

**THRACE MINERALS RESEARCHES & DEVELOPMENT S.A.**

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

**NOTES TO THE ACCOUNTS**  
**OF THE BALANCE SHEET OF 30th JUNE 2013**  
**& PROFIT/LOSS STATEMENTS OF FISCAL YEAR**  
**1/7/2012 - 30/6/2013**  
**(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.***

***(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.***

*Not made.*

***(b) Article 42b par. 1: Inconsistent policies adopted for the preparation of the balance sheet and “Profit and Loss Account”.***

*Not made.*

***(c) Article 42b par. 2: Combination of items which require separate disclosure.***

*Not occurred.*

***(d) Article 42b par. 3: Deviations from the prescribed standard format of the accounts and the order of headings disclosed in Arabic numbers.***

*Not occurred.*

***(e) Article 42b par. 4: Combination of balances which relate to different Arabic number headings.***

*Not made.*

***(f) Article 42b par.5: Restatement of prior year balances.***

*Not required.*

***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.*

***(g)Article 43a par. 9 ig: Valuation of financial instruments at fair value. When the valuation of financial instruments is at fair value must be provided.***

*Not applicable*

***(f)Article 43a par. 9 ih: Valuation of financial instruments at fair value differently. When the valuation of financial instruments not at fair value in accordance with par. 4 of Article 43c of L2190/1920 must be provided.***

*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<br>01-07-2012 | COST OF ADDITIONS | COST OF DISPOSALS | DEPREC. OF THE YEAR | ACCUMULATE D DEPRECIATION | INVENTORY AS AT<br>30-06-2013 |
|-------------------------|---------------------------------|-------------------|-------------------|---------------------|---------------------------|-------------------------------|
| Expenses of Research    | 8.048.495,57                    | 1.394.333,44      | 0,00              | 414.933,59          | 7.919.197,54              | 1.523.631,47                  |
| 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                        | 120,33            | 0,00              | 120,33              | 6.957,35                  | 0,00                          |
| Machinery               | 27.216,10                       | 3.268,00          | 0,00              | 320,60              | 26.200,87                 | 4.283,23                      |
| Motor Vehicles          | 48.219,35                       | 26.200,00         | 0,00              | 10.506,32           | 15.404,35                 | 59.015,00                     |
| Furniture-Equipment     | 177.391,52                      | 83.686,93         | 0,00              | 26.485,09           | 176.996,13                | 84.082,32                     |
| Total                   | 10.480.362,44                   | 1.507.488,37      | 0,00              | 452.245,60          | 10.266.967,91             | 1.720.882,90                  |

***(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<br>INVENTORY<br>1-7-20121 | COST OF<br>ADDITIONS | COST OF<br>DISPOSAL<br>S | DEPRECIAT.<br>OF THE YEAR | ACCUMULATED<br>DEPRECIATION | INVENTORY<br>AS AT 30-6-<br>2013 |
|--|-----------------------------------|----------------------|--------------------------|---------------------------|-----------------------------|----------------------------------|
| Expenses of<br>Establishment             | 3.860,13                          | 0,00                 | 0,00                     | 0,00                      | 3.860,13                    | 0,00                             |
| Other expenses<br>of 1st<br>Installation | 216.582,32                        | 33.008,25            | 0,00                     | 12.305,57                 | 186.991,40                  | 50.293,60                        |

***(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”.***

*Not applicable.*

***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 article3 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 devaluation and explanation of the reasons which gave rise to devaluations.***

*Not occurred.*

## ***Par. 6. Share Capital***

***(a)Article 43a par. 1-d: Type of shares.***

*Number of common register Shares: 1.698.493, Face value: 10,00€, Total value: 16.984.930,00€*

***(b)Article 43a par. 1-c: Issue of new Shares***

*The Share Capital was increased by Euros 2.170.000. There were issued 217.000 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 30/6/2009.*

***(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.*

*(f)Article 43a par. 1-za: The nature and business purpose of settlements not included in balance sheet and the financial impact of those settlements of the company.*

