

KALOTI SURINAME MINT HOUSE C.V.

Annual report for the year ended

December 31, 2021



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The Management of
KALOTI SURINAME MINT HOUSE C.V.
Attn. Mr. Ryan Tjon Poen Gie, Managing Director
Kennedyweg 834 - Para
Suriname

Paramaribo, April 8, 2022

Dear Mr. Tjon Poen Gie,

In accordance with the agreed engagement to carry out the audit of the financial statements 2021 of Kaloti Suriname Mint House C.V., we report on the audit work performed. The financial statements are enclosed in this report on pages 10 up to and including 35.

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements 2021

Our opinion

We have audited the financial statements 2021 of Kaloti Suriname Mint House C.V., based in Suriname.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Kaloti Mint House Suriname C.V. as at 31 December 2021, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards (IFRS).

The financial statements comprise:

1. the statement of financial position as of December 31, 2021;
2. the following statements for the year ended 2021:
the statement of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with International Standards on auditing (ISAs) issued by the International Federation of Accountants (IFAC). Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Kaloti Suriname Mint House C.V. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Suriname, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report as required by Surinamese Financial Statements Act; and
- other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of ISA 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with the Financial Statements Act.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with ISAs, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding 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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating 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, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Yours faithfully,
For BDO Assurance N.V.

A handwritten signature in blue ink, appearing to be 'N.T.H. Veerman', written over a long, thin blue horizontal line that extends across the page.

N.T.H. Veerman RA CA
Partner

Management Board report 2021

Management Board report 2021

Changing world and economy

General

Hereby we present you the annual report of 2021 of Kaloti Suriname Mint House C.V. (hereafter: KSMH). The 2021 annual report consists of the present management board report, the financial statements 2021 and the independent audit report issued by BDO. The purpose of this report is to disclose the activities and financial results of KSMH over the year 2021. In addition, to these matters the relevant developments concerning the operation, organisation/staff and other activities have been discussed. Even the determination of the 2021 annual account is explained and a view through 2022 is provided. Lastly, there is a brief analysis of the situation in the sector relevant to KSMH.

Introduction

Reporting period 2021 was just like 2020 dominated by a deteriorating social economic environment and the Covid 19 pandemic. In December 2021 the IMF approved the Government's financial support for the national recovery plan.

For which reason the recovery of the economy has suffered some slowing down. As a consequence, for the gold sector the production did not get in its stride and there was less supply for KSMH. Covid 19 did not disappear, and it has been dominating everything due to the new varieties. For our organization it has had a disproportionate effect on the staff and the business.

A very significant positive development in 2021 were the negotiations with the government to intensify and further develop the Public Private Partnership (PPP) cooperation among the state of Suriname, Kaloti Suriname Mint House, and the investment group of "Suriname Ondernemers Goudsector".

The production purposes were adjusted and actualized based on the present developments. The consequences of this adjustment (among other things, regarding the effort of means and manpower) have been processed in the 2021 KSMH budget.

Purposes

It may be determined that KSMH, despite the abovementioned external circumstances, has achieved the purposes as referred to in the 2021 annual plan, and it has given a significant start for obtaining the 2022 purposes and further. As concerns the production the results are, despite the positive outcome, below the originally agreed annual production. As it was concluded earlier in 2020 a start was made with the intended annual production by good governance in the sector and by expansion of the cooperation with the country Suriname in order that the PPP agreement would have been more specifically implemented.

In addition to the production target, it is also a matter of a financial performance, in particular the extent to which KSMH is operating in a way that is both revolving and cost effective. It is important to state that KSMH did establish its goals in 2021 and the prospects for 2022 are positive in case the preconditions hereto are well interpreted. The cost management over the last years indicated a fixed line through vigorous savings in costs and, where possible, multi-functional dedication of the staff. In the 2021 annual plan and the budget based on the experiences and evaluation a start was made for the coming years originating from a revolving and cost-effective organization between 35% and 45% a year.

In 2021 a percentage of 56% was established and it is expected that the same level will be achieved in 2022.

Personal and organization

The social economic situation and developments in 2021, as well as the Covid 19 pandemic have once more demanded much from the personnel and the organization. As in 2020 the flexibility, loyalty and the capacity of the team to adapt were severely put to the test. For the organization and the social situation of the co-workers and their family the consequences were far reaching.

