

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards.

## Independent Auditor's Report

To the Shareholder and Management of Star Mining Limited Liability Company

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Star Mining LLC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information 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 consolidated 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 Group 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 consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

20 December 2024

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

<u>In Azerbaijani Manats</u>	<u>Note</u>	<u>31 December</u>	<u>31 December</u>
		<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	14,871,561	9,599,519
Loan issued	11	-	1,477,059
Intangible assets		33,697	1,788
Right-of-use assets	9	885,787	1,014,704
<b>Total non-current assets</b>		<b>15,791,045</b>	<b>12,093,070</b>
<b>Current assets</b>			
Inventories	10	4,442,832	3,654,124
Loan issued	11	2,347,045	352,025
Trade and other receivables	12	2,713,420	1,657,721
Contract assets	13	8,081,493	7,007,705
Prepayments	14	1,910,507	1,042,699
Cash and cash equivalents	15	3,118,721	430,378
Other assets		11,823	215,658
<b>Total current assets</b>		<b>22,625,841</b>	<b>14,360,310</b>
<b>TOTAL ASSETS</b>		<b>38,416,886</b>	<b>26,453,380</b>
<b>EQUITY</b>			
Share capital	1	50,000	50,000
Retained earnings		6,556,876	5,813,631
<b>Equity attributable to the Group owners</b>		<b>6,606,876</b>	<b>5,863,631</b>
<b>Non-controlling interest</b>	25	<b>1,360,852</b>	<b>2,900</b>
<b>TOTAL EQUITY</b>		<b>7,967,728</b>	<b>5,866,531</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	17	5,397,724	4,500,000
Deferred income tax liabilities	23	43,268	36,692
Lease liabilities	9	277,378	224,579
<b>Total non-current liabilities</b>		<b>5,718,370</b>	<b>4,761,271</b>
<b>Current liabilities</b>			
Borrowings	17	5,034,829	1,318,000
Trade and other payables	19	16,058,769	10,662,991
Contract liabilities	13	2,493,869	2,445,485
Current income tax payable		653,242	592,127
Lease liabilities	9	490,079	806,975
<b>Total current liabilities</b>		<b>24,730,788</b>	<b>15,825,578</b>
<b>TOTAL LIABILITIES</b>		<b>30,449,158</b>	<b>20,586,849</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>38,416,886</b>	<b>26,453,380</b>

Approved for issue and signed on 18 December 2024.

Jamil Abasov  
 Director



Gulnar Jalalova  
 Deputy Director

The accompanying notes on pages 5 to 28 are an integral part of these consolidated financial statements.

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

<i>In Azerbaijani Manats</i>	<i>Note</i>	<b>2023</b>	<b>2022</b>
Revenue	20	60,452,618	60,215,304
Cost of services	21	(49,105,074)	(44,672,804)
<b>Gross profit</b>		<b>11,347,544</b>	<b>15,542,500</b>
General and administrative expenses	22	(6,099,008)	(5,830,677)
Other gain/(losses), net		8,122	-
<b>Operating profit</b>		<b>5,256,658</b>	<b>9,711,823</b>
Net finance costs		(1,140,114)	(832,600)
Impairment losses on financial assets	11	(16,000)	(522,941)
Foreign exchange gains/(losses)		6,136	(8,085)
Finance income		220,000	225,299
<b>Profit before income tax</b>		<b>4,326,680</b>	<b>8,573,496</b>
Income tax expense	23	(1,332,579)	(1,937,626)
<b>PROFIT FOR THE YEAR</b>		<b>2,994,101</b>	<b>6,635,870</b>
<b>Total comprehensive income for the year</b>		<b>2,994,101</b>	<b>6,635,870</b>
<b>Total comprehensive income/loss attributable to:</b>			
Owners of the Group		3,133,245	-
Non-controlling interest		(139,144)	-

