

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Statutory Audit reports
Year ended 31 March 2015

April 2015

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Independent Auditor's Report
on Financial year ended 31 March 2015

To the Administrator General
of Mpumalanga Mining Resources SA
(MMR SA)

101 - ANTANANARIVO

We have audited the financial statements as at 31 March 2015 of Mpumalanga Mining Resources limited company including the Balance sheet, the Profit and Loss Statement, the Cash Flow Statement and the Statement of changes in equity for the year then ended. These financial statements were established under the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We performed our audit according to the IFAC International Auditing Standards. These financial statements were established according to the principles and the capacities planned by Malagasy Accounting Standards 2005 (PCG 2005). Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes the examination, on a test basis, evidence supporting the amounts and disclosures presented in the financial statements. An audit also includes an evaluation of the accounting principles used and the significant estimations made by the management as well as evaluating the overall presentation of financial statements. We consider that the works which we performed constitute a reasonable basis to express our opinion.

In our opinion, the financial statements of Mpumalanga Mining Resources limited company as at 31 March 2015, presenting a loss of Ariary Ariary 980,185,405.84 and a total balance sheet of Ariary 4,518,854,056.89 present fairly, in all material respects the financial position of Mpumalanga Mining Resources limited company, the result of its operations as well as the variation of its cash flow for the year then ended, in accordance with Malagasy Accounting Standards 2005 (PCG 2005) and applied to the same basis as the previous year.

Antananarivo, April 13, 2015
Delta Audit


Sahondra RASOARISOA
Managing Director

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Balance sheet
as at 31 March
(Currency : Ariary)

Assets	Note	2015			2014
		Gross Amount	Amortizations/ Depreciation	Net Amount	Net Amount
Non-current assets					
Intangible assets	3	3,079,993,642.47	(650,935,642.63)	2,429,057,999.84	888,923,060.57
Tangible Assets	4	312,778,076.78	(109,266,365.05)	203,511,711.73	167,376,947.16
Financial Assets		12,617,492.57	-	12,617,492.57	10,450,293.81
Assets under acquisition		-	-	-	-
Deferred taxes, Asset	5	772,213,749.55	-	772,213,749.55	531,322,585.59
Total non-current assets		<u>4,177,602,961.37</u>	<u>(760,202,007.68)</u>	<u>3,417,400,953.69</u>	<u>1,598,072,887.13</u>
Current assets					
Inventories					-
Trade receivables		-	-	-	-
Other receivables	6	570,289,945.55	-	570,289,945.55	513,749,342.90
Cash and cash equivalents	7	531,163,157.65	-	531,163,157.65	306,179,431.27
Total current assets		<u>1,101,453,103.20</u>	<u>-</u>	<u>1,101,453,103.20</u>	<u>819,928,774.17</u>
Total assets		<u>5,279,056,064.57</u>	<u>(760,202,007.68)</u>	<u>4,518,854,056.89</u>	<u>2,418,001,661.30</u>

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Balance sheet
as at 31 March
(Currency : Ariary)

Equity and Liabilities	<u>Note</u>	<u>2015</u>	<u>2014</u>
Equity			
Share capital	8	7,406,000,000.00	4,590,000,000.00
Reserves		-	-
Retained earnings		-	-
Balance carried forward		(2,211,528,982.22)	(1,161,706,537.09)
Profit/(Loss) of the year		(980,185,405.84)	(1,049,822,445.13)
Total Equity		<u>4,214,285,611.94</u>	<u>2,378,471,017.78</u>
Current liabilities			
Trade payables	9	199,840,325.79	12,649,219.39
Other payables	10	104,728,119.16	26,881,424.13
Bank overdraft		-	-
Total Current liabilities		<u>304,568,444.95</u>	<u>39,530,643.52</u>
Total Equity and Liabilities		<u>4,518,854,056.89</u>	<u>2,418,001,661.30</u>

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Profit and loss Statement (by nature)

as at 31 March

(Currency : Ariary)