In order to guarantee the continuity of the services to the clients it was necessary to continuously anticipate adequately the Covid 19 Outbreak Management Team measures and the impact of the deteriorating economy. The curfew, restriction of air traffic, and freedom of movement have had an impact on the logistic operations. Due to each time changing and restricting time span in which there should be operated upon, the organization had once more much to demand from the staff and their family. As concerns the provision in manpower 1 vacancy was covered due to pension of the employee.

Other activities

In relation to the Corporate Social Responsibility (CSR) KSMH has donated an amount of SRD 200,000 to the regional hospital of the District of Wanica and the "Medische Zending". The social institutions in Suriname received restricted financial means for covid care and for extra payments to employees of the departments of special care. KSMH choose to support in conjunction with a number of Surinamese companies the nursing assistants of the covid units of these institutions and to show their appreciation for the good work that they have done.

Annual account of 2021

The survey of the financial results in 2021 were determined in the 2021 annual accounts. Added to this survey were the 2021 annual account approved by the BDO, the independent auditor of KSMH. In addition to the report the following is noted:

The final result of 2021 of the amount of money of USD 930,790 was below the profit of 2020. The main reason to this was the decreased supply of gold for KSMH. The costs have been estimated in the same amount of money, except for the marketing costs. In the other general costs there are no other special deviations. A higher purchase is to be observed due to price increases.

There were also more expenses regarding marketing and advertisement, aimed at giving KSMH more publicity in the community and for improving the relation with the private sector as well as the Surinamese government.

As concerns 2022 the expectations are at this moment that the outcomes will be established in accordance with the determined budget of 2022. For the coming years this assignment will be more complicated in case there is no improvement in the economic environment. This because of a number of causes:

There is still not enough increase in production volumes, higher production expenses and taxes. The efforts made by KSMH are for the future years aimed especially at the negotiations with the government regarding the execution of agreed arrangements in the PPP by the Government.

Conclusion

Despite the situation KSMH looks with satisfaction back at the year of 2021. The production and the financial purposes readjusted downwards were established by adjusting the business and the effort, flexibility and capacity for adaptability of the managing board and team.

In view of the coming period, it may be concluded that management of the Covid situation and improvement of the economic environment will result in the production increase and adjustments of business and budget of KSMH. Our company shall with knowledge and experience from 2021 anticipate this matter and perform the goals for which KSMH was founded. The KSMH Board of Managing Directors and the employees have all the confidence that it will be successful.

Once more we show our appreciation for the efforts made by our employees. We thank our customers and business connections for the confidence entrusted upon us.

Paramaribo, April 8, 2022


R.M. (Ryan) Tjon Poen Gie

Financial Statements 2021

Statements of comprehensive income for the year ended 2021

	Note	2021 USD	2020 USD
Revenue	6	1,680,001	1,704,100
Other Income		-	9,063
Total income		1,680,001	1,713,163
Operating expenses			
Gold handling expenses	7	(3,379)	(4,731)
Employee benefit expenses	8	(141,086)	(130,599)
Depreciation and amortization expenses	19	(416,659)	(426,958)
Other operating expenses	9	(183,345)	(143,636)
Other gains/ (losses)	15	(4,742)	(9,923)
Total expenses		(749,211)	(715,847)
Profit before tax		930,790	997,316
Income tax expense	3.10	-	-
Profit for the year		930,790	997,316
Other comprehensive income for the year		-	-
Total comprehensive income for the year		930,790	997,316
Total comprehensive income attributable to the partners	25.1	100%	100%

The notes form an integral part of these financial statements.

Statement of financial position as of December 31,2021

	Note	2021 USD	2020 USD
ASSETS			
Current Assets			
Inventories	16	19,334	16,478
Trade and other receivables	17	10,428	331,359
Cash and cash equivalents	18	170,828	148,556
		<u>200,590</u>	<u>496,393</u>
Non-Current Assets			
Property, plant and equipment	19	1,943,577	2,402,877
		<u>2,144,167</u>	<u>2,899,270</u>
Total Assets			
LIABILITIES			
Current liabilities			
Trade and other payables	20	1,844,167	2,599,270
		<u>300,000</u>	<u>300,000</u>
NET ASSETS			
Partner's capital	21	300,000	300,000
Retained earnings		-	-
		<u>300,000</u>	<u>300,000</u>
TOTAL EQUITY			

The notes form an integral part of these financial statements.

