

**Attn.
The shareholders
Of STARA PLANINA HOLD PLC**

INDEPENDENT AUDITOR REPORT

REPORT ON THE CONSOLIDATED AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We performed an audit of the consolidated financial statements of Stara Planina Hold PLC (the Company), containing the consolidated financial status statements as at 31.12.2017 and the consolidated profit and loss, and other consolidated comprehensive income statements, the consolidated statements on changes in equity and the consolidated cash flows statements for the year ended on that date, as well as the consolidated explanatory notes to the financial statements, containing a general disclosure of significant accounting policies.

It is our opinion that the enclosed consolidated financial statements represent truthfully in all material aspects the financial state of the Company as at 31.12.2017 and its financial results from business operations, as well as its cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

Basis for the opinion

We performed our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities according to these standards are described further in the "Responsibilities of the auditor for the financial statements audit". We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA code), together with the ethic requirements of the Independent Financial Audit Act (IFAA), applicable to our financial statements audit in Bulgaria, while we also comply with other ethic responsibilities as per the requirements of the IFAA and the IESBA code. We consider the audit evidence we received as sufficient and adequate to serve as the basis for our opinion.

Key audit issues

The key audit issues are those which as per our professional judgment are the most significant ones when auditing the financial statements for the current period. These issues are reviewed as part of our audit of the financial statements and the formation of our opinion thereof, while we do not provide a separate opinion on these issues.

Other information different from the financial statements and the auditor report thereon

The management is responsible for this other information. The other information includes an activity report (incl.) and a corporate management declaration, prepared by the management in accordance with Chapter seven of the Accountancy Act but does not include the financial statements and our auditor report thereon, which we received prior to the date of our auditor report.

Our opinion on the financial statements does not include the other information and we do not express any conclusion of certainty related thereto, unless explicitly specified in our report and to the extent stated.

In connection with our consolidated financial statements audit, our responsibility is to read this other information and to assess whether it is materially inconsistent with the financial statements or with our knowledge acquired during the audit or if it appears to contain materially incorrect reports.

If based on the work we have performed, we conclude that there is materially incorrect reporting in this other information, we are required to disclose that fact. There is nothing to report in this respect.

Responsibility of the management and persons entrusted with the general management of the consolidated financial statements

The management is responsible for the preparation and the reliable presentation of these financial statements in accordance with the IFRS adopted by the EU, and for such a system for internal control as the management deems necessary for the preparation of the consolidated financial statements which do not contain materially incorrect reporting regardless whether due to fraud or error.

When preparing the consolidated financial statements, the management is responsible for the assessment of the Company's ability to continue to operate as a going concern, disclosing, if applicable, any issues related to the going concern assumption and using the accounting basis on the grounds of the going concern assumption unless the management intends to liquidate the Company or to cease its operations, or if the management is practically left with no alternative other than to act in this manner.

The persons entrusted with the general management are responsible for the supervision of the financial reporting of the Company.

Responsibilities of the auditor for the consolidated financial statements audit

Our goal is to establish a with reasonable degree of certainty whether the consolidated financial statements as a whole contain materially incorrect reporting regardless whether due to fraud or error, and to provide an auditor report which includes our expert opinion. The reasonable degree of certainty is a high level of certainty but it does not guarantee that the audit performed in accordance with the ISA would always reveal materially incorrect reporting if there is such. Incorrect reporting may result from fraud or errors, and is considered material if it may be reasonably expected that these on their own or collectively could influence the economic decisions of the users taken based on these financial statements.

As part of the audit in accordance with the ISA, we apply professional judgment and maintain professional skepticism during the entire audit. We also:

- identify and assess the risks arising from materially incorrect reporting in the consolidated financial statements regardless whether due to fraud or error, developing and implementing auditing procedures in response to these risks, and receive auditing evidence sufficient to serve as a basis for our opinion. The risk to miss materially incorrect reporting resulting from fraud is higher than the risk of materially incorrect reporting resulting from error since fraud may include secret agreements, falsification, willful omissions, statements intended to mislead the auditor, as well as disregard or circumvention of the internal control.

- we have an understanding of the internal control related to the audit in order to develop auditing procedures which are suitable under the specific circumstances without aiming to express an opinion on the effectiveness of the Company's internal control.

- we assess the suitability of the accounting policies used and the soundness of the accounting estimates and related disclosures made by the management.

- we make conclusions about the suitability of the implementation of the accounting base by the management on the grounds of the going concern assumption and based on the received audit evidence with regard to the presence of material insecurity related to events or conditions which may lead to significant doubts about the ability of the Company to continue to operate as a going concern. If we conclude that there is material insecurity, we are required to point out in our auditor report the disclosures in the consolidated financial statements related to this insecurity or in case these disclosures are not adequate to alter our opinion. Our conclusions are based on auditor evidence received before the date of our auditor report. Future events or conditions may cause the Company to cease its operations as a going concern.

- we assess the general performance, structure, and contents of the consolidated financial statements, including the disclosures and whether the financial statements present any material transactions and events in a reliable manner.

REPORT RELATED TO OTHER LEGAL AND STATUTORY REQUIREMENTS

Additional issues to be reported pursuant to the Accountancy Act and the Public Offering of Securities Act

In addition to our reporting responsibilities under the ISA described above in the section "Other information other than the financial statements and the auditor report thereon" with regard to the activity report, the corporate management declaration, and the report on payments to the governments, we have also implemented the procedures, added to the requirements under ISA as per the Guidelines of the professional organization for all Certified Public Accountants and Registered Auditors in Bulgaria – Institute of Certified Public Accountants (ICPA), issued on 29.11.2017 (approved by its Managing Board on 29.11.2017. These procedures are concerned with verification of the existence, as well as the form and contents of this other information in order to assist us in forming opinions on whether such other information includes disclosures and reports stipulated in Chapter seven of the Accountancy Act and the Public Offering of Securities Act (Art. 100n, Para. 10, of the Public Offering of Securities Act) as applicable in Bulgaria.

Opinion with regard to Art. 37, Para. 6 of the Accountancy Act

Based on the performed procedures, our opinion is that:

- a) The information included in the activity report for the financial year for which the consolidated financial statements are prepared, corresponds with the financial statements.
- b) The activity report is prepared in accordance with the requirements of Chapter seven of the Accountancy Act and Art. 100n, Para. 7 of the Public Offering of Securities Act.
- c) The corporate management declaration for the financial year for which the financial statements are prepared presents the information as required by Chapter seven of the Accountancy Act and Art. 100n, Para. 7 of the Public Offering of Securities Act.

Opinion in connection with Art. 100n, Para 8, Items 3 and 4 of the Public Offering of Securities Act

Based on the performed procedures and the acquired knowledge and understanding of the company's activities and the environment it operates in, it is our opinion that the description of the main characteristics of the systems for internal control and risk management within the company in connection with the financial reporting process, which is part of the activity report (as an item in the corporate management declaration) and the information under Art. 10, Paragraph 1, letters "c", "d", "f", "h", and "i" of Directive 2004/25/EC of the European Parliament of the Council of 21 April 2004 on the acquisition assumptions, do not indicate any materially incorrect reports.

1000, Sofia, 3, 6-ti Septemvri Str.

Date: 26.04.2018

Responsible auditor:

/Mihail Dinev, registered auditor, diploma No. 0003/