*Not applicable.*

*(g)Article 43a par. 1-zb: The transactions made by the company with related parties, including the amount of such transactions, the nature of the related party relationship as well as other information about such transactions.*

|                         | REVENUE           |                   | CHARGES            |                    |
|-------------------------|-------------------|-------------------|--------------------|--------------------|
|                         | 01/07/12-30/06/13 | 01/07/11-30/06/12 | 01/07/12-30/06/13  | 01/07/11-30/06/12  |
| RHODOPI MINERALAS LTD   | 0,00              | 0,00              | 311.099,69         | 97.924,20          |
|                         |                   |                   |                    |                    |
| <b>TOTAL</b>            | <b>0,00</b>       | <b>0,00</b>       | <b>311.099,69</b>  | <b>97.924,20</b>   |
|                         |                   |                   |                    |                    |
|                         |                   |                   |                    |                    |
|                         | RECIEVABLES       |                   | PAYABLES           |                    |
|                         | 01/07/12-30/06/13 | 01/07/11-30/06/12 | 01/07/12-30/06/13  | 01/07/11-30/06/12  |
| RHODOPI MINERALAS LTD   |                   |                   | -409.023,89        | -97.924,20         |
| GLORY RESOURCES LIMITED |                   |                   | -100.000,00        | -100.000,00        |
| <b>TOTAL</b>            | <b>0,00</b>       | <b>0,00</b>       | <b>-509.023,89</b> | <b>-197.924,20</b> |
|                         |                   |                   |                    |                    |

***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.*

*Updated bank guarantees.*

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

**(a)Article 43a par. 1-ic: Remuneration of Directors.**

B.o.D. Vice President Kostas Salonikis received gross salaries of 96.308,29 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).**

|  |                |
|--|----------------|
|  | 0              |
| Gross Result   |                |
| <u>Plus:</u>   |                |
| Other income   | 0              |
| Subtotal Operating Results   | 0              |
| <u>Plus:</u>   |                |
| Income from interest   | 0              |
| Subsidies received   | 0              |
| <u>Less:</u>   |                |
| Administration expenses  | 1.535.885,47   |
| Interest paid & other financial expenses                                   | 13.151,30      |
| Operational & non-operational Results                                      | - 1.549.036,77 |
| <u>Extraordinary Financial Results</u>                                     |                |
| Less Extraordinary & non-operational expenses                              | 10.223,97      |
| Plus Extraordinary & non operational income                                | 0,50           |
| Operational & Extraordinary Results  | - 1.559.260,24 |
| <u>Less:</u>   |                |
| Total of depreciation of fixed assets                                      | 464.671,50     |
| Less: Depreciation included in the computation of operational fixed assets | 464.671,50     |
| PERIOD's LOSS  | -1.559.260,24  |

**(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. Salaries staff: 10 members of staff, total cost 382.455,60 € 2. Labour staff: 19 workers, total cost 368.852,49 € 3. Employer's soc. Security Contributions: 177.937,28 €.

***(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 431 par. 1-c.***

Extraordinary income : 0,50

Extraordinary expenses:

Taxes : 511,00

Other : 2.471,82  
2.982,82

***(d)Article 42e par. 15-b: Analysis of prior year income and expenses accounts. 7.241,15 Euros.***

***Par. 13. Additional information required for complete information and application of the true and fair view.***

***(b)Article 43a par. 1-k: Fees audit firm for auditing of financial statement. 10.000,00 Euros.***

***(b)Article 43a par. 1-J: Any other information required by specific provisions of law, applicable or whenever deemed necessary to achieve the objectives of the complete information of shareholders and third parties of presenting a true and fair view of the assets, financial provision and results of the company.***

*The total equity of the company has become less than 1/10 of the share capital and therefore the conditions for application of Article 48 of L2190/1920. To remove the application of the provisions of this Article the management of the company is committed to continue the uninterrupted funding all the costs for the company by its shareholders.*

***Athens, 31/7/2013***

**The President**

**The Vice-President of the BoD  
& Managing Director**

**The Accountant**

*Jason Anthony Bontempo*

*Konstantinos Salonikis*

*Adamantia Kefalonitou*