

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

Annual Financial Statements
for the year ended 31 March 2016

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended 31 March 2016

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 | 25 Fred Verseput Street Halfway Gardens Midrand Gauteng 1686 |
| Holding company | Solar Overseas Netherlands Cooperatie U.A. incorporated in Netherlands |
| Auditor's | Bismilla Chartered Accountants Inc. Chartered Accountants (S.A.) Registered Auditors |
| 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.) |

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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.

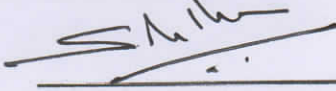
The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 4.

The annual financial statements set out on pages 5 to 15, which have been prepared on the going concern basis, were approved by the board on 04 May 2016 and were signed on its behalf by:



D. Pillay



S. Menon



M. Nuwal



BISMILLA
CHARTERED
ACCOUNTANTS
INCORPORATED

Reg. No. 1998/07534/21

**CHARTERED
ACCOUNTANTS**
South Africa

REGISTERED AUDITORS

Members No: ME 162698

Physical Address
83 Central Street
Houghton
2198

Correspondence
P.O. Box 67
Strathavon
2031

Telephone
011 326-5147/9

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011 783-9868

e-mail:
reception@bismilla.co.za

A. BISMILLA

Bcompf. Bcompf. (Hons.) C.A. (S.A.)
C.A. (Aus)

A. LOONAT

Bcompf. Bcompf. (Hons.) C.A. (S.A.)

Independent Auditor's Report

To the shareholders of Solar Mining Services (Pty) Ltd

Report on the Financial Statements

We have audited the annual financial statements of Solar Mining Services (Pty) Ltd, as set out on pages 7 to 15, which comprise the statement of financial position as at 31 March 2016, and the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Solar Mining Services (Pty) Ltd as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of the Auditing Profession Act, we report that we have identified certain conditions contained within the entity's shareholder subscription agreement which have not yet been fulfilled. In addition, we draw the attention of users to the fact that as at the date of this report, the entity was committed to several large contractual agreements.



Bismilla Chartered Accountants Inc.
Registered Auditors

04 May 2016

Solar Mining Services (Pty) Ltd

(Registration number 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended 31 March 2016

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 31 March 2016.

1. Incorporation

The company was incorporated on 09 February 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

| Authorised | | | | 2016 Number of shares |
|---------------------|------------|-----------|---|-----------------------------|
| No par value shares | | | | 50,000,000 |
| Issued | 2016 R | 2015 R | R | 2016 Number of shares |
| No par value shares | 32,999,223 | - | - | 32,999,223 |

Refer to note 5 of the annual financial statements for detail of the movement in authorised and issued share capital.

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 |

The company's founder is D. Pillay. The remaining directorate were appointed as indicated above.

Solar Mining Services (Pty) Ltd

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Directors' Report

7. Directors interests in shares

As at 31 March 2016, the directors of the company held indirect beneficial interests in 26% (2015: -%) of its issued ordinary shares.

8. Holding company

The company's holding company is Solar Overseas Netherlands Cooperatie U.A. which holds 74% 2015 -% 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. were appointed as auditors of the company for 2016.

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

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Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Position as at 31 March 2016

| | Note(s) | 2016 R |
|-------------------------------------|---------|--------------------------|
| Assets | | |
| Non-Current Assets | | |
| Property, plant and equipment | 2 | <u>22,388,431</u> |
| Current Assets | | |
| Trade and other receivables | 3 | 5,467,587 |
| Cash and cash equivalents | 4 | 5,294,780 |
| | | <u>10,762,367</u> |
| Total Assets | | <u>33,150,798</u> |
| Equity and Liabilities | | |
| Equity | | |
| Share capital | 5 | <u>32,999,223</u> |
| Liabilities | | |
| Current Liabilities | | |
| Trade and other payables | 6 | <u>151,575</u> |
| Total Equity and Liabilities | | <u>33,150,798</u> |

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Statement of Changes in Equity

| | Share capital R | Total equity R |
|----------------------|--------------------|-------------------|
| Issue of shares | 32,999,223 | 32,999,223 |
| Total changes | 32,999,223 | 32,999,223 |

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Annual Financial Statements for the year ended 31 March 2016

Statement of Cash Flows

| | Note(s) | 2016 R |
|---|---------|---------------------|
| Cash flows from operating activities | | |
| Cash used in operations | 9 | <u>(5,166,012)</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | 2 | <u>(22,538,431)</u> |
| Cash flows from financing activities | | |
| Proceeds on share issue | 5 | <u>32,999,223</u> |
| Total cash movement for the year | | <u>5,294,780</u> |
| Total cash at end of the year | 4 | <u>5,294,780</u> |

Solar Mining Services (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2016

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.

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.

1.2 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.

1.3 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.

1.4 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.

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Accounting Policies

1.5 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.

1.6 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.

1.7 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.

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.

1.8 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.

1.9 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.

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Accounting Policies

1.9 Revenue (continued)

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

1.10 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.

1.11 Foreign exchange

Foreign currency transactions

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

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Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

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2. Property, plant and equipment

| | 2016 | | |
|--------------------------|-------------------|--------------------------|-------------------|
| | Cost | Accumulated depreciation | Carrying value |
| 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 | 10,257,464 | - | 10,257,464 |
| Total | 22,388,431 | - | 22,388,431 |

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 | - | 10,257,464 | 10,257,464 |
| | - | 22,388,431 | 22,388,431 |

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.

3. Trade and other receivables

| | |
|-------------------------|------------------|
| Deposits | 154,590 |
| VAT | 2,283,295 |
| Pre production expenses | 3,029,702 |
| | 5,467,587 |

4. Cash and cash equivalents

Cash and cash equivalents consist of:

| | |
|---------------|------------------|
| Bank balances | 5,294,780 |
|---------------|------------------|

5. Share capital

| | |
|---|-------------------|
| Authorised 50,000,000 No par value shares | 50,000,000 |
|---|-------------------|

Reconciliation of number of shares issued:

| | |
|-----------------------------------|-------------------|
| Issue of shares – ordinary shares | 32,999,223 |
|-----------------------------------|-------------------|

| | |
|--------------------------------------|-------------------|
| Issued No par value shares | 32,999,223 |
|--------------------------------------|-------------------|

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6. Trade and other payables

| | |
|------------------------|---------|
| Accrued leave pay | 109,836 |
| Accrued audit fees | 35,000 |
| Other accrued expenses | 6,739 |
| | <hr/> |
| | 151,575 |
| | <hr/> |

7. Current tax payable (receivable)

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

8. Taxation

No provision has been made for 2016 tax as the company has no taxable income.

9. Cash used in operations

| | |
|------------------------------------|-------------|
| Profit before taxation | - |
| Changes in working capital: | |
| Trade and other receivables | (5,467,587) |
| Trade and other payables | 151,575 |
| | <hr/> |
| | (5,316,012) |
| | <hr/> |

10. Commitments

Authorised capital expenditure

The company has committed expenditure relating to fixed capital and infrastructure development. The contracts were entered into by the company before the end of the financial reporting period. These commitments are estimated at R 87,153,503, and are expected to be concluded by December 2016.

11. Related parties

Relationships

Holding company

Solar Overseas Netherlands Cooperatie U.A.

12. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the company as it is in its first year of operations.

13. Going concern

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.

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14. Events after the reporting period

The annual financial statements were authorised for issue on 31 May 2016 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.