

Report by the Board

The Board of the Stichting Sustainable Mining Foundation (hereinafter "the Foundation") with statutory seat in Haarlem, the Netherlands herewith presents the first financial statements of the Foundation covering the period from incorporation on 5 December 2012 up and until 31 December 2013. The Foundation is an independent organization with no external financial interest and governed by independent board members.

The objective of the Foundation is to promote responsible mining (in the widest sense) and to encourage the mining industry to accept a larger role regarding responsible mining and to consider and mitigate the impact on the labour force, population and environment.

Review of activities

In order to achieve its objective, the Foundation aims to develop and publish a Responsible Mining Index. During its first year of existence the main activity of the organization has been the feasibility study for such an Index. The feasibility study was completed in the fourth quarter of 2013. Toward the end of 2013 phase 1 of the actual implementation was started, i.e. the technical and organization groundwork.

Financial review

The organization received funding by the two founding funding partners in the amount of EUR 245.775. Operational expenses and other results accumulated to EUR 262.854, resulting in a loss and negative equity of EUR 16.919 for the reporting period. This loss was compensated by additional funding committed and received in early 2014, which will be accounted for in the 2014 financial statements. On this basis, the financial statements have been prepared on the basis of a going concern.

For a comparison of actual results versus budget reference is made to the financial statements. The main reason for exceeding the budget is more than expected personnel expenses reflecting additional efforts needed for the feasibility study and start of the implementation than originally foreseen.

Risks

The Foundation is exposed to limited risk factors. Price and market risk is not applicable as the organization is not involved in commercial transactions. Counterparty risk is concentrated around the two funding partners. These partners are considered of high creditworthiness and hence no further measures are taken. Liquidity risk is managed by tight administrative procedures. The organization updates the administration on a weekly basis and the board members receive periodic reports for review and discussion. No financial instruments are used for risk management purposes.

Outlook

In 2014 the Foundation will continue the implementation of the Responsible Mining Index. As a precondition however, sufficient funding needs to be secured as insufficient funds are available at year

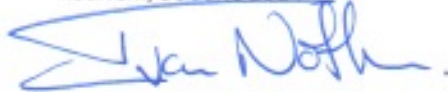

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end to cover for the associated costs. Until funding is secured the Board refrains from expressing a more detailed expectation for 2014. For the same reason no detailed budget for 2014 is included, although a detailed budget for the entire implementation of the Index has been prepared.

Board composition

During the year Board changes were implemented resulting in a 50% female representation. Expansion of the Board is perused in 2014 as a minimum of 3 board members is pursued. The Board will give due consideration to gender diversity, although Board members will be primarily selected based on their specific skills, knowledge and position in society.

Haarlem, 30 June 2014



Isabelle van Notten



Arnoud Kuijpers

STICHTING SUSTAINABLE MINING FOUNDATION
FINANCIAL REPORT 2013

Balance sheet
as at 31 december 2013
(after profit appropriation)

ASSETS	Note	31-dec-13	
		EUR	EUR
Current assets			
Receivables	4		
Receivables, prepayments and accrued income	5		50.419
Cash and cash equivalents	6		61.640
			<u>112.060</u>
EQUITY AND LIABILITIES			
Equity	7		16.919
Current liabilities			
Trade payables	8	78.307	
Taxes and social security contribut	9	-	
Deferred income	10	44.747	
Other debts and accruals	11	5.925	
			<u>128.979</u>
			<u>112.060</u>

Statement of income and expenses

for the period 5 December 2012 - 31 December 2013 (**)

	Note	Budget	Results
		2013	2013
		EUR	EUR
Income			
Grants & subsidies	13	243.038	245.775
Donations	14	-	-
Financial income	15	-	296
Exchange difference	16	-	136
Total income		<u>243.038</u>	<u>245.935</u>
Expenses			
Salaries and wages	17	-	-
Social security contributions	18	-	-
Other personnel expenses	19	43.482	65.209
Depreciation of plant, property and equipment		-	-
Travel expenses		1.278	3.953
Financial expenses		-	147
Housing expenses	20	-	-
Consultants and similar expenses	21	198.300	193.235
Supplies and similar expenses	22	-	309
Total expenses		<u>243.060</u>	<u>262.854</u>
Net result		<u>22-</u>	<u>16.919-</u>
Distribution of net result:			
Addition to general reserve			16.919-
Net result		<u>22-</u>	<u>16.919-</u>


