SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the Month of June, 2017

Commission File Number: 001-37668

FERROGLOBE PLC

(Name of Registrant)

2nd Floor West Wing, Lansdowne House
57 Berkeley Square
London, W1J 6ER
(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

2017 Annual General Meeting of Ferroglobe PLC

On June 2, 2017, Ferroglobe PLC (“Ferroglobe” or the “Company”) released its Notice of 2017 Annual General Meeting (“2017 AGM”) and Annual Report and Accounts for the fiscal year ended December 31, 2016. The 2017 AGM will be held at 2:00 p.m. British Summer Time (BST) on Wednesday, June 28, 2017 at Brown’s Hotel, 19 Dover Street, London W1S 4LW, United Kingdom.

Exhibits

Reference is made to the Exhibit Index included hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 2, 2017

FERROGLOBE PLC

By: /s/ Nicholas Deeming
Name: Nicholas Deeming
Title: Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Notice of Annual General Meeting dated June 2, 2017
99.2	Ferroglobe PLC Annual Report and Accounts for the fiscal year ended December 31, 2016
99.3	Extracts from the 2016 Form 20-F
99.4	Form of Proxy Card for 2017 Annual General Meeting

Exhibit 99.1

FERROGLOBE PLC

(a public limited company having its registered office at 5 Fleet Place, London, EC4M 7RD, United Kingdom and incorporated in England and Wales with company number 9425113)

2 June 2017

Dear Shareholder

2017 Annual General Meeting of Shareholders of Ferroglobe PLC ("Ferroglobe" or the "Company")

I am pleased to invite you to attend Ferroglobe's annual general meeting of its shareholders (the "**Annual General Meeting**"), to be held at **2:00 p.m.** (British Summer Time) on **Wednesday, 28 June 2017** at **Brown's Hotel, 19 Dover Street, London W1S 4LW, United Kingdom.** The accompanying notice of Annual General Meeting describes the meeting, the resolutions you will be asked to consider and vote upon, and related matters.

Your vote is important, regardless of the number of shares you own. Whether or not you intend to attend the Annual General Meeting, please vote as soon as possible to make sure that your shares are represented. You may vote via the internet, by phone, or by mail by signing, dating and returning your proxy card in the envelope provided.

Recommendation

Except for Resolution 15, we consider all resolutions proposed to shareholders at the Annual General Meeting to be standard business. Resolution 15 relates to proposed changes to the Articles of Association of the Company to allow Pedro Larrea Paguaga, Ferroglobe's Chief Executive Officer, to be appointed to the Company's board of directors (the "**Board**"). You will find an explanation of each resolution within the Explanatory Notes on pages five to nine of this pack. The Board considers that all the resolutions to be put to the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. The Board unanimously recommends that you vote "for" each of the proposed resolutions, as the members of the Board intend to do in respect of their beneficial holdings.

Thank you for your continued support of Ferroglobe.

Yours sincerely,

Javier López Madrid
Executive Chairman

FERROGLOBE PLC

(a public limited company having its registered office at 5 Fleet Place, London, EC4M 7RD, United Kingdom and incorporated in England and Wales with company number 9425113)

NOTICE OF 2017 ANNUAL GENERAL MEETING OF SHAREHOLDERS

To the holders of ordinary shares of Ferroglobe PLC ("**Ferroglobe**" or the **"Company"**):

Notice is hereby given that Ferroglobe's Annual General Meeting of shareholders will be held on **Wednesday, 28 June 2017** at **2:00 p.m.** (British Summer Time) at **Brown's Hotel, 19 Dover Street, London W1S 4LW, United Kingdom ("U.K.").**

The business of the Annual General Meeting will be to consider and, if thought fit, pass the resolutions below. Resolutions 1 to 14 will be proposed as ordinary resolutions, and Resolution 15 will be proposed as a special resolution. Explanations of the resolutions are given in the explanatory notes on pages 5 to 9 of this Annual General Meeting notice and additional information for those entitled to attend the Annual General Meeting can be found on pages 10 to 13. All resolutions will be put to vote on a poll, where each shareholder has one vote for each share held.

Certain of the resolutions that shareholders of the Company ("**Shareholders**") will be asked to consider may not be familiar to them because, unlike many companies with shares traded on the NASDAQ markets, the Company is incorporated under the laws of England and Wales and is therefore subject to the U.K. Companies Act 2006 (the "**Companies Act**"). The Companies Act obliges the Company to propose certain matters to Shareholders for approval that would generally not be subject to periodic approval by shareholders of companies incorporated in the United States, but would be considered routine items for approval by shareholders of companies incorporated in England and Wales.

ORDINARY RESOLUTIONS:

U.K. annual report and accounts 2016

1. THAT the directors' and auditor's reports and the accounts of the Company for the financial year ended 31 December 2016 (the "**U.K. Annual Report and Accounts"**) be received.

Directors' 2016 remuneration report (the "Directors' Remuneration Report")

2. THAT the Directors' Remuneration Report (excluding that part containing the directors' remuneration policy) for the year ended 31 December 2016 be received and approved.

Directors' re-election

3. THAT Javier López Madrid be re-elected as a director.

4. THAT Donald J. Barger, Jr. be re-elected as a director.

5. THAT Bruce L. Crockett be re-elected as a director.

6. THAT Stuart E. Eizenstat be re-elected as a director.

7. THAT Greger Hamilton be re-elected as a director.

8. THAT Javier Monzón be re-elected as a director.

9. THAT Juan Villar-Mir de Fuentes be re-elected as a director.

10. THAT Manuel Garrido y Ruano, appointed as a director since the last Annual General Meeting, be re-elected as a director.

Appointment of auditor

11. THAT Deloitte LLP be appointed as auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

Remuneration of auditor

12. THAT the Audit Committee of the Board be authorised to determine the auditor's remuneration.

Authority to purchase own shares

13. THAT pursuant to section 693A of the Companies Act, the Company be and is hereby generally authorised to make one or more off-market purchases (within the meaning of section 693(2) of the Companies Act) of any class of the Company's ordinary shares of $0.01 each ("Ordinary Shares", each an "Ordinary Share"), excluding, for the avoidance of doubt, the class A ordinary shares in the Company, for the purposes of and pursuant to the Incentive Plan (as described in the notice of Annual General Meeting dated 3 June 2016) approved by the Annual General Meeting of the Shareholders on 29 June 2016, and on such terms and in such manner as the directors may from time to time determine, provided that:

    (a) the minimum price which may be paid for each Ordinary Share (exclusive of expenses) shall be the nominal value of that Ordinary Share;

    (b) the maximum aggregate number of Ordinary Shares authorised to be purchased is 5,000,000;

    (c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share shall be the higher of: (i) an amount equal to 105% of the average of the closing middle market quotations for an Ordinary Share, as derived from the NASDAQ Global Select Market, for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid at the time on the trading venue where the purchase is carried out,

    such authority to expire at close of business on the fifth anniversary of the passing of this resolution, but during this period the Company may enter into a contract to purchase Ordinary Shares, which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase Ordinary Shares pursuant to such contract as if the authority had not ended.

Political donations

14. THAT in accordance with sections 366 and 367 of the Companies Act, the Company and each company which is or becomes a subsidiary of the Company at any time during the period for which this resolution has effect, be and is hereby authorised:

    (a) to make political donations to political parties and/or independent election candidates;

    (b) to make political donations to political organisations other than political parties; and

    (c) to incur political expenditure,

provided that:

(i) the aggregate amount of political donations made or political expenditure incurred by the Company and its subsidiaries in such period shall not exceed £100,000 for the purposes of this resolution;

(ii) ‘political donations’, ‘political organisations’, ‘political parties’, ‘independent election candidates’ and ‘political expenditure’ have the meanings given in sections 363 to 365 of the Companies Act; and

(iii) this authority shall expire on the date immediately preceding the fourth anniversary of the passing of this resolution.

SPECIAL RESOLUTION:

Amendment of the Company’s articles of association (the “Articles”)

15. THAT the definition of “Director Nominees” in the Articles and articles 24, 25.4, 25.7, and 25.8 be amended as set out in the schedule to this Annual General Meeting notice, in order to increase the maximum number of directors of the Company so that the Chief Executive Officer of the Company may be appointed as a director.

Nicholas Deeming
Company Secretary

2 June 2017

Explanatory notes to the resolutions

Resolution 1 (U.K. Annual Report and Accounts 2016)

The Board is required to present at the Annual General Meeting the U.K. Annual Report and Accounts for the financial year ended 31 December 2016, including the Directors’ Report, the Auditor’s Report on the U.K. Annual Report and Accounts and those parts of the Directors’ Remuneration Report which have been audited.

Resolution 1 is an advisory vote and in accordance with its obligations under English law, the Company will provide Shareholders at the Annual General Meeting with the opportunity to receive the U.K. Annual Report and Accounts and ask any relevant and appropriate questions of the representative of Deloitte LLP in attendance at the Annual General Meeting.

Resolution 2 (Directors’ Remuneration Report)

Resolution 2 is an advisory vote to approve the Directors’ Remuneration Report as required by sections 439 and 440 of the Companies Act and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Directors’ Remuneration Report is set out on pages 12 to 43 of the U.K. Annual Report and Accounts.

Resolutions 3 to 10 (directors seeking re-election)

Resolutions 3 to 10 relate to the reappointment of the directors. Set forth below is a short biography of each of the Company’s directors.

Javier López Madrid has served as a director since our inception in February 2015 and served as Executive Vice-Chairman from 23 December 2015 until 31 December 2016, when he was appointed Executive Chairman. He is Chief Executive Officer of Grupo Villar Mir, S.A.U. (“**Grupo VM**”). He is founder and largest shareholder of 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 Fundación Juan Miguel Villar Mir. Mr. López Madrid holds a Master in Law and Business from ICADE University.

Donald G. Barger, Jr. has served as a director since 23 December 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 board of directors of Globe Specialty Metals, Inc. (“**Globe**”) from December 2008 until the closing of Globe’s combination with Grupo FerroAtlántica to form Ferroglobe (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, where he served as Vice President and Chief Financial Officer 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, Inc., 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 19-year tenure there until the sale of the company in July 2013. He served as Chair of the committee 17 of those years. Mr. Barger also served on the Board of Directors of Quanex Building Products Corporation for 16 years, retiring in February 2012. Additionally, he served on that company's audit committee for 14 years and was its chairman for most of that time. On all the public company boards on which Mr. Barger has 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. from the University of Pennsylvania.

Bruce L. Crockett has served as a director since 23 December 2015. He is a member of the Company's 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 director and audit committee chair of ALPS Property & Casualty Insurance Company. Mr. Crockett is the chairman of Crockett Technologies Associates and a private investor. He 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 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, an M.B.A. 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 23 December 2015. He is a member of the Company's Nominating and Corporate Governance Committee and BCA Special Committee. He served as a director of Globe from February 2008 until the closing of the Business Combination and was the Chairman of Globe's Nominating Committee. Mr. Eizenstat is Senior Counsel at 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 of the 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 previously served as a Special Adviser to former Secretary of State Kerry on Holocaust-Era Issues. Mr. Eizenstat holds a B.A. in Political Science, *cum laude* and Phi Beta Kappa, from the University of North Carolina at Chapel Hill, and a J.D. from Harvard Law School.

Greger Hamilton has served as a director since 23 December 2015. He is a member of the Company's 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 to 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 a Managing Director at Goldman Sachs International, where he worked from 1997 to 2008. He began his career at McKinsey and Company, where he worked from 1990 to 1997. Mr. Hamilton holds a B.A. in Business Economics and International Commerce from Brown University.

Javier Monzón has served as a director since 23 December 2015. He is a member of the Company's Audit Committee and serves as chairman of the Compensation Committee. He has served as a director of ACS Servicios y Concesiones, S.A. of Spain since 2004 and as a member of the supervisory board of Lagardère SCA of France since 2008. Since June 2015, he also has served as a member of the advisory council of Chemo Group, as senior advisor to the group executive chairman at Banco Santander, and as a board member of Santander Spain. Prior to that, Mr. Monzón was Chairman and CEO of Indra

Sistemas, S.A. from 1992 until 2015. He was a Partner at Arthur Andersen from 1989 to 1990, Chief Financial Officer of Telefonica, S.A. from 1984 to 1987, and Executive Vice President of Telefonica until 1989. Mr. Monzón began his career at Caja Madrid, where he was a Corporate Banking Director. Mr. Monzón served as vice chairman of the American Chamber of Commerce in Spain from March 2010 until January 2015 and has been member of the international advisory council of the Brookings Institute since 2014. He holds a Degree in Economics from Universidad Complutense de Madrid.

Juan Villar-Mir de Fuentes has served as a director of the Company since 23 December 2015. He has acted as the Vice Chairman of Grupo VM 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 as its Chairman since 2016. 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.

Manuel Garrido y Ruano was appointed to the Board on 30 May 2017. Mr. Garrido y Ruano has served as CFO of Grupo VM since 2003, and is either a member of the board or on the steering committee of a number of its subsidiaries in the energy, financial, construction and real estate sectors. He was on the steering committee of FerroAtlántica until 2015, having previously served as its CFO from 1996 to 2003. Mr. Garrido y Ruano is Professor of Communication and Leadership of the Graduate Management Program at CUNEF in Spain. He has a deep knowledge of strategic consulting, having worked at McKinsey & Company from 1991 to 1996, where he specialised in restructuring, business development and turnaround and cost efficiency projects globally. Mr Garrido y Ruano received a Masters of Civil Engineering with honours from the Universidad Politécnica de Madrid. He also holds a M.B.A. from INSEAD.

Resolution 11 (appointment of auditor)

At each general meeting at which accounts are laid before the Shareholders, the Company is required to appoint an auditor to serve until the next such meeting. Deloitte LLP has served as the Company's U.K. statutory auditor since 3 February 2016.

If this resolution does not receive the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual General Meeting, the Board may appoint an auditor to fill the vacancy.

Resolution 12 (remuneration of auditor)

Under the Companies Act, the remuneration of the Company's U.K. statutory auditor must be fixed in a general meeting or in such manner as may be determined in a general meeting. The Company is asking its Shareholders to authorise the Audit Committee to determine the remuneration of Deloitte LLP in its capacity as the Company's U.K. statutory auditor under the Companies Act.

Resolution 13 (authority to purchase own shares)

Further to approval of the Incentive Plan by the Annual General Meeting of the Shareholders on 29 June 2016, a resolution will be proposed to authorise the Company to make purchases of its shares pursuant to the terms of the Incentive Plan and the Companies Act. Under the Companies Act, any purchases by a company of its own shares on an exchange which has neither its registered office nor its head office in the U.K. (including NASDAQ), are considered "off-market" purchases. In order to aid implementation of the Incentive Plan, the directors consider it prudent for the Company to have the flexibility to effect off-market purchases of its own shares in the future.

Under the terms of the resolution, the Company will be generally authorised to make market purchases of up to 5,000,000 shares with an aggregate nominal value of US$50,000, representing approximately 3% of the total issued share capital of the Company as at 26 May 2017, the latest practicable date prior to the date of this notice. The maximum price payable per share will be based on the market price of an Ordinary Share as set out in more detail in the resolution itself. The minimum price payable per share, exclusive of expenses, is its nominal value.

If approved, the authority will expire on the fifth anniversary of the date of approval.

Resolution 14 (political donations)

Under sections 366 and 367 of the Companies Act, the Company is required to seek Shareholders' authority to make any political donations and/or incur political expenditure in the European Union.

Although the Company does not make, and does not intend to make, donations to political parties and/or to independent election candidates within the normal meaning of that expression, the legislation is very broadly drafted and may encompass activities such as: funding seminars and other functions to which politicians are invited; supporting certain bodies involved in policy review and law reform; and matching employees' donations to certain charities.

Therefore, in accordance with current best practice, the directors have decided to propose an ordinary resolution to authorise the Company and its subsidiaries to make certain types of political donations and/or expenditure, as more particularly described in the resolution, up to an aggregate amount of £100,000.

Resolution 15 (amendment of the Articles)

The Articles currently provide for a total of nine directors, of whom five are nominated by Grupo VM and the remainder are Independent Directors (defined in the Articles as Donald G. Barger, Jr., Stuart E. Eizenstat, Bruce L. Crockett and any other director appointed by the Independent Directors or the Board under Article 25.4 who qualifies as an independent director under NASDAQ rules). There are currently only eight directors (following the resignation of Alan Kestenbaum, who was an Independent Director), five of whom are Grupo VM nominees. There is therefore a vacancy for an Independent Director and the process of identifying a suitable additional Independent Director to join the Board is well advanced.

In addition to filling the current Board vacancy, the Board has unanimously decided that it would be in the interests of the Company to appoint Pedro Larrea Paguaga, the Chief Executive Officer of the Company, to the Board. It is common for a Chief Executive Officer to sit on the Board of an English company and this will enable the Board to benefit directly from Mr. Larrea Paguaga's detailed knowledge of the business in its deliberations. His biography is set out below.

Pedro Larrea Paguaga has served as the Chief Executive Officer since 23 December 2015. He was Chairman and CEO of FerroAtlántica from December 2012, and served in that role until the closing of the Business Combination. He joined FerroAtlántica as CEO in 2011. Before joining FerroAtlántica, he worked for 13 years (1996 to 2009) at 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 billion and EBITDA above €3 billion. He served on the Board of Directors of Enersis (2007 to 2009) and Endesa Chile (1999 to 2002 and 2006 to 2007), both public Chilean companies listed on the NYSE. Mr. Larrea Paguaga has also worked in management consulting firms PwC (2010 to 2011), where he led the energy sector practice in Spain, and McKinsey & Company in Spain, Latin America and the United States (1989 to 1995). Mr. Larrea Paguaga holds a Mining Engineer degree (MSc equivalent) from Universidad Politécnica de Madrid (graduating with honors). He also holds an M.B.A. from INSEAD, where he obtained the Henry Ford II award for academic excellence.

In order to appoint Mr. Larrea Paguaga as an additional director, it is necessary to amend the Articles to increase the maximum number of directors from nine to ten. The Board has resolved that if the proposed amendments to the Articles are approved, he will be appointed immediately on conclusion of the Annual General Meeting to fill the vacancy and would hold office until the next annual general meeting, whereupon he would come up for re-election in the same manner as other Board members. For the purposes of the Articles, he would not be treated as a Grupo VM nominee or an Independent Director.

Further Notes:

1. Some of the resolutions are items that are required to be approved by Shareholders periodically under the Companies Act and generally do not have an analogous requirement under United States laws and regulations. As such, while these resolutions may be familiar and routine to Shareholders accustomed to being shareholders of companies incorporated in England and Wales, other Shareholders may be less familiar with these routine resolutions and should review and consider each resolution carefully.

2. In accordance with the Articles, all resolutions will be taken on a poll. Voting on a poll will mean that each Ordinary Share represented in person or by proxy will be counted in the vote.

3. Resolutions 1 to 14 will be proposed as ordinary resolutions, which means that such resolutions must be passed by a simple majority of the total voting rights of Shareholders who vote on such resolutions, whether in person or by proxy. The results of the Shareholders' vote on resolutions 1 and 2 regarding receipt of the U.K. Annual Report and Accounts and approval of the Directors' Remuneration Report will not require the Board or any committee thereof to take (or refrain from taking) any action. The Board values the opinion of Shareholders as expressed through such resolutions and will carefully consider the outcome of the votes on resolutions 1 and 2.

4. Resolution 15 will be proposed as a special resolution, which means that such resolution must be passed by a majority of not less than 75% of the total voting rights of Shareholders who vote on such resolution, whether in person or by proxy.

5. "**Shareholders of record**" are those persons registered in the register of members of the Company in respect of Ordinary Shares at 2.00 p.m. (British Summer Time) on 5 May 2017. If, however, Ordinary Shares are held for you in a stock brokerage account or by a broker, bank or other nominee, you are considered the "**beneficial owner**" of those Ordinary Shares.

6. Beneficial owners of Ordinary Shares as at 2.00 p.m. (British Summer Time) on 5 May 2017 have the right to direct their broker or other agent on how to vote the Ordinary Shares in their account and are also invited to attend the Annual General Meeting. However, as beneficial owners are not Shareholders of record of the relevant Ordinary Shares, they may not vote their Ordinary Shares at the Annual General Meeting unless they request and obtain a legal proxy from their broker or agent.

7. Any Shareholder of record attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any questions put by a Shareholder of record attending the meeting relating to the business being dealt with at the Annual General Meeting unless to do so would interfere unduly with the business of the meeting, be undesirable in the interests of the Company or the good order of the meeting, involve the disclosure of confidential information, or if the information has already been given on the Company's website.

8. In accordance with the provisions of the Companies Act, and in accordance with the Articles, a Shareholder of record who is entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the Annual General Meeting and to appoint more than one proxy in relation to the Annual General Meeting (provided that each proxy is appointed to exercise the rights attached to different Ordinary Shares). Such proxies need not be Shareholders of record, but must attend the Annual General Meeting and vote as the Shareholder of record instructs. Further details regarding the process to appoint a proxy, voting, and the deadlines therefor, are set out in the "Voting Process and Revocation of Proxies" section below.

9. The results of the polls taken on the resolutions at the Annual General Meeting and any other information required by the Companies Act will be made available on the Company's website as soon as reasonably practicable following the Annual General Meeting and for a period of two years thereafter.

10. A copy of this Annual General Meeting notice can be found at the Company's website, www.ferroglobe.com.

11. Recipients of this notice and the accompanying materials may not use any electronic address provided in this notice or such materials to communicate with the Company for any purposes other than those expressly stated.

12. To be admitted to the Annual General Meeting, please bring the Admission Ticket that you will have received through the post. You will need to be able to provide your photo identification at the registration desk.

13. On arrival at the Annual General Meeting venue, all those entitled to vote will be required to register and collect a poll card. In order to facilitate these arrangements, please arrive at the Annual General Meeting venue in good time. You will be given instructions on how to complete your poll card at the Annual General Meeting.

VOTING PROCESS AND REVOCATION OF PROXIES

If you are a Shareholder of record, there are three ways to vote by proxy:

- By Internet – You can vote over the Internet at www.envisionreports.com/FGLO by following the instructions at such web address. You will need to enter your control number, which is a 15-digit number located in a box on your proxy card. We encourage you to vote by Internet even if you received this Annual General Meeting notice in the mail.

- By Telephone – You may vote and submit your proxy by calling toll-free 1-800-652-8683 in the United States and providing your control number, which is a 15-digit number located in a box on your proxy card.

- By Mail – If you received this Annual General Meeting notice by mail or if you requested paper copies of the Annual General Meeting notice, you can vote by mail by marking, dating, signing and returning the proxy card in the postage-paid envelope.

Telephone and Internet voting facilities for Shareholders of record will be available 24 hours a day and will close at 2:01 p.m. (British Summer Time) on Monday, 26 June 2017. Submitting your proxy by any of these methods will not affect your ability to attend the Annual General Meeting in-person and vote at the Annual General Meeting.

If your shares are held in “street name”, meaning you are a beneficial owner with your shares held through a bank or brokerage firm, you will receive instructions from your bank or brokerage firm, which is the Shareholder of record of your shares. You must follow the instructions of the Shareholder of record in order for your shares to be voted. Telephone and Internet voting may also be offered to Shareholders owning shares through certain banks and brokers, according to their individual policies.

The Company has retained Computershare to receive and tabulate the proxies.

If you submit proxy voting instructions and direct how your shares will be voted, the individuals named as proxies must vote your shares in the manner you indicate.

A Shareholder who has given a proxy may revoke it at any time before it is exercised at the Annual General Meeting by:

- attending the Annual General Meeting and voting in person;

- voting again by Internet or Telephone (only the last vote cast by each Shareholder of record will be counted), provided that the Shareholder does so before 2:01 p.m. (British Summer Time) on Monday, 26 June 2017.

- delivering a written notice, at the address given below, bearing a date later than that indicated on the proxy card or the date you voted by Internet or Telephone, but prior to the date of the Annual General Meeting, stating that the proxy is revoked; or

- signing and delivering a subsequently dated proxy card prior to the vote at the Annual General Meeting.

You should send any written notice or new proxy card to Proxy Services, c/o Computershare Investor Services, PO Box 30202, College Station, TX 77842-9909, USA.

If you are a registered Shareholder you may request a new proxy card by calling Computershare at 1-866-490-6057 if calling from the United States, or +1-781-575-2780 from outside the United States, or you may also send a request via email to ***web.queries@computershare.com***.

ANY SHAREHOLDER OWNING SHARES IN STREET NAME MAY CHANGE OR REVOKE PREVIOUSLY GIVEN VOTING INSTRUCTIONS BY CONTACTING THE BANK OR BROKERAGE FIRM HOLDING THE SHARES OR BY OBTAINING A LEGAL PROXY FROM SUCH BANK OR BROKERAGE FIRM AND VOTING IN PERSON AT THE ANNUAL GENERAL MEETING. YOUR LAST VOTE, PRIOR TO OR AT THE ANNUAL GENERAL MEETING, IS THE VOTE THAT WILL BE COUNTED.

DOCUMENTS AVAILABLE FOR INSPECTION

Forms of appointment of the non-executive directors, as well as a memorandum setting out the terms of each executive director’s contract, will be available for inspection at the Company’s registered office during normal business hours and at the place of the Annual General Meeting from at least 15 minutes prior to the start of the meeting until the end of the meeting.

By order of the Board,

Nicholas Deeming
Company Secretary

2 June 2017

SCHEDULE
PROPOSED AMENDMENTS TO THE ARTICLES

Definitions
“**Director Nominees**” means any person nominated as a Director in accordance with Articles 24 and 25.3 through 25.6,

Article 24 NUMBER OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The Company must have a minimum of two Directors and a maximum of ~~nine~~ ten Directors. ~~. Except as otherwise determined by a resolution of the Board, t~~The “entire Board” shall consist of ~~nine~~ the maximum number of Directors excluding the ~~; 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 adoption of these Articles any such resolutions shall also require the approval of a majority of the Directors who are independent of Grupo VMand otherwise unconflicted with respect to such matter.~~chief executive officer from time to time, whose vote shall not be counted in respect of any resolution of the Directors which requires the approval of a specified proportion of the entire Board. Subject to Article 25.8, ~~T~~the chief executive officer shall be nominated or appointed as a Director by the Board and shall be neither a Grupo VM Director nor an Independent Director for the purposes of these Articles.

Article 25.4

Prior to the Decrease Date, subject to and in accordance with this Article 25.4 and subject to Article 24, 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~~to the Board~~,~~ 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,~~to the Board 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.

Article 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 is an Affiliate of Gupo 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.~~

[Intentionally Blank]

Article 25.8

(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~~ Exchange Rules and the chief executive officer (any such Director Nominee and the chief executive officer, 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 Group 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.

(This page has been left blank intentionally.)

Exhibit 99.2

Ferroglobe PLC
Annual Report and Accounts 2016

Company Registration No. 9425113

Ferroglobe PLC

Report and Financial Statements

Period ended 31 December 2016

Ferroglobe PLC

Report and financial statements 2016

Contents

	Page No.
Glossary and definitions	1
Officers and professional advisers	3
Introduction	4
Strategic report	4
Directors’ report	6
Directors’ responsibilities statement	9
Directors’ Remuneration Report	10
Independent auditor’s report to the members of Ferroglobe PLC	36
Consolidated Financial Statements	38
Notes to the Consolidated Financial Statements	44
Company only Balance Sheet	106
Notes to the Company only Financial Statements	108

GLOSSARY AND DEFINITIONS

The following definitions apply throughout this U.K. Annual Report unless the context requires otherwise:

"2016 Form 20-F"	the Company's Form 20-F for the fiscal year ended 31 December 2016;
"AEP"	American Electric Power Co., Inc.;
"Amended Revolving Credit Facility"	the revolving credit facility available pursuant to the Amended Revolving Credit Facility Agreement;
"Amended Revolving Credit Facility Agreement"	the Existing Revolving Credit Facility Agreement as amended on or about 15 February 2017 by the Revolving Credit Facility Amendment;
"Annual General Meeting"	the Company's annual general meeting to be held on 28 June 2017;
"Aon"	Aon Plc;
"Auditor"	Deloitte LLP, the Company's independent U.K. statutory auditor;
"Aurinka"	Aurinka Photovoltaic Group, S.L.;
"Blue Power"	Blue Power Corporation, S.L.;
"Board"	the Company's board of directors;
"Business Combination"	the business combination of Globe and FerroAtlántica as the Company's wholly-owned subsidiaries on 23 December 2015;
"Business Combination Agreement"	the definitive transaction agreement entered into on 23 February 2015 (as amended and restated on 5 May 2015) by, among others, the Company, Grupo VM, FerroAtlántica and Globe;
"Companies Act"	the United Kingdom Companies Act 2006;
"Company"	Ferroglobe PLC, a company incorporated in England and Wales with registered number 09425113 and whose registered office is at 5 Fleet Place, London EC4M 7RD, United Kingdom;
"Company Ordinary Shares"	the Ordinary Shares and Class A Ordinary Shares;
"Compensation Committee"	the compensation committee of the Company;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;
"EU"	the European Union;
"Exchange Act"	the Securities Exchange Act of 1934 (as amended) of the United States;
"Executive Chairman"	the executive chairman of the Company;
"Executive Directors"	the executive directors of the Company;
"Executive Vice-Chairman"	the executive vice-chairman of the Company;
"Existing Revolving Credit Facility Agreement"	the credit agreement, dated as of 20 August 2013, among Globe, certain subsidiaries of Globe from time to time as co-borrowers thereunder, the financial institutions from time to time party thereto as lenders, PNC Bank National Association and Wells Fargo Bank, National Association, as syndication agents for lenders, BBVA Compass Bank, as documentation agent, and Citizens Bank of Pennsylvania, as administrative agent for the lenders, as amended from time to time, other than pursuant to the Revolving Credit Facility Amendment;
"Existing Revolving Credit Facility"	the revolving credit facility available pursuant to the Existing Revolving Credit Facility Amendment;

"FerroAtlántica"	Grupo FerroAtlántica, S.A.U. a joint stock company organised under the laws of Spain, including (where the context so requires) its subsidiaries and subsidiary undertakings;
"Ferroglobe" or the "Parent Company"	the Company or, as the context requires, the Group;
"FerroVen"	FerroVen, S.A.;
"Globe"	Globe Specialty Metals, Inc., a Delaware corporation, including (where the context so requires) its subsidiaries and subsidiary undertakings;
"Group"	the Company and its subsidiaries;
"Grupo VM"	Grupo Villar Mir, S.A.U.;
"IASB"	International Accounting Standards Board;
"IFRS"	International Financial Reporting Standards;
"Indenture"	the indenture, dated as of 15 February 2017, among Ferroglobe and Globe as co-issuers, certain subsidiaries of Ferroglobe as guarantors, and Wilmington Trust, National Association as trustee, registrar, transfer agent and paying agent;
"KPI"	key performance indicator;
"NASDAQ"	the NASDAQ Global Select Market;
"NASDAQ Rules"	the NASDAQ Stock Market Rules;
"Non-Executive Directors"	the non-executive directors of the Company;
"OFAC"	the U.S. Department of the Treasury's Office of Foreign Assets Control;
"Ordinary Shares"	the ordinary shares of $0.01 each in the capital of the Company;
"Revolving Credit Facility Amendment"	the third amendment to the Existing Revolving Credit Facility Agreement, among, *inter alios*, Ferroglobe and Globe as co-borrowers, the subsidiary guarantors party thereto, the financial institutions party thereto as lenders and Citizens Bank of Pennsylvania as administrative agent;
"SEC"	the U.S. Securities and Exchange Commission;
"U.K."	the United Kingdom of Great Britain and Northern Ireland;
"U.S."	the United States of America;
"U.S. EPA"	the U.S. Environmental Protection Agency;
"WVA Manufacturing"	WVA Manufacturing, LLC; and
"$"	U.S. dollars.

Report and financial statements 2016
Officers and professional advisers

Directors	
J López Madrid	
D Barger	
B L Crockett	
S Eizenstat	
M Garrido y Ruano	(appointed 30 May 2017)
G Hamilton	
J Monzón	
J Villar-Mir de Fuentes	
T Garcia Madrid	(resigned 30 May 2017)
A Kestenbaum	(resigned 31 December 2016)
Company Secretary	
N Deeming	(appointed 13 October 2016)
S Lebowitz	(resigned 13 October 2016)
Registered Address	
5 Fleet Place	
London	
EC4M 7RD	
Auditor	
Deloitte LLP	
Statutory Auditor	
London	

Introduction

Ferroglobe PLC is a public limited company incorporated under the laws of England and Wales. Headquartered in London, United Kingdom, Ferroglobe (encompassing its subsidiaries Globe and FerroAtlántica) is a global leader in the 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.

The Company was incorporated in 2015 and its Ordinary Shares are listed for trading on the NASDAQ in U.S. dollars under the symbol "GSM".

The Company is subject to disclosure obligations in the U.S. and the U.K. While some of these disclosure requirements overlap or are otherwise similar, some differ and require distinct disclosures. Pursuant to the requirements of the Companies Act, this document includes our directors' remuneration report, strategic report, directors' report and required financial information (including our statutory accounts and statutory auditor's report for the reporting period commencing 1 January 2016 and ending 31 December 2016), which, together, comprise our U.K. annual reports and accounts for the period ended 31 December 2016 (the "**U.K. Annual Report**").

We are also subject to the information and reporting requirements of the Exchange Act, regulations and other guidance issued by the SEC and the NASDAQ listing standards applicable to foreign private issuers. In accordance with the Exchange Act, we are required to file annual and periodic reports and other information with the SEC, including, without limitation, our 2016 Form 20-F. Certain other announcements made by the Company are furnished to the SEC on Form 6-K. Our status as a foreign private issuer requires the Company to comply with various corporate governance practices under the Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the SEC. In addition, NASDAQ Rules permit foreign private issuers to follow home country practice in lieu of the NASDAQ corporate governance standards, subject to certain exemptions and except to the extent that such exemptions would be contrary to U.S. federal securities law. We have provided as a separate attachment to the U.K. Annual Report extracts from the 2016 Form 20-F to assist shareholders in assessing the Group's strategies. This attachment does not form part of the financial statements. Investors may obtain the full 2016 Form 20-F, without charge, from the SEC at the SEC's website at www.sec.gov or from our website at www.ferroglobe.com. Unless expressly stated otherwise, the information on our website is not part of this U.K. Annual Report and is not incorporated by reference herein.

The capitalised terms used throughout the U.K. Annual Report are defined in the Glossary and Definitions section of this U.K. Annual Report unless otherwise indicated. In the following text, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Ferroglobe or, collectively, to Ferroglobe and its subsidiaries.

Strategic Report

This Strategic Report has been prepared to provide additional information to shareholders to assess the Group's strategies and the potential strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic Report, have complied with Section 414C of the Companies Act.

For a supplementary description of our business (including our model, strategy and competitive strengths), risks associated with our business and our results of operations, see the sections of the 2016 Form 20-F: Part I, Item 3, Section D, Risk factors; Item 4, Information on the Company; Item 5, Operating and Financial Review and Prospects; and Item 11, Quantitative and Qualitative Disclosures about Market Risk, which sections are set out in a separate attachment to this U.K. Annual Report. The aforementioned sections do not form part of the financial statements.

Nature of the business

Ferroglobe was incorporated under the Companies Act as a private limited liability company in the United Kingdom on 5 February 2015, as a wholly-owned subsidiary of Grupo VM. As a result of the Business Combination, which was completed on 23 December 2015, FerroAtlántica and Globe merged through corporate transactions to create one of the largest producers worldwide of silicon metal and silicon and manganese based alloys, and Grupo VM ceased to be the sole shareholder, by incorporating the diversified shareholder base of Globe at the time of the merger and its listing in NASDAQ. This has resulted in an expansive geographical reach, established through Globe's predominantly North American-centred footprint and FerroAtlántica's predominantly European-centred footprint.

Business model and strategy

We believe our vertically integrated business model and ownership of raw materials provides us with a cost advantage over our competitors. We are not reliant on any single supplier for our raw materials and currently own sources of critical raw materials, which provides us with stable, long-term access to critical raw materials for our production processes and, therefore, enhances our operational and financial stability.

As part of the strategy for delivering the objectives of the Company, the Group develops new products or new specifications on a continuous basis. As a consequence of these efforts, investments may be made in facilities that allow the production of new products, such as higher grade silicon metal, solar grade silicon metal or new foundry products.

The Group is continuously pursuing growth opportunities by the acquisition of industrial facilities or companies that operate in the same sector and produce similar products, and which are deemed to be potentially valuable for the Group.

Key Performance Indicators ("KPIs")

The Board considered that the most important KPIs during 2016 were those set out below. These KPIs will also be a key factor for the Company during 2017.

At the corporate level, the principal KPIs that we use for measuring the overall performance of our business, and which also form part of our compensation structure for our key executives, are as follows:

- Adjusted EBITDA: EBITDA, adjusted in accordance with Company's adjustments announced as part of its earnings reports. We also consider Adjusted EBITDA margin (measured as adjusted EBITDA/revenues) as a significant indicator of our performance.

- Free cash-flow, which represents EBITDA plus or minus working capital changes, capital expenditure (other than required for safety or environmental matters), taxes and net interest.

- Working capital (measured as inventories, plus trade and other receivables, minus trade and other payables) improvement. Working capital improvement has been measured taking into account at the end of each month of 2016 the LTM (last twelve months) improvement.

The following table sets out the Company's performance against these financial KPI measures in 2016. As this is the Company's first full year of operation as a combined Group, these measures of performance provide a base to review overall performance of our business going forward.

Adjusted EBITDA	EBITDA Margin	Working Capital Improvement	Free Cash Flow
($m)		($m)	($m)
72.9	4.5%	172.1	72.7

In addition, during 2016 and into 2017, a special emphasis has been placed on achieving the announced synergies in connection with the Business Combination and on ensuring a successful integration of FerroAtlántica and Globe into a single well-functioning organisation. As a consequence of this continuous emphasis on synergies, the original synergy target established at $65m was reviewed up to $85m. During 2016 a total of $57m synergies were captured, and by the end of the year the running rate was already close to the final target of $85 million.

Detail on how performance against the financial KPIs and Business Combination associated KPIs affected the bonus outcome of executive directors is contained in the Directors' Remuneration Report on page 34.

Principal risks and uncertainties

The Company is exposed to a number of operational risks which are monitored on an ongoing basis and which are summarised within the supplementary attachment. The key financial risks related to credit risk and liquidity risk are highlighted in note 37.

Employees

As at 31 December 2016, the Group had:

- nine directors, all of whom were male;
- 258 senior managers, of whom 211 were male and 47 were female; and
- 4,018 employees, of whom 3,624 were male and 394 were female.

Environment and other social matters

Ferroglobe is committed to conducting its business in compliance with all applicable laws and regulations in a manner that has the highest regard for the environment and the health, safety, and well-being of employees and the general public.

The Strategic Report for the financial period ended 31 December 2016 was reviewed and approved by the Board on 30 May 2016.

Nick Deeming

Company Secretary

Directors' report

Directors

The directors of the Company, who held office during the year ended 31 December 2016, were as follows:

Alan Kestenbaum	Director, Executive Chairman and Principal Executive Officer
Javier López Madrid	Director and Executive Vice-Chairman
Donald G. Barger, Jr.	Non-Executive Director
Bruce L. Crockett	Non-Executive Director
Stuart E. Eizenstat	Non-Executive Director
Tomás García Madrid	Non-Executive Director
Greger Hamilton	Non-Executive Director
Javier Monzón	Non-Executive Director
Juan Villar-Mir de Fuentes	Non-Executive Director

Mr Kestenbaum resigned as Executive Chairman of the Ferroglobe Board of Directors, effective 31 December 2016. Javier López Madrid, the former Vice Chairman of the Ferroglobe Board of Directors, was unanimously appointed to succeed Mr Kestenbaum as Executive Chairman. Mr Kestenbaum serves as an independent consultant to the Company, advising on matters relating to international trade, contract negotiations, legacy customer relationships and business development opportunities.

Mr Kestenbaum was entitled to a lump sum severance payment, in addition to other payments and the accelerated vesting of equity awards, in connection with his resignation. Details in relation to this lump sum payment are set out in the Directors' Remuneration Report on page 39.

On 30 May 2017, Mr García Madrid resigned from the Board of Directors and on the same date Mr Manuel Garrido y Ruano was appointed as a Non-Executive Director in his place.

Directors' indemnities

As permitted by the Company's articles of association, each director is covered by appropriate directors' and officers' liability insurance and, as required by such articles, each director is indemnified in connection with his role as a director, to the extent permitted by law. Under his employment agreement with Globe, dated 27 January 2011, as amended on 22 February 2015 (the "**Amendment**") (together, the "**Employment Agreement**"), Mr Kestenbaum had, until his resignation from the Board, the benefit of an indemnity in respect of all claims arising from or relating to his performance of his duties to the fullest extent permitted by law and/or Globe's directors' and officers' liability insurance or articles of association or other applicable document in respect to any and all actions, suits, proceedings, claims, demands, judgments, losses, damages and reasonable out-of-pocket costs and expenses (including reasonable out-of-pocket attorney's fees and expenses) resulting from his good faith performance of his duties and obligations with Globe or any of its affiliates or as the fiduciary of any benefit plan of Globe or its affiliates. In addition, Globe had agreed to cover Mr Kestenbaum under its directors' and officers' liability insurance during the six-year period following his termination of employment in the same amount and to the same extent that Globe covers its other officers and directors during such period. The provisions of the indemnity were in force during the period under review.

Company details and branches outside the U.K.

The Company is a public limited company incorporated under the laws of England and Wales with registered number 9425113. The Company's registered address is 5 Fleet Place, London, EC4M 7RD, United Kingdom. The Company has no overseas branches.

Share repurchases

The Company did not acquire any of its own shares during the year ended 31 December 2016 (2015: nil).

Capital reduction

On 22 June 2016, the Company completed a reduction of its share capital and as such the nominal value of each Ordinary Share was reduced from $7.50 to $0.01, with the amount of the capital reduction being credited to a distributable reserve.

Dividends

On 3 February 2016, the Board declared a quarterly dividend in the amount of $0.08 per Ordinary Share payable on 14 March 2016 (the "**March Dividend**") to shareholders of record at the close of business on 26 February 2016 (together with their personal representatives or successors in title, the "**Recipients**"). The Company later identified that it had insufficient distributable reserves to pay the March Dividend, the effect of which is that the dividend was not paid in accordance with the Companies Act. A resolution was therefore passed at the Annual General Meeting on 29 June 2016 which authorised the appropriation of distributable profits of the Company to the March Dividend and waived any right of the Company to pursue directors or the Recipients for repayment of the March Dividend. The overall effect of the resolution being passed was to return all parties to the position they would have been in had the relevant dividends been made in full compliance with the Companies Act.

The Board of Directors of the Company agreed three further interim dividend payments during 2016, paid on 12 August 2016, 28 September 2016 and 29 December 2016 and each in the amount of $0.08 per Ordinary Share.

The future declaration and payment of dividends to shareholders and the amount of any such dividends will be at the discretion of the Board.

Political donations

The Company has not made any political donations, or incurred any political expenditure in the period under review.

Employee policies

Ferroglobe has a culture of continuous improvement through investment in people at all levels within Ferroglobe. Ferroglobe is committed to pursuing equality and diversity in all its employment activities, including recruitment, training, career development and promotion and ensuring there is no bias or discrimination in the treatment of people. Ferroglobe supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on the grounds of race, age, nationality, religion, ethnic or national origin, sexual orientation, gender or gender reassignment, marital status or disability. Wherever possible, vacancies are filled from within Ferroglobe and efforts are made to create opportunities for internal promotion.

It is Ferroglobe's policy to encourage applications for employment from disabled people and to assist with their training and development, particularly in light of their aptitudes and abilities. If an existing employee becomes disabled, it is Ferroglobe's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development, and promotion to the disabled employee to the fullest extent possible, unless such accommodation would cause the employer undue hardship.

Greenhouse gas emissions

The Company is in the process of preparing certain data on its emissions of greenhouse gasses across its wider group operations. The Company intends to release that data in respect of the year ended 31 December 2016, and details of its methodology in recording and assessing its emissions, on its Group website in due course.

Financial risk management objectives/policies and hedging arrangements

Please refer to Part I, Item 11 Quantitative and Qualitative Disclosures About Market Risk of the 2016 Form 20-F (as set out in the separate attachment to this U.K. Annual Report) for information on Ferroglobe's financial risk management objectives/policies and hedging arrangements.

Events since 31 December 2016

Amended Revolving Credit Facility

On 15 February 2017, Ferroglobe and its subsidiary Globe Specialty Metals, Inc., certain subsidiaries of Ferroglobe party thereto as guarantors, financial institutions party thereto as lenders and Citizens Bank of Pennsylvania, as administrative agent for the lenders, entered into a revolving credit facility amendment to amend the Existing Revolving Credit Facility Agreement. The amended revolving credit facility provides for borrowings up to an aggregate principal amount of $200 million.

Senior Notes due 2022

On 15 February 2017, Ferroglobe PLC and its Subsidiary Globe Specialty Metals, Inc. issued $350 million aggregate principal amount of 9.375% Senior Notes due 2022.

New development of the Spanish Solar Project

On 20 December 2016, Ferroglobe entered into an agreement with Aurinka and Blue Power providing for the formation and operation of a joint venture with the purpose of producing UMG solar silicon, subject to the satisfaction of certain conditions precedent. On 24 February 2017 the parties signed-off the final JV agreement that launched the mentioned project.

Full details of the aforementioned events since the balance sheet date are set out in Note 38 to the financial statements.

Future developments

As part of its strategy to better serve customers, the Group develops new products or new specifications on a continuous basis. As a consequence of these efforts, investments may be made in facilities that allow the production of new products, such as higher grade silicon metal, solar grade silicon metal or new foundry products.

The Group is continuously pursuing growth opportunities by the acquisition of industrial facilities or companies that operate in the same sector and produce similar products, and which are deemed to be potentially valuable for the Group. No decision or formal commitment with respect to the pursuit of growth opportunities has been entered into as at the date of reporting, but at any given point in time several alternatives may be under analysis. It is possible that, in the short- to medium-term, at least one of such projects could materialise.

Research and development

Please refer to Part I, Item 4, Information on the Company of the 2016 Form 20-F (as set out in the separate attachment to this U.K. Annual Report) for information on Ferroglobe's research and development.

Going concern

The Group meets its working capital needs through its cash reserves and banking facilities. Although the Group had a loss for the year of $338 million the Group has net assets of $2,019 million. This includes cash of $197 million and further facilities available of $547 million as at 31 December 2016. As noted above and as discussed in the "events after balance sheet date" note (note 38) the Group was refinanced and the existing debt structure at 31 December 2016 was replaced. The Group's forecasts and projections take into account possible changes in trading performance and show that the Group should be able to operate within the current level of available facilities and cash flows from operations. As such, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Statement of disclosure to the Company's U.K. statutory auditor

In accordance with section 418 of the Companies Act, each director at the date of this Directors' Report confirms that:

- so far as he is aware, there is no relevant audit information of which the Auditor is unaware; and
- he has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act. Deloitte LLP has indicated its willingness to continue in office, and a resolution that it be re-appointed will be proposed at the Annual General Meeting.

By order of the Board on 30 May 2017,

Nicholas Deeming

Company Secretary

Directors' responsibilities statement

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

In accordance with the Companies Act, the directors are required to prepare financial statements for each financial period. Under that Act, the directors have elected to prepare the financial statements in accordance with IFRS as issued by the IASB. Under the Companies Act, the directors must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and

- make an assessment of the company’s ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of each directors’ knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- this Directors’ Report and the Strategic Report include a fair review of the development or performance of the business and the position of the Company and its subsidiaries and subsidiary undertakings taken as a whole, together with a description of the principal risks and uncertainties that they face;

- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s position, performance, business model and strategy; and

- the responsibility statement was approved by the Board on 30 May 2017 and signed on its behalf by Greger Hamilton.

By order of the Board on 30 May 2017,

Greger Hamilton

Director

Directors’ Remuneration Report

Introduction

Dear Shareholder

As Chairman of the Compensation Committee (the **“Committee”**), and on behalf of the Board, I am pleased to present the Directors’ Remuneration Report for the period ended 31 December 2016.

This is our first Directors’ Remuneration Report covering a full financial year. The Company became the parent company of Globe and FerroAtlántica, as a result of the Business Combination, on 23 December 2015. This report sets out the Directors’ Remuneration Policy (the “**Policy**”), which was approved by a 92.09% majority at last year’s AGM, alongside the annual report on remuneration (the **“Annual Report on Remuneration”**), which will be subject to an advisory vote at the Annual General Meeting on 28 June 2017.

Board Changes

As explained in the Company's Report and Financial Statements for the period ended 31 December 2015 (the "**2015 annual report**"), the Company held a series of discussions with Mr Kestenbaum prior to expiration of his employment agreement to reach an agreement that would result in him entering into a service contract that would have been substantially on the terms of the Policy applicable to other Executive Directors. However, as announced on 2 January 2017, Mr Kestenbaum ceased employment with the Company on 31 December 2016 and resigned from the Company's Board as Executive Chairman with effect on the same day. Following Mr Kestenbaum's departure, the Board unanimously voted to appoint Javier López Madrid to succeed Mr Kestenbaum as Executive Chairman. As a result, Mr López Madrid is currently the only Executive Director.

The Committee spent a significant amount of time considering Mr Kestenbaum's leaver terms in the context of the legacy arrangements which the Company inherited as a result of the Business Combination. In accordance with Mr Kestenbaum's employment agreement, he was entitled to various payments and benefits and a lump sum severance payment. These payments and benefits are consistent with the Policy, which specifically adopted his employment agreement. In accordance with its powers under the Policy, the Committee approved minor amendments to the Policy, as described on page 28, to aid in the Company's satisfaction of its obligations under Mr Kestenbaum's employment agreement.

2016 Outcomes

During our first year as a combined entity, the Company has intensively worked to integrate the organisation, capture enhanced synergies, strengthen our commercial strategy and restructure our balance sheet, setting the Company up for an improvement of our financials in the wake of the market recovery. For 2016, Mr Kestenbaum was entitled to an annual bonus with a target level of 215% of his base salary, based on the achievement of demanding corporate financial measures (weighted at 70%) and integration of the business (weighted at 30%). The Committee determined achievement of 35% of the target level of performance for 2016 based on the best estimate, at the time Mr Kestenbaum ceased employment, of the Company's financial results for 2016 and the assessment of progress on the integration process. Payment of this bonus was in accordance with Mr Kestenbaum's employment agreement. Mr López Madrid, in his role as Executive Vice-Chairman, was entitled to an annual bonus with a target level of 215% of his base salary. Payment of this bonus was subject to challenging financial, synergy and integration targets. As a result, the Committee determined achievement of 45.8% of target level of performance for 2016.

Looking forward

The Committee spent a considerable amount of time reviewing the implementation of the Policy for 2017 in light of feedback received last year. Within the Policy, the Committee has the ability to award non-performance based long-term incentive awards. Considering feedback and best practice, the Committee has decided all future awards for Executive Directors will be subject to performance conditions.

Implementation for 2017

Last year, the Committee decided to reflect the challenges of integrating the two businesses within the variable pay mix with greater weighting given to the short-term than the long-term. This was to ensure sufficient focus on the shorter-term priorities of integrating the business. This was a one-off arrangement. The Committee recognises the importance of aligning our executives' interests with those of our investors and therefore, as highlighted in last year's report, the long-term opportunity for 2017 will be greater and the short-term will be lower.

The annual bonus will once again be measured against challenging objectives, with 70% based on financial measures. The annual bonus targets are considered to be commercially sensitive at this time, however, the Committee is committed to disclosing these in next year's report.

The proposed long-term incentive measures remain unchanged from the 2016 awards. Vesting of 60% of the total award will be determined by Ferroglobe's Total Shareholder Return ("**TSR**") performance with 30% being determined relative to a bespoke group of peers and 30% being determined relative to the S&P Global 1200 Metals and Mining Index. The remaining 40% will be based on a "quality of performance assessment" which will relate to the Company's return on invested capital ("**ROIC**") over the three-year period as compared with a bespoke comparator group of the Company's peers using a quarterly average for the calculation of Invested Capital and the Company's net operating profit after tax ("**NOPAT**") growth as compared to the same bespoke comparator group of the Company's peers.

The Committee has reviewed the base salary for Mr López Madrid, the Executive Chairman, and his salary remains unchanged for 2017.

As highlighted last year, moving the corporate head office to London has involved the relocation of executives. The general policy is that an allowance is to be paid to those top-level executives who relocate equal to 20% of salary which may be paid at up to twice this amount for the first three years. This avoids the need for the Company to incur significant property purchase tax payments or other one-off costs that could easily exceed one times annual salary if grossed-up for income tax. The Committee is committed to reviewing annually the level of the allowance to be paid and has determined that the allowances will continue at the existing level for 2017.

The Committee has worked hard on remuneration matters since the Business Combination. I hope I can rely on your support at our Annual General Meeting.

Signed on behalf of the Board.

Javier Monzón

Chairman of the Compensation Committee

30 May 2017

Remuneration Policy

Objectives

The Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "**Regulations**"). The Policy was approved at the 2016 Annual General Meeting. The approved Policy can be found in the Directors' Remuneration Report for the period ended 31 December 2015 and on the Company's website. The Policy is set out below for information only; the chart showing remuneration scenarios for Mr López Madrid on page 20, has been updated to reflect proposed 2017 remuneration levels and minor changes to the text of the Policy have been made, in particular, to reflect the fact that the Policy has now been approved by the shareholders. In addition, certain wording has been updated below in respect of the legacy arrangements summary for Mr Kestenbaum to reflect his departure from the Company. The terms of the Policy remain unchanged, save that (as permitted by a power within the Policy) minor amendments have been made, as explained on page 28, in connection with Mr Kestenbaum's legacy arrangements in order to aid the Company in satisfying its obligations under his employment agreement (which was adopted by the Company and incorporated into the Policy approved at the 2016 Annual General Meeting).

The overall aim of our remuneration strategy is to provide appropriate incentives that reflect the Company's high performance culture and values to maximise returns for our shareholders. In summary, we aim to:

- attract, retain and motivate high calibre, high performing employees;
- encourage strong performance and engagement, both in the short- and the long-term, to enable the Company to achieve its strategic objectives;
- structure the total remuneration package so that a very significant proportion is linked to performance conditions measured over both the short-term and longer-term;
- set fixed pay levels at or around market norms to allow for a greater proportion of total remuneration opportunity to be in variable pay; and
- create strong alignment between the interests of shareholders and executives through both the use of equity in variable incentive plans and the setting of shareholding guidelines for Executive Directors.