	Note	2015	2014
Turnover		-	-
Capitalized production		-	-
Production of the year		-	-
Purchases	11	(14,311,247.54)	(13,895,944.81)
Externalized services and other consumption	12	(273,247,160.81)	(275,527,273.52)
Consumption of the year		(287,558,408.35)	(289,423,218.33)
Value Added		(287,558,408.35)	(289,423,218.33)
Subsidies for operations		-	-
Staff costs	14	(694,744,777.62)	(488,956,876.62)
Tax	13	(18,055,787.01)	(39,041,290.10)
Gross operating surplus		(1,000,358,972.98)	(817,421,385.05)
Other operating expenses	15	(150,567,452.76)	(317,501,404.00)
Other operating incomes		-	-
Depreciation and amortization	16	(213,022,165.06)	(203,943,284.43)
Provisions		-	-
Operating result		(1,363,948,590.80)	(1,338,866,073.48)
Financial income	17	154,964,327.49	46,624,175.81
Financial costs	18	(11,992,306.49)	(15,773,508.85)
Financial result		142,972,021.00	30,850,666.96
Result before income tax		(1,220,976,569.80)	(1,308,015,406.52)
Income Tax		(100,000.00)	(100,000.00)
Deferred Tax (variation)		240,891,163.96	258,292,961.39
Total income of ordinary activities		154,964,327.49	46,624,175.81
Total expenses of ordinary activities		(1,135,149,733.33)	(1,096,446,620.94)
Net result of ordinary activities		(980,185,405.84)	(1,049,822,445.13)
Extraordinary items (income)		-	-
Extraordinary (Expenses)		-	-
Result of the year		(980,185,405.84)	(1,049,822,445.13)

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Profit and loss Statement (by function)

as at 31 March

(Currency : Ariary)

	<u>2015</u>	<u>2014</u>
Income from ordinary activities	-	-
Cost of sales	-	-
Gross Margin	<u>-</u>	<u>-</u>
Other operating incomes	-	-
Trade costs	-	-
Administrative expenses	(1,000,358,972.98)	(817,421,385.05)
Other operating expenses	(363,589,617.82)	(521,444,688.43)
Operating result	<u>(1,363,948,590.80)</u>	<u>(1,338,866,073.48)</u>
Financial Incomes	154,964,327.49	46,624,175.81
Financial costs	(11,992,306.49)	(15,773,508.85)
Result before income Tax	<u>(1,220,976,569.80)</u>	<u>(1,308,015,406.52)</u>
Income Tax	(100,000.00)	(100,000.00)
Deferred tax	240,891,163.96	258,292,961.39
Net Result of ordinary activities	<u>(980,185,405.84)</u>	<u>(1,049,822,445.13)</u>
Extraordinary Expenses	-	-
Extraordinary Incomes	-	-
Result of the year	<u>(980,185,405.84)</u>	<u>(1,049,822,445.13)</u>

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Cash flow Statement

as at 31 March

(Currency : Ariary)

	<u>2015</u>	<u>2014</u>
Cash flow related to the activity		
Net result of the year	(980,185,405.84)	(1,049,822,445.13)
Ajustments for :		
Depreciation and amortization	213,022,165.06	203,943,284.43
Variation of deferred taxes	(240,891,163.96)	(258,292,961.39)
Variation of inventories	-	-
Variation of Trade receivables and other receivables	(56,540,602.65)	(126,513,795.66)
Variation of Trade payables and other payables	265,037,801.43	(13,150,317.34)
Capital gains or losses of transfers, net of taxes	-	-
Correction of errors	-	-
Cash Flow generated by the activity	<u>(799,557,205.96)</u>	<u>(1,243,836,235.09)</u>
Cash flow related to the operations of investment		
Disbursements on acquisitions of tangible assets	(1,789,291,868.90)	(231,653,127.09)
Disbursements on acquisitions of long-term financial investments	(2,167,198.76)	-
Collections on transfers of fixed assets	-	-
Cash flow related to the operations of investment	<u>(1,791,459,067.66)</u>	<u>(231,653,127.09)</u>
Net cash flow resulting from financing activities		
Capital increase in cashes	2,816,000,000.00	1,452,275,073.12
Dividends paid to the shareholders	-	-
Loan issue	-	-
Repayment of loan	-	-
Net cash flow resulting from financing activities	<u>2,816,000,000.00</u>	<u>1,452,275,073.12</u>
Variation of cash flow of the period	<u>224,983,726.38</u>	<u>(23,214,289.66)</u>
Cash opening balance	306,179,431.27	329,393,720.93
Cash closing balance	531,163,157.65	306,179,431.27
Variation of cash flow	<u>224,983,726.38</u>	<u>(23,214,289.66)</u>

