, windfall or other profits, gross receipts, property, escheat or unclaimed property, sales, use, severance, net worth, capital stock, branch profits, customs duties, payroll, employment, social security, workers’ compensation, unemployment compensation, excise, withholding, ad valorem, stamp, transfer, value-added, premium, minimum and alternative minimum, gains tax and license, registration and documentation fees, and any amounts imposed as a result of U.S. Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or non-U.S. Law) as transferee, successor, by contract or otherwise.

“U.S. Treasury Regulations” shall mean the United States Treasury Regulations promulgated under the Code.

(b) Each of the following terms is defined in the Section listed opposite such term:

<u>Term</u>	<u>Defined in</u>
"Agreement"	Preamble
"AK"	Preamble
"AK Affiliate"	Preamble
"AK Group"	Preamble
"Board of Directors"	Section 3.01(a)
"Executive Chairman"	Section 3.01(b)
"Gain Recognition Agreement"	Recitals
"Holdco"	Preamble
"Intended U.S. Tax Treatment"	Section 5.01(a)

SECTION 1.02. Other Definitional Provisions. (a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders. As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation." As used in this Agreement, references to a "party" or the "parties" are intended to refer to a party to this Agreement or the parties to this Agreement. Except as otherwise indicated, all references in this Agreement to "Sections," "Exhibits" and "Schedules" are intended to refer to Sections of this Agreement and Exhibits and Schedules to this Agreement. Unless otherwise specifically provided for herein, the term "or" shall not be deemed to be exclusive.

(b) Any agreement, instrument, statute or regulation defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument, statute or regulation as from time to time amended, consolidated, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

ARTICLE II

Holdco

SECTION 2.01. Ownership; Shares. Schedule I sets forth the number of Shares the AK Group owns and its related Percentage Interest, as of the Effective Date.

ARTICLE III

Management and Operations of Holdco

SECTION 3.01. Board of Directors.

(a) Pursuant to the Business Combination Agreement, on the Effective Date, AK shall be appointed to the board of directors of Holdco (the “Board of Directors”); provided, AK was serving as chairman of the board of directors of GSM on the date prior to the Effective Date. Subject to the Articles of Association, from and after the Effective Time and for so long as AK is serving as the executive chairman of Holdco (the “Executive Chairman”), he shall be entitled to nomination for election as a director at any meeting of Holdco shareholders called for the purpose of electing directors.

(b) Except with respect to the election of directors (other than the Grupo VM Nominees) in a Contested Election for Directors that occurs from and after the fifth anniversary of the Effective Date, from and after the Effective Time and until such time as the aggregate Percentage Interest of the AK Group falls below 1%, the AK Group shall vote, in person or by proxy, its Shares at any meeting of the Holdco shareholders at which action is to be taken with respect to the election of directors to cause the election or reelection, as applicable, of the Grupo VM Nominees and any person nominated by the Board of Directors for any election of directors so long as such nominations are not in contravention of this Agreement, the Articles of Association or the Grupo VM Shareholder Agreement, and the AK Group shall not take any actions which are inconsistent with the intent and purpose of the foregoing or vote, in person or by proxy, in any manner that is inconsistent with the intent and purpose of the foregoing. In the case of a Contested Election for Directors that occurs from and after the fifth anniversary of the Effective Date, the AK Group may vote its Shares with respect to the election of directors (other than the Grupo VM Nominees) in any manner with respect to such Contested Election for Directors.

SECTION 3.02. Appointment of Executive Chairman. On the Effective Date, AK shall be appointed as the Executive Chairman. The Executive Chairman of the Board of Directors shall have the authority and responsibility set forth in the Articles of Association and as otherwise delegated or agreed by the Board of Directors from time to time.

ARTICLE IV

Representations and Warranties

SECTION 4.01. Representations and Warranties of the AK Group. The AK Group represents and warrants as of the date hereof as follows:

(a) Due Incorporation. The AK Affiliate is duly incorporated, registered and validly existing under the laws of the jurisdiction of its incorporation, and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. The AK Affiliate is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. Each of AK and the AK Affiliate has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due

execution and delivery by Holdco, this Agreement constitutes the valid and binding obligations of each of AK and the AK Affiliate, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the certificate of incorporation, by-laws or other constitutive documents of the AK Affiliate; (ii) any instrument or Contract to which any of AK and the AK Affiliate is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of AK or the AK Affiliate to perform its obligations under this Agreement.

SECTION 4.02. Representations and Warranties of Holdco. Holdco represents and warrants as of the date hereof as follows:

(a) Due Incorporation. It is duly incorporated, registered and validly existing under the laws of England and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. It is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. It has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due execution and delivery by Grupo VM, this Agreement constitutes the valid and binding obligations of Holdco, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the Articles of Association as of the date of this Agreement; (ii) any instrument or Contract to which Holdco is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of Holdco to perform its obligations under this Agreement.

ARTICLE V

Tax Matters

SECTION 5.01. AK Tax Covenants.

(a) AK will comply with all reporting and record-keeping requirements applicable to the Merger that are prescribed by the Code, the U.S. Treasury Regulations, or by forms, instructions, or other publications of the IRS. AK will not take any position on any federal, state or local income or franchise Tax Return, or take any other federal, state or local income or franchise tax reporting position that is inconsistent with (i) the treatment of the Merger as a “reorganization” within the meaning of Section 368(a) of the Code, and/or as a transaction described in Section 351(a) of the Code, and (ii) the Merger not resulting in gain being recognized because of the application of Section 367(a)(1) of the Code (other than for any shareholder that would be a “five-percent transferee shareholder” (within the meaning of U.S. Treasury Regulations Section 1.367(a)-3(c)(5)(ii)) of Holdco following the Merger that does not enter into a “gain recognition agreement” under U.S. Treasury Regulations Section 1.367(a)-8 (the “Intended U.S. Tax Treatment”).

(b) If AK is treated as a “five-percent transferee shareholder” (within the meaning of U.S. Treasury Regulations Section 1.367(a)-3(c)(5)(ii)) of Holdco following the Merger, AK will enter into the Gain Recognition Agreement, and will enter into subsequent “gain recognition agreements” with respect to any action or transaction undertaken by Holdco or any of its Affiliates at or after the Effective Time as required by U.S. Treasury Regulations Section 1.367(a)-8, and AK will comply with all filing requirements under U.S. Treasury Regulations Section 1.367(a)-8 to avoid recognizing gain under any such “gain recognition agreements.”

SECTION 5.02. Holdco Tax Covenants.

(a) Reporting Requirements. Holdco and each of its Affiliates will comply with all reporting and record-keeping requirements applicable to the Merger that are prescribed by the Code, the U.S. Treasury Regulations, or by forms, instructions, or other publications of the IRS. Except as required by Law, neither Holdco nor any of its Affiliates will take any position on any federal, state or local income or franchise Tax Return, or take any other federal, state or local income or franchise Tax reporting position that is inconsistent with the Intended U.S. Tax Treatment.

(b) Gain Recognition Agreement. Neither Holdco nor any of its Affiliates will take any action or engage in any transaction after Closing that would reasonably be expected to cause AK to incur any Tax as a result of having entered into the Gain Recognition Agreement or any subsequent “gain recognition agreement” under U.S. Treasury Regulations Section 1.367(a)-8.

(c) Duty to Notify. Holdco will notify AK of any action or transaction taken after Closing by Holdco or any of its Affiliates that would reasonably be expected to (i) cause AK to incur Tax under the Gain Recognition Agreement or any other “gain recognition

agreement” under U.S. Treasury Regulations Section 1.367(a)-8 entered into as a result thereof, or (ii) require AK to enter into a new “gain recognition agreement.” Such notice shall describe any such action or transaction in sufficient detail to enable AK to comply with the requirements of any “gain recognition agreement” or with U.S. Treasury Regulations Section 1.367(a)-8 or any successor provision.

(d) Tax Information. Holdco shall provide AK with all information reasonably necessary for AK to comply with all Tax filing requirements, including with respect to the Gain Recognition Agreement and any subsequent “gain recognition agreements” entered into under U.S. Treasury Regulations Section 1.367(a)-8.

SECTION 5.03. Tax Records and Cooperation.

- (a) Tax Records. After Closing, each of AK and Holdco shall (and shall cause their respective Affiliates to) use commercially reasonable efforts to:
- (i) assist the other party in preparing any Tax Return which such other party is responsible for preparing and filing;
 - (ii) cooperate fully in preparing for any audit of, or dispute with, a Tax Authority regarding any Tax Return relating to GSM or any of its Affiliates or the Merger, including, without limitation, any information reasonably available to the party providing the cooperation;
 - (iii) make available to the other and to any Tax Authority as reasonably requested all information, records, and documents relating to any Tax applicable to GSM or any of its Affiliates or the Merger;
 - (iv) provide timely notice to the other in writing of any pending or threatened Tax audit or assessment relating to the Merger or to GSM or any of its Affiliates for taxable years or periods for which the other may have a liability under this Agreement; and
 - (v) furnish the other with copies of all correspondence received from any Tax Authority in connection with any audit, information request or assessment with respect to any such taxable year or period.

(b) Compliance. Holdco shall cause GSM to comply with the information gathering and reporting procedures set forth in U.S. Treasury Regulations Section 1.367(a)-3(c)(6) and shall cause GSM to attach the required statement to GSM’s timely filed United States federal income Tax Return for the taxable year in which the Merger occurs.

(c) Expenses. In the case of the provision of assistance, information, documents or records pursuant to Section 5.03(a), the party requesting such assistance, information, documents or records shall bear the direct and indirect costs reasonably incurred by the other party in providing such assistance, information, documents or records.

SECTION 5.04. Indemnity and Administration.

(a) Indemnity. Holdco will indemnify and hold harmless AK on demand against any Taxes, losses, liabilities and costs which AK incurs arising out of or in connection with a breach by Holdco or any of its Affiliates of any covenant in this Article 5. At any subsequent time that AK recognizes for United States Federal income Tax purposes an actual cash benefit for the basis attributable to the gain which resulted in Holdco making payments under this Section 5.04, AK agrees to repay to Holdco the amount of such benefit recognized without regard to interest, penalties, fines, related liabilities and additions to Tax, provided that no such payments shall exceed the amount of actual cash Taxes which otherwise would have been due but for the actual cash benefit directly attributable to a payment made by Holdco under this Section 5.04.

(b) Notification. AK shall promptly notify Holdco in writing upon its receipt of notice of any pending or threatened audits, examinations or assessments which may affect the Taxes, losses, liabilities and costs for which Holdco would be required to indemnify AK pursuant to Section 5.04(a). AK's failure to notify Holdco will not relieve Holdco of any liability it may have, except to the extent the defense of such claim is materially and irrevocably prejudiced by Holdco's failure to give such notice.

(c) Timing of Holdco Payments. Holdco shall make any payments it is required to make under Section 5.04(a) as promptly as practicable and in any event shall make all such payments at least five (5) Business Days prior to the date on which AK is required to pay any Taxes, losses, liabilities or costs for which Holdco is required to indemnify AK pursuant to Section 5.04(a).

ARTICLE VI

Miscellaneous

SECTION 6.01. Term and Termination of Agreement. (a) This Agreement shall continue in full effect until the later of (x) AK is no longer Executive Chairman or (y) the aggregate Percentage Interest of the AK Group falls below 1%; provided that the provisions in Article V shall continue in effect no later than 60 days after the expiration of the statute of limitations for the AK tax return filed for the last Tax year covered by the Gain Recognition Agreement. Except as expressly set out in this Agreement, neither party shall be entitled to rescind or terminate this Agreement in any circumstances whatsoever at any time, and each party waives any rights of rescission or termination it may have.

(b) Upon termination of this Agreement pursuant to Section 6.01(a), each party to this Agreement shall release and discharge the other party from all claims or demands under or in connection with this Agreement, except that (i) Section 5.04 and this Article VI shall survive such termination and (ii) nothing herein shall relieve any party from liabilities or damages incurred or suffered as a result of a Willful and Material Breach (as defined in the Business Combination Agreement) by such party of any of its respective representations, warranties, covenants or other agreements set forth in this Agreement.

SECTION 6.02. Notices. (a) Any notices or other communications required or permitted under, or otherwise given in connection with, this Agreement shall be in writing and shall be given as follows:

If to Holdco, addressed to it at:

Ferroglobe PLC
c/o Globe Specialty Metals, Inc.
600 Brickell Avenue, Suite 1500
Miami, FL 33131
Tel: (786) 509-6900
Fax: (305) 704-8700
Attention: Chief Legal Officer
Email: slebowitz@glbsm.com

If to AK and/or the AK Affiliate, addressed to it at:

Alan Kestenbaum
c/o Globe Specialty Metals, Inc.
600 Brickell Avenue, Suite 1500
Miami, FL 33131
Tel: (786) 509-6900
Fax: (305) 704-8700
Email: akestenbaum@glbsm.com

(b) Any notice or other communication given under this Agreement or in connection with the matters contemplated herein shall, except where otherwise specifically provided, be in writing in the English language, addressed as provided in Section 6.02(a) and served: (i) by leaving it at the relevant address in which case it shall be deemed to have been given upon delivery to that address; (ii) by fax, in which case it shall be deemed to have been given when dispatched subject to confirmation of uninterrupted transmission by a transmission report; or (iii) by e-mail, in which case it shall be deemed to have been given when dispatched subject to confirmation of delivery by a delivery receipt, provided that in the case of sub-clauses (ii) and (iii) any notice dispatched other than between the hours of 9:30 a.m. to 5:30 p.m. on a business day ("Working Hours") shall be deemed given at the start of the next period of Working Hours.

