

SOLAR MINING SERVICES (PTY) LTD
(Registration number 2015/025552/07)

Annual Financial Statements
for the year ended March 31, 2017

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

General Information

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Mining explosives & accessories |
| Directors | D. Pillay S. Menon M. Nuwal |
| Registered office | Building A Upper Grayston Office Park 150 Linden Road Sandton 2196 |
| Holding company | Solar Overseas Netherlands Cooperatie U.A. incorporated in Netherlands |
| Auditors | Bismilla Chartered Accountants Inc. Chartered Accountants (SA) Registered Auditor |
| Secretary | Ahmed Bismilla Consultants, Accounting, Tax and Secretarial Services CC |
| Company registration number | 2015/025552/07 |
| Tax reference number | 9222408222 |
| Level of assurance | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008. |
| Preparer | The annual financial statements were independently compiled by: Bismilla Chartered Accountants Inc. Chartered Accountants (S.A.) |

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

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BISMILLA
CHARTERED
ACCOUNTANTS
INCORPORATED
Reg No 1998/07534/21

CHARTERED
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PUBLIC ACCOUNTANTS
AND AUDITORS

A. BISMILLA

Boornat Boornat (Hans) C.A. (S.A.)
C.A. (Aus)

A. LOONAT

Boornat Boornat (Hans) C.A. (S.A.)

Independent Auditor's Report

To the shareholders of Solar Mining Services (Pty) Ltd

Opinion

We have audited the annual financial statements of Solar Mining Services (Pty) Ltd set out on pages 8 to 18, which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Solar Mining Services (Pty) Ltd as at March 31, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

We draw attention to note 18 in the annual financial statements, which indicates that the company incurred a net loss of R (531,899) during the year ended March 31, 2017, whilst its net assets including share capital were R 32,467,324. Uncertainty may exist on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to the following:

- At the date of this report, the company had not completed one of its statutory value-added tax submissions.
- As a consequence, we were unable to complete two of our analytical procedures normally warranted as mandatory in terms of our quality control manual.
- Additionally, the entity has been the subject of several value-added tax reviews conducted by the South African Revenue Service. As a result, the entity's value-added tax receivable (asset) may be (immaterially) overstated in these financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error. In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Bismilla Chartered Accountants Inc

Afzal Loonat - Director
Chartered Accountants (SA); Registered Auditor
May 23, 2017
Johannesburg

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial reporting period and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to March 31, 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 6.

The annual financial statements set out on pages 6 to 19, which have been prepared on the going concern basis, were approved by the board on May 15, 2017 and were signed on its behalf by:



D. Pillay



S. Menon



M. Nuwal

Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Solar Mining Services (Pty) Ltd and its associates for the year ended March 31, 2017.

1. Incorporation

The company was incorporated on February 9, 2015 and obtained its certificate to commence business on the same day.

2. Nature of business

Solar Mining Services (Pty) Ltd was incorporated in South Africa with interests in the Mining industry. The company operates primarily in South Africa.

At reporting date, the company was in its first year of operations. The company formally commenced trading in the second half of the financial reporting period. As such, no comparative figures have been presented.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share capital

| | | | | 2017 | 2016 |
|---------------------|------------|------------|---|------------------|------------|
| Authorised | | | | Number of shares | |
| No par-value shares | | | | 50,000,000 | 50,000,000 |
| Issued | 2017 | 2016 | | 2017 | 2016 |
| | R | R | R | Number of shares | |
| No par-value shares | 32,999,223 | 32,999,223 | - | 32,999,223 | 32,999,223 |

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

The company's dividend policy prohibits the declaration and payment of dividends or distributions if the company's liabilities exceed its assets, or if the company cannot meet its obligations as they fall due, in the normal course of business.

6. Directors

The directors in office at the date of this report are as follows:

| Directors | Nationality |
|-----------|---------------|
| D. Pillay | South African |
| S. Menon | Indian |
| M. Nuwal | Indian |

There have been no changes to the directorate for the period under review.

7. Directors interests in shares

As at March 31, 2017, the directors of the company held indirect beneficial interests in 26% (2016: 26%) of its issued ordinary shares.

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

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8. Holding company

The company's holding company is Solar Overseas Netherlands Cooperatie U.A. which holds 74% (2016 74%) of the company's equity. Solar Overseas Netherlands Cooperatie U.A. is incorporated in Netherlands.

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report, other than as has been disclosed in note 17 of the financial statements.

10. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Auditors

Bismilla Chartered Accountants Inc. continued in office as auditors for the company for 2017.

