

**THALANGA COPPER MINES PTY LIMITED**

**A.B.N. 72 004 797 335**

**SPECIAL PURPOSE FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2017**

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# Thalanga Copper Mines Pty Limited

## Directors' Report

31 March 2017

The directors of Thalanga Copper Mines Pty Limited submit herewith the annual financial report of the company for the financial year ended 31 March 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

### Directors

Mrs. Deshnee Naidoo

Mr Kishore Kumar

Mr Peter Walker (Appointed 18 April 2016)

Mr Arun Kumar GR (Appointed 18 October 2016)

Mr Geoffrey Allan Hilton (Resigned 12 May 2016)

Mr. DD Jalan (Resigned 19 October 2016)

### Principal Activities

The company's principal activities during the year consisted of maintaining and rehabilitating areas of interest.

During the year the company carried out the rehabilitation work on the mine owned under the Mount Windsor Joint Venture. The rehabilitation of highway reward mining lease areas commenced in December 2006 and is still being undertaken. Ongoing monitoring will continue until the leases are relinquished.

The Mount Windsor Joint Venture of which the company has 70% interest, holds the following areas of interest;

ML 10028, ML 1571, ML 1734, ML 1739, ML 1758

### Dividends

The company paid no dividends during the year (2016: No dividend declared).

### Review of operations

A summary of revenues and results is set out below:

|  | 2017             | 2016             |
|--|------------------|------------------|
|  | \$               | \$               |
| Other income   | 1,283,984        | 447              |
| Total income   | <u>1,283,984</u> | <u>447</u>       |
| Profit/(loss) from ordinary activities before income tax expense | 541,932          | (393,324)        |
| Income tax (expense)/ benefit                                    | -                | (260,196)        |
| Profit/(loss) for the year after income tax expense              | <u>541,932</u>   | <u>(653,520)</u> |

### Operating Results

The company ceased its operations in July 2005. Thereafter, the company has been carrying out rehabilitation work.

# Thalanga Copper Mines Pty Limited

## Directors' Report

31 March 2017

### Changes in the state of affairs

During the financial year there was no significant change in the state of affairs of the company.

### Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

### Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

### Environmental regulation

The company is subject to environmental regulations in respect of its mining activities, including the Mineral Resources Act 1989, the Environmental Protection Act 1994, Water Act 2000 and the Workplace Health and Safety Act 2011.

Compliance with these acts has been achieved through the implementation of the EMOS (Environmental Management Overview Strategy), the Plan of Operations, an Integrated Environmental Management System, and the conformance with the Environmental Authority and permits from the Department of Environment and Heritage Protection.

### Indemnification of officers and auditors

During the financial year, a related company paid a premium to insure the directors of the company, the company secretary and the other executive officers of the company against a liability incurred as such a director, company secretary or other executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

### ROUNDING OF AMOUNTS

Amounts in the directors' report and the financial report are rounded off to the nearest dollars, unless otherwise indicated.

### Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Peter Walker  
Director

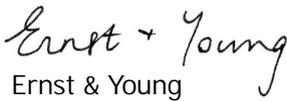
Queenstown

Date 18 APRIL 2017

## Auditor's Independence Declaration to the Directors of Thalanga Copper Mines Pty Ltd

As lead auditor for the audit of Thalanga Copper Mines Pty Ltd for the financial year ended 31 March 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young  
Ernst & Young



Alison Parker  
Partner  
Melbourne  
18 April 2017

# Independent Auditor's Report to the Members of Thalanga Copper Mines Pty Ltd

## Opinion

We have audited the financial report, being a special purpose financial report, of Thalanga Copper Mines Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 March 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 2, and the *Corporations Regulations 2001*.

