

REVIEW REPORT OF INDEPENDENT AUDITOR

as of 31 December 2015

Austin Powder Slovakia, s.r.o.

Bratislava, 19 February 2016

REVIEW REPORT OF INDEPENDENT AUDITOR

to the shareholders of Austin Powder Slovakia, s.r.o.

Review report

We have reviewed the accompanying special purpose financial information of Austin Powder Slovakia, s.r.o. as of 31 December 2015 and for year ended, prepared for consolidation purposes.

Management is responsible for the preparation and presentation of this special purpose financial information in accordance with Austin International, Inc. and Subsidiaries Statement of General Accounting Policy. Our responsibility is to express a conclusion on this special purpose financial information based on the review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2400, which applies to a review of historical financial information. A review of historical financial information consists of making inquiries and applying analytical and other review procedures. A review is less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

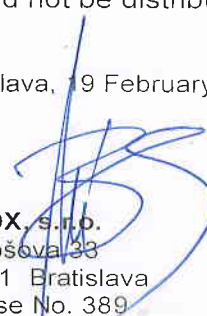
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying special purpose financial information of Austin Powder Slovakia, s.r.o. as of 31 December 2015 and for the year ended has not been prepared, in all material respects, in accordance with the Austin International, Inc. and Subsidiaries Statement of General Accounting Policy.


Restriction on use and distribution

This special purpose financial information has been prepared for purposes of providing information within preparation of the consolidated financial statements of the Austin International, Inc. group. As a result, the special purpose financial information is not a complete set of financial statements of Austin Powder Slovakia, s.r.o. in accordance with accounting principles generally accepted in United States of America and is not intended to give a true and fair view of the financial position of Austin Powder Slovakia, s.r.o. as of 31 December 2015, and of its financial performance and its cash flow for the year ended in accordance with accounting principles generally accepted in United States of America. The special purpose financial information may, therefore, not be suitable for another purpose and should not be distributed to other parties.

Bratislava, 19 February 2016



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Bárdošova 33
831 01 Bratislava
License No. 389



Ing. Miroslav Baláž
certified auditor
License No. 1000



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Ing. Miroslav Baláž, CA
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831 01 Bratislava

19 February 2016

Subject: Letter of representation on the 2015 special purpose financial information of Austin Powder Slovakia, s.r.o.

We are providing this letter of representation further to your review of the special purpose financial information of Austin Powder Slovakia, s.r.o. for the financial year ended on 31 December 2015.

We are expressing our responsibility for preparing the special purpose financial information in accordance with the Austin International, Inc. and Subsidiaries Statement of General Accounting Policy.

We are of the view that the financial information gives a true and fair view of the financial position of the company and of the result for the year.

Errors and fraud

We acknowledge our responsibility for designing, implementing and maintaining a system of internal control relevant to the preparation and fair presentation of the financial information, so that they are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

We discussed with you the outcome of our estimate of the risk of material misstatement in the financial information caused by fraud or errors. We have disclosed all significant facts relating to all indications of fraud, or allegations thereof, that to our knowledge may have influenced the company, including those reported by employees, former employees, analysts, regulatory authorities or third parties.

Other representations

To prevent any misunderstanding, we represent below a number of specific issues that we reported to you orally or otherwise during the review. These representations are based on facts known to us and information obtained from other members of the Board of Management and company employees who have sufficient knowledge and experience.



We hereby represent that:

- all rights and obligations have been adequately recognised and/or disclosed in the special purpose financial information;
- the valuation methods and significant assumptions used in establishing fair value were used consistently, are reasonable and accurately reflect our intentions and ability to implement certain policies on the company's behalf that are relevant to the fair value valuation and related disclosures (where applicable);
- we discussed with you the appended summary of review differences found and their impact on the view given by the reporting package; On the basis of our discussions, we see no reason for adjusting the reporting package as, in our view, these errors do not affect the true and fair view the reporting package gives;
- we have no knowledge of any other unadjusted review differences or have been incorrectly disclosed in the reporting package;
- we have no knowledge of any actual or potential violations of laws and regulations that must be considered in preparing the reporting package;
- all information that is relevant to you was made available to you. This includes:
 - the complete financial accounts and all related information;
 - all minutes of Board of Management, shareholder and Supervisory Board meetings;
 - information on matters discussed and decisions made in Board of Management, shareholder and Supervisory Board meetings that have not yet been recorded in minutes;
 - reports on all relevant events after the balance sheet date and information that became available after the balance sheet date; and
 - information on any claims and legal proceedings.
- we discussed our plans for future operations and financing with you and that we see no reason for doubting the going concern assumption with regard to the operations and their adequate financing;
- all relevant information made available to you on all parties related to the company and all related-party transactions have been adequately disclosed in the reporting package.