The directors acknowledge the "emphasis of matter" paragraph contained in the independent auditor's report.

12. Secretary

The company secretary is Ahmed Bismilla Consultants, Accounting, Tax and Secretarial Services CC.

Postal address

P.O. Box 67
Strathavon
2031

13. Commitments

The directors draw the attention of users to the fact that prior to the end of the reporting period, the company had committed itself to several large contracts. At the date of this report, there has been no indication that the company will be unable to fulfill its obligations in terms these contracts.

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Statement of Financial Position as at March 31, 2017

| | Note(s) | 2017 R | 2016 R |
|-------------------------------------|---------|--------------------|-------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 159,709,448 | 25,418,133 |
| Current Assets | | | |
| Inventories | 6 | 18,817,402 | - |
| Trade and other receivables | 5 | 6,848,676 | 2,437,885 |
| Cash and cash equivalents | 7 | 4,032,131 | 5,294,780 |
| | | 29,698,209 | 7,732,665 |
| Total Assets | | 189,407,657 | 33,150,798 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 8 | 32,999,223 | 32,999,223 |
| Accumulated loss | | (531,899) | - |
| | | 32,467,324 | 32,999,223 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Loans from shareholders | 4 | 122,847,179 | - |
| Current Liabilities | | | |
| Trade and other payables | 9 | 34,093,154 | 151,575 |
| Total Liabilities | | 156,940,333 | 151,575 |
| Total Equity and Liabilities | | 189,407,657 | 33,150,798 |

Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Statement of Comprehensive Income

| | Note(s) | 2017 R | 2016 R |
|--------------------------|---------|------------------|-----------|
| Revenue | 11 | 11,616,422 | - |
| Cost of sales | 12 | (9,959,780) | - |
| Gross profit | | 1,656,642 | - |
| Operating expenses | | (2,412,335) | - |
| Operating loss | | (755,693) | - |
| Investment revenue | 13 | 223,794 | - |
| Loss for the year | | (531,899) | - |

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Annual Financial Statements for the year ended March 31, 2017

Statement of Changes in Equity

| | Share capital | Accumulated loss | Total equity |
|----------------------------------|-------------------|---------------------|-------------------|
| | R | R | R |
| Issue of shares | 32,999,223 | - | 32,999,223 |
| Total changes | 32,999,223 | - | 32,999,223 |
| Balance at April 1, 2016 | 32,999,223 | - | 32,999,223 |
| Loss for the year | - | (531,899) | (531,899) |
| Balance at March 31, 2017 | 32,999,223 | (531,899) | 32,467,324 |
| Note(s) | 8 | | |

Solar Mining Services (Pty) Ltd

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Statement of Cash Flows

| | Note(s) | 2017 R | 2016 R |
|---|---------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated from (used in) operations | 15 | 9,957,693 | (2,286,310) |
| Interest income | | 223,794 | - |
| Net cash from operating activities | | 10,181,487 | (2,286,310) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 3 | (134,291,315) | (25,418,133) |
| Cash flows from financing activities | | | |
| Proceeds on share issue | 8 | - | 32,999,223 |
| Proceeds from shareholders loan | | 122,847,179 | - |
| Net cash from financing activities | | 122,847,179 | 32,999,223 |
| Total cash movement for the year | | (1,262,649) | 5,294,780 |
| Cash at the beginning of the year | | 5,294,780 | - |
| Total cash at end of the year | 7 | 4,032,131 | 5,294,780 |

Solar Mining Services (Pty) Ltd

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Annual Financial Statements for the year ended March 31, 2017

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, with the exception of pre-production expenses, which were previously recognised as accounts receivable. These have been subsequently recognised as property, plant and equipment.

1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Buildings | Straight line | 20 years |
| Plant and machinery | Straight line | 10 years |
| Furniture and fixtures | Straight line | 10 years |
| Motor vehicles | Straight line | 5 years |
| Office equipment | Straight line | 5 years |
| IT equipment | Straight line | 3 years |
| Computer software | Straight line | 2 years |
| Leasehold improvements | Straight line | 20 years |

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

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Annual Financial Statements for the year ended March 31, 2017

Accounting Policies

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

No tax expense is recognised where the company has no taxable income, or where the company's assessed tax losses brought forward exceed its taxable income for a reporting period.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.6 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Solar Mining Services (Pty) Ltd

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Accounting Policies

1.8 Share capital and equity (continued)

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.9 Provisions, contingencies and commitments

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets, contingent liabilities and commitments are not recognised on the face of the financial statements. Material contingencies and commitments warrant qualitative disclosures. Expenditure incurred with regards to commitments are recognised in terms of their economic substance.