**MPUMALANGA MINING RESOURCES SA
(MMR SA)**

Statement of changes in equity
as at 31 March
(Currency : Ariary)

	Share Capital	Premiums and reserves	Balance carried Forward	Result awaiting allocation	Result	Total
Balance as at 31 March 2013	2,850,000,000.00	-	(417,029,105.24)	-	(744,677,431.85)	1,688,293,462.91
Change in accounting method	-	-	-	-	-	-
Correction of errors	-	-	-	-	-	-
Other incomes and expenses	-	-	-	-	-	-
Allocation of the result of year 2013	-	-	(744,677,431.85)	-	744,677,431.85	-
Operations in Capital	1,740,000,000.00	-	-	-	-	1,740,000,000.00
Net result of the year 2014/2013	-	-	-	-	(1,049,822,445.13)	(1,049,822,445.13)
Balance as at 31 March 2014	4,590,000,000.00	-	(1,161,706,537.09)	-	(1,049,822,445.13)	2,378,471,017.78
Change in accounting method	-	-	-	-	-	-
Correction of errors	-	-	-	-	-	-
Other incomes and expenses	-	-	-	-	-	-
Allocation of the result of year 2014	-	-	(1,049,822,445.13)	-	1,049,822,445.13	-
Operations in Capital	2,816,000,000.00	-	-	-	-	2,816,000,000.00
Net result of the year 2015/2014	-	-	-	-	(980,185,405.84)	(980,185,405.84)
Balance as at 31 March 2015	7,406,000,000.00	-	(2,211,528,982.22)	-	(980,185,405.84)	4,214,285,611.94

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. PRESENTATION OF THE COMPANY

Mpumalanga Mining Resources limited, MMR.SA is a company with unique shareholder managed by an Administrator General, constituted on 25 January 2011.

Mpumalanga Mining Resources SA was set up with a start-up capital of Ariary 2,000,000 by Mpumalanga Mining Resources Limited.

In June 2011, as a result of the capital increase through the sole shareholder's cash contribution, the share capital was raised to Ariary 2,850,000,000 divided into 1.425 shares of a nominal value of Ariary 2,000,000 each.

In March 2012, the company's shares were all transferred to TATA Africa Holdings (SA) (Pty) Ltd, then to TAHL (Mauritius) Mining Projects Limited which is currently the company's sole shareholder.

In August 2013, subsequent to the capital increase through the sole shareholder's cash contribution, the share capital amounts to Ariary 4,590,000,000 divided into 2,295 shares of a nominal value of Ariary 2,000,000 each.

In 2014, subsequent to the three capital increases through the sole shareholder's cash contribution, the share capital amounts to Ariary 7,406,000,000 divided into 3.703 shares of a nominal value of Ariary 2,000,000 each.

It has for purpose to make in the territory of the Republic of Madagascar:

- Any services in mining sector;
- And generally, any commercial, industrial, financial, or real estate transactions which can be connected directly or indirectly with the business purpose or with any similar or related business.

The company is a holder of three licences of research "R" for the substance chromite. These licences were delivered on 23 May 2011 and valid for duration of five years as from the date of their delivery.

The licences "R" confer to Mpumalanga Mining Resources SA the exclusive right to make the prospecting and the research within the perimeters. The perimeters of the aforementioned licences contain respectively 656 squares of 625 m², 128 squares of 625 m², 656 squares of 625 m² aside situated mainly in the municipalities of Andriamena, Brieville, Manakana, Ambakireny and Keliloha, district of Tsaratanana, region of Betsiboka.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial statements are established in accordance to the principles and the methods of the Malagasy accounting standards 2005 (PCG 2005) in particular the sectorial Guide Energy - Mines - Water and the fundamental accounting principles below:

- Cut-off principle
- Materiality principle
- Conservatism principle
- Consistency principle
- Historical cost principle
- Principle of intangibility of the opening balance sheet
- Substance over form principle
- Non-offsetting principle.