(c) Any party to this Agreement may notify the other parties of any change to its address or other details specified in Section 6.02(a) provided that such notification shall only be effective on the date specified in such notice or five business days after the notice is given, whichever is later.

SECTION 6.03. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of an arbitral tribunal or court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the arbitral tribunal or

court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or (to the extent possible) to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such arbitral tribunal or court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

SECTION 6.04. Entire Agreement; Amendments and Waivers. This Agreement constitutes the complete, final and exclusive statement of the agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. No amendment, supplement, modification, rescission or waiver of this Agreement shall be binding unless executed in writing by the parties hereto. Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a continuing waiver unless otherwise expressly provided. The parties expressly acknowledge that they have not relied upon any prior agreements, understandings, negotiations and discussions, whether oral or written.

SECTION 6.05. Assignment. The AK Group shall not assign any of its rights under this Agreement, in whole or in part, to any Person, without first obtaining the prior written consent of Holdco, and any assignment in contravention hereof shall be null and void; provided, that the AK Group may assign this Agreement to an Affiliate in connection with a Permitted Transfer if such Affiliate executes a customary binding deed of adherence to this Agreement, in form and substance reasonably acceptable to Holdco. This Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns.

SECTION 6.06. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the parties and their respective successors and assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement or shall be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

SECTION 6.07. Mutual Drafting. Each party has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive negotiations between the parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision.

SECTION 6.08. Governing Law; Consent to Jurisdiction.

(a) This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England.

(b) The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any Disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

(c) For the purposes of this Section 6.08, "Dispute" means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of this Agreement or the consequences of its nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with this Agreement.

SECTION 6.09. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 6.10. Delivery by Facsimile or Email. This Agreement, and any amendments hereto, waivers hereof or consents hereunder, to the extent signed and delivered by facsimile or by email with scan attachment, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of either party, the other party shall re-execute original forms thereof and deliver them to the requesting party. No party shall raise the use of facsimile or email to deliver a signature or the fact that any signature was transmitted or communicated by facsimile or email with scan attachment as a defense to the formation of a legally binding contract, and each such party forever waives any such defense.

SECTION 6.11. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent actual or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof in any courts of England or Wales or any state or foreign jurisdiction having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. The parties waive, in connection with any action for specific performance or injunctive relief, the defense of adequacy of remedies at law and any requirement under law to post a bond or other security or prove damages as a prerequisite to obtaining equitable relief.

SECTION 6.12. Process Agent. Without prejudice to any other permitted mode of service, the parties agree that service of any claim form, notice or other document for the purpose of or in connection with any action or proceeding in England or Wales arising out of or in any way relating to this Agreement shall be duly served upon the AK Group if it is delivered personally or sent by recorded or special delivery post (or any substantially similar form of mail)

to Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX (marked for the attention of Alan Kestenbaum) or such other person and address in England or Wales as such party shall notify all the other parties in writing from time to time, whether or not such claim form, notice or other document is forwarded to the relevant party or received by such party.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its respective officers thereunto duly authorized on the date first above written.

/s/ Alan Kestenbaum

Alan Kestenbaum

AK Family Investments LLC

By: /s/ Alan Kestenbaum

Alan Kestenbaum

Manager

[Signature Page to AK Shareholder Agreement]

Ferroglobe PLC

By: /s/ Javier López Madrid

Name: Javier López Madrid

Title: Director

[Signature Page to AK Shareholder Agreement]

Schedule I

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage Interest as of the Effective Date</u>
AK	8,148,938	4.7%
AK Family Investments LLC	192,000	0.1%

99 Bishopsgate
 London EC2M 3XF
 United Kingdom
 Tel: +44(0)20.7710.1000 Fax: +44(0)20.7374.4460
 www.lw.com

LATHAM & WATKINS

FIRM / AFFILIATE OFFICES

Abu Dhabi	Milan
Barcelona	Moscow
Beijing	Munich
Boston	New Jersey
Brussels	New York
Century City	Orange County
Chicago	Paris
Dubai	Riyadh
Düsseldorf	Rome
Frankfurt	San Diego
Hamburg	San Francisco
Hong Kong	Shanghai
Houston	Silicon Valley
London	Singapore
Los Angeles	Tokyo
Madrid	Washington, D.C.

February 18, 2016

Ferroglobe PLC
 c/o Legalinx Limited
 One Fetter Lane
 London EC4A 1BR
 United Kingdom

Dear Sirs

Re: Ferroglobe PLC (the “Company”) – Registration Statement on Form F-1

We have acted as English legal advisers to the Company, a public limited company incorporated in England and Wales, in connection with the preparation and filing of the registration statement on Form F-1 to which this opinion is an exhibit (such registration statement, as amended, including the documents incorporated by reference therein, the “**Registration Statement**”) filed with the United States Securities and Exchange Commission (the “**SEC**”) pursuant to the United States Securities Act of 1933, as amended (the “**Securities Act**”), for the resale of up to 8,732,360 Ordinary Shares covered by the Registration Statement (the “**Shares**”).

1. INTRODUCTION

1.1 Purpose

In connection with the Registration Statement, we have been asked to provide an opinion on certain matters, as set out below. We have taken instruction in this regard solely from the Company.

1.2 Defined terms and headings

In this letter:

- (a) capitalised terms used without definition in this letter or the schedules hereto have the meanings assigned to them in the Registration Statement unless a contrary indication appears; and
- (b) headings are for ease of reference only and shall not affect interpretation.

Latham & Watkins is the business name of Latham & Watkins (London) LLP, a registered limited liability partnership organised under the laws of New York and authorised and regulated by the Solicitors Regulation Authority (SRA No. 203820). A list of the names of the partners of Latham & Watkins (London) LLP is open to inspection at its principal place of business, 99 Bishopsgate, London EC2M 3XF, and such persons are either solicitors, registered foreign lawyers or European lawyers. We are affiliated with the firm Latham & Watkins LLP, a limited liability partnership organised under the laws of Delaware.

1.3 **Legal review**

We have examined such matters of fact and question of law as we considered appropriate. We have reviewed the following documents and conducted the following enquiries and searches:

- (a) an online search at Companies House in respect of information available for inspection about the Company conducted on February 18, 2016 at 15:17 pm;
- (b) an enquiry by telephone at the Central Index of Winding Up Petitions, London on February 18, 2016 at 16:00 pm ((a) and (b) together, the “**Searches**”);
- (c) copies of the minutes of a meeting of the board of directors of the Company held on December 23, 2015 (the “**Board Meeting**”);
- (d) written resolutions of the sole shareholder of the Company passed on December 23, 2015 (the “**Shareholder Resolutions**”);
- (e) copies of the certificate of incorporation of the Company dated February 5, 2015, the certificate of incorporation on change of name dated October 16, 2015 and the certificate of incorporation on re-registration as a public limited company dated October 16, 2015 (the “**Certificates of Incorporation**”);
- (f) a certified copy of the current articles of association of the Company adopted on December 23, 2015 pursuant to the written resolution of the sole shareholder on the same date referred to in (e) above (the “**Articles**”); and
- (g) a copy of the draft Registration Statement filed with the SEC on the date hereof.

1.4 **Applicable law**

This letter, the opinions given in it, and any non-contractual obligations arising out of or in connection with this letter and/or the opinions given in it, are governed by, and to be construed in accordance with, English law and relate only to English law as applied by the English courts as at today’s date. In particular:

- (a) we have not investigated the laws of any country (including European Community law) other than England and we assume that no foreign law affects any of the opinions stated below; and
- (b) we express no opinion in this letter on the laws of any jurisdiction other than England.

1.5 **Assumptions and reservations**

The opinions given in this letter are given on the basis of each of the assumptions set out in Schedule 1 (*Assumptions*) and are subject to each of the reservations set out in Schedule 2 (*Reservations*) to this letter and to any matters not disclosed to us. The opinions given in this letter are strictly limited to the matters stated in paragraph 2 (*Opinion*) below and do not extend, and should not be read as extending, by implication or otherwise, to any other matters.

2. OPINION

Subject to paragraph 1 (*Introduction*), the other matters set out in this letter and its Schedules, and the Registration Statement (as finally amended) having become effective under the Securities Act, it is our opinion that the Shares were, when issued, duly and validly authorised and issued, fully paid or credited as fully paid, and not subject to any call for payment of further capital.

3. EXTENT OF OPINIONS

We express no opinion as to any agreement, instrument or other document other than as specified in this letter or as to any liability to tax.

This letter only applies to those facts and circumstances which exist as at today's date and we assume no obligation or responsibility to update or supplement this letter to reflect any facts or circumstances which may subsequently come to our attention, any changes in laws which may occur after today, or to inform the addressee of any change in circumstances happening after the date of this letter which would alter our opinion.

4. DISCLOSURE AND RELIANCE

This letter is addressed to you solely for your benefit in connection with the Registration Statement and may be relied upon by you and the persons entitled to rely upon it pursuant to the applicable provisions of the Securities Act. We consent to the filing of this letter as an exhibit to the Registration Statement and to the references to our firm under the headings "Service of Process and Enforcement of Liabilities" and "Legal Matters". In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations thereunder.

This letter may not be relied upon by you for any other purpose, and, other than as set out above, may not be furnished to, or assigned to or relied upon by any other person, firm or entity for any purpose, without our prior written consent, which may be granted or withheld in our discretion.

Yours faithfully

/s/ Latham & Watkins

LATHAM & WATKINS

SCHEDULE 1

ASSUMPTIONS

The opinions in this letter have been given on the basis of the following assumptions:

- (a) that all signatures, stamps and seals on all documents are genuine, all documents submitted to us as originals are authentic and complete, and that all documents submitted to us as photocopies, portable document format (PDF) copies, facsimile copies or e-mail copies conform to the relevant original documents which are complete;
- (b) that, where a document has been examined by us in draft or specimen form, it will be or has been duly executed in the form of that draft or specimen;
- (c) that the Articles and Certificates of Incorporation examined by us are complete, up to date and have not been amended;
- (d) that the directors of the Company, in authorising the issuance of the Shares, exercised their powers in accordance with their statutory duties under the Companies Act 2006;
- (e) that all documents, forms and notices which should have been delivered to the Companies House in respect of the Company have been so delivered, that the results of the Searches are complete and accurate, that the position has not changed since the times at which the Searches were made;
- (f) that the proceedings and resolutions described in the minutes of the Board Meeting provided to us in connection with the giving of this opinion were duly conducted as so described, and that the meeting referred to therein was duly constituted, convened and conducted and all constitutional, statutory and other formalities were duly observed (including, if applicable, those relating to the declaration of directors' interests or the power of interested directors to vote), a quorum was present throughout, the requisite majority of directors voted in favour of approving the resolutions and the resolutions passed thereat were duly adopted, have not been revoked or varied and remain in full force and effect;
- (g) that the Shareholder Resolutions provided to us in connection with the giving of this opinion were duly passed as written resolutions of the Company, all constitutional, statutory and other formalities were observed and such resolutions have not been revoked or varied and remain in full force and effect;
- (h) that valid entries have been made in relation to the allotment and issue of the Shares pursuant to the decisions of the board in the Board Meeting and the shareholders under the Shareholder Resolutions in the books and registers of the Company and such Shares were allotted and issued in good faith, and on bona fide commercial terms and on arm's length terms;
- (i) that the Company received good and valuable consideration for the Shares pursuant to the merger in connection with which they were issued; and
- (j) that the Company has not taken any corporate or other action nor have any steps been taken or legal proceedings been started against the Company for the liquidation, winding up, dissolution, reorganisation or bankruptcy of, or for the appointment of a liquidator, receiver, trustee, administrator, administrative

receiver or similar officer of, the Company or all or any of its assets (or any analogous proceedings in any jurisdiction) and the Company is not unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act 1986 and will not become unable to pay its debts within the meaning of that section as a result of any of the transactions contemplated herein, is not insolvent and has not been dissolved or declared bankrupt (although the Searches gave no indication that any winding-up, dissolution or administration order or appointment of a receiver, administrator, administrative receiver or similar officer has been made with respect to the Company).

SCHEDULE 2

RESERVATIONS

The opinions in this letter are subject to the following reservations:

- (a) the Searches are not capable of revealing conclusively whether or not a winding-up or administration petition or order has been presented or made, a receiver appointed, a company voluntary arrangement proposed or approved or any other insolvency proceeding commenced. We have not made enquiries of any District Registry or County Court;
- (b) the opinions set out in this letter are subject to (i) any limitations arising from applicable laws relating to insolvency, bankruptcy, administration, reorganisation, liquidation, moratoria, schemes or analogous circumstances or affecting the rights of creditors; and (ii) an English court exercising its discretion under section 426 of the Insolvency Act 1986 (*co-operation between courts exercising jurisdiction in relation to insolvency*) to assist the courts having the corresponding jurisdiction in any part of the United Kingdom or any relevant country or territory;
- (c) we express no opinion as to matters of fact; and
- (d) we have not been responsible for investigating or verifying the accuracy of the facts, including statements of foreign law, or the reasonableness of any statements of opinion, contained in the Registration Statement, or that no material facts have been omitted from it.