There are no material differences in the Policy for our Executive Directors compared to our senior management other than in terms of quantum and levels of participation in incentive plans reflecting the higher weighting to variable pay and ability to influence performance outcomes. The foregoing did not apply to legacy arrangements that applied to Mr Kestenbaum and two members of senior management of Globe for the period to 31 December 2016. For our wider employee population, the Company aims to provide remuneration structures and levels that reflect market norms.

Legacy Arrangements

The Company became the parent company of Globe and FerroAtlántica as a result of the Business Combination. Accordingly, a number of contractual commitments, including those entered into by Globe with Mr Kestenbaum, who was the executive chairman of Globe (and then Ferroglobe), remained in force. These commitments are described in this Directors' Remuneration Report. It is a provision of the Policy that the Company would: (a) honour legacy arrangements with Mr Kestenbaum, including the implementation of incentive awards to ensure compliance with the contractual terms and (b) honour outstanding legacy share awards made to directors of the Company who were previously non-executive directors of Globe as set out in the Annual Report on Remuneration.

As explained in the Company's 2015 annual report, the Company held a series of discussions with Mr Kestenbaum prior to the expiration of his employment agreement on 31 December 2016 to reach an agreement that would result in him entering into a service contract that would have been substantially on the terms of the Policy applicable to other Executive Directors. However, Mr Kestenbaum ceased employment with the Company on 31 December 2016 and resigned from the Company's Board as Executive Chairman with effect on the same day.

Components of remuneration for Executive Directors

Element	Purpose and link to strategy	Operation and maximum opportunity	Performance framework and recovery
Salary	A fixed salary commensurate with the individual's role, responsibilities and experience, having regard to broader market rates.	Reviewed annually, taking account of Group performance, individual performance, changes in responsibility and levels of increase for the broader employee population and market salary levels.	Not applicable.
Pension and retirement benefits	Attraction and retention of top talent; providing mechanism for the accumulation of retirement benefits.	Executive Directors may be paid a cash allowance in lieu of pension. The maximum cash allowance is 20% of base salary. This includes contributions to the U.S. tax-qualified defined contribution 401(k) plan.	Not applicable.
Benefits	Attraction and retention of top talent.	Benefits may include but are not limited to medical cover, life assurance and income protection insurance.	Not applicable.
		Relocation allowances may take into account a housing allowance, school fees, adviser fees for assistance with tax affairs and an expatriate allowance to cover additional expenditure incurred as a result of the relocation. Payment of such relocation allowances will be	

Element	Purpose and link to strategy	Operation and maximum opportunity	Performance framework and recovery
		reviewed by the Committee on an annual basis.	
		Benefits will be provided as the Committee deems necessary including to take into account perquisites or benefits received from a prior employer or as is customary in the country in which an executive resides or is relocated from.	
		Benefits provided by the Company are subject to market rates and therefore there is no prescribed monetary maximum. The Company and the Committee will keep the cost of the benefits under review. The Company provides all Executive Directors with directors' and officers' liability insurance and will provide an indemnity to the fullest extent permitted by the Companies Act.	
Annual bonus	Short-term performance-based incentive to reward achievement of annual performance objectives.	The Committee will determine an Executive Director's actual bonus amount, subject to the achievement of quantitative and qualitative performance criteria. At least two-thirds of the bonus will be based on financial metrics with the balance based on non-financial metrics. The maximum bonus opportunity that may be awarded to an Executive Director is normally 200% of salary. In 2016, the maximum bonus was	The Committee will select the most appropriate performance measures for the annual bonus for each performance period and will set appropriately demanding targets. Normally any bonus earned in excess of the target amount will be deferred for three years into shares in the Company. The Executive Director may be granted an additional long-term incentive award, as described

Element	Purpose and link to strategy	Operation and maximum opportunity	Performance framework and recovery
		greater than 200% as the Committee determined that more focus should be given to shorter-term measures for business integration reasons with a broadly equivalent reduction in long-term incentive. If the Committee provides higher annual bonus opportunities in any year, its rationale will be clearly explained in the Annual Report on Remuneration for the relevant year. In these, and other exceptional circumstances, the limit will be 500% of salary. No more than 25% of the maximum bonus payable for each performance condition will be payable for threshold performance.	below, of equal value (at maximum) to the amount of annual bonus deferred. Recovery and recoupment will apply to all bonus awards for misstatement, error or gross misconduct.
Long-term incentive awards	Focus Executive Directors' efforts on sustainable strong long-term performance of the Company as a whole, and to aid retention with multi-year vesting provision. Improves alignment of Executive Directors' interests with those of the Company and shareholders.	Executive Directors are eligible for awards to be granted as decided by the Committee under the Company's long-term incentive plan. Awards would normally vest three years after the date of grant. The Committee may determine whether or not awards are subject to achievement of performance targets measured over a three-year period. Awards where the vesting is subject to achievement of performance targets will form at least two-thirds of the total long-term incentive awards granted to an Executive Director in any financial year. The Committee has decided that all awards granted in 2017 and subsequent years to Executive	The Committee will select the most appropriate performance measures for long-term incentive awards for each performance period and will set appropriately demanding targets. Recovery and recoupment will apply to all long-term incentive awards for misstatement, error or gross misconduct.

Element	Purpose and link to strategy	Operation and maximum opportunity	Performance framework and recovery
		Directors under the Policy will be subject to performance targets. The annual target award limit will not normally be higher than 300% of salary (based on the face value of shares at date of grant).	
		Maximum vesting is normally 200% of target (based on the face value of shares at date of grant).	
		There is an exceptional annual target award limit in recruitment, appointment and retention situations of 500% of salary.	
Share ownership guidelines	Increases alignment between the Executive Directors and shareholders.	Executive Directors, including the Executive Chairman, are recommended to hold a percentage of their salary in shares. This holding guideline could be achieved through the retention of shares on vesting/exercise of share awards and may also (but is not required to) be through the direct purchase of shares by the Executive Directors.	Not applicable.

Performance Criteria and Discretions

Selection of Criteria

The Committee assesses annually at the beginning of the relevant performance period which corporate performance measures, or combination and weighting of performance measures, are most appropriate for both annual bonus and long-term incentive awards to reflect the Company’s strategic initiatives for the performance period. The Committee has the discretion to change the performance measures for awards granted in future years based upon the strategic plans of the Company. The Committee sets demanding targets for variable pay in the context of the Company’s trading environment and strategic objectives and taking into account the Company’s internal financial planning, and market forecasts. Any non-financial goals will be well-defined and measurable.

Discretions retained by the Committee in operating its incentive plans

The Committee operates the Group’s various plans according to their respective rules. In administering these plans, the Committee may apply certain operational discretions. These include the following:

- determine the extent of vesting based on the assessment of performance;
- determine “good leaver” status (as described below) and, where relevant, the extent of vesting;

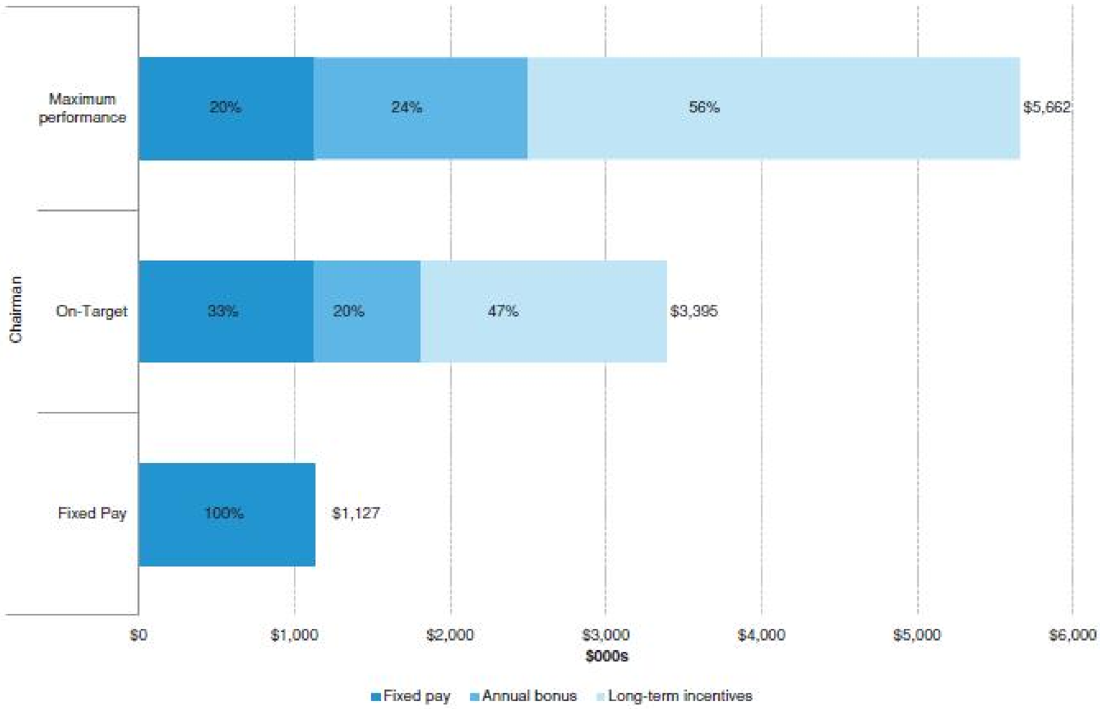
- where relevant, determine the extent of vesting in the case of share-based plans in the event of a change of control in accordance with the rules of the various plans; and

- make the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends).

The Committee, acting fairly and reasonably, and after consulting plan participants, may adjust the targets and/or set different measures and alter weightings for the variable pay awards already granted (in a way that the alterations are intended to create an equivalent outcome for plan participants) only if an unexpected event (corporate or outside event) occurs which causes the Committee to reasonably consider that the performance conditions would not, without alteration, achieve their original purpose and the varied conditions are materially no more or less difficult to satisfy than the original conditions. Any changes and the rationale for those changes will be set out clearly in the Annual Report on Remuneration in respect of the year in which they are made.

Remuneration scenarios for Mr López Madrid

Reflecting the Board changes, the chart below has been updated to show the level of remuneration potentially payable to Mr López Madrid as Executive Chairman under different performance scenarios for the 2017 financial year:



Assumptions — Mr López Madrid

Fixed pay comprises base salary for 2017, benefits at an estimated level of 4% of salary, a normal level of expatriate allowance of 20% of base salary with an exceptional additional expatriate allowance of 20% of base salary (for up to three years from appointment as an Executive Director because of the particular circumstances of the relocation of the Ferroglobe business to London) and a pension contribution of 20% of salary in accordance with the Directors' Remuneration Policy.

On-target performance comprises fixed pay plus annual bonus of 100% of salary and long-term incentives of 230% of salary.

Maximum performance comprises fixed pay plus annual bonus of 200% of target and long-term incentives of 200% of target.

No share price growth or dividends have been assumed. As described below, an additional long-term incentive award may be granted if part of the annual bonus is deferred, with the maximum value of such award equal to the amount of bonus deferred. For simplicity, this has been excluded.

Note that directors' current base salary or fees here and elsewhere in the report is converted to U.S. Dollars using a three-month average exchange rate to 31 March 2017 of 1 Pound Sterling = 1.2381 U.S. Dollars.

Approach to Recruitment Remuneration

The Committee expects any new Executive Directors to be engaged on terms that are consistent with the Policy (excluding the legacy arrangements) as set out in the policy table above.

The Committee recognises that it cannot always predict accurately the circumstances in which any new directors may be recruited. The Committee may determine that it is in the interests of the Company and shareholders to secure the services of a particular individual, which may require the Committee to take account of the terms of that individual's existing employment and/or their personal circumstances. Examples of circumstances in which the Committee expects it might need to do this are:

- where an existing employee is promoted to the Board, in which case the Company will honour all existing contractual commitments including any outstanding annual bonus or long-term incentive awards or pension entitlements and will provide other benefits consistent with those provided to senior leaders in that employee's home country;

- where an individual is relocating in order to take up the role, in which case the Company may provide certain one-off benefits in addition to benefits set out in the policy table, such as reasonable relocation expenses, assistance with visa applications or other immigration issues and ongoing arrangements, such as annual flights home and cost of education; and

- where an individual would be forfeiting fixed or valuable variable remuneration in order to join the Company, in which case the Committee may award appropriate additional compensation in addition to the limit set out in the policy table. The Committee would look to replicate the arrangements being forfeited as closely as possible, taking into account the nature of the remuneration, performance conditions, attributed expected value and the time over which any variable pay would have vested or been paid.

In making any decision on any aspect of the remuneration package for a new recruit, the Committee would balance shareholder expectations, current best practice and the requirements of any new recruit and would strive not to pay more than is necessary to achieve the recruitment. The Committee would give full details of the terms of the package of any new recruit in the next remuneration report. Award levels under the Company's variable incentive plans would not exceed those set out in the policy table, but their proportions can be altered for the first three years of employment.

Executive Directors' Service Contracts and Policy on Cessation

In order to motivate and retain the Executive Directors and other senior executives, most of whose backgrounds are in the United States and Spain, the Committee took account of market practices in those countries in (a) determining the treatment of annual bonus and long-term incentive awards in case of termination of their employment by the Company without cause, (b) referencing past annual bonuses in calculating the amount of payment in lieu of notice, (c) determining the extent of vesting of long-term incentive awards in the event of a takeover and (d) determining that at least two-thirds of the total long-term incentive awards granted to an executive in any financial year will be subject to the achievement of performance targets.

Legacy service contract for Mr Kestenbaum

Mr Kestenbaum became a director and the Executive Chairman of the Company on the Business Combination, and continued to be engaged under an employment agreement with Globe, dated 27 January 2011, as amended on 22 February 2015 (the "**Amendment**") (together, the "**Employment Agreement**") until 31 December 2016. Pursuant to the Amendment, the Employment Agreement was scheduled to expire on 31 December 2016, and such expiry constituted a termination of employment without cause (with the consequences described below).

A summary of the Employment Agreement can be found below:

Under the Employment Agreement, Mr Kestenbaum performed his duties on a non-full time basis, but was expected to devote at least 70% of his full working time to the Company.

If his employment was terminated by reason of his death or disability, Mr Kestenbaum would be entitled to payment of all accrued but unpaid base salary, vested and unvested incentive awards, pro-rata payment of incentive awards for the then current plan year, and full vesting of 108,578 restricted shares granted on 27 January 2011 that were otherwise scheduled to vest on 27 January 2021. If his employment was terminated without cause or if he resigned for good reason, Mr Kestenbaum was entitled to receive the foregoing items plus a lump sum severance payment comprised of two times his base pay, the value of his incentive awards granted or vested during the previous two calendar years, and the pre-tax cost of two years' Consolidated Omnibus Budget Reconciliation Act ("**COBRA**") coverage for himself and his family under Globe's health plans.

If Mr Kestenbaum's employment was terminated before the second anniversary of the Business Combination (being 23 December 2017) without cause, or he resigned for good reason, or his employment was terminated for reasons other than disability or death, then he would have been entitled to the same payments as upon termination without cause or for resignation for good reason (as set out in the paragraph above), except that the lump sum severance payment would be an amount equal to $1 less than three times his Average Annual Compensation as defined in the Employment Agreement (in summary, the sum of his average base pay and his average incentive awards granted or vested for the past five years ending on the termination date).

If Mr Kestenbaum resigned without good reason or if he was terminated for cause, then he would have been entitled to any accrued but unpaid base pay and the vested portion of incentive awards. He would also forfeit his 108,578 restricted shares that were scheduled to vest in January 2021.

If the payments to Mr Kestenbaum upon termination of his employment were subject to the excise tax under Section 4999 of the U.S. Internal Revenue Code (the "**Code**"), a nationally recognised certified public accounting firm selected by Globe would determine whether to reduce the payments so that the value would not exceed the safe harbour amount specified in Section 280G(b)(3) of the Code. The payments would be reduced if the external accounting firm determines that Mr Kestenbaum would receive a greater net-after tax amount if the aggregate payments were so reduced.

The Employment Agreement provided for non-compete and non-solicit restrictions for two years following a termination of employment under most circumstances. If Mr Kestenbaum's employment was terminated without cause or if he resigned for good reason, he would not be bound by such restrictions. The restrictions would be applicable if the Employment Agreement expired on 31 December 2016.

The Employment Agreement was governed by the laws of the State of New York.

Under the Employment Agreement, "good reason" generally meant: (a) a material reduction of compensation, base pay, bonus plan award, other bonuses or benefits, (b) the assignment of duties substantially inconsistent with his responsibilities as then in effect, or his authorities, duties, or responsibilities are diminished in any material respect, including as a result of (x) his failure to be elected or appointed as a member of Company's board of directors or (y) the Company ceasing to be a reporting company pursuant to the Exchange Act, (c) Globe, without Mr Kestenbaum's consent, relocating its principal executive offices or his place of employment to an area other than New York, New York, (d) a requirement that Mr Kestenbaum report to a person or entity other than Globe's board of directors or (e) a material breach by Globe of the terms of the Mr Kestenbaum's Employment Agreement. "Cause" generally meant conviction of a crime causing material harm to Globe or any crime involving material fraud or embezzlement with respect to Globe's property, or a breach of his Employment Agreement, including any restrictive covenants set forth therein, that causes material harm to Globe (after receiving written notice of a breach Mr Kestenbaum has 30 days to correct the breach).

Mr Kestenbaum's base salary for 2016 was $995,000 per annum, which had remained unchanged for the past five years. Mr Kestenbaum was entitled to pension and benefits entitlements materially commensurate with the previous years. In addition, if another senior executive received incentive awards having terms materially more favourable than those granted to Mr Kestenbaum, then his incentive awards would be modified or he would receive additional awards to make them substantially as favourable.

Legacy arrangements with Mr Kestenbaum also included an annual performance-based bonus award and equity grants.

It is a provision of the Policy that the Company will: (a) honour legacy arrangements with Mr Kestenbaum, including the implementation of incentive awards to ensure compliance with the contractual terms and (b) honour outstanding legacy share awards made to him by Globe as set out in the Company's 2015 annual report.

Service contracts

It is the Company's policy (with the exception of the legacy arrangements of Mr Kestenbaum, *see above*, and subject to the Approach to Recruitment Remuneration above) that all Executive Directors have rolling service contracts for an indefinite term but a fixed period of notice of termination which would normally be 12 months. With respect to newly-appointed directors, the Committee may, if it considers necessary, agree a notice period in excess of 12 months (but not exceeding 24 months), provided the notice period reduces to 12 months within a specified transition period not exceeding 36 months. The service contract for Mr López Madrid, who replaced Mr Kestenbaum as Executive Chairman on 1 January 2017 and was previously Executive Vice-Chairman, is in accordance with this policy.

It is the Company's policy that an Executive Director's service contract (with the exception of the legacy arrangements of Mr Kestenbaum, (*see above*) may be terminated without notice and without further payment or compensation, except for sums accrued to the date of termination, for cause (as defined in the service contract). In other circumstances, the Company may terminate employment with immediate effect and make a payment in lieu of notice in the amount equivalent to the aggregate of (i) base salary, (ii) the average of annual bonuses in the last three years prior to termination, (iii) pension allowance plus (iv) cost of benefits, for the notice period (or if a notice has been served, for the unserved notice period). An Executive Director would be entitled to an equivalent payment in the event of his resignation for good reason (as defined in the service contract). Normally there would be no additional contractual entitlement in respect of a change-in-control. An Executive Director may also be entitled to certain amounts with respect to annual bonus and long-term incentive awards, as described below. "Cause" and "good reason", as defined in the service contract, also apply in relation to annual bonus awards and long-term incentive awards as described below. Executive Directors' service contracts (or a memorandum of the terms where the contract is unwritten) are available for inspection at the Group's office at 2nd Floor West, Lansdowne House, 57 Berkeley Square, London, W1J 6ER during normal business hours and at the Annual General Meeting.

Generally

As circumstances may require, the Committee may approve compensation payments in consideration of statutory entitlements, for a release of claims, enhanced post-termination restrictive covenants or transitional assistance, such as outplacement services and payment of legal fees in connection with termination, home relocation expenses including tax related expenses and other ancillary payments thereto.

Annual bonus awards

In the event that an Executive Director's employment is terminated without cause, by resignation by the Executive Director for good reason, or by reason of death, injury, disability, his employing company or the business for which he works being sold out of the Group, the Company will pay an annual bonus amount in respect of the financial year in which termination occurs subject to performance conditions being met at the end of the period and with pro-rating of the award determined on the basis of the period of time served in employment during the normal vesting period but with the Committee retaining the discretion in exceptional circumstances to increase the level of vesting within the maximum annual bonus amount as determined by the performance conditions. The Committee may, if it considers it appropriate in exceptional circumstances, measure performance to the date of cessation. In other circumstances, payment will be at the Committee's discretion. The Committee will consider the period of the year worked and the performance of the executive during that period when considering how to exercise its discretion.

Long-term incentive awards

As a general rule, any unvested long-term incentive award (except deferred bonus awards, see below) will lapse upon an Executive Director ceasing to be an employee or director in the case of voluntary resignation or dismissal for cause. However, if the cessation is without cause, by resignation by the Executive Director for good reason, or because of his death, injury, disability, his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Committee, then their award will vest in full on the date when it would have ordinarily vested subject to the performance conditions being met. Where an award vests at the discretion of the Committee that award may be pro-rated taking into account the period of time served in employment during the normal vesting period of the award. The Committee can for any cessation measure performance up to the date of cessation and permit awards to vest early.

Deferred bonus awards vest in full upon cessation, other than in case of voluntary resignation by an Executive Director without good reason or dismissal for cause. Vested but unexercised awards held on cessation will remain capable of exercise for a limited period save in the case of dismissal for cause.

In the event of a takeover all awards will vest early to the extent that the performance conditions are determined as satisfied at that time on such basis as the Committee considers appropriate.

External appointments

Executive Directors may retain fees paid for external director appointments. These appointments are subject to approval by the Board and must be compatible with their duties as Executive Directors.

Matters taken into consideration in determining policy and differences in the remuneration policy of the Executive Directors and employees

It is not the Committee's practice to consult with employees on matters relating to executive pay. However, the Committee will consider pay structures, practices and principles across the Group on a regular basis and take these into account in any review of the Executive Directors' current policy or implementation thereof.

The Committee will consider feedback from shareholders and take into account the results of both advisory and binding votes concerning executive pay at the Annual General Meeting as well as ensuring it engages with shareholders on executive pay matters. The Company has taken account of its understanding of the guidelines of shareholders in formulating its Directors' Remuneration Policy.

Directors' Remuneration Policy for Non-Executive Directors

Element	Purpose and link to strategy	Operation and maximum opportunity	Performance framework and recovery
Non-Executive Directors fees including non-executive chairman	To appropriately remunerate the Non-Executive Directors	The Non-Executive Directors are paid a basic fee. Supplemental fees may be paid for additional responsibilities and activities, such as for the committee chairmen and other members of the main Board committees (e.g. audit, compensation, and nominating and corporate governance) and the Senior Independent Director, to reflect the additional responsibilities as well as travel fees to reflect additional time incurred in travelling to meetings.	Not applicable

Element	Purpose and link to strategy	Operation and maximum opportunity	Performance framework and recovery
		These fee levels are reviewed periodically, with reference to time commitment, knowledge, experience and responsibilities of the role as well as market levels in comparable companies both in terms of size and sector.	
		The Company does not currently have a non-executive Chairman. If one were appointed, his fee would be set at a level with reference to time commitment, knowledge, experience and responsibilities of the role as well as market levels in comparable companies both in terms of size and sector.	
		There is no maximum fee level or prescribed annual increase.	
Payment of expenses and benefits	To support the Non-Executive Directors in the fulfilment of their duties	Reasonable expenses incurred by the Non-Executive Directors in carrying out their duties may be reimbursed by the Company including any personal tax payable by the Non-Executive Directors as a result of reimbursement of those expenses. The Company may also pay an allowance in lieu of expenses if it deems this appropriate.	Not applicable

Element	Purpose and link to strategy	Operation and maximum opportunity	Performance framework and recovery
		The Company provides Non-Executive Directors with directors' and officers' liability insurance and an indemnity to the fullest extent permitted by the Companies Act.	

Legacy Arrangements with Certain Non-Executive Directors

Prior to the Business Combination, in keeping with many other NASDAQ listed companies, Globe granted restricted stock units and share appreciation rights to its non-executive directors. Outstanding awards as at 31 December 2016 held by the Non-Executive Directors, who were previously Globe's non-executive directors, are set forth on page 39.

It is noted that those Non-Executive Directors with restricted stock units and share appreciation rights may be regarded as not being independent by U.K.-based proxy voting agencies although the Board considers them to be fully independent. It is a provision of this Directors' Remuneration Policy that the Company may accelerate the vesting or repurchase of these awards based on an independent valuation, if it deems such action appropriate.

Letters of Appointment with Non-Executive Directors

The Company does not enter into service contracts with its Non-Executive Directors, rather the Company enters into letters of appointment for a rolling period of 12 months with each annual renewal being subject to re-election at each annual general meeting of the Company. No compensation for loss of office is payable in the event a Non-Executive Director is not re-elected. The Company may request that the Non-Executive Directors resign with immediate effect in certain circumstances (including material breach of their obligations) in which case their appointment would terminate without compensation to the Non-Executive Director for such termination but with accrued fees and expenses payable up to the date of termination.

Appointment of Non-Executive Directors

For the appointment of a non-executive chairman or other Non-Executive Directors, the fee arrangement would be in accordance with the approved Directors' Remuneration Policy in place at that time.

Minor amendments

The Committee may make minor changes to the Policy, which do not have a material advantage or disadvantage overall to directors, to aid in its operation or implementation (including to take account of any change in legislative or regulatory requirements applicable to the Company) without seeking shareholder approval for a revised version of the Policy. During 2016, the Committee exercised this power to make minor amendments to the Policy, as described on page 13, in connection with Mr Kestenbaum's departure from the Company. This was done in order to aid the Company in satisfying its obligations under his employment agreement which has been adopted by the Company and incorporated into the Policy, which expressly honours legacy arrangements with Mr Kestenbaum, including the implementation of incentive awards. Such minor amendments form provisions of this Policy.

Annual Report on Remuneration

Implementation of the Directors' Remuneration Policy for the year ending 31 December 2017

This section sets out how the Committee intends to implement the Policy for the year ending 31 December 2017.

Base salary

Mr López Madrid was appointed as Executive Chairman with effect from 1 January 2017. Mr López Madrid's salary was reviewed on his appointment and remains unchanged at £555,000 ($687,146).

Pension and benefits

In accordance with the Policy, Mr López Madrid as Executive Chairman will continue to receive a pension contribution at the rate of 20% of base salary, payable as a cash allowance, benefits to the value of an estimate of 4% of salary and an expatriate benefits allowance. This expatriate benefits allowance will usually be equal to 20% of base salary. However, as described in the 2015 annual report, Mr López Madrid will continue to be entitled to an exceptional additional expatriate allowance of a further 20% of salary (in line with market practice, for up to three years from appointment as an Executive Director of the Company because of the particular circumstances of the relocation of the Ferroglobe business in this period of transition). This expatriate allowance will be reviewed by the Committee on an annual basis.

The Company provides directors' and officers' liability insurance and will provide an indemnity to the fullest extent permitted by the Companies Act.

Annual bonus

The target annual bonus opportunity for Mr López Madrid as Executive Chairman will be 100% of base salary with a maximum opportunity of twice the target level.

70% of the annual bonus will be based on achieving EBITDA, EBITDA margin and free cash flow targets (one third each) with the remainder based on strategic priority goals. The annual bonus targets are considered to be commercially sensitive at this time and are not disclosed. It is the Compensation Committee's intention to disclose the threshold, target and stretch figures for each of these measures in next year's report. Any bonus earned in excess of 100% of the target will be deferred for three years into shares in the Company.

As outlined in last year's report, to further align the Executive Chairman's interests with those of shareholders over the long-term, and to link the annual bonus with the level of grant of long-term incentives, the Company could have granted an additional long-term incentive award in 2017, with a maximum value of such award equal to the amount of bonus deferred. This award would be subject to the performance targets and vesting schedule described under the heading Long-term incentives below. As Mr López Madrid's 2016 annual bonus outcome was below target, no annual bonus has been deferred and therefore no additional long-term incentive award will be made in 2017. The same arrangement will apply to the 2017 annual bonus and, depending on the outcome, an additional long-term incentive award may be made in 2018.

Long-term incentives

The Executive Chairman will be granted a long-term incentive award with a target level of vesting of 230% of base salary and maximum vesting of two times target.

Vesting of 60% of the total award will be determined by Ferroglobe's Total Shareholder Return ("**TSR**") performance. 50% of the TSR part of the award is calculated relative to a bespoke group of peers, and the other 50% is calculated relative to the S&P Global 1200 Metals and Mining Index in line with last year's award. Performance will be measured over three years with vesting as set out below.

The bespoke peer group comprises the following companies:

Commercial Metals Company	Boliden
Allegheny Technologies	Morgan Advanced Material
Materion Corporation	Minerals Technologies
Steel Dynamics	Kaiser Aluminium
Antofagasta	Vallourec
Carpenter Technologies	Worthington Industries
Schnitzer Steel Industries	Salzgitter
Eramet	Vedanta Resources
Stillwater Mining Company	Norsk Hydro
Dow Chemical Company	AMG Advanced Metallurgical Group

Vesting schedule for TSR relative to the bespoke peer group

TSR Performance	Vesting scale
Less than median (50^{th} percentile)	No vesting of awards
Between the 50^{th} and 75^{th} percentile	Proportionate vesting of between target (100%) and 150% of target
Between 75^{th} percentile and 90^{th} percentile	Proportionate vesting of between 150% and 200% of target
90^{th} percentile	200% of target

Vesting schedule for TSR relative to the S&P Global 1200 Metals and Mining Index

TSR Performance	Vesting scale
Less than Index TSR	No vesting of awards
Equal to Index TSR	Proportionate vesting of between target (100%) and 150% of target
Equal to Index TSR + 15 percentage points	Proportionate vesting of between 150% and 200% of target
Equal to Index TSR + 25 percentage points	200% of target

Vesting of 40% of the award will be dependent upon the achievement of strategic measures with predetermined targets to be achieved creating a range between threshold, target and stretch that will determine the proportion of the award that will vest between 50% and 200% of the target amount. The measures will relate to the Company's ROIC over the three-year period as compared with the bespoke comparator group of the Company's peers set out above using a quarterly average for the calculation of Invested Capital and the Company's NOPAT growth as compared to the same bespoke comparator group of the Company's peers. Performance will be measured over three years with vesting as set out below.

ROIC over the performance period	Vesting scale
Below the 25^{th} percentile	0%
25^{th} percentile	50%
Median (50^{th} percentile)	100%
75^{th} percentile and above	200%

NOPAT growth over the performance period	Vesting scale
Below the 25^{th} percentile	0%
25^{th} percentile	50%
Median (50^{th} percentile)	100%
75^{th} percentile and above	200%

No portion of the ROIC component shall vest unless the Company's ROIC over the performance period is at least equal to the 25^{th} percentile average ROIC for the members of the Comparator Group over the performance period. No portion of the NOPAT component shall vest unless the ratio between the Company's NOPAT for the 12-month period ending 31 December 2019 against the Company's NOPAT for the 12-month period ending 31 December 2016 is at least equal to the 25^{th} percentile NOPAT growth ratio for the members of the Comparator Group over the same period. There is straight line vesting between each vesting point (25^{th} percentile, median and 75^{th} percentile).

Within the Policy, the Committee has the ability to award non-performance based long-term incentive awards. However, considering feedback and best practice, the Committee has decided all awards granted in 2017 and subsequent years for Executive Directors will be subject to performance conditions.

Share ownership guidelines

The Committee has recommended a minimum level of share ownership that it wishes the Executive Directors to build over time and hold of 200% of their base salary in shares in the Company. To achieve this, Executive Directors are expected to retain a proportion of the shares that vest (having sold sufficient shares to meet any taxation obligations) under the Company's share based incentive plans until the share ownership guideline is met or to acquire shares in the market. The current levels of holdings are set out on page 38.

The Non-Executive Directors had voluntarily agreed to apply at least a quarter of their annual gross fees (other than travel fees and additional fees payable for 2016) to acquire shares, retaining the shares worth a minimum of twice these gross fees.

However, as a result of a number of administrative challenges, appropriate arrangements were unable to be put in place by all of the Non-Executive Directors in 2016 to facilitate the acquisition of shares on a regular basis. As a result, the Non-Executive Directors have reviewed the position and agreed that the previous commitments should be amended.

The Non-Executive Directors have now voluntarily agreed to apply on a cumulative basis at least a quarter of their normal annual gross fees to acquire shares under arrangements designed to ensure that shares can be purchased on a regular basis and where more or less shares are acquired in any one year, the value of shares to be acquired in the subsequent year may be reduced or increased respectively such that on a cumulative basis the 25% test is satisfied. In the absence of special circumstances, they will retain these shares whilst they remain a Non-Executive Director.

Fees for the Non-Executive Directors

The fee structure and 2016 fee levels were set following the Business Combination. Fees are reviewed, but not necessarily increased, annually, with increases normally effective from 1 January each year. A summary of fees applicable for 2017 (which remain at the same level as 2016) is shown below:

	2017 fee
Non-Executive Director base fee	£70,000 ($86,667)
Senior Independent Director (no current Senior Independent Director)	£35,000 ($43,334)
Member of Audit Committee	£17,500 ($21,667)
Member of Compensation Committee	£15,500 ($19,191)
Member of Nominating and Corporate Governance Committee	£12,000 ($14,857)
Committee Chairman	Two times membership fee
Travel fee (per meeting)	
Intercontinental travel	£3,500 ($4,333)
Continental travel	£1,500 ($1,857)

The travel fee (payable for each meeting attended) is to compensate the Non-Executive Directors for their time spent in travelling to meetings.

Because of the additional time commitment required of the Non-Executive Directors as a result of the Business Combination, the Non-Executive Directors were paid an additional fee for 2016 equal to 50% of the fees payable as set out above (other than the base and travel fees). This additional amount is not payable for 2017.

Remuneration paid in respect of the year to 31 December 2016

Single Figure of Remuneration for the period — Audited

The table below shows the aggregate emoluments earned by the directors of the Company for the year ended 31 December 2016 and for the period from 23 December 2015 (date of the Business Combination) to 31 December 2015. Note that emoluments in the table have been converted to U.S. Dollars using the average exchange rate for the year 2016 of 1 Pound Sterling = 1.3507 U.S. Dollars.

in U.S.$	**Salary & Fees(1)**	**Benefits(2)**	**Pension(3)**	**Annual Bonus(4)**	**Long-Term Incentives(5)**	**Total**
Executive						
Alan Kestenbaum (2016)	995,000	122,407	3,975	748,738	—	1,870,120
Alan Kestenbaum (2015)	21,808	1,960	—	201,783	—	225,551
Javier López Madrid (2016)	749,639	308,108	149,928	738,886	—	1,946,562
Javier López Madrid (2015)	—	—	—	—	—	—
Non-Executive						
Donald G. Barger, Jr. (2016)	174,580	18,910	—	—	—	193,490
Donald G. Barger, Jr (2015)	—	—	—	—	—	—
Bruce L. Crockett (2016)	130,006	23,637	—	—	—	153,643
Bruce L. Crockett (2015)	—	—	—	—	—	—

in U.S.$	Salary & Fees(1)	Benefits(2)	Pension(3)	Annual Bonus(4)	Long-Term Incentives(5)	Total
Stuart E. Eizenstat (2016)	118,862	14,182	—	—	—	133,044
Stuart E. Eizenstat (2015)	—	—	—	—	—	—
Tomás García Madrid (2016)	118,862	8,104	—	—	—	126,966
Tomás García Madrid (2015)	—	—	—	—	—	—
Greger Hamilton (2016)	196,866	—	—	—	—	196,866
Greger Hamilton (2015)	—	—	—	—	—	—
Javier Monzón (2016)	192,814	10,130	—	—	—	202,944
Javier Monzón (2015)	—	—	—	—	—	—
Juan Villar-Mir de Fuentes (2016)	94,549	8,104	—	—	—	102,653
Juan Villar-Mir de Fuentes (2015)	—	—	—	—	—	—

(1) Salary & Fees for 2015 is the pro-rated amount payable for the full year.

(2) For Mr López Madrid benefits includes an expatriate allowance of 40% of salary (£222,000 ($285,292) in 2016), and medical insurance and life assurance coverages. For Mr Kestenbaum benefits include automobile lease expenses, parking fees, housing expenses, certain relocation expenses, and advisory service fees. For 2015, this is a pro-rated amount of the full year value of benefits. For the Non-Executive Directors benefits comprise travel allowances.

(3) For 2016 the pension for Mr López Madrid is 20% of base salary payable as a cash supplement. The 401(k) pension cap for Mr Kestenbaum had been reached before 23 December 2015 and no pension is payable for the period 23 December 2015 to 31 December 2015.

(4) Details of the 2016 annual bonus amounts are set out below. The annual bonus for Mr Kestenbaum covering the period 23 December 2015 to 31 December 2015 is part of the Pre-Closing Bonus as described on page 34.

(5) There were no long-term incentives with performance periods ending in the year to 31 December 2016 or during the period 23 December 2015 to 31 December 2015 and no awards granted with time-based vesting only.

Annual bonus for the period 23 to 31 December 2015 — Audited

As indicated on page 26 of the 2015 annual report, prior to the Business Combination, Mr Kestenbaum was granted an annual performance-based bonus award by Globe in respect of its financial year ending 30 June 2016 (the "**Globe Bonus**"), which, pursuant to the provisions of the Policy, the Company was required to honour. Under the terms of the award agreement, the Globe Bonus consisted of two portions, (i) the "**Pre-Closing Bonus**" portion with respect to 1 July 2015 to 30 November 2015 (being the end of the last full month prior to the Business Combination), and (ii) the "**Post-Closing Bonus**" portion with respect to 1 December 2015 to 30 June 2016.

Prior to the Business Combination, Globe's compensation committee estimated the level of Pre-Closing Bonus and paid the bonus out in accordance with that estimate. When calculating the balancing payment in April 2016, the Committee discovered that, prior to the Business Combination, the terms of the Globe Bonus had been amended so that the Pre-Closing Bonus related to the 6-month period from 1 July 2015 to 31 December 2015 (instead of the five-month period to 30 November 2015), and the result for that period should be based on 50% of the full-year results for the period from 1 January 2015 to 31 December 2015 (the "**Amended Globe Bonus**").

Therefore, on such basis, the Committee has determined that the level of the Pre-Closing Bonus is $4,641,000 and that the resulting cash element exceeds the 90% of the estimated level of the Pre-Closing Bonus that was previously paid by $236,000. This "true-up" amount was paid to Mr Kestenbaum on 14 November 2016. A pro-rated amount of the Pre-Closing Bonus (as determined under the terms of the Amended Globe Bonus) for the period 23 December 2015 to 31 December 2015 has been included in the remuneration table above.

The Post-Closing Bonus (for the period from 1 January 2016 to 30 June 2016) plus the bonus arrangements corresponding to him for the period commencing on 1 July 2016 to 31 December 2016 were replaced by the annual bonus for the Company's full financial year from 1 January 2016 to 31 December 2016, as described below on page 35.

Annual bonus for the financial year to 31 December 2016 for Mr López Madrid — Audited

The target annual bonus opportunity for the Executive Vice-Chairman (now Executive Chairman) was 215% of salary, with a maximum opportunity of two times target. Details of payout against the performance targets set is included in the table below:

Measure	Weighting (target % of award)	Threshold performance (0% of target paid)	Target performance (100% of target paid)	Stretch performance (200% of target paid)	Actual Performance	Bonus outcome (maximum 200% of target)
Adjusted EBITDA	23.3%	$110 million	$160 million	$220 million	$72.9 million	0.0%
EBITDA margin	23.3%	6%	9%	13%	4.5%	0.0%
Free Cash Flow	23.3%	$50 million	$110 million	$170 million	$72.7 million	8.84%
Synergies	20.0%	$30 million	$60 million	$80 million	$72.1 million	32.0%
Integration Process	10.0%	Assessment by the Board			50%	5.0%
Total	100%					45.84%

This resulted in a bonus outcome of 98.6% of salary for the Executive Vice-Chairman (now Executive Chairman). As the bonus earned was not in excess of 100% of the target (215% of salary), none of it will be deferred for three years into shares in the Company.

Annual bonus for the financial year to 31 December 2016 for Mr Kestenbaum — Audited

As explained on page 26 of the Company's 2015 annual report, the Committee considered appropriate bonus arrangements for Mr Kestenbaum for the period commencing on 1 July 2016 to 31 December 2016 as well as any modifications to the Post-Closing Bonus, and concluded that, in lieu of the Post-Closing Bonus, which would have covered the period from 23 December 2015 to 30 June 2016, Mr Kestenbaum would be eligible for an annual bonus arrangement under the Policy for the period commencing on 1 January 2016 to 31 December 2016. For 2016, the Committee approved an annual bonus arrangement under which Mr Kestenbaum was entitled to an annual bonus with a target level of 215% of his base salary, based on achievement of corporate financial measures (weighted at 70%) and integration of the business (weighted at 30%) in similar terms to the Executive Vice-Chairman. Based on the best estimate at the time of Mr Kestenbaum's departure of the Company's financial results for 2016 and assessment of the integration process, the Committee has determined achievement of 35% of target level of performance for 2016, giving rise to a bonus payment of US$748,738.

Long-term incentive awards for the financial year ended 31 December 2016 — Audited

There were no long-term incentives with performance periods ending in the year to 31 December 2016 or awards granted in the year with time-based vesting only.

Long-term incentive awards granted in financial year 2016

While the Company engaged in discussions with Mr Kestenbaum over the course of 2016 with hopes to reach an agreement that would result in him entering into arrangements that would have been substantially on the terms of the Policy applicable to Executive Directors, no such agreement was reached. As a result, the Company did not grant any long-term incentive award to Mr Kestenbaum in financial year 2016.

On 24 November 2016, Mr López Madrid was granted a long-term incentive award as follows:

	Type of award	Basis of award (at target)	Share price at date of grant(3)	Number of shares at target	Face value of shares at target(4)	Face value of shares at maximum(5)	Vesting at threshold	Performance period
Javier López Madrid	Nil-cost option(2)	115% of salary of $749,639	$ 11.57	68,541	$ 793,025	$ 1,586,050	40%	Three years to 31 December 2018

Notes:

(1) Details of the performance conditions are set out below.

(2) No price is normally payable on the exercise of the nil-cost option although the Company reserves the right to require the payment of the nominal cost of the shares as a condition of exercise if required to enable the issue or transfer of the shares.

(3) This figure represents the average closing share price for the five days prior to the date of grant.

(4) The value shown in this column has been calculated by multiplying the number of shares that would vest at target by the average closing share price for the five days prior to the date of grant.

(5) The value shown in this column has been calculated by multiplying the number of shares that would vest at maximum (being 200% of target) by the average closing share price for the five days prior to the date of grant.

Vesting of 60% of the award will be determined by Ferroglobe's TSR. Performance will be measured over three years commencing 1 January 2016 with vesting as set out below. 50% of the TSR part of the award will be determined by Ferroglobe's TSR relative to the following bespoke group of peer companies:

Commercial Metals Company	Boliden
Allegheny Technologies	Morgan Advanced Material
Materion Corporation	Minerals Technologies
Steel Dynamics	Kaiser Aluminium
Antofagasta	Vallourec
Carpenter Technologies	Worthington Industries
Schnitzer Steel Industries	Salzgitter
Eramet	Vedanta Resources
Stillwater Mining Company	Norsk Hydro
Dow Chemical Company	AMG Advanced Metallurgical Group

TSR Performance	**Vesting scale**
Less than median (50th percentile)	No vesting of awards
Between the 50th and 75th percentile	Proportionate vesting of between target (100%) and 150% of target
Between 75th percentile and 90th percentile	Proportionate vesting of between 150% and 200% of target
90th percentile	200% of target

The other 50% of the TSR part of the award will be determined by Ferroglobe's TSR relative to the S&P Global 1200 Metals and Mining Index.

TSR Performance	**Vesting scale**
Less than Index TSR	No vesting of awards
Equal to Index TSR	Proportionate vesting of between target (100%) and 150% of target
Equal to Index TSR + 15 percentage points	Proportionate vesting of between 150% and 200% of target
Equal to Index TSR + 25 percentage points	200% of target

In the 2015 annual report, the Committee expected that the vesting of the remaining 40% of the award would be dependent upon "quality of performance assessments" measured at the end of the performance period. Before granting 2016 awards, the Committee again considered the operation of this assessment and decided to measure Ferroglobe's performance against certain peers with predetermined targets to be achieved creating a range between threshold, target and stretch that will determine the proportion of the award that will vest between 50% and 200% of the target amount, rather than a one-off measurement at the end of the period. The Committee believes this is a more robust approach to assessing performance and in line with best practice. The measures relate to the Company's ROIC over the three-year period compared to the bespoke comparator group of the Company's peers using a quarterly average for the calculation of Invested Capital and the Company's NOPAT growth compared to the same bespoke comparator group of the Company's peers set out above. Performance will be measured over three years with vesting as set out below.

ROIC over the performance period	**Vesting scale**
Below the 25th percentile	0%
25th percentile	50%
Median (50th percentile)	100%
75th percentile and above	200%

NOPAT growth over the performance period	Vesting scale
Below the 25th percentile	0%
25th percentile	50%
Median (50th percentile)	100%
75th percentile and above	200%

No portion of the ROIC component shall vest unless the Company's ROIC over the performance period is at least equal to the 25th percentile of the average ROIC for the members of the comparator group over the performance period. No portion of the NOPAT component shall vest unless the ratio between the Company's NOPAT for the 12-month period ending 31 December 2018 against the Company's NOPAT (annualized) for the 6-month period ending 30 June 2016 is at least equal to the 25th percentile of the NOPAT growth ratio for the members of the comparator group over the same period. There is straight line vesting between each vesting point (25th percentile, median and 75th percentile).

Directors' shareholding and share interests — Audited

The table below sets out the number of shares held or potentially held by directors (including their connected persons, where relevant) as at 31 December 2016.

Director	Beneficially owned shares	Number of awards held under long-term incentive plans not conditional on performance(1)	Number of awards held under long-term incentive plans conditional on performance(2)	Target shareholding guideline (as a % of salary/gross fees)	Percentage of salary held in shares as at 31 December 2016(5)
Executive Directors					
Alan Kestenbaum (resigned on 31 December 2016)	6,502,363	—	—	n/a(3)	n/a
Javier López Madrid	20,000	—	68,541(4)	200%	29%
Non-executive Directors					
Donald G. Barger, Jr.	13,636	8,334	—	—	—
Bruce L. Crockett	—	16,666	—	—	—
Stuart E. Eizenstat	5,589	8,333	—	—	—
Tomás García Madrid	—	—	—	—	—
Greger Hamilton	—	—	—	—	—
Javier Monzón	19,400	—	—	—	—
Juan Villar-Mir de Fuentes	—	—	—	—	—

Notes:

(1) Mr Kestenbaum's awards vested on 31 December 2016 in connection with his departure from the Company.

(2) Details of the award are set out in the table on page 35.

(3) Mr Kestenbaum resigned on 31 December 2016 and therefore the guideline does not apply.

(4) This is the target number of shares that could vest. The maximum number of shares that could vest is 137,082.

(5) Using the share price at 31 December 2016.

The following incentive awards are held by the Directors listed below and which the Company is authorised to honour following shareholder approval of the Policy.

Participant	Type	Grant Date	Outstanding	Exercisable as of 12/31/2016	Future Vesting*	Final Vest Date*
Barger	NQ	Various	34,513	26,179	8,334	06/03/2017
Barger	RSU/C	Various	23,741	22,627	1,114	31/12/2017
Barger	SAR	Various	15,087	15,087	0	NA
Crockett	NQ	Various	26,226	9,560	16,666	27/02/2018
Crockett	RSU/C	Various	2,527	2,110	417	12/31/2017
Crockett	SAR	Various	2,303	2,303	0	NA

Participant	Type	Grant Date	Outstanding	Exercisable as of 12/31/2016	Future Vesting*	Final Vest Date*
Eizenstat	NQ	Various	34,513	26,180	8,333	19/03/2017
Eizenstat	SAR	Various	15,087	15,087	0	NA
Kestenbaum	RSU	01/27/2011	108,578	108,578	0	NA
Kestenbaum	RSU/C	01/01/2014	22,543	22,543	0	NA
Kestenbaum	RSU/C	04/24/2014	20,049	20,049	0	NA
Kestenbaum	RSU/C	01/01/2015	78,239	78,239	0	NA
Kestenbaum	RSU/C	03/15/2015	16,155	16,155	0	NA
Kestenbaum	RSU/C	09/18/2015	127,856	127,856	0	NA
Kestenbaum	RSU/C	12/22/2015	97,339	97,339	0	NA
Kestenbaum	SAR	08/20/2013	424,006	424,006	0	NA
Kestenbaum	SAR	03/20/2014	123,911	123,911	0	NA
Kestenbaum	SAR	12/11/2015	340,000	340,000	0	NA

* In accordance with the information contained on page 40, all of Mr Kestenbaum's awards vested on 31 December 2016 in connection with his departure from the Company.

Total pension entitlements — Audited

Details of the value of pension contributions are provided in the "Pensions" column of the "Single Figure of Remuneration" table on page 33. Pension contributions are by way of a cash allowance or contribution to a 401(k) plan. There are therefore no specified retirement ages to disclose or consequences of early retirement.

Payments to past directors

None

Payments for loss of office

1. Mr Kestenbaum ceased employment with the Company on 31 December 2016 and resigned from the Board as Executive Director with effect on the same day. Mr Kestenbaum was employed under an Employment Agreement dated 27 January 2011, as amended on 22 February 2015, as set out in detail on page 22. The Employment Agreement expired on 31 December 2016 and, in accordance with its terms, Mr Kestenbaum's employment was treated as terminated without cause.

2. For 2016, the Committee had previously approved an annual bonus arrangement under which Mr Kestenbaum was entitled to an annual bonus with a target level of 215% of his base salary. The Committee has determined achievement of 35% of target level of performance for 2016, giving rise to a bonus payment of US$748,738, as explained on page 13 above.

3. Mr Kestenbaum was entitled to the following payments and benefits, and the lump sum severance payment summarised in paragraph 4, in accordance with provisions of the Employment Agreement:

   (a) **Accrued obligations:** Mr Kestenbaum was entitled to US$1,443,763 (reflecting the value of cash-settled restricted stock units vested prior to 31 December 2016 but unpaid), plus US$2,602,104 (reflecting the value of cash-settled restricted stock units vesting or subject to accelerated vesting on 31 December 2016 (based on the closing price of the Company's shares on 27 December 2016 of US$11.45). Details of such cash-settled restricted stock units are set out on page 39.

   (b) **Annual bonus**: It was affirmed that Mr Kestenbaum was entitled to a payment of US$748,738 as a 2016 annual bonus, based on the Committee's determination as described in paragraph 2 above.

   (c) **Full vesting of Long-Term Award:** On 27 January 2011, Mr Kestenbaum was awarded 108,578 restricted shares in the Company scheduled to vest on 27 January 2021 (the "**Long-Term Award**"). In accordance with the Employment Agreement, on 31 December 2016, the Long-Term Award vested fully, representing a value of US$1,243,218 based on the closing price of the Company's shares on 27 December 2016 of US$11.45. Details of the Long-Term Award are set out on page 22.

(d) **Dividends:** Mr Kestenbaum is entitled to a cash payment of US$166,124 representing dividend equivalents on the Long-Term Award accrued between 27 January 2011 and 31 December 2016.

(e) **Outstanding Equity Awards:** In accordance with the Employment Agreement, Mr Kestenbaum's outstanding equity awards (in addition to the cash-settled restricted stock units described in paragraph (a) and the Long-Term Award described in (c) above) vested in full on 31 December 2016. Details of these awards are set out on page 22. The stock option granted in August 2011, expired in August 2016.

4. As explained in the Policy, on termination of Mr Kestenbaum's employment without cause before 23 December 2017 (which includes the expiry of the Employment Agreement on 31 December 2016), Mr Kestenbaum would be entitled, under the Employment Agreement, to a lump sum severance payment of (i) an amount equal to $1 less than three times his Average Annual Compensation, as defined in the Employment Agreement (in summary, the sum of his average base pay and his average incentive awards granted or vested for the past five years ending on the termination date of 31 December 2016), plus (ii) the grossed-up cost of two years' COBRA coverage for Mr Kestenbaum and his dependants under the Company's health plans. The total value of this lump sum severance payment is US$21,198,656, which is made up of the following elements:

	Amount
Three times average annual base pay for the five years prior to 31 December 2016	US$2,985,000
Three times average annual value of incentive awards* granted or vested for the five years ending 31 December 2016	US$18,095,410
Subtotal (minus US$1)	US$21,080,409
Grossed-up cost of two years' COBRA coverage for Mr Kestenbaum and his dependants	US$118,247
Total lump sum severance	US$21,198,656

* The value of Mr Kestenbaum's incentive awards for this purpose (which includes the aggregate of both annual bonus and equity awards) for the relevant five-year period ranged from US$2,158,080 in 2016 (which includes the accelerated vesting of the Long-Term Award described in paragraph 3(c) above) to US$9,882,359 in 2015.

5. In order to avoid arbitration proceedings with Mr Kestenbaum in relation to potential claims, including claims arising from the interpretation of the provisions of the Employment Agreement relating to the calculation of the Average Annual Compensation for the purpose of the lump sum severance payment, the Company agreed to pay US$725,497 in exchange for a release of such claims.

6. Payment of the sums and provision of the benefits described above (other than accrued obligations and the annual bonus) were conditioned upon Mr Kestenbaum's execution and non-revocation of a release of claims in favour of the Company.

7. In order for the Company to have flexibility on timing of the payment of the lump sum severance payment amount described in paragraph 4, it was agreed that the Company would be entitled to make all or part of this payment on a deferred basis (but no later than 30 June 2017). If it does so, the Company agreed to pay simple interest at a 5% annual rate. As the Company did defer part of this payment, a sum of $23,231 was paid by way of interest.

8. All sums payable to Mr Kestenbaum will be subject to all deductions in respect of taxation and social security that the Company is required by law to make.

