

PACIFIC ORES AND TRADING (CURAÇAO) N.V.

**CONSOLIDATED AND STATUTORY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED
DECEMBER 31, 2010**

PACIFIC ORES AND TRADING (CURAÇAO) N.V.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Pacific Ores and Trading (Curacao) N.V.

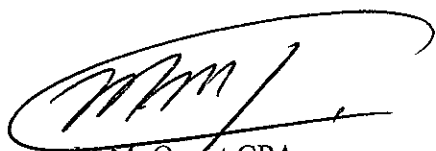
INDEPENDENT AUDITORS' REPORT

We have audited the consolidated balance sheet of Pacific Ores and Trading (Curaçao) N.V. and subsidiary (the "Company") and the separate balance sheet as of December 31, 2010 of Pacific Ores and Trading (Curaçao) N.V. and the related statement of income and comprehensive income, cash flow and shareholders' equity for the year then ended. 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 auditing standards generally accepted in the United States of America. 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 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, 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, such financial statements present fairly, in all material respects, the financial position of Pacific Ores and Trading (Curaçao) N.V. as of December 31, 2010 and the respective results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

For: Deloitte Dutch Caribbean
Curaçao, February 23, 2011



M.M. Quant CPA
Ref.: 039/2011/MMQ/bem

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010**

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2010

	<u>12-31-2010</u>	<u>12-31-2009</u>
	USD	USD
ASSETS		
CURRENT ASSETS		
Cash	27,687	62,849
Intercompany receivable from Compania Minera del Pacifico, S.A. (CMP)	94,952	161,952
Prepaid expenses and other receivables	2,035	106,616
Total current assets	<u>124,674</u>	<u>331,417</u>
TOTAL	<u><u>124,674</u></u>	<u><u>331,417</u></u>

The accompanying notes are an integral part of the consolidated financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2010
(CONTINUED)

	12-31-2010	12-31-2009
	USD	USD
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Other accounts payable	28,939	19,797
Total current liabilities	28,939	19,797
SHAREHOLDER'S EQUITY		
Common stock, authorized and issued		
110 A shares (\$55.50 par value each)	6,105	6,105
90 B shares (\$55.50 par value each)	4,995	4,995
Paid-in surplus	73	73
Retained earnings	84,562	300,447
Total shareholder's equity	95,735	311,620
TOTAL	124,674	331,417

The accompanying notes are an integral part of the consolidated financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
	USD	USD
INCOME		
Other operating income	--	1,105
Total income	<u>--</u>	<u>1,105</u>
COST AND EXPENSES		
Other	<u>(109,494)</u>	<u>(144,768)</u>
Total cost and expenses	<u>(109,494)</u>	<u>(144,768)</u>
OPERATING INCOME	<u>(109,494)</u>	<u>(143,663)</u>
OTHER INCOME / (EXPENSES)		
Interest	68	5,397
Other	<u>(104,580)</u>	<u> </u>
Total other income and expenses	<u>(104,512)</u>	<u>5,397</u>
OTHER COMPREHENSIVE INCOME:		
Currency exchange differences	<u>(1,879)</u>	<u>(11,175)</u>
COMPREHENSIVE INCOME BEFORE TAXES	(215,885)	(149,441)
Profit and income taxes	<u>5</u> --	<u> </u> (6,379)
NET INCOME	<u><u>(215,885)</u></u>	<u><u>(155,820)</u></u>

The accompanying notes are an integral part of the consolidated financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	<u>2010</u>	<u>2009</u>
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	<u>(215,885)</u>	<u>(155,820)</u>
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Decrease/(increase) in current assets:		
Decrease in intercompany receivable from Compania Minera del Pacifico, S.A. (CMP)	67,000	--
Decrease in prepaid expenses and other receivables	104,581	(1,836)
Increase in corporate income tax	--	6,927
Increase/(decrease) in current liabilities:		
(Decrease) in income taxes payable	--	(3,580)
Increase/(decrease) in Other accounts payable	9,142	(145,228)
 Total adjustments	<u>180,723</u>	<u>(143,717)</u>
Net cash used in operating activities	<u>(35,162)</u>	<u>(299,537)</u>
 Net increase in cash	(35,162)	(299,537)
Cash at beginning of year	<u>62,849</u>	<u>362,386</u>
Cash at end of year	<u><u>27,687</u></u>	<u><u>62,849</u></u>