FIRST AMENDMENT TO CREDIT AGREEMENT AND WAIVER

THIS FIRST AMENDMENT TO CREDIT AGREEMENT AND WAIVER (this "Amendment"), dated as of February 11, 2016 is by and among Globe Specialty Metals, Inc., a Delaware corporation (the "Company"), certain Subsidiaries of the Company party hereto (together with Company, the "Borrowers" and each a "Borrower"), the Lenders (as defined below) party hereto and Citizens Bank of Pennsylvania, as Administrative Agent (the "Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement (as defined below).

WITNESSETH

WHEREAS, the Borrowers, the various financial institutions from time to time party thereto (the "Lenders") and the Agent are parties to that certain Credit Agreement dated as of August 20, 2013 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement");

WHEREAS, the Company has informed the Agent that it has entered into a Business Combination Agreement, dated February 23, 2015 (as amended and restated on May 5, 2015, and as further amended, modified or supplemented from time to time, the "Combination Agreement"), with Grupo Villar Mir, S.A.U. ("Villar Mir"), Grupo FerroAtlántica, S.A.U., a wholly-owned subsidiary of Villar Mir ("FerroAtlántica"), VeloNewco Limited, a wholly-owned subsidiary of Villar Mir ("VeloNewco"), and Gordon Merger Sub, Inc., a wholly-owned subsidiary of VeloNewco ("Gordon Merger Sub"), whereby, among other things, (i) VeloNewco agreed to acquire all of the issued and outstanding shares of FerroAtlántica from Villar Mir and (ii) Gordon Merger Sub will be merged with and into the Company, with the Company surviving as a wholly-owned subsidiary of VeloNewco and, as a result of the Combination Agreement, Villar Mir will hold, indirectly, 57% or more (by number of votes) of the outstanding shares of Capital Stock of the Company (collectively, together with the other transactions contemplated by the Combination Agreement, the "Proposed Transaction");

WHEREAS, the Proposed Transaction would result in (i) a merger or consolidation of the Company for purposes of Section 7.7 of the Credit Agreement and (ii) a Change of Control, and is therefore a Default or Event of Default under the provisions of Sections 8.3 and 8.11 of the Credit Agreement;

WHEREAS, the Proposed Transaction was completed in accordance with its terms on December 23, 2015;

WHEREAS, in connection with the closing of the Proposed Transaction VeloNewco changed its name to Ferroglobe PLC ("Ferroglobe");

WHEREAS, the Company has requested that the Required Lenders (a) waive any Default or Event of Default under Sections 8.3 and 8.11 of the Credit Agreement that may arise as a result of the Proposed Transaction and (b) agree to certain amendments to the Credit Agreement; and

WHEREAS, the Required Lenders are willing to agree to such amendments and waive any Default or Event of Default under Sections 8.3 and 8.11 of the Credit Agreement that may arise as a result of the Proposed Transaction, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
WAIVER**

1.1 Waiver. Notwithstanding the provisions of the Credit Agreement to the contrary, in accordance with Section 10.6 of the Credit Agreement, the Required Lenders hereby waive any Default or Event of Default under Sections 8.3 and 8.11 of the Credit Agreement that may arise as a result of the Proposed Transaction.

1.2 Effectiveness of Waiver. This waiver shall be effective only to the extent specifically set forth herein solely with respect to the Proposed Transaction, and shall not (a) be construed as a waiver of any breach, Default or Event of Default other than as specifically waived herein nor as a waiver of any breach, Default or Event of Default of which the Lenders have not been informed by the Loan Parties, (b) affect the right of the Lenders to demand compliance by the Loan Parties with all terms and conditions of the Loan Documents, except as specifically modified or waived by this waiver, (c) be deemed a waiver of any transaction or future action on the part of the Loan Parties requiring the Lenders' or the Required Lenders' consent or approval under the Loan Documents, or (d) except as waived hereby, be deemed or construed to be a waiver or release of, or a limitation upon, the Administrative Agent's or the Lenders' exercise of any rights or remedies under the Credit Agreement or any other Loan Document, whether arising as a consequence of any Default or Event of Default (other than with respect to the Defaults or Events of Default waived hereby) which may now exist or otherwise, all such rights and remedies hereby being expressly reserved.

**ARTICLE II
AMENDMENTS TO CREDIT AGREEMENT**

2.1 New Definition. The following definition is hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical order.

“**Ferroglobe**” means Ferroglobe PLC.

2.2 Amendment to Definition of Fiscal Year. The definition of Fiscal Year set forth in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“**Fiscal Year**” means the fiscal year of Company and its Subsidiaries ending on December 31 of each calendar year.

2.3 Amendments to Section 6.1. Section 6.1 of the Credit Agreement shall be amended in the following respects:

(a) Clause (ii) contained therein is hereby amended and restated in its entirety to read as follows:

(ii) Quarterly Financials: as soon as available and in any event within forty-five (45) days after the end of each Fiscal Quarter, copies of the unaudited condensed consolidated and consolidating balance sheet of Company and its Subsidiaries as at the end of such Fiscal Quarter and the related unaudited condensed consolidated and consolidating statements of income and cash flows of Company and its Subsidiaries for such Fiscal Quarter (with respect to condensed consolidated and consolidating statements of income) and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal

Year, all in reasonable detail and (a) certified by the chief financial officer of Company that they fairly present, in all material respects, the financial condition of Company and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, prepared in accordance with GAAP and (b) including management discussion and analysis of operating results inclusive of operating metrics in comparative form;

(b) Clause (iii) contained therein is hereby amended and restated in its entirety to read as follows:

(iii) Year-End Financials: as soon as available and in any event (a) upon the earlier of (A) one-hundred twenty (120) days after the end of each Fiscal Year (beginning with the Fiscal Year ending December 31, 2015) and (B) the filing of Ferroglobe's Form 20-F for such Fiscal Year with the Securities and Exchange Commission of the United States, the consolidated balance sheet of Ferroglobe and its Subsidiaries as at the end of such Fiscal Year and the related consolidated statements of income and cash flows of Ferroglobe and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year, all in reasonable detail and certified by the chief financial officer of Ferroglobe that they fairly present, in all material respects, the financial condition of Ferroglobe and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, (b) within one-hundred twenty (120) days after the end of each Fiscal Year (beginning with the Fiscal Year ending December 31, 2015) the consolidated and consolidating balance sheet of the Company and its Subsidiaries as at the end of such Fiscal Year and the related consolidated and consolidating statements of income and cash flows of the Company and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year, all in reasonable detail and certified by the chief financial officer of the Company that they fairly present, in all material respects, the financial condition of the Company and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated (which shall include bridge financial statements to the audited statements delivered pursuant to clause (a)), and (c) in connection with the delivery of the financial statements referred to in clause (a), a report thereon of an independent registered public accounting firm of recognized national standing selected by Ferroglobe, which report shall be unqualified, shall express no doubts, assumptions or qualifications (whether in the opinion itself or in any explanatory paragraph within such report) concerning the ability of Ferroglobe and its Subsidiaries to continue as a going concern, and shall state that such consolidated and consolidating financial statements fairly present, in all material respects, the consolidated and consolidating financial position of Ferroglobe and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated prepared in accordance with International Financial Reporting Standards (except as otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such consolidated and consolidating financial statements has been made in accordance with standards of the Public Company Accounting Oversight Board (United States); provided that posting of such information on the EDGAR Website shall constitute delivery for purposes of this subsection 6.1(iii) to the extent such posting provides all information required by this clause (iii) including consolidating financial statements;

(c) The lead-in appearing in clause (iv) is hereby amended and restated in its entirety to read as follows:

together with each delivery of financial statements pursuant to subdivisions (ii) above,

(d) Clause (vii) shall be amended by (i) deleting the “and” appearing at the end of clause (b) and (ii) adding the following immediately following clause (c) but prior to the proviso at the end of such section:

, and (d) any earnings announcement or similar statement of Ferroglobe and its Subsidiaries made available generally by Ferroglobe, the Company or any of their respective Subsidiaries to the public;

2.4 Amendment to Section 7.13. Section 7.13 of the Credit Agreement shall be amended and restated in its entirety to read as follows:

7.13 Fiscal Year.

Company shall not change its Fiscal Year-end from December 31.

ARTICLE III CONDITIONS TO EFFECTIVENESS

2.1 Closing Conditions. This Amendment shall be deemed effective as of the date set forth above (the “Effective Date”) upon satisfaction of the following conditions (in form and substance reasonably acceptable to the Agent):

(a) Executed Amendment. The Agent shall have received a copy of this Amendment duly executed by each of the Borrowers, the other Loan Parties, the Agent and the Required Lenders.

(b) Fees and Expenses. King & Spalding LLP shall have received from the Borrowers payment of all reasonable fees and expenses incurred prior to the date hereof or in connection with this Amendment.

ARTICLE IV MISCELLANEOUS

4.1 Amended Terms. On and after the Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

3.2 Representations and Warranties of Borrowers. Each of the Loan Parties represents and warrants as follows:

(a) Such Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) Such Loan Party has duly executed and delivered the Amendment and the Amendment constitutes such Loan Party’s legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors’ rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No Approval is required to be obtained by such Loan Party or any of its Subsidiaries in connection with the execution, delivery or performance by such Loan Party of this Amendment; except for such Approvals which have been issued or obtained by such Loan Party or any of its Subsidiaries which are in full force and effect.

(d) The representations and warranties set forth in Section 5 of the Credit Agreement are (i) with respect to representations and warranties that contain a materiality qualification, true and correct as of the date hereof (except for those which expressly relate to an earlier date) and (ii) with respect to representations and warranties that do not contain a materiality qualification, true and correct in all material respects as of the date hereof (except for those which expressly relate to an earlier date).

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

4.3 Reaffirmation of Obligations. Each Loan Party hereby ratifies the Credit Agreement and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

4.4 Loan Document. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

4.5 Expenses. The Borrowers agree to pay all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment (including, without limitation, the reasonable fees and expenses of the Agent's legal counsel).

4.6 Entirety. This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

4.7 Counterparts; Telecopy. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart. This Amendment shall be effective when it has been executed by the Borrowers, the Agent and the Lenders and each party has notified the Agent by facsimile transmission or telephone that it has taken such action.

4.8 GOVERNING LAW. THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICTS OF LAWS PRINCIPLES.

4.9 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4.10 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The consent to jurisdiction and waiver of jury trial provisions set forth in Sections 10.16 and 10.17 of the Credit Agreement, respectively, are hereby incorporated by reference, *mutatis mutandis*.

4.11 Replacement of Existing Waiver Agreement. This Amendment replaces in its entirety that certain Limited Waiver Agreement dated as of June 18, 2015, among the Company, the other Borrowers party thereto, the Lenders party thereto and the Administrative Agent (the "Existing Waiver Agreement"). After giving effect to this Amendment, the Existing Waiver Agreement shall be terminated and no longer be in effect.

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

GLOBE SPECIALTY METALS, INC.

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

ALABAMA SAND AND GRAVEL, INC., a Delaware corporation
GLOBE METALLURGICAL INC., a Delaware corporation
GLOBE METALS ENTERPRISES, INC., a Delaware corporation
GSM ALLOYS I INC., a Delaware corporation
GSM ALLOYS II INC., a Delaware corporation
GSM FINANCIAL, INC., a Delaware corporation
GSM SALES, INC., a Delaware corporation
L F RESOURCES, INC., a Delaware corporation
SOLSIL, INC., a Delaware corporation

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

GLOBE
FIRST AMENDMENT

CORE METALS GROUP HOLDINGS LLC, a Delaware limited liability company

By: **GLOBE METALS ENTERPRISES, INC.**, as sole member

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

CORE METALS GROUP LLC, a Delaware limited liability company

By: **CORE METALS GROUP HOLDINGS LLC**, as sole member

By: **GLOBE METALS ENTERPRISES, INC.**, as sole member

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

GBG HOLDINGS, LLC, a Delaware limited liability company

By: **GSM ENTERPRISES LLC**, as sole member

By: **GLOBE SPECIALTY METALS, INC.**, as sole member

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

GLOBE ARGENTINA HOLDCO LLC, a Delaware limited liability company

By: **GLOBE SPECIALTY METALS, INC.**, as sole member

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

GLOBE
FIRST AMENDMENT

GLOBE REALTY LLC, a New York limited liability
company
By: **GLOBE SPECIALTY METALS, INC.**, as sole member

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

GSM ENTERPRISES LLC, a Delaware limited liability
company
By: **GLOBE SPECIALTY METALS, INC.**, as sole member

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

METALLURGICAL PROCESS MATERIALS, LLC, a
Delaware limited liability company

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

TENNESSEE ALLOYS COMPANY, LLC, a Delaware
limited liability company

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

ALDEN RESOURCES LLC, a Delaware limited liability
company

GATLIFF SERVICES, LLC, a Delaware limited liability
company

By: /s/ Joe Ragan

Name: Joe Ragan

Title: Authorized Representative

GLOBE
FIRST AMENDMENT

CITIZENS BANK OF PENNSYLVANIA,
as Agent and a Lender

By: /s/ A. Paul Dawley
Name: A. Paul Dawley
Title: Vice President

GLOBE
FIRST AMENDMENT

Branch Banking and Trust Company,
as a Lender

By: /s/ Max N Greer III

Name: Max N Greer III

Title: Vice President

GLOBE
FIRST AMENDMENT

Citibank, N.A.,
As a Lender

By: /s/ Christopher Peaden

Name: Christopher Peaden

Title: Senior Vice President

GLOBE
FIRST AMENDMENT

PNC Bank, National Association,
as a Lender

By: /s/ Mahir J. Desai

Name: Mahir J. Desai

Title: Assistant Vice President

GLOBE
FIRST AMENDMENT

WELLS FARGO BANK N.A.,
as a Lender

By: /s/ Craig DeSousa

Name: Craig DeSousa

Title: Senior Vice President

REGISTRATION RIGHTS AGREEMENT

among

FERROGLOBE PLC

GRUPO VILLAR MIR, S.A.U.