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Notes to the financial statements

1. General information

1.1 Activities

Stichting Sustainable Mining Foundation (the "Foundation"), domiciled in Haarlem, the Netherlands, is a foundation ("stichting") incorporated according to Dutch law. The registered office of the Foundation is: Spaarne 35, 2011 CD Haarlem.

The Sustainable Mining Foundation is primarily involved in the promotion of responsible mining (in the widest sense) in the whole world and, in particular, to encourage the mining industry to accept a larger role regarding responsible mining in the whole world, considering and mitigating impact on labor force, population and environment.

To achieve this the Foundation is preparing for the development and publication of the Responsible Mining Index report every 2 years.

1.2 Financial reporting period

The current reporting period concerns the period from the registration of the Foundation on Nov. 5, 2012 to Dec. 31, 2013. For ease of reading this period is referred to as "2013".

1.3 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. Estimates mainly relate to the accounting for receivables, prepayments and accrued income since the foundation runs the risk of collectibility.

1.4 Going concern

The Foundation has concluded that there is a viable case to produce a Sustainable Mining Index report. Therefore the preparations have been made to apply for a grant for the next phase of the work of the Foundation and this application has been sent to various funders. Although we have confidence that these grants will be received the expenses have been reduced to the minimum until certainty is obtained about the size of the funding for the next phase, which is expected in the middle of 2014.

After balance sheet date the foundation received a funding commitment to compensate for the negative result over 2013. This additional income will be accounted for in the 2014 financial statements.

2 Accounting policies for the balance sheet

2.1 General information

The financial statements have been prepared in accordance with Dutch law and the general accepted accounting policies for non-profit organisations in the Netherlands (also referred to as "Richtlijn voor de Jaarverslaggeving 640").

In general assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.

The balance sheet and income statement include references to the notes.

2.2 Prior-year comparison

Since this is the first set of financial statements after incorporation of the Foundation, no prior year comparative figures are included.

2.3 Foreign currencies

2.3.1 Functional currency

The financial statements are presented in euros, which is the functional and presentation currency of the Foundation.

2.3.2 Transactions, assets and liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost plus expenditure that is

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directly attributable to the acquisition of the items, less straight-line depreciation over their estimated future useful lives. Allowance is made for any impairment losses expected on the balance sheet date.

2.5 Financial fixed assets

Financial fixed assets like deposits are valued at historical cost or manufacturing price. Impairment losses are deducted from amortised cost and expensed in the income statement.

2.6 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 3 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

2.8 Current liabilities and deferred income

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method.

All donor payments received by the Sustainable Mining Foundation but not spent, are presented as 'deferred income' under current liabilities.

3. Accounting policies for the income statement

3.1 General information

The result is determined as the difference between total income and total expenses. Income and expenses are recognised in the income statement in the period that they are realised.

3.2 Grants and subsidies

Donations, grants and subsidies are recognised as income when there is reasonable assurance that they will be received and that the Foundation will comply with the conditions associated with these contributions. Donations, grants and subsidies that compensate the Foundation for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are recognised. Donations, grants and subsidies that compensate the Foundation for the cost of an asset are recognised in income on a systematic basis over the useful life of the asset.

3.3 Financial income

Interest income is recognised on a time-weighted basis, taking account of the effective interest rate of the assets concerned.

3.4 Other income

Other income refers to other incoming amounts than donations, grants and subsidies and is recognised in income when there is a reasonable assurance that the contribution will be received.

3.5 Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise.

3.6 Expenses

Development costs for the Responsible Mining Index are recognised in income, since no future benefits are expected.

The Foundation is the owner of the intellectual property rights of the Responsible Mining Index. These rights are internally developed and on that basis not capitalised.