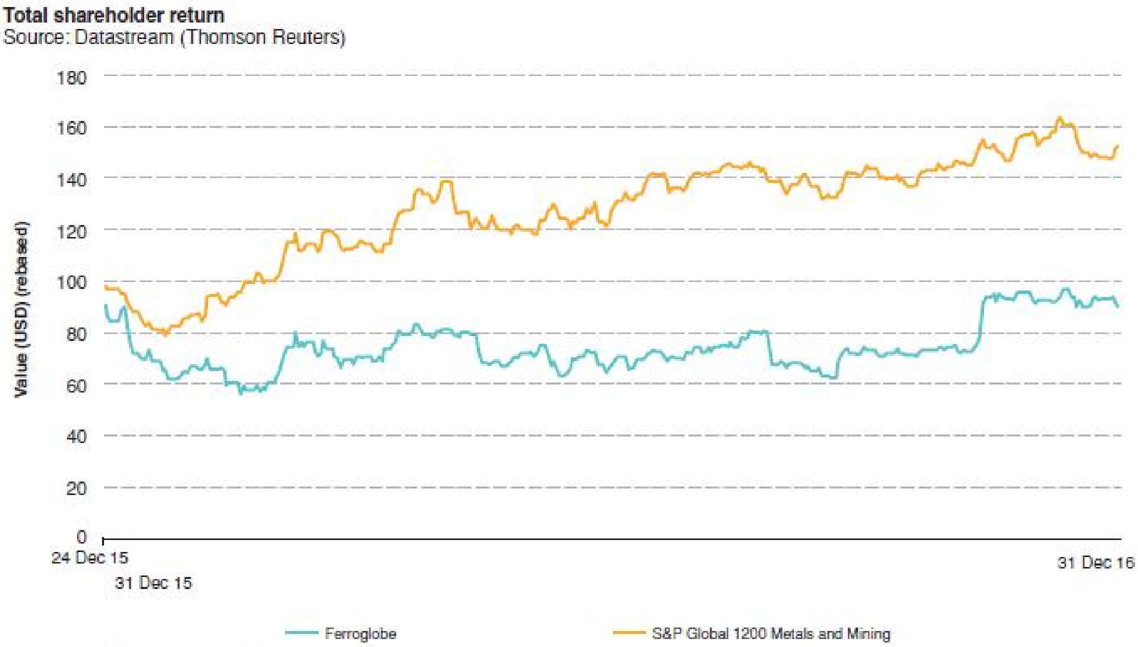
9. If payments set out above would be subject to the excise tax under Section 4999 of the Code, the payments may be reduced so that the value will not exceed the safe harbour amount specified in Section 280G(b)(3) of the Code, if it is determined that Mr Kestenbaum would receive a greater net after tax amount if the aggregate payments were so reduced. It is not anticipated that such reduction would be made.

10. Mr Kestenbaum reaffirmed that the post-termination restrictive covenants in his Employment Agreement will remain in full force and effect.

11. The payments set out above are consistent with the Policy, which specifically adopts the Employment Agreement. In accordance with its powers under the Policy, the Committee approved minor amendments to the Policy to aid the implementation of the Policy by authorising the Committee (a) to make the payments described in paragraph 5 and 7, and (b) the use of the 27 December 2016 share price (rather than that on 30 December 2016, the 31 December 2016 date referred to in the Employment Agreement being a non-trading day) for calculating the termination payments.

Performance graph and Mr Kestenbaum remuneration table

The graph below illustrates the Company's TSR performance relative to the constituents of the S&P 1200 Metals & Mining index from the start of the first day of listing of Ferroglobe's shares on 24 December 2015 to 31 December 2016. The graph shows performance of a hypothetical $100 invested and its performance over that period. The index has been chosen for this table as the most appropriate comparator for the Company in this period as the Company is a constituent of this index and uses the constituents of this index for one of the TSR comparator groups for the long-term incentive awards.



This graph shows the value, by 31 December 2016, of USD100 invested in Ferroglobe on 24 December 2015, compared with the value of USD100 invested in the S&P Global 1200 Metals and Mining index on a daily basis.

	2015	2016
Mr Kestenbaum's total remuneration	$ 225,551	$ 1,870,120
Annual bonus (% of maximum)	N/A	17.5%
Share award vesting (% of maximum)	N/A	N/A

Notes:

In respect of 2015, remuneration is shown for the period 23 December 2015 to 31 December 2015 only.

There was no long-term incentive vesting (or with a performance period ending) in the period 23 December 2015 to 31 December 2015.

The period 23 December 2015 to 31 December 2015 is part of the Pre-Closing Bonus as described on page 34. Under the legacy arrangements, a cap applied in respect of bonuses across 2015 and 2016 performance periods. Therefore, it is not possible to state a percentage of the maximum in respect of 2015.

The bonus in respect of 2016 reflects the percentage of maximum award. As stated elsewhere in this report, the bonus as a percentage of target was 35%.

The share award vesting percentage reflects the awards vesting in the ordinary course in the period 1 January 2016 to 31 December 2016, and not the awards vesting by reason of the termination of Mr Kestenbaum's appointment.

Percentage increase in the remuneration of the Executive Chairman

Remuneration data for 2015 covers only the period 23 December 2015 to 31 December 2015. It is therefore not appropriate to set out the percentage change in remuneration between 2015 and 2016 as it would not compare remuneration for equal periods. Full disclosure in the percentage change in remuneration of the Executive Chairman and of the employees between 2016 and 2017 will be included in the 2017 directors' remuneration report.

Relative importance of the spend on pay

The following table shows the Company's actual spend on pay for all employees compared to distributions to shareholders in the financial year. Note the figures shown below are for the combined business of Globe and FerroAtlántica for a full financial year for 2016 and only nine days for 2015.

	23 December 2015 to 31 December 2015	**1 January 2016 to 31 December 2016**
Employee costs	US$6,584,688	US$293,032,000
Average number of employees	4,151	4,085
Distributions to shareholders	—	US$54,988,000

External directorships during financial year 2016

Mr Kestenbaum

- Principal, board member and investor of Bedrock Industries LP.

Mr Kestenbaum's contract provided that he spend at least 70% of his working week as the Executive Chairman of Ferroglobe.

Mr López Madrid

- Managing Director of Grupo VM.
- Non-Executive Chairman and investor of Siacapital and Tressis.

The Board was satisfied that under these arrangements the Executive Chairman and Executive Vice-Chairman both had the necessary time to carry out their duties effectively during 2016.

Under the Policy, Executive Directors may retain fees paid for external director appointments. These appointments are subject to approval by the Board and must be compatible with their duties as Executive Directors.

Membership of the Committee

The Committee comprises Javier Monzón as chairman and members Donald G. Barger, Jr., and Greger Hamilton.

The Executive Chairman and other members of the management team as well as the other Non-Executive Directors may be invited to attend meetings to assist the Committee in its deliberations, as appropriate. No executive, however, may be present during any decision making in relation to their own remuneration.

External advisors

Aon provides independent advice to the Committee and was appointed by the Committee in early 2016. The Committee seeks advice relating to executive remuneration and non-executive director remuneration and the wider senior management population from Aon. Aon also provided advice to management, to enable their support of the Committee, primarily in relation to remuneration reporting and the operation of incentive plans, but does not provide any other services to the Company except for insurance broking services.

The Committee is satisfied that the advice received from Aon in relation to executive remuneration matters is objective and independent. Aon is a member of the U.K. Remuneration Consultants Group and abides by the Remuneration Consultants Group Code of Conduct, which requires its advice to be objective and impartial. The fees paid to Aon for advice provided directly to the Committee in 2016 were £142,544 ($183,183) (excluding VAT).

Statement of shareholder voting

The following table shows the results of:

- the binding vote on the Policy commencing from the 29 June 2016 Annual General Meeting; and
- the advisory vote on the 2015 Remuneration Report at the 29 June 2016 Annual General Meeting.

	For	% of votes cast	Against	% of votes cast	Withheld
Directors' Remuneration Policy	146,616,626	92.09	12,580,971	7.90	9,119
Remuneration Report	153,070,500	96.14	6,126,951	3.85	9,265

Approval

This Directors' Remuneration Report, including both the Policy and Annual Report on Remuneration has been approved by the Board.

Signed on behalf of the Board.

Javier Monzón

Chairman of the Compensation Committee

30 May 2017

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF FERROGLOBE PLC

We have audited the financial statements of Ferroglobe PLC for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes 1 to 39 to the Consolidated financial statements and notes 1 to 7 to the Company financial statements. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (‘IASB’). The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 “Reduced Disclosure Framework”.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2016 and of the Group’s loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 3 to the Group financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors’ Remuneration Report to be audited has been properly prepared in accordance with the Companies Act;
- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with the Companies Act.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors’ Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Makhan Chahal (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
1 June 2017

Financial Statements Contents

	Page
Consolidated statement of comprehensive income	40
Consolidated balance sheet	41
Consolidated statement of changes in equity	42
Consolidated cash flow statement	43
Notes to the consolidated financial statements	44
Company balance sheet	106
Company statement of changes in equity	107
Notes to the company financial statements	108

Ferroglobe PLC
Consolidated income statement
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Sales	5	1,555,657	1,289,886
Cost of sales		(1,043,000)	(817,875)
Other operating income		25,712	15,500
Staff costs	8	(293,032)	(202,585)
Other operating expense		(234,326)	(190,034)
Depreciation and amortization charges, operating allowances and write-downs	9	(121,346)	(62,201)
Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss		**(110,335)**	**32,691**
Impairment losses	10	(267,449)	(52,042)
Other gains and losses	11	2,191	(3,467)
Operating (loss) profit		**(375,593)**	**(22,818)**
Finance income	12	1,534	1,095
Finance costs	12	(24,585)	(23,738)
Exchange differences		(3,513)	35,904
(Loss) profit before taxes		**(402,157)**	**(9,557)**
Income tax	13	46,609	(48,719)
(Loss) profit from continuing operations		**(355,548)**	**(58,276)**
(Loss) Profit for discontinued operations	14	(3,065)	(196)
(Loss) profit for the year from continuing operations		**(358,613)**	**(58,472)**
Discontinued operations			
Loss attributable to non-controlling interests	32	20,186	15,204
Loss for the year		**(338,427)**	**(43,268)**
(Loss) profit attributable to the parent company		**(338,427)**	**(43,268)**

		2016	2015
Earnings per share			
From continued and discontinued operations			
(Loss) profit attributable to the Parent company		(338,427)	(43,268)
Average number of shares outstanding		171,838,153	99,699,262
Basic (loss) earnings per share	16	(1.97)	(0.43)
Effect of dilutive securities		—	—
Diluted (loss) earnings per share	16	(1.97)	(0.43)
From continued operations			
(Loss) profit attributable to the Parent company		(335,362)	(43,072)
Average number of shares outstanding		171,838,153	99,699,262
Basic (loss) earnings per share	16	(1.95)	(0.43)
Effect of dilutive securities		—	—
Diluted (loss) earnings per share	16	(1.95)	(0.43)
From discontinued operations			
(Loss) profit attributable to the Parent company		(3,065)	(196)
Average number of shares outstanding		171,838,153	99,699,262
Basic (loss) earnings per share	16	(0.02)	—
Effect of dilutive securities		—	—
Diluted (loss) earnings per share	16	(0.02)	—

Notes 1 to 39 are an integral part of the consolidated financial statements.

Ferroglobe PLC
Consolidated statement of comprehensive income
For the year ended 31 December 2016

	2016 US$'000	2015 US$'000
Loss for the year	(358,613)	(58,472)
Items that will not be reclassified subsequently to income or loss:		
Remeasurement of defined benefit obligation	4,297	756
Total	**4,297**	**756**
Items that may be reclassified subsequently to income or loss:		
Arising from cash flow hedges	—	(990)
Translation differences	(319)	(18,435)
Tax effect	—	(189)
Total income and expense recognized directly in equity	**(319)**	**(19,614)**
Items that have been reclassified to income or loss in the period:		
Arising from cash flow hedges	3,002	3,155
Tax effect	(751)	(884)
Total transfers to income or loss	**2,251**	**2,271**
Other comprehensive income/(loss) for the year, net of income tax	**6,229**	**(16,587)**
Total comprehensive (loss) income for the year	**(352,384)**	**(75,059)**
Attributable to the Parent	(332,198)	(59,855)
Attributable to non-controlling interests	(20,186)	(15,204)

Notes 1 to 39 are an integral part of the consolidated financial statements.

Ferroglobe PLC
Consolidated balance sheet
As at 31 December 2016

	Note	2016 US$'000	2015 US$'000
ASSETS			
Non-current assets			
Goodwill	17	230,210	426,851
Other intangible assets	18	62,839	71,619
Property, plant and equipment	19	781,606	971,573
Non-current financial assets	20	5,823	9,672
Non-current financial assets from related parties	39	9,845	—
Deferred tax assets	26	44,950	39,070
Non-current receivables from related parties	39	2,108	—
Other non-current assets	24	20,245	20,615
Total non-current assets		**1,157,626**	**1,539,400**
Current assets			
Inventories	23	316,702	425,372
Trade and other receivables	21	209,406	275,254
Current receivables from related parties	39	11,971	10,950
Current income tax assets		19,869	9,273
Current financial assets	20	4,049	4,112
Other current assets	24	9,810	10,134
Cash and cash equivalents		196,931	116,666
Assets classified as held for sale	14	92,937	—
Total current assets		**861,675**	**851,761**
Total assets		**2,019,301**	**2,391,161**
EQUITY AND LIABILITIES			
Equity			
Share capital		1,795	1,288,787
Reserves		1,332,428	143,170
Translation differences		(217,423)	(217,104)
Revaluation reserves		(11,887)	(18,435)
Result attributable to the Parent		(338,427)	(43,268)
Non-controlling interests		125,556	141,823
Total equity	31	**892,042**	**1,294,973**
Non-current liabilities			
Deferred income		3,949	4,389
Provisions	30	81,957	81,853
Borrowings	25	179,473	223,676
Obligations under finance leases	27	3,385	89,768
Grants and other financial liabilities	28	86,467	7,549
Other non-current liabilities	29	5,737	4,517
Deferred tax liabilities	26	139,535	191,748
Total non-current liabilities		**500,503**	**603,500**
Current liabilities			
Provisions	30	19,627	9,010
Borrowings	25	241,818	182,554
Obligations under finance leases	27	1,852	13,429
Grants and other financial liabilities	28	1,592	—
Trade and other payables	29	254,185	287,695
Liabilities associated with assets classified as held for sale	14	107,682	—
Total current liabilities		**626,756**	**492,688**
Total equity and liabilities		**2,019,301**	**2,391,161**

Notes 1 to 39 are an integral part of the consolidated financial statements

The financial statements were approved by the board of directors and authorised for issue on 30 May 2017. They were signed on its behalf by:

Director
Greger Hamilton

Ferroglobe PLC
Consolidated statement of changes in equity
For the year ended 31 December 2016

	Shares	Share capital US$'000	Reserves US$'000	Translation differences US$'000	Valuation adjustments US$'000	Result for the year US$'000	Interim dividend US$'000	Non controlling interests US$'000	Total US$'000
Balance at December 31, 2014	**200**	**285,760**	**393,356**	**(152,530)**	**(20,283)**	**38,437**	**(55,041)**	**17,978**	**507,677**
Comprehensive (loss) income for 2015	—	—	—	(18,435)	1,848	(43,268)	—	(15,204)	(75,059)
Business combination	171,638	553,200	244,838		—	—	—	144,533	942,571
FerroAtlantica share exchange	—	449,827	(449,827)	—	—	—	—	—	—
Share issuance costs	—	—	(9,414)	—	—	—	—	—	(9,414)
Dividends paid (Note 15)	—	—	(76,520)	—	—	—	55,041	—	(21,479)
Distribution of 2014 profit	—	—	38,437	—	—	(38,437)	—	—	—
Other changes	—	—	2,300	(46,139)	—	—	—	(5,484)	(49,323)
Balance at 31 December 2015	**171,838**	**1,288,787**	**143,170**	**(217,104)**	**(18,435)**	**(43,268)**	**—**	**141,823**	**1,294,973**
Comprehensive income (loss) for 2016	—	—	—	(319)	6,548	(338,427)	—	(20,186)	(352,384)
Share decrease (net effect)	—	(1,287,068)	1,287,068	—	—	—	—	—	—
Share issuance costs	—	—	(275)	—	—	—	—	—	(275)
Dividends paid (note 15)	—	—	(54,988)	—	—	—	—	—	(54,988)
Distribution of 2015 loss	—	—	(43,268)	—	—	43,268	—	—	—
Other changes	—	76	721	—	—	—	—	3,919	4,716
Balance at 31 December 2016	**171,838**	**1,795**	**1,332,428**	**(217,423)**	**(11,887)**	**(338,427)**	**—**	**125,556**	**892,042**

Note 1 to 39 are an integral part of the consolidated financial statement.

Ferroglobe PLC
Consolidated cash flow statement
For the year ended 31 December 2016

	2016 US$'000	2015 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	**121,169**	**145,449**
Net (loss)	**(358,613)**	**(58,472)**
Adjustments to reconcile net (loss) income to net cash provided by operating activities:	**377,108**	**163,597**
Income tax benefit/(expense)	(46,695)	49,942
Depreciation and amortization charges, operating allowances and write-downs	125,677	67,050
Finance income	(1,554)	(1,096)
Finance costs	30,269	30,405
Exchange differences	3,513	(35,904)
Impairment losses	268,089	52,042
Net (loss)/gain due to changes in the value of assets	(1,891)	912
(Loss)/gain on disposals of non-current and financial assets	(340)	2,214
Other adjustments	40	(1,968)
Net increase in operating working capital:	**193,076**	**132,886**
Decrease (increase) in inventories	108,207	89,199
Decrease in trade receivables	56,297	60,715
(Decrease) increase in trade payables	28,572	(17,028)
Other amounts (paid) received due to operating activities	(50,001)	(20,189)
Income tax paid	(10,933)	(41,968)
Interest paid	(29,468)	(30,405)
CASH FLOWS FROM INVESTING ACTIVITIES:	**(84,281)**	**17,966**
Payments due to investments:	**(85,945)**	**(73,060)**
Other intangible assets	(4,914)	(4,539)
Property, plant and equipment	(71,119)	(68,521)
Non-current financial assets	(9,807)	—
Current financial assets	(105)	—
Disposals:	**110**	**15,267**
Intangible assets	—	8,140
Property, plant and equipment	—	5,446
Non-current financial assets	11	1,465
Current financial assets	99	216
Interest received	1,554	1,096
Other amounts received (paid) due to investing activities	—	(3,046)
Net cash inflow on acquisition of subsidiaries	—	77,709
CASH FLOWS FROM FINANCING ACTIVITIES:	**49,917**	**(87,593)**
Dividends paid	(54,988)	(21,479)
Payment for share issue and registration cost	—	(9,414)
Increase/(decrease) in bank borrowings:	43,147	(55,390)
Borrowings	124,384	84,229
Payments	(81,237)	(139,619)
Other amounts paid due to financing activities	**61,758**	**(1,310)**
TOTAL NET CASH FLOWS FOR THE YEAR	**86,805**	**75,822**
Beginning balance of cash and cash equivalents	116,666	48,651
Exchange differences on cash and cash equivalents in foreign currencies	(6,489)	(7,807)
Ending balance of cash and cash equivalents	**196,982**	**116,666**
Ending balance of cash and cash equivalents from continued operations	**196,931**	**116,666**
Ending balance of cash and cash equivalents from discontinued operations	**51**	**—**

Notes 1 to 39 are an integral part of the consolidated financial statements.

1. General information

Ferroglobe plc (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a public company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 4.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in note 6 and in the strategic report on pages 5 to 7.

The Parent's functional currency is the Euro. The functional currencies of subsidiaries are determined by the primary economic environment in which each subsidiary operates. The reporting currency of the Company is U.S. Dollars and as such the accompanying results and financial position have been translated pursuant to the provisions indicated in IAS 21. All differences arising from the translation are recognized in equity under "Translation differences".

Upon the disposal of a foreign operation, the translation differences relating to that operation deferred as a separate component of consolidated equity are recognized in the consolidated income statement when the gain or loss on disposal is recognized.

Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised Standards

- *Application of new accounting standards*

a) Standards, interpretations and amendments effective from January 1, 2016 under IFRS-IASB, applied by the Company in the preparation of these consolidated financial statements:

- IFRS 10 (Amendment) 'Consolidated financial statements, IFRS 12 'Disclosure of interests in Other Entities' and IAS 28 'Investments in associates and joint ventures' regarding the exemption from consolidation for investment entities.

- Annual Improvements to IFRSs 2012-2014 cycles.

- IAS 1 (Amendment) 'Presentation of Financial Statements' under the disclosure initiative.

- IAS 27 (Amendment) 'Separate financial statements' regarding the reinstatement of the equity method as an accounting option in separate financial statements.

- IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding acceptable methods of amortization and depreciation.

- IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation.

- IAS 16 'Property, Plant and Equipment' and 41 'Agriculture' (Amendment) regarding bearer plants.

- IFRS 14 'Regulatory Deferral Accounts'.

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, 2017:

- IFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018 under IFRS-IASB, earlier applications is permitted.

- IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IFRS 16 'Leases'. This Standard is applicable for annual periods beginning on or after January 1, 2019 under IFRS-IASB, earlier application is permitted, but conditioned to the application of IFRS 15.

- IFRS 2 (Amendment) 'Share-based Payment'. This Standard is applicable for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IAS 12 (Amendment) 'Recognition for Deferred Tax for Unrealized Losses'. This amendment is mandatory for annual periods beginning on or after January 1, 2017 under IFRS-IASB, earlier application is permitted.

- IAS 7 (Amendment) 'Disclosure Initiative'. This amendment is mandatory for annual periods beginning on or after January 1, 2017 under IFRS-IASB, earlier application is permitted.

- IFRS 15 (Clarifications) 'Revenues from contracts with Customers'. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IFRS 2 (Amendment) 'Classification and Measurement of Share-based Payment Transactions'. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IFRS 4 (Amendment). Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration', mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IAS 40 (Amendment) 'Transfers of Investments Property'. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- Amended IFRS 10 — "Consolidated financial statements" and Amended IAS 28 — "Investments in Associates and Joint Ventures". These changes will be applicable to accounting periods beginning on the effective date, still to be determined, although early adoption is allowed.

- Annual improvements cycle to IFRSs 2014-2016, beginning on or after January 1, 2017.

The Company does not anticipate any significant impact on the consolidated financial statements derived from the application of the new standards and amendments that will be effective for annual periods beginning after December 31, 2016, although it is currently still in process of evaluating such application.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by IASB.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it 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 Company considers all relevant facts and circumstances in assessing whether the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights 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 that 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 losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Shareholders.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement*, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Going concern

The Group meets its working capital needs through its cash reserves and banking facilities. Although the Group had a loss for the year of $338 million, the Group has net assets of $2,019 million. This includes cash of $197 million and further facilities available of $547 million as at 31 December 2016. As discussed in the "events after balance sheet date" note (note 38) the Group was refinanced and the existing debt structure at 31 December 2016 was replaced. The Group's forecasts and projections take into account possible changes in trading performance and show that the Group should be able to operate within the current level of available facilities and cash flows from operations. As such, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail are contained in the Strategic Report on pages 5 to 7.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company’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 recognized in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Company amortization, accrual, etc.

2. If it is attributable to specific intangible assets, recognizing 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 recognized as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill is only recognized 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 recognized.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

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 Company expects to obtain future economic benefits are recognized in the consolidated statement of financial position.

Intangible assets are recognized initially at acquisition or production cost. The aforementioned cost is amortized systematically over each asset's useful life. At each reporting date, these assets are measured at acquisition cost less accumulated amortization and any accumulated impairment losses, if any. The Company reviews amortization periods and amortization methods for finite-lived intangible assets at the end of each fiscal year.

The Company's main intangible assets are as follows:

Development expenditures

Development expenditures are capitalized if they meet the requirements of identifiability, reliability in cost measurement and high probability that the assets created will generate economic benefits. Developmental expenditures are amortized on a straight-line basis over the useful lives of the assets, which are between four and ten years, depending on the project.

Expenditures on research activities are recognized as expenses in the years in which they are incurred.

Power supply agreements

Power supply agreements are amortized on a straight-line basis over the term in which the agreement is effective. The group is currently amortizing a single power supply agreement over six years.

Rights of use

Rights of use related to mining concessions are amortized 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 amortized 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. Computer software is amortized on a straight-line basis over two to five years.

Computer system maintenance costs are recognized as expenses in the years in which they are incurred.

Other intangible assets

Other intangible assets include:

- Supply agreements which are amortized in accordance with their estimated useful lives (see Note 18).

- CO_2 emissions allowances (“rights held emit greenhouse gasses”) which are not amortized, but rather are expensed when used.

Property, plant and equipment

Cost

Property, plant and equipment for our own use are initially recognized 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 capitalized. In 2016 and 2015 no material borrowing costs were capitalized.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized. Repair, upkeep and maintenance expenses are recognized in the consolidated income statement for the year in which they are incurred.

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.

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 Company depreciates property, plant and equipment using the straight-line method at annual rates based on the following years of estimated useful life:

	Years of estimated useful years
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

Land included within property, plant and equipment 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 Company reviews residual value, useful lives, and the depreciation method for property, plant and equipment 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 minimizing the environmental impact and protecting and enhancing the environment, they are capitalized to non-current assets.

Impairment of property, plant and equipment, intangible assets and goodwill

In order to ascertain whether its assets have become impaired, the Company 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 Company 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 recognized 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized 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.

Financial instruments

Financial assets

The main financial assets held by the Company are assets representing 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 Company has the intention to dispose of them within less than or more than twelve months.

The Company 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 Company 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 cash, goods or services are provided 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 Company are measured at the principal amount plus the accrued interest receivable, less any impairment losses, i.e. they are measured at their amortized cost.

The Company derecognizes 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 Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitization 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 Company does not derecognize financial assets, and recognize 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 deposits and guarantees 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 in more than twelve months are classified as non-current items.

Financial liabilities

Amortized cost:

The main financial liabilities of the Company are held-to-maturity financial liabilities, which are measured at amortized cost. The financial liabilities held by the Company are classified as:

- Bank and other loans:

Loans from banks and other lenders are recognized at the amount of proceeds received, net of transaction costs. They are subsequently measured at amortized cost. Borrowing costs are recognized 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 recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

Fair value:

The fair value of a financial instrument on a given date is determined 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 organized 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 Company 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.

The Company used mid-market prices as observable inputs from external sources of information recognized by the financial markets.

To determine the market value of interest rate derivatives (swaps or IRSs), the Company 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.

Inventories

Inventories comprise assets (goods) 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 realizable 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 realizable value.
- Work in progress and finished and semi-finished goods: the lower of production cost (which includes the cost of materials, labor costs, direct and indirect manufacturing expenses) or net realizable value in the market.

Obsolete, defective or slow-moving inventories have been reduced to net realizable value.

Net realizable 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 realizable value and all losses of inventories are recognized as expenses in the year in which the write-down or loss occurs. Any subsequent reversals are recognized as income in the year in which they arise.

The consumption of inventories is recognized as an expense in “Cost of sales” in the consolidated income statement in the period in which the revenue from their sale is recognized.

Biological assets

The Company recognizes 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.

Cash and cash equivalents

The Company 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.

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 Company, 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 Company, 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 recognized in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see Note 33).

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 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" 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 Company; and provisions for medium- and long- term employee incentives and the long-service bonus described in Note 30.

Provisions for litigation in progress

At the end of 2016 and 2015, certain court proceedings and claims were in process against the Company arising from the ordinary course of their business. The Company'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 subsidiaries 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 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 recognized 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 recognized.

The amount recognized 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 unrecognized actuarial gain (loss).
- Minus any amount of past service cost not yet recognized.
- Minus the fair value of plan assets (if any) out of which the obligations are to be settled directly.

The Company recognizes provisions for these benefits as the related rights vest and on the basis of actuarial studies. These amounts are recognized 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 Company's assets and are managed by third parties.

Environmental provisions

Provisions for environmental obligations are estimated by analyzing 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 recognized 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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership, 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 Company recognizes 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 recognized 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 Company acts as the lessor or lessee.

Current assets and liabilities

In general, assets and liabilities are classified as current or non-current based on the Company's operating cycle. However, in view of the diverse nature of the activities carried on by the Company, 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.

Income taxes

Income tax expense represents the sum of current tax and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

The current income tax expense is based on domestic and international statutory income tax rates in the tax jurisdictions where the Company operates related to taxable profit for the period. The taxable profit differs from net profit as reported in the income statement because it is determined in accordance with the rules established by the applicable taxation authorities which includes temporary differences, permanent differences, and available credits and incentives.

The Company's deferred tax assets and liabilities are provided on temporary differences at the balance sheet date between financial reporting and the tax basis of assets and liabilities, then applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and losses, to the extent that it is probably that taxable profit will be available against which the deductible temporary difference and carryforwards of unused tax credits and losses can be utilized. The deferred tax assets and liabilities that have been recognized are reassessed at the end of each reporting period in order to ascertain whether they still exist, and adjustments are made on the basis of the findings of the analyses performed.

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.

Income tax expense is recognized in the consolidated income statement, except to the extent that it arises from a transaction which is recognized directly to "consolidated equity", in which case the tax is recognized directly to "consolidated equity."

Foreign currency transactions

Foreign currency transactions are initially recognized in the functional currency of the subsidiary 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 recognized in the consolidated income statement for the year.

Financial derivative transactions detail the Company's accounting policies for these derivative financial instruments. Also, Note 37 to these consolidated financial statements details the financial risk policies of Ferroglobe.

The subsidiary in Venezuela, FerroAtlántica de Venezuela, S.A. ("FerroVen"), makes most of its procurement and sale transactions in US dollars, and a significant portion of the subsidiary's cash flows and balances are denominated in US dollars. Therefore, and in accordance with that established in IAS 21, the Company considers that the financial statements that most reasonably reflect the subsidiary's financial and equity position and the results of its operations in 2016 and 2015 are those expressed in its functional currency, the US dollar.

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 recognized when all of the following conditions are met:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company 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 Incoterm clauses applicable to the transaction.

Income from the energy business is recognized based on the power generated and put on the market at regulated prices; such income is recognized when the energy produced is transferred to the system.

Accordingly, interest income is recognized using the effective interest method. Dividend income is also recognized when the Shareholder’s rights to receive payment have been established.

Expense recognition

Expenses are recognized 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.

Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other gains and losses

The Company, historically, has been providing to its Shareholders and to third parties, mainly financial institutions that offer financial support to the Company, the amounts presented in the consolidated income statement under the subtotal ‘Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other gains and losses’. Additionally, management of the Company, has been using this subtotal in their analysis of the performance of the Company. 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 recognized 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, the Company concluded that the presentation of this subtotal in the face of the consolidated income statement is essential for the understanding of the Company operations.

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 Company uses derivative financial instruments such as currency forwards and interest rate swaps.

The Company’s transactions with financial derivatives are in keeping with the risk management policy described in Note 37 to the accompanying consolidated financial statements.

Therefore:

- the derivatives arranged are generally swaps, on the basis of which the Company 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); and,

- the usual obligation with respect to a foreign currency derivative was 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 recognized, 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, 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 recognized 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 Company 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 Company voluntarily decides not to apply hedge accounting, the changes in its fair value must be recognized in the consolidated income statement.

For derivatives that qualify for hedge accounting, under the relevant accounting standards, changes in fair value are recognized directly in equity or indirectly through consolidated profit or loss on the basis of the type of hedged risk concerned.

The portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognized temporarily in equity and is recognized 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.

Since June 30, 2015, the main cash-flow hedges have become ineffective and, consequently, subsequent changes in the hedge’s fair value have been recognized in the consolidated income statement.

Grants

Grants related to assets

Grants related to assets correspond primarily 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. Income from these grants is recognized on a straight-line basis over the useful life of the assets whose costs they are financing. The amount of the assets and of the grants received are presented separately as assets and liabilities, respectively, within the consolidated statement of financial position.

The amount of such grants was not material at December 31, 2016 and 2015.

Grants related to income

These are grants that become receivable by the Company as compensation for expenses or losses already incurred and are recognized as income for the period in which they become receivable. The amount of such grants was not material in 2016 and 2015.

Termination benefits

Under current labor legislation, the Company is 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 December 31, 2016 and 2015, the liabilities related to termination benefits were not material.

CO2 emission allowances

CO_2 emission allowances are measured at cost of acquisition. Allowances acquired free of charge under the National Allocation Plan pursuant to Law 1/2007 of March 9, 2007 in Spain are initially measured at market value at the date received. At the same time, a grant is recognized for the same amount under “deferred income”.

Emissions allowances are not amortized, but rather are expensed when used.

At year end, the Company assesses whether the carrying amount of the allowances exceeds their market value in order to determine whether there are indications of impairment. If there are indications, the Group determines whether these allowances will be used in the production process or earmarked for sale, in which case the necessary impairment losses would be recognized. Provisions are released when the factors leading to the valuation adjustment have ceased to exist.

A provision for liabilities and charges is recognized for expenses related to the emission of greenhouse gases. This provision is maintained until the company is required to settle the liability by surrendering the corresponding emission allowances. These expenses are accrued as greenhouse gases are emitted.

When an expense is recognized for allowances acquired free of charge, the corresponding “deferred income” is taken to operating income. The Company derecognizes allowances surrendered at their carrying amount and recognizes those received at their fair value when received. The difference between both values is recognized as “deferred income”.

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.

Assets and disposal groups classified as held for sale, liabilities associated with assets held for sale and discontinued operations

Assets and disposal groups classified as held for sale include the carrying amount of individual items, disposal groups or items forming part of a business unit earmarked for disposal (discontinued operations), whose sale in their present condition is highly likely to be completed within one year from the reporting date. Therefore, the carrying amount of these items, which may or may not be of a financial nature, will likely be recovered through the proceeds from their disposal.

Liabilities associated with non-current assets held for sale include the balances payable arising from the assets held for sale or disposal groups and from discontinued operations.

Assets and disposal groups classified as held for sale are measured at the lower of fair value less costs to sell and their carrying amount at the date of classification in this category. Non-current assets held for sale are not depreciated as long as they remain in this category.

Results from operations qualifying as discontinued operations are presented separately as a single caption in the consolidated income statements. Results from operations qualifying as discontinued operations as of the reporting date for the latest period presented, that had previously been presented as results from continuing operations, are presented as results from discontinued operations for all comparative periods.

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 as follows:

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.

2. Operating activities: activities constituting the object of the subsidiaries forming part of the consolidated Company 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 Company that are not operating or investing activities.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. Impairment testing for goodwill is done at a cash-generating unit level, and the Company performs its annual impairment test at the end of the annual reporting period (December 31st). The estimate of the recoverable value of the cash-generating units requires significant judgment in evaluation of overall market conditions, estimated future cash flows, discount rates and other factors, and are calculated based on business plans most recently approved by the Board of Directors. The carrying amount of goodwill at the balance sheet date was $230 million after an impairment loss of $195 million was recognised during 2016. Details of the impairment loss calculation are set out in note 17.

Key sources of estimation of uncertainty:

The Group does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for those noted in the contingent liabilities section.

5. Revenue

An analysis of the group's revenue is as follows:

	Year ended 2016 US$'000	Year ended 2015 US$'000
Continuing operations		
Sales of goods	1,555,657	1,289,886
Other operating income	25,712	15,500
Discontinued operations		
Sales (see note 14)	20,380	26,704
	1,601,749	**1,332,090**

6. Operating segments

Products and services from which reportable segments derive their revenues

As a result of the Business Combination, the Company has a diversified production base consisting of 26 production facilities across North America, mainly in United States and Canada; Europe, mainly in Spain and France; South America, mainly in Venezuela; Africa, mainly in the Republic of South Africa; and Asia, mainly China.

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is based on the companies reporting structure.

The Group's reportable segments under IFRS 8 are therefore as follows:

- Electrometallurgy — North America
- Electrometallurgy — Europe
- Electrometallurgy — South Africa
- Electrometallurgy — Venezuela
- Other Segments

Unless otherwise indicated the segment information reported on the following pages does not include any amounts for discontinued operations, which are described in more detail in note 14.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment in 2016:

2016	Electrometallurgy North America US$'000	Electrometallurgy Europe US$'000	Electrometallurgy South Africa US$'000	Electrometallurgy Venezuela US$'000	Other segments US$'000	Adjustments/ Eliminations(**) US$'000	Total US$'000
Sales	521,192	949,547	142,160	30,430	59,907	(147,579)	**1,555,657**
Cost of sales	(325,254)	(672,026)	(99,124)	(34,643)	(45,269)	133,316	**(1,043,000)**
Other operating income	362	25,908	3,422	27	4,686	(8,693)	**25,712**
Staff costs	(82,032)	(132,440)	(23,589)	(5,656)	(52,921)	3,606	**(293,032)**
Other operating expense	(64,606)	(118,269)	(28,834)	(6,747)	(31,217)	15,347	**(234,326)**
Depreciation and amortization charges, operating allowances and write-downs	(73,530)	(31,730)	(4,732)	(4,118)	(8,700)	1,464	**(121,346)**
Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(23,868)**	**20,990**	**(10,697)**	**(20,707)**	**(73,514)**	**(2,539)**	**(110,335)**
Impairment losses	(193,000)	(1,077)	(8,147)	(57,430)	(1,818)	(5,977)	**(267,449)**
Net (loss) gain due to changes in the value of assets	—	—	1,896	—	—	(5)	**1,891**

(Loss) gain on disposal of non-current assets	—	—	21	—	446	(127)	**340**
Other loss	—	(32,655)	—	—	(2,514)	35,129	**(40)**
Operating (loss)/profit	**(216,868)**	**(12,742)**	**(16,927)**	**(78,137)**	**(77,400)**	**26,481**	**(375,593)**
Finance income	1	11,551	744	1	6,638	(17,401)	**1,534**
Finance costs	(3,249)	(16,540)	(6,038)	(1,814)	(11,815)	14,871	**(24,585)**
Exchange differences	(438)	2,436	(2,164)	4,297	(7,587)	(57)	**(3,513)**
(Loss) profit before taxes	**(220,554)**	**(15,295)**	**(24,385)**	**(75,653)**	**(90,164)**	**23,894**	**(402,157)**
Income tax benefit (expense)	9,982	(10,505)	4,433	18,608	21,552	2,539	**46,609**
(Loss) profit from continuing operations	**(210,572)**	**(25,800)**	**(19,952)**	**(57,045)**	**(68,612)**	**26,433**	**(355,548)**
(Loss) Profit for discontinued operations	—	—	—	—	—	(3,065)	**(3,065)**
(Loss) profit for the year	**(210,572)**	**(25,800)**	**(19,952)**	**(57,045)**	**(68,612)**	**23,368**	**(358,613)**
Loss attributable to non-controlling interests	6,044	(93)	856	11,347	480	1,552	**20,186**
(Loss) profit attributable to the parent company	**(204,528)**	**(25,893)**	**(19,096)**	**(45,698)**	**(68,132)**	**24,920**	**(338,427)**

2015(*)	Electrometallurgy North America US$'000	Electrometallurgy Europe US$'000	Electrometallurgy South Africa US$'000	Electrometallurgy Venezuela US$'000	Other segments US$'000	Adjustments/ Eliminations(**) US$'000	Total US$'000
Sales	10,062	1,174,968	219,890	69,956	59,167	(244,157)	**1,289,886**
Cost of sales	(6,200)	(811,114)	(134,978)	(57,647)	(30,394)	222,458	**(817,875)**
Other operating income	17	52,211	5,070	44	2,065	(43,907)	**15,500**
Staff costs	(1,983)	(148,652)	(24,663)	(20,922)	(9,652)	3,287	**(202,585)**
Other operating expense	(276)	(142,867)	(29,237)	(28,677)	(38,670)	49,693	**(190,034)**
Depreciation and amortization charges, operating allowances and write-downs	(1,183)	(35,255)	(7,744)	(9,396)	(13,096)	4,473	**(62,201)**
Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**437**	**89,291**	**28,338**	**(46,642)**	**(30,580)**	**(8,153)**	**32,691**
Impairment losses	—	—	—	—	(52,042)	—	**(52,042)**
Net (loss) gain due to changes in the value of assets	—	—	1,336	—	(2,249)	1	**(912)**
(Loss) gain on disposal of non-current assets	—	1,468	—	—	(3,681)	5	**(2,208)**
Other loss	—	(40,983)	—	(4)	9,261	31,379	**(347)**
Operating (Loss) Profit	**437**	**49,776**	**29,674**	**(46,646)**	**(79,291)**	**23,232**	**(22,818)**
Finance income	6	36,206	501	7	4,862	(40,487)	**1,095**
Finance costs	(109)	(19,287)	(5,015)	(3,947)	(10,113)	14,733	**(23,738)**
Exchange differences	(44)	8,617	2,498	22,306	2,527	—	**35,904**
(Loss) profit before taxes	**290**	**75,213**	**27,658**	**(28,280)**	**(82,015)**	**(2,522)**	**(9,557)**
Income tax benefit (expense)	—	(22,953)	(7,807)	(16,877)	297	(1,379)	**(48,719)**
(Loss) profit from continuing operations	290	52,359	19,851	(45,157)	(81,718)	(3,901)	**(58,276)**
(Loss) Profit for discontinued operations	—	—	—	—	—	(196)	**(196)**
(Loss) profit for the year	**290**	**52,359**	**19,851**	**(45,157)**	**(81,718)**	**(4,097)**	**(58,472)**
Loss attributable to non-controlling interests	(41)	(61)	226	9,019	6,058	3	**15,204**
(Loss) profit attributable to the parent company	**249**	**52,298**	**20,077**	**(36,138)**	**(75,660)**	**(4,094)**	**(43,268)**

(*) Revised data reflect the results of Ferroglobe's energy business in Spain as discontinued operations (see Note 14).

(**) These amounts correspond to transactions between segments that are eliminated in the consolidation process.

2016	Electrometallurgy North America US$'000	Electrometallurgy Europe US$'000	Electrometallurgy South Africa US$'000	Electrometallurgy Venezuela US$'000	Other segments US$'000	Consolidation Adjustments/ Eliminations(**) US$'000	Total US$'000
Goodwill	230,210	—	—	—	—	—	**230,210**
Other intangible assets	33,243	18,946	1,355	—	9,295	—	**62,839**
Property, plant and equipment	540,794	154,379	58,559	—	111,807	(83,933)	**781,606**
Financial assets	—	113,157	—	—	17,329	(110,769)	**19,717**
Inventories	73,901	183,868	40,475	6,237	14,338	(2,117)	**316,702**
Receivables	50,000	275,823	34,852	12,024	205,283	(354,497)	**223,485**
Other assets	37,220	30,050	20,285	28	59,548	(52,257)	**94,874**
Cash and cash equivalents	38,389	87,997	15,195	571	54,831	(52)	**196,931**
Assets and disposal groups classified as held for sale (Note 14)	—	—	—	—	—	92,937	**92,937**
Total assets	**1,003,757**	**864,220**	**170,721**	**18,860**	**472,431**	**(510,688)**	**2,019,301**
Equity	646,397	220,948	59,756	(73,956)	67,158	(28,261)	**892,042**
Deferred income	—	2,229	—	—	1,719	1	**3,949**
Provisions	29,837	50,482	11,770	3,827	8,005	(2,337)	**101,584**

2016	Electrometallurgy North America US$'000	Electrometallurgy Europe US$'000	Electrometallurgy South Africa US$'000	Electrometallurgy Venezuela US$'000	Other segments US$'000	Consolidation Adjustments/ Eliminations(**) US$'000	Total US$'000
Bank borrowings and other financial liabilities (excluded finance leases)	—	313,910	29,620	—	171,395	(5,575)	**509,350**
Obligations under finance leases	3,181	—	2,055	—	81,383	(81,382)	**5,237**
Trade payables	193,128	237,286	49,667	87,035	85,195	(463,867)	**188,444**
Other non-trade payables	131,214	39,365	17,853	1,954	57,576	(36,949)	**211,013**
Liabilities associated with assets held for sale (Note 14)	—	—	—	—	—	107,682	**107,682**
Total equity and liabilities	**1,003,757**	**864,220**	**170,721**	**18,860**	**472,431**	**(510,688)**	**2,019,301**

2015	Electrometallurgy North America US$'000	Electrometallurgy Europe US$'000	Electrometallurgy South Africa US$'000	Electrometallurgy Venezuela US$'000	Other segments US$'000	Consolidation Adjustments/ Eliminations(**) US$'000	Total US$'000
Goodwill	426,851	—	—	—	—	—	**426,851**
Other intangible assets	43,747	19,444	1,193	69	6,754	412	**71,619**
Property, plant and equipment	579,660	165,476	55,282	60,355	107,369	3,431	**971,573**
Financial assets	—	121,388	3,705	4	6,602	(117,915)	**13,784**
Inventories	101,350	219,149	56,430	24,286	26,758	(2,601)	**425,372**
Receivables	64,809	360,580	48,272	11,463	367,625	(566,545)	**286,204**
Other assets	22,971	26,316	16,383	73	8,372	4,977	**79,092**
Cash and cash equivalents	24,814	16,904	10,751	365	63,834	(2)	**116,666**
Total assets	**1,264,202**	**929,257**	**192,016**	**96,615**	**587,314**	**(678,243)**	**2,391,161**
Equity	881,758	364,025	78,280	(15,574)	112,646	(126,162)	**1,294,973**
Deferred income	—	2,323	—	—	2,067	(1)	**4,389**
Provisions	33,195	34,880	12,089	3,399	5,337	1,963	**90,863**
Bank borrowings and other financial liabilities (excluded finance leases)	—	235,162	29,683	2,061	146,875	(2)	**413,779**
Obligations under finance leases	5,910	—	2,897	—	94,390	—	**103,197**
Trade payables	195,508	231,685	58,358	86,003	151,211	(567,865)	**154,900**
Other liabilities	147,831	61,182	10,709	20,726	74,788	13,824	**329,060**
Total equity and liabilities	**1,264,202**	**929,257**	**192,016**	**96,615**	**587,314**	**(678,243)**	**2,391,161**

Sales by product

	2016 US$'000	2015 US$'000
Silicon metal	751,508	592,458
Manganese alloys	223,451	260,371
Ferrosilicon	242,788	228,830
Other silicon based alloys	173,901	105,702
Silica fume	37,480	29,660
Other	126,529	72,865
Total	**1,555,657**	**1,289,886**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of the share of profits of associates, central administration costs including directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

Information about major customers

Total sales of $656,907 thousand and $524,821 thousand were attributable to the Company's top ten customers in 2016 and 2015, respectively. During 2016, sales corresponding to Dow Corning Corporation represented 13.7% of the Company's sales. These sales to Dow Corning Corporation are included in Electrometallurgy — North America and Electrometallurgy — Europe segments. However, during 2015 no single customer represented more than 10% of the Company's sales.

7. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2016 USD $'000	Year ended 2015 US$000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	4,459	2,484
Fees payable to the company's auditor and their associates for other services to the group		
— The audit of the company's subsidiaries	171	973
Total audit fees	**4,630**	**3,457**
— Audit-related assurance services	114	27
— Fees payable to other auditors	225	—
— Taxation compliance services	284	9
— Other services	17	81
Total non-audit fees	**640**	**117**
	5,270	**3,574**

8. Staff costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Directors	9	9
Senior Managers	258	298
Employees	3,760	3,903
	4,027	**4,210**

Their aggregate remuneration comprised:

	2016 US'000	2015 US'000
Wages, salaries and similar expenses	209,653	131,512
Pension plan contributions	10,647	8,986
Employee benefit costs	72,732	62,087
	293,032	**202,585**

9. Depreciation, amortisation charges, operating allowances and write-downs

	2016 US'000	2015 US'000
Amortization of intangible assets (Note 18)	12,649	4,547
Depreciation of property, plant and equipment (Note 19)	101,364	50,819
Change in impairment losses on uncollectible trade receivables (Note 21)	7,578	5,305
Change in inventory write-downs (Note 23)	—	917
Other	(245)	613
	121,346	**62,201**

10. Impairment losses and net (loss) gain due to changes in the value of assets

	2016 US'000	2015 US'000
Goodwill (Note 17)	194,612	—
Impairment of intangible assets (Note 18)	230	6,442
Impairment of property, plant and equipment (Note 19)	66,984	45,600
Impairment of non-current financial assets (Note 20)	5,623	—
	267,449	**52,042**

11. Other gains and losses

	2016 US'000	2015 US'000
Biological assets change in value	1,891	1,336
Financial investments gains/(losses)	—	(2,248)
Net gains/losses due to changes in the value of assets	**1,891**	**(912)**
Gains on disposal of property, plant and equipment	468	1,773
Loss on the disposal of Property, plant and equipment		(631)
Loss on disposal of intangible assets	—	(3,350)
Losses on disposal of other non-current assets	(128)	—
Other losses	(40)	(347)
Total other gains and (losses)	**2,191**	**(3,467)**

12. Finance income and expenses

	2016 US'000	2015 US'000
Finance income of related parties (Note 39)	74	425
Other finance income	1,460	670
Total finance income	**1,534**	**1,095**
Interest on loans and credit facilities	18,629	15,296
Interest on note and bill discounting	1,503	1,697
Interest on interest rate swaps	449	87
Other finance costs	4,004	6,658
Total finance expense	**24,585**	**23,738**

See the Borrowings note (note 25) for detail on finance expense

13. Tax

The components of current and deferred income tax (benefits) are as follows:

	2016 US'000	2015 US'000
Current income tax expense	(14,799)	40,636
Deferred income tax expense	(33,030)	8,083
Prior year income tax and other	1,220	—
Total	**(46,609)**	**48,719**

The Company has significant business operations in Spain, France and the United States. The following is a reconciliation of a weighted blended statutory income tax rate to our effective tax rate for the years ended December 31, 2016 and 2015.

The charge for the year can be reconciled to the (loss) in the income statement as follows:

	2016 US'000	2015 US'000
(Loss) profit before taxes	(402,157)	(9,557)
Blended statutory income tax rate	31%	31%
Corporate income tax at statutory rate	(124,669)	(2,963)
Foreign rate differential	(22,949)	4,572
Permanent differences	5,196	(4,799)
Incentives and deductions	(1,161)	(2,938)
Tax losses not recognized in deferred tax	15,326	35,754
Other non-taxable income/(expense)	81,648	19,093
Income tax (benefit)/expense	**(46,609)**	**48,719**
Effective tax rate	**12%**	**(510)%**

Tax losses not recognised in deferred tax reflects the impact of excluding the benefit from certain jurisdictional pre-tax losses as the tax credit carry forward may not be recoverable. In 2016, the Company impaired a substantial portion of FerroAtlantica de Venezuela S.A. which resulted in the removal of deferred tax liabilities on fixed assets that were impaired. The impact of the impairment on the deferred tax liability is $18,293 thousand which is included in 2016 Other non-taxable income/(expense). In 2015, the carrying amount of FerroAtlantica de Venezuela S.A.'s non-current assets and inventories was similar to that of previous years, while the tax value of these items decreased as a result of the currency devaluation. As the functional currency of the subsidiary FerroAtlántica de Venezuela, S.A. is the U.S. dollar (see Note 3) the difference between the carrying amounts and the tax values of the related deferred tax assets and liabilities results in income tax of $16,877 thousand. This impact is included in the 2015 Other non-taxable income/(expense).

14. Discontinued operations

On 12 December 2016, the group entered into a sale agreement to dispose of our Spanish energy business. The disposal is consistent with the Group's long-term policy to focus its activities in the business of manufacturing and trading electrometallurgy products. The Company has not recognised any impairment losses in respect of the Spanish energy business, neither when the asset and liabilities of the operation were reclassified as held for sale, nor at the end of the reporting period, since the proceeds of the sale will substantially exceed the carrying amount of the related net assets.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	2016 US'000	2015 US'000
Sales	20,380	26,704
Cost of sales	(412)	(861)
Other operating income	503	251
Staff costs	(3,367)	(3,284)
Other operating expense	(9,620)	(10,262)
Depreciation and amortization charges, operating allowances and write-downs	(4,331)	(4,849)
Operating profit before impairment losses and losses on disposals of non-current assets	**3,153**	**7,699**
Impairment losses	(640)	—
Loss on disposal of non-current assets	—	(6)
Operating profit	**2,513**	**7,693**
Finance income	2	1
Finance costs	(5,666)	(6,667)
(Loss) profit before taxes from discontinued operations	**(3,151)**	**1,027**
Income tax expense	86	(1,223)
(Loss) after taxes from discontinued operations	**(3,065)**	**(196)**

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2016 US'000
ASSETS	
Non-current assets	
Property, plant and equipment	83,935
Deferred tax assets	1,948
Other non-current assets	582
Total non-current assets	**86,465**
Current assets	
Inventories	32
Trade and other receivables	3,596
Current receivables from related parties	2,792
Other current assets	1
Cash and cash equivalents	51
Total current assets	**6,472**
Assets and disposal groups classified as held for sale	**92,937**
LIABILITIES	
Non-current liabilities	
Provisions	89
Obligations under finance leases	70,876
Other financial liabilities	5,576
Deferred tax liabilities	11,667
Total non-current liabilities	**88,208**
Current liabilities	
Provisions	1,265
Obligations under finance leases	10,507
Payables to related parties	254
Trade and other payables	3,651
Other current liabilities	3,797
Total current liabilities	**19,474**
Liabilities associated with assets held for sale	**107,682**

Cash flows from discontinued operations

The breakdown of our cash flows from discontinued operations for the years 2016 and 2015 is as follow:

	2016 US'000	2015 US'000
Cash flows from operating activities from discontinued operations	**23,719**	**24,188**
Cash flows from investing activities from discontinued operations	**(13,211)**	**(11,625)**
Cash flows from financing activities from discontinued operations	**(10,508)**	**(12,574)**
Total net cash flows for the year from discontinued operations	**—**	**(11)**

15. Dividends

Dividends distributed by Ferroglobe PLC during the year ended December 31, 2016, are as follows:

- The Board of Directors of Ferroglobe PLC resolved to declare four interim dividend payments during 2016 of $0.08 per share, paid on March 14, August 12, September 28, and December 29, and each totaling $13,747 thousand, respectively, distributed as cash payments through Reserves. As of December 31, 2016, all dividends declared were paid.

Dividends distributed by FerroAtlántica during the year ended December 31, 2015 to its former sole shareholder, Grupo Villar Mir, S.A.U., are as follows:

- The Board of Directors of FerroAtlántica resolved to distribute dividends on November 27, 2015, December 21, 2015 and December 22, 2015, totaling $15,870 thousand, $133 thousand, and $5,476 thousand, respectively, through cash payments from Reserves on those dates.