AND

ALAN KESTENBAUM

Dated as of December 23, 2015

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
General Provisions	1
SECTION 1.01. <u>Defined Terms</u>	1
SECTION 1.02. <u>Other Definitional Provisions</u>	5
ARTICLE II	
Registration Rights	5
SECTION 2.01. <u>Demand Registration</u>	5
SECTION 2.02. <u>Piggyback Rights</u>	9
SECTION 2.03. <u>Shelf Registration</u>	10
SECTION 2.04. <u>Withdrawal Rights</u>	12
SECTION 2.05. <u>Lock-up Agreements</u>	13
SECTION 2.06. <u>Registration Procedures</u>	13
SECTION 2.07. <u>Registration Expenses</u>	19
SECTION 2.08. <u>Miscellaneous</u>	20
SECTION 2.09. <u>Indemnification</u>	20
ARTICLE III	
Other Agreements	23
SECTION 3.01. <u>Access and Information; Confidentiality</u>	23
ARTICLE IV	
Termination and Waiver	25
SECTION 4.01. <u>Termination</u>	25
SECTION 4.02. <u>Extension; Waiver</u>	25
ARTICLE V	
Representations and Warranties	25
SECTION 5.01. <u>Representations and Warranties of Grupo VM</u>	25
SECTION 5.02. <u>Representations and Warranties of AK</u>	26
SECTION 5.03. <u>Representations and Warranties of Holdco</u>	26

ARTICLE VI

Miscellaneous Provisions	27
SECTION 6.01. <u>Notices</u>	27
SECTION 6.02. <u>Severability</u>	28
SECTION 6.03. <u>Entire Agreement; Amendments and Waivers</u>	29
SECTION 6.04. <u>Assignment</u>	29
SECTION 6.05. <u>Parties in Interest</u>	29
SECTION 6.06. <u>Mutual Drafting</u>	29
SECTION 6.07. <u>Governing Law; Consent to Jurisdiction</u>	29
SECTION 6.08. <u>Counterparts</u>	30
SECTION 6.09. <u>Delivery by Facsimile or Email</u>	30
SECTION 6.10. <u>Specific Performance</u>	30
SECTION 6.11. <u>Process Agent</u>	30

REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of December 23, 2015, among Ferroglobe PLC, a public limited company incorporated under the laws of England ("Holdco"), Grupo Villar Mir, S.A.U., a public limited company (*sociedad anónima*) incorporated under the laws of Spain ("Grupo VM"), and Alan Kestenbaum ("AK").

WHEREAS, pursuant to the Amended and Restated Business Combination Agreement, dated as of May 5, 2015 (as amended on September 10, 2015 and November 11, 2015, the "Business Combination Agreement"), among Grupo VM, Grupo FerroAtlántica, S.A.U., Globe Specialty Metals, Inc., Holdco and Gordon Merger Sub, Inc., Grupo VM and AK acquired from Holdco a certain number of Shares on the Closing Date (as defined in the Business Combination Agreement).

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

General Provisions

SECTION 1.01. Defined Terms. (a) In this Agreement, the following terms shall have the meanings set forth below:

"affiliate" means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person. Notwithstanding the foregoing, (i) neither Holdco nor any Person Controlled by Holdco shall be deemed to be an "affiliate" of Grupo VM or of any affiliate of Grupo VM and (ii) neither Grupo VM nor any affiliate thereof shall be deemed to be an "affiliate" of any other Shareholder or any affiliate thereof by virtue of its Shares.

"AK Shareholder" means AK and each Permitted Transferee of AK which is a holder of Shares.

"Applicable Law" means any federal, state, provincial, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding applicable to the party, action or event in question.

"Blackout Period" means (i) the period of any lock-up period that may apply to the Shareholders participating in the Registration pursuant to which such Shareholders are not permitted to trade or (ii) in the event that the Board determines in good faith and in its reasonable judgment that there is a bona fide business purpose to prevent the disclosure of confidential material, including that the registration would reasonably be expected to materially and adversely affect or materially interfere with any bona fide material financing of Holdco or any material transaction (including an acquisition, disposition or recapitalization or change in senior management) involving Holdco is under consideration by Holdco, a period of 100 days from the date such

deferral commenced; provided such period shall end upon the earlier to occur of (1) the expiration of the 100 days period and (2) upon (x) the filing by Holdco of a Form 6-K with respect to such financing or transaction or (y) the cessation of consideration of such financing or transaction by Holdco, as reasonably determined by Holdco.

“Board” means the board of directors of Holdco.

“Business Day” means any day, other than a Saturday or a Sunday, on which commercial banks in New York, New York and London, England are open for normal banking business.

“Commission” means the United States Securities and Exchange Commission or any successor agency.

“Control” shall mean, as to any Person, the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of shares or other equity securities or as trustee or executor, by Contract or otherwise. The terms “Controlled” and “Controlling” shall have a correlative meaning.

“Effective Date” means the Closing Date.

“equity security” shall have the meaning given to such term in Rule 405 under the Securities Act.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Governmental Entity” means any national, federal, state, county, municipal, local or foreign government, or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government, and any arbitrator or arbitral body or panel of competent jurisdiction.

“Holdco Equity Securities” means the Shares and any other equity securities of Holdco.

“Legal Proceeding” means any suit, action, proceeding, arbitration, mediation, audit, hearing, inquiry or investigation (in each case, whether civil, criminal, administrative, investigative, formal or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity.

“Permitted Transferee” means, (i) with respect to each Shareholder (that is not a natural person), a person that is a Controlled or Controlling affiliate of such Shareholder and; provided, however, that (unless another clause of this definition applies) at any time such person ceases to be a Controlled or Controlling affiliate of such Shareholder, such person shall automatically cease to be a “Permitted Transferee”; (ii) with respect to each Shareholder that is a natural person, any spouse, lineal descendant,

sibling, lineal descendant of any sibling, parent, heir, executor, administrator, testamentary trustee, legatee or beneficiary of such Shareholder; (iii) any trust, the beneficiaries of which, or any corporation, limited liability company or partnership, the shareholders, members or general or limited partners of which consist solely of any one or more of the persons (including such Shareholder) specified in clause (i) or (ii); and (iv) a pledgee (or assignee thereof) that is pledged HoldCo Equity Securities and/or depositary receipts issued by any depositary, custodian or nominee in respect of HoldCo Equity Securities deposited with any depositary, custodian or nominee that holds legal title to the HoldCo Equity Securities for the purposes of facilitating beneficial ownership of the HoldCo Equity Securities by Grupo VM as part of a "Permitted Transfer" in accordance with the terms and conditions of that certain Shareholder Agreement, dated as of December 23, 2015, between Grupo VM and Holdco, and, in the case of clause (i), (ii), (iii) and (iv), who has executed a customary binding deed of adherence to this Agreement.

"person" means an individual, corporation, limited company, limited liability company, partnership, association, trust, unincorporated organization, Governmental Entity, other entity or group (as defined in Section 13(d) of the Exchange Act).

"Public Offering" means an offering of Holdco Equity Securities pursuant to an effective registration statement under the Securities Act.

"Registrable Amount" means Registrable Securities representing 5% of the Shares outstanding.

"Registrable Securities" means any Shares held by the Shareholders and any other securities issued or issuable with respect to any Share held by a Shareholder, including by way of merger, exchange or similar event. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities of a Shareholder when (i) a registration statement registering the offer and sale of such securities under the Securities Act has been declared effective and such securities have been sold or otherwise Transferred by the holder thereof pursuant to such effective registration statement (other than in connection with the initial offering of Shares on Form F-4 pursuant to the Business Combination Agreement) or (ii) such securities are capable of being sold by such Shareholder in accordance with Rule 144 (or any successor provision) promulgated under the Securities Act without the restriction as to the number of securities that can be sold during any time period.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shareholders" means the Grupo VM Shareholders and the AK Shareholders.

"Shares" means the ordinary shares, nominal value \$7.50 per share, of Holdco and the A ordinary shares, nominal value \$7.50 per share, of Holdco.

“Shelf Registration Statement” means a registration statement under the Securities Act providing for an offering to be made on a continuous or delayed basis pursuant to Rule 415 under the Securities Act relating to the offer and sale, from time to time, of the Registrable Securities beneficially owned by such Requesting Shareholder(s) and the other Shareholders holding any Registrable Securities who elect to participate therein in accordance with the plan and method of distribution set forth in the prospectus included in such registration statement.

“Transfer” means, with respect to any Holdco Equity Securities, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, encumber, hypothecate or otherwise transfer such Holdco Equity Securities or any participation or interest therein, whether directly or indirectly, or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer of such Holdco Equity Securities or any participation or interest therein or any agreement or commitment to do any of the foregoing.

“Transferee” means a person acquiring Holdco Equity Securities through a Transfer.

“Transferor” means a person Transferring Holdco Equity Securities.

“Underwritten Offering” means a sale of securities of Holdco to an underwriter or underwriters for reoffering to the public.

“Grupo VM Shareholder” Grupo VM and each Permitted Transferee of Grupo VM which is a holder of Shares.

(b) Each of the following terms is defined in the Section listed opposite such term:

<u>Term</u>	<u>Section</u>
Agreement	Preamble
Business Combination Agreement	Recitals
Confidential Information	Section 3.01(c)
Demand	Section 2.01(a)
Demand Participating Shareholders	Section 2.01(b)
Demand Registration	Section 2.01(a)
Demand Right Holders	Section 2.01(a)
Final Prospectus Filing Date	Section 2.05
Form F-3	Section 2.03(a)
Free Writing Prospectus	Section 2.06(a)(iv)
Holdco	Preamble
Marketed Underwritten Shelf Offering	Section 2.03(e)
Maximum Amount	Section 2.01(g)
Other Demand Rights	Section 2.02(b)
Other Demanding Sellers	Section 2.02(b)

<u>Term</u>	<u>Section</u>
Piggyback Notice	Section 2.02(a)
Piggyback Registration	Section 2.02(a)
Piggyback Seller	Section 2.02(a)
Registration Expenses	Section 2.07
Requested Information	Section 2.06(d)
Requesting Shareholders	Section 2.01(a)
Selling Holders	Section 2.06(a)(i)
Shelf Notice	Section 2.03(a)
Shelf Offering	Section 2.03(e)
Take-Down Notice	Section 2.03(e)
Working Hours	Section 6.01(b)

SECTION 1.02. Other Definitional Provisions. (a) As used in this Agreement, accounting terms not defined in this Agreement shall have the respective meanings given to them under IFRS as in effect on the date hereof. To the extent that the definitions of accounting terms in this Agreement are inconsistent with the meanings of such terms under IFRS, the definitions contained in this Article I shall control.

(b) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders. As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.” As used in this Agreement, references to a “party” or the “parties” are intended to refer to a party to this Agreement or the parties to this Agreement. Except as otherwise indicated, all references in this Agreement to “Sections” are intended to refer to Sections of this Agreement. Unless otherwise specifically provided for herein, the term “or” shall not be deemed to be exclusive.