Statement of cash flows for the year ended December 31, 2021

	Note	2021 USD	2020 USD
Cash flow from operating activities			
Profit from operations		930,790	997,316
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		416,659	426,958
<i>Working capital adjustments:</i>			
Movement in inventories		(2,856)	(5,549)
Movement in trade and other receivables		320,391	(10,943)
Movement in trade and other payables		(1,227,407)	(954,664)
Cash generated from operations		437,577	453,118
Cash flows from investing activities			
Purchase of property, plant and equipment		(27,295)	(9,250)
Disposal of property, plant and equipment		2,000	2,000
Net cash used in investing activities		(25,295)	(7,250)
Cash flows from financings activities			
Paid to partners	20	(390,010)	(620,000)
Net cash used in financing activities		(390,010)	(620,000)
Net change in cash and cash equivalents		22,272	(174,132)
Cash and cash equivalents at the beginning of the year		148,556	322,688
Net change in cash and cash equivalents		22,272	(174,132)
Cash and cash equivalents at the end of the year		170,828	148,556

Reference is made to note 23 regarding the notes on the statement of cash flows.

The notes form an integral part of these financial statements.

Statement of changes in equity for the year ended December 31, 2021

	Partner's capital USD	Retained earnings USD	Total equity USD
At January 1, 2020	300,000	-	300,000
Profit for the year	-	997,316	997,316
Other comprehensive Income	-	-	-
Total comprehensive income for the year	-	997,316	997,316
Distributions to partners	-	(997,136)	(997,136)
At December 31, 2020	300,000	-	300,000
Profit for the year	-	930,790	930,790
Other comprehensive Income	-	-	-
Total comprehensive income for the year	-	930,790	930,790
Distributions to partners	-	(930,790)	(930,790)
At December 31, 2021	300,000	-	300,000

The notes form an integral part of these financial statements.

Notes forming part of the financial statements

1. General

Kaloti Suriname Mint House C. V (hereafter: the Company) is a limited partnership. The Company has its registered office and business located on the Kennedyweg # 834 in the district Para, Suriname. Managing Director of the financial year is Ryan M. Tjon Poen Gie (fully authorized representative of the managing partner).

In October 2011, the Republic of Suriname, and Kaloti Precious Metals Suriname DMCC (Kaloti) have entered a limited partnership (in the sense of article 15 of the Commercial Code) for an indefinite period of time commencing the day after the agreement between the Republic of Suriname the Company to pursue under a joint name a modern business for the handling of unprocessed Gold.

The objective of the partnership is to establish a cooperation between the Republic of Suriname and Kaloti Precious Metals Suriname DMCC (Kaloti), whereby the Republic of Suriname gains insight in the quantities and the value of the unprocessed gold that is exported out of Suriname, in order to collect among other things the indebted royalties and other tax levies timely and in an efficient manner, while Kaloti obtains the opportunity to exploit a commercially profitable business in the handling of unprocessed gold under the provision that a privilege on profit is assigned to the Republic of Suriname.

Kaloti Precious Metals DMCC is the managing partner of this Company while the Republic of Suriname shall be deemed the limited partner of KSMH. Per the agreement to join into the limited partnership, Andes Venture Capital N.V. joined into the limited partnership as a second managing partner.

The objective of Andes Venture N.V. for joining into the partnership is to facilitate participation of Kaloti's long term Surinamese business partners in the gold sector, in this partnership.

Pursuant to the Foreign Exchange Act 1947, the Company is designated as the institution for the handling of gold prior to the export thereof.

In general, handling of gold is described as the minting, casting and melting into bars, the assaying to determine purity and the stamping of gold by the company. The gold is in doing so provided with a certified evaluation of its market value of handling. The Company is obliged to render services to exporters of gold with respect to the handling thereof. The revenue of the Company consists of handling fees, which are charged to exporters of gold.