2.1. Intangible assets

Fixed assets are estimated at their purchasing cost including extra costs.

The expenses incurred after the obtaining of the legal authorization to prospect and which are directly linked to the activities of research are capitalized in intangible assets. However, these intangible assets will be depreciated only in operating phase.

2.2. Tangible assets

Fixed assets are valued in their acquisition cost including the expenses of approach.

The depreciations are linearly calculated in prorata temporis and in following rates:

- | | |
|--------------------------------------|-------|
| - Furniture and fitting | : 10% |
| - Computer hardware | : 25% |
| - Geologist Equipment and tools | : 10% |
| - Office furniture& Equipment | : 10% |
| - Motor & Vehicles | : 20% |
| - Residential furniture and fittings | : 10% |

Tangible assets were depreciated in accordance with their useful life as defined by the Company.

It is advisable to note that the test of impairment (to ensure that MMR's assets are carried at no more than their recoverable amount) was not made.

2.3. Translation of foreign currency transaction

The transactions in currencies other than Ariary are translated at the foreign exchange rate published by the Central Bank of Madagascar at the date of transaction. The financial accounts in currencies are translated to the current exchange rates in the closing date. The payable and the receivable resulting from transactions in foreign currencies are translated to the current exchange rates in the closing date. The differences of exchange resulting from this revaluation are directly recorded either in losses or in foreign exchange gains.

The exchange rates used for the translation of the accounts are the official rates of the Central Bank of Madagascar as at 31 March 2015 :

1 USD = 2,878.94 Ariary.

3. INTANGIBLE ASSETS

This section is as follows as at 31 March 2015 and 2014 (in Ariary):

	2015			2014
	Gross Value	Amortizations/ depreciation	Net Value	Net Value
Licenses (Exploration rights)	828,000,000.00	(639,860,000.25)	188,139,999.75	353,739,999.75
Research costs	2,239,053,642.47	-	2,239,053,642.47	529,290,170.24
Softwares	12,940,000.00	(11,075,642.38)	1,864,357.62	5,892,890.58
	<u>3,079,993,642.47</u>	<u>(650,935,642.63)</u>	<u>2,429,057,999.84</u>	<u>888,923,060.57</u>

The transactions concerning intangibles assets are as at 31 March 2015 (in Ariary) :

		Gross value 31/03/2014	Transactions of the year		Gross value
			Acquisitions	Transfers	31/03/2015
Licenses	3.1	828,000,000.00	-	-	828,000,000.00
Research costs	3.2	529,290,170.24	1,709,763,472.23	-	2,239,053,642.47
Softwares		12,715,000.00	225,000.00	-	12,940,000.00
		<u>1,370,005,170.24</u>	<u>1,709,988,472.23</u>	<u>-</u>	<u>3,079,993,642.47</u>

3.1. Licenses (Exploration rights)

This section is detailed as follows as at 31 March 2015 (in Ariary) :

	Amount in Ariary
License N°39657	73,600,920.00
License N°39655	377,199,540.00
License N°39656	377,199,540.00
Total	<u>828,000,000.00</u>

3.2. Research costs

Research and development costs are Ariary 2,239,053,642.47 as at March 31, 2015, that is an increase of Ariary 1,709,763,472.23 as compared to the previous fiscal year.

This variation is due to the cost of Geophysical Exploration work that was entrusted to the DMT Consulting.