The accompanying notes are an integral part of the consolidated financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF
CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Common Stock A Shares	Common Stock B Shares	Paid-in Surplus	Retained Earnings	Total
	USD	USD	USD	USD	USD
Balance at January 1, 2009	6,105	4,995	73	456,267	467,440
Net Income	--	--	--	(155,820)	(155,820)
Balance at December 31, 2009	6,105	4,995	73	300,447	311,620
Net income	--	--	--	(215,885)	(215,885)
Balance at December 31, 2010	6,105	4,995	73	84,562	95,735

The accompanying notes are an integral part of the consolidated financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2010

1. GENERAL

Pacific Ores and Trading (Curaçao) N.V. (The “Company”) was incorporated on March 23, 1972 in Curaçao. The Company is a wholly-owned subsidiary of Compania Minera del Pacifico S.A. (CMP) since August 12, 1988 on which date Compania de Acero del Pacifico S.A. (CAP) transferred all shares to CMP. The Company acts as an agent for CMP for the sale of natural and processed iron ore and all secondary raw materials or minerals derived therefrom.

Under a sub-agency contract, a wholly-owned subsidiary of the Company, Pacific Ores and Trading B.V. (the “Subsidiary”), The Hague, in the Netherlands, acts as an agent for the Company for the sale of natural and processed iron ore and secondary raw material derived thereof.

Going concern

In 2008 CAP S.A., the ultimate parent company, decided to discontinue the operations of the Company and its subsidiary. The Company and its subsidiary will remain as a dormant company without any activities in the future. The discontinuation of the companies was effective July 31, 2008. The value of assets and liabilities approaches their net realizable value.

The Company has received a letter of support from its parent company (CMP) as per February 9, 2011, in which the parent confirmed to guarantee the liabilities of the company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Information.

The consolidated financial statements for the 12 months ended December 31, 2010 (“fiscal 2010”) are prepared in accordance with accounting principles generally accepted in the United States of America, which require management of the Company to make estimates and assumptions regarding matters that affect the consolidated financial statements and related disclosures. Management believes that the estimates utilized in the preparation of the consolidated financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All material intercompany balances and transactions have been eliminated.

The consolidated financial statements of the Company and its Subsidiary are included in the consolidated financial statements of CAP S.A., the ultimate holding company.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

The Board of directors has approved these financial statements on February 23, 2011.

- a. Assets and liabilities are stated at nominal value unless mentioned otherwise. The value of assets and liabilities approaches their net realizable value.
- b. Revenues and costs are recognized as they are earned or incurred, and recorded in the financial statements of the period to which they relate.
- c. The financial statements have been prepared in US dollars, which is the functional currency of the Company and its Subsidiary. Assets and liabilities originally not expressed in US dollars are translated on basis of the following principles:
 - All other assets and liabilities not expressed in US dollars have been translated to US dollars at the current rates as at balance sheet dates.

Transactions in Euros have been translated to US dollars at the rate applicable on the date of payment. Exchange gains & losses are reflected in the statements of income.

Fair value of Financial Instruments

The carrying value of cash and cash equivalents, intercompany receivables, accounts payable and accrued expenses approximate their fair value due to the short maturity of these items.

Recent accounting pronouncements

Accounting Standards Update No. 2010-20, Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

The effective date of the disclosure requirements for public entities about troubled debt restructurings in Accounting Standards Update No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, to be concurrent with the effective date of the guidance for determining what constitutes a troubled debt restructuring, as presented in proposed Accounting Standards Update, *Receivables (Topic 310): Clarifications to Accounting for Troubled Debt Restructurings by Creditors*. The adoption does not have a material impact on the Company's financial statements.

PACIFIC ORES AND TRADING (CURACAO) N.V.
AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

3. CASH AND CASH EQUIVALENTS

Details of the cash and cash equivalents as of December 31:

	<u>2010</u>	<u>2009</u>
	USD	USD
Meespierson (Curacao)	<u>27,687</u>	<u>62,849</u>

4. INCOME TAX

Income tax for the Dutch Subsidiary is calculated at the applicable nominal tax rates. For the operations in Curacao, a ruling granted by the Inspector of Taxes applies.