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

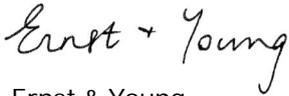
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

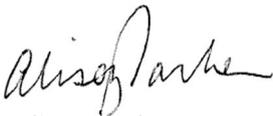
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Alison Parker  
Partner  
Melbourne  
18 April 2017

# Thalanga Copper Mines Pty Limited

## Directors' declaration

31 March 2017

### Directors' declaration

As detailed in note 2 to the financial statements, the company is not a reporting entity because in the opinion of the directors, it is unlikely that users exist that are dependent on the entity's financial reports for making economic decisions and who cannot command the preparation of a Special Purpose Financial Reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

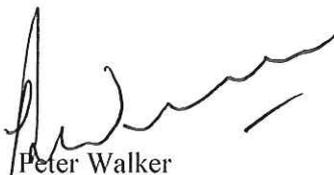
The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors



Peter Walker  
Director

Queenstown  
Date: 18 APR 2017

# Thalanga Copper Mines Pty Limited

## Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 March 2017

|   | Notes | 2017<br>\$     | 2016<br>\$       |
|---|-------|----------------|------------------|
| <b>Revenue</b>  |       | -              | -                |
| Cost of Sales   |       | -              | -                |
| <b>Gross Profit</b>   |       | <u>-</u>       | <u>-</u>         |
| Other income  | 3     | 1,283,984      | 447              |
| Site and Administration expenses  | 4     | (702,385)      | (362,062)        |
| Finance Costs   | 5     | (39,667)       | (31,709)         |
| <b>Profit/(Loss) before income tax</b>                                      |       | <b>541,932</b> | <b>(393,324)</b> |
| Income tax expenses   |       | -              | (260,196)        |
| <b>Profit/(Loss) for the year</b>   |       | <b>541,932</b> | <b>(653,520)</b> |
| <b>Other Comprehensive income</b>   |       |                |                  |
| Available for sale financial assets   |       | (103,439)      | 103,439          |
| Net fair value gain on available for sale financials assets during the year |       |                |                  |
| <b>Total Comprehensive income for the year</b>                              |       | <b>438,493</b> | <b>(550,081)</b> |

Notes to the financial statements are included on pages 12 to 22

**Thalanga Copper Mines Pty Limited**  
**Statement of financial position as at 31 March 2017**

|  | Notes | 2017<br>\$       | 2016<br>\$       |
|--|-------|------------------|------------------|
| <b>Current assets</b>                    |       |                  |                  |
| Cash assets                              | 6     | 800,239          | 125,067          |
| Receivables                              | 7     | 1,943            | 3,685            |
| Available for Sale Financial Assets      | 8     | -                | 488,349          |
| Other                                    | 9     | 106,424          | 86,926           |
| <b>Total current assets</b>              |       | <b>908,606</b>   | <b>704,027</b>   |
| <b>Non-current assets</b>                |       |                  |                  |
| Property, plant and equipment            | 10    | 3,374            | 5,814            |
| <b>Total non-current assets</b>          |       | <b>3,374</b>     | <b>5,814</b>     |
| <b>Total assets</b>                      |       | <b>911,980</b>   | <b>709,841</b>   |
| <b>Current liabilities</b>               |       |                  |                  |
| Payables                                 | 11    | 25,791           | 528,618          |
| Provisions                               | 12    | 628,912          | 500,848          |
| <b>Total current liabilities</b>         |       | <b>654,703</b>   | <b>1,029,466</b> |
| <b>Non-current liabilities</b>           |       |                  |                  |
| Provisions                               | 12    | 554,417          | 416,008          |
| <b>Total non-current liabilities</b>     |       | <b>554,417</b>   | <b>416,008</b>   |
| <b>Total liabilities</b>                 |       | <b>1,209,120</b> | <b>1,445,474</b> |
| <b>Net assets /(liabilities)</b>         |       | <b>(297,140)</b> | <b>(735,633)</b> |
| <b>Equity</b>                            |       |                  |                  |
| Issued capital                           | 13    | 578,240          | 578,240          |
| (Accumulated losses) / Retained earnings |       | (875,380)        | (1,417,312)      |
| Investments revaluation reserve          | 14    | -                | 103,439          |
| <b>Total equity</b>                      |       | <b>(297,140)</b> | <b>(735,633)</b> |