(c) Any agreement, instrument, statute or regulation defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument, statute or regulation as from time to time amended, consolidated, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

ARTICLE II

Registration Rights

SECTION 2.01. Demand Registration. (a) Registration. At any time after the Effective Date, any Shareholder or group of Shareholders holding at least 2.5% of the outstanding Shares (collectively, the “Demand Right Holders”) shall be entitled to

make a written request of Holdco (a "Demand") and any Demand Right Holders that makes such written request, the "Requesting Shareholders") for registration under the Securities Act of an amount equal to or greater than the Registrable Amount (a "Demand Registration") and thereupon Holdco will, subject to the terms of this Agreement, use its reasonable best efforts to effect, as promptly as reasonably practicable, the registration under the Securities Act of:

- (i) the Registrable Securities which Holdco has been so requested to register by the Requesting Shareholders for disposition in accordance with the intended method of disposition stated in such Demand;
- (ii) all other Registrable Securities which Holdco has been requested to register pursuant to Section 2.01(b), but subject to Section 2.01(g); and
- (iii) all Shares which Holdco may elect to register in connection with any offering of Registrable Securities pursuant to this Section 2.01, but subject to Section 2.01(g);

all to the extent necessary to permit the disposition (in accordance with the intended distribution methods in such request) of the Registrable Securities and the additional Shares, if any, to be so registered. Any Requesting Shareholder, other than a Grupo VM Shareholder, must notify Grupo VM in writing of such Requesting Shareholder's Demand no later than 5 days prior to making such Demand. If, within five Business Days following receipt of such notice, Grupo VM notifies such Requesting Shareholder in writing that any Grupo VM Shareholder chooses to join such Demand, such Grupo VM Shareholder shall be permitted to join such Demand as a Requesting Shareholder. Any Requesting Shareholder, other than an AK Shareholder, must notify AK in writing of such Requesting Shareholder's Demand no later than 5 days prior to making such Demand. If, within five Business Days following receipt of such notice, AK notifies such Requesting Shareholder in writing that any AK Shareholder chooses to join such Demand, such AK Shareholder shall be permitted to join such Demand as a Requesting Shareholder.

(b) Demands; Demand Participation. A Demand shall specify: (i) the aggregate number of Registrable Securities requested to be registered in such Demand Registration, (ii) the intended method of disposition in connection with such Demand Registration, to the extent then known, and (iii) the identity of the Requesting Shareholder(s). Within five Business Days after receipt of a Demand, Holdco shall give written notice of such Demand to each other Shareholder that holds any Registrable Securities. Subject to Section 2.01(g), Holdco shall include in such registration all Registrable Securities with respect to which Holdco has received a written request for inclusion therein within ten Business Days after Holdco's notice required by this paragraph has been given (such participating Shareholders, the "Demand Participating Shareholders"). Such written notice shall comply with the requirements of a Demand as set forth in this Section 2.01(b).

(c) Number of Demands. The Grupo VM Shareholders (collectively) shall be entitled to six (6) Demand Registrations for so long as the Grupo VM Shareholders (collectively) remains a Demand Right Holder. The AK Shareholders (collectively) shall be entitled to four (4) Demand Registrations.

(d) Effective Registration Statement. A Demand Registration shall not be deemed to have been effected and shall not count as a Demand (i) unless a registration statement with respect thereto has become effective and has remained effective for a period of at least 90 days (or two years in the case of a Shelf Registration Statement) or such shorter period in which all Registrable Securities included in such registration statement have actually been sold thereunder (provided that such period shall be extended for a period of time equal to the period the holder of Registrable Securities refrains from selling any securities included in the effective registration statement at the request of Holdco or the lead or co-managing underwriter(s) pursuant to the provisions of this Agreement), (ii) if, after it has become effective, but before any of the circumstances in clause (i) are satisfied, such registration statement becomes subject to any stop order, injunction or other order or requirement of the Commission or other Governmental Entity for any reason, or (iii) if the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration statement are not satisfied, other than by reason of some act or omission by such Requesting Shareholders.

(e) Registration Statement Form. Demand Registrations shall be on such appropriate registration form of the Commission as shall be selected by Holdco and shall be reasonably acceptable to the Requesting Shareholder.

(f) Restrictions on Demand Registrations. Holdco shall not be obligated to (i) maintain the effectiveness of a registration statement under the Securities Act, filed pursuant to a Demand Registration, for a period longer than 90 days (or, in the case of a Shelf Registration Statement, two years), or (ii) effect any Demand Registration (A) within six months of a “firm commitment” underwritten registration in which all Shareholders holding a Registrable Amount were given piggyback rights pursuant to Section 2.02 (subject to Section 2.02(b)) and at least 60% of the number of Registrable Securities requested by such Shareholders to be included in such registration statement were included, (B) within six months of any other Demand Registration, or (C) if, in Holdco’s reasonable judgment, it is not feasible for Holdco to proceed with the Demand Registration because of the unavailability of audited financial statements. In addition, Holdco shall be entitled to postpone the filing of a registration statement or the facilitation of a registered offering (upon written notice to all Shareholders) in the event of a Blackout Period until the expiration of the applicable Blackout Period. Holdco may not postpone the filing of a registration statement or the facilitation of a registered offering more than twice in any period of 12 consecutive months, except if required by Applicable Law; provided that if Holdco has previously postponed the filing of a registration statement or the facilitation of a registered offering, Holdco may not again postpone the effectiveness of such registration statement until 30 days after the expiration of the previous postponement. If Holdco postpones the filing or effectiveness of a registration statement for a Demand Registration, the holders of a majority of Registrable

Securities held by the Requesting Shareholder(s) shall have the right to withdraw such Demand in accordance with Section 2.04.

(g) Participation in Demand Registrations. Holdco shall not include any securities other than Registrable Securities in a Demand Registration, except (i) for Shares that Holdco proposes to sell and (ii) with the written consent (such consent not to be unreasonably withheld, delayed or conditioned) of Shareholders participating in such Demand Registration that hold a majority of the Registrable Securities in such Demand Registration. If, in connection with a Demand Registration, the lead managing or co-managing underwriter(s) advise(s) Holdco, in writing, that, in its opinion, the inclusion of all of the securities, including securities of Holdco that are not Registrable Securities, sought to be registered in connection with such Demand Registration would adversely affect the distribution of the Registrable Securities sought to be sold pursuant thereto, then Holdco shall include in such registration statement only such securities as Holdco is advised by such underwriter(s) can be sold without such adverse effect (the "Maximum Amount") as follows and in the following order of priority:

(i) first, the number of Registrable Securities requested to be included in such registration by the Requesting Shareholders up to the Maximum Amount, allocated pro rata among such Requesting Shareholders requesting such registration on the basis of the number of such securities requested to be included by such Shareholders;

(ii) second, Shares that Holdco proposes to sell which, taken together with the Registrable Securities under clause (i) above, do not exceed the Maximum Amount; and

(iii) third, all other securities of Holdco duly requested to be included in such registration statement, pro rata on the basis of the amount of such other securities requested to be included or such other method determined by Holdco, to the extent, when taken together with clause (i) and (ii) such number of securities does not exceed the Maximum Amount.

(h) Selection of Underwriters. In connection with a Demand Registration, the Requesting Shareholder(s) may elect to have Registrable Securities sold in an Underwritten Offering. Anytime that a Demand Registration involves an Underwritten Offering, the Requesting Shareholder(s) may select the investment banker or investment bankers and managers that will serve as lead and co-managing underwriters with respect to the offering of such Registrable Securities, subject to such Requesting Shareholder(s) prior consultation with Holdco and good faith consideration of Holdco's positions on the selection process. In connection with any Underwritten Offering under this Section 2.01, each Demand Participating Shareholder shall be obligated to accept the terms of the underwriting as agreed upon between the Requesting Shareholder(s) and the lead or co-managing underwriters on terms no less favorable to such Demand Participating Shareholders than the Requesting Shareholders(s). In the event of a disagreement among the Requesting Shareholders, the decision of the Shareholder(s)

holding a majority of the Registrable Securities shall govern for purposes of this Section 2.01(h).

(i) Demand Withdrawal. The Requesting Shareholder or the Requesting Shareholders (with the consent of the Requesting Shareholder(s) holding a majority of the Registrable Securities), as the case may be, shall have the right to withdraw a Demand in accordance with Section 2.04.

SECTION 2.02. Piggyback Rights. (a) Subject to the terms and conditions hereof, whenever Holdco proposes to register any of its securities under the Securities Act (other than a registration by Holdco (i) on a registration statement on Form F-4 or any successor form, a registration statement on Form S-8 or any successor form or (ii) pursuant to Section 2.01 or 2.03) (a "Piggyback Registration"), Holdco shall give the Shareholders prompt written notice thereof (but not less than ten Business Days prior to the filing by Holdco with the Commission of any registration statement with respect thereto). Such notice (a "Piggyback Notice") shall specify, at a minimum, the number of securities proposed to be registered, the proposed date of filing of such registration statement with the Commission, the proposed means of distribution, the proposed lead or co-managing underwriter(s) (if any and if known), and a good faith estimate by Holdco of the proposed minimum offering price of such securities. Upon the written request of a Shareholder (a "Piggyback Seller") (which written request shall specify the number of Registrable Securities then presently intended to be disposed of by such Shareholder) given within ten days after such Piggyback Notice is sent to such Shareholder, Holdco, subject to the terms and conditions of this Agreement, shall use its reasonable best efforts to cause all such Registrable Securities held by Shareholders with respect to which Holdco has received such written requests for inclusion to be included in such Piggyback Registration on the same terms and conditions as Holdco's securities being sold in such Piggyback Registration.

(b) Priority on Piggyback Registrations. If, in connection with a Piggyback Registration, the lead or co-managing underwriter(s) advise(s) Holdco, in writing, that, in its opinion, the inclusion of all the securities sought to be included in such Piggyback Registration by Holdco, by others who have sought to have Registrable Securities registered pursuant to any rights to demand registration (other than pursuant to so called "piggyback" or other incidental or participation registration rights described herein) (such demand rights being "Other Demand Rights" and such persons being "Other Demanding Sellers"), by the Piggyback Sellers and by any other proposed sellers, as the case may be, would adversely affect the distribution of the securities sought to be sold pursuant thereto, then Holdco shall include in the registration statement applicable to such Piggyback Registration only such securities as Holdco is so advised by such lead or co-managing underwriter(s) can be sold without such an effect, as follows and in the following order of priority:

(i) if the Piggyback Registration is in connection with an offering for Holdco's own account, then (A) first, such number of securities to be sold by Holdco as Holdco, in its reasonable judgment and acting in good faith and in accordance with sound financial practice, shall have determined, (B) second,

Registrable Securities of Piggyback Sellers, pro rata on the basis of the amount of such Registrable Securities sought to be registered by such Piggyback Sellers, (C) third, other Shares of Holdco sought to be registered by the Other Demanding Sellers and (D) fourth, other shares held by any other proposed sellers; and

(ii) if the Piggyback Registration relates to an offering other than for Holdco's own account, then (A) first, such number of Registrable Securities sought to be registered by each Other Demanding Seller, pro rata in proportion to the number of securities sought to be registered by all such Other Demanding Sellers, (B) second, Registrable Securities of Piggyback Sellers pro rata on the basis of the amount of such Registrable Securities sought to be registered by such Piggyback Sellers, (C) third, Shares to be sold by Holdco and (D) fourth, other shares of Holdco held by any other proposed sellers.

(c) Terms of Underwriting. In connection with any offering under this Section 2.02 involving an underwriting for Holdco's account, Holdco shall not be required to include a holder's Registrable Securities in the underwritten offering if, after Holdco consults with such holder and considers such holder's positions in good faith, such holder refuses to agree to the terms of the underwriting as agreed upon between Holdco and the lead or co-managing underwriter(s) whether secured by Holdco or otherwise.

(d) Withdrawal by Holdco. If, at any time after giving written notice of its intention to register any of its securities as set forth in this Section 2.02 and prior to the time the registration statement filed in connection with such registration is declared effective, Holdco shall determine for any reason not to register such securities, Holdco may, at its election, give written notice of such determination to each Shareholder and thereupon shall be relieved of its obligation to register any Registrable Securities in connection with such particular withdrawn or abandoned registration (but not from its obligation to pay the Registration Expenses in connection therewith as provided herein); provided that any participating Demand Right Holders may continue the registration as a Demand Registration pursuant to Section 2.01.

SECTION 2.03. Shelf Registration. (a) In connection with a Demand Registration, subject to Section 2.03(d), and further subject to the availability of a registration statement on Form F-3 or any successor form ("Form F-3") to Holdco, the Requesting Shareholder(s) making the Demand may by written notice delivered to Holdco (the "Shelf Notice") require Holdco to file as soon as practicable (but no later than 120 days after the date the Shelf Notice is delivered), and to use reasonable best efforts to cause to be declared effective by the Commission (within 120 days after such filing date), a Shelf Registration Statement on Form F-3. In the event of a disagreement among the Requesting Shareholders, the decision of the Shareholder(s) holding a majority of the Registrable Securities shall govern for purposes of this Section 2.03(a).

(b) Within five Business Days after receipt of a Shelf Notice pursuant to Section 2.03(a), Holdco will deliver written notice thereof to each Shareholder holding any Registrable Securities. Each Shareholder may elect to participate in the Shelf

Registration Statement in accordance with the plan and method of distribution set forth in such Shelf Registration Statement by delivering to Holdco a written request to so participate within ten Business Days after the Shelf Notice is given to any such Shareholders.

(c) Subject to Section 2.03(d), Holdco will use reasonable best efforts to keep the Shelf Registration Statement continuously effective until the earlier of (i) three years after the Shelf Registration Statement has been declared effective and (ii) the date on which all Registrable Securities covered by the Shelf Registration Statement have been sold thereunder in accordance with the plan and method of distribution disclosed in the prospectus included in the Shelf Registration Statement, or otherwise.