16. Earnings per share

Basic (loss) earnings per ordinary share are calculated by dividing the consolidated (loss) profit for the year attributable to Ferroglobe by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year, if any.

From continuing and discontinued operations

	2016 US'000	2015 US'000
Loss per share computation		
Numerator:		
Loss attributable to Ferroglobe PLC	(338,427)	(43,268)
Denominator:		
Weighted average basic shares outstanding	171,838,153	99,699,262
Loss per ordinary share (US Dollars)	**(1.97)**	**(0.43)**
Loss per share computation		
Numerator:		
Loss attributable to Ferroglobe PLC	(338,427)	(43,268)
Denominator:		
Weighted average basic shares outstanding	171,838,153	99,699,262
Effect of dilutive securities	—	—
Weighted average diluted shares outstanding	171,838,153	99,699,262
Diluted loss per ordinary share (US Dollars)	**(1.97)**	**(0.43)**

From continued operations

	2016 US'000	2015 US'000
Basic loss per share computation		
Numerator:		
Loss attributable to Ferroglobe PLC	(335,362)	(43,072)
Denominator:		
Weighted average basic shares outstanding	171,838,153	99,699,262
Basic loss earnings per ordinary share (US Dollars)	**(1.95)**	**(0.43)**
Diluted loss per share computation		
Numerator:		
Loss attributable to Ferroglobe PLC	(335,362)	(43,072)
Denominator:		
Weighted average basic shares outstanding	171,838,153	99,699,262
Effect of dilutive securities	—	—
Weighted average diluted shares outstanding	171,838,153	99,699,262
Loss per ordinary share (US Dollars)	**(1.95)**	**(0.43)**

From discontinued operations

	2016 US'000	2015 US'000
Basic Loss per share computation		
Numerator:		
Loss attributable to Ferroglobe PLC	(3,065)	(196)
Denominator:		
Weighted average basic shares outstanding	171,838,153	99,699,262
Basic loss per ordinary share (US Dollars)	**(0.02)**	**—**
Diluted loss per share computation		
Numerator:		
Loss profit attributable to Ferroglobe PLC	(3,065)	(196)
Denominator:		
Weighted average basic shares outstanding	171,838,153	99,699,262
Effect of dilutive securities	—	—
Weighted average diluted shares outstanding	171,838,153	99,699,262
Loss per ordinary share (US Dollars)	**(0.02)**	**—**

17. Goodwill

	1 January 2015 US$'000	Additions US$'000	Exchange differences US$'000	31 December 2015 US$'000	Impairment (Note 10) US$'000	Exchange differences US$'000	31 December 2016 US$'000
Thaba Chueu Mining (Pty.), Ltd.	2,642	—	(1,204)	1,438	(1,612)	174	—
Globe Specially Metals, Inc. (Globe)	—	425,413	—	425,413	(193,000)	(2,203)	230,210
	2,642	425,413	(1,204)	426,851	(194,612)	(2,029)	230,210

In accordance with the requirements of IAS 36, goodwill is tested for impairment annually and is tested for impairment between annual tests if a triggering event occurs that would indicate the carrying amount of a cash-generating unit may be impaired. Impairment testing for goodwill is done at a cash-generating unit level, and the Company performs its annual impairment test at the end of the annual reporting period (December 31st). The estimate of the recoverable value of the cash-generating units requires significant judgment in evaluation of overall market conditions, estimated future cash flows, discount rates and other factors, and are calculated based on business plans most recently approved by the Board of Directors.

During the year ended December 31, 2016, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of $193,000 thousand related to the partial impairment of goodwill at Globe, resulting from a sustained decline in sales prices that continued throughout 2016 and which caused the Company to revise its expected future cash flows from Globe's business operations. Ferroglobe operates in a cyclical market, and silicon and silicon-based alloy index pricing and foreign import pressure into the U.S. and Canadian markets impact the future projected cash flows used in our impairment analysis. The impairment charge is recorded within the Electrometallurgy — North America reportable segment, of which $178,900 thousand is associated with U.S. cash-generating units and $14,100 thousand is associated with Canadian cash-generating units. Recoverable 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. As of December 31, 2016, the remaining goodwill for the U.S and Canadian cash-generating units is $172,913 thousand and $57,297 thousand, respectively.

Key assumptions used in the determination of recoverable value

In determining the asset recoverability through value in use, management makes estimates, judgments and assumptions on uncertain matters. For each cash-generating unit, the value in use is determined based on economic assumptions and forecasted operating conditions as follows:

	2016	
	U.S.	**Canada**
Weighted Average Cost of Capital	9.0%	9.5%
Long-Term Growth Rate	2.4%	3.0%
Normalized Tax Rate	40.0%	26.5%
Normalized Cash Free Net Working Capital	15.0%	15.0%

The Company has defined a financial model which considers revenues, expenditures, cash flows, net tax payments and capital expenditures on a six year period (2017-2022), and perpetuity beyond this tranche. Six years of projections were utilized in order to project a normalized growth rate in the terminal year that was more closely aligned with year six versus year five. The financial projections to determine the net present value of future cash flows are modeled considering the principal variables that determine the historic flows of each group of cash-generating unit and the budgets approved by the Board of Directors.

Sensitivity to changes in assumptions

Changing management's assumptions, in particular the discount rate and the long-term growth rate, could significantly affect the evaluation of the value in use of our cash generating units and, therefore, the impairment result. The following changes to the assumptions used in the impairment test lead to the following:

	Goodwill	Excess of recoverable value over carrying value	Sensitivity on discount rate		Sensitivity on long -term growth rate		Sensitivity on cash flows	
			Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
	(in millions of US$)							
Electrometallurgy — U.S.	351.8	178.9	107.8	(78.4)	(9.8)	19.6	(58.8)	58.8
Electrometallurgy — Canada	71.4	14.1	29.4	(19.6)	—	9.8	(9.8)	19.6
Total	**423.2**							

During the year ended December 31, 2016, the Company recognized an additional goodwill impairment charge of $1,612 thousand associated with its quartz mining business in South Africa, Thaba Chueu Mining (Pty.), Ltd. (Thaba Chueu), as a result of its expected future cash flows. In estimating the fair value of Thaba Chueu, we considered cash flow projections using assumptions about overall market conditions, expected domestic sales pricing, and cost reduction initiatives. The impairment charge represented a write-off of the entire goodwill balance at the cash-generating unit, and it is recorded within the Electrometallurgy — South Africa segment.

The addition to goodwill during 2015 is related to the Business Combination with Globe as a result of the purchase price allocation.

As of December 31, 2015, the Company performed its annual goodwill impairment tests which did not indicate any impairment of goodwill was required. Goodwill resulting from the business combination was reviewed as a part of the overall Globe purchase price allocation, and therefore was not considered impaired at December 31, 2015.

Refer to Note 19 (Property, plant and equipment) for discussion of Management's impairment analysis of long-lived assets and impairments recognized during the year ended December 31, 2016 and 2015.

18. Other intangible assets

	Development Expenditure US$'000	Power Supply Agreements US$'000	Rights of Use US$'000	Computer Software US$'000	Other Intangible Assets US$'000	Accumulated amortization (Note 9) US$'000	Impairment (Note 10) US$'000	Total US$'000
Balance at 1 January 2015	**42,599**	**—**	**22,144**	**2,105**	**29,000**	**(42,001)**	**(3,398)**	**50,449**
Additions	3,301	—	—	—	7,895	(4,547)	(6,442)	207
Acquisitions through business combinations	—	37,836	—	3,984	1,926	—	—	43,746
Disposals	—	—	—	—	(11,899)	77	—	(11,822)
Transfers from/(to) other accounts and/or captions	—	—	—	—	(3,448)	—	—	(3,448)
Exchange differences	(5,364)	—	(2,287)	(208)	(3,945)	3,342	949	(7,513)
Balance at 31 December 2015	**40,536**	**37,836**	**19,857**	**5,881**	**19,529**	**(43,129)**	**(8,891)**	**71,619**
Additions	1,162	—	1,171	—	8,160	(12,649)	(230)	(2,386)
Disposals	—	—	—	—	(5,580)	—	—	(5,580)
Exchange differences	(1,344)	—	(683)	(66)	(325)	1,149	455	(814)
Balance at 31 December 2016	**40,354**	**37,836**	**20,345**	**5,815**	**21,784**	**(54,629)**	**(8,666)**	**62,839**

Development expenditure additions in 2016 and 2015 primarily relate to the development of the “Silicio Solar” project, undertaken by several subsidiaries.

Other intangible asset additions in 2016 and 2015 primarily relate to the accounting of the rights held to emit greenhouse gasses by several Spanish subsidiaries (see Note 3).

As a result of the business combination with Globe in 2015, the Company acquired a power supply agreement which provides favorable below-market power rates to a United States production facility as well as the computer software system used at all United States subsidiaries.

The Company was 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.

Disposals during the year ended December 31, 2015 primarily relate to sales to third parties of certain intangible assets owned by the Chinese subsidiary Ganzi. The Company received approximately $8,100 thousand for the sale of intangible assets, and recorded a loss of $3,350 thousand in (Loss) Gain on disposals of non-current assets in 2015.

Refer to Note 19 (Property, plant and equipment) for discussion of Management’s impairment analysis of long-lived assets and impairments recognized during the year ended December 31, 2016 and 2015.

19. Property, plant and equipment

	Land and buildings US$'000	Plant and machinery US$'000	Other fixtures, tools and furniture US$'000	Advances and property, plant and equipment in the course of construction US$'000	Mineral reserves US$'000	Other items of property, plant and equipment US$'000	Accumulated depreciation (Note 9) US$'000	Impairment (Note 10) US$'000	Total US$'000
Balance at January 1, 2015	**228,788**	**918,096**	**5,194**	**31,601**	**5,970**	**23,177**	**(732,916)**	**(364)**	**479,546**
Additions	767	2,282	52	58,464	—	7,386	(55,668)	(45,600)	(32,317)
Acquisitions through business combinations	9,870	503,333	397	15,078	55,939	—	—	—	584,617
Disposals and other	(4,354)	(1,119)	(105)	—	—	—	2,034	—	(3,544)
Transfers from/(to) other accounts	5,415	18,676	215	(20,858)	—	—	—	(9,774)	(6,326)
Exchange differences	(18,024)	(101,865)	(653)	(3,257)	(1,920)	(504)	69,981	5,839	(50,403)
Balance at December 31, 2015	**222,462**	**1,339,403**	**5,100**	**81,028**	**59,989**	**30,059**	**(716,569)**	**(49,899)**	**971,573**
Additions	488	3,017	801	60,035	—	204	(105,695)	(67,624)	(108,774)
Disposals and other	(600)	(1,448)	—	(688)	—	(7)	1,980	—	(763)
Transfers from/(to) other accounts	4,106	57,345	116	(61,567)	—	—	—	—	—
Exchange differences	(3,015)	(11,594)	28	(2,114)	—	1,947	13,399	4,854	3,505
Transfer to assets and disposal groups classified as held for sale and discontinued operations (see Note 14)	(32,383)	(166,668)	(73)	(26,829)	—	—	141,378	640	(83,935)
Balance at 31 December 2016	**191,058**	**1,220,055**	**5,972**	**49,865**	**59,989**	**32,203**	**(665,507)**	**(112,029)**	**781,606**

Impairment losses recognised in the year

During 2016 and 2015, the Company tested the long-lived assets for impairment of subsidiaries with uncertain cash flows. In this regard, during 2016 as a result of the uncertainty of the cash flow generating capacity of FerroAtlántica de Venezuela (FerroVen), SA. ("FerroVen"), due to the economic, political and social instability of Venezuela, the Company's management decided to continue FerroVen operations, until free market conditions are re-established, only at the local level, which will generate nil or negative expected cash flows for coming years under those conditions. As a result, the Company impaired in 2016 the long-lived assets and took an impairment charge of $58,472 thousand related to Property, plant and equipment.

Additionally, in 2016, the Company took an impairment charge of $9,176 thousand comprised of $1,612 thousand of goodwill, $230 thousand of intangibles assets and $7,334 thousand for Property, plant and equipment, due to the weak generation of expected cash flows of the South-African Group mining subsidiary, Thaba Chueu Mining (Pty.), Ltd., in the coming years, due to the unfavorable market conditions with third parties, mainly due to the low quartz prices in the local market.

Also during 2016, the Company impaired other tangible assets amounting to $1,178 thousand related to abandoned research and development projects.

On the other hand, the Company announced plans in December 2015 to abandon the development of a silicon metal factory in Quebec, Canada (FerroQuebec) as a result of unfavorable market conditions and management's decision to optimize production capacity at existing operations. As a result, the Company impaired in 2015 the long-lived assets and took an impairment charge of $4,707 thousand related to $561 thousand of intangibles assets and $4,146 thousand for Property, plant and equipment.

During 2015, the Company abandoned plans regarding the Ganzi project in China to build a silicon metal factory as a result of difficulty in obtaining the necessary permits and unfavorable market conditions. Accordingly, the Company impaired in 2015 the long-lived assets and took an impairment charge of $9,282 thousand, comprised of $4,040 thousand for intangibles assets and $5,242 thousand for Property, plant and equipment.

During 2015, the Company idled its silicon metal production facility located in MangShi, China (MangShi). This decision was made as a result of a global decline in silicon metal demand and pricing. Chinese competitors are exporting silicon metal, primarily into Europe, at sales prices lower than MangShi's cost of production. Therefore, management has determined that until such time as the output of MangShi can profitably compete in the global silicon market the facility should remain idle. Management has initiated plans to market the facility for sale. As the future cash flows are uncertain, management performed an impairment analysis with the assistance of an independent specialist, and determined that the highest and best use of the facility would be to scrap the assets and sell the land along with certain multipurpose buildings. Management used the following assumptions to estimate the impairment on these assets:

- *Land and building:* land fair value was estimated based on comparable recent land transactions in the proximity of MangShi. Building replacement cost was estimated based on the cost of new construction in the local market, adjusted for the age and remaining useful life of the company's assets.

- *Machinery and equipment:* a scrap valuation analysis was used to determine the fair value of machinery and equipment. The impairment was estimated based on the replacement cost of new machinery and equipment less depreciation, marketability (80% in most of the assets) and cost to sell (15%). A 10% increase in cost to sell would increase impairment by $670 thousand. A 10% increase in marketability would increase impairment by $2,750 thousand.

Therefore, the associated long-lived assets were impaired in 2015 by $36,985 thousand ($773 thousand for Intangibles assets and $36,212 thousand for Property, plant and equipment). During 2016, there was no additional impairment on the aforementioned fixed assets at MangShi.

Disposals during the year ended December 31, 2015 relate to the sale to third parties of assets owned by the Chinese subsidiary Ganzi. The amount collected by that subsidiary for the sale to third parties of Property, plant and equipment totaled in 2015 was $3,800 thousand, and the Company recognized a gain in 2015 of $306 thousand recorded in (Loss) gain on disposals of non-current assets. Property, plant and equipment acquired through the Business Combination with Globe were recorded at fair value in accordance with the purchase price allocation. Other than those recorded during the year, there is no indication of impairment in the Company's Property, plant and equipment, as the recoverable amount of the assets is higher than their carrying amount, net of any depreciation. The Company maintains insurance policies to cover the possible risks to which its Property, plant and equipment are subject and against which claims might be filed in the pursuit of its business activities. These policies are considered to adequately cover the risks to which the related items were subject at December 31, 2016 and 2015.

Assets pledged as security

At December 31, 2016 and 2015, the Company has property, plant and equipment of $597,385 thousand and $687,953 thousand, respectively, pledged as security for outstanding bank loans and other payables.

20. Financial Assets

Non-current and current financial assets comprise the following at December 31:

	2016		
	Non-Current US$'000	**Current US$'000**	**Total US$'000**
Financial assets held with third parties:			
Loans and receivables	2,388	—	2,388
Other financial assets	3,435	4,049	7,484
Total	**5,823**	**4,049**	**9,872**

	2015		
	Non-Current US$'000	**Current US$'000**	**Total US$'000**
Financial assets held with third parties:			
Loans and receivables	6,015	—	6,015
Other financial assets	3,657	4,112	7,769
Total	**9,672**	**4,112**	**13,784**

As of December 31, 2016, as a result of the impairment analysis of non-current financial assets, the Company has considered as non-recoverable financial assets recorded as 'Financial assets held with third parties — Loans and receivables', which correspond mainly to accounts receivable from non-controlling interest amounting to $4,547 thousand, and impaired other non-recoverable financial assets amounting to $1,076 thousand(see Note 10).

21. Trade and other receivables

Loans and receivables comprise the following at December 31:

	2016 US'000	**2015 US'000**
Trade receivables	152,303	220,500
Trade notes receivable	725	746
Unmatured discounted notes and bills	719	783
Tax receivables(1)	17,299	34,339
Employee receivables	456	187
Other receivables	37,904	18,699
Total	**209,406**	**275,254**

(1) "Tax receivables" relates mainly to VAT borne, to be offset or refunded by the tax authorities in the countries in which the Company is located, mainly Spain (FerroAtlántica and Silicio FerroSolar), France (FerroPem), United States (GSM) and Venezuela (FerroVen).

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 amortized cost.

The age of the past-due receivables for which no allowance had been recognized is as follows:

	2016 US'000	2015 US'000
0 - 90 days	54,428	70,849
90 - 180 days	9,011	8,154
180 - 360 days	1,061	253
Total	**64,500**	**79,256**
Average collection period (days)	**57**	**65**

The changes in provisions during 2016 and 2015 were as follows:

	Provisions US$'000
Balance at January 1, 2015	**7,220**
Charge for the year (Note 9)	5,305
Reversed	(623)
Exchange differences	(834)
Balance at December 31, 2015	**11,068**
Charge for the year (Note 9)	7,578
Amount in used	(3,425)
Exchange differences	(550)
Balance at December 31, 2016	**14,671**

The Company recognized the related valuation adjustments to cover the risk of possible bad debts that might arise (see Note 9).

As mentioned in Note 6, during 2016 sales corresponding to Dow Corning Corporation represented 13.7% of the Company's sales. During 2015, no single customer represented more than 10% of the Company's sales.

Factoring without recourse arrangements

The Company entered into factoring without recourse agreements for trade receivables. There were $100,827 thousand and $99,477 thousand of factored receivables outstanding as of December 31, 2016 and 2015, respectively.

Factoring arrangements transferring substantially all economic risks and rewards associated with accounts receivable to a third party are accounted for by derecognizing the accounts receivable upon receiving the cash proceeds of the factoring arrangement.

Transfer of financial assets (commercial discounting of accounts receivable)

In trade discount transactions (recourse factoring) carried out by the Company, 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 Company.

In this regard, the Company recognizes the amount receivable under "Trade notes receivable" with a credit to "Bank borrowings — Payables in relation to discounted notes and bills" (see Note 25), until they are collected or settled.

Loans and receivables

	2016		2015	
	Non-Current US$'000	Current US$'000	Non-Current US$'000	Current US$'000
Loans and receivables from third parties	2,388	—	6,015	—

These receivables primarily relate to payments to local public-sector entities pursuant to local legislation of various subsidiaries, which will be paid back to the subsidiaries or replaced with third-party loans. These accounts are valued at amortized cost.

The planned long-term maturity of these accounts receivable at December 31 is as follows:

	2016					
	2018 US'000	2019 US'000	2020 US'000	2021 US'000	Other US$'000	Total US$'000
Receivable from third parties	404	153	137	141	1,553	2,388

	2015					
	2017 US'000	2018 US'000	2019 US'000	2020 US'000	Other US$'000	Total US$'000
Receivable from third parties	228	193	187	167	5,240	6,015

22. Subsidiaries

Information about the composition of the Group at the end of the reporting period is as follows:

	Percentage of Ownership			
	Direct	Total	Line of Business	Registered
Alabama Sand and Gravel, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Alden Resources, LLC	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Alden Sales Corporation, LLC	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Core Metals Group Holdings, LLC	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Core Metals Group, LLC	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Gatliff Services, LLC	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
GBG Holdings, LLC	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Globe Metallurgical, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Globe Metals Enterprises, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
GSM Alloys I, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
GSM Alloys II, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
GSM Enterprises Holdings, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
LF Resources, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
Norchem, Inc.	—	100.0	Electrometallurgy — North America	Florida — USA(2)
QSIP Canada ULC	—	100.0	Electrometallurgy — North America	Canada(3)
QSIP Sales ULC	—	100.0	Electrometallurgy — North America	Canada(3)
Quebec Silicon LP	—	51.0	Electrometallurgy — North America	Canada(4)
Tennessee Alloys Company, LLC	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
West Virginia Alloys, Inc.	—	100.0	Electrometallurgy — North America	Delaware — USA(1)
WVA Manufacturing, LLC	—	51.0	Electrometallurgy — North America	Delaware — USA(1)
Cuarzos Industriales, S.A.U.	—	100.0	Electrometallurgy — Europe	A Coruña — Spain(5)
Ferroatlántica, S.A.U. — Electrometallurgy	—	100.0	Electrometallurgy — Europe	Madrid — Spain(6)
FerroPem, S.A.S.	—	100.0	Electrometallurgy — Europe	France(7)
Grupo FerroAtlántica, S.A.U	100.0	100.0	Electrometallurgy — Europe	Madrid — Spain(6)
Hidro-Nitro Española, S.A. — Electrometallurgy	—	100.0	Electrometallurgy — Europe	Madrid — Spain(6)
Rocas, Arcillas y Minerales, S.A.	—	66.7	Electrometallurgy — Europe	A Coruña — Spain(8)
Rebone Mining (Pty.), Ltd.	—	100.0	Electrometallurgy — South Africa	Polokwane — South Africa(9)
Samquarz (Pty.), Ltd.	—	74.0	Electrometallurgy — South Africa	Delmas — South Africa(30)
Silicon Smelters (Pty.), Ltd.	—	100.0	Electrometallurgy — South Africa	Polokwane — South Africa(9)
Silicon Technology (Pty.), Ltd.	—	100.0	Electrometallurgy — South Africa	South Africa(29)
Thaba Chueu Mining (Pty.), Ltd.	—	74.0	Electrometallurgy — South Africa	Polokwane — South Africa(9)
Cuarzos Industriales de Venezuela (Cuarzoven), S.A.	—	100.0	Electrometallurgy — Venezuela	Venezuela(10)
Ferroatlántica de Venezuela (FerroVen), S.A.	—	80.0	Electrometallurgy — Venezuela	Venezuela(10)

	Percentage of Ownership			
	Direct	Total	Line of Business	Registered
Actifs Solaires Bécancour, Inc	—	100.0	Electrometallurgy — Other segments	Canada(11)
Emix, S.A.S.	—	100.0	Electrometallurgy — Other segments	France(12)
Ferroatlántica Brasil Mineraçao Ltda.	—	70.0	Electrometallurgy — Other segments	Brazil(13)
FerroAtlántica Canada Company Ltd	—	100.0	Electrometallurgy — Other segments	Canada(32)
Ferroatlántica de México, S.A. de C.V.	—	100.0	Electrometallurgy — Other segments	Nueva León — Mexico(14)
Ferroatlántica Deutschland, GmbH	—	100.0	Electrometallurgy — Other segments	Germany(15)
Ferroatlántica I+D, S.L.U.	—	100.0	Electrometallurgy — Other segments	Madrid — Spain(6)
FerroAtlántica India Private Limited	—	100.0	Electrometallurgy — Other segments	India(16)
Ferroatlántica y Cía., F. de Ferroaleac. y Metales, S.C.	—	100.0	Electrometallurgy — Other segments	Madrid — Spain(6)
Ferroatlántica, S.A.U. — Other segments — Energy	—	100.0	Electrometallurgy — Other segments	Madrid — Spain(6)
FerroAtlática International Ltd	—	100.0	Electrometallurgy — Other segments	United Kingdom(17)
Ferroglobe Services plc	100.0	100.0	Electrometallurgy — Other segments	United Kingdom(31)
FerroManganese Mauritania SARL	—	90.0	Electrometallurgy — Other segments	Mauritania(18)
Ferroquartz Company Ltd	—	100.0	Electrometallurgy — Other segments	Canada(19)
Ferroquartz Holdings, Ltd	—	100.0	Electrometallurgy — Other segments	Hong Kong(20)
FerroQuartz Mauritania SARL	—	80.0	Electrometallurgy — Other segments	Mauritania(18)
FerroQuébec, Inc.	—	100.0	Electrometallurgy — Other segments	Canada(20)
FerroTambao, SARL	—	90.0	Electrometallurgy — Other segments	Burkina Faso(21)
Ganzi Ferroatlántica Silicon Industry Company, Ltd.	—	75.0	Electrometallurgy — Other segments	Yuanyangba, Kanding Country (Sichuan) (China)(22)
Globe Metales S.A.	—	100.0	Electrometallurgy — Other segments	Argentina(23)
Globe Specialty Metals, Inc.	100.0	100.0	Electrometallurgy — Other segments	Delaware — USA(1)
Hidro-Nitro Española, S.A. — Other segments — Energy(1)	—	100.0	Electrometallurgy — Other segments	Madrid — Spain(6)
Mangshi FerroAtlántica Mining Industry Service Company Ltd	—	100.0	Electrometallurgy — Other segments	MangShi, Dehong (Yunnan) (China) (24)
MangShi Sinice Silicon Industry Company Limited	—	100.0	Electrometallurgy — Other segments	MangShi, Dehong (Yunnan) (China) (25)
Ningxia Yongvey Coal Industrial Co., Ltd.	—	98.0	Electrometallurgy — Other segments	China(28)
Photosil Industries, S.A.S.	—	100.0	Electrometallurgy — Other segments	France(26)
Silicio FerroSolar, S.L.U	—	100.0	Electrometallurgy — Other segments	Madrid — Spain(6)
Solsil, Inc.	—	100.0	Electrometallurgy — Other segments	Delaware — USA(1)
Ultracore Energy S.A.	—	100.0	Electrometallurgy — Other segments	Argentina(27)

Registered offices:

(1) The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801

(2) C T Corporation System, 985 Seaway Drive, Suite-A, Fort Pierce, FL 34949

(3) SUITE 900, 1959 UPPER WATER STREET, PO BOX 997, HALIFAX NS Canada B3J 2X2

(4) 6500 Rue Yvon-Trudeau, Becancour, QC G9H2V8

(5) Lugar San Pedro de Vilanova, s/n — Vedra

(6) P° Castellana N° 259-D Planta 49ª, 28046, Madrid

(7) 517, Av. de la Boisse. Chambery

(8) Lugar San Pedro de Vilanova, s/n — Vedra, A Coruña

(9) Beyersnek Road Po Box 657, Polokwane 0700 ZA

(10) Av. Fuerzas Armadas. Sector Punta Cuchillos. Puerto Ordaz (Bolívar)

(11) Yvon-Trudeau Street, Bécancour, Québec

(12) Parc d’Activités de la Croisière — 23300 Saint Maurice La Souterraine

(13) Rodovia GO 241KM22 — CEP 73.790-000. CAVALCANTE — GOIÀS

(14) Mezcal, 207. Condominios La Antigua (Nuevo León)

(15) 30, Hatzper Street. — Essen

(16) KHAITAN & CO. 13TH FLOOR, ONE INDIABULLS CENTRE, ELEPHINSTON ROAD

(17) 125 Ols Broad Street, Ec2N 1AR, London

(18) C 80, Rue 26014, Ksar Ouest, Nouakchott, Mauritania

(19) Unit 1010, Miramar Tower, 132 Nathan Road, Tsimshatsui, Khowloon, Hong Kong

(20) 32 Plante Street, Port-Cartier, Québec, G5B 2W8

(21) 01 BP 5853 Ouagadougou 01, rue Zuug-Suiga nº 929 ZAD, secteur 30, Tambao

(22) Times Plaza 23 F-9. ZongFu Road, 2. Chengdu (Sichuan)

(23) Pico 1641 — Floor 8th — Rooms A and C, Buenos Aires, Argentina

(24) Mangnong Village, Fengping Town, Mangshi City, Dehong Prefecture, Yunnan Province, China Postcode: 678 400

(25) Yunnan Province, Dehong Prefacture, MangShi City, Fengping Town, Mangnong Village

(26) Av. De la Boisse, 517 Chambery

(27) Pico 1641 — Floor 8th — Rooms A and C, Buenos Aires, Argentina

(28) Chonggang Industry Zone, Pingluo County, Shizuishan City, Ningxia, China

(29) La Lucia Ridge Office estate, 2 Pencarrow Crescent, Pencarrow Park, La lucia, 4051

(30) Portion 101 Farm Joubertsrus 310 JS, Voortrekker Road, Emalahleni, Mpumalanga, 1035

(31) 5 Fleet Place, London, England, EC4M 7RD

(32) 32 Plante Street, Port-Cartier, Québec, G5B 2E4

The reconciliation of non-controlling interests in note 32 includes an analysis of the profit or loss allocated to non-controlling interests of each subsidiary where the non-controlling interest is material.

There are no significant restrictions on the ability of the group to access or use assets and settle liabilities.

23. Inventories

Inventories comprise the following at December 31:

	2016 US'000	2015 US'000
Finished industrial goods	116,629	238,729
Raw materials in progress and industrial supplies	176,568	148,871
Other inventories	23,708	40,800
Advances to suppliers	954	182
Less — Write-downs	(1,157)	(3,210)
	316,702	**425,372**

The changes in Write-downs during 2016 and 2015 were as follows:

	Write-downs US$'000
Balance at January 1, 2015	**5,715**
Charge for the year (Note 9)	917
Amount used	(2,870)
Exchange differences	(552)
Balance at December 31, 2015	**3,210**
Charge for the year (Note 9)	
Amount used	(2,048)
Exchange differences	(5)
Balance at December 31, 2016	**1,157**

The write-downs in 2016 and 2015 were recognized to adjust the acquisition or production cost to the net realizable value of the inventories. When the Company considers non reversal inventory impairment, it registers this as a 'Cost of sales' in the consolidated income statement.

The Company's purchase commitments totalled approximately $19,956 thousand at December 31, 2016 and $11,700 thousand at December 31, 2015.

24. Other Assets

Other non-current and current assets comprise the following at December 31:

	2016			2015		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Guarantees and deposits given	1,139	—	1,139	3,680	—	3,680
Prepayments and accrued income	—	6,211	6,211	—	—	—
Biological assets	17,365	—	17,365	13,767	—	13,767
Other assets	1,741	3,599	5,340	3,168	10,134	13,302
Total	**20,245**	**9,810**	**30,055**	**20,615**	**10,134**	**30,749**

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 recognized in Net (loss) gain due to changes in the value of assets in the consolidated income statement for the year (see Note 11).

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.

- 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 Silicon Smelters in respect of a portion of these plantations, but it is not possible to assess the resulting financial exposure. The cost of the plantations that are the subject of claims amounts to $1,806 thousand at December 31, 2016 and $1,604 thousand at December 31, 2015. As the Company considers the risk of these claims to be remote, no provision has been made for them.

Other current assets at December 31, 2015 includes an insurance receivable of $8,500 thousand for reimbursement for the amount payable to third parties under the agreed settlement of the complaint lodged by certain GSM shareholders in connection with the Business Combination. During 2016, this receivable has been settled.

25. Borrowings

Non-current and current bank borrowings comprise the following at December 31:

	2016(a)			
	Limit US$'000	**Non-Current Amount Drawn Down US$'000**	**Current Amount Drawn Down US$'000**	**Total US$'000**
Borrowings to finance investments	76,000	8,198	64,545	72,743
Credit facilities(b)	453,000	171,260	166,950	338,210
Discounted bills and notes	8,000	—	719	719
Other	10,000	15	9,604	9,619
Total	**547,000**	**179,473**	**241,818**	**421,291**

	2015(a)			
	Limit US$'000	**Non-Current Amount Drawn Down US$'000**	**Current Amount Drawn Down US$'000**	**Total US$'000**
Borrowings to finance investments	153,000	57,278	50,641	107,919
Credit facilities(b)	579,000	154,001	114,089	268,090
Discounted bills and notes	7,000	—	783	783
Other	30,000	12,397	17,041	29,438
Total	**769,000**	**223,676**	**182,554**	**406,230**

(a) In February 2017, the Company issued Senior Notes in the amount of $350 million, which was primarily used to repay a majority of the amount drawn down as of December 31, 2016. See Note 28 for further detail about the refinancing arrangement.

(b) Includes a Revolving Credit Agreement acquired from the Business Combination. On August 20, 2013, GSM entered into a $300,000 thousand five-year revolving multi-currency credit facility, which includes a $10,000 thousand sublimit for swing line loans and a $25,000 thousand 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. At the GSM election, the credit facility may be increased by an amount up to $150,000 thousand 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. Therefore, 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.

At December 21, 2016, the Company amended the Revolving Credit Agreement (Second Amendment to Credit Agreement and Limited Waiver Agreement), which among other matters, reduced the credit limit of the credit facility from $300,000 thousand to $200,000 thousand. At December 31, 2016 and 2015, the undrawn balance was $75,000 thousand and $198,978 thousand, respectively. In addition, this agreement served as a waiver of non-compliance of certain restrictive financial loan covenants as of December 31, 2016.

As part of the refinancing process mentioned above, on February 15, 2017, the Company entered into the Amended Revolving Credit Facility Agreement to amend the Revolving Credit Agreement (see Note 38).

The detail, by currency, of non-current and current bank borrowings, at December 31, is as follows:

	2016			
	Limit US$'000	Non-Current Amount Drawn Down US$'000	Current Amount Drawn Down US$'000	Total US$'000
Borrowings in euros	276,000	54,458	179,900	234,358
Borrowings in US Dollars	240,000	125,015	32,283	157,298
Borrowings in other currencies	31,000	—	29,635	29,635
Total	**547,000**	**179,473**	**241,818**	**421,291**

	2015			
	Limit US$'000	Non-Current Amount Drawn Down US$'000	Current Amount Drawn Down US$'000	Total US$'000
Borrowings in euros	319,000	109,056	149,179	258,235
Borrowings in US Dollars	320,000	100,048	3,080	103,128
Borrowings in other currencies	130,000	14,572	30,295	44,867
Total	**769,000**	**223,676**	**182,554**	**406,230**

The detail, by maturity, of the non-current bank borrowings at December 31 is as follows:

	2016	
	2018 US'000	Total US$'000
Borrowings to finance investments	8,198	8,198
Credit facilities	171,260	171,260
Other	15	15
Total	**179,473**	**179,473**

			2015			
	2017 US'000	2018 US'000	2019 US'000	2020 US'000	Other US$'000	Total US$'000
Borrowings to finance investments	18,271	20,399	4,536	—	14,072	57,278
Credit facilities	17,194	136,807	—	—	—	154,001
Other	1,502	998	998	998	7,901	12,397
Total	**36,967**	**158,204**	**5,534**	**998**	**21,973**	**223,676**

The average interest rate on the Company's financial borrowings during 2016 was 5.03%, including discontinued operations; and, 4.78%, excluding discontinued operations (5.44% in 2015, until the date of the Business Combination).

Borrowings to finance investments

Borrowings to finance investments include bank borrowings, secured by a guarantee, arranged to finance investments in non-current assets, including most following at December 31:

		2016			
Purpose	**Maturity**	**Limit US$'000**	**Non-Current US$'000**	**Current US$'000**	**Total US$'000**
Corporate finance	2021	14,000	—	13,350	13,350
Sundry investments in South Africa	2018	25,000	—	23,840	23,840
Syndicated financing for sundry investments in France	2018	17,000	8,198	8,199	16,397
Investments in MangShi plant	2019	14,000	—	13,176	13,176
Acquisition of SamQuarz (Pty.), Ltd.	2018	6,000	—	5,781	5,781
Others		—	—	199	199
Total		**76,000**	**8,198**	**64,545**	**72,743**

		2015			
Purpose	**Maturity**	**Limit US$'000**	**Non-Current US$'000**	**Current US$'000**	**Total US$'000**
Corporate finance					
Sundry investments in South Africa	2016	21,000	—	20,616	20,616
Sundry investments in South Africa	2018	16,000	—	13,549	13,549
Syndicated financing for sundry investments in France	2026	36,000	6,772	3,472	10,244
Investments in MangShi plant	2018	42,000	16,935	8,468	25,403
Acquisition of SamQuarz (Pty.), Ltd.	2019	18,000	13,609	4,536	18,145
Corporate investment financing	2018	6,000	5,890	—	5,890
	2021	14,000	14,072	—	14,072
Total		**153,000**	**57,278**	**50,641**	**107,919**

Main bank borrowings to finance investments agreements 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, that had not been achieved as of year-end, except in the case of the syndicated credit facilities granted to FerroPem, S.A.S.

As mentioned above, in February 2017, the Company issued Senior Notes in the amount of $350 million, which were primarily used to repay a majority of the amount drawn down as of December 31, 2016. See Note 38 for further detail about the refinancing arrangement.

26. Deferred tax

The changes in deferred tax assets and liabilities in 2016 and 2015 were as follows:

	Deferred Tax Assets US$'000	Deferred Tax Liabilities US$'000
Balance at December 31, 2014	**20,606**	**49,631**
Increases	1,080	9,542
Business combination	22,994	140,434
Decreases	(3,526)	(10,692)
Exchange differences	(2,084)	2,833
Balance at December 31, 2015	**39,070**	**191,748**
Increase	27,920	9,150
Business Combination	337	—
Decrease	(21,056)	(62,128)
Exchange differences	(1,321)	765
Balance at December 31, 2016	**44,950**	**139,535**

Significant components of the Company's deferred tax assets and liabilities at December 31, 2016, and 2015 consist of the following:

	2016 US'000	2015 US'000
Deferred tax assets:		
Non-current assets	8,822	17,423
Provisions	15,418	14,819
Depreciation and amortization charge	807	2,580
Hedging instruments	199	1,762
Tax losses, incentives, reductions and credits carry forwards	19,391	2,404
Other	313	82
Total	**44,950**	**39,070**
Deferred tax liabilities:		
Non-current assets	—	54,943
Depreciation and amortization charge	132,481	126,442
Inventories	1,441	6,966
Other	5,613	3,396
Total	**139,535**	**191,748**

Under current legislation, tax returns cannot be deemed final until they have been audited by the tax authorities or until the applicable Statute of Limitations period has expired. The number of open tax years subject to examination varies depending on the tax jurisdiction. In general, the Company has the last four years open to review. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to tax liabilities that cannot be quantified.

In 2016, the Company was under income tax audits in various taxing jurisdictions in which it has significant business operations. In Spain, the Company was under an income tax audit for the 2010, 2011 and 2012 tax years. In France, the Company was under an income tax audit for the 2012, 2013 and 2014 tax years. In the United States, the Company was under an income tax audit for the 2012 and 2013 fiscal years. During 2016, the Company was able to conclude all of these audits with the tax authorities and the income tax expense from the conclusion of the audits is reflected in the total tax expense.

27. Obligations under finance leases

Non-current and current obligations under finance leases comprise the following at December 31:

	2016			2015		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Hydroelectrical installations (including power lines and concessions)	—	—	—	84,055	10,335	94,390
Other finance leases	3,385	1,852	5,237	5,713	3,094	8,807
	3,385	**1,852**	**5,237**	**89,768**	**13,429**	**103,197**

The most significant finance lease relates to the Company's rights to use certain hydroelectrical installations in Spain. Liability related to Spanish hydroelectrical installations as of December 31, 2016 has been recognized in the account "Liabilities associated with assets held for sale — obligations under financial leases" (see Note 14), and as of December 31, 2016 there are non-current and current balances amounting $70,876 thousand and $10,507 thousand, respectively.

The detail, by maturity, of the non-current payment obligations under finance leases as of December 31, 2016 is as follows:

	2018 US'000	2019 US'000	2020 US'000	2021 US'000	Other US$'000	Total US$'000
Other finance leases	1,391	942	446	471	135	3,385
Total	**1,391**	**942**	**446**	**471**	**135**	**3,385**

28. Grants and other financial liabilities

Other financial liabilities comprise the following at December 31:

	2016			2015		
	Non-current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Financial loans with government agencies investments	85,768	1,592	87,360	—	—	—
Derivatives	699	—	699	7,549	—	7,549
Total	**86,467**	**1,592**	**88,059**	**7,549**	**—**	**7,549**

Financial loans with governments agencies

On September 8, 2016, FerroAtlántica, S.A., as borrower, and the Spanish Ministry of Industry, Tourism and Commerce (the 'Ministry'), as lender, entered into two loan agreements under which the Ministry made available to the borrower loans in aggregate principal amount of $47.3 million and $28.3 million, respectively, in connection with industrial development projects relating to the Company's solar grade silicon project. Each loan is to be repaid in seven instalments over a 10-year period with the first three years as a grace period. Interest on outstanding amounts under each loan accrues at an annual rate of 2.29%. This loan includes several conditions, both quantitative and qualitative in nature. As of December 31, 2016, the amortized cost of these loans was $75,108 thousand.

The remaining non-current and current balances of the 'Financial loans with governments agencies' includes several loans granted mainly by French and Spanish government agencies.

Derivatives

'Other financial liabilities — derivatives consist solely of interest rate swaps ("**IRS**"), which hedge the risk of changes in interest rates on certain non- current and current obligations.

The following interest rate swaps were outstanding at December 31:

	2016					2015				
	Nominal Amount US$'000	**Maturity**	**Fixed Interest Rate**	**Reference Floating Interest Rate**	**Market Value US$'000**	**Nominal Amount US$'000**	**Maturity US$'000**	**Fixed Interest Rate**	**Reference Floating Interest Rate**	**Market Value US$'000**
Lease of hydroelectrical installations	—	—	—	—	—	130,644	2022	2.05%	6-month Euribor	(6,363)
Financing for investments in Chinese subsidiaries	26,353	2019	2.81%	6-month Euribor	(699)	27,218	2019	2.81%	6-month Euribor	(1,150)
Other Financing					—					(36)
					(699)					**(7,549)**

On February 15, 2017, the IRS corresponding to the 'Financing for investments in Chinese subsidiaries' was paid together with the amount of the related loan, in the context of the Company's refinancing process described in Note 38.

At the date of issuance of this report, in accordance with IAS 39, no derivatives are considered as hedging accounting.

Foreign currency swaps (forwards)

As of December 31, 2016, the Company has arranged forward foreign currency purchase and sale transactions with various banks amounting $4,018 thousand and $29,836 thousand, respectively, to be settled during 2017 (versus $18,535 thousand, $28,679 thousand and ZAR 371,973 thousand settled in 2015, respectively). At December 31, 2016 and 2015, the fair value of these forwards was not significant.

Estimate of fair value

Assets and liabilities measured at fair value, based on the hierarchy levels mentioned in Note 4.5, at December 31 are as follows:

	2016			
	Total US$'000	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**
Non-current non-financial assets:				
Biological assets (see Note 24)	17,365	—	—	17,365
Financial liabilities:				
Other financial liabilities — derivatives	699	—	699	—

	2015			
	Total US$'000	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**
Non-current non-financial assets:				
Biological assets (see Note 24)	13,767	—	—	13,767
Financial liabilities:				
Other financial liabilities — derivatives	7,549	—	7,549	—

The changes in 2016 and 2015 in "assets and liabilities measured at fair value" classified in Level 3 were as follows:

	Level 3 Balance US$'000
January 1, 2015	**17,495**
Profit for the year (revaluation) (Note 10)	1,336
Translation differences and other	(5,064)
December 31, 2015	**13,767**
Profit for the year (revaluation) (Note 10)	1,891
Translation differences and other	1,707
December 31, 2016	**17,365**

29. Trade and other payables

	2016			2015		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Payable to suppliers		153,289	153,289	—	143,390	143,390
Trade notes and bills payable		4,417	4,417	—	3,683	3,683
Payable to non-current asset suppliers	—	1,105	1,105	—	1,993	1,993
Guarantees and deposits	36	—	36	35	—	35
Remuneration payable	—	34,182	34,182	—	37,141	37,141
Tax payables	—	12,403	12,403	—	15,598	15,598
Current income tax liabilities	—	961	961	—	10,887	10,887
Other liabilities	5,701	17,090	22,791	4,482	67,176	71,658
Payables to related parties (note 39)	—	30,738	30,738	—	7,827	7,827
	5,737	**254,185**	**259,922**	**4,517**	**287,695**	**292,212**

Tax Payables

Tax payables comprise the following at 31 December:

	2016			2015		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
VAT	—	1,853	1,853	—	464	464
Accrued social security taxes payable	—	3,940	3,940	—	6,605	6,605
Personal income tax withholding payable	—	855	855	—	909	909
Other	—	5,755	5,755	—	7,620	7,620
	—	**12,403**	**12,403**	**—**	**15,598**	**15,598**

Other liabilities

At December 31, 2015, Other current liabilities include the $32,500 thousand accrual for a shareholder settlement, as well as $10,000 thousand accrued for Plaintiff legal fees as ordered by the Court, in relation to litigation related to the Business Combination. $8,500 thousand of the Plaintiff legal fees were recoverable by insurance and are recorded as a receivable in Other current assets (see Note 24). This matter was settled in early 2016 and no liability remains related to the shareholder lawsuit as of December 31, 2016.

30. Provisions

Non-current and current provisions comprise of the following at 31 December:

	2016			2015		
	Non-Current US$'000	Current US$'000	Total US$'000	Non-Current US$'000	Current US$'000	Total US$'000
Provision for pensions	60,660	216	60,876	58,308	195	58,503
Environmental provisions	2,778	305	3,083	2,373	352	2,725
Provision for litigation	—	—	—	—	787	787
Provisions for third party liability	5,822	13	5,835	5,323	1,965	7,288
Other Provisions	12,697	19,093	31,790	15,849	5,711	21,560
	81,957	**19,627**	**101,584**	**81,853**	**9,010**	**90,863**

The changes in the various line items of provisions in 2016 and 2015 were as follows:

	Provision for Pensions (Note 36) US$'000	Environmental Provision US$'000	Provisions for Litigation in Progress US$'000	Provisions for Third-Party Liability US$'000	Other Provisions US$'000	Total US$'000
Balance at January 1, 2015	**44,927**	**1,903**	**807**	**8,909**	**120**	**56,666**
Charges for the year	5,208	139	331	2,270	4,003	11,951
Provisions reversed with a credit to income	(149)	(55)	(265)	(232)	—	(701)
Incorporation to the scope of consolidation	20,582	978	—	—	17,756	39,316
Amounts used	(2,928)	—	—	(4,356)	(275)	(7,559)
Provision against equity	(756)	—	—	—	—	(756)
Exchange differences and others	(8,381)	(240)	(86)	697	(44)	(8,054)
Balance at December 31, 2015	**58,503**	**2,725**	**787**	**7,288**	**21,560**	**90,863**
Charges for the year	6,009	272	—	—	6,777	13,058
Provisions reversed with a credit to income	—	—	—	(1,765)	(156)	(1,921)
Amounts used	(4,812)	(62)	—	(189)	(2,508)	(7,571)
Provision against equity	(4,297)	—	—	—	—	(4,297)
Transfers from/(to) other accounts	—	—	(787)	—	7,384	6,597
Exchange differences and others	5,473	148	—	501	61	6,183
Transfer to liabilities associated with assets held for sale (see Note 14)	—	—	—	—	(1,328)	(1,328)
Balance at 31 December 2016	**60,876**	**3,083**	**—**	**5,835**	**31,790**	**101,584**

31. Equity

Share capital

Ferroglobe PLC was incorporated on February 5, 2015 and issued one ordinary share with a face value of $1.00. The share was issued but uncalled. On October 13, 2015, the Company increased its share capital by £50,000 thousand by issuing 50,000 sterling non-voting redeemable preference shares (the "Non-voting Shares") as well as 14 ordinary shares with a par value of $1.00.

Subsequently on October 13, 2015, the Company consolidated the 15 ordinary shares at a par value of $1.00 to two ordinary shares with a par value of $7.50, for a total amount of $15.00.

On December 23, 2015, the Company acquired all the issued and outstanding ordinary shares from Grupo Villar Mir, S.A.U., par value €1,000 per share, of Grupo FerroAtlántica, S.A.U. in exchange for 98,078,161 newly-issued Ferroglobe Class A ordinary shares, nominal value $7.50 per share, making Grupo FerroAtlántica, S.A.U. a wholly-owned subsidiary of the Company. The company subsequently redeemed all non-voting Shares.

Subsequently on December 23, 2015, Gordon Merger Sub, Inc., a wholly owned subsidiary of the Company, merged with Globe Specialty Metals, Inc., and all outstanding shares of GSM common stock, par value $0.0001 per share were converted to the right to receive one newly-issued Ferroglobe ordinary share, nominal value $7.50 per share. 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. The shares trade on the NASDAQ Global Select Market under the ticker symbol "GSM."

On June 22, 2016, the Company completed a reduction of the share capital, such that the nominal value of each share has been reduced from $7.50 to $0.01, with the amount of the capital reduction being credited to a distributable reserve.

On November 18, 2016, Class A ordinary shares were converted into ordinary shares of Ferroglobe as a result of the distribution of beneficial interest units in the Ferroglobe Representation and Warranty Insurance Trust to certain Ferroglobe shareholders.

At December 31, 2016, there were 171,838,153 ordinary shares outstanding with a par value of $0.01, for a total issued and outstanding share capital of $1,795 thousand. At December 31, 2016, main shareholders were as follows:

Name	Number of shares beneficially owned	Percentage of outstanding shares
Grupo Villar Mir, S.A.U.	94,554,634	55.0%

Revaluation reserves

Valuation adjustments comprise the following at December 31:

	2016 US$'000	2015 US$'000
Actuarial gains and losses	(7,509)	(11,806)
Hedging instruments and other	(4,378)	(6,629)
Total	**(11,887)**	**(18,435)**

Capital management

The Company's primary objective is to maintain a balanced and sustainable capital structure through the industry's economic cycles, while keeping the cost of capital at competitive levels so as to fund the Company's growth. The main sources of financing are as follows:

- Cash flows from continuing operations.
- Long-term corporate financing through each of the Company's main subsidiaries in local currencies.
- Revolving credit facilities taken out by the Company to provide subsidiaries financing.

Given the complexity of the Venezuelan financial market and the restrictions on capital flows, long-term financing is structured through intercompany loan agreements for Venezuelan subsidiaries.

Management reviews the Company's capital structure and position using the financial ratios discussed in Note 16 (Bank borrowings), including the leverage ratio, which management deemed adequate at December 31 as follows:

	2016 US'000	2015 US'000
Consolidated equity	892,042	1,294,973
Gross financial debt(*)(**)	514,587	516,976
Cash and cash equivalents	(196,931)	(116,666)
Net financial debt	**317,656**	**400,310**
Net financial debt/Consolidated equity(***)	**35.61%**	**30.91%**

(*) Including the carrying amount (fair value) of the hedging derivatives recognized, arranged by several subsidiaries.

(**) As of December 31, 2016 this caption, due to its classification as "held for the sales" the balances corresponding to the Spanish energy business, do not contain the "gross financial debt" nor "cash and cash equivalents" that amount to $86,959 thousand and $51 thousand, respectively. Consequently, if these balances were included, the "Net financial debt" would be $404,615 thousand, and the ratio "Net financial debt/Consolidated equity" of 45.4%.

(***) Some bank borrowings require a leverage ratio lower than 100%.

The distribution of the Company's borrowings between non-current and current is as follows:

	2016(*)		2015	
	Balance US$'000	%	Balance US$'000	%
Non-current gross financial debt	269,325	52.34%	320,993	62.09%
Current gross financial debt	245,262	47.66%	195,983	37.91%
Gross financial debt	**514,587**	**100.00%**	**516,976**	**100.00%**

(*) As of December 31, 2016 this caption, due to its classification as "held for sale" the balances corresponding to the Spanish energy business (see Note 1), do not contain the "non-current gross financial debt" nor "Current gross financial debt" amounted $76,452 thousand and $10,507 thousand, respectively. Consequently, if these balances were taken, the "Gross financial debt" would be $601,546 thousand.

32. Non-controlling interests

The changes in Non-controlling interests in the consolidated statements of financial position in 2016 and 2015 were as follows:

	Balance (US$'000)
January 1, 2015	**17,978**
Loss for the year	(15,204)
Business combination	144,533
Translation differences and other	(5,484)
December 31, 2015	**141,823**
Loss for the year	(20,186)
Translation differences and other	3,919
December 31, 2016	**125,556**

The stand-alone statutory information regarding the largest non-controlling interests, in accordance with IFRS 12 Disclosure of Interests in Other Entities, is as follow:

WVA Manufacturing, LLC (WVA) was formed on October 28, 2009 as a wholly-owned subsidiary of Globe. On November 5, 2009, Globe sold a 49% membership interest in WVA to Dow Corning Corporation ("Dow Corning"), an unrelated third party. As part of the sale of the 49% membership interest to Dow Corning, an operating agreement and an output and supply agreement were established. The output and supply agreement states that of the silicon metal produced by WVA, 49% will be sold to Dow Corning and 51% to Globe, which represents each member's ownership interest, at a price equal to WVA's actual production cost plus $100 per metric ton. The agreement will automatically terminate upon the dissolution or liquidation of WVA in accordance with the joint venture agreement between Globe and Dow Corning. As of December 31, 2016, and 2015, the balance of non-controlling interest related to WVA was $93,506 thousand and $95,169 thousand, respectively.

Quebec Silicon Limited Partnership (QSLP), formed under the laws of the Province of Québec on August 20, 2010 is managed by its general partner, Quebec Silicon General Partner Inc., which is a wholly-owned subsidiary of Globe. QSLP owns and operates the silicon metal operations in Bécancour, Québec. QSLP's production output is subject to a supply agreement, which sells 51% of the production output to Globe and 49% to Dow Corning, which represents each member's ownership interest, at a price equal to QSLP's actual production cost plus 31 Canadian dollars per metric ton. As of December 31, 2016, and 2015, the balance of non-controlling interest related to QSLP was $45,349 thousand and $49,404 thousand, respectively.