In December 2014, a license has been issued to the Company by the exchange commission of Suriname, based on the foreign exchange act 1947 and the limited partnership agreement between Kaloti and the Republic of Suriname to establish and operate an institution for handling of gold. The license is issued for 15 years after commencement of operations.

1. General (continued)

Partnerships

The Company is a limited partnership established on October 13, 2011, between the following related parties:

1. Kaloti Precious Metals Suriname OMCC with residence in Dubai is incorporated to KSMH as the managing partner.
2. Andes Venture Capital N.V. with residence in Suriname is incorporated to KSMH as the second managing partner.
3. The Republic of Suriname is incorporated to KSMH as the 'limited' or 'silent' partner.

Profit and Loss Sharing

Per the partnership agreement of October 2011 and the agreement to join into the limited partnership, the share of profit is as follows:

- Kaloti Precious Metals Suriname DMCC : 60%
- Andes Venture Capital N.V. : 30%
- Republic of Suriname : 10%

All losses will be allocated to Kaloti Precious Metals Suriname DMCC (66⅔%) and Andes Venture Capital N.V. (33⅓%).

According to the partner agreement of October 2011, the audited annual accounts shall be the basis for calculating the profit amount to be paid to the Republic of Suriname and the Company. Contrary to the foregoing, parties may however, decide that annual accounts approved by the Company, and the Minister of Finance shall serve as the basis for calculating this amount'.

2. Basis of presentation

2.1 Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collective IFRSs).

The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are presented in United States Dollars (USD), which is also the functional currency.

Basis of measurements

The financial statements have been prepared on a historical cost basis. There are no modifications for the inclusion of fair value.

The preparation of these financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 4.

2.2 Functional currency

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (USD), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

The per year-end closing exchange rates for the financial years were as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
Suriname Dollar (SRD) 1.00	USD 0.0469	USD 0.070	USD 0.1352

From March 2021, the Central Bank of Suriname introduced a mandatory range to buy and sell USD. The determined mandatory range than was 14.29 SRD to 16.30 SRD for 1 USD.

From May 2021 the Central Bank of Suriname introduced a flexible exchange rate for the SRD/USD. With the flexible exchange rate, the Central Bank of Suriname determines daily three times the exchange rates based on the transactions reported by the financial institutions.

2.3 New standards, interpretations, and amendments in 2021

Changes in accounting policies

a) New standards interpretations and amendments effective from January 1, 2021

There are no new standards impacting the Company that have been adopted in the annual financial statements for the year ended December 31, 2021

b) New standards, interpretations, and amendments not yet effective

There are number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning January 1, 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

Other

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

3. Significant accounting policies

3.1 Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

3.2 Trade receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Due to their short-term nature trade receivables approximates their fair value.

The Company uses the simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash at banks and cash on hand. Due to their short -term nature cash and cash equivalents approximates their fair value.

3.4 Property, plant, and equipment

Plant and equipment are recognized initially at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Depreciation on the items of property, plant and equipment is charged so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Right-of-use land	: 7 years
Building	: 7 years
Machineries & motor vehicles	: 5 years
Fixtures & fittings	: 3 - 5 years

As there is no reasonable certainty that the Company will obtain ownership at the end of the lease, the leasehold land is depreciated over the shorter of the lease term or the indefinite economic life of the leasehold land.

The assets useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

3. Significant accounting principles *(continued)*

3.4 Property, plant, and equipment *(continued)*

Repair and maintenance are charged to the profit and loss account during the financial period in which they are incurred. Gains and losses on disposal of tangible fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit.

A right-of-use asset is measured at cost, which includes the original amount of the lease liability. The Company does not separate non-lease components from lease components and instead account for each lease component and any associated non-lease components as a single lease component. In subsequent periods, the accumulated depreciation and impairment losses are deducted from the asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate for the specific asset category and specific lease term as the discount rate.

3.5 Impairment of non-financial assets other than inventories

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are assessed at each reporting date for any indicators the impairment losses may no longer exist. If such indication is present, the carrying amount of the CGU or non-financial asset is increased to its revised recoverable amount, which cannot exceed the carrying amount determined, net of depreciation and amortization, had no impairment been recognized. Impairment losses, if any, are recognized in the statements of comprehensive income within gain or loss on asset disposals.