4. TANGIBLE ASSETS

Tangible assets are detailed as follows as at 31 March 2015 and 2014 (in Ariary) :

	2015			2014
	Gross Value	Amortization/ Depreciation	Net Value	Net Value
Motor and vehicles	90,316,666.67	(49,088,370.43)	41,228,296.24	59,291,629.60
Computer and hardware	23,761,072.00	(15,266,505.13)	8,494,566.87	13,246,796.03
Office furniture and equipment	22,963,127.03	(6,832,725.74)	16,130,401.29	17,164,645.45
Residential furniture and fittings	41,964,160.00	(10,200,207.98)	31,763,952.02	22,248,745.81
Tools and equipment	103,593,771.64	(18,660,893.75)	84,932,877.89	31,445,584.90
Furniture and fittings	30,179,279.44	(9,217,662.02)	20,961,617.42	23,979,545.37
	<u>312,778,076.78</u>	<u>(109,266,365.05)</u>	<u>203,511,711.73</u>	<u>167,376,947.16</u>

4. TANGIBLE ASSETS (continued)

Transactions of tangible assets are detailed as follows as at 31 March 2015 and 2014 (in Ariary) :

	Gross value 31/03/2014	Transactions of the year		Gross value in 31/03/2015
		Acquisitions	Transfers	
Motor and vehicles	90,316,666.67	-	-	90,316,666.67
Computer and hardware	22,736,072.00	1,025,000.00	-	23,761,072.00
Office furniture and equipment	21,713,210.36	1,249,916.67	-	22,963,127.03
Residential furniture and fittings	28,339,720.00	13,624,440.00	-	41,964,160.00
Tools and equipment	40,189,731.64	63,404,040.00	-	103,593,771.64
Furniture and fittings	30,179,279.44	-	-	30,179,279.44
	<u>233,474,680.11</u>	<u>79,303,396.67</u>	<u>-</u>	<u>312,778,076.78</u>

5. DEFERRED TAXES –ASSET

The deferred taxes- asset are amounting to Ariary 772,213,749.55 as at 31 March 2015, they result from claims of taxes on the result ensuing from deductible temporary differences related to fiscal losses to be carried forward according to the current fiscal legislation.

Those deferred taxes assets should be recovered by deduction from taxes due over fiscal years subsequent to 2015.

6. OTHER RECEIVABLES

This section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

		2015	2014
Taxes	6.1	559,923,139.77	222,580,661.59
Other receivables	6.2	10,366,805.78	291,168,681.31
		<u>570,289,945.55</u>	<u>513,749,342.90</u>

6.1. Taxes

This section is detailed as follows as at 31 March 2015 and 2014 (in Ariary) :

	2015	2014
Installments on income tax	-	-
VAT balance carried forward	526,897,976.90	217,590,716.94
VAT deductible on services	32,651,830.31	4,344,312.09
VAT deductible on purchases	-	222,300.00
Corporate Tax	373,332.56	423,332.56
	<u>559,923,139.77</u>	<u>222,580,661.59</u>

6.2. Other receivables

This section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	2015	2014
Shareholders – Current accounts	-	287,724,926.88
M. KANE	-	500,000.00
Advances	7,560,000.00	-
Prepayments	2,806,805.78	2,943,754.43
	<u>10,366,805.78</u>	<u>291,168,681.31</u>

7. CASH (BANK ACCOUNTS BALANCES AND PETTY CASH)

This section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
BMOI Ariary 073	-	923,700.00
BMOI Ariary 103	-	5,968,635.98
BMOI sub-account	72,680,295.74	183,160,550.53
BMOI (USD)	458,183,646.47	116,019,254.32
Petty cash	299,215.44	107,290.44
	<u>531,163,157.65</u>	<u>306,179,431.27</u>

8. EQUITY

This section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

		<u>2015</u>	<u>2014</u>
Share Capital	8.1	7,406,000,000.00	4,590,000,000.00
Premium and reserves		-	-
Retained earnings		-	-
Balance carried forward	8.2	(2,211,528,982.22)	(1,161,706,537.09)
Profit/(Loss) of the year		(980,185,405.84)	(1,049,822,445.13)
		<u>4,214,285,611.94</u>	<u>2,378,471,017.78</u>

8.1. Share capital

Mpumalanga Mining Resources SA share capital of Ariary 7,406,000,000.00 as at March 31, 2015 is made up of 3,703 shares of Ariary 2,000,000.00 each. The shares entirely belong to TAHL (Mauritius) Mining Projects. Over the year ended March 31, 2015, the sole shareholder took up new 1,408 shares of a nominal value of Ariary 2,000,000.00 each.