	2016	
	WVA US$'000	**QSLP US$'000**
Balance Sheet		
Non-current assets	69,329	30,410
Current assets	34,116	64,307
Non-current liabilities	4,226	12,276
Current liabilities	16,121	17,016
Income Statement		
Sales	165,640	96,869
Operating profit	6,197	833
Profit before taxes	6,209	886
Net Income	9,782	886
Cash Flow		
Cash flows from operating activities	10,012	4,690
Cash flows from investing activities	(8,496)	(6,142)
Cash flows from financing activities	—	—
Exchange differences on cash and cash equivalents in foreign currencies	—	85
Beginning balance of cash and cash equivalents	—	2,109
Ending balance of cash and cash equivalents	1,516	742

33. Guarantee commitments to third parties and other contingent assets and liabilities

Guarantee commitments to third parties

As of December 31, 2016 and 2015, the Company has provided bank guarantee commitments to third parties amounting $43,944 thousand and $62,279 thousand, respectively. Management believes that any unforeseen liabilities as at December 31, 2016 that might arise from the guarantees given would not be material.

Contingent assets

In 2015, FerroAtlántica filed a claim to recover the initial joint venture contribution of approximately $17 million from its counterparty in relation to the Joint Venture Agreement between FerroAtlántica Group and Zeus Mineraçao Ltda., José Rubens Moretti Junior and Guilherme Moretti. An arbitration hearing took place on April 2015 and, on June 10, 2016, an award of $17 million, plus costs, was confirmed in favour of FerroAtlántica. This award is binding and FerroAtlántica is now seeking to enforce the award. While the Company continues to pursue recovery, the Company considers recovery against the claim unlikely due to the apparent financial condition of the respondents.

Contingent liabilities

In the ordinary course of its business, Ferroglobe is subject to periodic lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes and employment, environmental, health and safety matters. Although Ferroglobe cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings asserted against it, Ferroglobe 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.

Matters pertaining to Joint Ventures

In March 2017, the Company received a demand for mediation from its North American joint venture partner regarding a dispute in relation to the price of coal charged by its subsidiary, Alden Resources, to its North American joint ventures. The non-binding mediation is scheduled for June 2017. Although investigation of this matter is underway, the period that is reasonably in dispute, the amount in dispute, including the materiality of such amount, and the expected outcome of the mediation process are uncertain at this stage.

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, S.A.S. plants before those plants were purchased by the FerroAtlántica Group. During the period in question, FerroPem, S.A.S. was wholly-owned by Pechiney Bâtiments, which has indemnification obligations to our FerroAtlántica Group division pursuant to the sale and purchase agreement under which ownership of FerroPem, S.A.S. was transferred to our FerroAtlántica Group division in 2005 by Río Tinto France. As of the date of this annual report, at least 35 claims for inexcusable negligence (“faute inexcusable”) are pending against FerroPem, S.A.S. 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 professionelle”). Additional cases claiming damages for injuries related to asbestos exposure may be filed in the future. FerroPem, S.A.S. has initiated an arbitration process according to the terms contained in the sale and purchase agreement to enforce its indemnification rights against Río Tinto France with respect to the asbestos claims. The arbitration hearing is currently being planned.

Environmental matters

On April 10, 2015, the Magistrate Court Number 2 of Santiago de Compostela in Spain 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 offense, which involved a determination regarding the flow of a river on which certain of its hydroelectric facilities are located. In addition, FerroAtlántica was required to post a bond in the amount of $9.0 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 $6.7 million. The civil complaint against FerroAtlántica was dependent on the criminal proceeding against the aforementioned public official. On February 2, 2017, the Magistrate Court dismissed the case against FerroAtlántica as well as against the General Director because the Statute of Limitations for the alleged criminal offense had expired.

On August 31, 2016, the U.S. Department of Justice (the "DOJ") requested a meeting with Globe subsidiary Globe Metallurgical, Inc. (GMI) to discuss potential resolution of a July 1, 2015 NOV/FOV that GMI received from the U.S. Environmental Protection Agency (the "EPA"), alleging certain violations of the Prevention of Significant Deterioration ("PSD") and New Source Performance Standards provisions of the Clean Air Act associated with a 2013 project performed at GMI's Beverly, Ohio facility.

Specifically, the July 2015 NOV/FOV alleges violations of the facility's existing operating and construction permits, including allegations related to opacity emissions, sulfur dioxide and particulate matter emissions, and failure to keep necessary records and properly monitor certain equipment. On October 27, 2016, GMI met with the DOJ and the EPA to discuss the alleged violations, GMI's preliminary assessment of those alleged violations, and its possible defences to the NOV/FOV. As a result of that meeting, GMI has agreed to the government's request that GMI prepare an assessment of Best Available Control Technologies ("BACT") that could be applicable to the facility under the federal PSD program, to conduct a ventilation study to assess emissions at the facility, and to continue discussions with the government regarding an appropriate resolution of the NOV/FOV by consent. In February 2017, the EPA formally issued a request under Section 114 of the Clean Air Act, requiring GMI to conduct the ventilation study that GMI had previously agreed to conduct. On January 4, 2017, GMI received a second NOV/FOV dated December 6, 2016, arising from the same facts as the July 2015 NOV/FOV and subsequent EPA inspections. The second NOV/FOV alleges opacity exceedances at certain units, failure to prevent the release of particulate emissions through the use of furnace hoods at a certain unit, and the failure to install Reasonably Available Control Measures at certain emission units at the Beverly facility. As part of the on-going consent process to resolve the NOVs/FOVs, the government could demand that GMI install additional pollution control equipment and/or implement other measures to reduce emissions from the facility, as well as pay a civil penalty. At this time, however, GMI does not know the extent of potential injunctive relief or the amount of a civil penalty that could result from a negotiated resolution of this matter. Should the DOJ and GMI be unable to reach a negotiated resolution of the NOVs/FOVs, the government could institute formal legal proceedings for injunctive relief and civil penalties. The statutory maximum penalty is $93,750 per day per violation, from April 2013 to the present.

34. Operating lease arrangements

The Company also enters into operating leases, the most significant of which relates to the Company's office leases. Expenses associated with operating leases are recorded in Other operating expenses in the consolidated income statement, and the minimum lease payments on operating leases at December 31 are as follows:

	2016 US'000	2015 US'000
Minimum operating lease payments		
Within 1 year	1,788	2,067
Between 1 & 5 years	5,555	8,412
After 5 years	2,315	11,033
	9,658	21,512

35. Share-based Compensation

a. Stock plan

On May 29, 2016, the board of Ferroglobe PLC adopted the Ferroglobe PLC Equity Incentive Plan (the "Plan") and on June 29, 2016 the Plan was approved by the shareholders of the Company. The Plan is a discretionary benefit offered by Ferroglobe PLC for the benefit of selected employees of Ferroglobe PLC and of the Group. Its main purpose is to increase the interest of the employees in Ferroglobe PLC's long-term business goals and performance through share ownership. The Plan is an incentive for the employees' future performance and commitment to the goals of Ferroglobe PLC.

The following share-based payment arrangements were in existence during the current and prior years:

Option Series	Number	Grant Date	Expiration	Exercise Price	Fair Value at Grant Date
Equity Incentive plan	264,933	November 24, 2016	November 24, 2019	Nil	$11.81

All options vests when a plan participant's right to receive the share-based payment under the terms of the Plan is no more conditional on the satisfaction of any vesting conditions. Each of the share options granted on November 24, 2016 are subject to four performance conditions that can be summarized as follows:

Option Series	Date of Grant	Vesting Conditions
Equity Incentive plan	November 24, 2016	30% total shareholder return (“TSR”) relative to a comparator group
		30% TSR relative to S&P Global 1200 Metals and Mining Index
		20% return on invested capital (“ROIC”)
		20% net operating profit after tax (“NOPAT”)

Fair Value

The weighted average fair value of the share options granted during the financial year is $11.94. The Company estimates the fair value of the stock options using the Stochastic and Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted for the remaining time from the date of valuation until options are expected to be received, exercise restrictions (including the probability of meeting market conditions attached to the option), and performance considerations. Expected volatility is calculated over the period commensurate with the remainder of the performance period immediately prior to the date of grant. The Company has recently listed; therefore, a proxy volatility figure was used for the purposes of the valuation. The following assumptions were used to estimate the fair value of Ferroglobe stock options:

	Equity Incentive plan — November 24, 2016
Grant date share price	$11.81
Exercise price	Nil — awards are free to the recipient therefore have an exercise price of nil.
Expected volatility	44.83%
Option life	3.00 years
Dividend yield	0%
Risk-free interest rate	1.39%
TSR performance conditions:	
Comparator companies — volatility	For each company in the TSR comparator group, we have calculated the volatility using the same method used to calculate the Company’s volatility, using historical data (where available) which matches the length of the performance period remaining at grant date (i.e. 2.1 years).
Comparator companies — correlation	Correlations above 20% are considered significant and have been incorporated into the valuation model (100% represents perfect positive correlation and 0% represents no correlation)
TSR performance and averaging periods	The Company’s TSR was 40.0% compared to a median comparator group TSR of 56.4% (Part A) and median index TSR of 45.65% (Part B).
	For both parts of the award this decreases the fair value of this part of the award compared to that of a value excluding this known data as the Company is starting from a disadvantaged position.

There were 264,933 options that were granted during the year under the plan. There were no shares that were exercised during the year. For the year ended December 31, 2016, share-based compensation expense related to this stock plan amounted to $106 thousand, which is recorded in Staff costs.

Share options outstanding at year end had a weighted average contractual life 2.92 years.

b. Options assumed under business combination

Prior to the business combination, shares of Globe Specialty Metals common stock were registered pursuant to Section 12(b) of the Exchange Act and listed on NASDAQ. As a result of the business combination, each share of Globe common stock was converted into the right to receive one Ferroglobe ordinary share. The shares of Globe common stock were suspended from trading on NASDAQ effective as of the opening of trading on December 24, 2015. Ferroglobe ordinary shares were approved for listing on The NASDAQ Global Market. At the effective time of the business combination, GSM stock and stock-based awards were replaced with stock and stock-based awards of Ferroglobe in a one to one exchange.

There were no options granted or exercised from the date of the business combination through December 31, 2015 or for the year ended December 31, 2016. There were 681,288 share options which expired during the year ended December 31, 2016.

A summary of options outstanding as of December 31, 2016:

	Number of Options	Weighted-Average Exercise Price $	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value $
Outstanding as of December 31, 2015	1,310,666	16.80		
Expired	(681,288)	18.83		
Outstanding as of December 31, 2016	629,378	14.59	1.75	580
Exercisable as of December 31, 2016	588,545	14.30	1.69	580

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 Ferroglobe stock option replacement awards issued on the date of the business combination. No other stock options were granted from the date of the business combination through December 31, 2016 under the legacy Globe plan:

Risk-free interest rate	1.33 to 1.53%
Expected dividend yield	2.98%
Expected volatility	35.07 to 37.23%
Expected term (years)	3.00 to 5.00

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.

As of December 31, 2016, there are total vested options of 588,545 and 40,833 unvested options outstanding.

From the date of the business combination through December 31, 2015, share-based compensation expense related to stock options was $1. For the year ended December 31, 2016, share based compensation expense related to stock options under this plan was ($69) thousand. The expense is reported within Staff costs in the consolidated income statement.

c. Executive bonus plan assumed under business combination

Prior to the business combination, the Company also issued 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. From the date of the business combination through December 31, 2015, no restricted stock units were granted and no restricted options were exercised. As of December 31, 2016, and 2015 year end 384,910 and 517,367 respectively, restricted stock units were outstanding.

From the date of the business acquisition through December 31, 2015, share-based compensation expense for these restricted stock units was $39 thousand ($23 thousand after tax). For the year ended December, 31 2016, share based compensation expense for these restricted stock units was $2,930 thousand ($1,729 thousand after tax). The expense is reported within Staff costs in the consolidated income statement. At the year ended December 31, 2016 and 2015, the liability associated with the restricted stock option is $4,566 thousand and $2,739 thousand, respectively; of which $997 thousand and $57 thousand are included in other current liabilities, respectively; and $3,569 thousand and $2,682 thousand included in other non-current liabilities, respectively.

d. Stock appreciation rights assumed under business combination

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. From the date of the business combination through December 31, 2015, there were no stock appreciation rights issued and no stock appreciation rights exercised. During the year ended December 31, 2016 there were 16,510 stock appreciation rights granted, 35,725 stock appreciation rights cancelled and there were no exercises during the year. As of December 31, 2016, and 2015, there were 1,572,274 and 1,591,489 stock appreciation rights outstanding, respectively.

From the date of the business combination through December 31, 2015, pre-tax compensation expense for these stock appreciation rights was $27 thousand ($16 thousand after tax). For the year ended December 31, 2016 pre-tax compensation expense for these stock appreciation rights was $1,673 thousand ($987 thousand after tax). At the year ended December 31, 2016 and 2015, the liability associated with the stock appreciation rights is $2,943 thousand and $1,260 thousand, respectively; of which $2,698 thousand and $991 thousand are is included in other current liabilities, respectively; and $245 thousand and $269 thousand are included in other non-current liabilities respectively.

e. Unearned compensation expense

As of December 31, 2016, the Company has no unearned pre-tax compensation expense related to non-vested liability classified stock options as all awards were fully vested. 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 December 31, 2016, and 2015, the Company has unearned pre-tax compensation expense of $5 thousand and $35 thousand, respectively; and $0 and $585 thousand related to non-vested equity classified stock options and restricted stock grants, respectively which will be recognized over a weighted average term of 0.04 and 1.31, respectively, and 0 and 4.90 years, respectively.

36. Retirement benefit schemes

The main provisions relating to employee obligations are as follows:

France

These relate to various obligations assumed by FerroPem, S.A.S. 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 2016 and 2015 were as follows:

	2016 US'000	2015 US'000
Obligations at beginning of year	26,834	30,115
Current service cost	1,530	1,545
Borrowing costs	527	531
Actuarial differences	2,854	(846)
Benefits paid	(972)	(1,016)
Exchange differences	(1,040)	(3,495)
Obligations at end of year	**29,733**	**26,834**

At December 31, 2016 and 2015, the effect of a 1% change in the cost of this provision would have resulted in a change to the provision of approximately $1,926 thousand and $1,912 thousand, respectively.

The following table reflects the gross benefit payments that are expected to be paid for the benefit plans for the year ended December 31, 2016:

	2016 US'000
2017	1,372
2018	1,189
2019	1,183
2020	1,431
2021	1,139
Years 2022 - 2026	8,792

The subsidiary recognized provisions in this connection based on an actuarial study performed by an independent expert.

South Africa

Defined benefit plans relate to Retirement medical aid obligations and Retirement benefits. Actuarial valuations are performed periodically by independent third parties and in the actuary's opinion the fund was in a sound financial position. The valuation was based upon the amounts as per the latest valuation report received from third party experts.

Retirement medical aid obligations

The Company provides post-retirement benefits by way of medical aid contributions for employees and/or dependents.

Retirement benefits

It is the policy of the Company to provide retirement benefits to all its employees and therefore membership of the retirement fund is compulsory. The Company has both defined contribution and defined benefit plans. The pension fund obligation is recognized in current provisions as the Company will contribute the difference to the plan assets within the next 12 months.

In this regard, the changes of this provision in 2016 and 2015 were as follows:

	2016 US'000	2015 US'000
Obligations at beginning of year	7,989	9,933
Current service cost	307	522
Borrowing costs	817	153
Actuarial differences	(998)	90
Benefits paid	(424)	(333)
Exchange differences	1,069	(2,376)
Obligations at end of year	**8,760**	**7,989**

At December 31, 2016 the effect of a 1% change in the cost of the medical aid and Retirement benefits would have resulted in a change to the provision of approximately $607 thousand ($1,763 thousand in 2015).

The breakdown, in percentage, of the plan assets are as follows:

	2016 US'000	2015 US'000
Cash	17.42%	10.15%
Equity	35.31%	39.45%
Bond	13.23%	15.98%
Property	2.76%	2.63%
International	25.47%	28.46%
Others	5.81%	3.33%
Total	**100.00%**	**100.00%**

As of December 31, 2016 and 2015 the Plan assets amounted to $3,532 thousand and $2,703 thousand, respectively. Changes in the fair value of plan assets linked to the defined benefit plans in South Africa were as set forth in the following table:

	2016 US'000	2015 US'000
Fair value of plan assets at the beginning of the year	**2,703**	**3,676**
Interest income on assets	284	216
Benefits paid	—	(579)
Actuarial differences	(112)	69
Other	657	(679)
Fair value of plan assets at the end of the year	**3,532**	**2,703**
Actual return on assets	**165**	**285**

Venezuela

Benefit Plan

The company FerroVen has pension obligations to all of its employees who, once reaching retirement age, have accumulated at least 15 years of service to 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.

The most recent present value of the defined benefit obligation actuarial valuation was determined at December 31, 2016 by independent actuaries. The present value of the obligation for defined benefit cost, the current service cost and past service cost were determined using the projected unit credit method.

In this regards, the changes of this provision in 2016 and 2015 were as follows:

	2016 US'000	2015 US'000
Obligations at beginning of year	**3,089**	**2,565**
Current service cost	89	613
Borrowing costs	535	3,953
Actuarial differences	2,262	—
Benefits paid	(135)	(303)
Exchange differences	(2,885)	(3,739)
Obligations at end of year	**2,955**	**3,089**

The summary of the main actuarial assumptions used to calculate the aforementioned obligations is as follows:

	France		South Africa		Venezuela	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Salary increase	1.60% - 6.10%	1.60% - 6.10%	8.2%	8.3%	60%	60%
Discount rate	2%	2%	9.8%	9.5%	76.80%	66.40%
Expected inflation rate	1.60%	1.60%	7.2%	7.2%	200%	60%
Mortality	TGH05/TGF05	TGH05/TGF05	PA(90)	N/A	UP94	UP94
Retirement age	65	65	63	63	63	63

North America

a. Defined Benefit Retirement and Postretirement Plans

Globe Metallurgical Inc. (GMI) sponsors three non-contributory defined benefit pension plans covering certain employees, which were all frozen in 2003. Core Metals sponsors a non-contributory defined benefit pension plan covering certain employees, which was closed to new participants in April 2009.

Quebec Silicon, sponsors a contributory defined benefit pension plan and postretirement benefit plan for certain employees, based on length of service and remuneration. Post-retirement 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 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.

Benefit Obligations and Funded Status — The following provides a reconciliation of the benefit obligations, plan assets and funded status of the North American plans as of December 31, 2016 and 2015:

	2016				2015			
	USA	Canada			USA	Canada		
	Pension Plans US$'000	Pension Plans US$'000	Post-retirement Plans US$'000	Total US$'000	Pension Plans US$'000	Pension Plans US$'000	Post-retirement Plans US$'000	Total US$'000
Benefit obligation	36,762	21,854	7,382	65,998	37,394	20,657	7,304	65,355
Fair value of plan assets	(29,711)	(16,859)	—	(46,570)	(29,427)	(15,346)	—	(44,773)
Provision for pensions	7,051	4,995	7,382	19,428	7,967	5,311	7,304	20,582

All North American pension and postretirement plans are underfunded. At December 31, 2016 and 2015, the accumulated benefit obligation was $58,616 thousand and $58,051 thousand for the defined pension plan and $7,382 thousand and $7,304 thousand for the postretirement plans, respectively.

The assumptions used to determine benefit obligations at December 31, 2016 and 2015 for the North American plans are as follows:

	North America — 2016			North America — 2015		
	USA	Canada		USA	Canada	
	Pension Plan	Pension Plan	Post retirement Plan	Pension Plan	Pension Plan	Post retirement Plan
Salary increase	N/A	2.75% - 3.00%	N/A	N/A	2.75% - 3.00%	N/A
Discount rate	3.75% - 4.00%	3.95%	4.05%	3.75% - 4.00%	4.15%	4.20%
Expected inflation rate	N/A	N/A	N/A	N/A	N/A	N/A
Mortality	SOA RP-2014 Total Dataset Mortality	CPM2014-Private	CPM2014-Private	RP-2014 Blue Collar	CPM2014-Private	CPM2014-Private
Retirement age	65	65	55	65	60	60

The discount rate used in calculating the present value of our North American pension plan obligations is developed based on the BPS&M Pension Discount Curve for 2016 and the Citigroup Pension Discount Curve for 2015 both the GMI plans and Core Metals plan, and the Mercer Proprietary Yield Curve for 2016 and 2015 Quebec Silicon pension and postretirement benefit plans and the expected cash flows of the benefit payments.

The Company expects to make discretionary contributions of approximately $1,167 thousand to the defined benefit pension and postretirement plans for the year ending December 31, 2017.

The following reflects the gross benefit payments that are expected to be paid for the benefit plans for the year ended December 31, 2016:

	Pension Plans US$'000	Non-pension Postretirement Plans US$'000
2017	3,077	216
2018	3,183	218
2019	3,253	220
2020	3,291	219
2021	3,315	226
Years 2022 - 2026	17,035	1,335

The accumulated non-pension 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 2017 and decreasing to an ultimate rate of 4.3% in fiscal 2033. At December, 31 2016 and 2015, the effect of a 1% increase in health care cost trend rate on the non-pension postretirement benefit obligation is $1,857 thousand and $1,392 thousand, respectively. At December, 31 2016 and 2015 the effect of a 1% decrease in health care cost trend rate on the non-pension postretirement benefit obligation is ($1,451) thousand and ($1,087) thousand, respectively.

The changes of this provision 2016 were as follows:

	2016			
	USA	Canada		
	Pension Plans US$'000	Pension Plans US$'000	Post-retirement Plans US$'000	Total US$'000
Obligations at beginning of year	**37,394**	**20,657**	**7,304**	**65,355**
Service cost	226	165	252	643
Borrowing cost	1,449	877	317	2,643
Actuarial differences	(503)	384	(594)	(713)
Benefits paid	(1,732)	(927)	(138)	(2,797)
Exchange differences	—	698	241	939
Expenses	(72)	—	—	(72)
Plan amendments	—	—	—	—
Obligations at end of year	**36,762**	**21,854**	**7,382**	**65,998**

The plan assets of the defined benefit and retirement and post retirement plans in North America are comprised of assets that have quoted market price in an active market. The breakdown as of as of December 31, 2016 and 2015 of the assets by class are:

	2016 US$'000	2015 US$'000
Cash	2%	1%
Equity Mutual Funds	46%	54%
Fixed Income Securities	50%	43%
Real Estate Mutual Funds	2%	2%
Total	**100%**	**100%**

As at December 31, 2016, the changes in Plan assets were as follows:

	2016		
	USA	Canada	
	Pension Plans US$'000	Pension Plans US$'000	Total US$'000
Fair value of plan assets at the beginning of the year	**29,427**	**15,346**	**44,773**
Interest income on assets	1,130	663	1,793
Benefits paid	(1,732)	(927)	(2,659)
Actuarial return (loss) on plan assets	936	444	1,380
Other	(50)	1,333	1,283
Fair value of plan assets at the end of the year	**29,711**	**16,859**	**46,570**

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. 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.

Other benefit plans offered by the Company include a Section 125 cafeteria plan for the pretax payment of healthcare costs and flexible spending arrangements.

37. Financial Instruments

The Company'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 Company's management model aims to minimize the potential adverse impact of such risks on the Company's financial performance. Risk is managed by the Company's Corporate Finance Department, which is responsible for identifying and evaluating financial risks in conjunction with the Company's operating segments, quantifying these risks by project, region and subsidiary. Management provides 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 Company is exposed in carrying out its business activities is detailed as follows:

a) Market risk

Market risk arises when the Company's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and the fair value of certain raw materials.

Until the date of the Business Combination with Globe, the Company hedged such exposure using forward foreign currency contracts and interest rate swaps.

- Foreign currency risk: the Company'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 Company that performs the transaction or recognizes the asset or liability. The main exposure for the Company 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 related to foreign currency collections and payments at December 31, 2016 and 2015 are included in Note 37 to these consolidated financial statements.

After the Business Combination with Globe, the level of contracting of forward foreign currency contracts has been reduced, and at the date of issuance of these consolidated financial statements, the amount contracted is nil due to the decision of the Company's Corporate Finance Department, in accordance with the new conditions of the Company not to secure its positions in foreign exchange in respect of the commercial transactions.

- Interest rate risk: this risk arises mainly from financial liabilities at floating interest rates.

The Company actively manages its risk exposure to interest rate risk to mitigate its exposure to changes in interest rates arising from the borrowings arranged with floating interest rates.

In this regard, until the date of the Business Combination with Globe, regarding corporate financing arrangements, the Company generally arranged for hedges for the total amount and term of the relevant financing, through option contracts and/or swaps.

In this regard, the main exposure for the Company to interest rate risk is that relating to the floating interest rate tied to Euribor.

To mitigate interest rate risk, the Company 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 December 31, 2016 and 2015 are included in Note 18 to these consolidated financial statements.

Since 2015 all the interest rate derivative financial instruments have been considered as non-hedging instruments, in accordance with IAS 39 Financial Instruments: Recognition and Measurement and, therefore the changes in its market value is recorded as a result of the year. As of the date of issuance of these financial statements and after completion of the financing (see Note 37) all derivative instruments have been settled. In this regards, the decision taken by the Company's Corporate Finance Department, is in accordance with the new conditions of the Company not to secure the interest rate risk for local facilities.

b) Credit risk

Credit risk arises when a third party fails to comply with its contractual obligations. In this regard, the Company's main credit risk exposure relates to the following items:

- Trade and other receivables.

- Investments considered to be cash and cash equivalents.

As mentioned above the new policy after the Company's Business Combination is not to secure its positions in foreign exchange in respect of commercial transactions.

c) Liquidity risk

The purpose of the Company's liquidity and financing policy is to ensure that the Company keeps sufficient funds available to meet its financial obligations.

The Company 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 Company 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 trade receivables through non-recourse factoring arrangements. Under these agreements, the Company pays a fee to the bank for assuming its credit risk, plus interest on the financing received.

To ensure there are sufficient funds available to repay its debt in relation to its cash-generating capacity, each year the Company's Corporate Finance Department prepares a Financial Budget that is approved by the Board of Directors and 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.

d) Capital risk

Refer to Note 31 (Equity) for information regarding share capital, capital management, dividends, and non-controlling interests.

e) Quantitative information

i. Credit risk:

	2016	2015
Percentage of accounts receivable secured through credit insurance	74%	58%

During 2016, sales corresponding to Dow Corning Corporation represented 13.5% of the Company’s sales. The sales are to the Electrometallurgy — North America and Electrometallurgy — Europe segments. However, during 2015, no single customer represented more than 10% of the Company’s sales.

ii. Interest rate risk:

	2016(*)	2015
Percentage of financial debt tied to fixed rates	15%	1%
Percentage of financial debt secured with hedge	3%	32%

(*) As of December 31, 2016 due to its classification as “held for the sales” the balances corresponding to the Spanish energy business (see Note 1), do not contain the ‘financial debt’ captions of the referred business. Consequently, if these balances were included, the ratio ‘Percentage of bank borrowings tied to fixed rates’ would be 13.2%, and the ratio ‘Percentage of bank borrowings secured with hedge’ of 15.9%.

Analysis of sensitivity to interest rates

Since June 30, 2015, all of our hedges have been considered ineffective under hedge accounting, and as a result the changes in market value of these derivatives are recognized in the consolidated income statement.

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 December 31, 2016 and 2015 was $699 thousand and $7,549 thousand, respectively.

The Company performed a sensitivity analysis of the amounts of the floating rate borrowings taking into account the refinancing discussed in Note 28, which indicated that an increase of 1% in interest rates would give rise to additional borrowing costs of $1.8 million in 2017.

iii. Foreign currency risk:

	2016	2015
Percentage of accounts receivable in currencies for which foreign currency swaps have been arranged	13.7%	25.3%
Percentage of accounts payable in currencies for which foreign currency swaps have been arranged	2.5%	21.5%

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 December 31, 2016 and 2015 was $(0.8) million for the EUR/USD position and $(1.1) million, respectively.

The detail of the sensitivity analysis (changes in the market value) of the foreign currency derivatives is as follows:

Sensitivity to the EUR/USD

	2016 $ million	2015 $ million
Exchange Rate		
+10% (appreciation of the euro)	2.5	1.1
−10% (depreciation of the euro)	(2.5)	(0.4)

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.

38. Events after the balance sheet date

Amended Revolving Credit Facility

On February 15, 2017, Ferroglobe PLC and its subsidiary Globe Specialty Metals, Inc. (collectively, together with certain subsidiaries of Ferroglobe party thereto from time to time as co-borrowers, the “Borrowers”), certain subsidiaries of Ferroglobe party thereto as guarantors, the financial institutions party thereto as lenders (the “Lenders”) and Citizens Bank of Pennsylvania, as administrative agent for the Lenders (the “Administrative Agent”), entered into the Revolving Credit Facility Amendment to amend the Existing Revolving Credit Facility Agreement.

The Amended Revolving Credit Facility provides for borrowings up to an aggregate principal amount of $200 million to be made available to the Borrowers in U.S. Dollars. Multicurrency borrowings under the Amended Revolving Credit Facility will be available in Euros, Pound Sterling and such other mutually agreeable currencies to be determined in an aggregate amount not to exceed $100 million. The Amended Revolving Credit Facility contains a sublimit for the issuance of letters of credit in an amount of up to $25 million (up to $10 million of which may be used for letters of credit denominated in foreign currencies to be determined). The borrowings under the Amended Revolving Credit Facility will mature on August 20, 2018. Subject to certain exceptions, loans under the Amended Revolving Credit Facility may be borrowed, repaid and reborrowed at any time.

Interest rates

At Ferroglobe’s option, loans under the Amended Revolving Credit Facility will bear interest based on LIBOR (“LIBOR Rate Loans”) or the Administrative Agent’s base rate (“Base Rate Loans”) plus 4.00% (in the case of LIBOR Rate Loans) and 3.00% (in the case of Base Rate Loans). Interest on Base Rate Loans is payable quarterly in arrears. Interest on LIBOR Rate Loans is payable at the end of each applicable interest period (one, two, three or six month periods) (or at three month intervals if earlier).

Guarantees and security

The obligations of the Borrowers are guaranteed by certain subsidiaries of Ferroglobe. The obligations of the Loan Parties (as defined in the Amended Revolving Credit Facility), together with each secured bank product accepted or executed by a Loan Party, are or will be secured by security interests in certain equity interests of subsidiaries of the Loan Parties and certain assets of the Loan Parties.

Covenants

The Amended Revolving Credit Facility contains certain affirmative covenants.

Change of control

Under this Amended Revolving Credit Facility a change of control is an event of default. This means that the Administrative Agent can, upon the request of a lenders holding a majority of the revolving commitments, (1) declare all amounts outstanding (other than under hedging agreements) immediately due and payable, terminate the revolving commitments and (3) require that all outstanding letters of credit be cash collateralized. Grupo Villar Mir S.A.U. , owner of approximately 55% of our outstanding shares, has pledged all of its shares to secure its obligations to Crédit Agricole Corporate and Investment Bank, Banco Santander and HSBC. If Grupo Villar Mir S.A.U. defaults on the underlying loan we could experience a change in control.

Senior Notes due 2022

On February 15, 2017, Ferroglobe PLC and its Subsidiary Globe Specialty Metals, Inc. (together, the “Issuers”) issued $350 million aggregate principal amount of 9.375% Senior Notes due 2022 (the “Notes”). The portion corresponding to Ferroglobe PLC amounted to $150 million and the portion corresponding to Globe Specialty Metals amounted to $200 million. The interest on the Notes is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2017. At any time prior to March 1, 2019, the Issuers may redeem all or a portion of the Notes at a redemption price based on a "make-whole" premium. At any time on or after March 1, 2019, the Issuers may redeem all or a portion of the Notes at redemption prices varying based on the period during which the redemption occurs. In addition, at any time prior to March 1, 2019, the Issuers may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at a redemption price of 109.375% of the principal amount of the Notes, plus accrued and unpaid interest. The Issuers have agreed to pay certain additional amounts in respect of any withholdings or deductions for certain types of taxes in certain jurisdictions on payments to holders of the Notes. The Notes are senior unsecured obligations of the Issuers and are guaranteed on a senior basis by certain subsidiaries of Ferroglobe. The Notes are listed on the Irish Stock Exchange. The indenture contains certain negative covenants. Additionally, if the Issuers experience a change of control the indenture requires the Issuers to offer to redeem the bonds at 101%. As noted above, Grupo Villar Mir S.A.U. owns 55% of our outstanding share and has pledged them to secure its obligations to certain banks. The Company would experience a change in control and would be required to offer redemption of bonds in accordance with the indenture if Grupo Villar Mir S.A.U. defaults on the underlying loan.

New development of the Spanish Solar Project

In 2016, FerroAtlántica entered into a project with Aurinka for a feasibility study and basic engineering for an upgraded metallurgical grade ("UMG") solar silicon manufacturing plant. Purchases under this project were approximately $2.7 million for 2016. On December 20, 2016, Ferroglobe entered into an agreement with Aurinka and Blue Power Corporation, S.L. (the "Solar JV Agreement") providing for the formation and operation of a joint venture with the purpose of UMG solar silicon, subject to the satisfaction of certain conditions precedent. On February 24, 2017 the parties signed-off the final JV agreement that launched the mentioned project (see Note 39). Under the Solar JV Agreement, Ferroglobe will indirectly own 75% of the operating companies to be formed which, at the date of issuance of this report, is the entity FerroSolar OpCo Group, S.L., as part of the joint venture; and, 51% of the company to be formed as part of the joint venture to hold the intellectual property rights and know how contributed by Aurinka and Ferroglobe to the joint venture which, at the date of issuance of this report, is the Group entity Silicio FerroSolar R&D, S.L.

39. Related party transactions

Balances with related parties — continued operations

Balances with related parties — continued operations at December 31 are as follows:

	2016			
	Receivables		Payables	
	Non-Current US$'000	Current US$'000	Non-Current US$'000	Current US$'000
Inmobiliaria Espacio, S.A.	—	2,664	—	1,751
Grupo Villar Mir, S.A.U.	—	6,743	—	—
Marco International	—	756	—	—
Enérgya VM Generación, S.L	—	—	—	23
Enérgya VM Gestión, S.L	—	1,765	—	—
Villar Mir Energía, S.L.U.	2,108	39	—	5,239
Espacio Information Technology, S.A.U.	—	—	—	130
Alloys International	—	—	—	918
Blue Power Corporation, S.L.	9,845	—	—	—
Key management personnel (Note 25)	—	—	—	22,672
Other related parties	—	4	—	5
	11,953	**11,971**	—	**30,738**

	2015			
	Receivables		Payables	
	Non-Current US$'000	Current US$'000	Non-Current US$'000	Current US$'000
Inmobiliaria Espacio, S.A.	—	8,383	—	447
Marco International	—	132	—	1,678
Enérgya VM Generación, S.L	—	2,376	—	—
Enérgya VM Gestión, S.L	—	36	—	5,702
Other related parties	—	23	—	—
	—	**10,950**	**—**	**7,827**

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 in the short-term.

The loan granted to Inmobiliaria Espacio, S.A. accrues a market interest and has a maturity in the short-term that is renewed tacitly upon maturity, unless the parties agreed it is repaid until maturity, extended it automatically for one year.

A former member of the board of directors and current shareholder is affiliated with Marco International, from which the Company purchases certain raw materials and to whom the Company sells silicon-based alloys.

The loan granted to Blue Power Corporation, S.L. relates mainly to the financing of the new Spanish solar project (see Note 28). This loan accrues a market interest and will be repaid on a long-term basis.

The balance with the other related parties arose as a result of the commercial transactions performed with them (see explanation of main transactions below).

Current balances with related parties — discontinued operations

Current balances with related parties — discontinued operations (see Note 27) at December 31 are as follows:

	2016					
	Receivables			Payables		
	Financial	Commercial		Financial	Commercial	
	Non-Current US$'000	Non-Current US$'000	Current US$'000	Non-Current US$'000	Current US$'000	Non-Current US$'000
Enérgya VM Generación, S.L	—	—	2,792	—	—	—
Villar Mir Energía, S.L.U.	—	—	—	—	—	231
Other related parties	—	—	—	—	—	23
	—	**—**	**2,792**	**—**	**—**	**254**

These balances arose as a result of the commercial transactions (see explanation of main transactions below).

Transactions with related parties and other related parties — continued operations

Transactions with related parties — continued operations in 2016 and 2015 are as follows:

	2016				
	Sales and operating income US$'000	Cost of sales US$'000	Staff costs US$'000	Other operating US$'000	Finance income (Note 12) US$'000
Immobiliaria Espacio, S.A.	—	—	—	2	74
Grupo Villar Mir, S.A.U.	403	—	—	—	—
Villar Mir Energía, S.L.U.	45	69,083	—	525	—
Espacio Information Technology, S.A.U.	—	—	—	4,049	—
Enérgya VM Gestión, S.L	—	253	—	—	
Marco International	765	5,212	—	—	—
Key management personnel (Note 25)	—	—	10,080	—	—
Other related aprties	—	—	—	85	—
	1,213	**74,548**	**10,080**	**4,661**	**74**

	2015				
	Sales and operating income US$'000	Cost of sales US$'000	Staff costs US$'000	Other operating US$'000	Finance income (Note 12) US$'000
Immobiliaria Espacio, S.A.	—	—	—	3	170
Grupo Villar Mir, S.A.U.	—	—	—	—	255
Torre Espacio Castellana, S.A.U.	—	—	—	1,138	
Villar Mir Energía, S.L.U.	66	85,511	—	587	—
Espacio Information Technology, S.A.U.	—	—	—	2,581	—
Marco International	—	360	—	—	—
Key management personnel (Note 25)	—	—	3,909		
Other related aprties	1	—	—	156	—
	67	**85,871**	**3,909**	**4,465**	**425**

"Cost of sales" of the related parties vis-à-vis Villar Mir Energía, S.L. (Sole-Shareholder Company) relates to the purchase of energy from the latter by the Company's Electrometallurgy — Europe segment.

"Other operating expenses" relates mainly to service fees paid to Espacio Information Technology, S.A.U. for managing and maintenance services rendered related, basically, to the enterprise resource planning ('ERP') that some Group entities uses; and, and other IT development projects.

Transactions with related parties and other related parties — discontinued operations

Transactions with related parties — discontinued operations (see Note 27) in 2016 and 2015 are as follows:

	2016				
	Sales and Operating Income US$'000	**Cost of Sales US$'000**	**Staff costs US$'000**	**Other Operating Expenses US$'000**	**Finance Income (Note 12) US$'000**
Enérgya VM Generación, S.L.	20,553	—	—	503	—
Villar Mir Energía, S.L.U.	—	—	—	3,101	—
Other related parties	—	—	—	7	—
	20,553	**—**	**—**	**3,611**	**—**

	2015				
	Sales and Operating Income US$'000	**Cost of Sales US$'000**	**Staff costs US$'000**	**Other Operating Expenses US$'000**	**Finance Income (Note 12) US$'000**
Enérgya VM Generación, S.L.	28,881	—	—	306	—
Villar Mir Energía, S.L.U.	—	—	—	4,263	—
	28,881	**—**	**—**	**4,569**	**—**

"Sales" relates to energy generated and sold to Enérgya VM Generación, S.L. at market prices.

"Other operating expenses" relates mainly to service fees paid to Villar Mir Energia, S.L.U. for managing and supervising the day-to-day operations of Company hydroelectric facilities in Spain.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2016 US$'000	**2015 US$'000**
Fixed remuneration	4,494	2,054
Variable remuneration	3,258	1,658
Contributions to pension plans and insurance policies	281	152
Other remuneration	177	45
	8,210	**3,909**

In addition to the compensation information above, during 2016, fixed remuneration, variable remuneration, contributions to pension plans and insurances policies corresponding to the Company's former Executive Chairman amounted to $1,117 thousand, $749 thousand, and $4 thousand, respectively. In addition, as of December 31, 2016, severance benefits were accrued in the amount of $22,672 thousand, related to the resignation of the former Company's Executive Chairman (see Note 22).

During 2016 and 2015, no loans and advances have been granted to key management personnel.

Company balance sheet

As at 31 December 2016

	Note	31 December 2016 $'000	31 December 2015 $'000
Current assets			
Trade and other receivables	**4**	1,117	84
Cash at bank and in hand		19,218	133
Other current assets		1,613	—
Total current assets		**21,948**	**217**
Non-Current assets			
Investments in Group Subsidiaries	**3**	1,018,461	1,018,461
Total assets		**1,040,409**	**1,018,678**
Current liabilities			
Bank borrowing	**6**	(19,035)	—
Trade and other payables	**5**	(105,692)	(28,911)
Other current liabilities		(2,325)	—
Total current liabilities		**(127,053)**	**(28,911)**
Total liabilities		**(127,053)**	**(28,911)**
Net assets		**913,356**	**989,767**
Capital and reserves			
Share capital		1,795	1,288,862
Other reserves		(279,917)	(280,023)
Translation differences		4,396	371
Retained Earnings		1,187,082	(19,443)
Shareholders' funds	**7**	**913,356**	**989,767**

The Company reported a loss for the financial year ended 31 December 2016 of $25,554 thousand (2015: $19,443 thousand).

The financial statements of Ferroglobe plc with registration number 9425113 were approved by the Board and authorised for issue on 30 May 2017.

Signed on behalf of the Board.

Greger Hamilton
Director

Notes 1 to 7 are an integral part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2016

	Equity attributable to equity holders of the Company				
	Share capital $'000	Other reserves $'000	Translation Differences $'000	Retained earnings $'000	Total equity $'000
Balance at 23 December 2015	**75**	**—**	**—**	**79**	**154**
Profit for the year	—	—	—	(19,522)	(19,522)
Total comprehensive income for the year	**75**	**—**	**—**	**(19,443)**	**(19,368)**
Issue of share capital	1,288,787		—	—	1,288,787
Share issuance cost	—	(9,697)	—	—	(9,697)
Merger reserve	—	(270,326)	—	—	(270,326)
Other movements	—		371	—	371
Balance at 31 December 2015	**1,288,862**	**(280,023)**	**371**	**(19,443)**	**989,767**
Profit for the year	—	—	—	(25,554)	(25,554)
Total comprehensive income for the year	**1,288,862**	**(280,023)**	**371**	**(44,997)**	**964,213**
Capital reduction	(1,287,067)	—	—	1,287,067	—
Dividends	—	—	—	(54,988)	(54,988)
Other movements	—	106	4,02	—	4,131
Balance at 31 December 2016	**1,795**	**(279,917)**	**4,396**	**1,187,082**	**913,356**

1. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2016 the company has decided to adopt FRS 101 and has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements

The financial statements have been prepared on the historical cost basis except for the re measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investment in subsidiaries and impairment

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. At each balance sheet date, the Company reviews the carrying amount of its investments to determine whether there is any indication that those assets have suffered an impairment loss if any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of the fair value less costs to sell and the value in use in assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, 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 immediately in profit or loss.

2. Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company’s balance sheet.

The auditor’s remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

3. Investment in subsidiaries

	$’000
At 31 December 2015	1,018,461
Additions/(disposals)	—
At 31 December 2016	**1,018,461**

The company's investments at the balance sheet date in the share capital of the companies include the following:

Company	Country	% of possession	Currency	Purpose
Grupo FerroAtlántica, S.A.U.	Spain	100	EUR	Electrometalurgy and Energy
Globe Specialty Metals, Inc.	United States of America	100	USD	Electrometalurgy

The directors believe that the carrying value of the investments is supported by their underlying net assets or expected cash generation.

The following are the principal subsidiary undertakings of the Group:

Name	Country of incorporation	Nature of the business
FerroAtlántica, S.A.U	Spain(1)	Electrometallurgy and Energy
Hidro-Nitro Española, S.A.	Spain(1)	Electrometallurgy and Energy
FerroAtlántica de Venezuela (FerroVen), S.A.	Venezuela(2)	Electrometallurgy
FerroPem, S.A.S.	France(3)	Electrometallurgy
Silicon Smelters (Pty.), Ltd.	South Africa(4)	Electrometallurgy
Globe Metallurgical, Inc.	United States of America(5)	Electrometallurgy
WVA Manufacturing, LLC	United States of America(5)	Electrometallurgy
Quebec Silicon LP	Canada(6)	Electrometallurgy
Globe Metales, S.A.	Argentina(7)	Electrometallurgy

Registered Offices:

(1) P° Castellana N° 259-D Planta 49ª, 28046, Madrid

(2) Av. Fuerzas Armadas. Sector Punta Cuchillos. Puerto Ordaz (Bolívar)

(3) 517, Av. de la Boisse. Chambery

(4) Beyersnek Road Po Box 657, Polokwane 0700 ZA

(5) The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801

(6) 6500 Rue Yvon-Trudeau, Becancour, QC G9H2V8

(7) Pico 1641 — Floor 8th — Rooms A and C, Buenos Aires, Argentina

The investments in subsidiaries are all stated at cost less provision for impairments.

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in note 22 to the consolidated financial statements.

4. Trade and other receivables

	Balance as at 31 December 2016 $'000	Balance as at 31 December 2015 $'000
Amounts receivable from group companies	863	75
VAT recoverable	254	9
Total trade and other receivables	**1,117**	**84**

5. Trade and other payables

	Balance as at 31 December 2015 $'000	Balance as at 22 December 2015 $'000
Amounts owed to related parties	101,614	28,884
Trade payables	4,078	26
Total trade and other payables	**105,692**	**28,910**

6. Borrowings

On 28 December 2016, the Company entered into a financing agreement with Goldman Sachs Lending Partners LLC, with a limit of $20 million. The amortized cost of this credit facility at 31 December 2016 amounted to $19,035 thousand and bears interest of 4.5% payable upon maturity of the loan. The credit facility includes conditions relating to the achievement of certain financial ratios associated with the Company's accounts. This credit facility matured on 15 February 2017, and on this date was repaid together with its accrued interest.

7. Shareholders' funds

The amounts and movements of the Equity instruments accounts during the period are as follows (thousands of dollars):

	Balance at 31 December 2015 $'000	Capital reduction $'000	Dividends paid $'000	Other movements $'000	Result for the period $'000	Balance at 31 December 2016 $'000
Share capital	1,288,862	(1,287,067)	—		—	1,795
Other reserves	(280,023)	—	—	106	—	(279,917)
Translation differences	371			4,025		4,396
Retained earnings	(19,443)	1,287,067	(54,988)		(25,554)	1,187,082
Total own funds	**989,767**	**—**	**(54,988)**	**4,131**	**(25,554)**	**913,356**

Other reserves comprise merger reserve which are not distributable, and share issuance costs.

On 22 June 2016, Ferroglobe completed a reduction of its share capital and as such the nominal value of each Ordinary Share has been reduced from $7.50 to $0.01, with the amount of the capital reduction of $1,287 thousand being credited to a distributable reserve.

Included within Other reserves is the prior period impact of merger reserves and share issuance costs, which do not impact distributable reserves.

Exhibit 99.3

Ferroglobe PLC

Extracts from the 2016 Form 20-F

To accompany the Ferroglobe PLC Annual Report and Accounts 2016

		Page
ITEM 3.	KEY INFORMATION	1
	D. Risk factors	1
ITEM 4.	INFORMATION ON THE COMPANY	27
	A. History and Development of the Company	27
	B. Business Overview	29
	C. Organizational structure	51
	D. Property, Plant and Equipment	51
ITEM 5.	OPERATING AND FINANCIAL REVIEW AND PROSPECTS	51
	A. Operating Results	51
	B. Liquidity and Capital Resources	70
	C. Research and Development, Patents and Licenses, etc.	73
	D. Trend Information	74
	E. Off-Balance Sheet Arrangements	74
	F. Tabular Disclosure of Contractual Obligations	74
	G. Safe Harbor	74
ITEM 11.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	74

ITEM 3. KEY INFORMATION

D. 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 annual report, including our Consolidated Financial Statements included elsewhere in this annual report. 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.

You should note that the risks described below may not be the only risks we face. We have described only those risks that we currently consider to be material and there may be additional risks and uncertainties not presently known to us, or that we currently consider immaterial, that might also have a material adverse effect on our business, financial condition or results of operations.

Risks Related to Our Business and Industry

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

Because we primarily sell the silicon metal, silicon-based alloys, manganese-based alloys and other specialty metals we produce to manufacturers of aluminum, steel, polysilicon, silicones, and solar photovoltaic products, 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 gross domestic product 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, silicon-based alloys, manganese-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 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. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict. For example, we have experienced a weakened economic environment in national and international metals markets, including a sharp decrease in silicon metal prices in all major markets since late 2014. The weakened economic environment has adversely affected our profitability for the year ended December 31, 2016, with a particularly pronounced effect on the profitability of our European business over those periods.

Historically, our subsidiary, Globe Metallurgical, Inc., has been 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 U.S. 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.

Additionally, as a result of unfavorable conditions in the end-markets for its products, Globe Metales S.R.L. (“Globe Metales”) became subject to reorganization proceedings (*concurso preventivo*) in 1999, which are scheduled to end in 2020. While such reorganization proceedings are ongoing, Globe Metales cannot dispose of or encumber its registered assets (such as real estate properties) or perform any action outside its ordinary course of business without prior court approval from the bankruptcy court.

In calendar years 2009 and 2016, the global silicon metal, manganese- and silicon-based alloys industries suffered from unfavorable market conditions. 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 non-residential 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 electricity 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 produce enough power to allow us to have a reliable source of supply. The electricity supply price in Venezuela has recently been affected by the currency fluctuations in the country. Additionally, though our production of energy in Spain and France through our hydroelectric power operations partially mitigates our exposure to increases in power prices in these two countries, we have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses and are pursuing a strategic disposal of our hydroelectric power operations in France. These disposals, if completed, will result in our further exposure to increases in power prices in Spain and France.

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 our 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 ton of product, (ii) silicon-based alloys require between 3.5 and 8 megawatt hours to produce one ton of product and (iii) silicon metal requires approximately 12 megawatt hours to produce one ton 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 56% 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 have increased on average by 200% from and after February 2016. However, the increase in energy rates have been challenged in the courts (with preliminary injunctive relief having been granted) and alternative arrangements are being negotiated with the Government. We received notice from the New York Power Authority that our hydropower allocation will be reduced by 54% resulting in our need to source more power from the free market and such reduction went into effect in June 2016. Our exposure to the free market could make the Niagara facility’s costs increase and/or make it non-competitive.

Energy supply to our facilities in South Africa is provided by Eskom (State-owned power utility) through rates that are approved annually by the national power regulator (NERSA). These rates have had an upward trend in the past years, due to scarcity of available supply, and are likely to continue increasing. Also, NERSA applies certain revisions to rates based on cost variances for Eskom that are completely out of our control. Towards the end of 2016, we commenced negotiations with Eskom for a new power contract for 2017 and 2018.

In Spain, power is purchased in the competitive wholesale market. Our facilities have to pay access tariffs to the grid and get certain payments in exchange for providing services to the grid (i.e., interruptibility services). The volatile nature of the wholesale market in Spain subjects our power price to uncertainty that can be only partially offset with financial hedging contracts.

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 Ferroglobe'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.

We are pursuing a strategic disposal of our hydroelectric power operations in Spain and France, and have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses. Because our production of energy in Spain and France through our hydroelectric power operations partially mitigates our exposure to increases in power prices in these two countries, if such a disposal is completed, it will result in our further exposure to increases in power prices in France and Spain.

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, in 2013, 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 operations in 2016 and 2015 as compared to previous years, as prices at which we are able to sell our energy are now substantially dependent on wholesale market prices. Though we are pursuing a strategic disposal of our hydroelectric power operations in Spain and France, and have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses, until such disposal has been completed, if power sector regulation is adversely amended, reduced, eliminated, or subjected to new restrictions, 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. While we own certain sources of raw materials, we buy some raw materials on a spot or contracted 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 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. If we try to pass them on, we may lose sales and thereby revenue, in addition to having the higher costs. 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 shutdowns 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 and coal mining are inherently dangerous and subject to numerous hazards, including collisions, equipment failure, accidents arising from the operation of large open pit mining and rock transportation equipment, dust inhalation, flooding, collapse, 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. We may experience fatal accidents or equipment malfunctions in the future, 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 and quartzite at open pit mining operations and coal at underground and surface mining operations. We are heavily dependent on these mining operations for our quartz and coal 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 unexpected costs on our mining operations, and future regulations could increase those costs or limit our ability to produce quartz and sell coal. A failure to obtain and renew permits necessary for our mining operations could limit our production and 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.

Our operations 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; waste management and pollution prevention measures; greenhouse gas emissions; and the health and safety of our employees. We are also required to obtain permits from governmental authorities for certain operations, and to comply with related laws and regulations. We may not have been and may not be at all times in complete compliance with such permits and related laws and regulations. If we violate or fail to comply with these permits and related laws and regulations, we could be subject to penalties, restrictions on operations or other sanctions, obligations to install or upgrade pollution control equipment and legal claims, including for alleged personal injury or property or environmental damages. Such liability could adversely affect our reputation, business, results of operations and financial condition. In addition, in the context of an investigation, the government may impose technology upgrades to our facilities that could represent material capital expenses. For example, we have received two Notices and Findings of Violation (“NOV/FOV”) from the federal government, alleging numerous violations of the Clean Air Act relating to Globe Metallurgical Inc.’s (“GMI”) Beverly facility. Should GMI and the federal government be unable to reach a negotiated resolution of the NOV/FOVs, the government could file a formal lawsuit in federal court for injunctive relief, potentially requiring GMI to implement emission reduction measures, and for civil penalties. The statutory maximum penalty is $93,750 per day per violation, from April, 2013 to the present. See “Item 8.A. — Financial Information — Consolidated Financial Statements and Other Financial Information — Legal proceedings” for additional information.

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 did not cause, 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 emissions 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. 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.

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 existing and proposed climate change laws and regulations, could adversely affect our performance.

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.

In the United States and South Africa, some of the proposed climate change legislation would require businesses that emit greenhouse gases to buy emission credits from the government, other businesses, or through an auction process. While no such requirements applicable to our business have been adopted or have been included in the U.S. EPA's "Clean Power Plan," if any such program were adopted in the future, 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 what, if any, climate change laws or regulations will be adopted, any new restrictions on greenhouse gas emissions, including a cap-and-trade program or an emissions tax, 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 December 31, 2016, Ferroglobe's ten largest customers accounted for approximately 42.2% of Ferroglobe's consolidated revenue and sales corresponding to Dow Corning Corporation represented 13.7% of our sales. 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 and countervailing duty orders and laws that protect our products by imposing special duties on unfairly traded imports from certain countries. If these duties or laws change, certain foreign competitors might be able to compete more effectively.

Antidumping and countervailing duty orders are designed to provide relief from imports sold at unfairly low or subsidized prices by imposing special duties on such imports. As a result, such orders normally benefit domestic suppliers and foreign suppliers not covered by the orders. In the United States, antidumping duties are in effect covering silicon metal imports from China and Russia. In the European Union, antidumping duties are in place covering silicon metal from China and ferrosilicon imports from China and Russia. In Canada, antidumping and countervailing duties are in place covering silicon metal imports from China.