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

<i>In Azerbaijani Manats</i>	<i>Note</i>	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total</i>	<i>NCI</i>	<i>Total equity</i>
<b>At 1 January 2022</b>		<b>50,000</b>	<b>966,761</b>	<b>1,016,761</b>	-	<b>1,016,761</b>
Profit for the year		-	6,635,870	6,635,870	-	6,635,870
Acquisition of non-controlling interest in subsidiary		-	-	-	2,900	2,900
Dividends declared	16	-	(1,789,000)	(1,789,000)	-	(1,789,000)
<b>Balance at 31 December 2022</b>		<b>50,000</b>	<b>5,813,631</b>	<b>5,863,631</b>	<b>2,900</b>	<b>5,866,531</b>
Profit for the year		-	3,133,245	3,133,245	(139,144)	2,994,101
Additional capital injection by NCI to subsidiaries		-	-	-	1,497,096	1,497,096
Dividends declared	16	-	(2,390,000)	(2,390,000)	-	(2,390,000)
<b>Balance at 31 December 2023</b>		<b>50,000</b>	<b>6,556,876</b>	<b>6,606,876</b>	<b>1,360,852</b>	<b>7,967,728</b>

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

<i>In Azerbaijani Manats</i>	<i>Note</i>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		4,326,680	8,573,496
Adjustments for:			
Depreciation of property and equipment and amortisation of intangible assets		4,550,792	3,264,783
Depreciation of right-of-use assets		4,391,511	2,229,537
Finance costs		1,140,114	832,600
Finance income		(220,000)	(220,000)
Impairment losses on financial assets		16,000	522,941
Foreign exchange translation differences		(6,136)	8,085
Losses less gains on disposals of property and equipment		318,672	241,082
Other non-cash operating costs		682,457	(2,550)
<b>Operating cash flows before working capital changes</b>		<b>15,200,090</b>	<b>15,449,974</b>
Decrease/(increase) in trade and other receivables		(1,055,701)	(208,525)
Decrease/(increase) in contract asset		(1,073,788)	(4,589,583)
Decrease/(increase) in inventories		(788,708)	544,246
Decrease/(increase) in prepayments		(842,226)	(548,179)
Decrease/(increase) in other assets		183,115	(225,284)
Increase/(decrease) in trade and other payables		4,962,243	360,640
Increase/(decrease) in contract liabilities		48,384	(220,058)
Increase/(decrease) in tax liabilities		(250,294)	(121,209)
<b>Changes in working capital</b>		<b>1,183,025</b>	<b>10,442,022</b>
Income taxes paid		(1,264,888)	(1,964,496)
Interest paid		(1,140,114)	(832,600)
<b>Net cash from operating activities</b>		<b>13,978,113</b>	<b>7,644,927</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	8	(10,140,522)	(3,761,439)
Acquisition of intangible assets	8	(32,893)	-
Proceeds from the sale of property and equipment		-	-
Loans granted to related parties	11	(464,960)	(16,000)
Loans repayments received from related parties		151,000	-
<b>Net cash used in investing activities</b>		<b>(10,487,375)</b>	<b>(3,777,439)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	17	14,511,850	13,757,206
Repayment of borrowings	17	(9,897,297)	(13,076,970)
Repayment of lease liabilities – principal	9	(4,526,690)	(2,432,241)
Proceeds from issuance of ordinary shares		-	2,900
Acquisition of non-controlling interest in subsidiaries		1,497,096	-
Dividends paid to the Group's shareholder	1	(2,390,000)	(1,789,000)
<b>Net cash used in financing activities</b>		<b>(805,041)</b>	<b>(3,448,105)</b>
Effect of exchange rate changes on cash and cash equivalents		2,646	639
<b>Cash and cash equivalents at the beginning of the year</b>	15	<b>430,378</b>	<b>10,356</b>
<b>Cash and cash equivalents at the end of the year</b>	15	<b>3,118,721</b>	<b>430,378</b>

The accompanying notes on pages 5 to 28 are an integral part of these consolidated financial statements.