8.2. Balance carried forward

The loss of the year ended March 31, 2015 that amounts to Ariary (1,049,822,445.13) was carried forward as per the report of the sole shareholder's decisions of July 08, 2014, bringing then the balance carried forward as at March 31, 2014 to Ariary (2,211,528,982.22).

9. TRADE PAYABLES

The balance of the account « Suppliers and similar accounts » is as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Trade payable	199,840,325.79	12,649,219.39
Payables on purchase of fixed assets	-	-
Accruals (Invoices not received)	-	-
	<u>199,840,325.79</u>	<u>12,649,219.39</u>

9. TRADE PAYABLES (continued)

The balance of Ariary 199,840,325.79 of the suppliers as at 31 March 2015:

	<u>Amount in Ariary</u>
AGENCE GENERALE	286,680.00
ALLIANZ	539,938.35
DELTA AUDIT	17,234,724.24
DMT CONSULTING	174,948,483.20
HK- JF	3,605,000.00
MADATOURS	3,225,500.00
	<u>199,840,325.79</u>

10. OTHER PAYABLES

The other payables are as follows as at 31 March 2015 and 2014 (in Ariary):

		<u>2015</u>	<u>2014</u>
Tax and social contribution- welfare	10.1	58,878,666.00	12,244,658.40
Other payables	10.2	45,849,453.16	14,636,765.73
		<u>104,728,119.16</u>	<u>26,881,424.13</u>

10.1. Tax and Social contribution- welfare

This section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
CNaPS (Retirement fund)	3,339,651.84	2,540,606.88
ESIA (Welfare benefit)	1,431,279.36	1,088,831.52
IRSA (Tax on salaries)	25,368,920.00	8,615,220.00
TFT	28,738,814.80	-
	<u>58,878,666.00</u>	<u>12,244,658.40</u>

10.2. Other Payables

This section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Provision on paid leaves	18,962,750.70	14,632,765.73
Shareholders – Current accounts	25,275,573.12	-
Harifidy Fidèle	-	4,000.00
Dr Prasad	1,611,129.34	-
	<u>45,849,453.16</u>	<u>14,636,765.73</u>

11. PURCHASES

The balance of this section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Purchase of consumables	2,364,623.89	1,701,000.00
Purchase of equipment	-	1,093,680.00
Water, electricity expenses	3,200,623.66	3,180,080.81
Fuel	2,378,000.00	2,958,786.00
Purchase of clean product and similar items	61,400.00	1,931,058.00
Administrative expenses	5,006,143.00	2,720,530.00
Other office stationaries	1,300,456.99	310,810.00
	<u>14,311,247.54</u>	<u>13,895,944.81</u>

12. EXPENSES FOR SERVICES

The balance of this section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

		<u>2015</u>	<u>2014</u>
Rental expenses	12.1	67,695,922.27	33,224,340.23
Rental of vehicles		402,500.00	635,000.00
Maintenance and reparations		1,296,931.00	5,637,358.14
Insurance cost		6,514,397.44	8,653,715.78
Other external services		684,642.00	797,600.00
Printing expenses		7,900.00	31,000.00
Non permanent staff		5,588,697.21	28,830,797.52
Remuneration of professional	12.2	85,342,156.13	80,487,650.43
Advertisement, publication and public relation		564,000.00	200,000.00
Transport fees of the staff		1,646,100.00	796,100.00
Restauration		267,000.00	896,900.00
Accomodation		8,193,462.33	9,895,230.26
Travel abroad expenses	12.3	39,450,594.06	71,913,391.46
Fees for mission		10,505,636.34	2,283,209.37
Communication and internet		30,183,469.86	21,776,568.00
Phone expenses		512,000.00	550,000.00
Banking services and related		14,391,752.17	8,918,412.33
		<u>273,247,160.81</u>	<u>275,527,273.52</u>

12.1 The rental expenses mainly concern the lease related to the company's premises located in Immeuble Assist and the rent of the head office at 76, rue Victoire Rasoamanarivo, Isoraka.