The current antidumping and countervailing duty orders may not remain in effect and continue to be enforced from year to year, the products and countries now covered by orders may no longer be covered, and duties may not continue to be assessed at the same rates. In the United States, rates of duty can change as a result of “administrative reviews” of antidumping and countervailing duty 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. A sunset review of the U.S. antidumping order covering silicon metal imports from China is currently being conducted. Antidumping and countervailing duties in the European Union and Canada also are subject to periodic reviews. In the European Union, such reviews can include interim reviews, expiry reviews and other types of proceedings that may result in changes in rates of duty or termination of the duties. In Canada, orders may be rescinded as a result of periodic expiry reviews. Similarly, export duties currently in place may change. For example, duties on Chinese exports of types of ferroalloys produced by Ferroglobe could be reduced. 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 we filed a trade action.

In March 2017, Globe petitioned the U.S. Department of Commerce and the U.S. International Trade Commission to provide relief from unfairly traded silicon metal imports from Australia, Brazil, Kazakhstan and Norway. If these actions are successful, antidumping orders will be issued covering silicon metal imports from Australia, Brazil and Norway and countervailing duty orders will be issued covering silicon metal imports from Australia, Brazil and Kazakhstan. In December 2016, Ferroglobe and its subsidiaries filed a complaint with the Canada Border Services Agency alleging that silicon metal from Brazil, Kazakhstan, Laos, Malaysia, Norway, Russia and Thailand is being dumped, and that silicon metal from Brazil, Kazakhstan, Malaysia, Norway and Thailand is being subsidized. If imports from these countries are found to be dumped or subsidized and to be causing injury, antidumping and countervailing duties will be imposed on such imports into Canada. If the U.S. or Canadian actions are not successful, our sales in the United States or Canada may be adversely affected.

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 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, aluminum, polysilicon and silicone producers may adversely affect the business of our customers, reducing demand for our products. Our customers may relocate to China, where they may not continue purchasing from us.

China’s aluminum, polysilicon 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, polysilicon, steel and silicone producers — who are unlikely to purchase silicon metal, manganese- and silicon -based alloys and other specialty metals from our plants outside of China 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, polysilicon 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 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.

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 without a 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.

Many of our key customers are similarly subject to union disputes and work stoppages, which may reduce their demand for our products and impede their ability to fulfil their commitments under existing contracts. In 2016, we temporarily reduced production at one of our plants as a result of a strike affecting one of our customers which resulted in delays in contract shipment dates and led to a decrease in prices for certain of our products.

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.

If key employees depart, achieving further 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 further 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 were able to attract or retain our employees prior to the Business Combination.

The success of our operations following our Business Combination, which was consummated on December 23, 2015, depends 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 Javier López Madrid, our Executive Chairman, Pedro Larrea Paguaga, our Chief Executive Officer, Joseph Ragan, our Chief Financial Officer, and Nicholas Deeming, our Chief Legal Officer and Corporate Secretary. 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. López Madrid, Larrea Paguaga, Ragan and Deeming. The employment agreements with Messrs. López Madrid, Larrea Paguaga, Ragan and Deeming 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, the members of our Board may have interests that may conflict with yours as a holder of ordinary shares.

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 UK 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 the members of our Board may not be aligned with your interests as a holder of ordinary shares, and 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;
- 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 are 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.

Because 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 the Business Combination Agreement, and the proceeds under the R&W Policy are required to be distributed to the holders of the Trust Units, we may be required to use our existing cash on hand or draw under our credit facility to fund any actual loss incurred .

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 Villar Mir S.A.U. ("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 (hereinafter "Business Combination Agreement" or "BCA"), 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.

On November 18, 2016, Ferroglobe completed the distribution to the holders of our ordinary shares at the time of beneficial interest units (the "Trust Units") in a newly formed Delaware Statutory Trust, Ferroglobe Representation and Warranty Insurance Trust ("Ferroglobe R&W Trust"), to which Ferroglobe had assigned its interest in the R&W Policy. Under the Articles, we are required to distribute the aggregate net proceeds under the R&W Policy, if any, to the holders of the Trust Units. 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 the Trust Units, 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.

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, our principal shareholder, has significant voting power with respect to corporate matters considered by our shareholders.

Our principal shareholder, Grupo VM, owns shares representing approximately 55% 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, require approval by a majority of outstanding shares cast in the vote. 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 and voting on the resolution, such as an amendment of the Articles or the exclusion of preemptive rights. Our principal shareholder has, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations.

Grupo VM, who owns approximately 55% of our outstanding shares, has pledged all of its 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 a credit agreement (the "GVM Credit Agreement"), which matures in March 2018, which allows them to borrow up to €415 million ("GVM Loan"). In March 2015, Grupo VM entered into a security and pledge agreement, as amended on December 23, 2015 (the "GVM 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 shares to the Lenders to secure the outstanding GVM Loan. In the event Grupo VM defaults under the GVM Credit Agreement, the Lenders may foreclose on the shares subject to the pledge. In such case, we could experience a change of control. Upon a change in control, we may be required, among other things, immediately to repay the outstanding principal, any accrued interest on and any other amounts owed by us under one or more of our bank facilities or our other debt. The source of funds for these repayments would be our available cash or cash generated from other sources. If we do not have sufficient funds available upon a change of control to make these repayments, third party financing could be required to provide the necessary funds, which financing could be prohibited under our other debt agreements. In addition, certain other contracts we are party to from time to time may contain change of control provisions. Upon a change in control, such provisions may be triggered, which could cause our contracts to be terminated or give rise to other obligations, each of which could have a material adverse effect on our business, financial condition and results of operations.

We may engage in related party transactions with affiliates of Grupo VM, our principal shareholder.

Conflicts of interest may arise between our principal shareholder and your interests as a shareholder. Our principal shareholder has, and will continue to have, directly or indirectly, the power, among other things, to affect our day-to-day operations, including the pursuit of related party transactions. We have entered, and may in the future enter, into agreements with companies who are affiliates of Grupo VM, our principal shareholder. Such agreements have been approved by, or would be subject to the approval of, the Board. The terms of such agreements may present material risks to our business and results of operations. For example, we recently entered into a series of projects and an agreement in respect of a joint venture with Aurinka, which is partly owned by Mr. Javier López Madrid, our Executive Chairman, and a Grupo VM affiliate. We have also entered into a number of other agreements with affiliates of Grupo VM with respect to the provision of information technology and data processing services and the management of certain aspects of our hydroelectric plants. See "Item 7.B. — Major Shareholders and Related Party Transactions — Related Party Transactions."

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

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 UK Bribery Act of 2010 (the "Bribery Act"), economic sanctions programs, including those administered by the UN, EU and OFAC and regulations set forth under the Comprehensive Iran Accountability Divestment Act, and laws against human trafficking and slavery, such as the UK Modern Slavery Act 2015 ("Modern Slavery 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 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.

In addition, we are subject to certain disclosure obligations under the Modern Slavery Act, which was recently introduced in the United Kingdom. The Modern Slavery Act requires any commercial organization that carries on a business or part of a business in the United Kingdom which (i) supplies goods or services and (ii) has an annual global turnover of £36 million to prepare a slavery and human trafficking statement for each financial year ending on or after March 31, 2016. In this statement, the commercial organization must set out the steps it has taken to ensure there is no modern slavery in its own business and its supply chain, or provide an appropriate negative statement. The UK Secretary of State may enforce the duty to prepare a slavery and human trafficking statement by means of civil proceedings against the organization concerned. In light of the international nature of our operations and the regions in which we operate, it may be difficult for us to effectively detect instances of modern slavery in certain of our supply chains that would be subject to the disclosure requirements. To the extent that we are found to be non-compliant with the Modern Slavery Act, whether or not we have knowledge of such non-compliance, we may face governmental or other regulatory sanctions.

We 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, partners or suppliers 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 399,200 tons of silicon metal (excluding Dow Corning’s portion of the capacity of our Alloy, West Virginia and Becancour, Quebec plants), 376,500 tons of silicon-based alloys and 423,500 tons of 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 tons 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.

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 certain of the financial data included in this annual report, and the historical financial information included in this annual report may not be representative of our results for the periods presented or future periods.

Ferroglobe was formed with the consummation of the Business Combination on December 23, 2015. FerroAtlántica is the Company's "Predecessor" for accounting purposes. Therefore, the historical data and results of Ferroglobe for the 2015 fiscal year are composed of the results of:

- Ferroglobe PLC as of December 31, 2015 and for the period beginning February 5, 2015 (inception of the entity) and ended December 31, 2015;
- FerroAtlántica, the Company's "Predecessor," for the twelve month period ended December 31, 2015; and
- Globe for the eight day period ended December 31, 2015.

The historical data and results of fiscal years before 2015 correspond exclusively to the Predecessor, unless otherwise expressly stated. This affects the comparability of our historical data and results for the year ended December 31, 2015 and any subsequent periods with our historical data and results for any previous periods.

Furthermore, the historical financial information included in this annual report may not be indicative of our future financial performance or our ability to meet our obligations.

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 of the financial covenants. Further, a significant portion of our assets are pledged to secure the indebtedness. For example, certain equity interests and assets are pledged to secure the Amended Revolving Credit Facility.

We may breach, and we have in the past breached, certain covenants under our credit facilities, including financial maintenance covenants under the Existing Revolving Credit Facility as of and for the three months ended September 30 and December 31, 2016. Our ability to comply with the applicable covenants may be affected by events beyond our control. 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.

We have operations and assets in the U.S., Spain, France, Canada, China, South Africa, Venezuela, Poland and Argentina, 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;
- changes in regulations that affect our business such as more stringent environmental requirements or sudden and unexpected raises in power rates;
- 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.

Ferroglobe’s competitive strength, among others, as a low-cost producer is partly tied to the value of the currency where we 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 our 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.

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

In recent years, the Venezuelan government has continuously devalued the Bolívar and inflation has left the local economy in a critical state. This has led to a shortage of basic materials and parts and difficulties in importing raw materials. In 2016, we idled our Venezuelan operations and, at the time, determined the recoverable amount of the long-lived assets based on the fair value of the assets less costs to dispose of the facility and concluded that the costs to dispose of the facility exceeded the fair value of the assets, primarily due to political and financial instability in Venezuela. Accordingly, we wrote down the full value of our Venezuelan operations. We are currently partially operating the facility and making products for the domestic market with the intention of operating to achieve results that are cash flow neutral. 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 fluctuation of different currencies.

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 prepare our consolidated financial statements in U.S. Dollars, 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 certain currencies (like the Euro or the South African Rand) against the U.S. Dollar could have an adverse effect on our margins and results of operations.

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 the year ended December 31, 2016, approximately 76% of our coal was purchased from third parties. Of our third party purchases, approximately 65% came from Colombia. Additionally, in 2016, the vast majority of manganese ore purchased by us came from suppliers located in South Africa and Gabon, which supplied approximately 96% of the manganese ore purchased by us in 2016. 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.

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 facilities or in the addition of capacity to those facilities. We also may be engaged in development and 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 our 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.

We are pursuing a strategic disposal of our hydroelectric power operations in Spain and France, and have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses.

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.

In Spain, the use and exploitation of the hydropower plants located in Aragón and Galicia are not only subject to the limitations imposed on their concession titles, but also to the limitations imposed by environmental regulation related to ecological flows. Power generation and the use of water at all hydropower plants must meet the ecological flow requirements set out in the Spanish National Hydrological Plan and the various provisions and acts of the Spanish Water Administration. Any further restrictions on our ability to use water at these plants would negatively impact our hydropower production, which would further expose us to increases in power prices in Spain.

In the United States, our hydropower supply is provided by Brookfield Renewable Power ("BRP"). BRP is currently in the process of renewing their hydropower license, which is set to expire on December 31, 2017. The Federal Energy Regulatory Commission ("FERC") has a process of license renewal which includes public meetings and participation by interested parties. The white water rafting industry has requested that additional water be permitted to bypass the hydro facility to facilitate increased white water rafting opportunities. If the FERC ultimately grants this request and imposes this condition on BRP's new license, this will result in a loss of water for the hydro facility which would increase the electricity and production cost for our WVA Manufacturing facility.

We are pursuing a strategic disposal of our hydroelectric power operations in Spain and France, and have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses.

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.

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, 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.

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 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 "Item 8.A. — Financial Information — Consolidated Statements and Other Financial Information — Legal proceedings" for additional information regarding legal proceedings to which we are subject.

We are exposed to changes in market conditions for our products and such conditions are dependent upon factors beyond our control.

Our industry is affected by economic conditions in our markets, including changes in national, regional and local unemployment levels, changes in national, regional and local economic development plans and budgets, shifts in consumer spending patterns, credit availability, and business and consumer confidence. Disruptions in the overall economy and volatility in the financial markets could reduce consumer confidence, negatively affecting consumer spending, which could be harmful to our financial position and results of operations. For example, the global economic crisis that began in 2008 increased unemployment and reduced the financial capacity of businesses and consumers in the markets in which we operate. The outlook for the global economy in the near- to medium-term remains uncertain due to several factors, including geopolitical risks and concerns around global growth and stability. Despite signs of economic recovery in certain geographic markets, global financial markets have experienced considerable volatility from uncertainty surrounding the level and sustainability of the sovereign debt of various countries. Concerns also remain regarding the sustainability of the European Monetary Union and its common currency, the Euro, in their current form, particularly following the vote in favour of the United Kingdom's exit from the European Union in June 2016 and in light of elections to be held in several European countries in 2017.

We are not able to predict the timing or rate at which economic conditions in our markets may recover, nor are we able to predict the timing or duration of any other downturn in the economy that may occur in the future.

We may be unable to complete the potential Hydroelectric Sale.

While we are pursuing a strategic disposal of our hydroelectric power operations in Spain and France, and have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses, any such disposal would be subject to certain conditions, including receipt of applicable governmental approvals. A failure to complete such disposal would result in an inability to repay certain existing indebtedness and thus reduce our leverage and may adversely affect our ability to maintain our liquidity and meet our financial obligations.

Cybersecurity breaches and threats could disrupt our business operations and result in the loss of critical and confidential information.

We rely on the effective functioning and availability of our information technology and communication systems and the security of such systems for the secure processing, storage and transmission of confidential information. The sophistication and magnitude of cybersecurity incidents are increasing and include, among other things, unauthorized access, computer viruses, deceptive communications and malware. Information technology security processes may not effectively detect or prevent cybersecurity breaches or threats and the measures we have taken to protect against such incidents may not be sufficient to anticipate or prevent rapidly evolving types of cyber-attacks. Breaches of the security of our information technology and communication systems could result in destruction or corruption of data, the misappropriation, corruption or loss of critical or confidential information, business disruption, reputational damage, litigation and remediation costs.

Risks Related to Our Capital Structure

We have recorded a significant amount of goodwill and we may not realize the full value thereof.

We have recorded a significant amount of goodwill. Total goodwill, which represents the excess of the cost of acquisitions over our interest in the net fair value of the assets acquired and liabilities and contingent liabilities assumed, was $230 million as of December 31, 2016, or 11% of our total assets. Goodwill is recorded on the date of acquisition and, in accordance with IFRS, is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations (including changes that restrict or otherwise affect our mining and other operating activities) and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our income statement. For example, in 2016, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of $193,000,000 related to the partial impairment of goodwill in North America, which was recorded as a result of Business Combination, resulting from a sustained decline in sales prices that continued throughout 2016 and which caused the Company to revise its expected future cash flows from its North American business operations. See "Item 5.A. — Operating and Financial Review and Prospects — Operating Results — Critical Accounting Policies — Goodwill." Our forecasts present inevitable elements of uncertainty due to the unpredictability related to the occurrence of future events and the characteristics of the relevant market; therefore, our ability to meet our directors' forecasts may affect future evaluations, including goodwill assessment. Furthermore, any future impairment of goodwill may result in material reductions of our income and equity under IFRS.

Our significant leverage may make it difficult for us to service our debt and operate our business.

We have a substantial amount of outstanding indebtedness with significant debt service requirements. Our significant leverage could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to our indebtedness;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less indebtedness in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from investing in growing our business, pursuing strategic acquisitions and exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to incur additional indebtedness or raise equity capital in the future and increasing the costs of such additional financings.

Our ability to service our indebtedness will depend on our future performance and liquidity, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control. We may not be able to generate enough cash flow from operations or obtain enough capital to service our indebtedness or fund our planned capital expenditures. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our indebtedness, obtain additional financing, delay planned capital expenditures or to dispose of assets to obtain funds for such purpose. We cannot assure you that any refinancing or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments.

We are subject to restrictive covenants under our financing agreements, which could impair our ability to run our business.

Restrictive covenants under our financing agreements, including the Indenture and the Amended Revolving Credit Facility, may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our business, results of operations and financial condition.

In particular, the Indenture and the Amended Revolving Credit Facility contain negative covenants restricting, among other things, our ability to:

- make certain advances, loans or investments;
- incur indebtedness or issue guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- transfer all or substantially all of our assets;
- make a substantial change to the general nature of our business;
- pay dividends and make other restricted payments;
- create or incur liens;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions;
- engage in sales of assets and subsidiary stock;
- enter into transactions with affiliates;
- amend organizational documents;
- enter into sale-leaseback transactions; and
- enter into agreements that contain a negative pledge.

All of these limitations are subject to significant exceptions and qualifications.

The restrictions contained in our financing agreements could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under our financing agreements.

If there were an event of default under any of our debt instruments that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which, in turn, could result in cross-defaults under our other debt instruments. Any such actions could force us into bankruptcy or liquidation.

We may not be able to generate sufficient cash to pay our accounts payable, meet our debt service obligations, or meet our obligations under other financing agreements, in which case our creditors could declare all amounts owed to them due and payable, leading to liquidity constraints.

Our ability to make interest payments and to meet our other debt service obligations, or to refinance our debt, depends on our future operating and financial performance, which, in turn, depends on our ability to successfully implement our business strategies and plans as well as general economic, financial, competitive, regulatory and other factors that are beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt to obtain additional financing, delay planned capital expenditures or investments or sell material assets.

If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations. If we are also unable to satisfy our obligations on other financing arrangements, we could be in default under our existing financing agreements or other relevant financing agreements that we may enter into in the future. In the event of certain defaults under existing agreements, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all amounts that we have borrowed under our credit facilities and other indebtedness to be due and payable, together with accrued and unpaid interest. Such a default, or a failure to make interest payments, could mean that borrowings under other debt instruments that contain cross-acceleration or cross-default provisions may, as a result, also be accelerated and become due and payable. If the debt under any of the material financing arrangements that we have entered into or will subsequently enter into were to be accelerated, our assets may be insufficient to repay the outstanding debt in full. Any such actions could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under our financing agreements in such an event.

Risks Related to 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;
- 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.

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 U.S. Securities Exchange Act of 1934, as amended ("U.S. 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 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 U.S. 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 us, 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.

We have identified material weaknesses in our internal control over financial reporting. Failure to remediate the identified material weakness or establish and maintain effective internal control over financial reporting could result in material misstatements in our financial statements or a failure to meet our reporting obligations, which could also impact the market price of our ordinary shares or our ability to remain listed on NASDAQ.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. We are required under Section 404(a) of the Sarbanes-Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal controls over financial reporting. A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2016, we and our independent registered public accounting firm carried out an evaluation of the effectiveness of our internal controls over financial reporting and concluded that there were material weaknesses in relation to (a) the Control Environment, Control Activities and Monitoring function and (b) Revenue recognition related to cut-off. These material weaknesses resulted from several factors as described in “Item 15.B. — Controls and Procedures — Management’s annual report on internal control over financial reporting” below. As a consequence of these material weaknesses, management concluded that our internal control over financial reporting and, consequently, our disclosure controls and procedures, were not effective as of December 31, 2016. However, all identified misstatements were corrected in the financial statements as of December 31, 2016 and, notwithstanding these material weaknesses and management’s assessment that internal control over financial reporting was ineffective as of December 31, 2016, our management believes that the consolidated financial statements included in this annual report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

We are taking, and will continue to take, measures to remediate the causes of these material weaknesses. However, failure to effectively remediate these material weaknesses or establish and maintain effective internal control over financial reporting could result in material misstatements in our financial statements or a failure to meet our reporting obligations. This, in turn, could negatively impact our business and operating results, the market price of our ordinary shares and our ability to remain listed on NASDAQ.

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.

If Grupo VM’s share ownership falls below 50%, we may no longer be considered a “controlled company” within the meaning of the rules of NASDAQ.

In the event Grupo VM sells some or all of its shares, it could result in Grupo VM owning less than 50% of the total voting power of our shares. Accordingly, we may no longer be considered a “controlled company” within the meaning of the corporate governance standards of NASDAQ. Under NASDAQ rules, a company that ceases to be a controlled company must comply with the independent board committee requirements as they relate to the nominating and corporate governance and compensation committees on the following phase-in schedule: (1) one independent committee member at the time it ceases to be a controlled company, (2) a majority of independent committee members within 90 days of the date it ceases to be a controlled company and (3) all independent committee members within one year of the date it ceases to be a controlled company. Additionally, NASDAQ rules provide a 12-month phase-in period from the date a company ceases to be a controlled company to comply with the majority independent board requirement. If, within the phase-in periods, we are not able to recruit additional directors who would qualify as independent, or otherwise comply with NASDAQ rules, we may be subject to delisting by NASDAQ. Furthermore, a change in our board of directors and committee membership may result in a change in corporate strategy and operation philosophies, and may result in deviations from our current growth strategy, 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).

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.

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, as reported to the Companies House. 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. 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 most of our directors and executive officers are non-residents of the United States and substantially all of the assets of our directors and executive officers are located outside of the United States, 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.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Spain or the United Kingdom. There is, therefore, doubt as to the enforceability of civil liabilities based upon U.S. federal securities laws in an action to enforce a U.S. judgment in Spain or the United Kingdom. In addition, the enforcement in Spain or the United Kingdom of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in Spain or the United Kingdom would have the requisite power or authority to grant remedies sought in an original action brought in Spain or the United Kingdom on the basis of U.S. federal securities laws violations.

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%.

Our ordinary shares are held in one or more clearance systems or depositary 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 depositary 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 depositary system out of that clearance system or depositary 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 depositary 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 depositary system may also be subject to U.K. stamp duty or SDRT.

The application of Section 7874 of the Code, including under recent IRS guidance, and/or changes in law could affect our status as a foreign corporation for U.S. federal income tax purposes.

We believe that, under current law, we should be treated as a foreign corporation for U.S. federal income tax purposes. However, the U.S. Internal Revenue Service (the "IRS") may assert that we should be treated as a U.S. corporation for U.S. federal income 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 income tax purposes if, after the Business Combination, (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 Business Combination 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 Business Combination, subject to legal uncertainties. In that regard, the IRS and U.S. Department of the Treasury ("U.S. Treasury") recently issued new rules (the "Temporary Regulations"), which include a rule that applies to certain transactions in which the Section 7874 Percentage is at least 60% and the parent company is organized in a jurisdiction different from that of the foreign target corporation (the "Third Country Rule"). This rule applies to transactions occurring on or after November 19, 2015, which date is prior to the closing of the Business Combination. If the Third Country Rule were to apply to the Business Combination, the 80% Test would be deemed met and we would be treated as a U.S. corporation for U.S. federal income tax purposes. While we believe the Section 7874 Percentage is less than 60% such that the Third Country Rule does 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 and could apply to our shareholders.

In addition to the final rules to be promulgated with respect to the Temporary Regulations, 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 income 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 the threshold imposed under the 80% Test.

Recent IRS guidance and/or changes in law could affect our ability to engage in certain acquisition strategies and certain internal restructurings.

Even if we are treated as a foreign corporation for U.S. federal income tax purposes, the Temporary Regulations materially change the manner in which the Section 7874 Percentage will be calculated in certain future acquisitions of U.S. businesses in exchange for our equity, which may affect the tax efficiencies that otherwise might be achieved in transactions with third parties. For example, the Temporary Regulations would impact certain acquisitions of U.S. companies for our Ordinary Shares (or other stock) in the 36 month period beginning December 23, 2015, by excluding from the Section 7874 Percentage the portion of Ordinary Shares that are allocable to former holders of common stock of Globe. This new rule would generally have the effect of increasing the otherwise applicable Section 7874 Percentage with respect to our future acquisition of a U.S. business. The Temporary Regulations also may more generally limit the ability to restructure the non-U.S. members of our group to achieve tax efficiencies.

Recent IRS proposed regulations and/or changes in laws or treaties could affect the expected financial synergies of the Business Combination.

The IRS and the U.S. Treasury also recently issued rules that provide that certain intercompany debt instruments issued on or after April 5, 2016, will be treated as equity for U.S. federal income tax purposes, therefore limiting U.S. tax benefits and resulting in possible U.S. withholding taxes. As a result of these rules, we may not be able to realize a portion of the financial synergies that were anticipated in connection with the Business Combination, and such rules may materially affect our future effective tax rate. While these new rules are not retroactive, they could impact our ability to engage in future restructurings if such transactions cause an existing debt instrument to be treated as reissued. Furthermore, under certain circumstances, recent treaty proposals by the U.S. 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.

We 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, France, Spain and the 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.

We intend to operate so as to be treated exclusively as a resident of the United Kingdom 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 United Kingdom. Current U.K. tax law provides that we will be regarded as being a 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 United Kingdom 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 United Kingdom 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 United Kingdom, 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 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 United Kingdom 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 United Kingdom 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 ordinary 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.

We may become subject to income or other taxes in jurisdictions which would adversely affect our financial results.

We and our subsidiaries are subject to the income tax laws of the United Kingdom, the United States, France, Spain and the other jurisdictions in which we operate. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. A change in the division of our earnings among our tax jurisdictions could have a material impact on our effective tax rate and our financial results. In addition, we or our subsidiaries may be subject to additional income or other taxes in these and other jurisdictions by reason of the management and control of our subsidiaries, our activities and operations, where our production facilities are located or changes in tax laws, regulations or accounting principles. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled, we may be subject to such taxes in the future and such taxes may be substantial. The imposition of such taxes could have a material adverse effect on our financial results.

We may incur current tax liabilities in our primary operating jurisdictions in the future.

We expect to make current tax payments in some of the jurisdictions where we do business in the normal course of our operations. Our ability to defer the payment of some level of income taxes to future periods is dependent upon the continued benefit of accelerated tax depreciation on our plant and equipment in some jurisdictions, the continued deductibility of external and intercompany financing arrangements and the application of tax losses prior to their expiration in certain tax jurisdictions, among other factors. The level of current tax payments we make in any of our primary operating jurisdictions could adversely affect our cash flows and have a material adverse effect on our financial results.

Changes in tax laws may result in additional taxes for us.

We cannot assure you that tax laws in the jurisdictions in which we reside or in which we conduct activities or operations will not be changed in the future. Such changes in tax law could result in additional taxes for us.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Ferroglobe PLC

Ferroglobe was incorporated under the U.K. Companies Act 2006 as a private limited liability company in the United Kingdom on February 5, 2015, as a whollyowned subsidiary of Grupo Villar Mir, S.A.U. ("Grupo VM"). As a result of the Business Combination, which was completed on December 23, 2015, FerroAtlántica and Globe merged through corporate transactions to create one of the largest producers worldwide of silicon metal and silicon- and manganese based alloys. Ferroglobe acquired from Grupo VM all of the issued and outstanding ordinary shares, par value €1,000 per share, of FerroAtlántica in exchange for 98,078,161 newly issued Class A Ordinary Shares, nominal value $7.50 per share, of Ferroglobe, after which FerroAtlántica became a wholly-owned subsidiary of Ferroglobe. 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 issued, in total, 171,838,153 shares, out of which 98,078,161 shares were issued to Grupo VM and 73,759,992 were issued to the former Globe shareholders. Our ordinary shares are currently traded on the NASDAQ Global Select Market (the “NASDAQ”) under the symbol “GSM.”

On June 22, 2016, we completed a reduction of our share capital, as a result of which the nominal value of each share was reduced from $7.50 to $0.01, with the amount of the capital reduction being credited to a distributable reserve.

On November 18, 2016, our Class A Ordinary Shares were converted into ordinary shares of Ferroglobe as a result of the distribution of beneficial interest units in the Ferroglobe Representation and Warranty Insurance Trust to certain Ferroglobe shareholders.

Our FerroAtlántica division’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. Our Globe division’s history dates back to 2006, with the acquisition by Globe of Globe Metallurgical, Inc., which consisted of Selma, a production plant with two furnaces for silicon metal, Niagara, a production plant with two furnaces for silicon metal and ferroalloys and Beverly, a production plant with five furnaces for silicon metal, specialty alloys and ferroalloys, all located in the United States.

Significant milestones in our 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. from Portuguese cement manufacturer Cimpor;

- **1998:** expansion of our 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 Électrométallurgie, currently named FerroPem, S.A.S., a silicon metal and silicon-based alloys company with operations in France which owned Silicon Smelters operating in South Africa;

- **2005:** acquisition of Alloy, Alabama Sand and Gravel and Alloy Power (U.S.);

- **2006:** acquisition of Globe Metallurgical, Inc., the largest metal manufacturer in North America and largest specialty ferroalloy manufacturer in the United States;

- **2006:** acquisition of Stein Ferroaleaciones S.A., an Argentine producer of silicon-based specialty alloys, and its Polish affiliate, Ultracore Polska;

- **2007:** creation of FerroAtlántica, the holding company of our FerroAtlántica Group;

- **2007:** acquisition of Camargo Correa Metais S.A., a major Brazilian silicon metal manufacturer,

- **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., which conducts research and development activities in the solar grade silicon sector;

- **2008:** acquisition of 81% of Solsil, Inc., a producer of high-purity silicon for use in photovoltaic solar cells

- **2008:** acquisition of a majority stake in Ningxia Yonvey Coal Industry Co., Ltd., a producer of carbon electrodes (subsequently purchased the remaining stake);

- **2009:** creation of French company Photosil Industries, which conducts research and development activities in the solar grade silicon sector;

- **2009:** Sold Camargo stake in Brazil to Dow Corning and formed a joint venture with Dow Corning at Alloy, West Virginia silicon facility;

- **2010:** acquisition of Core Metals, one of North America's largest and most efficient producers and marketers of high-purity ferrosilicon and other specialty metals;

- **2010:** acquisition of Chinese silicon metal factory, MangShi Sinice Silicon Industry Company Limited;

- **2011:** acquisition of Alden Resources in the United States, North America's leading miner, processor and supplier of specialty metallurgical coal to the silicon and silicon-based alloy industries;

- **2012:** acquisition of SamQuarz (Pty) Ltd, a South African producer of silica, with quartz mining operations;

- **2012:** acquisition of a majority stake (51%) in Becancour (Canada), a silicon metal production facility with Dow Corning as the joint venture partner; and

- **2014:** acquisition of Siltech, a ferrosilicon facility in South Africa.

Corporate and Other Information

Our operating headquarters and registered office are located at 2nd Floor West Wing, Lansdowne House, 57 Berkeley Square, London W1J 6ER, United Kingdom and 5 Fleet Place, London EC4M 7RD, United Kingdom, respectively. Our telephone number is +44 (0)203 129 2420.

B. Business Overview

We are a global leader in the growing silicon and specialty metals industry with an expansive geographical reach, established through Globe's predominantly North American-centered footprint and FerroAtlántica's predominantly European-centered footprint.

Ferroglobe is one of the world's largest producers of silicon metal, silicon-based alloys and manganese-based alloys. Additionally, Ferroglobe currently has quartz mining activities in Spain, the United States, Canada and South Africa, low-ash metallurgical quality coal mining activities in the United States, and interests in hydroelectric power in Spain and France (though we are currently pursuing a strategic disposal of these interests). Ferroglobe controls a meaningful portion of most of its raw materials, and captures, recycles and sells most of the by-products generated in its production processes.

We sell our key products to a diverse base of customers worldwide. These products are important inputs to manufacture a wide range of industrial and consumer products, including aluminum, silicone compounds used in the chemical industry, ductile iron, automotive parts, photovoltaic (solar) cells, electronic semiconductors and steel.

We are able to provide our customers the broadest range of specialty metals and alloys in the industry from our production centers, which are located in North America, Europe, South America, Africa and Asia. Our broad manufacturing platform and flexible capabilities allow us to optimize production and focus on products that enhance profitability, including the production of customized solutions and high-purity metals to meet specific customer requirements. We also benefit from low operating costs, which we are able to achieve by owning critical raw materials and maintaining flexibility of alternating production of some of our furnaces among silicon metal and silicon-base alloy products.

In addition to the smelting operations, Ferroglobe currently has interests in hydroelectric power operations in Spain and France, high-purity quartz quarries in Spain, the United States and South Africa, low-ash, metallurgical quality coal mining mines in the United States and timber farms and charcoal production units in South Africa. Ferroglobe controls the supply of most of its raw materials, and captures, recycles and sells most of the by-products generated in its production processes.

In the following description of Ferroglobe's business, we include all of Ferroglobe's assets as of December 31, 2016. However, data referring to activity in 2015 and 2014 (for example, production levels, revenues or revenue breakdown) refers to FerroAtlántica as the Predecessor for Ferroglobe's past fiscal years.

Industry and Market Data

The statements and other information contained below regarding Ferroglobe’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 Ferroglobe’s management.

Competitive Strengths and Strategy of Ferroglobe

Competitive Strengths

Leading market positions in silicon metal, silicon-based alloys and manganese-based alloys

We are a leading global producer in our core products based on merchant production capacity and hold the leading market share in a majority of our products. With total global silicon metal production capacity of 399,200 metric tons (which includes 51% of our attributable joint venture capacity), we have over 80% of the merchant production capacity market share in North America and approximately 32% of the global market share (i.e., all of the world excluding China), according to management estimates for our industry. Our scale and global presence across five continents allows us to offer a wide range of products to serve a variety of end-markets, including those which we consider to be dynamic, such as the solar, automotive, consumer electronic products, semiconductors, construction and energy industries. As a result of our market leadership and breadth of products, we possess critical insight into market demand allowing for more efficient use of our resources and operating capacity. Our ownership of critical high quality raw materials provides us with operational and financial stability and reduces the need for us to compete with our competitors for supply. We believe this also provides a competitive advantage, allowing us to deliver an enhanced product offering with consistent quality on a cost-efficient basis to our customers.

Global production footprint and reach

Our diversified production base consists of production facilities across North America, Europe, South America, South Africa and Asia. We have the capability to produce our core products at multiple facilities, providing a competitive advantage when reacting to changing global demand trends and customer requirements. Furthermore, this broad base ensures reliability to our customers that value timely delivery and consistent product quality. Our diverse production base also enables us to optimize our production plans and shift production to the lowest cost facilities. Most of our production facilities are located close to sources of principal raw materials, key customers or major transport hubs to facilitate delivery of raw materials and distribution of finished products. This enables us to service our customers globally, while optimizing our working capital, as well as enabling our customers to optimize their inventory levels.

Diverse base of high quality customers across growing industries

We sell our products to customers in over 30 countries, though our largest customer concentration is in North America and in Europe. Our products are used in end products spanning a broad range of industries, including solar, personal care and healthcare products, automobile parts, carbon and stainless steel, water pipe, solar, semiconductor, oil and gas, infrastructure and construction. Although some of our end-markets have similar growth drivers, others are less correlated and offer diversification benefits. Our wide range of products, customers and end-markets provides significant diversity and stability to our business.

Many of our customers, we believe, are leaders in their end-markets and fields. We have built long-lasting relationships with our customers based on the breadth and quality of our product offerings and our ability to produce products which meet specific customer requirements. The average length of our relationships with our top 30 customers exceeds ten years and, in some cases, such relationships go back as far as 30 years. For the year ended December 31, 2016 and 2015, Ferroglobe’s ten largest customers accounted for approximately 42% and 40%, respectively, of Ferroglobe’s consolidated revenue. Our customer relationships provide us with stability and visibility into our future volumes and earnings, though we are not reliant on any individual customer or end-market. Our customer relationships, together with our diversified product portfolio, often provide us with opportunities to cross-sell new products, such as silicon-based alloys and manganese-based alloys, to existing steel customers. Our largest global customer, Dow Corning, is also a 49% minority owner in our Alloy, West Virginia and Becancour, Canada facilities.

Flexible and low cost structure

We believe we have an efficient and flexible cost structure, enhanced over time by vertical integration through strategic acquisitions and by the integration of our FerroAtlántica and Globe divisions following the completion of the Business Combination in December 2015. The largest components of our cost base are raw materials and power used to operate our facilities. Our relatively low operating costs are primarily a result of our ownership of, and proximity to, raw materials, our access to attractively priced power and skilled labor, and our efficient production processes.

We believe our vertically integrated business model and ownership of raw materials provides us with a cost advantage over our competitors. We are not reliant on any single supplier for our raw materials and currently own sources of critical raw materials, which provides us with stable, long-term access to critical raw materials for our production processes and, therefore, enhances operational and financial stability. Transportation costs can be significant and, therefore, our proximity to sources of principal raw materials and customers improves logistics and represents another cost advantage. The proximity of our facilities to our customers also allows us to provide just-in-time delivery of finished goods and reduces the need to store excess inventory, resulting in lower working capital. Additionally, we believe we have competitive power supply contracts in place that provide us with reliable, long-term access to power at reasonable rates. We capture, recycle and sell most of the by-products generated in our production processes, which further reduces our costs.

We operate with a largely variable cost of production and our diversified production base allows us to shift our production and distribution across facilities and between different products in response to changes in market conditions over time. Additionally, the diversity of our currency and commodity exposures provides a partial natural hedge against volatility. Our production costs are mostly dependent on local factors while our product prices are more dependent on global factors. The depreciation of local currencies reduces the costs of our operations, allowing us to become more competitive in the international market.

We believe our scale and global presence enables us to sustain our operations throughout periods of economic downturn, volatile commodity prices and demand fluctuations.

Stable supply of critical, high quality raw materials

In order to ensure a reliable supply of critical high quality raw materials for the production of our core metals, we have invested in strategic acquisitions to control a meaningful portion of these critical inputs. In addition to our smelting facilities, we own and operate specialty, low-ash, metallurgical quality coal mines in the United States, high-purity quartz quarries in the United States, Canada, Spain and South Africa, timber farms and charcoal production units in South Africa and have our own patented electrode technology. For third-party purchases, we have qualified multiple suppliers in each operating region for each raw material to help ensure reliable access to high quality raw materials.

Efficient and environmentally friendly by-product usage

We utilize or sell most of the by-products of our manufacturing process, which reduces cost and the environmental impact from our operations. We have developed markets for the by-products generated by our production processes and have transformed our manufacturing operations so that little solid waste disposal is required. By-products not recycled in the manufacturing process are generally sold to other companies, which process the material for use in a variety of other applications. Silica fume (also known as microsilica) is used as a concrete additive, refractory material and oil well conditioner. Fines, the fine material resulting from crushing lumps, and dross, which results from the purification process during smelting, are typically recycled into our production process or are sold to customers who utilize these products in other manufacturing processes, including steel production.

Pioneer in innovation with focus on technological advances and development of next generation products

Our talented workforce has historically developed proprietary technological capabilities and next generation products in-house, which we believe give us a competitive advantage. In addition to a dedicated R&D division that coordinates all of our R&D activities, we have cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. Our R&D achievements include:

- ELSA electrode — We have internally developed a patented technology for electrodes used in silicon metal furnaces, which we have 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 significantly reduces iron contamination. With this technology we are able to run our furnaces with fewer stoppages, which minimizes the consumption of power, one of the largest cost components in the smelting process. The ELSA electrode technology and know-how is unique and has no proven alternative worldwide, which we believe gives us a competitive advantage. Given the operational benefits, the ELSA technology nearly halves the cost of the utilization of electrodes, relative to prebaked electrodes. Furthermore, ELSA is a key technology in running high capacity silicon furnaces (the size and capacity of silicon furnaces is limited by the size of its electrodes, and the ELSA technology allows us to reduce this bottleneck), improving our productivity and lowering our unit cost.

- Solar Grade Silicon — Our FerroSolar Project involves the production of solar grade silicon metal with a purity level above 99.9999% through a new 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 us at an earlier stage at our research and development facilities in Spain and France, aims to reduce the costs and energy consumption associated with the production of solar grade silicon. We have already started production of solar grade silicon metal through this new process in a prototype factory, and we currently sell the small amounts we produce to manufacturers of solar wafers. A pre-industrial site plant is under analysis and consideration for the production of 1,500 to 3,000 tons of solar grade silicon annually. In 2016, we entered into an agreement with Aurinka providing for the formation and operation of a joint venture with the purpose of producing upgraded metallurgical grade (UMG) solar silicon. See "— Research and Development (R&D) — Solar grade silicon" below.

Experienced management team and centralized location at global center of metals and mining industry

We have a seasoned and experienced management team with extensive knowledge of the global metals and mining industry, operational and financial expertise and a track record of developing and managing large-scale operations. Our management team is committed to responding quickly and effectively to macroeconomic and industry developments, to identifying and delivering growth opportunities and to improving our performance by way of a continuous focus on operational cost control and a disciplined, value-based approach to capital allocation. Our management team is complemented by a skilled operating team with solid technical knowledge of production processes and strong relationships with key customers. Additionally, following the Business Combination, we moved our headquarters to London, one of the global centers for the metals and specialized materials industries. We believe London offers us a central location with easy access to our international factories, customers, suppliers and financial markets, which provides us with a competitive advantage.

Business Strategy

Maintain and leverage industry leading position in core businesses and pursue long-term growth

We intend to maintain and leverage our position as a leading global producer of silicon metal and one of the leading global producers of ferroalloys based on production capacity. We believe this will be achieved through developing our existing strengths and pursuing long-term growth. We plan to accomplish organic growth by continuously expanding and enhancing our production capabilities as well as developing new generation products to further diversify our portfolio of products and expand our customer base. We intend to focus our production and sales efforts on high-margin products and end-markets that we consider to have the highest potential for profitability and growth, such as the solar industry. We will continue to capitalize on our global reach and the diversity of our production base to adapt to changes in market demands, shifting our production and distribution across facilities and between different products as necessary in order to remain competitive and maximize profitability.

We aim to obtain further direct control of key raw materials to secure our long-term access to scarce reserves, which we believe will allow us to continue delivering enhanced products while maintaining our low-cost position. Additionally, we will continue to regularly review our customer contracts in an effort to improve the terms thereunder and to optimize the balance between selling production under contract and retaining some exposure to spot markets. We intend to maintain pricing that appropriately reflects the value of our products and our level of customer service and, in light of commodity prices and demand fluctuations, may decide to move away from contracts with index-based prices in favor of contracts with fixed prices, particularly at prices which ensure a profit throughout the cycle.

Maintain low cost position while controlling inputs

We believe we have an efficient cost structure and, going forward, we will seek to further reduce costs and improve operational efficiency through a number of initiatives. We plan to focus on controlling the cost of our raw material inputs through our captive sources and long-term supply contracts as well as reducing our fixed costs in order to reduce the unit costs of our silicon metal and ferroalloy production. We aim to improve our internal processes and further integrate our FerroAtlántica and Globe divisions in order to realize additional operating synergies from the Business Combination, such as benefits from value chain optimization, including enhancements in raw materials procurement and materials management, adoption of best practices and technical and operational know-how across our platform, reduced freight costs from improved logistics as well as savings through the standardization of monitoring and reporting procedures, technology, systems and controls. We intend to enhance our production process through R&D and targeted capital expenditures, and leverage our geographic footprint to shift production to the most cost-effective and appropriate facilities and regions for such products. We will continue to regularly review our power supply contracts with a view to improving the terms thereunder, such as the inclusion of interruptibility capacity, which provides us with additional profitability, and more competitive tariff structures. In addition, we will seek to maximize the value derived from the utilization and sale of by-products generated in our production processes.

Continue to focus on innovation to develop next generation products

We believe we differentiate ourselves from our competitors on the basis of our technical expertise and innovation, which allow us to deliver new high quality products to meet our customers' needs. We intend to keep using these capabilities in the future to retain existing customers and cultivate new business. We plan to leverage the expertise of our dedicated team of specialists to advance and to develop next generation products and technologies that fuel organic growth. In particular, we intend to continue investing in our FerroSolar Project, which involves the production of solar grade silicon metal with a purity level above 99.9999% through a new electrometallurgical process that may prove to be more cost-effective than the traditional chemical process. We also aim to further develop our specialized foundry products, such as value-added inoculants and customized nodularizers, 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.

Maintain financial discipline to facilitate ongoing operations and support growth

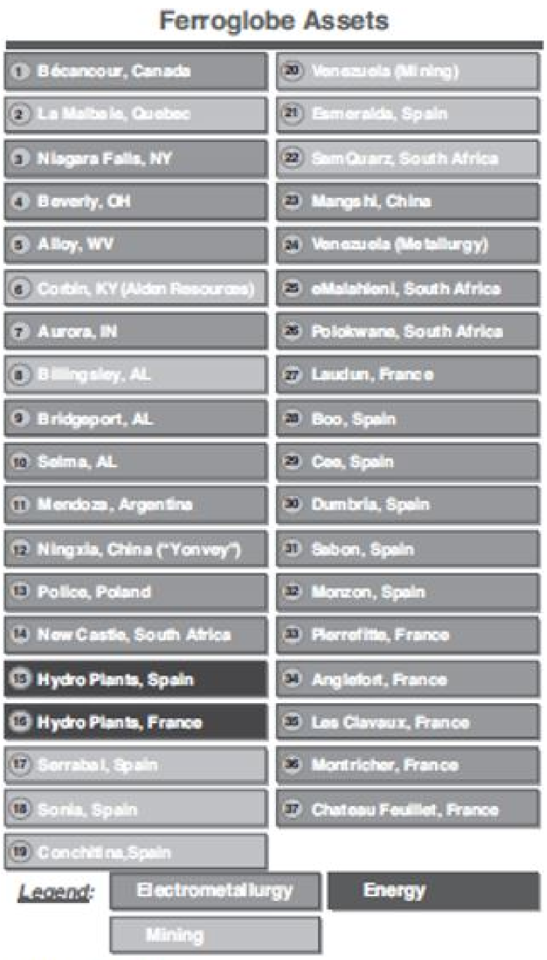
We believe maintaining financial discipline will provide us with the ability to manage the volatility in our business resulting from changes in commodity prices and demand fluctuations. We intend to preserve a strong and conservative balance sheet, with sufficient liquidity and financial flexibility to facilitate all of our ongoing operations, to support organic and strategic growth and to finance prudent capital expenditure programs aimed at placing us in a better position to generate increased revenues and cash flows by delivering a more comprehensive product mix and optimized production in response to market circumstances. We plan to become even more efficient in our working capital management through various initiatives aimed at optimizing inventory levels and accounts receivables. We will also seek to repay indebtedness from free cash flow and retain low leverage for maximum free cash flow generation.

Pursue strategic opportunities

We have a proven track record of disciplined acquisitions of complementary businesses and successfully integrating them into existing operations while retaining a targeted approach through appropriate and opportunistic asset divestitures. Our past acquisitions have increased the vertical integration of our activities, allowing us to deliver an enhanced product offering on a cost-efficient basis. We regularly consider and evaluate strategic opportunities for our business and will continue to do so in the future with the objective of expanding our capabilities and leveraging our products and operations. In particular, we intend to pursue complementary acquisitions and other investments at appropriate valuations for the purpose of increasing our capacity, increasing our access to raw materials and other inputs, further refining existing products, broadening our product portfolio and entering new markets. We will consider such strategic opportunities in a disciplined fashion while maintaining a conservative leverage position and strong balance sheet. We will also seek to evaluate our core business strategy on an ongoing basis and may divest certain non-core and lower margin businesses to improve our financial and operational results. For example, we are pursuing a strategic disposal of our hydroelectric power operations in Spain and France, and have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses, pursuant to which we expect to receive gross proceeds of €255 million (approximately $270 million) and net cash proceeds of approximately $165 million. The closing of the transaction remains subject to certain conditions, including receipt of applicable governmental approvals. We are pursuing a strategic disposal of our hydroelectric power operations in France, from which we expect to receive gross and net cash proceeds of $21 million. We intend to use the proceeds from any such disposals to repay certain existing indebtedness and for general corporate purposes.

Facilities and Production Capacity

The following chart shows, as of December 31, 2016, the location of our assets and our production capacity, including 51% of the capacity of our joint ventures, by geography, of silicon, silicon-based alloys (ferrosilicon/foundry alloys), manganese-based alloys and other silicon-based alloys.



Capacity by Geography[1]

(000, mt)	Europe	North America	South America	Africa	Asia	Total
Silicon	200	137	0	62	0	399[2]
Ferrosilicon / Foundry Alloys	118	87	96	40	0	341
Manganese-based Alloys	390	0	34	0	0	424
Other Silicon-Based Alloys	15	0	21	0	0	36
Total						1,200

[1] Based on company estimates.
[2] Includes pro rata share (51%) of attributable joint-venture capacity

Our production facilities are strategically spread worldwide across the United States, Spain, France, South Africa, Canada, Venezuela, Argentina, Poland and China. We operate quartz mines located in Spain, South Africa, Canada and the United States, and timber farms and charcoal production units in South Africa. Additionally, we operate low-ash, metallurgical quality coal mines in the United States.

From time to time, in response to market conditions and to manage operating expenses, facilities are fully or partially idled. Due to current market conditions, facilities in Alabama (United States), Argentina, Venezuela, South Africa and China are partially or fully idled.

Our energy business comprises twelve hydroelectric power plants in Spain with a combined power generation installed capacity of 192 megawatts, as of December 31, 2016. Additionally, Ferroglobe operates two hydroelectric power plants in France with a combined installed capacity of 20 megawatts, as of December 31, 2016.

Products

For the years ended December 31, 2016, 2015 and 2014, Ferroglobe's consolidated sales by product were as follows:

	Year ended December 31,		
($ millions)	**2016**	**2015**	**2014**
Silicon metal	751.5	592.5	596.2
Manganese-based alloys	223.5	260.4	316.5
Ferrosilicon	242.8	228.8	285.0

($ millions)	Year ended December 31, 2016	2015	2014
Other silicon-based alloys	173.9	105.7	103.4
Silica fume	37.5	29.7	31.6
Byproducts and other	126.5	72.9	84.4
Total Sales	**1,555.7**	**1,290.0**	**1,417.1**

Silicon metal

Ferroglobe is a leading global silicon metal producer based on production capacity, with a total production capacity of approximately 399,200 (including 51% of our attributable joint venture capacity) tons per annum in several facilities in the United States, France, South Africa, Canada, Spain and China. For the years ended December 31, 2016, 2015 and 2014, Ferroglobe's revenues generated by silicon metal sales accounted for 48.3%, 45.9% and 42.1%, respectively, of Ferroglobe'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. For the year ended December 31, 2016, sales to aluminum producers represented approximately 35% of silicon metal revenues. 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.

Silicon metal is also used by several major silicone chemical producers. For the year ended December 31, 2016 sales to chemical producers represented approximately 55% of silicon metal revenues. 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. For the year ended December 31, 2016 sales to polysilicon producers represented approximately 10% of silicon metal revenues. Producers of polysilicon employ processes to further purify the silicon metal and then use the material to grow ingots and then cut wafers. These wafers are the base material to produce solar cells, which are capable of converting sunlight to electricity. The individual solar cells are then soldered together to make solar modules.

Manganese-based alloys

With 229,500 tons of annual silicomanganese production capacity and 194,000 tons of annual ferromanganese production capacity in our factories in Spain and Venezuela, Ferroglobe is among the leading global manganese-based alloys producers based on production capacity. During the year ended December 31, 2016, Ferroglobe sold 271,913 tons of manganese-based alloys. For the years ended December 31, 2016, 2015, and 2014, Ferroglobe's revenues generated by manganese-based alloys sales accounted for 14.4%, 20.2% and 22.3%, respectively, of Ferroglobe's total consolidated revenues.

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.

Ferroglobe produces two types of manganese alloys, silicomanganese and ferromanganese.

Silicomanganese is used as deoxidizing agent in the steel manufacturing process. Silicomanganese is also produced in the form of refined silicomanganese, or silicomanganese AF, and super-refined silicomanganese, or silicomanganese 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 Ferroglobe produces are:

- high-carbon ferromanganese used to improve the hardenability of steel;
- medium-carbon ferromanganese, used to manufacture flat and other steel products; and
- low-carbon ferromanganese used in the production of stainless steel, steel with very low carbon levels, rolled steel plates and pipes for the oil industry.

Ferrosilicon

Ferroglobe is among the leading global ferrosilicon producers based on production output for 2015 and 2016. During the year ended December 31, 2016, Ferroglobe sold 207,173 tons of ferrosilicon and had 244,500 tons of annual ferrosilicon production capacity. For the years ended December 31, 2016, 2015 and 2014, Ferroglobe's revenues generated by ferrosilicon sales accounted for 15.6%, 17.7% and 20.1%, respectively, of Ferroglobe's total consolidated revenues.

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 produced 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.

Other silicon-based alloys

In addition to ferrosilicon, Ferroglobe produces various different silicon-based alloys, including silico calcium and foundry products, which comprise inoculants and nodularizers. Ferroglobe produces more than 20 specialized varieties of foundry products, several of which are custom made for its customers. Demand for these specialty metals is increasing and, as such, they are becoming more important components of Ferroglobe's product offering. Ferroglobe's combined annual production capacity in connection with these other silicon-based alloys is approximately 60,000 tons (excluding ferrosilicon). During the year ended December 31, 2016, Ferroglobe sold 89,430 tons of silicon-based alloys (excluding ferrosilicon). For the years ended December 31, 2016, 2015 and 2014, Ferroglobe's revenues generated by silicon-based alloys (excluding ferrosilicon) accounted for 11.2%, 8.2% and 7.3%, respectively, of Ferroglobe'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 Ferroglobe 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 year ended December 31, 2016, Ferroglobe sold 212,512 tons of silica fume. For the years ended December 31, 2016, 2015 and 2014, Ferroglobe's revenues generated by silica fume sales accounted for 2.4%, 2.3% and 2.2%, respectively, of Ferroglobe's total consolidated sales.

Silica fume is a by-product of the electrometallurgical process of silicon metal and ferrosilicon. This dust-like material, collected through Ferroglobe 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.