(d) Holdco shall be entitled, from time to time, by providing written notice to the Shareholders who elected to participate in the Shelf Registration Statement, to require such Shareholders to suspend the use of the prospectus for sales of Registrable Securities under the Shelf Registration Statement for any Blackout Period. Immediately upon receipt of such notice, the Shareholders covered by the Shelf Registration Statement shall suspend the use of the prospectus until the requisite changes to the prospectus have been made as required below. After the expiration of any Blackout Period and without any further request from a Shareholder, Holdco shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Shelf Registration Statement or the prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the prospectus will not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to be stated in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(e) At any time that a Shelf Registration Statement is effective, if any Demand Right Holder delivers a notice to Holdco (a "Take-Down Notice") stating that it intends to sell all or part of its Registrable Securities included by it on the Shelf Registration Statement in an Underwritten Offering (a "Shelf Offering"), then, Holdco shall as promptly as reasonably practicable amend or supplement the Shelf Registration Statement as may be necessary in order to enable such Registrable Securities to be distributed pursuant to the Shelf Offering (taking into account, solely in connection with a Marketed Underwritten Shelf Offering (as defined below), the inclusion of Registrable Securities by any other holders pursuant to this Section 2.03(e)). In connection with any Shelf Offering that is an Underwritten Offering and where the plan of distribution set forth in the applicable Take-Down Notice includes a customary "road show" (including an "electronic road show") or other substantial marketing effort by Holdco and the underwriters (a "Marketed Underwritten Shelf Offering"):

(i) Holdco shall forward the Take-Down Notice to all other holders of Registrable Securities included on the Shelf Registration Statement and Holdco and such proposing Demand Right Holder shall permit each such holder to include its Registrable Securities included on the Shelf Registration Statement in

the Marketed Underwritten Shelf Offering if such holder notifies the proposing Demand Right Holder and Holdco within five Business Days after delivery of the Take-Down Notice to such holder; and

(ii) if the lead or co-managing underwriter(s) advises Holdco and the proposing Demand Right Holder that, in its opinion, the inclusion of all of the securities sought to be sold in connection with such Marketed Underwritten Shelf Offering would adversely affect the distribution thereof, then there shall be included in such Marketed Underwritten Shelf Offering only such securities as the proposing Demand Right Holder is advised by such lead or co-managing underwriter(s) can be sold without such adverse effect, and such number of Registrable Securities shall be allocated in the same manner as described in Section 2.01(g). Except as otherwise expressly specified in this Section 2.03, any Marketed Underwritten Shelf Offering shall be subject to the same requirements, limitations and other provisions of this Article II as would be applicable to a Demand Registration (i.e., as if such Marketed Underwritten Shelf Offering were a Demand Registration), including Section 2.01(f) and Section 2.01(g).

Notwithstanding anything in this Section 2.03 to the contrary, Holdco shall not be required to participate in more than two Marketed Underwritten Shelf Offerings per fiscal year.

SECTION 2.04. Withdrawal Rights. Any Shareholder having notified or directed Holdco to include any or all of its Registrable Securities in a registration statement under the Securities Act shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to Holdco prior to the effective date of such registration statement. In the event of any such withdrawal, Holdco shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement. No such withdrawal shall affect the obligations of Holdco with respect to the Registrable Securities not so withdrawn; provided, however, that in the case of a Demand Registration, if such withdrawal shall reduce the number of Registrable Securities sought to be included in such registration below the Registrable Amount, then Holdco shall as promptly as practicable give each holder of Registrable Securities sought to be registered notice to such effect and, within ten Business Days following the mailing of such notice, such holder of Registrable Securities still seeking registration shall, by written notice to Holdco, elect to register additional Registrable Securities, when taken together with elections to register Registrable Securities by its Permitted Transferees, to satisfy the Registrable Amount or elect that such registration statement not be filed or, if theretofore filed, be withdrawn. During such ten Business Day period, Holdco shall not file such registration statement or, if such registration statement has already been filed, Holdco shall not seek, and shall use reasonable best efforts to prevent, the effectiveness thereof. Any registration statement withdrawn or not filed (a) in accordance with an election by Holdco, (b) in accordance with an election by the Requesting Shareholder in the case of a Demand Registration or with respect to a Shelf Registration Statement or (c) in accordance with an election by Holdco subsequent to the effectiveness of the applicable

Demand registration statement because any post-effective amendment or supplement to the applicable Demand registration statement contains information regarding Holdco which Holdco deems adverse to Holdco, shall not be counted as a Demand.

SECTION 2.05. Lock-up Agreements. In connection with any Underwritten Offering, each Shareholder agrees to enter into customary agreements to not effect any public sale or distribution (including sales pursuant to Rule 144) of Holdco Equity Securities (a) for a Public Offering (other than a Demand Registration or Piggyback Registration), during the period between the date specified by Holdco to such Shareholder in its notice of intention to commence a Public Offering (such date to be Holdco's best estimate as to the date that is 10 days prior to the date of the filing of the "final" prospectus or "final" prospectus supplement if the Underwritten Offering is made pursuant to a Shelf Registration Statement, the "Final Prospectus Filing Date") and 120 days following the Final Prospectus Filing Date or (b) for a Demand Registration or Piggyback Registration, during the period between the date specified by Holdco to such Shareholder in its notice of intention to commence an Underwritten Offering (such date to be Holdco's best estimate as to the date that is 10 days prior to the Final Prospectus Filing Date) and 90 days following the Final Prospectus Filing Date. For the avoidance of doubt, the lock-up restrictions pursuant to any underwriting agreement to be entered into with the underwriters shall not exceed the time limits on the lock-up restrictions set forth herein without the written consent (such consent not to be unreasonably withheld, delayed or conditioned) of each Demand Right Holder. Holdco also shall cause its executive officers and directors (and managers, if applicable) and shall use its reasonable best efforts to cause other holders of Shares who beneficially own (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the date of this Agreement) any of the Shares participating in such offering, to enter into lockup agreements that contain restrictions that are no less restrictive than the restrictions contained herein.

SECTION 2.06. Registration Procedures. (a) Registration. If and whenever Holdco is required to use reasonable best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Sections 2.01, 2.02, and 2.03, Holdco shall as promptly as reasonably practicable:

(i) prepare and file with the Commission a registration statement to effect such registration and thereafter use reasonable best efforts to cause such registration statement to become and remain effective, pursuant to the terms of this Agreement; provided, however, that Holdco may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided, further, however, that at least five Business Days prior to filing any registration statement or any amendments thereto, Holdco will furnish to the counsel selected by the holders of Registrable Securities which are to be included in such registration ("Selling Holders") copies of all such documents proposed to be filed, which documents will be subject to the review of such counsel (such review to be conducted with reasonable promptness) and other documents reasonably requested by such counsel, including any comment letter from the Commission,

and if reasonably requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such registration statement and each prospectus included therein and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access upon reasonable notice during normal business hours to Holdco's books and records, officers, accountants and other advisors, so long as such access or request do not unreasonably disrupt the normal operations of Holdco and its subsidiaries. Holdco shall not file such registration statement or any amendments thereto if the Selling Holders shall in good faith reasonably object in writing to the filing of such documents, unless, in the good faith opinion of Holdco, such filing is necessary to comply with Applicable Law; provided, however, that any information that is not generally publicly available at the time of delivery of such information shall constitute Confidential Information, to be kept confidential by such persons pursuant to Section 2.01(c);

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary (A) to keep such registration statement effective, (B) to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement and (C) to not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to be stated in order to make the statements made, in light of the circumstances under which they were made, not misleading, until the earlier of such time as all of such securities have been disposed of in accordance with the intended methods of disposition by Selling Holders thereof set forth in such registration statement or the expiration of 90 days (or two years in the case of a Shelf Registration Statement) after such registration statement becomes effective;

(iii) if requested by the lead or co-managing underwriters, if any, or the holders of a majority of the then outstanding Registrable Securities being sold in connection with an underwritten offering, as promptly as reasonably practicable include in a prospectus supplement or post-effective amendment such information as the lead or co-managing underwriters, if any, and such holders may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as practicable after Holdco has received such request; provided, however, that Holdco shall not be required to take any actions under this Section 2.06(a) (iii) that are not, in the good faith opinion for Holdco, in compliance with Applicable Law;

(iv) furnish to each Selling Holder and each underwriter, if any, of the securities being sold by such Selling Holder such number of conformed copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and each free writing prospectus (as defined in

Rule 405 of the Securities Act) (a “Free Writing Prospectus”) utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as such Selling Holder and underwriter, if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such Selling Holder;

(v) use reasonable best efforts to register or qualify or cooperate with the Selling Holders, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities covered by such registration statement under such other securities laws or blue sky laws of such jurisdictions as any Selling Holder and any underwriter of the securities being sold by such Selling Holder shall reasonably request and to keep each such registration or qualification (or exemption therefrom) effective during the period such registration statement is required to be kept effective, and take any other action which may be reasonably necessary or advisable to enable such Selling Holder and underwriter to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Selling Holder, except that Holdco shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not, but for the requirements of this subdivision (v), be obligated to be so qualified, to subject itself to taxation in any such jurisdiction or to file a general consent to service of process in any such jurisdiction;

(vi) use reasonable best efforts to cause such Registrable Securities to be listed on each securities exchange on which the same securities issued by Holdco are then listed;

(vii) use reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Selling Holder(s) thereof to consummate the disposition of such Registrable Securities;

(viii) use reasonable best efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(ix) make, in accordance with customary practice and upon reasonable notice during normal business hours, available for inspection by representatives of the Selling Holders, any underwriters and any counsel or accountant retained by the Selling Holders or underwriters all relevant financial and other records, pertinent corporate documents and properties of Holdco and cause appropriate officers, managers, employees, outside counsel and accountants of Holdco to supply all information reasonably requested by any such representative,

underwriter, counsel or accountant in connection with their due diligence exercise, including through in-person meetings, but subject to customary privilege constraints and so long as such access or request does not unreasonably disrupt the normal operations of Holdco and its subsidiaries.

(x) in connection with an Underwritten Offering, obtain for each Selling Holder and underwriter:

(A) an opinion of counsel for Holdco, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Selling Holder and underwriters,

(B) a “comfort” letter (or, in the case of any such person which does not satisfy the conditions for receipt of a “comfort” letter specified in Statement on Auditing Standards No. 72, an “agreed upon procedures” letter) signed by the independent public accountants who have certified Holdco’s financial statements and, to the extent required, any other financial statements included in such registration statement, covering the matters customarily covered in “comfort” or “agreed upon procedures” letters in connection with underwritten offerings; and

(C) to the extent requested and customary for the relevant transaction, enter into a securities sales agreement with the Selling Holders providing for, among other things, the appointment of a representative as agent for the Selling Holders for the purpose of soliciting purchases of shares, which agreement shall be customary in form, substance and scope and shall contain customary representations, warranties and covenants;

(xi) as promptly as reasonably practicable notify, in writing, each Selling Holder and the underwriters, if any, of the following events:

(A) the filing of the registration statement, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective;

(B) any request by the Commission or any other U.S. or state-governmental authority for amendments or supplements to the registration statement or the prospectus or for additional information;

(C) the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any person for that purpose; and

(D) the receipt by Holdco of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction or the initiation or threat of any proceeding for such purpose;

(xii) notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the registration statement, the prospectus included in such registration statement or any document incorporated or deemed to be incorporated therein by reference, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to be stated in order to make the statements therein, not misleading, and, at the request of any Selling Holder, as promptly as reasonably practicable prepare and furnish to such Selling Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to be stated in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(xiii) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of the registration statement and to prevent or obtain the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction as any Selling Holder and any underwriter of the securities being sold by such Selling Holder shall reasonably request at the earliest date reasonably practicable;

(xiv) otherwise use reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to Selling Holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months, but not more than 18 months, beginning with the first day of Holdco's first full quarter after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xv) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xvi) prior to the date on which the pricing of the relevant offering is expected to occur, provide a CUSIP number for the Registrable Securities;

(xvii) use its reasonable best efforts to assist Shareholders who made a request of Holdco to provide for a third party "market maker" for the Shares;

provided, however, that Holdco shall not be required to serve as such “market maker”; and

(xviii) have appropriate officers of Holdco prepare and make presentations at any “road shows” and before analysts and rating agencies, as the case may be, and otherwise use its reasonable best efforts to cooperate as reasonably requested by the underwriters in the offering, marketing or selling of the Registrable Securities.

(b) Agreements. Without limiting any of the foregoing, Holdco agrees to, in connection with registration of any Registrable Securities under this Article II, enter into an underwriting agreement in form, scope and substance as is customary in underwritten offerings including indemnification provisions and procedures substantially to the effect set forth in Section 2.09 hereof with respect to all parties to be indemnified pursuant thereto. In connection with any offering of Registrable Securities registered pursuant to this Agreement, Holdco shall (i) furnish to the underwriter, if any (or, if no underwriter, the sellers of such Registrable Securities), unlegended (unless otherwise required by Applicable Law) certificates representing ownership of the Registrable Securities being sold under the registrations statement, in such denominations and registered in such names as requested by the lead or co-managing underwriters or sellers, (ii) make available to Holdco’s transfer agent prior to the effectiveness of such registration statement a supply of such certificates and (iii) instruct any transfer agent and registrar of the Registrable Securities to release any stop transfer order with respect thereto.