(Managing Director)

Austin Powder Slovakia prosinec-15

In Euro 12.15
 Month End Rate 0,9208000

ASSETS

Total Cash	111 478
Receivable, net	516 694
Total Inventory	397 065
Current Deferred Tax Benefits	0
Current Restricted Assets	0
Prepaid Expenses	9 047
Other Current Assets	0

Total Current Assets 1 034 284

Total Property, Plant & Equipment	679 040
Accumulated Depreciation	-532 227
Net Property, Plant & Equipment	<u>146 813</u>

Investments in Consolidated Subs	0
Investments in Unconsolidated Subs	0
Affiliates Intercompany	0
Interco Loan Receivables	0
Net Intangibles	5 891
Deferred Tax Benefits	36 244
Restricted Assets	0
Receivable Taxes Non-Current	0
Employee Receivables	0
Other Non Current Assets	0
Total Non Current Assets	<u>42 135</u>

Total Assets 1 223 232

In US Dollars 12.15

ASSETS

Total Cash	121 066
Receivable, net	561 136
Total Inventory	431 217
Current Deferred Tax Benefits	0
Current Restricted Assets	0
Prepaid Expenses	9 825
Other Current Assets	0

Total Current Assets 1 123 245

Total Property, Plant & Equipment	737 446
Accumulated Depreciation	-578 005
Net Property, Plant & Equipment	<u>159 441</u>

Investments in Consolidated Subs	0
Investments in Unconsolidated Subs	0
Affiliates Intercompany	0
Interco Loan Receivables	0
Net Intangibles	6 398
Deferred Tax Benefits	39 361
Restricted Assets	0
Receivable Taxes Non-Current	0
Employee Receivables	0
Other Non Current Assets	0
Total Non Current Assets	<u>45 759</u>

Total Assets 1 328 445



In Euro

Month End Rate

12.15

0,9208000

LIABILITIES & EQUITY

Total Overdrafts	0
Total Accounts Payable	372 348
Total Accrued Expenses	16 577
Notes Payable & Debt - Current	0

Total Current Liabilities388 925

Notes Payable & Debt - Long Term	0
Interco Loan Payable	1 030 000
Non Current Deferred Tax Liability	0
Labor Obligations - Long Term	0
Due to Minority Shareholder	0
Other Long Term Liabilities	0

Total Long Term Liabilities1 030 000**Total Liabilities**1 418 925

Common Stock	611 639
Additional Paid in Capital	12 020
Comprehensive Income	0
Cumulative Translation Adj	0
Net Retained Earnings	-819 352

Total Equity-195 693**Total Liabilities & Equity**1 223 232**In US Dollars**12.15**LIABILITIES & EQUITY**

Total Overdrafts	0
Total Accounts Payable	404 374
Total Accrued Expenses	18 003
Notes Payable & Debt - Current	0

Total Current Liabilities422 377

Notes Payable & Debt - Long Term	0
Interco Loan Payable	1 118 593
Non Current Deferred Tax Liability	0
Labor Obligations - Long Term	0
Due to Minority Shareholder	0
Other Long Term Liabilities	0

Total Long Term Liabilities1 118 593**Total Liabilities**1 540 970

Common Stock	679 675
Additional Paid in Capital	14 543
Comprehensive Income	0
Cumulative Translation Adj	255 450
Net Retained Earnings	-1 162 193

Total Equity-212 525**Total Liabilities & Equity**1 328 445

**Austin Powder Slovakia
prosinec-15**

In Euro

Month End Rate

INCOME STATEMENT

	YTD 12.15
Third Party Sales & Services	3 725 361
Intercompany Sales & Services	2 185
Total Sales & Services	3 727 546
Total Costs of Sales & Services	3 385 259
Gross Profit	342 287
Gross Profit %	9,2%
Total Other Operating Revenues	3 465
Field Selling Expense	59 125
R&D Expense	0
Admin Expense	189 162
Total Operating Expenses	248 287
Operating Profit	97 465
Operating Profit %	2,6%
Net Other Income / (Expense)	-1 601
Income Before Taxes	95 864
Foreign Tax	5 760
Net Income	90 104
REPORT AUDIT (Sholud Be Zero)	-

