

THRACE MINERALS RESEARCHES & DEVELOPMENT S.A.

LEGAL SEAT: ATHENS Reg. No.: 28962/01/B/93/357

NOTES TO THE ACCOUNTS
OF THE BALANCE SHEET OF 30th JUNE 2012
& PROFIT/LOSS STATEMENTS OF FISCAL YEAR
1/7/2011 - 30/6/2012
(In accordance with the provisions of L. 2190/1920,
as amended)

Summary of relevant Article of the Law	COMMENTS
Par. 1. Compliance with the accounting concepts prescribed in law - Description of deviations.	
<i>(a) Article 42a par. 3: Deviations from the relevant provisions of law in order for the accounts to disclose the substance of the transactions in accordance with par. 2 of this article.</i>	<i>Not made</i>
<i>(b) Article 42b par. 1: Inconsistent policies adopted for the preparation of the balance sheet and "Profit and Loss Account".</i>	<i>Not made</i>
<i>(c) Article 42b par. 2: Combination of items which require separate disclosure.</i>	<i>Not occurred</i>
<i>(d) Article 42b par. 3: Deviations from the prescribed standard format of the accounts and the order of headings disclosed in Arabic numbers.</i>	<i>Not occurred</i>
<i>(e) Article 42b par. 4: Combination of balances which relate to different Arabic number headings.</i>	<i>Not made</i>
<i>(f) Article 42b par.5: Restatement of prior year balances.</i>	<i>Not required</i>
<i>(g) Article 43b par. 2, which was added by art. 6, of P.D. 325/1994: Equivalence of Drachma/Euro, in case that the annual financial statements were also published in Drachmas.</i>	<i>Only in Euros.</i>

Par.2. Valuation of Assets

(a) Article 43a par. 1-a: Valuation methods, depreciation policies and methods of calculating the provision for permanent diminution in the value of assets.

Fixed Assets were depreciated according to Pr. Decree 100/98.

(b) Article 43a par. 1-a: Disclosure of balances denominated in foreign currencies and accounting treatment of foreign exchange profits and losses.

Not applicable.

(c) Article 43 par.2: Deviations from the prescribed valuation methods. Adoption of special valuation rules.

Not made

(d) Article 43 par.7-b: Change of stocks valuation and investments valuation methods.

Not made

(e) Article 43 par. 7-c: Disclosure of the difference between the value of stocks and investments as disclosed in the accounts and their market values, if the differences are significant.

Not applicable

(f) Article 43 par. 9: Analysis and explanation of fixed assets re-valuations made during the year as a result of legal requirement. Movement of the account "fixed assets revaluation reserve".

Not applicable

Par. 3. Fixed Assets and Initial Expenses

(a) Article 42e par. 8: Movement of "fixed assets" and "formation expenses" accounts.

FIXED ASSETS

DESCRIPTION OF ASSETS	INITIAL INVENTORY 01-07-2011	COST OF ADDITIONS	COST OF DISPOSALS	DEPREC. OF THE YEAR	ACCUMULATED DEPRECIATION	INVENTORY AS AT 30-06-2012
Expenses of Research	7.368.161,05	680.334,52	0,00	136.102,90	7.368.161,05	544.231,62
Licensing Costs	2.122.332,00	0,00	0,00	0,00	2.122.332,00	0,00
Fields	49.870,88	0,00	0,00	0,00	0,00	49.870,88
Buildings-Installations	6.837,02	0,00	0,00	0,00	6.837,02	0,00
Machinery	21.765,92	5.450,18	0,00	4.114,35	25.880,27	1.335,83
Motor Vehicles	33.803,87	48.219,35	33.803,87	4.898,03	4.898,03	43.321,32
Furniture-Equipment	134.758,54	42.632,98	0,00	15.752,50	150.511,04	26.880,48
Total	9.737.529,28	776.637,03	33.803,87	160.867,78	9.814.722,31	665.640,13

(b) Article 43 par. 5-d: Additional depreciation

Not made

(c)Article 43 par. 5-e: Provisions for the permanent diminution of the value of tangible fixed assets

Not formed

(d)Article 43 par. 3-e: Analysis and explanation of the additions to the account initial expenses.

EXPENSES OF LONG-TERM DEPRECIATION

DESCRIPTION OF ASSETS	INITIAL INVENTORY 1-7-2011	COST OF ADDITIONS	COST OF DISPOSALS	DEPRECIAT. OF THE YEAR	ACCUMULATED DEPRECIATION	INVENTORY AS AT 30-6-2012
Expenses of Establishment	3.860,13	0,00	0,00	0,00	3.860,13	0,00
Other expenses of 1st Installation	177.612,60	38.969,72	0,00	9.378,80	186.991,40	29.590,92

(e)Article 43 par. 3-c: Amounts and accounting treatment of foreign exchange profits and losses, arisen on repayment or valuation of loans which are used for the acquisition of fixed assets.

Not applicable

(f)Article 43 par. 4 (a & b): Analysis of the balances disclosed on the accounts: "Research and development costs", "Industrial copyrights", & "Good-will".