(c) Return of Prospectuses. Each Selling Holder agrees that upon receipt of any notice from Holdco of the happening of any event of the kind described in clauses (B) through (D) of Section 2.06(a)(xi), such Selling Holder shall forthwith discontinue such Selling Holder’s disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until such Selling Holder’s receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.06(a)(xi) or until it is advised in writing by Holdco that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus and, if so directed by Holdco, deliver to Holdco, at Holdco’s expense, all copies, other than permanent file copies, then in such Selling Holder’s possession of the prospectus current at the time of receipt of such notice relating to such Registrable Securities. If Holdco shall give such notice, any applicable 90 day or one year period during which such registration statement must remain effective pursuant to this Agreement shall be extended by the number of days during the period from the date of giving of a notice regarding the happening of an event of the kind described in Section 2.06(a)(xi) to the date when all such Selling Holders shall receive such a supplemented or amended prospectus and such prospectus shall have been filed with the Commission.

(d) Requested Information. Not less than five Business Days before the expected filing date of each registration statement pursuant to this Agreement, Holdco

shall notify each Selling Holder of the information, documents and instruments from such Selling Holder that Holdco or any underwriter reasonably requests in connection with such registration statement, including to a questionnaire, custody agreement, power of attorney, lock-up letter and underwriting agreement (the “Requested Information”). If Holdco has not received, on or before the second day before the expected filing date, the Requested Information from such Selling Holder, Holdco may file the registration statement without including Registrable Securities of such Selling Holder. The failure to so include in any registration statement the Registrable Securities of a Selling Holder (with regard to that registration statement) shall not in and of itself result in any liability on the part of Holdco to such Selling Holder.

(e) No Requirement to Participate. Neither Holdco nor any Shareholder shall be required to participate in any Public Offering.

(f) Rule 144. Holdco covenants that it will use its reasonable best efforts to (i) file in a timely fashion the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder (or, if it is not required to file such reports, it will, upon the request of any holder of Registrable Securities, make publicly available other information so long as necessary to permit sales in compliance with Rule 144 under the Securities Act), (ii) furnish to any holder of Registrable Securities, as promptly as reasonably practicable upon request, a written statement by Holdco as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Exchange Act, and (iii) take such further reasonable action, to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission.

SECTION 2.07. Registration Expenses. All expenses incident to Holdco’s performance of, or compliance with, its obligations under this Agreement including (a) all registration and filing fees, all fees and expenses of compliance with securities and blue sky laws (including the reasonable and documented fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities pursuant to Section 2.06), (b) all printing and copying expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depository Trust Company and of printing prospectuses as requested by any holder of Registrable Securities), (c) all messenger and delivery expenses, (d) all fees and expenses of Holdco’s independent certified public accountants and counsel (including, with respect to “comfort” letters and opinions) and (e) all reasonable fees and disbursements of one single primary outside counsel and one outside local counsel for each jurisdiction that Registrable Securities shall be distributed for the holders thereof, which counsels shall be selected by the holders of a majority of the Registrable Securities being sold (collectively, the “Registration Expenses”) shall be borne by Holdco. The Registration Expenses shall be borne by Holdco regardless of whether or not any registration statement is filed or becomes effective. Holdco will pay its internal expenses (including all salaries and expenses of its officers and employees

performing legal or accounting duties, the expense of any annual audit and the expense of any liability insurance), the expenses and fees for listing the securities to be registered on each securities exchange and included in each established over-the-counter market on which similar securities issued by Holdco are then listed or traded and any expenses of Holdco incurred in connection with any "road show". Each Selling Holder shall pay its pro rata portion (based on the number of Registrable Securities registered) of all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of such Selling Holder's Registrable Securities pursuant to any registration.

SECTION 2.08. Miscellaneous. Holdco shall not grant any demand, piggyback or shelf registration rights the terms of which are senior to or conflict with the rights granted to the holders of Registrable Securities hereunder to any other person without the prior written consent (such consent not to be unreasonably withheld, delayed or conditioned) of each Demand Right Holder.

SECTION 2.09. Indemnification. (a) Holdco shall indemnify and hold harmless each Selling Holder and their respective partners, directors, officers and employees and each Person, if any, who controls any Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act as follows:

(i) against any and all losses, liabilities, claims, damages, judgments and reasonable expenses whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which Registrable Securities were registered under the Securities Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus (or any amendment or supplement thereto) including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all losses, liabilities, claims, damages, judgments and reasonable expenses whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or of any other claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of Holdco; and

(iii) against any and all reasonable expense whatsoever, as incurred (including, subject to Section 2.09(c), fees and disbursements of counsel) incurred in investigating, preparing or defending against any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, in each case whether or not such Person is a party, or any claim whatsoever based

upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement does not apply to any Selling Holder with respect to any loss, liability, claim, damage, judgment or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission (A) made in reliance upon and in conformity with written information furnished to Holdco by such Selling Holder expressly for use in a Registration Statement (or any amendment thereto) or any related prospectus (or any amendment or supplement thereto) or (B) if such untrue statement or omission or alleged untrue statement or omission was corrected in an amended or supplemented Registration Statement or prospectus and Holdco had furnished copies thereof to the Person asserting such loss, liability, claim, damage, judgment or expense purchased the securities that are the subject thereof prior to the date of sale by such Selling Holder to such Person.

(b) Indemnification by Selling Holders. Each Selling Holder shall severally (but not jointly) indemnify and hold harmless Holdco, and the other Selling Holder, and each of their respective partners, directors, officers and employees (including each officer of Holdco who signed the Registration Statement) and each Person, if any, who controls Holdco, or any other Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all losses, liabilities, claims, damages, judgments and expenses described in the indemnity contained in Section 2.09(a) (provided that any settlement of the type described therein is effected with the written consent of such Selling Holder) as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in a Registration Statement (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to Holdco by such Selling Holder expressly for use in such Registration Statement (or any amendment thereto) or such prospectus (or any amendment or supplement thereto); provided, however, that an indemnifying Selling Holder shall not be required to provide indemnification in any amount in excess of the amount by which (x) the total price at which the Registrable Securities sold by such indemnifying Selling Holder and its affiliated indemnifying Selling Holders and distributed to the public were offered to the public exceeds (y) the amount of any damages which such indemnifying Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. Holdco shall be entitled, to the extent customary, to receive indemnification and contribution from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, to the same extent as provided above with respect to information so furnished in writing by such Persons specifically for inclusion in any prospectus or Registration Statement.

(c) Conduct of Indemnification Proceedings. Each indemnified party or parties shall give reasonably prompt notice to each indemnifying party or parties of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party or parties shall not relieve it or them from any liability which it or they may have under this indemnity

agreement, except to the extent that the indemnifying party is materially prejudiced by such failure to give notice. If the indemnifying party or parties so elects within a reasonable time after receipt of such notice, the indemnifying party or parties may assume the defense of such action or proceeding at such indemnifying party's or parties' expense with counsel chosen by the indemnifying party or parties and approved by the indemnified party defendant in such action or proceeding, which approval shall not be unreasonably withheld; provided, however, that, if such indemnified party or parties reasonably determine that a conflict of interest exists and that therefore it is advisable for such indemnified party or parties to be represented by separate counsel or that, upon advice of counsel, there may be legal defenses available to it or them which are different from or in addition to those available to the indemnifying party, then the indemnifying party or parties shall not be entitled to assume such defense and the indemnified party or parties shall be entitled to separate counsel (limited in each jurisdiction to one counsel for all indemnified parties under this Agreement) at the indemnifying party's or parties' expense. If any indemnifying party or parties are not so entitled to assume the defense of such action or does not assume such defense, after having received the notice referred to in the first sentence of this paragraph, the indemnifying party or parties will pay the reasonable fees and expenses of counsel for the indemnified party or parties (limited in each jurisdiction to one counsel for all indemnified parties under this Agreement). In such event, however, no indemnifying party or parties will be liable for any settlement effected without the written consent of such indemnifying party or parties (which consent shall not be unreasonably withheld or delayed); provided, however, that if at any time an indemnified party or parties shall have requested an indemnifying party or parties to reimburse the indemnified party or parties for fees and expenses of counsel as contemplated by this paragraph, the indemnifying party or parties shall be liable for any settlement of any proceeding effected without the written consent of such indemnifying party or parties if (x) such settlement is entered into more than 15 business days after receipt by such indemnifying party or parties of the aforesaid request accompanied by supporting documents reasonably satisfactory to the indemnifying party or parties and (y) such indemnifying party or parties shall not have reimbursed the indemnified party or parties in accordance with such request prior to the date of such settlement. If an indemnifying party is entitled to assume, and assumes, the defense of such action or proceeding in accordance with this paragraph, such indemnifying party or parties shall not, except as otherwise provided in this Section 2.09(c), be liable for any fees and expenses of counsel for the indemnified parties incurred thereafter in connection with such action or proceeding.

(d) Contribution. (i) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 2.09 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms in respect of any losses, liabilities, claims, damages, judgments and expenses suffered by an indemnified party referred to therein, each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages, judgments and expenses in such proportion as is appropriate to reflect the relative fault of Holdco, on the one hand, and of the liable Selling Holders (including, in each case, that of their respective officers, directors,

employees and agents), on the other, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages, judgments or expenses, as well as any other relevant equitable considerations. The relative fault of Holdco, on the one hand, and of the liable Selling Holders (including, in each case, that of their respective officers, directors, employees and agents), on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by Holdco, on the one hand, or by or on behalf of the Selling Holders, on the other, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, liabilities, claims, damages, judgments and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 2.09(c), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

(e) Holdco and each Selling Holder agree that it would not be just and equitable if contribution pursuant to this Section 2.09(d) were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to in sub-paragraph (i) above. Notwithstanding this Section 2.09(d), in the case of distributions to the public, an indemnifying Selling Holder shall not be required to contribute any amount in excess of the amount by which (A) the total price at which the Registrable Securities sold by such indemnifying Selling Holder and its affiliated indemnifying Selling Holder and distributed to the public were offered to the public exceeds (B) the amount of any damages which such indemnifying Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(f) For purposes of this Section, each Person, if any, who controls a Selling Holder within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such Selling Holder; and each director of Holdco, each officer of Holdco who signed the Registration Statement, and each Person, if any, who controls Holdco within the meaning of Section 15 of the Securities Act, shall have the same rights to contribution as Holdco.

ARTICLE III

Other Agreements

SECTION 3.01. Access and Information; Confidentiality. (a) Upon reasonable notice and subject to Applicable Law relating to the exchange of information, Holdco shall afford any Shareholder which, together with its Permitted Transferees, holds 2.5% or more of the outstanding Shares access during normal business hours to the books, records and information concerning Holdco.

(b) Holdco shall make available to any Shareholder copies of all audited consolidated annual financial statements and unaudited consolidated quarterly financial statements. This information shall be made available to any Shareholder as and when such information is required to be prepared and disseminated to lenders to Holdco or, in the absence of any such requirement, as promptly as reasonably practicable following the time that such information has been prepared by Holdco.

(c) Each Shareholder recognizes that Confidential Information may have been and may be disclosed to such Shareholder by Holdco. Each Shareholder shall not use or disclose (except as otherwise expressly contemplated herein or as otherwise agreed to in writing by Holdco), and shall cause its controlled affiliates and use reasonable best efforts to cause its other affiliates and shall cause its and its controlled affiliates' and shall use reasonable best efforts to cause its other affiliates' respective directors, employees, financial advisors, accountants, lawyers, lenders and agents not to use or disclose (except as otherwise expressly contemplated herein or as otherwise agreed to in writing by Holdco), to any third party, any Confidential Information of Holdco, without the prior written consent of Holdco, and shall use due care to ensure that such Confidential Information is kept confidential, including by treating such Confidential Information with a reasonable degree of care no less than the degree of care such Shareholder would apply to its own confidential information; provided that the Confidential Information can be disclosed to such Shareholder's affiliates, its and its affiliates' directors, employees, financial advisors, accountants, lawyers, lenders and agents in connection with the management of such Shareholder's investment in Holdco who will observe this Section 3.01(c) and hold such information, knowledge, systems and data in strict confidence. As used herein, "Confidential Information" means all information, knowledge, systems or data relating to the business, operations, finances, policies, strategies, intentions or inventions of Holdco and its respective affiliates and subsidiaries from whatever source obtained, except for any such information, knowledge, systems or data which (i) at the time of disclosure was in the public domain or otherwise in the possession of the disclosing person unless such information, knowledge, systems or data was placed into the public domain or became known to such disclosing person in violation of the disclosing party's non-disclosure obligation, (ii) was available on a non-confidential basis prior to its disclosure, (iii) becomes available on a non-confidential basis from a third party source who, to the knowledge of the disclosing person, was not prohibited from disclosing such information by a legal, contractual, fiduciary or other obligation or (iv) was independently developed by the disclosing party. If any Shareholder becomes legally compelled by court decision, subpoena or governmental order to disclose any of the Confidential Information which has been provided to it or to which it has had access, it will provide prompt written notice thereof to Holdco and will, at the sole cost of Holdco, use reasonable efforts to cooperate with Holdco's attempt to obtain a protective order or other remedy to prevent the disclosure of such Confidential Information and agrees not to object to any such attempt. This Section 3.01(c) shall survive the termination of this Agreement for two years.