Services

Energy

Ferroglobe's held for sale Spanish energy business mainly focuses on the small hydro power sector, as most of its hydroelectric plants have an installed power capacity below 50 megawatts. Ferroglobe's total installed power capacity in Spain is 192 megawatts, with an average annual electric output of approximately 583,000 megawatt hours, and an electric output of approximately 496,500 megawatt hours in 2016. For the years ended December 31, 2016, 2015 and 2014, Ferroglobe recognized a loss from discontinued operations, which represented the Spanish hydroelectric operations, in the amounts of $3,065,000, $196,000 and a profit from discontinued operations of $10,290,000, respectively.

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, Ferroglobe sells all of the power it produces in the wholesale energy market that has been in place in Spain since 1998. Prior to 2013, Ferroglobe benefitted from a feed-in tariff support scheme, pursuant to which Ferroglobe 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 eliminated the availability of the feed-in tariff support scheme for most of Ferroglobe's facilities. Ferroglobe 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 Ferroglobe 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 and electricity generation," below.

Villar Mir Energía, S.L. ("VM Energía"), a Spanish company controlled by Grupo VM, advises in the day-to-day operations of Ferroglobe'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. For more information on the contractual arrangements between Ferroglobe and VM Energía, see "Item 7.B. — Major Shareholders and Related Party Transactions — Related Party Transactions" below.

Ferroglobe is currently carrying out the construction of 19 megawatts of additional capacity to its hydroelectric plants in Spain, expected to become available in 2017. If fully utilized, the additional capacity would represent an increase of 42,000 megawatt hours, or 8%, in the average annual production of Ferroglobe's existing plants in Spain.

Ferroglobe also owns and operates 20 megawatts 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 financial position with respect to these plants are included within our French operations.

Raw Materials, Logistics and Power Supply

The largest components of Ferroglobe's cost base are raw materials and power used for smelting at our facilities. In the year ended December 31, 2016, Ferroglobe's power consumption, represented approximately 28% of Ferroglobe's total consolidated cost of sales.

The primary raw materials Ferroglobe 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 Ferroglobe's electrometallurgy products include electrodes (consisting of graphite and electrode paste), slags and limestone, as well as certain specialty additive metals. Ferroglobe procures coal, manganese ore, quartz, petroleum and metallurgical coke, electrodes and most additive metals centrally under the responsibility of its purchasing and logistics manager, whereas responsibility for the procurement of other raw materials rests with each country's raw materials procurement manager or the individual plant managers.

Manganese ore

The global supply of manganese ore is comprised of standard- to high-grade manganese ore, with 35% to 56% 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 Ferroglobe purchased in 2016 came from suppliers located in South Africa (59.6% of total purchases) and Gabon (36.0% of total purchases). In 2016, key suppliers of manganese ore to Ferroglobe supplied 94.5% of the manganese ore Ferroglobe utilized while the remaining 5.5% was procured on the international spot market from other suppliers. In 2016, Ferroglobe has contractual arrangements with two main suppliers (located in South Africa and Gabon) with terms of one to three years and prices, expressed in U.S. Dollars, which depend primarily on spot prices.

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 and the pricing of manganese ore.

Coal

Coal is the major carbon reductant in silicon and 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 Ferroglobe, is dependent on supply from these two countries.

Approximately 64.6% of the coal Ferroglobe purchased in 2016 for its facilities in Europe, South Africa and Venezuela was sourced from one mining supplier in Colombia while the remaining 35.4% came from other Colombian mines, as well as from Poland, China and South Africa. Ferroglobe has a long-standing relationship with the coal washing plants that process Colombian coal in Europe, which price coal using spot, quarterly, semi-annual or annual contracts, based on market outlook. International coal prices, which are denominated in U.S. Dollars, are mainly based on API 2, the benchmark price reference for coal imported into northwest Europe. Prices reflect also currency fluctuation, labor issues and transportation situation in Colombia and South Africa, as well as sea-freights.

Ferroglobe also owns Alden Resources LLC (“Alden”) in the United States. Alden provides a stable and long-term supply of low ash metallurgical grade coal by fulfilling a substantial portion of our requirements to our North American operations. See “ — Mining Operations” below for further information.

Quartz

Quartz is required to manufacture silicon-based alloys and silicon metal.

Ferroglobe has secured access to quartz from its quartz mines in Spain, South Africa, the United States and Canada (see “ — Mining Operations”). For the year ended December 31, 2016 approximately 61.7% of Ferroglobe’s total consumption of quartz was self-supplied. Ferroglobe purchases quartz from third-party suppliers on the basis of contractual arrangements with terms of up to four years. Ferroglobe’s quartz suppliers typically have operations in the same countries where Ferroglobe factories are located, or in close proximity, which minimizes logistical costs.

Ferroglobe controls quartzite mining operations located in Alabama, United States and a concession to mine quartzite in Saint-Urbain, Québec, Canada (operated by a third party miner). These mines supply our North American operations with a substantial portion of their requirements for quartzite.

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 Ferroglobe’s plants in South Africa. In South Africa, charcoal is a less expensive substitute for imported coal and provides desirable qualities to the silicon-based alloys it is used to produce.

Wood from Ferroglobe’s 10,000 hectares plantation in South Africa is of good quality and is partially sold as lumber in exchange for lower quality wood to produce charcoal for Ferroglobe’s South African operations. Ferroglobe’s charcoal production in South Africa is entirely subcontracted to third parties.

In the other countries where Ferroglobe operates, Ferroglobe purchases wood chips locally or logs for on-site wood chipping operations from a variety of suppliers.

Petroleum coke, carbon electrodes, slag, limestone and additive metals are other relevant raw materials Ferroglobe utilizes to manufacture its electrometallurgy products. Procurement of these raw materials is either managed centrally or with each country’s raw materials procurement manager or plant manager, and is purchased at spot prices or under contracts of a year or less.

Logistics

Logistical operations are managed centrally and at the local level. Sea-freight operations are centralized at the corporate level, while rail logistics is centralized at the country level. Vehicle transport is managed at the plant level with centralized coordination in multi-site countries. Contractual commitments in respect of transportation and logistics match, to the extent possible, Ferroglobe’s contracts for raw materials and customer contracts.

Power

In Spain, Ferroglobe mainly acquires energy at the spot price through daily auction processes and is, therefore, exposed to market price volatility. Ferroglobe 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, Ferroglobe 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. Ferroglobe uses derivative financial instruments to partly hedge risks related to energy price volatility in Spain.

In France, FerroPem, S.A.S. 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 at the end of 2015 and Ferroglobe 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, S.A.S. to benefit from reduced access tariffs plus rebates based on interruptibility. Furthermore, the new arrangements will allow FerroPem, S.A.S. to operate competitively on a 12-month basis, avoiding the need to stop for two months under the Tarif Vert.

Ferroglobe’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 Ferroglobe revenues from electricity generation.

In the United States, we enter into long-term electric power supply contracts. Our power supply contracts result in stable, favorably priced, long-term commitments of power at reasonable rates. In West Virginia, we have a contract with Brookfield Energy to provide approximately 45% of our power needs, from a dedicated hydroelectric facility, at a fixed rate through December 2021. The rest of our power needs in West Virginia, Ohio and Alabama are primarily sourced through special contracts that provide historically competitive rates and the remainder is sourced at market rates. At our Niagara Falls, New York plant, we have been granted a public-sector package including 18.4 megawatts of hydropower through to 2021, effective June 1, 2016.

In Venezuela, Ferroglobe 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.

Mining Operations

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. 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 Ferroglobe’s reserve estimates.

The following table sets forth summary information on Ferroglobe's mines which were in production as of December 31, 2016.

Mine	Location	Mineral	Annual capacity kt	Production in 2016 kt	Mining Recovery	Proven reserves Mt[1]	Probable reserves Mt[1]	Mining Method	Reserve grade	Btus per lb.	Life[2]	Expiry date[3]
Sonia	Spain (Mañón)	Quartz	150	150	0.4	2.17	0.8	Open-pit	Metallurgical	N/A	21	2069
Esmeralda	Spain (Val do Dubra)	Quartz	50	22	0.4	0.12	0.17	Open-pit	Metallurgical	N/A	12	2029
Serrabal	Spain (Vedra & Boqueixón)	Quartz	330	231	0.2	3.85	1.9	Open-pit	Metallurgical	N/A	19	2038
SamQuarz	South Africa (Delmas)	Quartzite	1,000	690	0.7	8.02	19.5	Open-pit	Metallurgical & Glass	N/A	39	2039
Mahale	South Africa (Limpopo)	Quartz	New	New	0.5	—	2.4	Open-pit	Metallurgical	N/A	15	2035
Roodepoort	South Africa (Limpopo)	Quartz	50	40	0.5	—	0.05	Open-pit	Metallurgical	N/A	1	2028
Fort Klipdam	South Africa (Limpopo)	Quartz	100	10	0.6	—	0.2	Open-pit	Metallurgical	N/A	2	2017[4]
AS&G Miller Pit	United States (Alabama)	Quartzite	150	145	0.4	0.02	—	Surface	Metallurgical	N/A	1	2017
AS&G Mims Pit	United States (Alabama)	Quartzite	120	88	0.4	0.25	—	Surface	Metallurgical	N/A	3	2020
			1,950	**1,376**		**14.43**	**25.02**					
Maple Creek	United States (Kentucky)	Coal	200	190	0.7	0.6		Surface	Metallurgical	14,000	3	2020
Colonel Hollow	United States (Kentucky)	Coal	150	7	0.7	0.8		Surface	Metallurgical	14,000	5	2022
Engle Hollow	United States (Kentucky)	Coal	24	24	0.6	0.2		Underground	Metallurgical	14,000	4	2021
Bain Branch No. 3	United States (Kentucky)	Coal	120	25	0.5	3.6	2.9	Underground	Metallurgical	14,000	25	2042
Harpes Creek 4A	United States (Kentucky)	Coal	100	92	0.6	1.2	1.3	Underground	Metallurgical	14,000	12	2029
			594	**338**		**6.40**	**4.20**					

(1) The estimated recoverable proven and probable reserves represent the tons of product that can be used internally or sold to metallurgical or glass grade customers. The mining recovery is based on historical yields at each particular site. We estimate our permitted mining life based on the number of years we can sustain average production rates under current circumstances.

(2) Current estimated mine life in years.

(3) Expiry date of Ferroglobe'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.

Ferroglobe considers its Conchitina and Conchitina Segunda mines as a single mining project and intends to merge the mining concessions for these properties. In addition, Ferroglobe currently holds all necessary permits to start production at its Conchitina and Conchitina Segunda mines. Although Ferroglobe has not received formal approval from the Spanish Mining Authority over its 2017 Annual Mining Plan, we are not legally prevented from commencing mining operations in the area based on the fully-authorized 2016 Annual Mining Plan.

Reserves for the Conchitina mine are, accordingly, considered to be probable reserves, and the following table sets forth summary information on the Conchitina and Conchitina Segunda mines:

				Recoverable Reserves			
Mine	**Location**	**Mineralization**	**Mining Recovery**	**Proven MT(1)**	**Probable MT(1)**	**Reserve Grade**	**Mining Method**
Conchitina and Conchitina Segunda	Spain (O Vicedo)	Quartz	0.35	0	1.25	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 Ferroglobe's customers.

Ferroglobe has additional mining rights in Spain (Cristina, Trasmonte and Merlán), but none of these mines are currently producing or undergoing mine development activities as the Spanish Mining Authority started cancelling mining rights for Merlán and Trasmonte in September 2015 and February 2017, respectively. Ferroglobe does not consider certain Venezuelan mines to be mining assets (La Candelaria, El Manteco and El Merey) as the minerals are fullydepleted and because it will be difficult to obtain new mining rights at these locations given the current economic and political environment in Venezuela.

Spanish mining concessions

Sonia

The Sonia mining concession previously belonged to Cuarzos Industriales S.A.U., which acquired the mining concession in 1979. Ferroglobe acquired Cuarzos Industriales S.A.U., which is the owner of the properties currently mined at Sonia, along with the Sonia mining concession, in 1996 from the Portuguese cement manufacturer Cimpor. The surface area covered by the Sonia mining concession is 387 hectares. The concession is due to expire in 2069.

Esmeralda

The original Esmerelda 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 the Esmeralda mining concession is 84 hectares. The concession is due to expire in 2029.

Serrabal

The Serrabal mining concession was originally granted in 1978 to Rocas, Arcillas y Minerales S.A. Ferroglobe acquired control of such company, which is the owner of the properties currently mined at Serrabal, along with the Serrabal mining concession, in 2000. 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 has been made. If the renewal is granted, the concession will 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 acquired the mining concession in 1979. Ferroglobe acquired such company, along with Conchitina mining concession, in 1996 from the Portuguese cement manufacturer Cimpor. The 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 the concession with that of Conchitina Segunda. The legal support for the consolidation request is that both mining rights apply over a unique quartz deposit. Although the approval has not been formally granted by the authority, Ferroglobe 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 the Cabanetas limestone quarry slightly differ from those applicable to other Ferroglobe mines in Spain because Cabanetas is classified as a quarry, rather than a mine. Ferroglobe is currently operating the Cabanetas quarry pursuant to a permit resolution, which authorized the extension of the original mining concession, issued in 2013 by the competent mining authority. The renewal is for a period of 30 years and, consequently, the concession will expire in 2043. Limestone extracted from the Cabanetas quarry was intended to be used by the Hidro Nitro Española S.A. electrometallurgy plant. However, because new metallurgical techniques require low consumption of this product, most of the Cabanetas limestone is generally sold to the civil engineering and construction industries. The production level of the Cabanetas quarry has fallen considerably in recent years, mainly due to difficulties in the local construction industry.

The land on which the mining property is located is owned by Mancomunidad de propietarios de Fincas Las Sierras and the plot containing the mining property is leased to Hidro Nitro Española S.A. pursuant to a lease agreement entered into in 1950, which was subsequently restated in 2000 and due to expire in 2020. The lease agreement may 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 area affected 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 Ferroglobe's mining operations — Spain."

South African mining rights

SamQuarz

The SamQuarz mining rights were transferred from the original owners, Glass South Africa Holdings (Pty) Ltd and Samancor Limited, to SamQuarz (Pty) Ltd in 1997. Our FerroAtlántica division acquired control of SamQuarz, along with the 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.

Mahale

Mahale is state-owned land, lawfully occupied by the Mahale community. Thaba Chueu Mining (Pty.), Ltd., a subsidiary of Ferroglobe, currently leases the land pursuant to an agreement with the 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 was registered at the mining titles deeds office in the beginning of 2016). 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 lease agreement between Thaba Chueu Mining (Pty.), Ltd. and the 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 ZAR 1,500 is paid to the lessor, which is reviewed annually to reflect increases in the consumer price index. A general authorization has been granted to Thaba Chueu Mining (Pty.), Ltd. by the Water Affairs Department in order to allow the company to use the water at the site, provided usage does not exceed 10,000 cubic metres per month.

Roodeport

Roodeport mining right is held by Silicon Smelters (Pty.), Ltd., Ferroglobe'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 (the "MPRDA"), which 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. The license could be finalized before the end of 2017, subject to Silicon Smelters (Pty) Ltd meeting the following requirements:

- submission of a Mining Works Programme;
- submission of a Social Labour Plan;
- approval of a Shareholders Agreement or Black Economic Empowerment Agreement;
- submission of mining plans; and
- the passing of a board resolution appointing a person to sign on behalf of the Company.

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 the quartz requirements of Silicon Smelters (Pty.), Ltd. 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 on which the Fort Klipdam is located is owned by Silicon Smelters (Pty.), Ltd. Silicon Smelters (Pty.), Ltd. 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 the 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 Ferroglobe's mining operations — South Africa."

French mining rights

Soleyron

Of the overall Soleyron mine area, FerroPem, S.A.S., a subsidiary of Ferroglobe, owns 7.5 hectares. 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, which is valid for 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. provided 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.

United States and Canadian mining rights

Coal

As of December 31, 2016, we had four active coal mines (one surface mine and three underground mines) located in Kentucky. We also had eight inactive permitted coal mines available for extraction located in Kentucky and Alabama. All of our 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. As of December 31, 2016, we estimate our proven and probable reserves to be approximately 16,356,000 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 our 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 our reserve estimates.

We currently have 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 is 65%.

Quartzite

We have an open-pit quartz mining operation in Billingsly, Alabama, which includes two wash-plant facilities. We also have a concession to mine quartzite in Saint-Urbain, Québec (operated by a third party miner). These mines supply our North American operations with a substantial portion of their requirements for quartzite.

Laws and regulations applicable to Ferroglobe'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. 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 deposits and the technical ability to extract such deposits, 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. 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.

Regarding the environmental requirements applicable to Ferroglobe's mining operations in Spain, each of Serrabal, Esmeralda, Conchitina and Conchitina Segunda is subject to an "environmental impact statement" (or "EIS"), issued by the relevant environmental authority and specifically tailored to the environmental features of the relevant mine. The EIS 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 EIS sets forth all conditions to be fulfilled by the applicant, including in connection with the protection of air, water, soil, flora and fauna, landscape, cultural heritage, restoration and the interaction of such elements. The EIS covers mining activities, auxiliary facilities and heaps carried out in a determined perimeter of each mine, and includes a program of surveillance and environmental monitoring. The relevant authority regularly verifies compliance with it.

Sonia is subject to a "restoration plan" which provides for less stringent environmental requirements than an EIS and is mainly aimed at ensuring that the new areas generated as a 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, and 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 relevant public administration an authorization for the discharge of the water used at the mine. This authorization is subject to certain conditions, including analyzing the water before any such discharge is made. In addition, when presenting to the competent mining authorities its annual mining plans, Ferroglobe 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 is classified as a quarry and not as a mine, environmental requirements are generally less stringent and an environmental report is not required. The environmental license for Cabanetas 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 Ferroglobe'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 program 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 the 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 the South African Heritage Resource Agency prior to the 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 subsidy 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 the MPRDA. Pursuant to the MPRDA, 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 duration of the mining right must be sealed, closed, fenced and made safe by the mining operator. Further environmental requirements apply in connection with health and safety matters, waste management and water usage. The MPRDA further requires mining right applicants to conduct an environmental impact assessment on the area of interest and submit an environmental management programme setting forth, among other things, 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 guarantees, trust funds 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 impact 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 are typically only incurred at mine closure.

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, the company’s ownership and employment equity and require the submission of a social and labor plan. Failure to comply with any of these BEE conditions may have an impact on, among other things, the ability of the mining company to retain the mining right or obtain its renewal upon expiry. In addition, companies subject to BEE must conduct, on an annual basis, 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, the South African Revenue Services. Such payments are generally made by June 30 and December 31 each year and upon the approval of the concessionaire’s annual financial statements.

France

In France, mining rights are subject to a prefectural authorization. The authorization provides details of all requirements, including environmental requirements, which the mining operator and its subcontractors must comply with to operate the mine. Such requirements mainly concern archaeology, 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 must meet at least once a year.

United States

The Coal Mine Health and Safety Act of 1969 and the Federal Mine Safety and Health Act of 1977 impose stringent safety and health standards on all aspects of mining operations. Also, the state of Kentucky, in which we operate underground and surface coal mines, has state mine safety and health regulations. The Mine Safety and Health Administration (the “MSHA”) inspects mine sites and enforces safety regulations and the Company must comply with ongoing regulatory reporting to the MSHA. Numerous governmental permits, licenses or approvals are required for mining operations. In order to obtain mining permits and approvals from state regulatory authorities, we must submit a reclamation plan for restoring, upon the completion of mining operations, the mined property to its prior or better condition, productive use or other permitted condition. We are also required to establish performance bonds, consistent with state requirements, to secure our financial obligations for reclamation, including removal of mining structures and ponds, backfilling and regrading and revegetation.

Mauritania

In 2013, we signed an option to purchase two exploration permits of Quartz relating to a 2,000 square kilometer area located in northern Mauritania, approximately 250 kilometers from Nouadhibou harbor. After a successful exploration program and the granting of the mining rights of both exploration permits (Vadel 1 and Vadel 2 Mines) on June 30, 2016, Ferroglobe exercised the purchase option. Vadel 1 and 2 Mines are held by Ferroquartz Mauritania SARL, a subsidiary of Ferroglobe, and will expire in 2031. The total surface area covered by Vadel 1 Mine is 195 square kilometers and by Vadel 2 Mine is 240 square kilometers. The project is under construction and we will start the production in Vadel 2 in 2017 and in Vadel 1 in 2018.

Customers and Markets

Ferroglobe’s Spanish hydroelectric operations deliver and all the electricity produced to the Spanish national grid for sale in the Spanish wholesale market. We have entered into a definitive agreement with respect to the disposal of our hydroelectric power operations in Spain with an experienced and reputable owner and operator of renewable energy businesses, pursuant to which we expect to receive gross proceeds of €255 million (approximately $270 million) and net cash proceeds of approximately $165 million. The closing of the transaction remains subject to certain conditions, including receipt of applicable governmental approvals. Additionally, we are pursuing a strategic disposal of our hydroelectric power operations in France, from which we expect to receive gross and net cash proceeds of approximately $21 million.

The following table details the breakdown of Ferroglobe’s revenues from its electrometallurgy operations by geographic end market for the years ended December 31, 2016, 2015 and 2014.

	Year ended December 31,		
($ millions)	2016	2015	2014
United States of America	563.6	208.4	201.3
Europe			
Spain	181.0	194.9	257.0
Germany	241.0	231.0	238.6
Italy	90.3	120.0	146.2
Rest of Europe	236.7	314.1	302.2
Total revenues in Europe	749.1	860.0	944.0
Rest of the World	243.0	221.6	271.8
Total	**1,555.7**	**1,290.0**	**1,417.1**

For the year ended December 31, 2016, Ferroglobe's ten largest customers accounted for approximately 42.23% of Ferroglobe's consolidated revenue and sales corresponding to Dow Corning Corporation represented 13.69% of the Company's sales. The Company had one customer, Dow Corning Corporation that accounted for more than 10% of consolidated revenue during the year ended December 31, 2016. Ferroglobe's sales to these customers are mainly governed by contracts that are currently in force.

Customer base

We have a diversified customer base across our key product categories. We have built long-lasting relationships with our customers based on the breadth and quality of our product offerings and our ability to frequently offer lower-cost and more reliable supply options than our competitors who do not have production facilities located near the customers' facilities or production capabilities to meet specific customer requirements. We sell our products to customers in over 30 countries across six continents, though our largest customer concentration is in the United States and Europe. The average length of our relationships with our top 30 customers exceeds ten years and, in some cases, such relationships go back as far as 30 years.

For the year ended December 31, 2016, Ferroglobe's ten largest customers accounted for approximately 42.23% of Ferroglobe's consolidated revenue. For the year ended December 31, 2016, approximately 48% of our metallurgical segment sales were to customers in Europe, approximately 36.23% were to customers in the United States and approximately 15.62.% were to the rest of the world.

Customer contracts

Our contracting strategy seeks to lock in significant revenue while remaining flexible to benefit from any price increases. Historically, we have targeted to contract approximately 80% of our silicon metal and manganese-based ferroalloys production and approximately 75% of our silicon-based ferroalloy production in the fourth quarter for the following calendar year. Our silicon metal is typically sold under annual contracts, whereas our manganese-based ferroalloys and silicon based ferroalloys tend to be sold under both annual and quarterly contracts. Approximately 50% of contracted production has fixed prices whereas the other 50% are indexed to benchmarks.

The remaining 20% of our silicon metal and manganese-based ferroalloys production and 25% of our silicon-based ferroalloy production are sold on a spot basis. By selling on a spot basis, we are able to take advantage of premiums for prompt delivery. We believe that our diversified contract portfolio allows us to lock in a significant amount of revenues while also allowing us to remain flexible and benefit from unexpected price and demand upticks. Given spot price and current market dynamics, we are looking to enter into contracts for 2017 with short terms in order to benefit from expected price increases. We are also in the process of moving away from index-based contracts in favor of fixed prices.

Sales and Marketing Activities

Ferroglobe generally sells the majority of its products under annual contracts 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. Ferroglobe also makes spot sales to customers with whom it does not have a contract as well as through quarterly agreements at prices that generally reflect market spot prices. In addition, Ferroglobe sells certain high quality products at prices that are not directly correlated with the market prices for the metals or alloys from which they are composed. Some of Ferroglobe's customer contracts contain provisions relating to the purchase of minimum volumes of products.

The vast majority of Ferroglobe's products are sold directly by its own sales force located in Spain, France, the United States and Germany, as well as in all of the countries in which Ferroglobe operates. Prior to the Business Combination with Globe, almost all sales in the United States were intermediated through local exclusive agents pursuant to standardized contractual arrangements. Some sales to primary and secondary aluminum manufacturers and silicone producers were direct. In Italy and the United Kingdom, sales of products other than silicon metal are intermediated through local exclusive agents.

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

Competition

The most significant factor on which players in the silicon metal, manganese- and silicon-based alloys and specialty metals markets compete is price. Other factors include consistency of the chemical and physical specifications over time and reliability of supply.

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, Ferroglobe's primary competitors include Chinese producers, which have production capacity that exceeds total global demand. Aside from Chinese producers, Ferroglobe's competitors include Elkem, a Norwegian manufacturer of silicon metal, ferrosilicon, foundry products, silica fumes, carbon products and energy, Dow Corning, an American company specializing in silicone and silicon-based technology, Rusal, a Russian company that is a leading global aluminum and silicon metal producer, Rima, a Brazilian silicon metal and ferrosilicon producer, Liasa, a Brazilian producer of silicon, Wacker, a German chemical business which manufactures silicon and Simcoa Operations, an Australian company specializing in the production of silicon.

In the manganese and silicon alloys market, Ferroglobe's competitors include Privat Group, a Ukrainian company with operations in Australia, Ghana and Ukraine, Eramet, a French mining and metallurgical group, CHEMK Industrial Group, a Russian conglomerate which is one of the largest silicon-based alloy producers in the world, South 32 (formerly BHP Billiton), a global mining company with operations in Australia and South Africa, and Vale, a mining and metals group based in Brazil and Elkem.

In the silica fumes market, Ferroglobe's competitors include Elkem and Dow Corning.

Ferroglobe 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, the United States, Canada and South Africa, its metallurgical coal mines in the United States and tree plantations in South Africa to obtain wood with which to produce charcoal, Ferroglobe 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.

Research and Development (R&D)

Ferroglobe focuses on continually developing its technology in an effort to improve its products and production processes. Our FerroAtlántica division's research and development division coordinates all the research and development activities within Ferroglobe. Ferroglobe also has cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. For the years ended December 31, 2016, 2015 and 2014, Ferroglobe spent \$6.2 million, \$11.1 million, \$11.2 million, respectively, on research and development projects and activities. Set forth below is a description of Ferroglobe's significant ongoing research and development projects.

ELSA electrode

Ferroglobe has internally developed a patented technology for electrodes used in 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. Ferroglobe has granted these producers the right to use the ELSA electrode against payment to Ferroglobe of royalties.

Solar grade silicon

Ferroglobe's solar grade silicon involves the production of solar grade silicon metal with a purity above 99.9999% through a new, potentially cost-effective, electrometallurgical process. The traditional chemical process tends to be costly and involves high energy consumption and potentially environmentally hazardous processes. The new technology, entirely developed by Ferroglobe at an earlier stage 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.

In 2016, FerroAtlántica entered into a project with Aurinka for a feasibility study and basic engineering for an upgraded metallurgical grade ("UMG") solar silicon manufacturing plant. Purchases under this project were approximately €3.0 million for 2016. On December 20, 2016, Ferroglobe entered into an agreement with Aurinka and Blue Power (the "Solar JV Agreement") providing for the formation and operation of a joint venture with the purpose of UMG solar silicon, subject to the satisfaction of certain conditions precedent. Under the Solar JV Agreement, Ferroglobe will indirectly own 75% of the operating companies to be formed as part of the joint venture and 51% of the company to be formed as part of the joint venture to hold the intellectual property rights and know how contributed by Aurinka and Ferroglobe to the joint venture. See “Item 7.B. — Major Shareholders and Related Party Transactions — Related Party Transactions” Pursuant to the Solar JV Agreement, and subject to the satisfaction of certain conditions precedent, FerroAtlántica has committed to incur capital expenditures in connection with the joint venture of approximately $118 million over the first three years, which constitutes the first phase of the project contemplated by the Solar JV Agreement. Plans for and financing of further phases are subject to agreement and approval by the parties to the Solar JV Agreement pursuant to specified procedures. To the extent the project continues into further phases, we would expect to commit, in the future and subject to appropriate approval and authorization, to incur approximately $100 million in joint venture-related capital expenditures in the fourth year, and approximately $77 million over the following three years. In connection with the Solar JV Agreement, FerroAtlántica has obtained two loans, with principal amounts of approximately €45 million and €27 million, respectively, from the Spanish Ministry of Industry and Energy for the purpose of building and operating the UMG solar silicon plant.

Capital Expenditures

Ferroglobe’s capital expenditures for the years ended December 31, 2016, 2015 and 2014 were $71.1 million, $68.5 million and $45.4 million, respectively. Principal capital expenditures during these periods were primarily for maintenance and improvement works at Ferroglobe’s plants and mines. We expect our capital expenditures for 2017 to equal approximately $65 million, excluding any capital expenditures related to our hydroelectric power operations in Spain and France, which we may sell in 2017, or to our solar grade silicon project. We believe we have the ability to reduce our capital expenditures by, as needed, idling individual electrometallurgy facilities. Additionally, subject to the satisfaction of certain conditions precedent, we have committed to incur approximately $118 million of capital expenditures in connection with our solar grade silicon joint venture over an initial phase estimated for up to three years. While we would expect to commit to further amounts in connection with this joint venture in the future if the project continues to subsequent phases, which is subject to agreement and approval with our joint venture partners, we have not yet committed to any expenditures with respect to further phases. Capital expenditures in connection with our solar grade silicon joint venture are financed in part by two loans obtained from the Spanish Ministry of Industry and Energy. See “Item 4.B. — Information on the Company — Business Overview — Research and Development (R&D) — Solar grade silicon” and “Item 7.B. — Major Shareholders and Related Party Transactions — Related Party Transactions.”

Ferroglobe finances 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 Ferroglobe’s intellectual property consists of proprietary know-how and trade secrets. Ferroglobe’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 Ferroglobe has some patented technology, Ferroglobe believes that its businesses and profitability do not rely fundamentally upon patented technology.

Regulatory Matters

Environmental and health and safety

Ferroglobe operates facilities worldwide, which are subject to foreign, national, regional, provincial and local environmental, health and safety laws and regulations, including, among others, those requirements governing the discharge of materials into the environment, the generation, use, storage and disposal of hazardous substances, the extraction and use of water, land use, reclamation and remediation and the health and safety of Ferroglobe’s employees. These laws and regulations require Ferroglobe to obtain from governmental authorities permits to conduct its regulated activities, which permits may be subject to modification or revocation by such authorities.

Ferroglobe may not be at all times in complete compliance with such laws, regulations and permits, although Ferroglobe 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 obligations to conduct remediation or upgrade or install pollution or dust control equipment, the issuance of injunctions limiting or preventing Ferroglobe’s activities, legal claims for personal injury or property damages, and other liabilities.

Under these laws, regulations and permits, Ferroglobe could also be held liable for any consequences arising out of human exposure to hazardous substances or environmental damage Ferroglobe may cause or that relates to its current or former operations or properties. Environmental, health and safety laws are likely to become more stringent in the future. Ferroglobe'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 exceed budgeted or reserved amounts and adversely affect Ferroglobe'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 result in limitations on emissions of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause Ferroglobe 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 or 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 Ferroglobe'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 did not cause, 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 Ferroglobe's mining operations, see "— Laws and regulations applicable to Ferroglobe's mining operations."

Energy and electricity generation

Ferroglobe 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 Ferroglobe's employees, the generation of electricity and the use of water and river basins. These laws and regulations require Ferroglobe to obtain from governmental authorities permits to conduct its activities, which permits may be subject to modification or revocation by these authorities.

Additionally, Ferroglobe'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, cogeneration 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, Ferroglobe 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 Ferroglobe to continue to participate in "ancillary services" markets.

Trade

Ferroglobe benefits from antidumping and countervailing duty orders and laws that protect its products by imposing special duties on unfairly traded imports from certain countries. In the United States, antidumping duties are in effect covering silicon metal imports from China and Russia. In the European Union, antidumping duties are in place covering silicon metal imports from China and ferrosilicon imports from China and Russia. In Canada, there are antidumping and countervailing duties in effect covering silicon metal imports from China. These orders are subject to revision, revocation or rescission as a result of periodic reviews.

A sunset review of the U.S. antidumping order covering silicon metal imports from China is currently being conducted, which may result in the removal of the duties on such imports. If the duties are removed, our sales in the United States may be adversely affected.

In March 2017, Globe filed a petition with the U.S. Department of Commerce and the U.S. International Trade Commission covering imports of silicon metal from Australia, Brazil, Kazakhstan and Norway. If the petition is unsuccessful, our sales in the United States may be adversely affected.

In December 2016, Ferroglobe and its subsidiaries filed a complaint with the Canada Border Services Agency against imports of silicon metal from Brazil, Kazakhstan, Laos, Malaysia, Norway, Russia, and Thailand. If the complaint is unsuccessful, our sales in Canada may be adversely affected.

Seasonality

Electrometallurgy

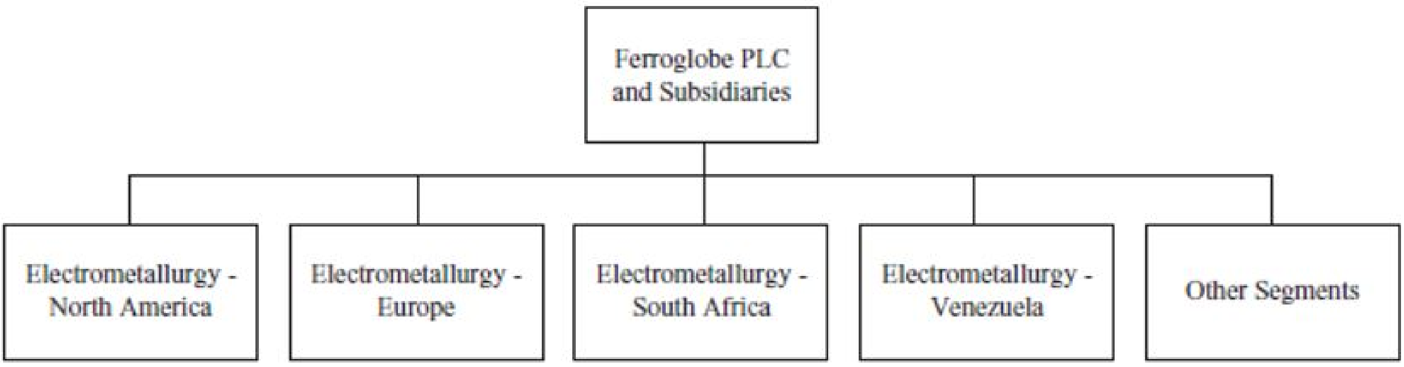
Due to the cyclicality of energy prices in certain jurisdictions and the energy-intensive nature of the production processes for silicon metal, manganese- and silicon-based alloys and specialty metals, Ferroglobe does not operate its electrometallurgy plants during certain periods or times of day when energy prices are at their peak. Demand for Ferroglobe'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 Ferroglobe's products. As a result, sales within particular geographic regions are subject to seasonality.

The seasonality of Ferroglobe's operations is reflected in its borrowings, with its subsidiaries repaying borrowings between December and March, and increasing borrowings from April through November.

Energy

Ferroglobe'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.

C. Organizational structure.



For a list of subsidiaries and ownership structure see Note 2 in the Consolidated Financial Statements.

D. Property, Plant and Equipment.

See "Item 4.B. — Information on the Company — Business Overview."

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. Operating Results

Introduction

The following "management's discussion and analysis" should be read in conjunction with the Consolidated Financial Statements of Ferroglobe as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014, which are included in this annual report. This discussion includes forward-looking statements, which, although based on assumptions that Ferroglobe 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 Statements Regarding Forward-Looking Statements." For a discussion of risks and uncertainties facing Ferroglobe, see "Item 3.D. — Key Information — Risk Factors."

The Consolidated Financial Statements of Ferroglobe included in this annual report were translated from Euro (functional currency) to U.S. Dollars. In accordance with IAS 21 — The Effects of Changes in Foreign Exchange Rates, Ferroglobe's consolidated income statements for the years ended December 31, 2016, 2015 and 2014 have been translated from Euro into U.S. Dollars using the rate of $1.1069, $1.1099 and $1.3285, respectively, to one Euro, and Ferroglobe's consolidated balance sheets as of December 31, 2016 and 2015 have been translated from Euro into U.S. Dollars using the rate of $1.0541 and $1.0887, respectively, to one Euro.

The Company's business started with the consummation of the Business Combination on December 23, 2015. FerroAtlántica is the Company's "Predecessor" for accounting purposes. Therefore, the results of the Company for the 2015 fiscal year were composed of the results of:

- Ferroglobe PLC for the period beginning February 5, 2015 (inception of the entity) and ended December 31, 2015;
- FerroAtlántica, the Company's "Predecessor," for the year ended December 31, 2015; and
- Globe for the eight-day period ended December 31, 2015.

The data and results of fiscal years prior to 2015 correspond exclusively to the Predecessor, FerroAtlántica, unless otherwise expressly stated.

The statement of financial position reflects the balance sheet of the Company as of December 31, 2016 and 2015.

Principal Factors Affecting Our Results of Operations

Sale prices

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

Manganese-based alloy prices have shown a significant correlation with the price of manganese ore, which allows us to pass increases in the cost of manganese ore through to our customers, but also results in a decrease in prices for our manganese-based alloys when the price of manganese ore decreases. During 2015, we saw two different trends. The first part of the year came with a high demand due to the performance of the steel industry, with sustained support in prices for the manganese alloys. Starting June 2015, the trend evolved to negative, with an important decrease in prices of all raw materials and specifically manganese ore. This had an impact on the evolution of prices. In the second half of 2016, manganese ore prices increased substantially, followed with a certain time lag by a significant increase in manganese alloys prices.

We have experienced a weakened economic environment in national and international metals markets, including a sharp decrease in silicon metal prices in all major markets since late 2014, though we have experienced an improvement in silicon metal prices since the fourth quarter of 2016.

Under Ferroglobe's pricing policy, which is aimed at reducing dependence on spot market prices, prices applied to its term contracts have a diversity of formulas ranging from prices related to spot market prices to annual or quarterly fixed prices. Ferroglobe 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 Ferroglobe are quartz, manganese ore, coal, wood and charcoal. Manganese ore is the largest component of the cost base for manganese-based alloys. In 2016, approximately 95% of Ferroglobe's total $77.3 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 manganese ore was procured 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 2016, coal represented a $150.0 million expense for Ferroglobe. Wood is both an important element for the production of silicon alloys and used to produce charcoal, which is used as a carbon reductant at Ferroglobe's South African subsidiary Silicon Smelters (Pty.), Ltd. Ferroglobe's wood expense amounted to $57.9 million in 2016. The FerroAtlántica subsidiaries of Ferroglobe source approximately 55% of their quartz needs from FerroAtlántica's mines in Spain and South Africa, and, the Globe subsidiaries source approximately 75% of their quartz needs from Globe's mines in the United States and Canada. Total quartz consumption in 2016 represented an expense of $100.8 million.

Power

Power constitutes one of the single largest expenses for most of Ferroglobe's products other than manganese-based alloys. Ferroglobe focuses on minimizing energy prices and unit consumption throughout its operations by concentrating its production during periods when energy prices are lower. In 2016, Ferroglobe's total power consumption was 8,468 gigawatt hours with power contracts that vary across its operations. In Spain and South Africa, power prices are mostly spot or daily prices with important seasonal fluctuations, whereas in France and Venezuela, Ferroglobe 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, FerroPem S.A.S. 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 at the end of 2015 and Ferroglobe 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, a new regulation enacted by the National Assembly and the Government through Laws and Decrees allows FerroPem S.A.S. to benefit from reduced access tariffs plus rebates based on interruptibility. Furthermore, the new arrangements allow FerroPem S.A.S. to operate competitively on a 12-month basis, avoiding the need to stop for two months due to the Tarif Vert. We believe that the new arrangements will provide power prices comparable to past levels and with high degree of predictability going forward.

In Venezuela, FerroVen, S.A. 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, energy prices are regulated by the National Energy Regulator (NERSA) and price increases are publicly announced in advance.

In the United States, we enter into long-term electric power supply contracts. Our power supply contracts have in the past resulted in stable, long-term commitments of power at what we believe to be reasonable rates. In West Virginia, we have a contract with Brookfield Energy to provide approximately 45% of our power needs, from a dedicated hydroelectric facility, at a fixed rate through December 2021. The rate of our power needs in West Virginia, Ohio and Alabama are primarily sourced through special contracts that provide historically competitive rates and the remainder is sourced at market rates. At our Niagara Falls, New York plant, we have been granted a public sector package including 18.4 megawatts and hydro power through to 2021, effective June 1, 2016.

Foreign currency fluctuation

As a result of the Business Combination, Ferroglobe has a diversified production base consisting of production facilities across the United States, Europe, South America, South Africa and Asia. Ferroglobe production costs are mostly dependent on local factors, with the exception of the cost of manganese ore and coal, which are dependent on global commodity prices. The relative strength of the functional currencies of Ferroglobe's subsidiaries influences its competitiveness in the international market, most notably in the case of Ferroglobe's Venezuelan and South African operations, which have historically exported a majority of their production to the U.S. and the European Union. For additional information see "Item 11. — Quantitative and Qualitative Disclosures About Market Risk — Foreign Exchange Rate Risk."

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

Ferroglobe'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, since July 2013, the subsidiary FerroAtlántica, S.A. 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.

Critical Accounting Policies

The discussion and analysis of Ferroglobe'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 Ferroglobe 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, business combinations, inventories, goodwill, and impairment of long-lived assets. The following are Ferroglobe's most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a description of all of Ferroglobe's principal accounting policies, see note 4 to the Consolidated Financial Statements of Ferroglobe included elsewhere in this annual report.

Business combinations

Ferroglobe subsidiaries have completed a number of significant business acquisitions over the past several years. Our business strategy contemplates that we may pursue additional acquisitions in the future. When we acquire 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 non-controlling interest in the acquiree at the acquisition date, over the fair value of the identifiable net assets acquired. We generally engage 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 5 to the accompanying audited Consolidated Financial Statements for detailed disclosures related to our acquisitions.

Goodwill

Goodwill represents the excess purchase price of acquired businesses over fair values attributed to underlying net tangible assets and identifiable intangible assets. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The valuation of the Company's cash generating units requires significant judgment in 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 our future manufacturing capabilities, government regulation and technological change. We believe 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 our fair valuation estimation, which could then result in an impairment charge in the future.

During the year ended December 31, 2016, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of $193,000,000 related to the partial impairment of goodwill in North America, that was recorded as a result of Business Combination, resulting from a sustained decline in sales prices that continued throughout 2016 and which caused the Company to revise its expected future cash flows from its North American business operations. Ferroglobe operates in a cyclical market, and silicon and silicon-based alloy index pricing and foreign import pressure into the U.S. and Canadian markets impact the future projected cash flows used in our impairment analysis.

Long-lived assets

In order to ascertain whether its assets have become impaired, Ferroglobe 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, Ferroglobe 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, 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.

During 2016, the Company determined due to market conditions that our facility in Venezuela was to be idled. Since the cash flows from the cash generating unit were uncertain, the Company tested the long-lived assets for impairment. The recoverable amount of the cash generating unit was determined based on the fair value of the assets less costs to dispose. The Company concluded that the costs to dispose exceed the fair value of the assets, primarily due to political and financial instability in Venezuela. As a result, the Company fully impaired the long-lived assets and took an impairment charge of $58,472,000 for property, plant and equipment.

During 2016, the Company recognized an impairment charge of $9,176,000 related to the Company's mining assets in South Africa, which was comprised of goodwill impairment of $1,612,000, impairment of property, plant and equipment of $7,334,000 (including associated translation differences) and impairment of other intangible assets of $230,000.

Inventories

Cost of inventories is determined 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. We estimate 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 our manufacturing process. We believe 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.

Income taxes

The current income tax expense incurred by Ferroglobe 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.

Ferroglobe'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 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 Ferroglobe 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. Ferroglobe 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 Ferroglobe's results of operations and financial condition. Interest and penalties related to uncertain tax positions are recognized in income tax expense.

Results of Operations — Ferroglobe Year Ended December 31, 2016 Compared to Ferroglobe Year Ended December 31, 2015

	Year ended December 31,	
($ thousands)	**2016**	**2015**
Sales	1,555,657	1,289,886
Cost of sales	(1,043,000)	(817,875)
Other operating income	25,712	15,500
Staff costs	(293,032)	(202,585)
Other operating expense	(234,326)	(190,034)
Depreciation and amortization charges, operating allowances and write-downs	(121,346)	(62,201)
Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(110,335)**	**32, 691**
Impairment losses	(267,449)	(52,042)
Net gain (loss) due to changes in the value of assets	1,891	(912)
Loss on disposal of non-current assets	(340)	(2,208)
Other loss	(40)	(347)
OPERATING LOSS	**(375,593)**	**(22,818)**
Finance income	1,534	1,095
Finance costs	(24,585)	(23,738)
Exchange differences	(3,513)	35,904
LOSS BEFORE TAXES	**(402,157)**	**(9,557)**
Income tax benefit (expense)	46,609	(48,719)
LOSS FROM CONTINUING OPERATIONS	**(355,548)**	**(58,276)**
Loss for discontinued operations[3]	(3,065)	(196)
LOSS FOR THE YEAR	**(358,613)**	**(58,472)**
Loss attributable to non-controlling interests	20,186	15,204
LOSS ATTRIBUTABLE TO FERROGLOBE	**(338,427)**	**(43,268)**

The financial information for the year ended December 31, 2016 includes the consolidated results for the full year ended December 31, 2016, whereas the financial information for the year ended December 31, 2015 includes the results of Globe for only the eight -day period ended December 31, 2015 subsequent to the Business Combination on December 23, 2015.

Sales

Sales increased $265,771,000 or 20.6%, from $1,289,886,000 for the year ended December 31, 2015 to $1,555,657,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe sales in 2016 of $545,264,000 as compared to the inclusion of only eight days of Globe sales in 2015. This increase was offset by a 20.3% decrease in average selling prices (prices based in euros) of all primary products and a 0.4% decrease in sales volumes at FerroAtlántica.

Excluding Globe, average selling prices (in local currency) for silicon metal, silicon-based alloys and manganese alloys pricing decreased by 16.0%, 9.2% and 18.2%, respectively, primarily due to lower European market index pricing.

Excluding Globe, silicon metal sales volume decreased 7.5% primarily due to lower demand driven by pricing pressure from imports. This decrease was partially offset by slight increases in sales volumes of silicon-based alloys and manganese alloys, of 3.5% and 2.4%, respectively.

In summary, since late 2014, we have experienced a sharp decrease in silicon metal prices, our main product produced and sold, which has adversely affected our sales for the year ended December 31, 2016, as compared to the sales of FerroAtlántica and Globe for the year ended December 31, 2015. This effect was particularly pronounced in relation to the sales of our European business.

Cost of sales

Cost of sales increased $225,125,000, or 27.5%, from $817,875,000 for the year ended December 31, 2015 to $1,043,000,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe cost of sales in 2016 of $340,617,000 as compared to the inclusion of only eight days of Globe cost of sales in 2015. This increase was offset by a 14.2% decrease in the cost of sales of FerroAtlántica due to manufacturing cost improvement initiatives, including lower raw material and energy costs.

Other operating income

Other operating income increased $10,212,000, or 65.9%, from $15,500,000 for the year ended December 31, 2015 to $25,712,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe other operating income in 2016 of $2,986,000 as compared to the inclusion of only eight days of Globe other operating income in 2015. In addition, the increase in other operating income is attributable to an increase in sales of fines, silica fume and other by-products.

Staff costs

Staff costs increased $90,447,000, or 44.6%, from $202,585,000 for the year ended December 31, 2015 to $293,032,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe staff costs in 2016 of $121,251,000 as compared to the inclusion of only eight days of Globe staff costs in 2015. This increase was offset by a decrease in FerroAtlántica staff costs of approximately $30,000,000 due to a decrease in variable-based compensation expense reflecting annual company performance.

Other operating expense

Other operating expense increased $44,292,000, or 23.3%, from $190,034,000 for the year ended December 31, 2015 to $234,326,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe other operating expense in 2016 of $63,065,000 as compared to the inclusion of only eight days of Globe other operating expense in 2015. This increase was offset by a decrease in due diligence expenses related to the Business Combination in 2015.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs increased $59,145,000 or 95.1%, from $62,201,000 for the year ended December 31, 2015 to $121,346,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe depreciation and amortization charges, operating allowances and write-downs in 2016 of $73,525,000 as compared to the inclusion of only eight days of Globe depreciation and amortization charges, operating allowances and write-downs in 2015.

Impairment losses

Net impairment losses increased $215,407,000, from a loss of $52,042,000 for the year ended December 31, 2015 to a loss of $267,449,000 for the year ended December 31, 2016. The increase in impairment losses is primarily due to the impairment of goodwill in relation to our North American assets of $193,000,000, the impairment of non-current operational assets located in Venezuela, South Africa and France, totaling $58,472,000, $9,176,000, and $1,178,000, respectively, and the impairment of non-current financial assets amounting $5,623,000.

Finance income

Finance income increased $439,000, or 40.1%, from $1,095,000 for the year ended December 31, 2015 to $1,534,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe finance income in 2016 of $676,000 as compared to the inclusion of only eight days of Globe finance income in 2015.

Finance costs

Finance costs increased $847,000, or 3.6%, from $23,738,000 for the year ended December 31, 2015 to $24,585,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe finance costs in 2016 of $5,714,000 as compared to the inclusion of only eight days of Globe finance income in 2015. This increase was offset by a reduction in FerroAtlántica's outstanding debt and, therefore incurred lower finance costs, as well as a decrease in interest rates year-over-year.

Exchange differences

Exchange differences decreased $39,417,000, from a gain of $35,904,000 for the year ended December 31, 2015 to a loss of $3,513,000 for the year ended December 31, 2016, partially due to the inclusion of a full year of Globe exchange differences in 2016 of $4,567,000 related to the devaluation of the Argentine Peso, as compared to the inclusion of only eight days of Globe exchange differences in 2015.

Income tax

Income tax expense decreased $95,328,000, or 195.7%, from an income tax expense of $48,719,000 for the year ended December 31, 2015 to an income tax benefit of $46,609,000 for the year ended December 31, 2016. This decrease is primarily attributable to the inclusion of a full year of Globe income tax benefit in 2016 of $30,598,000 as compared to the inclusion of eight days of Globe income tax expense in 2015. In addition, FerroAtlántica operations generated losses in 2016, which further increased the income tax benefit for the year ended December 31, 2016.

Segment operations

During 2016, upon further evaluation of the management reporting structure as a result if the integration of the operations of FerroAtlántica and Globe we have concluded that our operating and reportable segments have changed since the prior year. The comparative prior periods have been restated to conform to the 2016 reportable segment presentation.

Operating segments are based upon the Company's management reporting structure. As such, we report our results in accordance with the following segments:

- Electrometallurgy — North America;
- Electrometallurgy — Europe;
- Electrometallurgy — South Africa;
- Electrometallurgy — Venezuela; and
- Other segments.

Electrometallurgy — North America

	Year ended December 31,	
($ thousands)	**2016**	**2015**
Sales	521,192	10,062
Cost of sales	(325,254)	(6,200)
Other operating income	362	17
Staff costs	(82,032)	(1,983)
Other operating expense	(64,606)	(276)
Depreciation and amortization charges, operating allowances and write-downs	(73,530)	(1,183)
Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(23,868)**	**437**

The Electrometallurgy — North America segment is comprised of only Globe subsidiaries. As a result, the segment information for the year ended December 31, 2016 includes the segment information for the full year ended December 31, 2016, whereas the segment information for the year ended December 31, 2015 includes the segment information for only the eight-day period ended December 31, 2015 subsequent to the Business Combination on December 23, 2015.

Sales

Sales increased $511,130,000, from $10,062,000 for the year ended December 31, 2015 to $521,192,000 for the year ended December 31, 2016, primarily due to the inclusion of the full year of sales in 2016 as compared to the inclusion of only eight days of sales in 2015 following the Business Combination. On a pro-forma basis, sales for the segment decreased $165,655,000, or 24%, from $686,847,000 in 2015 to $521,192,000 in 2016. The decrease was primarily attributable to a 12% decrease in average selling prices coupled with a 15% decrease in tons sold. Silicon metal pricing decreased 14%, primarily due to lower index pricing which resulted in lower pricing on annual calendar 2016 contracts and index-based contracts. Silicon-based alloys pricing decreased 10% as a result of lower index pricing. Silicon metal volume decreased 10%, primarily due to lower demand driven by pricing pressure from imports . Silicon-based alloys volume decreased 24% due to a weaker end market and lower customer demand.

Cost of sales

Cost of sales increased by $319,054,000, from $6,200,000 for the year ended December 31, 2015 to $325,254,000 for the year ended December 31, 2016. On a pro-forma basis, cost of sales decreased in line with the 15% decrease in sales volumes, offset by higher stand-down costs associated with the idling of the Selma, Alabama plant in February 2016 without any corresponding production.

Staff costs

Staff costs increased by $80,049,000, from $1,983,000 for the year ended December 31, 2015 to $82,032,000 for the year ended December 31, 2016. On a pro forma basis, staff costs decreased by approximately 18%, due to lower variable-based compensation expense reflecting annual company performance year-over-year.

Other operating expense

Other operating expense increased by $64,330,000, from $276,000 for the year ended December 31, 2015 to $64,606,000 for the year ended December 31, 2016, primarily due to a full year of other operating expense in 2016 as compared to only eight days of Globe other operating expense in 2015. On a pro forma basis, other operating expense decreased due to lower non-recurring transaction costs during 2015 related to the Business Combination.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs increased by $72,347,000 from $1,183,000 for the year ended December 31, 2015 to $73,530,000 for the year ended December 31, 2016. On a pro forma basis, depreciation and amortization charges, operating allowances and write-downs increased by approximately 50%. This increase is attributable to the increased depreciable asset balance during 2016 as a result of the use of the acquisition-method treatment of Globe's non-current assets associated with the Business Combination, as all acquired assets and liabilities were stepped up to fair value as of the closing date of the Business Combination.