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3.7 Employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

3.8 Depreciation

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated future useful life.

3.9 Financial expenses

Interest paid is recognised on a time-weighted basis, taking account of the effective interest rate of the liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

3.10 Taxes

The Foundation is exempt from both income taxes and VAT.

4 Receivables

The fair value of the receivables equals the book value, given the short term character of these receivables.

5 Receivables, prepayments and accrued income

	<u>31-12-2013</u>
	EUR
Receivables from funding partners	27.003
Prepayments	23.120
Interest to be received	296
	<u>50.419</u>

6 Cash and cash equivalents

Cash and cash equivalents are at the Foundation's free disposal.

7 Equity

Movements in the Foundation's reserves can be broken down as follows:

	General Reserve
	EUR
Opening Balance	-
Movements:	
Result for the year	16.919-
Balance as at 31 December 2013	<u>16.919-</u>

After balance sheet date additional funding was received to compensate for the negative result over 2013. This income is accounted for in the 2014 financial statements.

8 Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short term character.

9 Taxes and social security contributions

	<u>31-12-2013</u>
	EUR
Wage tax	-

10 Deferred grant income

Deferred grant income amounts to EUR 44,747.

This amount was paid by Cordaid and is intended to cover the costs of the remainder of phase 1 (2014).

11 Other debts and accruals

	<u>31-12-2013</u>
	EUR
Accrued auditor's fees	4.750
G/A Access to Medicine Foundation	1.144
Other liabilities	31
	<u>5.925</u>

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12 Contingencies and commitments**12.1 Financial obligations**

The Foundation has not committed to any financial obligations.

13 Grants and subsidies

	<u>Results 2013</u>
	EUR
Cordaid	126.772
Dutch Ministry of Foreign Affairs	119.003
	<u>245.775</u>

PeaceNexus non cash contribution in 2013 was CHF 8.600 (€ 6.970) which is not part of the Statement of income and expenses.

14 Donations

	<u>Results 2013</u>
	EUR
Contributions other parties	-

15 Financial income

	<u>Results 2013</u>
	EUR
Interest	296

16 Exchange difference

	<u>Results 2013</u>
	EUR
Exchange rate differences	136-

17 Salaries and wages

	<u>Results 2013</u>
	EUR
Gross salaries and wages	-
Holiday allowance	-
Vacation days	-
	<u>-</u>

18 Social security contributions

	<u>Results 2013</u>
	EUR
Social security charges and pension costs	-
Compensation health care insurance	-
	<u>-</u>

19 Other personnel expenses

	<u>Results 2013</u>
	EUR
Management fees	57.649
Board expenses	600
Public relations and communications	4.840
Other personnel expenses	2.120
	<u>65.209</u>

20 Housing expenses

	<u>Results 2013</u>
	EUR
Office rent	-
Cleaning	-
Energy	-
Other housing expenses	-
	<u>-</u>



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21 Consultancy and similar expenses

	Results 2013
	EUR
Research consultants	186.452
Legal expenses	766
Auditor fees and administrative expenses	6.016
	<u>193.235</u>

22 Supplies and similar expenses

	Results 2013
	EUR
Telecommunication expenses	85
Print expenses	214
Other office expenses	11
	<u>309</u>

23 Audit fees

The following audit fees were expenses in the income statement in the reporting period.

	Results 2013
	EUR
Statutory audit of annual accounts	<u>4.750</u>

The fees listed above relate to the procedures applied to the Foundation by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta) as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

24 Average number of employees

During the financial year, the average number of employees, based on full time equivalents, was 0.

25 Board remuneration

During the reporting period EUR 600 was paid as attendance money to Board members, as compensation of Board tasks performed.
A total of EUR 17.161,50 was paid by Responsible Index Foundation as remuneration for the operational management tasks performed by the board members during their Board membership.

26 Subsequent events

In 2014 Stichting Sustainable Mining Foundation will be renamed in Stichting Responsible Mining Foundation by notarial deed.

Haarlem, 30 June 2014
Stichting Sustainable Mining Foundation

The Board

Isabelle van Notten

Arnaud Kuijpers


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