3.6 Trade payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. Due to their short-term nature trade payables approximates their fair value.

3.7 Revenue recognition

Revenue represents amounts recoverable from exporters for gold handling services provided during the year. It is measured at the fair value of consideration received or receivable. Revenue is generally recognized at the point of sale, which is the time control of the goods has passed to the exporters when physical delivery has occurred and when collection is reasonably assured.

3. Significant accounting principles (continued)

3.8 Employee benefit expenses

The employee benefit expenses are allocated to the period to which they are related, and if necessary, using accruals.

3.9 Operating expenses

The operating expenses are not directly attributable to the revenue. This comprise housing expenses, selling expenses and general and administrative expenses.

3.10 Income tax

Income taxes are the responsibility of the partners and not the partnership (the Company). Accordingly, no provision for income taxes have been recorded in the financial statements.

Per the partner agreement of October 2011, the Republic of Suriname declared that Kaloti as an investor in Suriname, the Company is eligible for all tax a non-tax related incentives as mentioned in the partner agreement.

3.11 Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing, and financing activities. In the net cash flow from operating activities adjustments are for those items in the profit or loss and changes in items per the statement of financial position, which do not result in actual cash flows during the year.

4. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities withing the next financial year ate discussed below.

Valuation of assets

Determining whether non-financial assets are impaired requires an estimation of the recoverable amount of the cash generating unit (CGU) or group of cash generating units (CGUs) to which the assets has been allocated. The recoverable amount calculation requires the Company to estimate the future cash flows expected to arise from the CGU (or group of CGUs) and a suitable discount rate in order to calculate the present value.

Useful estimated life of depreciable assets

Property, plant and equipment are depreciated over their useful lives taking into account. Assessment of useful lives and residual values are performed annually, considering factors such as technological innovation, maintenance program, market information and management considerations.

5. Financial instruments - Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

5.1 Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables;
- Cash and cash equivalents; and
- Trade and other payables.

5.2 Financial instruments by category

	Amortized cost	
	2021 USD	2020 USD
Trade and other receivables	10,428	331,359
Cash and cash equivalents	170,828	148,556
Total financial assets	181,256	479,915
Trade and other payables	1,844,167	2,599,270
Total financial liabilities	1,844,167	2,599,270

5.3 Financial instruments not measured at fair value

The Company does not have financial instruments measured at fair value.

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivable and trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

5.4 General objectives, policies, and processes

The Management Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management Board receives monthly reports from the finance department through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Management Board is to set policies to reduce risk as far as possible without unduly affecting the Company's flexibility. Further details regarding these policies are set out below:

1. Credit risk

Credit risk is the risk of financial loss to the Company if the customer to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales.

Management determines concentrations of credit risk regular basis which includes review of trade receivables ageing analysis. There are no trade receivables outstanding on balance sheet date.

Credit risk also arises from cash and cash equivalents with bank and financial institutions.

The amount of cash held is held with the following institution:

	2021 USD	2020 USD
De Surinaamsche Bank N.V.	170,559	147,537
	<u>170,559</u>	<u>147,537</u>

5.4 General objectives, policies and processes (continued)

Break down cash at bank (currency)

Cash at banks can be broken down into the following currencies:

	2021	2020
	USD	USD
Bank accounts USD	168,192	145,819
Bank accounts euro	1,238	1,138
Bank accounts SRD	1,129	580
	<u>170,559</u>	<u>147,537</u>

2. Market risk

Market risk arises from the use of interest bearing and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes foreign exchange rates (currency risk) or other market factors (other price risk).

A. Foreign exchange risk

Foreign exchange risk arises when the Company enters transactions denominated in a currency other than its functional currency.

Foreign exchange risk arises when Company enters transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to allow to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where the line of business has liabilities denominated in a currency other than their functional currency and have insufficient reserves of that currency to settle them, the functional currency will be exchanged into the other currency for the amount necessary.

Management monitors the effectiveness of this policy on regular basis.

The Company predominantly exposed to currency risk on purchases made from suppliers based in Surinamese Dollars (SRD). Apart from these particular cash flows the Company aims to fund expenses and investments in the respective currency and to manage foreign exchange risk by matching the currency in which expenses are incurred. At the reporting date the are no SRD denominated trade.