Par. 4. Participations

(a)Article 43a par. 1-b: Participating interests at more than 10% in the investee's share capital.

Not occurred

(b)Article 43a par. 1-b, as added by article 3 of P.D. 326/1994: When a S.A. Co. (or Ltd. Co.) participates in the share capital of other enterprises, where the S.A.Co. (or Ltd. Co.), is a totally liable (full) partner of this enterprise.

Not occurred

(c)Article 43a par. 1-ie: Disclosure of the consolidated accounts of the group where the company participates.

Not occurred

Par. 5. Stocks

(a) **Article 43a par. 1-ia:** Stock valuation methods which do not comply with the provisions of article 43, but adopted for tax purposes. *No deviations made*

(b) **Article 43a par. 1-ib:** Current assets de-valuations and explanation of the reasons which gave rise to de-valuations. *Not occurred*

Par. 6. Share Capital

		<u>Number</u>	<u>Face value</u>	<u>Total value</u>
(a) Article 43a par. 1-d: Type of shares	Common Registered Shares	1,441,493	10.00	14,414,930.00

(b) **Article 43a par. 1-c:** Issue of new Shares *The Share Capital was increased by Euros 959,930.00
There were issued 95,993 shares of face value 10 Euros each.*

(c) **Article 42a par. 1-e & 42e par. 10:** Rights Issue *Not issued*

(d) **Article 43a par. 1-f:** Acquisition of own shares *Not acquired*

Par. 7. Provisions and Liabilities

(a) **Article 42e par. 14 (d):** Analysis of the account "other provisions" if the amount is significant. *Do not exist*

(b) **Article 43a par. 1-g:** Unrecorded contractual liabilities. Monthly installments and other liabilities to group companies. *Do not exist*

(c) **Article 43a par. 1-ib:** Unrecorded tax liabilities which are probable to arise in respect of the current and previous accounting years. *Not exist. Tax settlement of the Company has been conducted since its commencement of operations (1993)until 30/06/2009.*

(d) **Article 43a par. 1-f :** Long term liabilities, over five (5) years. *Do not exist*

(e)Article 43a par. 1-f: Liabilities secured with charges on assets. Do not exist

**Par. 8. Accrued Income -
Expenses and Deferred Income -
Expenses Accounts**

Article 42e par. 12: Analysis of the accounts: “Accrued income”, “Accrued expenses”, “Deferred income” & “Prepaid expenses”. Do not exist

Par. 9. Contingent Liabilities

Article 42e par. 11: Analysis of memo accounts if the disclosure of par. 10 below is not adequate. Do not exist

Par. 10. Guarantees and Securities

Article 42e par. 9: Guarantees and securities given by the company. Not given

**Par. 11. Remuneration, Advance Payment
& Loans to the Directors**

(a)Article 43a par. 1-ic: Remuneration of Directors. BoD Vice President Kostas Salonikis received gross salaries of 100,012.43 Euros.

(b)Article 43a par. 1-ic: Liabilities undertaken in respect of retiring Directors. Do not exist

(c)Article 43a par. 1-id: Advance Payments and Loans to the Directors. Do not exist

Par. 12. Profit & Loss Accounts

(a)Article 43a par. 1-h: Turnover per geographical segments (in accordance with article 42e par.15a).

Gross Result

0

<u>Plus:</u>	
Other income	0
Subtotal Operating Results	<u>0</u>
<u>Plus:</u>	
Income from interest	0
Subsidies received	0
<u>Less:</u>	
Administration expenses	863,178.48
Interest paid & other financial expenses	<u>7,870.35</u>
Operational & non-operational Results	-871,048.83
 <u>Extraordinary Financial Results</u>	
Less Extraordinary & non-operational expenses	5,427.20
Plus Extraordinary & non operational income	<u>0.37</u>
Operational & Extraordinary Results	-876,475.66
<u>Less:</u>	
Total of depreciation of fixed assets	170,246.58
Less: Depreciation included in the computation of operational fixed assets	<u>170,246.58</u>
PERIOD's LOSS	-876,475.66

(b) Article 43a par. 1-i: Average number of staff and related costs. The definition of employees and workers are made in accordance with the method of remuneration, i.e. on a monthly or daily basis respectively.

1.Salaried staff
10 members of staff, total cost 203,470.92 Euros.
2.Labour staff
22 workers, total cost 125,112.65 Euros.
3.Employer's soc.
contributions: 73,968.66€

security

(c) Article 42e par. 15-b: Analysis of extraordinary income and expenses accounts. The amounts of extraordinary profits and losses accounts 81.02 and 81.03 are disclosed if they are significant in accordance with article 43a par. 1-c.

<u>Extraordinary Income</u>	
Other extr. income	<u>0.37</u>
 <u>Extraordinary Expenses</u>	
Taxes & duties.	456.57
Other	<u>973.52</u>
	<u>1,427.09</u>

(d) Article 42e par. 15-b: Analysis of prior year income and expenses accounts.

4,000.31 Euros

Athens, 30/10/2012

The President

The Vice-President of the BoD
& Managing Director

The Accountant

Jason Anthony Bontempo

Konstantinos Salonikis

Nikolaos Petsas