In US Dollars

INCOME STATEMENT

	YTD 12.15
Third Party Sales & Services	4 106 516
Intercompany Sales & Services	2 325
Total Sales & Services	4 108 841
Total Costs of Sales & Services	3 732 599
Gross Profit	376 242
Gross Profit %	9,2%
Total Other Operating Revenues	3 847
Field Selling Expense	64 969
R&D Expense	0
Admin Expense	208 574
Total Operating Expenses	273 544
Operating Profit	106 545
Operating Profit %	2,6%
Net Other Income / (Expense)	-1 949
Income Before Taxes	104 596
Foreign Tax	6 219
Net Income	98 377
REPORT AUDIT (Sholud Be Zero)	-

Austin Powder Slovakia
Intercompany Profit
US Dollars
December 31, 2015

EUR

Intercompany Purchases in Ending Inventory

<u>Supplier (Name of Austin Company)</u>	<u>12 31, 2015 Inventory Balance</u>	<u>Dec 31, 2014 Inventory Balance</u>	
AD	188 624	173 685	0,9208
APG	94 587	87 096	0,9208

Margin on Intercompany Sales

<u>Customer (Name of Austin Company)</u>	<u>2015 Average Gross Margin</u>	<u>2015 Average Gross Margin %</u>		
AD	389	25%	362	0,9316
APSCZ	277	36%	262	0,9466
APR	1 231	100%	1 120	0,9098

**Austin Powder Slovakia
Intercompany Schedule
US Dollars
December 31, 2015**

Description	Other Party	Account	Year to Date Balance	Year to Date Balance	EUR
Resale	AD	IC Sales - Resale	1 573	1 465	0,9316
Resale	APSCZ	IC Sales - Resale	761	720	0,9466
Other Operating Revenue	APR	Other Operating Revenue	1 231	1 120	0,9098
Insurance	AD	GA - Insurance	-575	-529	0,9208
Insurance	AD	Overhead - Insurance	-48	-44	0,9208
Insurance	AD	OCS - Insurance	-2 131	-1 962	0,9208
Insurance	AD	SEL - Insurance	-60	-55	0,9208
Professional Fees	APSCZ	GA - Professional Fees	-8 853	-8 022	0,9062
Repair & Maintenance	ATG	OCS - Repair & Maintenance	-5 030	-4 632	0,9208
Other Expense	AD	GA - Other Expense	-577	-511	0,8857
Travel & Entertainment	AD	OCS - Travel & Entertainment	-428	-399	0,9316
Advertise & Promotion	AD	SEL - Advertise & Promotion	-336	-300	0,8931
Other Expense	AD	OCS - Other Expense	-3 840	-3 520	0,9167
Rents & Leases	AD	OCS - Rents & Leases	-1 624	-1 490	0,9176
Rents & Leases	APSCZ	OCS - Rents & Leases	-6 619	-6 000	0,9065
Management fees	AD	Intercompany Support Income	-8 073	-7 051	0,8734
Management fees	AE	Intercompany Support Income	-9 935	-9 000	0,9059
Accounts Payable - Intercompany	AD	Accounts Payable - Intercompany	188 599	173 662	0,9208
Accounts Payable - Intercompany	APG	Accounts Payable - Intercompany	63 279	58 267	0,9208
Accounts Payable - Intercompany	APSCZ	Accounts Payable - Intercompany	25 958	23 902	0,9208
Accounts Payable - Intercompany	AE	Accounts Payable - Intercompany	5 430	5 000	0,9208
Interco Loan Payable	AD	Interco Loan Payable	1 091 442	1 005 000	0,9208
Interco Interests	AD	Interco Loan Payable	27 150	25 000	0,9208

