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Independent Auditors' Report

To the Members of Broadtec Moçambique Minas, Limitada.

We have audited the financial statements of **Broadtec Moçambique Minas, Limitada**. Which comprise the statement of financial position at **31 March, 2015**, statements of income and cash flow for the Period then ended shown on pages 5 to 7 which have been prepared in accordance with the accounting policies and other explanatory notes as set out on pages 8 to 13.

Owners' responsibility for the financial statements

The company's owners are responsible for the preparation and fair presentation of the financial statements in accordance with Financial Reporting Standards in Mozambique. This responsibility includes designing, implementing and maintaining integral control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error – selecting and applying appropriate accounting policies – and – making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

C. W. Ducker & Associados, Lda.
Auditores e Consultores
Av. Guerra Popular, 1028, 1.º Andar
Maputo



Opinion

In our opinion, the financial statements present fairly the financial position of **Broadtec Moçambique Minas, Limitada** as at **31 March, 2015** and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

C.W. Ducker & Associados, Lda.
Auditoria e Consultoria
Av. Guerra Popular, 1020, 1. Andar
Maputo
C.W. Ducker & Associados, Limitada

Maputo, 24 April, 2015

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

STATEMENT OF FINANCIAL POSITION**AS AT 31 MARCH, 2015**

(Amounts Expressed in Mozambican meticais)

| | Notes | 31-Mar-15 | 31-Mar-14 Restated |
|--------------------------------|--------------|------------------|-------------------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Pre-Operating Costs | 2.2(a,b);4 | 5,476,463 | 3,946,416 |
| Current Assets | | | |
| Trade and other receivables | 5 | 565,151 | 492,194 |
| Cash and cash equivalents | 6 | 16,265 | 16,265 |
| TOTAL ASSETS | | 6,057,879 | 4,454,875 |
| LIABILITIES | | | |
| Capital and Reserves | | | |
| Social Capital | 7 | 25,000 | 25,000 |
| Non-Current Liabilities | | | |
| Loans | 8 | 5,452,109 | 3,960,017 |
| Current Liabilities | | | |
| Trade and other payables | 9 | 580,770 | 469,858 |
| TOTAL LIABILITIES | | 6,057,879 | 4,454,875 |

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2015**

| (Amounts Expressed in Mozambican meticais) | Notes | 31-Mar-15 | 31-Mar-14 Restated |
|--|-------|------------------|-----------------------|
| ADMINISTRATIVE COSTS | | 1,530,047 | 460,576 |
| Adjustment in pre-operating costs | | - | (95,520) |
| Operating loss | | 1,530,047 | 365,056 |
| Transferred to pre- operating costs | 4 | 1,530,047 | 365,056 |

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 MARCH, 2015**

(Amounts Expressed in Mozambican meticals)

| | 31-Mar-15 | 31-Mar-14 |
|--|--------------------|------------------|
| Changes in working capital | 37,954 | (270,487) |
| Trade and other receivables | (72,957) | (143,119) |
| Trade and other payables | 110,911 | (127,368) |
| Cash generated from Operations | 37,954 | (270,487) |
| Investment Activities | (1,530,047) | (365,056) |
| Increase in Pre-operating costs | (1,530,047) | (365,056) |
| Financing Activities | 1,492,092 | 635,543 |
| loans | 1,492,092 | 635,543 |
| Movement of Cash and Cash Equivalents | - | - |
| Balance at 1 January, 2014 | 16,265 | 16,265 |
| Cash and cash equivalents at 31 March, 2015 | 16,265 | 16,265 |

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2015

Significant accounting policies

1. Introduction

Broadtec Mozambique Minas, Limitada, is a privately owned quota company with limited liability incorporated in 2007 with its head office in Maputo, Mozambique. Its main activity is geological and mining projects in the region of Tete, and its subsequent exploration and commercialization.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

The financial statements were authorized for issue by the Board of Directors on 21 April, 2015.

2.2 Summary of significant accounting policies

The accounting policies set out below will be applied consistently to all periods in the financial statements, except where specifically stated.

a). Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on the translations are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. In accordance with current Mozambican fiscal legislation, exchange differences on long-term assets and liabilities are treated as current assets or liabilities in the balance sheet.

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2015

Significant accounting policies- continued

b). Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, at the pre-determined rates in accordance with Mozambican fiscal laws. The annual depreciation rates in respect of the major categories of property, plant and equipment are as follows:

| | |
|-----------------------|--------|
| ▪ Plant and machinery | 10.00% |
| ▪ Buildings | 2.00% |
| ▪ Motor vehicles | 20.00% |
| ▪ Office equipment | 12.50% |
| ▪ Intangible assets | 33.33% |

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

Gains or losses on the disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

c). Impairment of non-financial assets

The carrying amounts of the company's non financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

d). Revenue recognition

Sales are recognized upon delivery of products and customer acceptance, if any, or performance of services, net of trade discounts and added value tax.

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2015

Significant accounting policies- continued

e). Taxation

Income tax on the profits of an accounting period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of prior years.

f). Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

g). Customer receivables

Customer receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end.

h). Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash in hand, bank balances and deposits held with bankers. Bank overdrafts are shown as current liabilities.

3. DEPRECIATION

During the year under review, the company did not trade and was in the phase of exploration and, as a result, the management decided to take no account for amortization of pre-operating costs.

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 MARCH, 2015****NOTES TO THE FINANCIAL STATEMENTS - continued****7. SOCIAL CAPITAL**

| (Amounts expressed in Mozambican meticals) | 31-Mar-15 | 31-Mar-14 |
|--|------------------|------------------|
| Oorja Moçambique, Limitada | 21,250 | 21,250 |
| Broadtec Beijing Investment | 3,750 | 3,750 |
| Total | 25,000 | 25,000 |

8. NON-CURRENT LIABILITIES**Quota-holder loan**

| (Amounts expressed in Mozambican meticals) | 31-Mar-14 | 31-Mar-15 | Balance |
|--|------------------|------------------|------------------|
| | USD | USD | MTS |
| Quota-holder loan | | | |
| Balance at 1 April, 2014 | 109,734 | 128,156 | 3,960,017 |
| Funds received during the year | 18,422 | 16,309 | 496,080 |
| Unrealized exchange loss | | | 996,012 |
| Balance at 31 March, 2015 | 128,156 | 1,140,477 | 5,452,109 |

The above loan does not have a fixed date for repayment and during the period under review, did not attract any interest

9. TRADE AND OTHER PAYABLES

| (Amounts expressed in Mozambican meticals) | 31-Mar-15 | 31-Mar-14 |
|--|------------------|------------------|
| Oorja Moçambique, Limitada | 262,436 | 262,436 |
| Aries Consulting, Limitada | 184,990 | 77,423 |
| Audit fee | 130,000 | 130,000 |
| State Creditor | 3,344 | - |
| Total | 580,770 | 469,858 |

BROADTEC MOÇAMBIQUE MINAS, LIMITADA

(Nuit number 400 181 802)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

10. RELATED PARTY TRANSACTIONS

There were related party transactions during the period under review as described in note 8 above.

11. CAPITAL COMMITMENTS

At balance sheet date, there were no capital commitments.

12. CONTINGENT LIABILITIES

At balance sheet date, there were no contingent liabilities.