5. SUBSEQUENT EVENTS

There were no material subsequent events that occurred after the balance sheet date.

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PACIFIC ORES AND TRADING (CURAÇAO) N.V.

**STATUTORY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010**

PACIFIC ORES AND TRADING (CURAÇAO) N.V.

**BALANCE SHEET
AS OF DECEMBER 31, 2010**

ASSETS	<u>12-31-2010</u> USD	<u>12-31-2009</u> USD
CURRENT ASSETS		
Cash	22,752	61,031
Intercompany receivable from:		
Compania Minera del Pacifico S.A.	94,952	161,952
Other receivables	<u>2,035</u>	<u>106,615</u>
Total current assets	<u>119,739</u>	<u>329,598</u>
FINANCIAL ASSETS		
Investment in subsidiary	3 --	<u>221,957</u>
TOTAL	<u>119,739</u>	<u>551,555</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Intercompany payable to Pacific Ores and Trading B.V.	--	225,556
Other accounts payable	<u>11,228</u>	<u>14,379</u>
Total current liabilities	<u>11,228</u>	<u>239,935</u>
SHAREHOLDERS' EQUITY		
Common stock, authorized and issued		
110 A shares (\$55.50 par value each)	6,105	6,105
90 B shares (\$55.50 par value each)	4,995	4,995
Paid in surplus	73	73
Retained earnings	<u>97,338</u>	<u>300,447</u>
Total shareholders' equity	<u>108,511</u>	<u>311,620</u>
TOTAL	<u>119,739</u>	<u>551,555</u>

The accompanying notes are an integral part of the financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.

**STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
	USD	USD
INCOME	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>
COSTS AND EXPENSES		
General expenses	<u>21,152</u>	<u>35,247</u>
OPERATING (LOSS)/ INCOME	<u>(21,152)</u>	<u>(35,247)</u>
OTHER INCOME /(EXPENSES)		
Result from subsidiary	(221,957)	(124,153)
Interest Income	--	--
OTHER COMPREHENSIVE INCOME:		
Dividend Income	144,580	--
Adjustment withholding tax	<u>(104,580)</u>	<u>--</u>
	40,000	--
COMPREHENSIVE INCOME BEFORE TAXES	(203,109)	(159,400)
Income tax	7 --	3,580
NET LOSS	<u><u>(203,109)</u></u>	<u><u>(155,820)</u></u>

The accompanying notes are an integral part of the financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURACAO) N.V.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)**

	<u>2010</u>	<u>2009</u>
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	<u>(203,109)</u>	<u>(155,820)</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Result from subsidiary	221,957	124,153
(Increase)/decrease in current assets:		
Intercompany receivable from Compania Minera del Pacifico S.A.	67,000	--
Prepaid expenses	104,580	(1,835)
Increase/(decrease) in current liabilities:		
Intercompany payable to Pacific Ores and Trading B.V.	(225,556)	--
Income taxes payable	--	(3,580)
Other accounts payable	<u>(3,151)</u>	<u>475</u>
Total adjustments	<u>164,830</u>	<u>119,213</u>
Net cash (used in) operating activities	<u>(38,279)</u>	<u>(36,607)</u>
Net (decrease) in cash	(38,279)	(36,607)
Cash at beginning of year	<u>61,031</u>	<u>97,638</u>
Cash at end of year	<u><u>22,752</u></u>	<u><u>61,031</u></u>

The accompanying notes are an integral part of the financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Common Stock A Shares	Common Stock B Shares	Paid-in Surplus	Retained Earnings	Total
	USD	USD	USD	USD	USD
Balance at December 31, 2008	6,105	4,995	73	456,267	467,440
Tax					
Net loss	--	--	--	(155,820)	(155,820)
Balance at December 31, 2009	6,105	4,995	73	300,447	311,620
Tax					
Net loss	--	--	--	(203,109)	(203,109)
Balance at December 31, 2010	6,105	4,995	73	97,338	108,511

The accompanying notes are an integral part of the financial statements.
See also independent auditor's report.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. GENERAL

Pacific Ores and Trading (Curaçao) N.V. (the “Company”) was incorporated on March 23, 1972 in Curaçao. The Company is a wholly-owned subsidiary of Compañia Minera del Pacífico S.A. (CMP) since August 12, 1988 on which date Compañia de Acero del Pacífico S.A. (CAP) transferred all shares to CMP. The Company acts as an agent for CMP for the sale of natural and processed iron ore and all secondary raw materials or minerals derived therefrom.