B. Other market price risk

The Company does not have material other market price risk to monitor.

5.4 General objectives, policies and processes *(continued)*

3. *Liquidity risk*

The Management Board must estimate daily whether financing resources are needed from the partners for the working capital. The risk exists that the line of business could encounter difficulty in meeting its financial obligations as they fall due.

The policy is to ensure that the request for financing resources is sent to its partner's timely to ensure it meets its liabilities when they become due. To achieve this aim, it seeks to monitor and communicate with the parent for financing resources to meet expected requirements.

The Management board receives rolling 12-month cash flow projections monthly as well as information regarding the financing resources that is needed. At the end of the financial year, these projections indicated that the line of business is expected to obtain sufficient financing resources to meet its obligations under all reasonably expected circumstances.

At reporting date, the Company does not have contractual maturities of financial liabilities. Therefore, no maturity analysis is included.

6. Revenues

The revenue from contracts with the exporters consist of:

- Service and testing which are charged for handling the gold and
- Service fee which is determined by both the quantity of handled gold and the gold market price.

The disaggregation of revenue is as follows:

	2021 USD	2020 USD
Service and testing charges	167,687	172,804
Variable charges based on gold price and volume handled	1,512,314	1,531,296
	<u>1,680,001</u>	<u>1,704,100</u>
Total volume handled gold in kilogram	11,179	11,520
Service and testing Charges per kilogram handled gold (USD)	15	15
Total volume fine gold after refining - in kilogram	10,484	10,787
Average variable charges per kilogram fine gold (USD)	144.25	141.95

All the handling of gold and services rendered are in the Republic of Suriname.

7. Gold Handling Expenses

	2021 USD	2020 USD
Gold refining expenses	3,109	3,110
Laboratory expenses	270	1,621
	<u>3,379</u>	<u>4,731</u>

	2021 USD	2020 USD
8. Employee benefit expenses		
Wages & salaries	121,877	105,871
Vacation allowance	7,364	7,364
Bonuses	7,285	8,743
Medical insurance	3,730	3,451
Pension expenses	513	511
Uniforms	200	1,479
Training costs	-	2,687
Other personnel expenses	117	493
	<u>141,086</u>	<u>130,599</u>
	<u>2021</u>	<u>2020</u>
Number of employees	<u>9</u>	<u>10</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, including the Management board of the Company.

	2021 USD	2020 USD
Base salary and annual incentive compensation	54,386	46,912
Additional short-term benefits and other	3,352	3,401
	<u>57,738</u>	<u>50,313</u>

	Note	2021 USD	2020 USD
9. Other operating expenses			
Marketing expenses	10	43,389	9,044
Transportation expenses	11	7,502	5,912
Housing expenses	12	36,095	29,767
Office expenses	13	10,941	8,478
General expenses	14	85,418	90,435
		<u>183,345</u>	<u>143,636</u>
10. Marketing expenses			
Advertisement & public relations		23,392	-
Gifts & donations		14,270	9,044
Travel & conveyance		5,727	
		<u>43,389</u>	<u>9,044</u>
11. Transportation expenses			
Gas & oil expenses		5,995	4,611
Car maintenance expenses		1,507	1,301
		<u>7,502</u>	<u>5,912</u>
12. Housing expenses			
Security expenses		15,671	15,373
Repairs and maintenance expenses		11,023	3,831
Utility expenses		8,775	10,143
Gasoline for genset expenses		599	371
Health & safety expenses		27	49
		<u>36,095</u>	<u>29,767</u>

	2021 USD	2020 USD
13. Office expenses		
Telephone expenses	6,063	4,074
Office expenses	3,478	2,262
Computer expenses	1,400	2,142
	<u>10,941</u>	<u>8,478</u>
14. General expenses		
Managerial fee	40,128	40,128
Insurance	16,300	16,300
Consultancy	15,000	15,122
Audit	9,600	8,536
Shipment custom and clearing	3,773	6,437
Bank charges	617	3,643
Other	-	269
	<u>85,418</u>	<u>90,435</u>
15. Other (gains)/ losses		
Foreign exchange (gains) and losses	3,750	8,423
Loss on disposal of property, plant, and equipment	992	1,500
	<u>4,742</u>	<u>9,923</u>

The foreign exchange losses of USD 3,758 is lower for 2021 due to a lower fluctuation in the exchange rate during the year 2021. In September 2020 the unification of the exchange rate took place.