Austin Powder Slovakia
Net Income Reconciliation
December 2015
USD

Preliminary Net Income	88 582
Adjustments (list and describe each major item separately):	
Third Party Blasting & Drilling Revenue	4 228
Cost of Sales/Material	1
MfgOverhead - Rents & Leases	-1
MfgOverhead - Utilities	-248
MfgOverhead - Insurance	1
Product Cost - Resale	-4 238
Blasting & Drilling Cost	-2 965
Shipping Cost	-2 009
OthCostSales - Rents & Leases	-154
OthCostSales - Insurance	1 593
OthCostSales - Travel & Entertainment	74
OthCostSales - Other Expense	-2 277
Other Operating Revenue	-1 822
AdminExp - Rents & Leases	87
AdminExp - Travel & Entertainment	-5
AdminExp - Other Expense	-550
Intercompany Support Income	18 741
Other Income	3 574
Other Expense	-1 108
Foreign Tax	-3 128
Final Net Income	<u><u>98 377</u></u>



Austin Powder Slovakia
Advertising, R&D, Inventory and Related Party Transactions
Year Ended December 31, 2015
US Dollars

2015 Advertising Expense 3 534

2015 Research & Development Expense 0

Inventory at 12/31/15

Raw Materials	13 943	
Work in Process	0	
Finished Goods	417 274	
Packing Material & Supplies	0	
In Transit	0	
Total Inventory	431 217	Control 1

<u>Related Party Transactions</u>	<u>2015</u> <u>Sales</u>	<u>2015</u> <u>Purchases</u>	<u>12/31/15</u> <u>Receivable</u>	<u>12/31/15</u> <u>Payable</u>
Austin Powder Company	0	0	0	0
Austin Powder Ltd. (Canada)	0	0	0	0
Austin Star Detonator	0	0	0	0
Detonadores Estrella	0	0	0	0
Explocen C.A.	0	0	0	0
ENAEX S.A.	0	0	0	0
Total Related Party Transactions	0	0	0	0

Describe any other transactions with related parties (such as loans, leases, guarantees, etc.):

N/A
N/A
N/A

Only report transactions with companies listed above. Related party transactions with other Austin companies are not required.

Austin Powder Slovakia
Fixed Assets
Year Ended December 31, 2015
US Dollars

Cost	Control 1	Control 5	Control 6	Translation	Other *	Control 1
	12/31/14					12/31/15
	Balance	Additions	Disposals			Balance
Land	0	0	0	0	0	0
Buildings	0	0	0	0	0	0
Machinery and Equipment	99 164	44 873	-4 296	-10 156	0	129 585
Delivery Equipment	639 789	35 765	-2 172	-65 521	0	607 861
Construction in Progress	0	0	0	0	0	0
Total Cost	738 953	80 637	-6 468	-75 677	0	737 446

Accumulated Depreciation	Control 1	Control 1	Control 6	Translation	Other *	Control 1
	12/31/14	Depreciation	Disposals			12/31/15
	Balance					Balance
Buildings	0	0	0	0	0	0
Machinery and Equipment	-68 674	-8 267	0	7 262	0	-69 679
Delivery Equipment	-519 550	-41 755	0	52 979	0	-508 326
Total Accumulated Depreciation	-588 224	-50 022	0	60 241	0	-578 005

Net Fixed Assets	150 729	30 616	-6 468	-15 436	0	159 441
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Proceeds from sale	6 578	Control 1
Gain(Loss) on disposals	110	

Depreciation Policy	Depreciation	Depreciation	
	Method	Years	
Buildings	n/a	n/a	Control 4
Machinery and Equipment	linear	4/3	Control 4
Delivery Equipment	linear	6/4	Control 4

**Austin Powder Slovakia
Intangible Assets
Year Ended December 31, 2015
US Dollars**

Cost	Control 1 12/31/14 Balance	Control 5 Additions	Control 6 Disposals	Translation	Other *	Control 1 12/31/15 Balance
Goodwill Maxam business	7 128	0	0	-730	0	6 398
?	0	0	0	0	0	0
?	0	0	0	0	0	0
Total Cost	7 128	0	0	-730	0	6 398

Accumulated Amortization	Control 1 12/31/14 Balance	Control 1 Amortization	Control 6 Disposals	Translation	Other *	Control 1 12/31/15 Balance
Goodwill Maxam business	0	0	0	0	0	0
?	0	0	0	0	0	0
?	0	0	0	0	0	0
Total Accumulated Amortization	0	0	0	0	0	0
Net Intangible Assets	7 128	0	0	-730	0	6 398

Proceeds from sale	0
Gain(Loss) on disposals	0

Amortization Policy	Amortization Years
Goodwill Maxam business	?
?	?
?	?