Under a sub-agency contract, a wholly-owned subsidiary of the Company, Pacific Ores and Trading B.V. (the “Subsidiary”), The Hague in the Netherlands, acts as an agent for the Company for the sale of natural and processed iron ore and secondary raw material derived therefrom.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Information. The financial statements for the 12 months ended December 31, 2010 (“fiscal 2010”) are prepared in accordance with accounting principles generally accepted in the United States of America, which require management of the Company to make estimates and assumptions regarding matters that affect the financial statements and related disclosures. Management believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

The consolidated financial statements of the Company and its Subsidiary are included in the consolidated financial statements of CAP S.A., the ultimate holding company.

Going concern

CAP S.A., the ultimate parent company, decided to discontinue the operations of the company in 2008. The company will remain as a dormant company without any activities in future. The discontinuation of the company was effective July 31, 2008. The Company has received a letter of support from its parent company (CMP) as per February 9, 2011, in which the parent confirmed to guarantee the liabilities of the company.

Management believes that no further adjustments are required relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities as of the balance sheet date due to the discontinuation of operations in 2008.

- a. Assets and liabilities are stated at nominal value unless mentioned otherwise.

PACIFIC ORES AND TRADING (CURAÇAO) N.V.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)**

- b. Investment in subsidiaries are stated at equity value.
- c. Revenues and costs are recognized as they are earned or incurred, and recorded in the financial statements of the period to which they relate. Commission revenues are recorded in relation to shipments during the period under review.
- d. The financial statements have been prepared in US dollars, which is the functional currency of the Company and its Subsidiary. Assets and liabilities originally not expressed in US dollars are translated on basis of the following principles:
 - All other assets and liabilities not expressed in US dollars have been translated to US dollars at the current rates as at balance sheet dates.

Transactions in euros have been translated to US dollars at the rate applicable on the date of payment. Exchange gains & losses are reflected in the statements of income.

Fair value of Financial Instruments

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate their fair value due to the short maturity of these items.

Recent accounting pronouncements

Accounting Standards Update No. 2010-20, Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

The effective date of the disclosure requirements for public entities about troubled debt restructurings in Accounting Standards Update No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, to be concurrent with the effective date of the guidance for determining what constitutes a troubled debt restructuring, as presented in proposed Accounting Standards Update, *Receivables (Topic 310): Clarifications to Accounting for Troubled Debt Restructurings by Creditors*. The adoption does not have a material impact on the Company's financial statements.

3. INVESTMENT IN SUBSIDIARY

	2010	2009
	USD	USD
Balance as of January 1		
Pacific Ores and Trading B.V., The Hague	221,957	346,110
Dividends Received from POT B.V.		--
Equity in net income of subsidiary	(221,957)	(124,153)
Prior year adjustment-POT BV		--
Balance as at December 31	<u> --</u>	<u>221,957</u>

PACIFIC ORES AND TRADING (CURACAO) N.V.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)**

4. TAXES

The income tax is based on a ruling granted by the Inspector of Taxes of Curacao.

5. SUBSEQUENT EVENTS

There were no material subsequent events that occurred after the balance sheet date.

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To the Board of Directors and Shareholder of
P.O.R.T. Finance Limited N.V.

INDEPENDENT AUDITORS' REPORT

We have audited the balance sheets of P.O.R.T. Finance Limited N.V. (the "Company") as of December 31, 2010, and the related statement of income and comprehensive income and cash flow for the year then ended. 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 auditing standards generally accepted in the United States of America. 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 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, 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 the Company as of December 31, 2010 and the results of its operations and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

For: Deloitte Dutch Caribbean
Curaçao, February 23, 2011

M.M.Quant CPA
Ref.: 037/2011/MMQ/bem