Method of revaluation

Revaluation is executed at the end of each financial year for all expenditures that are paid in Suriname Dollar (SRD). All expenses paid in SRD are credit with the recorded USD value at the end of the financial year. Subsequently, the initial SRD amount is being debited in USD against the dosing exchange rate.

	2021 USD	2020 USD
16. Inventories		
Spare parts and material for handling gold	19,334	16,478
Less: provision for impairment	-	-
	<u>19,334</u>	<u>16,478</u>

At reporting date, the Company has gold in stock which have a total weight of 1,615.89 grams. From this total weight 1.258,924 grams belong to the related party, Kaloty Precious Metals Suriname DMCC and 356,966 grams belong to the local exporters. The total value of the gold in stock is USD 93,789. This amount is not recognized since the gold in stock belongs to third parties.

17. Trade and other receivables

	2021 USD	2020 USD
Trade receivables	-	328,427
Less: provision for impairment	-	-
	<u>-</u>	<u>328,427</u>
Trade receivables - net	-	328,427
Security deposit	2,241	2,273
Prepayments	8,187	659
	<u>10,428</u>	<u>331,359</u>

The Company does not hold any collateral as security. Trade receivables are settled with the outstanding related party balances. Please refer note 20 for details.

18. Cash and Cash equivalents

Cash at bank	170,559	147,537
Cash on hand	269	1,019
	<u>170,828</u>	<u>148,556</u>

The cash at the banks and on hand are at free disposal of the Company.

19. Property, Plant & Equipment

	Right-of-use land USD	Building USD	Machinery & motor vehicles USD	Fixture & Fittings USD	Total USD
<i>(i) Cost</i>					
At January 1, 2020	425,056	2,904,539	459,798	241,096	4,030,489
Additions	-	-	9,250	-	9,250
Disposals	-	-	(5,000)	-	(5,000)
At December 31, 2020	425,056	2,904,539	464,084	241,096	4,034,739
At January 1, 2021	425,056	2,904,539	464,084	241,096	4,034,739
Additions	-	-	13,500	13,797	27,297
Disposals	-	-	(8,550)	-	(8,550)
Other movements	-	(66,945)	-	-	(66,945)
At December 31, 2021	425,056	2,837,594	468,996	254,893	3,986,539
<i>(ii) Accumulated depreciation and impairment</i>					
At January 1, 2020	113,348	451,302	414,132	227,621	1,206,403
Annual depreciation	45,616	360,317	12,429	8,596	426,958
Depreciation disposals	-	-	(1,500)	-	(1,500)
At December 31, 2020	158,964	811,619	425,061	236,217	1,631,861
At January 1, 2021	158,964	811,619	425,061	236,217	1,631,861
Annual depreciation	45,616	354,941	11,634	4,468	416,659
Depreciation disposals	-	-	(5,558)	-	(5,558)
At December 31, 2021	204,580	1,166,560	431,137	240,685	2,042,962
<i>(iii) Net book value</i>					
At January 1, 2020	311,708	2,453,237	45,666	13,475	2,824,086
At December 31, 2020	266,092	2,092,920	38,987	4,878	2,402,877
At December 31, 2021	220,476	1,671,034	37,859	14,208	1,943,577

The property, plant & equipment includes the right-of-use land situated nearby the international airport of Suriname (Kennedyweg 834, Para). Relevant details of the right-of-use are:

Lease period : 30 years starting from January 1, 2012
 Lease terms : USD 425,056 prepaid in full
 Surface rights : To be granted to the company for a period equal to the lease period (granted) in May 2017)

	2021 USD	2020 USD
20. Trade and other payables		
Contractors	-	216,945
OFFICS N.V.	-	117
Trade payables	-	217,062
Amount due to related parties (see below)	1,815,527	2,368,692
Accrued expenses	28,640	13,516
	<u>1,844,167</u>	<u>2,599,270</u>

The outstanding balance due to Contractors is settled in 2021. The remainder is deducted from the cost of building on the line item 'Other movements'. Please refer to note 19.