1.10 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.11 Borrowing costs

Borrowing costs are generally recognised as an expense in the period in which they are incurred.

Borrowing costs associated directly with the development of capital work-in-progress are capitalised to the cost of the asset in question and amortised over its useful life once the asset is brought in to use.

1.12 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

1.13 Capitalised expenditure

Capitalised expenditure is recognised against the asset to which is directly attributable to, and amortised or depreciated accordingly. Capitalised expenditure is measured at the actual amount incurred or expended during the period. Capitalised expenditure is limited to those expenses directly associated with the construction of an asset, or the costs of bringing an asset in to use.

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Notes to the Annual Financial Statements

| | 2017 R | 2016 R |
|--|-----------|-----------|
|--|-----------|-----------|

2. Changes in accounting policy: Re-classification

Pre-production expenses (capitalised) were previously recognised as accounts receivable. The company has subsequently reclassified pre-production expenses (capitalised) as property, plant and equipment, under capital work-in-progress.

The above re-classification has had no effect on the company's financial position. Cash-flows from operations for the prior year (2016) have been re-stated, as have cash-flows from financing activities. The net effect on cash-flows is nil.

3. Property, plant and equipment

| | 2017 | | | 2016 | | |
|--------------------------|--------------------|--------------------------|--------------------|-------------------|--------------------------|-------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Land | 5,779,333 | - | 5,779,333 | 5,779,333 | - | 5,779,333 |
| Motor vehicles | 15,081,617 | - | 15,081,617 | 4,927,861 | - | 4,927,861 |
| Office equipment | 1,431,348 | - | 1,431,348 | 1,147,939 | - | 1,147,939 |
| IT equipment | 683,271 | - | 683,271 | 275,834 | - | 275,834 |
| Capital work in progress | 136,733,879 | - | 136,733,879 | 13,287,166 | - | 13,287,166 |
| Total | 159,709,448 | - | 159,709,448 | 25,418,133 | - | 25,418,133 |

Reconciliation of property, plant and equipment - 2017

| | Opening balance | Additions | Total |
|--------------------------|-------------------|--------------------|--------------------|
| Land | 5,779,333 | - | 5,779,333 |
| Motor vehicles | 4,927,861 | 10,153,756 | 15,081,617 |
| Office equipment | 1,147,939 | 283,409 | 1,431,348 |
| IT equipment | 275,834 | 407,437 | 683,271 |
| Capital work in progress | 13,287,166 | 123,446,713 | 136,733,879 |
| | 25,418,133 | 134,291,315 | 159,709,448 |

Reconciliation of property, plant and equipment - 2016

| | Opening balance | Additions | Total |
|--------------------------|-----------------|-------------------|-------------------|
| Land | - | 5,779,333 | 5,779,333 |
| Motor vehicles | - | 4,927,861 | 4,927,861 |
| Office equipment | - | 1,147,939 | 1,147,939 |
| IT equipment | - | 275,834 | 275,834 |
| Capital work in progress | - | 13,287,166 | 13,287,166 |
| | - | 25,418,133 | 25,418,133 |

Details of immovable property

Land

Land consists of ERF 11066 situated in Middelburg Ext. 33, Mpumalanga Province.

| | | |
|-------------------|-----------|-----------|
| - Purchase price: | 5,779,333 | 5,779,333 |
|-------------------|-----------|-----------|

Registers with details of land and buildings and capital work-in-progress are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Notes to the Annual Financial Statements

| | 2017 R | 2016 R |
|---|-------------------|------------------|
| 4. Loans to (from) shareholders | | |
| Solar Overseas Mauritius Limited (indirect shareholder) | (122,847,179) | - |
| This loan is unsecured, bears interest at 3 Month LIBOR +5%, and is repayable in 17 equal quarterly instalments, starting from the 9th month after disbursement of the loan. The shareholder will cede its right to repayment of the loan should the entity's liabilities exceed its assets (fairly valued), or if the entity cannot meet its third party debts as they fall due, in the normal course of business. | | |
| 5. Trade and other receivables | | |
| Deposits | 952,598 | 154,590 |
| VAT | 5,896,078 | 2,283,295 |
| | 6,848,676 | 2,437,885 |
| 6. Inventories | | |
| Raw materials, components | 13,776,964 | - |
| Finished goods | 5,040,438 | - |
| | 18,817,402 | - |
| 7. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 4,032,131 | 5,294,780 |
| 8. Share capital | | |
| Authorised | | |
| 50,000,000 No par value shares | 50,000,000 | 50,000,000 |
| Reconciliation of number of shares issued: | | |
| Issue of shares – ordinary shares | 32,999,223 | 32,999,223 |
| Issued | | |
| No par value shares | 32,999,223 | 32,999,223 |
| 9. Trade and other payables | | |
| Trade payables | 30,785,250 | - |
| Accrued leave pay | 369,136 | 109,836 |
| Accrued audit fees | 40,000 | 35,000 |
| Accrued payroll expenses | 546,360 | 6,739 |
| Amounts due to related parties | 2,352,408 | - |
| | 34,093,154 | 151,575 |
| 10. Current tax payable (receivable) | | |