Notes to the financial statements are included on pages 12 to 22

**Thalanga Copper Mines Pty Limited**  
**Statement of changes in equity**  
**For the financial year ended 31 March 2017**

|   | Fully paid<br>ordinary shares | (Accumulated<br>losses) /<br>Retained<br>earnings | Investments<br>revaluation<br>reserve | Total     |
|---|-------------------------------|---|---------------------------------------|-----------|
|   | \$                            | \$  | \$                                    | \$        |
| <b>Balance at 1 April 2015</b>          | 578,240                       | (763,792)   | -                                     | (185,552) |
| Profit/(Loss) for the period            | -                             | (653,520)   | -                                     | (653,520) |
| Other comprehensive for the year        | -                             | -   | 103,439                               | 103,439   |
| Total comprehensive income for the year | -                             | (653,520)   | 103,439                               | (550,081) |
| <b>Balance at 31 March 2016</b>         | 578,240                       | (1,417,312)                                       | 103,439                               | (735,633) |
| Profit/(Loss) for the period            | -                             | 541,932   | -                                     | 541,932   |
| Other comprehensive for the year        | -                             | -   | (103,439)                             | (103,439) |
| Total comprehensive income for the year | -                             | 541,932   | (103,439)                             | 438,493   |
| <b>Balance at 31 March 2017</b>         | 578,240                       | (875,380)   | -                                     | (297,140) |

Notes to the financial statements are included on pages 12 to 22

**Thalanga Copper Mines Pty Limited**  
**Statement of cash flows**  
**For the financial year ended 31 March 2017**

|  | <b>2017</b>    | <b>2016</b>      |
|--|----------------|------------------|
|  | <b>\$</b>      | <b>\$</b>        |
| <b>Cash flow from operating activities</b>   |                |                  |
| Profit/(Loss) before taxation  | 541,932        | (393,324)        |
| <b>Adjustments to reconcile net income to net cash provided by net operating activities:</b> |                |                  |
| Depreciation (Mt Windsor Joint Venture Operations)   | 2,440          | 2,440            |
| Unwinding discount on Rehab provision  | 17,466         | 14,390           |
| Net gain on sale of investments in Fujairah Gold   | (107,102)      | -                |
|  | <b>454,736</b> | <b>(376,494)</b> |
| Decrease / (increase) in trade receivables and prepayments                                   | (17,757)       | (14,002)         |
| Increase / (decrease) in trade payables and provisions                                       | (253,820)      | 388,738          |
| <b>Cash generated / (used) from / (in) operations</b>  | <b>183,159</b> | <b>(1,758)</b>   |
| Income taxes (paid) / refund received  | -              | -                |
| <b>Net cash provided by / (used in) operating activities</b>                                 | <b>183,159</b> | <b>(1,758)</b>   |
| <b>Cash flow from investing Activities</b>   |                |                  |
| Sale of investments in Fujairah Gold   | 492,013        | -                |
| <b>Net cash (used in)/provided by investing activities</b>                                   | <b>492,013</b> | <b>-</b>         |
| <b>Net cash (used in)/provided by financing activities</b>                                   | <b>-</b>       | <b>-</b>         |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>                                 | <b>675,172</b> | <b>(1,758)</b>   |
| <b>Cash and cash equivalents at beginning of the financial year</b>                          | <b>125,067</b> | <b>126,825</b>   |
| <b>Cash and cash equivalents at end of the financial year</b>                                | <b>800,239</b> | <b>125,067</b>   |

Notes to the financial statements are included on pages 12 to 22

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

### For the financial year ended 31 March 2017

#### 1. New and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the annual reporting period ending 31 March 2017. The adoption of the following new and revised Standards and Interpretations has not resulted in any significant changes to the company's accounting policies or affected amounts reported for the current or prior years.

- AASB 2015-3 - Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2014-4 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
- AASB 1057 - Application of Australian Accounting Standards
- AASB 2015 -1 - Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
- AASB 2015 -2 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.

#### New accounting standards and interpretations

The list of standards issued not yet effective includes the following standards which are likely to have some impact on future financial reports:

- AASB 9 Financial Instruments (effective 1 January 2018)
- AASB 15 Revenue from Contracts with Customers (effective 1 January 2018)
- AASB 16 Leases (effective 1 January 2019)
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2] (effective 1 January 2018)

Management has not yet completed a full assessment of the impact of these standards and are therefore unable to comment on the impact on future financial reports.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

### For the financial year ended 31 March 2017

#### 2. Significant accounting policies

##### **Financial reporting framework**

The company is not a reporting entity because in the opinion of the directors, it is unlikely that users exist that are dependent on the entity's financial reports for making economic decisions and who cannot command the preparation of a Special Purpose Financial Reports tailored so as to satisfy specifically all of their information needs. Accordingly, this Special Purpose Financial Statements has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

For the purposes of preparing the financial statements, the company is a for-profit entity.