ARTICLE IV

Termination and Waiver

SECTION 4.01. Termination. This Agreement (other than Section 2.07 and Section 2.09) will terminate on the date on which all Shares cease to be Registrable Securities.

SECTION 4.02. Extension; Waiver. Any agreement on the part of a party to any extension or waiver of any obligations or other acts of the parties or compliance with any of the agreements or conditions contained in this Agreement shall be valid only if set forth in an instrument in writing signed on behalf of such party. No course of dealing between Holdco and the Shareholders (or any of them or any of their affiliates) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

ARTICLE V

Representations and Warranties

SECTION 5.01. Representations and Warranties of Grupo VM. Grupo VM represents and warrants as of the date hereof as follows:

(a) Due Incorporation. It is duly incorporated, registered and validly existing under the laws of the jurisdiction of its incorporation, and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. It is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. It has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due execution and delivery by AK and Holdco, this Agreement constitutes the valid and binding obligations of Grupo VM, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with

notice or lapse of time or both would constitute) a default under, (i) the certificate of incorporation, by-laws or other constitutive documents of Grupo VM; (ii) any instrument or Contract to which Grupo VM is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of Grupo VM to perform its obligations under this Agreement.

SECTION 5.02. Representations and Warranties of AK. AK represents and warrants as of the date hereof as follows:

(a) Authority to Execute and Perform Agreement. He has full legal capacity to enter into, execute and deliver this Agreement and to perform fully his obligations hereunder. Assuming the due execution and delivery by Grupo VM and Holdco, this Agreement constitutes the valid and binding obligations of AK, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(b) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) any instrument or Contract to which AK is a party or by or to which he or his assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of AK to perform its obligations under this Agreement.

SECTION 5.03. Representations and Warranties of Holdco. Holdco represents and warrants as of the date hereof as follows:

(a) Due Incorporation. It is duly incorporated, registered and validly existing under the laws of England and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. It is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. It has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due execution and delivery by Grupo VM and AK, this Agreement constitutes the valid and binding obligations of Holdco, enforceable in accordance with its terms, except as (i) such enforceability may

be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the Amended and Restated Articles of Association of Holdco as of the date of this Agreement; (ii) any instrument or Contract to which Holdco is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of Holdco to perform its obligations under this Agreement.

ARTICLE VI

Miscellaneous Provisions

SECTION 6.01. Notices. (a) Any notices or other communications required or permitted under, or otherwise given in connection with, this Agreement shall be in writing and shall be given as follows:

If to Holdco, addressed to it at:

Ferroglobe PLC
600 Brickell Avenue, Suite 1500
Miami, FL 33131
Tel: (786) 509-6900
Fax: (305) 704-8700
Attention: Chief Legal Officer
Email: slebowitz@glbsm.com

If to Grupo VM, addressed to it at:

Torre Espacio
Paseo de la Castellana, 259 D
28046 Madrid, Spain
Tel: +34 91 556 7347
Fax: +34 91 597 3223
Attention: Javier Lopez Madrid
Email: jlm@gvm.es

with a copy to (for information purposes only):

Cravath, Swaine & Moore LLP
Worldwide Plaza
825 8th Avenue
New York, NY 10019
Tel: (212) 474-1000
Fax: (212) 474-3700
Attention: Richard Hall
Email: rhall@cravath.com

If to AK, addressed to him at:

Alan Kestenbaum
600 Brickell Avenue, Suite 1500
Miami, FL 33131
Tel: (786) 509-6900
Fax: (305) 704-8700
Email: akestenbaum@glbsm.com

(b) Any notice or other communication given under this Agreement or in connection with the matters contemplated herein shall, except where otherwise specifically provided, be in writing in the English language, addressed as provided in Section 6.01(a) and served: (i) by leaving it at the relevant address in which case it shall be deemed to have been given upon delivery to that address; (ii) by fax, in which case it shall be deemed to have been given when despatched subject to confirmation of uninterrupted transmission by a transmission report; or (iii) by e-mail, in which case it shall be deemed to have been given when despatched subject to confirmation of delivery by a delivery receipt, provided that in the case of sub-clauses (ii) and (iii) any notice despatched other than between the hours of 9:30 a.m. to 5:30 p.m. on a Business Day ("Working Hours") shall be deemed given at the start of the next period of Working Hours.

(c) Any party to this Agreement may notify the other parties of any change to its address or other details specified in Section 6.01(a) provided that such notification shall only be effective on the date specified in such notice or five Business Days after the notice is given, whichever is later.

SECTION 6.02. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of an arbitral tribunal or court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the arbitral tribunal or court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or (to the extent possible) to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be

enforceable as so modified. In the event such arbitral tribunal or court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

SECTION 6.03. Entire Agreement; Amendments and Waivers. This Agreement constitutes the complete, final and exclusive statement of the agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. No amendment, supplement, modification, rescission or waiver of this Agreement shall be binding unless executed in writing by the parties hereto. Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a continuing waiver unless otherwise expressly provided. The parties expressly acknowledge that they have not relied upon any prior agreements, understandings, negotiations and discussions, whether oral or written.

SECTION 6.04. Assignment. Neither Grupo VM nor AK shall assign any of its rights under this Agreement, in whole or in part, to any Person, without first obtaining the prior written consent of Holdco; provided, that Grupo VM or AK may assign this Agreement to a Permitted Transferee if such Permitted Transferee executes a customary binding deed of adherence to this Agreement, in form and substance reasonably acceptable to Holdco, and any assignment in contravention hereof shall be null and void.

SECTION 6.05. Parties in Interest. This Agreement shall be binding upon, inure solely to the benefit of and be enforceable by the parties (and their respective permitted successors and assigns) and any Permitted Transferee pursuant to clause (iv) of the definition of such term under Section 1.01 (Defined Terms), and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 6.06. Mutual Drafting. Each party has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive negotiations between the parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision.

SECTION 6.07. Governing Law; Consent to Jurisdiction.

(a) This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England.

(b) The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any Disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

(c) For the purposes of this Clause, "Dispute" means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of this Agreement or the consequences of its nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with this Agreement.

SECTION 6.08. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 6.09. Delivery by Facsimile or Email. This Agreement, and any amendments hereto, waivers hereof or consents hereunder, to the extent signed and delivered by facsimile or by email with scan attachment, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any party, the other parties shall re-execute original forms thereof and deliver them to the requesting party. No party shall raise the use of facsimile or email to deliver a signature or the fact that any signature was transmitted or communicated by facsimile or email with scan attachment as a defense to the formation of a legally binding contract, and each such party forever waives any such defense.

SECTION 6.10. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent actual or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof in any courts of England or Wales or any state or foreign jurisdiction having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. The parties waive, in connection with any action for specific performance or injunctive relief, the defense of adequacy of remedies at law and any requirement under law to post a bond or other security or prove damages as a prerequisite to obtaining equitable relief.

SECTION 6.11. Process Agent. Without prejudice to any other permitted mode of service, the parties agree that service of any claim form, notice or

other document for the purpose of or in connection with any action or proceeding in England or Wales arising out of or in any way relating to this Agreement shall be duly served upon Grupo VM if it is delivered personally or sent by recorded or special delivery post (or any substantially similar form of mail) to FERROATLÁNTICA INTERNATIONAL LIMITED, 125 Old Broad Street, EC2N 1AR London, United Kingdom (marked for the attention of the Secretary of the Company) or such other person and address in England or Wales as such party shall notify all the other parties in writing from time to time, whether or not such claim form, notice or other document is forwarded to the relevant party or received by such party.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their authorized representatives as of the date first above written.

FERROGLOBE PLC

By: /s/ Javier López Madrid

Name: Javier López Madrid

Title: Director

[Signature Page to Registration Rights Agreement]

GRUPO VILLAR MIR, S.A.U.

By: Javier López Madrid

Name: Javier López Madrid

Title: Chief Executive Officer

[Signature Page to Registration Rights Agreement]

/s/ Alan Kestenbaum

Alan Kestenbaum

[Signature Page to Registration Rights Agreement]

SUBSIDIARIES OF THE REGISTRANT¹

<u>Name</u>	<u>Jurisdiction</u>
Globe Specialty Metals, Inc.	Delaware
Alabama Sand and Gravel, Inc.	Delaware
Alden Resources, LLC	Delaware
Alden Sales Corporation, LLC	Delaware
Core Metals Group Holdings, LLC	Delaware
Core Metals Group, LLC	Delaware
Gatliff Services, LLC	Delaware
GBG Holdings, LLC	Delaware
Globe Metales S.A.	Argentina
Globe Metallurgical, Inc.	Delaware
Globe Metals Enterprises, LLC	Delaware
GSM Alloys I, Inc.	Delaware
GSM Alloys II, Inc.	Delaware
GSM Enterprises Holdings, Inc.	Delaware
GSM Enterprises, LLC	Delaware
GSM Netherlands Overseas III, B.V.	Netherlands
GSM Netherlands Overseas IV, B.V.	Netherlands
GSM Netherlands, B.V.	Netherlands
LF Resources, Inc.	Delaware
Ningxia Yongvey Coal Industrial Co., Ltd.	China
Norchem, Inc.	Florida
QSIP Canada ULC	Canada
QSIP Sales ULC	Canada
Quebec Silicon LP	Canada
Silicon Technology (Proprietary) Limited	South Africa
Solsil, Inc.	Delaware
Tennessee Alloys Company, LLC	Delaware
Ultracore Energy S.A.	Argentina
West Virginia Alloys, Inc.	Delaware
WVA Manufacturing, LLC	Delaware
Grupo FerroAtlántica, S.A.U.	Spain
Actifs Solaires Bécancour Inc	Canada
Alloys International, A.G.	Switzerland
Cuarzos Industriales de Venezuela, Cuarzoven, S.A.	Venezuela
Cuarzos Industriales, S.A.U.	Spain
Emix, S.A.S	France
FerroAtlantica Canada Company Inc	Canada

¹ The names of other subsidiaries that would not constitute a significant subsidiary in the aggregate have been omitted.

<u>Name</u>	<u>Jurisdiction</u>
FerroAtlantica de Mexico	Mexico
FerroAtlantica de Venezuela, Ferroven, S.A.	Venezuela
FerroAtlantica Deutschland GmbH	Germany
FerroAtlantica do Brasil Mineraçao, Ltda.	Brazil
FerroAtlántica I+D, S.L.U.	Spain
FerroAtlantica International Limited	England and Wales
FerroAtlantica S.L. y Compañía de Ferroaleaciones y Electrometales, S.C.	Spain
FerroAtlántica, S.A.U.	Spain
FerroManganese Mauritania, S.A.R.L.	Mauritania
FerroPem, S.A.S.	France
FerroQuartz Company Inc	Canada
FerroQuartz Holdings Limited	Hong Kong
FerroQuartz Mauritania S.A.R.L.	Mauritania
FerroQuebec Company Inc	Canada
FerroTambao, S.A.R.L.	Burkina Faso
Ganzi FerroAtlantica Silicon Industry Company Limited	China
Hidro Nitro Española, S.A.	Spain
Mangshi FerroAtlantica Mining Industry Service Company Limited	China
Mangshi Sinice Silicon Industry Company Limited	China
Photosil Industries, S.A.S	France
Rebone Mining Proprietary Limited	South Africa
Rocas, Arcillas y Minerales, S.A.	Spain
Samquarz Proprietary Limited	South Africa
SCI Abrioud Buisson-Rond	France
Silicio FerroSolar, S.L.U.	Spain
Silicon Smelters Pty. Ltd.	South Africa
Thaba Chueu Mining Pty. Ltd.	South Africa
Vaal Silicon Smelters Pty. Ltd.	South Africa

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of Ferroglobe PLC of our report dated August 26, 2015 relating to the financial statements of Globe Specialty Metals, Inc. and the effectiveness of Globe Specialty Metal, Inc.'s internal control over financial reporting, appearing in the prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such prospectus.

/s/ Deloitte & Touche LLP

Miami, Florida
February 17, 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of Ferroglobe PLC of our report, dated August 28, 2013, with respect to the consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows of Globe Specialty Metals, Inc. and subsidiaries for the year ended June 30, 2013, and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

New York, New York
February 16, 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated May 6, 2015 relating to the consolidated financial statements of Grupo FerroAtlántica, S.A. (Sociedad Unipersonal) appearing in this Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte, S.L.

Madrid, Spain
February 17, 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated May 6, 2015 relating to the financial statements of Ferroglobe PLC (formerly known as VeloNewco Limited) appearing in this Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte, S.L.

Madrid, Spain
February 17, 2016