No tax liability (or asset) exists at reporting date as the company incurred a taxable loss for the year (PY: nil trading activities).

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Notes to the Annual Financial Statements

| | 2017 R | 2016 R |
|---|------------------|--------------------|
| 11. Revenue | | |
| Sale of goods | 11,616,422 | - |
| 12. Cost of sales | | |
| Sale of goods | | |
| Cost of goods sold | 9,959,780 | - |
| 13. Investment revenue | | |
| Interest revenue | | |
| Bank | 223,794 | - |
| 14. Taxation | | |
| Reconciliation of the tax expense | | |
| Reconciliation between accounting profit (loss) and taxable income (loss) | | |
| Accounting loss | (531,899) | - |
| Tax effect of adjustments on taxable income | | |
| SARS: Interest and penalties | 54,300 | - |
| Assessed loss carried forward | (477,599) | - |
| No provision has been made for 2017 tax as the company has no taxable income. | | |
| 15. Cash generated from (used in) operations | | |
| Loss before taxation | (531,899) | - |
| Adjustments for: | | |
| Interest received | (223,794) | - |
| Changes in working capital: | | |
| Inventories | (18,817,402) | - |
| Trade and other receivables | (4,410,791) | (2,437,885) |
| Trade and other payables | 33,941,579 | 151,575 |
| | 9,957,693 | (2,286,310) |

16. Commitments

Authorised capital expenditure

The company has committed expenditure relating to fixed capital and infrastructure development. The contracts were entered in to by the company before the end of the financial reporting period. These commitments are estimated at R 4,590,000, and are expected to be concluded by December 2017.

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Notes to the Annual Financial Statements

| | 2017 R | 2016 R |
|--|---------------|--|
| 17. Related parties | | |
| Relationships | | |
| Holding company | | Solar Overseas Netherlands Cooperatie U.A. |
| Shareholder of holding company | | Solar Overseas Mauritius Limited |
| Related party balances and transactions with entities with control, joint control or significant influence over the company | | |
| Related party balances | | |
| Loan accounts - Owing (to) by related parties | | |
| Solar Overseas Mauritius Limited. | (122,847,179) | - |
| Related party transactions | | |
| Interest paid to (received from) related parties | | |
| Solar Overseas Mauritius Limited | 2,352,408 | - |

18. Going concern

We draw attention to the fact that at March 31, 2017, the company had accumulated losses of R 531,899 and that the company's net assets totalled R 32,467,324, of which R 32,999,223 pertained to issued share capital.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

19. Events after the reporting period

The annual financial statements were authorised for issue on Tuesday, May 23, 2017 by the board of directors of the company.

At the date of these financial statements, the board were made aware of assessments raised by SARS against the company's VAT refunds receivable. Objections are being raised against said assessments and as such, the directors do not believe that the company's VAT refunds receivable are materially impaired.

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2017

Detailed Income Statement

| | Note(s) | 2017 R | 2016 R |
|--|---------|--------------------|-----------|
| Revenue | | | |
| Sale of goods | | 11,616,422 | - |
| Cost of sales | 12 | (9,959,780) | - |
| Gross profit | | 1,656,642 | - |
| Other income | | | |
| Interest received | 13 | 223,794 | - |
| Operating expenses | | | |
| Advertising | | (34,494) | - |
| Auditors remuneration | | (40,000) | - |
| Bank charges | | (27,534) | - |
| Employee costs | | (1,921,681) | - |
| Fines and penalties | | (54,300) | - |
| Other consulting and professional fees | | (296,726) | - |
| Printing and stationery | | (37,600) | - |
| | | (2,412,335) | - |
| Loss for the year | | (531,899) | - |