Electrometallurgy — Europe

	Year ended December 31,	
($ thousands)	**2016**	**2015**
Sales	949,547	1,174,968
Cost of sales	(672,026)	(811,114)
Other operating income	25,908	52,211
Staff costs	(132,440)	(148,652)
Other operating expense	(118,269)	(142,867)
Depreciation and amortization charges, operating allowances and write-downs	(31,730)	(35,255)
Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**20,990**	**89,291**

Sales

Sales decreased $225,421,000, or 19.2%, from $1,174,968,000 for the year ended December 31, 2015 to $949,547,000 for the year ended December 31, 2016, primarily due to an 18.5% decrease in average selling prices for all primary products as well as a foreign exchange impact which decreased sales by $2,574,000.

Average selling prices (in local currency) for silicon metal, silicon-based alloys and manganese alloys pricing decreased 20.4%, 22.6% and 12.3%, respectively, primarily due to lower European market index pricing. The sales volume of primary products was relatively consistent year-over-year.

Cost of sales

Cost of sales decreased $139,088,000, or 17.1%, from $811,114,000 for the year ended December 31, 2015 to $672,026,000 for the year ended December 31, 2016, primarily due to manufacturing cost improvement initiatives, including lower raw material and energy costs. In addition, there was a favorable foreign exchange impact, which decreased Euro-denominated costs by $1,821,000.

Other operating income

Other operating income decreased $26,303,000, or 50.4%, from $52,211,000 for the year ended December 31, 2015 to $25,908,000 for the year ended December 31, 2016, primarily due to intercompany charges to the parent company during 2015 for its share of non-recurring transaction costs related to the Business Combination, which FerroAtlántica paid.

Staff costs

Staff costs decreased $16,212,000 or 10.9%, from $148,652,000 for the year ended December 31, 2015 to $132,440,000 for the year ended December 31, 2016, primarily due to a decrease in the bonus and other social benefits in France and in Spain to reflect the Company's annual performance.

Other operating expense

Other operating expense decreased $24,598,000, or 17.2%, from $142,867,000 for the year ended December 31, 2015 to $118,269,000 for the year ended December 31, 2016, primarily due to a reduction of non-recurring transaction costs of approximately $27,000,000 related to the Business Combination in 2015.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $3,525,000, or 10.0%, from $35,255,000 for the year ended December 31, 2015 to $31,730,000 for the year ended December 31, 2016, primarily due to a decrease in write-downs of trade receivables allowances of $2,115,000 as we reduced exposure to customers that entered delinquency in 2015. In addition, there was a $1,410,000 decrease in depreciation as a result of lower capital expenditures year-over-year.

Electrometallurgy — South Africa

	Year ended December 31,	
($ thousands)	**2016**	**2015**
Sales	142,160	219,890
Cost of sales	(99,124)	(134,978)
Other operating income	3,422	5,070
Staff costs	(23,589)	(24,663)
Other operating expense	(28,834)	(29,237)
Depreciation and amortization charges, operating allowances and write-downs	(4,732)	(7,744)
Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(10,697)**	**28,338**

Sales

Sales decreased $77,730,000, or 35.3%, from $219,890,000 for the year ended December 31, 2015 to $142,160,000 for the year ended December 31, 2016, primarily due to a 17.1% decrease in silicon metal sales volumes due to the decline in exports to North America. In addition, there was an 18.8% decrease in silicon-based alloy sales volumes due to a weak domestic market. Average selling prices of all primary products decreased 30% in 2016 compared to 2015 due to a decrease in index pricing. This decrease was offset by a foreign exchange impact which increased sales by $18,761,000.

Cost of sales

Cost of sales decreased $35,854,000, or 26.6%, from $134,978,000 for the year ended December 31, 2015 to $99,124,000 for the year ended December 31, 2016, primarily due to a 17.1% decrease in silicon metal sales volumes from 2015 to 2016 as well as a 33.4% decrease in silicon-based alloy sales volumes. This decrease was offset by a foreign exchange impact which increased cost of sales by $13,082,000.

Other operating income

Other operating income decreased $1,648,000, or 32.5%, from $5,070,000 for the year ended December 31, 2015 to $3,422,000 for the year ended December 31, 2016, primarily due to a decrease in by-product sales as a result of a weak domestic market as well as a reduction of other services provided to third parties.

Staff costs

Staff costs decreased $1,074,000 or 4.4%, from $24,663,000 for the year ended December 31, 2015 to $23,589,000 in for the year ended December 31, 2016, primarily due to a $4,187,000 reduction of bonus and other social benefits to reflect the Company’s annual performance. This decrease was offset by a foreign exchange impact which increased staff costs by $3,113,000.

Other operating expense

Other operating expense decreased $403,000, or 1.4%, from $29,237,000 for the year ended December 31, 2015 to $28,834,000 for the year ended December 31, 2016, primarily due to lower variable, selling, and administrative costs during 2016 when the plant was idled or operating at a reduced production level. This decrease was offset by a foreign exchange impact which increased other operating expense by $3,805,000.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $3,012,000, or 38.9%, from $7,744,000 for the year ended December 31, 2015 to $4,732,000 for the year ended December 31, 2016. This change is primarily attributable to a $1,572,000 decrease in Receivable allowances and a decrease in depreciation of $2,064,000 due to lower capital expenditures year-over-year. This decrease was offset by a foreign exchange impact which increased depreciation and amortization charges by $624,000.

Electrometallurgy — Venezuela

	Year ended December 31,	
($ thousands)	**2016**	**2015**
Sales	30,430	69,956
Cost of sales	(34,643)	(57,647)
Other operating income	27	44
Staff costs	(5,656)	(20,922)
Other operating expense	(6,747)	(28,677)
Depreciation and amortization charges, operating allowances and write-downs	(4,118)	(9,396)
Operating loss before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(20,707)**	**(46,642)**

Sales

Sales decreased $39,526,000, or 56.5%, from $69,956,000 for the year ended December 31, 2015 to $30,430,000 for the year ended December 31, 2016, primarily due to a 27% decrease in average sales prices as global market index pricing fell year-over-year.

In addition, in June 2016, due to the uncertainty of the cash flow generating capacity of FerroVen as a result of the economic, political and social instability of Venezuela, FerroVen's management decided to continue operations at the local level only until free market conditions are reestablished.

Cost of sales

Cost of sales decreased $23,004,000, or 39.9%, from $57,647,000 for the year ended December 31, 2015 to $34,643,000 for the year ended December 31, 2016, primarily due to the 41% decrease in sales volumes described above. In addition, the devaluation of the Venezuelan Bolivar further reduced cost of sales.

Staff costs

Staff costs decreased $15,266,000, or 73.0%, from $20,922,000 for the year ended December 31, 2015 to $5,656,000 for the year ended December 31, 2016, primarily due to the devaluation of the Venezuelan Bolivar as all employees are paid in the local currency.

Other operating expense

Other operating expense decreased $21,930,000, or 76.5%, from $28,677,000 for the year ended December 31, 2015 to $6,747,000 for the year ended December 31, 2016, primarily due to the devaluation of the Venezuelan Bolivar as most local suppliers are paid in the local currency. In addition, there was a decrease in variable, selling, and administrative costs during 2016 due to the reduction in production volumes year-over-year.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $5,278,000, or 56.2%, from $9,396,000 for the year ended December 31, 2015 to $4,118,000 for the year ended December 31, 2016. Due to the uncertainty of the cash flow generating capacity of FerroVen, as described above, FerroVen fully impaired its fixed assets at June 30, 2016. Therefore, only six months of depreciation is included in depreciation and amortization charges, operating allowances and write-downs for the year ended December 31, 2016.

Other segments

	Year ended December 31,	
($ thousands)	**2016**	**2015**
Sales	59,907	59,167
Cost of sales	(45,269)	(30,394)
Other operating income	4,686	2,065
Staff costs	(52,921)	(9,652)
Other operating expense	(31,217)	(38,670)
Depreciation and amortization charges, operating allowances and write-downs	(8,700)	(13,096)
Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(73,514)**	**(30,580)**

Sales

Sales increased $740,000, or 1.3%, from $59,167,000 for the year ended December 31, 2015 to $59,907,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe sales in 2016 of $23,532,000 as compared to the inclusion of only eight days of Globe sales in 2015. This increase was offset by a decrease in sales from idled facilities, most significantly, MangShi, which was idled in November 2015.

Cost of sales

Cost of sales increased $14,875,000, or 48.9%, from $30,394,000 for the year ended December 31, 2015 to $45,269,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe cost of sales in 2016 as compared to the inclusion of only eight days of Globe cost of sales in 2015. In addition, inventory write-offs of approximately $2,500,000 at MangShi were recorded to cost of sales during 2016.

Other operating income

Other operating income increased $2,621,000, or 126.9%, from $2,065,000 for the year ended December 31, 2015 to $4,686,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe other operating income in 2016 of $1,647,000 as compared to the inclusion of only eight days of Globe other operating income in 2015.

Staff costs

Staff costs increased $43,269,000 or 448.3%, from $9,652,000 for the year ended December 31, 2015 to $52,921,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe staff costs in 2016 of $38,427,000 as compared to the inclusion of only eight days of Globe sales in 2015. In addition, staff costs for the year ended December 31, 2016 include Alan Kestenbaum's severance payment of approximately $21,000,000, as well as other payments, and the accelerated vesting of equity awards made in connection with his resignation pursuant to the terms of the Employment Agreement.

Other operating expense

Other operating expense decreased $7,453,000, or 19.3%, from $38,670,000 for the year ended December 31, 2015 to $31,217,000 for the year ended December 31, 2016, primarily due to lower due diligence and development expenses year-over-year as a result of the abandonment of the FerroQuébec, Inc. project in late 2015.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $4,396,000, or 33.6%, from $13,096,000 for the year ended December 31, 2015 to $8,700,000 for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe depreciation and amortization charges, operating allowances and write-downs in 2016 as compared to the inclusion of only eight days of Globe depreciation and amortization charges, operating allowances and write-downs in 2015. This increase was offset by a decrease in depreciation as the Property, plant and equipment at MangShi was impaired in 2015 and no longer depreciated.

Results of Operations — Ferroglobe Year Ended December 31, 2015 Compared to FerroAtlántica Year Ended December 31, 2014

	Year ended December 31,	
($ thousands)	**2015**	**2014**
Sales	1,289,886	1,417,079
Cost of sales	(817,875)	(887,772)
Other operating income	15,500	6,694
Staff costs	(202,585)	(213,829)
Other operating expense	(190,034)	(148,553)
Depreciation and amortization charges, operating allowances and write-downs	(62,201)	(69,131)
Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**32,691**	**104,488**
Impairment losses	(52,042)	(399)
Net loss due to changes in the value of assets	(912)	(9,472)
(Loss) gain on disposal of non-current assets	(2,208)	555
Other loss	(347)	(60)
OPERATING (LOSS) PROFIT	**(22,818)**	**95,112**
Finance income	1,095	4,596
Finance costs	(23,738)	(28,415)
Exchange differences	35,904	7,800
(LOSS) PROFIT BEFORE TAXES	**(9,557)**	**79,093**
Income tax expense	(48,719)	(57,652)

($ thousands)	Year ended December 31, 2015	2014
(LOSS) PROFIT FROM CONTINUING OPERATIONS	**(58,276)**	**21,441**
(Loss) Profit for discontinued operations	(196)	10,290
(LOSS) PROFIT FOR THE YEAR	**(58,472)**	**31,731**
Loss attributable to non-controlling interests	15,204	6,706
(LOSS) PROFIT ATTRIBUTABLE TO FERROGLOBE	**(43,268)**	**38,437**

Sales

Sales decreased $127,193,000, or 9.0%, from $1,417,079,000 for the year ended December 31, 2014 to $1,289,886,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered sales by $254,049,000. This decrease was partially offset by a 14% increase in the average selling prices of silicon metal (in local currency) as well as a 1.4% increase in silicon metal sales volumes.

Cost of sales

Cost of sales decreased $69,897,000, or 7.9%, from $887,772,000 for the year ended December 31, 2014, to $817,875,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates, which lowered cost of sales by $161,084,000. This decrease was offset by an increase in costs of production in Venezuela and France (in local currencies) due to the increase in energy prices and the increase in the price of some raw materials and others production costs.

Other operating income

Other operating income increased $8,806,000, or 131.6%, from $6,694,000 for the year ended December 31, 2014 to $15,500,000 for the year ended December 31, 2015, primarily due to $5,685,295 of grants (deferred income) received related to due to CO 2 emissions by FerroAtlántica.

Staff costs

Staff costs decreased $11,244,000, or 5.3%, from $213,829,000 for the year ended December 31, 2014 to $202,585,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered staff costs by $39,900,000. This decrease was partially offset by an increase in social benefits for employees in Venezuela as well as increased bonuses and other social benefits to employees in France.

Other operating expense

Other operating expense increased $41,481,000, or 27.9%, from $148,553,000 for the year ended December 31, 2014 to $190,034,000 for the year ended December 31, 2015, primarily due to non-recurring transaction costs related to the Business Combination in 2015.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $6,930,000, or 10.0%, from $69,131,000 for the year ended December 31, 2014 to $62,201,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates, which lowered depreciation and amortization charges by $12,251,000. This decrease was partially offset by an increase of $3,848,000 in trade receivables allowances as certain customers entered delinquency, and a $1,473,000 increase in depreciation due to the increase of capital expenditure.

Impairment losses

Net impairment losses increased $51,643,000, from a loss of $399,000 for the year ended December 31, 2014 to a loss of $52,042,000 for the year ended December 31, 2015. During 2015, the Company impaired the long-lived assets at our Chinese subsidiaries, Ganzi and MangShi, and our Canadian subsidiary, FerroQuébec. The Ganzi and FerroQuébec impairments of $9,282,000 and $4,707,000, respectively, were made after the Company decided to no longer pursue these projects that were still in their development stage at the time. The MangShi impairment of $36,985,000 was made when the Company idled the plant indefinitely and marketed the business for sale in response to the global downturn in silicon metal pricing and demand.

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

Net gains/losses due to change in the value of assets decreased $8,560,000, or 90.4%, from a loss of $9,472,000 for the year ended December 31, 2014 to a loss of $912,000 for the year ended December 31, 2015, as there were significant non-recurring losses due to the change in the value of assets in 2014 as compared to minimal losses in 2015.

Gains/losses due to disposal of non-current assets

Gains/losses due to disposal of current financial assets decreased $2,763,000, or 497.8%, from a gain of $555,000 for the year ended December 31, 2014 to a loss of $2,208,000 for the year ended December 31, 2015, resulting from the sale of certain fixed assets at our Chinese subsidiary, Ganzi, during the year ended December 31, 2015 (mainly, land and technical constructions).

Finance income

Finance income decreased $3,501,000, or 76.2%, from $4,596,000 for the year ended December 31, 2014 to $1,095,000 for the year ended December 31, 2015, due to a significant decrease in the intercompany financial position with FerroAtlántica Group's former parent, Grupo Villar Mir, which position was canceled in full by the end of 2014. As at December 31, 2013, there were $56.0 million in loans from FerroAtlántica Group to Grupo Villar Mir outstanding. FerroAtlántica Group 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 canceled in full against a portion of the dividends distributed by FerroAtlántica Group to its former sole shareholder.

Finance costs

Finance costs decreased $4,677,000, or 16.5%, from $28,415,000 for the year ended December 31, 2014 to $23,738,000 for the year ended December 31, 2015, as a result of reduction in the average indebtedness at FerroAtlántica's major subsidiaries throughout 2015 as compared to throughout 2014.

Exchange differences

Exchange differences increased $28,104,000, from $7,800,000 for the year ended December 31, 2014 to $35,904,000 for the year ended December 31, 2015, primarily due to the devaluation of the Venezuelan Bolivar in December 2015 (from VEF/USD 49.99 to VEF/USD 199) that originated a positive exchange difference of $18,500,000.

Income tax

Income tax decreased $8,933,000, or 15.5%, from $57,652,000 for the year ended December 31, 2014 to $48,719,000 for the year ended December 31, 2015. This decrease is principally due to tax expense in Venezuela decreasing $19,423,000, to $16,877,000 in 2015 from $36,300,000 in 2014. The decrease in Venezuela tax is driven by Ferro Atlántica's tax position in Venezuela and the impact of the devaluation of the Venezuelan Bolivar in 2015 from VEF/USD 49.99 to VEF/USD199. The decrease in Venezuela tax expense is partially offset by the revaluation of the tax value of certain assets.

Segment Operations

Electrometallurgy — North America

	Year ended December 31,	
($ thousands)	**2015**	**2014**
Sales	10,062	—
Cost of sales	(6,200)	—
Other operating income	17	—
Staff costs	(1,983)	—
Other operating expense	(276)	—
Depreciation and amortization charges, operating allowances and write-downs	(1,183)	—
Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**437**	**—**

The Electrometallurgy — North America segment is comprised of only Globe subsidiaries. As a result, the 2015 segment information includes information relating only to the eight day period ended December 31, 2015, following the Business Combination on December 23, 2015; segment information for the year ended December 31, 2014 is not available. Therefore, there can be no meaningful discussion of sales, costs, or profitability in relation to these periods.

Electrometallurgy — Europe

	Year ended December 31,	
($ thousands)	**2015**	**2014**
Sales	1,174,968	1,275,497
Cost of sales	(811,114)	(880,851)
Other operating income	52,211	21,764
Staff costs	(148,652)	(165,796)
Other operating expense	(142,867)	(115,068)
Depreciation and amortization charges, operating allowances and write-downs	(35,255)	(43,080)
Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**89,291**	**92,466**

Sales

Sales decreased $100,529,000, or 7.9%, from $1,275,497,000 for the year ended December 31, 2014 to $1,174,968,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered sales by $231,416,000. This decrease was partially offset by a 12% increase in the average selling prices of silicon metal (in Euros) as well as a 2% increase in silicon metal sales volumes.

Cost of sales

Cost of sales decreased $69,737,000, or 7.9%, from $880,851,000 for the year ended December 31, 2014 to $811,114,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered cost sales by $159,753,000. This decrease was partially offset by an increase in manufacturing costs due to the increase in energy prices and the price of some raw materials and other production costs.

Other operating income

Other operating income increased $30,447,000, or 139.9%, from $21,764,000 for the year ended December 31, 2014 to $52,211,000 for the year ended December 31, 2015, primarily due to intercompany charges to the parent company in 2015 for its share of non-recurring transaction costs related to the Business Combination, which FerroAtlántica paid.

Staff costs

Staff costs decreased $17,144,000 or 10.3%, from $165,796,000 for the year ended December 31, 2014 to $148,652,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered staff costs by $29,278,000. This decrease was partially offset by an increase in bonuses and social benefits for employees in France.

Other operating expense

Other operating expense increased $27,799,000, or 24.2%, from $115,068,000 for the year ended December 31, 2014 to $142,867,000 for the year ended December 31, 2015, primarily due to non-recurring transaction costs related to the Business Combination. Most of the transaction costs related to the Business Combination were reinvoiced to the former parent company, Grupo Villar Mir, as of December 31, 2016, as mentioned above.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $7,825,000, or 18.2%, from $43,080,000 for the year ended December 31, 2014 to $35,255,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered depreciation and amortization charges, operating allowances and write downs by $6,944,000.

Electrometallurgy — South Africa

($ thousands)	Year ended December 31, 2015	2014
Sales	219,890	239,023
Cost of sales	(134,978)	(149,800)
Other operating income	5,070	1,527
Staff costs	(24,663)	(30,974)
Other operating expense	(29,237)	(27,135)
Depreciation and amortization charges, operating allowances and write-downs	(7,744)	(6,993)
Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**28,338**	**25,648**

Sales

Sales decreased $19,133,000, or 8.0%, from $239,023,000 for the year ended December 31, 2014 to $219,890,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered sales by $43,308,000, as well as an 8% decrease in sales volumes. This decrease was partially offset by a 1.2% increase in average sales prices.

Cost of sales

Cost of sales decreased $14,822,000, or 9.9%, from $149,800,000 for the year ended December 31, 2014 to $134,978,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered sales by $26,585,000. This decrease was partially offset by a year-over-year increase cost of production due to higher energy costs.

Other operating income

Other operating income increased $3,543,000, or 232.0%, from $1,527,000 for the year ended December 31, 2014 to $5,070,000 for the year ended December 31, 2015, mainly due to the increase of the domestic market of the by-products produced and sold as well as an increase of other services provided to third parties.

Staff costs

Staff costs decreased $6,311,000 or 20.4%, from $30,974,000 for the year ended December 31, 2014 to $24,663,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered staff costs by $4,857,000, as well as a year-over-year reduction of bonus and other social benefits to employees.

Other operating expense

Other operating expense increased $2,102,000, or 7.7%, from $27,135,000 for the year ended December 31, 2014 to $29,237,000 for the year ended December 31, 2015, primarily due to a $7,860,000 increase in variable overhead costs indirectly related to production as production increased year-over-year. This increase was offset by a change in foreign exchange rates which lowered other operating expense by $5,758,000.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs increased $751,000, or 10.7%, from $6,993,000 for the year ended December 31, 2014 to $7,744,000 for the year ended December 31, 2015, due to higher capital expenditures during 2015.

Electrometallurgy — Venezuela

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Sales	69,956	97,718
Cost of sales	(57,647)	(62,857)
Other operating income	44	416
Staff costs	(20,922)	(11,517)
Other operating expense	(28,677)	(14,530)
Depreciation and amortization charges, operating allowances and write-downs	(9,396)	(9,322)
Operating loss before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(46,642)**	**(92)**

Sales

Sales decreased $27,762,000, or 28.4%, from $97,718,000 for the year ended December 31, 2014 to $69,956,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered sales by $13,778,000. In addition, there was a 9.8% decrease in average sales prices due to the increase in domestic market sales volumes, where average sales prices are lower in comparison to average export prices, as well as a 20.6% decrease in sales volumes due to the reduction in exports.

Cost of sales

Cost of sales decreased $5,210,000, or 8.3%, from $62,857,000 for the year ended December 31, 2014 to $57,647,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates, which lowered cost of sales by $11,354,000. This decrease was partially offset by an increase in production costs, mainly due to higher energy costs.

Staff costs

Staff costs increased $9,405,000 or 81.7%, from $11,517,000 for the year ended December 31, 2014 to $20,922,000 for the year ended December 31, 2015, primarily due to an increase in social benefits for employees in Venezuela. The remaining variation is primarily due to the effect of the devaluation of the Venezuelan Bolivar, the currency in which the entity pays its employees, and the effect of the increase of inflation in Venezuela on employee salaries and other benefits.

Other operating expense

Other operating expense increased $14,147,000, from $14,530,000 for the year ended December 31, 2014 or 97.4%, to $28,677,000 for the year ended December 31, 2015, primarily due to the effect of the devaluation of the Venezuelan Bolivar as most local suppliers are paid in the local currency, as well as an increase in the prices of the services included in other operating expenses due to the increase of inflation in Venezuela.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs increased $74,000, or 0.8%, from $9,322,000 for the year ended December 31, 2014 to $9,396,000 for the year ended December 31, 2015, due to higher capital expenditures in 2015.

Other segments

($ thousands)	Year ended December 31, 2015	Year ended December 31, 2014
Sales	59,167	93,552
Cost of sales	(30,394)	(36,382)
Other operating income	2,065	3,436
Staff costs	(9,652)	(9,756)
Other operating expense	(38,670)	(28,169)
Depreciation and amortization charges, operating allowances and write-downs	(13,096)	(14,797)
Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other loss	**(30,580)**	**7,884**

Sales

Sales decreased $34,385,000, or 36.8%, from $93,552,000 for the year ended December 31, 2014 to $59,167,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered sales by $11,653,000. In addition, sales from the Mexican trading subsidiary decreased significantly year-over-year due to its domestic market condition.

Cost of sales

Cost of sales decreased $5,988,000, or 16.5%, from $36,382,000 for the year ended December 31, 2014 to $30,394,000 for the year ended December 31, 2015, primarily due to a change in foreign exchange rates which lowered sales by $5,986,000.

Other operating income

Other operating income decreased $1,371,000, or 39.9%, from $3,436,000 for the year ended December 31, 2014 to $2,065,000 for the year ended December 31, 2015, due to non-recurring revenues and chargebacks in 2014 that were not given in 2015.

Staff costs

Staff costs decreased $104,000 or 1.1%, from $9,756,000 for the year ended December 31, 2014 to $9,652,000 for the year ended December 31, 2015.

Other operating expense

Other operating expense increased $10,501,000, or 37.3%, from $28,169,000 for the year ended December 31, 2014 to $38,670,000 for the year ended December 31, 2015, primarily due to non-recurring transaction costs related to the Business Combination in 2015.

Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs decreased $1,701,000, or 11.5%, from $14,797,000 for the year ended December 31, 2014 to $13,096,000 for the year ended December 31, 2015, mainly due to the decrease in depreciation as a result of the decrease in the balance of depreciable fixed assets.

Effect of Inflation

Management believes that the impact of inflation was not material to Ferroglobe's results of operations in the years ended December 31, 2016, 2015 and 2014, although we experienced the impact of Venezuelan inflation in 2016, 2015 and 2014 on FerroVen, S.A.'s production costs in these years, which resulted in a loss of competitiveness.

Cyclical Nature of the Industry and Movement in Market Prices, Raw Materials and Input Costs

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, among other factors. We have experienced a weakened economic environment in national and international metals markets, including a sharp decrease in silicon metal prices in all major markets since late 2014, though we have experienced an improvement in silicon metal prices since the fourth quarter of 2016. The weakened economic environment has adversely affected our profitability for the year ended December 31, 2016, with a particularly pronounced effect on the profitability of our European business over this period.

B. Liquidity and Capital Resources

Sources of Liquidity

Ferroglobe finances 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 dividend policy and service its existing debt. Ferroglobe's long-term liquidity needs primarily relate to debt repayment. Ferroglobe'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 Ferroglobe's growth.

Ferroglobe finances its operations through: (i) cash flows from operations, which totaled $121,169,000 in 2016, compared to $145,449,000 in 2015, (ii) corporate financing through each of Ferroglobe's main subsidiaries in the currency in which it operates, which totaled $518,200,000 in 2016, compared to $306,174,000 in 2015, and (iii) liquidity facilities taken out by Ferroglobe under bilateral agreements with banks to provide Ferroglobe with flexibility in its cash management activities, which totaled $305,000,000 in 2016, compared to $216,657,830 in 2015.

In 2016, operating activities generated $121,169,000 in cash. Investing activities used a total of $84,281,000 of cash. Financing activities resulted in a total inflow of $49,917,000 in cash. See "Cash Flow Analysis" below for additional information.

As of December 31, 2016, Ferroglobe had cash and cash equivalents from continuing operations and discontinuing operations of $196,931,000 and $51,000, respectively. As of December 31, 2015, Ferroglobe had cash and cash equivalents of $116,666,000, all of which were from continuing operations. Cash and cash equivalents are held primarily held in U.S. Dollars and Euro.

At December 31, 2016, Ferroglobe's total gross financial debt was $514,587,000, compared to $516,976,000 at December 31, 2015. Of the total gross financial debt at December 31, 2016, $5,237,000 ($103,197,000 at December 31, 2015) related to finance leases that are treated as debt under IFRS. Of the remaining $509,350,000 of debt at December 31, 2016 ($413,779,000 at December 31, 2015), bank borrowings and other financial liabilities accounted for $508,651,000 ($406,230,000 at December 31, 2015) and other financial liabilities, consisting of interest rate swaps, accounted for the remaining $699,000 ($7,549,000 at December 31, 2015). See notes 16, 17 and 18 to the Consolidated Financial Statements of Ferroglobe included in this annual report for additional information on Ferroglobe's indebtedness at December 31, 2016.

Working Capital Position

Taking into account generally expected market conditions, Ferroglobe 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 December 31, 2016, Ferroglobe's current assets totaled $861,675,000 while current liabilities totaled $626,756,000, resulting in a positive working capital position of $234,919,000.

We may experience increases in our working capital position in 2017 to the extent that we restart production at any of our idled facilities.

Capital Expenditures

Ferroglobe incurs capital expenditures in connection with expansion and productivity improvements, production plants maintenance and research and development projects. Capital expenditures are funded through cash generated from operations and financing activities. Ferroglobe's capital expenditures for the years ended December 31, 2016, 2015 and 2014 were $71.1 million, $68.5 million and $45.4 million, respectively. Principal capital expenditures during these periods were primarily for maintenance and improvement works at Ferroglobe's plants and mines. We expect our capital expenditures for 2017 to equal approximately $65 million, excluding any capital expenditures related to our hydroelectric power operations in Spain and France, which we may sell in 2017, or to our solar grade silicon project. We believe we have the ability to reduce our capital expenditures by, as needed, idling individual electrometallurgy facilities. Additionally, subject to the satisfaction of certain conditions precedent, we have committed to incur approximately $118 million of capital expenditures in connection with our solar grade silicon joint venture over an initial phase estimated for up to three years. Further investment in the joint venture will be determined as the joint venture progresses. Capital expenditures in connection with our solar grade silicon joint venture are financed in part by two loans obtained from the Spanish Ministry of Industry and Energy. See “Item 4.B. — Information on the Company — Business Overview — Research and Development (R&D) — Solar grade silicon” and “Item 7.B. — Major Shareholders and Related Party Transactions — Related Party Transactions.” See also “—Tabular Disclosure of Contractual Obligations” for disclosure regarding future committed capital expenditures.

Cash Flow Analysis — Ferroglobe Year Ended December 31, 2016 Compared to FerroAtlántica’s Year Ended December 31, 2015

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

	Year ended December 31,	
($ thousands)	**2016**	**2015**
Cash and cash equivalents at beginning of period	116,666	48,651
Cash flows from operating activities	121,169	145,449
Cash flows from investing activities	(84,281)	17,966
Cash flows from financing activities	49,917	(87,593)
Exchange differences on cash and cash equivalents in foreign currencies	(6,489)	(7,807)
Cash and cash equivalents at end of period	196,982	116,666
Cash and cash equivalents at end of period from continued operations	196,931	116,666
Cash and cash equivalents at end of period from discontinued operations	51	—

The following table sets forth the dividends paid by Ferroglobe for the year ended December 31, 2016.

($ thousands)	**Year ended December 31, 2016**
Cash payment	54,988
Cash dividends	54,988

Cash flows from operating activities

Cash flows from operating activities decreased by $24,281,000, from $145,449,000 for the year ended December 31, 2015, to $121,169,000 for the year ended December 31, 2016. The decrease was due to a decrease in inventories of $108,207,000, a decrease in trade receivables of $56,297,000 and an increase in accounts payable of $28,572,000 as compared to the prior year period as a result of various working capital initiatives. This was offset by the $32,500,000 settlement payment in connection with the litigation related to the Business Combination that was paid during the year ended December 31, 2016 and lower profits from operations as compared to the prior year period.

Cash flows from investing activities

Cash flows from investing activities decreased by $102,247,000 from an inflow of $17,966,000 for the year ended December 31, 2015 to an outflow of $84,281,000 for the year ended December 31, 2016. The decrease is primarily attributable to a cash inflow of $77,709,000, which represents the cash and cash equivalents balance of Globe on the date of the Business Combination in 2015. In addition, capital expenditures increased as a result of including the full year of Globe’s capital expenditures of $27,577,000 during 2016, which was offset by an overall reduction in capital expenditures on a pro-forma basis reflecting the market conditions during 2016.

Cash flows from financing activities

Cash flows from financing activities increased by $137,510,000 from an outflow of $87,593,000 for the year ended December 31, 2015 to an inflow of $49,917,000 for the year ended December 31, 2016. The increase is mainly attributable to $118,945,000 of net bank borrowings during the year ended December 31, 2016 compared to $55,390,000 of net bank payments during the year ended December 31, 2015. The increase in net bank borrowings compared to the prior year period was to meet liquidity needs as a result of lower profits from operations. This was partly offset by a $33,509,000 increase in cash dividends paid to shareholders during the year ended December 31, 2016.

Cash Flow Analysis — Year Ended December 31, 2015 Compared to FerroAtlántica's Year Ended December 31, 2014

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

	Year ended December 31,	
(US$ thousands)	**2015**	**2014[(1)]**
Cash and cash equivalents at beginning of period	48,651	62,246
Cash flows from operating activities	145,449	191,420
Cash flows from investing activities	17,966	(155,293)
Cash flows from financing activities	(87,593)	(50,913)
Exchange differences on cash and cash equivalents in foreign currencies	(7,807)	1,190
Cash and cash equivalents at end of period from continued operations	**116,666**	**48,650**

(1) Financial data for the Predecessor, FerroAtlántica.

The following table sets forth the dividends paid by FerroAtlántica to Grupo VM in the year ended December 31, 2015.

(US$ thousands)	**Year ended December 31, 2015**
Cash payment	21,479
Cash dividends	**21,479**

Cash flows from operating activities

Cash flows from operating activities decreased by $45,971,000, to $145,449,000 in the year ended December 31, 2015, from $191,420,000 during the year ended December 31, 2014. The decrease was due to lower profit from operations, a $6.7 million decrease in financial interest expense, and negative short-term variations totaling $38.1 million and a $13.0 million increase in income tax paid, partly offset by a $92.7 million increase in funds from operating working capital changes.

Cash flows from investing activities

Cash flows from investing activities increased by $173,259,000 to $17,966,000 in the year ended December 31, 2015, from an outflow of $155,293,000 in the year ended December 31, 2014. The additional cash inflow is primarily due to cash received from the Business Combination of $77.7 million, a $15.3 million increase in disposals, a $95.4 million decrease in cash outflows relating to investment in non-current financial assets and a decrease of $7.7 million in payments relating to other investment activities, partly offset by a $19.1 million increase in capital expenditures and a $3.8 million decrease in interest received.

Cash flows from financing activities

Cash flows from financing activities decreased by $36,680,000 to an outflow of $87,593,000 in the year ended December 31, 2015, from an outflow of $50,913,000 in the year ended December 31, 2014. The decrease is mainly attributable to a decrease in $95.8 million in bank debts emissions (issuances) and a $10.7 million increase in other negative financing variations, partly offset by a decrease in $51.2 million in bank debts reimbursements (repayments) and $18.6 million decrease in cash dividends paid in 2015.

Capital resources

Ferroglobe'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 Ferroglobe's growth. In addition to cash flows from continuing operations, the main sources of financing are long-term corporate financing through each of Ferroglobe's main subsidiaries and in the currency in which they operate and liquidity facilities taken out by Ferroglobe under bilateral agreements with banks to provide Ferroglobe 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, whereas working capital needs are met with local currency bilateral agreements without recourse to Ferroglobe. Ferroglobe's general policy is for each main subsidiary to be financed without recourse to or guarantees provided by Ferroglobe.

As described in the previous paragraph, some payments of dividends, distributions and advances by Ferroglobe's subsidiaries will be contingent upon their earnings and business considerations and may be limited by legal, regulatory and contractual restrictions. For instance, the repatriation of dividends from Ferroglobe's Venezuelan and Argentinean subsidiaries have been subject to certain restrictions and there is no assurance that further restrictions will not be imposed. Additionally, Ferroglobe's right to receive any assets of its subsidiaries as an equity holder of such subsidiaries, upon their liquidation or reorganization, will be effectively subordinated to the claims of such subsidiaries' creditors, including trade creditors.

Details and description of Ferroglobe's bank borrowing and financial leasing as at December 31, 2016 are described in notes 16 and 17 of the Consolidated Financial Statements included elsewhere in this annual report. These credit facilities contain certain customary representations, warranties and covenants, and certain of them contain maintenance financial covenants.

C. Research and Development, Patents and Licenses, etc.

Ferroglobe focuses on continually developing its technology in an effort to improve its products and production processes. Our FerroAtlántica division's research and development division coordinates all the research and development activities within Ferroglobe. Ferroglobe also has cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. For the years ended December 31, 2016, 2015 and 2014, Ferroglobe spent \$6.2 million, \$8.8 million and \$5.4 million, respectively, on research and development projects and activities. Set forth below is a description of Ferroglobe's significant ongoing research and development projects.

ELSA electrode

Ferroglobe has internally developed a patented technology for electrodes used in 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. Ferroglobe has granted these producers the right to use the ELSA electrode against payment to Ferroglobe of royalties.

Solar grade silicon

Ferroglobe's solar grade silicon involves the production of solar grade silicon metal with purity above 99.9999% through a new, potentially cost-effective, electrometallurgical process. The traditional chemical process tends to be costly and involves high energy consumption and potentially environmentally hazardous processes. The new technology, entirely developed by Ferroglobe at an earlier stage 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.

In 2016, FerroAtlántica entered into a project with Aurinka for a feasibility study and basic engineering for an upgraded metallurgical grade ("UMG") solar silicon manufacturing plant. Purchases under this project were approximately €3,000,000 for 2016. On December 20, 2016, Ferroglobe entered into an agreement with Aurinka and Blue Power (the "Solar JV Agreement") providing for the formation and operation of a joint venture with the purpose of UMG solar silicon, subject to the satisfaction of certain conditions precedent. Under the Solar JV Agreement, Ferroglobe will indirectly own 75% of the operating companies to be formed as part of the joint venture and 51% of the company to be formed as part of the joint venture to hold the intellectual property rights and know-how contributed by Aurinka and Ferroglobe to the joint venture.

Pursuant to the Solar JV Agreement, and subject to the satisfaction of certain conditions precedent, FerroAtlántica has committed to incur capital expenditures in connection with the joint venture of approximately \$118 million over the first three years, which constitutes the first phase of the project contemplated by the Solar JV Agreement. Plans for and financing of further phases are subject to agreement and approval by the parties to the Solar JV Agreement pursuant to specified procedures. To the extent the project continues into further phases, we would expect to, in the future and subject to appropriate approval and authorization, commit to incur approximately \$100 million in joint venture-related capital expenditures in the fourth year, and approximately \$77 million over the following three years. In connection with the Solar JV Agreement, FerroAtlántica has obtained two loans, principal amounts approximately €45 million and €27 million, respectively, from the Spanish Ministry of Industry and Energy for the purpose of building and operating the UMG solar silicon plant.

D. Trend Information

We discuss in Item 5.A. above and elsewhere in this annual report, trends, uncertainties, demands, commitments or events for the year ended December 31, 2016 that we believe are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources or to cause the disclosed financial information not to be necessarily indicative of future operating results or financial conditions.

E. Off-Balance Sheet Arrangements

We do not have any outstanding off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth Ferroglobe's contractual obligations and commercial commitments with definitive payment terms that will require significant cash outlays in the future, as of December 31, 2016.

	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	495,855	240,585	179,472	21,656	54,142
Capital expenditures	121,116	26,716	94,400	—	—
Finance leases	86,620	12,359	24,943	25,817	23,501
Power purchase commitments(1)	32,827	32,827	—	—	—
Purchase obligations(2)	19,956	19,956	—	—	—
Operating lease obligations	9,658	1,788	2,772	2,783	2,315
Total	**766,032**	**334,231**	**301,587**	**50,256**	**79,958**

(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) The Company has outstanding purchase obligations with suppliers for raw materials in the normal course of business. The disclosed purchase obligation amount represents commitments to suppliers that are enforceable and legally binding and do not represent total anticipated purchases of raw materials in the future.

The table above also excludes certain other obligations reflected in our 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. We expect to contribute approximately $1,167,000 to our pension plans for the year ended December 31, 2017.

G. Safe Harbor

This annual report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Exchange Act and as defined in the Private Securities Litigation Reform Act of 1995. See "Cautionary Statements Regarding Forward-Looking Statements."

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our activities are undertaken through our segments and are exposed to market risk, credit risk, liquidity risk and capital risk. Risk management is the responsibility of our financial department in accordance with mandatory internal management rules. The internal management rules provide written policies for the management of overall risk, as well as for specific areas, such as exchange rate risk, credit risk, interest rate risk, liquidity risk, use of hedging instruments and derivatives, and the investment of excess cash.

Market risk

We are exposed to market risk, such as movement in foreign exchange rates, interest rates, changes in the prices of assets and raw material purchased (principally coal and manganese). All of these market risks arise in the normal course of business and we do not carry out speculative operations.

Foreign exchange rate risk

Foreign exchange risks arise (i) from commercial transactions to be settled in the future, for which assets and liabilities are not denominated in the functional currency of the entity and (ii) from financial liabilities denominated in a different currency from the functional currency of the subsidiary.

Risks from commercial transactions

To manage foreign exchange risks arising from commercial transactions, we purchase forward purchase/sale contracts. Such contracts provide protection related to the fair value of future cash flow. Most projected transactions which are not denominated in our functional currency qualify as highly probable forecast transactions for hedge accounting purposes. The main exchange rate exposures relate to the U.S. Dollar and the Euro. Our foreign exchange risks mainly relate to our operations in connection with purchases and sales in a currency other than the functional currency, mostly affecting the U.S. Dollar against the Euro. These purchases and sales, other than in the functional currency, are hedged through our purchase of future currency sale/purchase contracts. Specifically, an appreciation of the U.S. Dollar against the Euro would result in a decrease/increase of our purchase costs/sale price in the Income Statement, which would be compensated by the derivatives purchased, to the extent that the transactions have been hedged. We would recognize a net gain or loss in the Income Statement from the net assets or liabilities that remain unhedged.

During the year ended December 31, 2016, the Company arranged forward foreign currency purchase and sale transactions with various banks amounting $4,018,000 and $29,836,000 respectively ($18,535,000, $28,679,000 and ZAR 371,973,000 in 2015).

The changes in the market value of the foreign currency derivatives arranged by the Company depend mainly on the changes in the U.S. Dollar/Euro spot rate and on the evolution of forward points curve. The fair market value of these derivatives was not significant at December 31, 2016 and 2015.

The details of the sensitivity analysis (changes in the market value at December 31, 2016) of the foreign currency derivatives is as follows:

	Millions of U.S. Dollars	
Sensitivity to the EUR/USD Exchange Rate	**2016**	**2015**
+10% (appreciation of the Euro)	2.5	1.1
−10% (depreciation of the Euro)	(2.5)	(0.4)

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.

Venezuela

In recent years, there have been various developments in the Venezuelan economy that have affected our FerroAtlántica division’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.

Most of FerroVen, S.A.’s procurement and sale transactions are denominated in U.S. Dollars, which is FerroVen, S.A.’s functional currency. In effect, FerroVen, S.A.’s parent, FerroAtlántica, procures and imports into Venezuela most of FerroVen, S.A.’s key raw materials and equipment, which FerroVen, S.A. pays for in kind with its finished goods. FerroVen, S.A. exports finished products to other foreign clients as well, including other subsidiaries of our FerroAtlántica division, at prices denominated in U.S. Dollars. FerroVen, S.A. 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.A.’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, S.A. has a net short position with respect to Venezuelan Bolívares. The cash inflow of U.S. Dollars FerroVen, S.A. receives from exports is exchanged into Venezuelan Bolívares using the advantageous exchange rates available to exporting companies in Venezuela under the Complementary System for Administration of Foreign Currencies (“SICAD”), as well as 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.A.’s expenses and income. Rather, it has decreased FerroVen, S.A.’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, SICAD II, a new exchange regime with a more widespread application, was put into place by the Venezuelan Government. 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 our FerroAtlántica division’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 expense, which, in turn, had a positive impact on cash flows, and a negative impact on tax expense, which had no impact on cash flows.

Our Venezuelan operations had assets of $18,861,000 and $96,337,000 in 2016 and 2015, respectively, which represented 0.9% and 4.0%, respectively, of our total assets. Our Venezuelan operations had sales of $30,430,000 in 2016, of which $5,993,000 were domestic sales and $24,437,000 were exports and $69,956,000 in 2015, of which $24,111,000 were domestic sales and $42,560,000 were exports.

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, S.A. sells most of its finished goods for export, the Organic Law on Fair Prices has not had a material impact on our results.

In 2016, the Venezuelan government announced a new exchange rate for export companies of 199 VEF to one U.S. Dollar (“SIMADI”). For additional information, see “Item 5.B. — Operating and Financial Review and Prospects — Liquidity and Capital Resources.”

Interest rate risk

Interest rate risks arise mainly from our financial liabilities at floating interest rates. Ferroglobe 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 Ferroglobe to interest rate risk is that relating to the floating interest rate tied to EURIBOR. To mitigate interest rate risk, the Ferroglobe primarily uses swaps, which, in exchange for a fee, offer protection against an increase in interest rates.

In relation to our interest rate swaps positions, an increase in EURIBOR above the contracted fixed interest rate would create an increase in our financial expense, which would be positively mitigated by our hedges, reducing our financial expenses to our contracted fixed interest rate. However, an increase in EURIBOR that does not exceed the contracted fixed interest rate would not be offset by our derivative position and would result in a net financial loss recognized in our consolidated net income statement. Conversely, a decrease in EURIBOR below the contracted fixed interest rate would result in lower interest expense on our variable rate debt, which would be offset by a negative impact from the mark-to-market of our hedges, increasing our financial expenses up to our contracted fixed interest rate, thus resulting in a likely neutral effect.

In addition to the above, our results of operations can be affected by changes in interest rates with respect to the unhedged portion of our indebtedness that bears interest at floating 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 December 31, 2016 was $699,000 ($7,549,000 in 2015).

The percentage of bank borrowings tied to fixed rates and percentage of bank borrowings secured with hedge is as follows:

	2016	2015
Percentage of bank borrowings tied to fixed rates	15%	1%
Percentage of bank borrowings secured with hedge	3%	32%

Since June 30, 2015, hedges became ineffective under hedge accounting and, as a result, the changes in market value of these derivatives are recognized in full in the consolidated income statement.

The Company performed a sensitivity analysis of the amounts of the floating rate borrowings as of March 31, 2017, as most of the gross debt as of December 31, 2016 were repaid in February, which indicated that an increase of 1% in interest rates would give rise to additional borrowing costs of $1,800,000 in 2017.

Credit risk

Trade and other receivables, current financial investments and cash are the main financial assets of the Company and present the greatest exposure to credit risk in the event that a third party does not comply with its obligations.

Most of our receivables relate to international companies operating in a range of industries and countries with high solvency. The Company sometimes insures its trade receivables with insurance companies to mitigate the credit risk of its clients whenever there is credit available in the insurance market. In addition, we rely on written confirmation for the non-recourse purchase of accounts receivable (factoring). In these arrangements, we pay a bank fee to assume the credit risk as well as interest charges for the financing component.

In this regard, derecognizing factored accounts receivable is taken only when all the requirements of IAS 39 Financial instruments; Recognition and Measurement are met. Therefore, we consider whether or not the risks and rewards inherent in the ownership of the asset have been transferred, including a comparison of our risk before and after the transfer, considering the amounts and timing of net cash payments to be received. Once the risk to the grantor company has been eliminated or is considered to be substantially reduced, it is considered that the financial asset in fact has been transferred.

The following table shows the percentage of accounts receivable secured through credit insurance for the years ended December 31, 2016 and 2015:

	2016	2015
Percentage of accounts receivable secured through credit insurance	74%	58%

Liquidity risk

The objective of our financing and liquidity policy is to ensure that we maintain sufficient funds to meet our financial obligations as they fall due.

To ensure there are sufficient funds available to repay its debt in relation to its cash-generating capacity, each year the Corporate Financial Department prepares and the Board of Directors reviews the financial budget 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. Ferroglobe generally does not allocate its own equity in projects until the associated long-term financing is obtained.

Ferroglobe 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.

- *Corporate financing*, which is mainly used to provide liquidity for the operations of the Company 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, Ferroglobe's companies pay 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.

Accordingly, Ferroglobe diversifies its sources of financing in order to prevent concentrations that may expose its working capital to liquidity risk.

Capital risk

Ferroglobe 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.

Exhibit 99.4

Ferroglobe PLC

IMPORTANT ANNUAL GENERAL MEETING INFORMATION

000004

ENDORSEMENT_LINE______________ SACKPACK_____________

C123456789

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4
ADD 5
ADD 6

000000000.000000 ext 000000000.000000 ext
000000000.000000 ext 000000000.000000 ext
000000000.000000 ext 000000000.000000 ext

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by registered holders must be received by 2:01 p.m., British Summer Time (9:01 a.m., Eastern Time) on 26 June 2017.

Vote by Internet

- Go to **www.investorvote.com/GSM**
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. X

Annual General Meeting Proxy Card 1234 5678 9012 345

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals — The Board of Directors recommends a vote "FOR" Proposals 1 – 15.

+

	For	Against	Abstain		For	Against	Abstain		For	Against	Abstain
1.	☐	☐	☐	6.	☐	☐	☐	11.	☐	☐	☐
2.	☐	☐	☐	7.	☐	☐	☐	12.	☐	☐	☐
3.	☐	☐	☐	8.	☐	☐	☐	13.	☐	☐	☐
4.	☐	☐	☐	9.	☐	☐	☐	14.	☐	☐	☐
5.	☐	☐	☐	10.	☐	☐	☐	15.	☐	☐	☐

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.

C 1234567890

1 U P X

J N T

3 3 1 6 9 1 1

MR A SAMPLE (THIS AREA IS SET UP TO ACCOMMODATE
140 CHARACTERS) MR A SAMPLE AND MR A SAMPLE AND
MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND
MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND

02LZVC

2017 Annual General Meeting Admission Ticket

2017 Annual General Meeting of Shareholders of Ferroglobe PLC

Wednesday, 28 June 2017,
2:00 p.m. British Summer Time
at Brown's Hotel
19 Dover Street, London W1S 4LW, United Kingdom
Upon arrival, please present this admission ticket and photo identification at the registration desk.

Defined terms below shall have the meaning given to them in the notice of Annual General Meeting dated 2 June 2017.

U.K. annual report and accounts 2016

1. THAT the directors' and auditor's reports and the accounts of the Company for the year ended 31 December 2016 (the **"U.K. Annual Report"**) be received.

Directors' 2016 remuneration report (the "Directors' Remuneration Report")

2. THAT the Directors' Remuneration Report (excluding the directors' remuneration policy) for the year ended 31 December 2016 be received and approved.

Director re-elections

3. THAT Javier López Madrid be re-elected as a director.
4. THAT Donald J. Barger, Jr. be re-elected as a director.
5. THAT Bruce L. Crockett be re-elected as a director.
6. THAT Stuart E. Eizenstat be re-elected as a director.
7. THAT Greger Hamilton be re-elected as a director.
8. THAT Javier Monzón be re-elected as a director.
9. THAT Juan Villar-Mir de Fuentes be re-elected as a director.
10. THAT Manuel Garrido y Ruano, appointed as a director since the last Annual General Meeting, be re-elected as a director.

Appointment of Auditor

11. THAT Deloitte LLP be appointed as auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Shareholders.

Remuneration of auditor

12. THAT the Board be authorised to determine the auditor's remuneration.

Authority to purchase own shares

13. THAT, pursuant to section 693A of the Companies Act, the Company be and is hereby generally authorised to make one or more off-market purchases (within the meaning of section 693(2) of the Companies Act) of any class of the Company's ordinary shares of $0.01 each (**"Ordinary Shares"**), excluding for the avoidance of doubt the class A ordinary shares in the Company, for the purposes of and pursuant to the Incentive Plan (as described in the notice of Annual General Meeting dated 3 June 2016) approved by the Annual General Meeting of the shareholders on 29 June 2016 and on such terms and in such manner as the directors may from time to time determine, provided that:

   (a) the minimum price which may be paid for each Ordinary Share (exclusive of expenses) shall be the nominal value of that Ordinary Share;

   (b) the maximum aggregate number of Ordinary Shares authorised to be purchased is 5,000,000;

   (c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share shall be the higher of: (i) an amount equal to 105% of the average of the closing middle market quotations for an Ordinary Share, as derived from the NASDAQ Global Select Market, for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid at the time on the trading venue where the purchase is carried out, such authority to expire at close of business on the fifth anniversary of the passing of this resolution, but during this period the Company may enter into a contract to purchase Ordinary Shares, which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase Ordinary Shares pursuant to such contract as if the authority had not ended.

Political donations

14. THAT in accordance with sections 366 and 367 of the Companies Act, the Company and each company which is or becomes a subsidiary of the Company at any time during the period for which this resolution has effect, be and is hereby authorised:

   (a) to make political donations to political parties and/or independent election candidates;

   (b) to make political donations to political organisations other than political parties; and

   (c) to incur political expenditure,

   provided that:

   (i) the aggregate amount of political donations made or political expenditure incurred by the Company and its subsidiaries in such period shall not exceed £100,000 for the purposes of this resolution;

   (ii) political donations', 'political organisations', 'political parties', 'independent election candidates' and political expenditure' have the meanings given in sections 363 to 365 of the Companies Act; and

   (iii) this authority shall expire on the date immediately preceding the fourth anniversary of the passing of this resolution.

SPECIAL RESOLUTION:

Amendment of the Company's articles of association (the "Articles")

15. THAT the definition of "Director Nominees" in the Articles and articles 24, 25.4, 25.7, and 25.8 be amended as set out in the schedule to the Annual General Meeting notice, in order to increase the maximum number of directors of the Company so that the Chief Executive Officer of the Company may be appointed as a director.

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy — Ferroglobe PLC

Proxy Solicited by Board of Directors for Annual General Meeting — 28 June 2017

The undersigned hereby appoints the Company's Executive Chairman or Company Secretary, each individually and each with powers of substitution, as proxies for the undersigned to vote all of the Ordinary Shares the undersigned may be entitled to vote at the Annual General Meeting of Shareholders of Ferroglobe PLC called to be held on Wednesday, 28 June 2017, 2:00 p.m. British Summer Time at Brown's Hotel, 19 Dover Street, London W1S 4LW, United Kingdom, or any adjournment or postponement thereof in the manner indicated on the reverse side of this proxy, and upon such other business as may lawfully come before the meeting or any adjournment or postponement thereof. The undersigned acknowledges receipt of the notice of annual general meeting of Ferroglobe PLC. The undersigned revokes any proxy or proxies previously given for such shares. The undersigned ratifies and confirms any actions that the persons holding the undersigned's proxy, or their substitutes, by virtue of this executed card take in accordance with the proxy granted hereunder. **IF NO DIRECTION AS TO THE MANNER OF VOTING THE PROXY IS MADE, THE PROXY WILL BE VOTED "FOR" THE RESOLUTIONS IN PROPOSALS 1 THROUGH 15 AS INDICATED ON THE REVERSE SIDE HEREOF.**

You are encouraged to specify your choices by marking the appropriate boxes (SEE REVERSE SIDE) but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. This proxy, when properly executed, will be voted in the manner directed herein. The Board of Directors recommends a vote "FOR" Proposals 1 – 15.

B Non-Voting Items

Change of Address — Please print new address below.

Comments — Please print your comments below.

C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) — Please print date below.

Signature 1 — Please keep signature within the box.

Signature 2 — Please keep signature within the box.

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.