



## Independent Auditor's Report

To the Shareholders and Management of Star Mining LLC:

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Star Mining LLC (the "Company") as at 31 December 2021, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Audit Azerbaijan LLC

Baku, Republic of Azerbaijan  
5 July 2022



**"Star Mining" LLC**  
**Statement of Financial Position**

	Note	31 December 2021	31 December 2020
<i>In Azerbaijani Manats</i>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	9,342,796	8,948,096
Intangible assets		2,939	3,264
Right-of-use assets	9	2,482,026	495,835
Deferred tax assets	23	474,873	-
<b>Total non-current assets</b>		<b>12,302,634</b>	<b>9,447,195</b>
<b>Current assets</b>			
Inventories	10	4,198,371	2,757,357
Loan issued	11	2,116,025	-
Trade and other receivables	12	1,449,196	960,723
Contract assets	13	2,418,122	4,139,627
Prepayments	14	494,863	1,503,840
Cash and cash equivalents	15	10,356	176,223
<b>Total current assets</b>		<b>10,686,933</b>	<b>9,537,770</b>
<b>TOTAL ASSETS</b>		<b>22,989,567</b>	<b>18,984,965</b>
<b>EQUITY</b>			
Share capital	16	50,000	50,000
Retained earnings		966,761	2,702,254
<b>TOTAL EQUITY</b>		<b>1,016,761</b>	<b>2,752,254</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	17	1,851,379	-
Contract liabilities	13	-	3,393,387
Deferred income tax liabilities	23	-	94,589
Lease liabilities	9	1,115,650	155,364
<b>Total non-current liabilities</b>		<b>2,967,029</b>	<b>3,643,340</b>
<b>Current liabilities</b>			
Borrowings	17	3,286,385	1,661,999
Trade and other payables	19	10,424,807	4,528,417
Contract liabilities	13	2,665,543	4,667,605
Current income tax payable		1,130,563	1,418,532
Lease liabilities	9	1,498,479	312,818
<b>Total current liabilities</b>		<b>19,005,777</b>	<b>12,589,371</b>
<b>TOTAL LIABILITIES</b>		<b>21,972,806</b>	<b>16,232,711</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>22,989,567</b>	<b>18,984,964</b>

Approved for issue and signed on 5 July 2022.

  
Tural Isgandarov  
Director



  
Gulnar Jalalova  
Chief Accountant

**"Star Mining" LLC**  
**Statement of Profit or Loss and Other Comprehensive Income**

<i>In Azerbaijani Manats</i>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Revenue	20	41,671,168	26,827,248
Cost of services	21	(31,176,429)	(16,836,488)
<b>Gross profit</b>		<b>10,494,739</b>	<b>9,990,760</b>
General and administrative expenses	22	(6,754,141)	(5,657,296)
<b>Operating profit</b>		<b>3,740,598</b>	<b>4,333,464</b>
Net finance costs	18	(608,454)	(202,083)
Foreign exchange losses		(14,875)	(59,641)
Finance income	11	124,555	-
<b>Profit before income tax</b>		<b>3,241,824</b>	<b>4,071,740</b>
Income tax expense	23	(936,717)	(1,015,516)
<b>PROFIT FOR THE YEAR</b>		<b>2,305,107</b>	<b>3,056,224</b>
<b>Total comprehensive income for the year</b>		<b>2,305,107</b>	<b>3,056,224</b>

The accompanying notes on pages 5 to 33 are an integral part of these financial statements.



**"Star Mining" LLC**  
**Statement of Changes in Equity**

<i>In Azerbaijani Manats</i>	<b>Note</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>At 1 January 2020</b>		<b>10</b>	<b>2,422,770</b>	<b>2,422,780</b>
Profit for the year		-	3,056,224	3,056,224
Shares issued	16	49,990	-	49,990
Dividends declared	16	-	(2,776,740)	(2,776,740)
<b>Balance at 31 December 2020</b>		<b>50,000</b>	<b>2,702,254</b>	<b>2,752,254</b>
Profit for the year		-	2,305,107	2,305,107
Dividends declared	16	-	(4,040,600)	(4,040,600)
<b>Balance at 31 December 2021</b>		<b>50,000</b>	<b>966,761</b>	<b>1,016,761</b>

The accompanying notes on pages 5 to 33 are an integral part of these financial statements.

**"Star Mining" LLC**  
**Statement of Cash Flows**

<i>In Azerbaijani Manats</i>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		3,241,824	4,071,740
Adjustments for:			
Depreciation of property and equipment and amortisation of intangible assets	8	2,502,981	1,424,509
Depreciation of right-of-use assets	9	1,312,284	347,476
Finance costs	18	608,454	202,083
Finance income		(124,555)	-
Foreign exchange translation differences		-	59,641
<b>Operating cash flows before working capital changes</b>		<b>7,540,987</b>	<b>6,105,449</b>
(Increase)/decrease in trade and other receivables		(488,473)	1,017,976
Decrease/(increase) in contract asset		1,721,505	(2,944,482)
Increase in inventories		(1,441,014)	(1,314,830)
Decrease/(increase) in prepayments		1,008,977	(1,445,081)
Increase in trade and other payables		5,896,390	1,536,430
(Decrease)/increase in contract liabilities		(5,395,449)	8,060,992
Decrease in tax liabilities		(599,303)	-
<b>Changes in working capital</b>		<b>8,243,619</b>	<b>11,016,454</b>
Income taxes paid		(1,186,313)	(1,246,611)
Interest paid	18	(608,454)	(202,083)
<b>Net cash from operating activities</b>		<b>6,448,852</b>	<b>9,567,760</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	8	(2,948,892)	(5,760,950)
Proceeds from the sale of property and equipment		51,535	97,081
<b>Net cash used in investing activities</b>		<b>(2,897,357)</b>	<b>(5,663,869)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	17	11,189,670	6,887,550
Repayment of borrowings	17	(7,713,905)	(7,509,234)
Repayment of lease liabilities – principal	9	(1,152,528)	(393,857)
Proceeds from issuance of ordinary shares	16	-	49,990
Dividends paid to the Company's shareholder	16	(4,040,600)	(2,776,740)
Loan issued	11	(2,000,000)	-
<b>Net cash used in financing activities</b>		<b>(3,717,363)</b>	<b>(3,742,291)</b>
Effect of exchange rate changes on cash and cash equivalents		-	(61,040)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>15</b>	<b>176,223</b>	<b>75,663</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>10,356</b>	<b>176,223</b>

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