12.2 The item « Remunerations of professional » specifically concerns fees for various services provided by HK company, statutory auditor's fees, and acting allowance of an amount of Ariary 2,000,000.00 paid to the Deputy General Administrator;

12.3 The expenses on travel concern mainly debit notes on mission of the representatives of the group in Madagascar.

13. TAXATION

The balance of this section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Other taxes (Registration fees, visa...)	17,855,787.01	31,702,095.19
Tax on transfer to non-resident/IR 10%	200,000.00	7,339,194.91
	<u>18,055,787.01</u>	<u>39,041,290.10</u>

14. STAFF COST

The balance of this section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

		<u>2015</u>	<u>2014</u>
Salaries and wages	14.1	670,419,348.17	492,977,809.90
Retirement fund (CNAPS)		14,441,154.52	8,188,217.44
Contribution welfare (ESIA)		5,554,289.96	3,149,314.40
Provision for paid leaves		4,329,984.97	(15,358,465.12)
		<u>694,744,777.62</u>	<u>488,956,876.62</u>

14.1 The increase of the amount of salaries is understandable by the salary increments of the staff Exploration team, the recruitment of 04 geology support staff for 06 months, and the bonus granted for all employee at the end of March 2015.

15. OTHER OPERATING EXPENSES

The balance of this section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Mining administration costs	141,120,000.00	311,760,000.00
Fines-Penalties/Donation/	1,032,857.42	-
MMR.SA social action plan	8,405,240.10	5,741,400.00
Operating expenses	9,355.24	4.00
	<u>150,567,452.76</u>	<u>317,501,404.00</u>

16. DEPRECIATION

The balance of this section analyzes as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Depreciation of intangible assets	169,853,532.98	169,681,378.90
Depreciation of tangible assets	43,168,632.08	34,261,905.53
	<u>213,022,165.06</u>	<u>203,943,284.43</u>

17. FINANCIAL INCOME

The balance of this section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Credit Interest	54,783.19	183,423.30
Exchange gains	154,909,544.30	46,440,752.51
	<u>154,964,327.49</u>	<u>46,624,175.81</u>

This line item increased by Ariary 108,340,151.68 as compared to the amount recorded over the period ended March 31, 2014. This variation results from the depreciation of Ariary on transfers received in dollars from the sole shareholder.

18. FINANCIAL EXPENSES

The balance of this section is detailed as follows as at 31 March 2015 and 2014 (in Ariary):

	<u>2015</u>	<u>2014</u>
Debit Interest	2,688,758.35	692,494.02
Exchange Loss	9,303,548.14	15,081,014.83
	<u>11,992,306.49</u>	<u>15,773,508.85</u>

19. TAX SITUATION

Mpumalanga Mining Resources SA is a limited company with unique shareholder registered in Madagascar. It is governed by the regime of the tax common law. As such, it is subjected to the main rights and the taxes below:

- Value-added tax (VAT): rate 20%,
- Capital gains tax real estate (IRCM),
- Tax on earned incomes (IRSA),
- Tax on the income of the foreign service provider, previous-tax on the transfer (TFT),
- Registration fee.

Regarding income tax (IR), Mpumalanga Mining Resources limited company has incurred a fiscal loss of Ariary 1,204,455,820.07. For that purpose, it is struck by the minimum of taxation of Ariary 100,000.00.

Besides, it is subjected to the custom duties officers in Madagascar for the operations of export and import.

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Delta Audit

Delta Audit Associés

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MPUMALANGA MINING RESOURCES SA (MMR SA)

Special Report

of the Statutory Auditor
year ended 31 March 2015
related to the agreements by
articles 527 and 529 of the law 2003-036

To the Administrator General
of Mpumalanga Mining Resources SA
(MMR SA)

101 - ANTANANARIVO

According to provisions of the articles 527 - 529 of the law 2003-036 of January 30, 2004 and texts which completed or modified it, we have the honour to report you that no operation falling under the aforementioned articles other than those mentioned in the accounts was indicated to us.

Antananarivo, April 13, 2015

The Statutory auditor

Delta Audit



Sahondra KASOARISOA
Managing Director