The related parties to who amount are due to:

	2021 USD	2020 USD
Kaloti Precious Metals Suriname DMCC	1,131,967	717,886
Andes Venture Capital N.V.	590,481	1,270,796
The Republic of Suriname	93,079	380,010
	<u>1,815,527</u>	<u>2,368,692</u>

20. Trade and other payables (continued)

The following related party transactions occurred during 2021:

	January 1, 2021 USD	Profit Share 2021 USD	Contributions / (Distributions) USD	Other movements USD	December 31, 2021 USD
Kaloti Precious Metals					
Suriname DMCC	717,886	558,474	-	(144,393)	1,131,967
Andes Venture Capital N.V.	1,270,796	279,237	(10,000)	(949,552)	590,481
The Republic of Suriname	380,010	93,079	(380,010)	-	93,079
	<u>2,368,692</u>	<u>930,790</u>	<u>(390,010)</u>	<u>(1,093,945)</u>	<u>1,815,527</u>

The other movements with Kaloti Precious Metals Suriname DMCC and Andes Venture Capital N.V. mainly consist of assignments relating to the outstanding trade receivables.

21. Partners' Capital

	2021 USD	2020 USD
Kaloti Precious Metals Suriname DMCC	180,000	180,000
Andes Venture Capital N.V.	120,000	120,000
	<u>300,000</u>	<u>300,000</u>

The partners agreed that the fixed partners' capital will be USD 300,000 with the percentage of 60% and 40% for Kaloti Precious Metals Suriname DMCC and Andes Venture Capital N. V respectively and that the partner's prepayments from the previous years will be recognized as short-term liabilities due to the partners and there is no interest applicable. The prepayment from the partners arises from the various investments paid by partners on behalf of the Company.

22. Result prior reporting periods

The partners agreed to distribute the retained earnings as included in the join agreement of June 2012, article 5. Please refer for more details to note 25.1.

23. Notes supporting statement of cash flows

Please refer to notes 5.4 concerning the composition of the cash and cash equivalents for purposes of the statement of cash flows.

Significant non-cash transactions from investing activities are as follows:

	2021 USD	2020 USD
Settlement with Contractors relating to the building	(66,945)	-

Significant non-cash transactions from financing activities are as follows:

	2021 USD	2020 USD
Settlement outstanding trade receivables with related parties	(1,093,945)	(940,573)

24. Events after the reporting period

Temporary solidarity levy

The temporary solidarity levy of 10% (48% instead of 38%) that applies for the period from February 1, 2021 to December 31, 2021 and applicable from taxable salary of SRD 12,500 will not be extended.

Value Added Tax (VAT)

As of July 1, 2022, the Value Added Tax (VAT) will be introduced, which will replace the Sales Tax.

The Management Board has determined that these are a non-adjusting subsequent event.

Other information

25.1 Appropriation of the total comprehensive income 2021

Per the joint agreement of June 2012 article 5 the share of profit 2021 is as follows:

	2021 USD	
Kaloti Precious Metals Suriname DMCC	558,474	60%
Andes Venture Capital N.V.	279,237	30%
Republic of Suriname	93,079	10%
	<u>930,790</u>	<u>100%</u>

25.2 Contingent right and obligations

Per the partnership agreement of October 13, 2011, the handling of gold will also mean refining of gold after expiration of a period of two years from the moment it is found to be economic feasible. Such economic feasibility will be considered to exist the instant that a quantity of at least 30,000 kilos of unprocessed gold per year has been offered to the company for treatment in 5 successive calendar years.

For a period of 15 consecutive years, taking effect year after the partnership agreement of October 2011, the Republic of Suriname shall not enter into agreements with investors that aim to develop business activities in Suriname, which by nature and scale are comparable with the business activities of the company.

Per the partnership agreement of October 13, 2011, the Republic of Suriname shall pursue such policy that the export of unprocessed gold out of Suriname shall only be allowed after the handling thereof and guarantees that this policy will result in the handling by the company of the following quantities of gold:

- At least 17,000 kilos per year during the first 3 years, and
- At least 30,000 kilos per year during the years thereafter up to the expiration of the Abovementioned period of 15 consecutive years.

25.3 Director fiscal year

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