##### **Statement of compliance**

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

##### **Basis of preparation**

The financial report has been prepared on the basis of historical costs, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

##### **Critical accounting judgements and key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Rehabilitation provision*

The provision for rehabilitation costs represents the present value of the directors' best estimate of the future sacrifice of economic benefits that will be required to rehabilitate the leasehold property. The directors' estimates are based on estimated closure and cost schedule prepared by the site manager as at 31 March 2017.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### (a) **Income tax**

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 2. Significant accounting policies (Continued)

#### (a) Income tax (cont.)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### (b) Tax Consolidation

##### Relevance of tax consolidation to the Group

The company and its related Australian resident entity have formed a Multiple Entry Consolidated Group with effect from 1 April 2007 and are therefore taxed as single entity from that date. The head entity within the tax-consolidated group is Copper Mines of Tasmania Pty Ltd. The members of the tax-consolidated group are Copper Mines of Tasmania Pty Limited and Thalanga Copper Mines Pty Limited.

##### Nature of Funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Thalanga Copper Mines Pty Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if any entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the head entity under the tax funding agreement.

#### (c) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 2. Significant accounting policies (Continued)

#### (c) Foreign currency (cont.)

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

#### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable

##### Sale of goods

There is no income from sale of goods as the entity has ceased operations.

##### Sundry income

Sundry income is recognised when the amount can be measured reliably.

##### Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

#### (e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (f) Impairment of other tangible and intangible assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 2. Significant accounting policies (Continued)

#### (g) Property, plant and equipment

PPE and mine development are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on mine development and property plant and equipment, but not on land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

#### (h) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

#### (i) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development and production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and production facilities is capitalised at the start of each project into the cost of the related asset and is charged to the income statement as depreciation on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the profit and loss account as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred

#### (j) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently the company only has financial assets within the loans and receivables category.

#### Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate method for debt instruments other than those financial assets 'at fair value through profit or loss'.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 2. Significant accounting policies (Continued)

#### (j) Financial assets (cont)

##### Loans and receivables

Trade receivables, loans, and other receivables are that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

##### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of an amount written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### (k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (l) Joint venture arrangements

##### Jointly controlled assets

Interests in jointly controlled assets in which the company is a venture (and so has joint control) are included in the financial statements by recognising the company's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other ventures) and the company's share of expenses incurred by or in respect of each joint venture. The company also recognises income from the sale or use of output from the joint venture in accordance with the revenue policy in note 2(d).

The company's interests in assets where the company does not have joint control are accounted for in accordance with the substance of the company's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the company recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

##### Jointly controlled operations

Where the company is a venturer (and so has joint control) in a jointly controlled operation, the company recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it incurs and the company's share of the income that it earns from the sale of goods or services by the joint venture.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 2. Significant accounting policies (Continued)

#### (m) Financial Instruments issued by the Company and Financial Liabilities

##### Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement

##### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

##### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### 3. Other income:

|  | 2017             | 2016       |
|--|------------------|------------|
|  | \$               | \$         |
| Liquidated dividend from Kagara & Kagara Copper* | 1,167,341        | -          |
| Profit on Sale of Financial asset                | 107,102          | -          |
| Interest Income                                  | 9,541            | 447        |
|  | <b>1,283,984</b> | <b>447</b> |

\* Kagara Copper Ltd (In Liquidation) and Kagara Ltd (In Liquidation) has accepted proof of debit for an amount of \$4,123,380.80 towards royalties payable pursuant to the sale agreement between Kagara Copper Ltd and the company, pre appointment of interest and legal costs. The liquidator of Kagara Copper Ltd (In Liquidation) and Kagara Ltd (In Liquidation) has declared and paid the dividends for unsecured creditors \$1,237,014.24 (incl \$112,455.84 GST) and \$47,061.46 (incl \$4,278.22 GST) during the year. These amounts were recognised as other income in the income statement during the year.

### 4. Site and administration expenses:

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Administration and monitoring cost | (453,379)        | (303,591)        |
| Rehabilitation provision           | (249,006)        | (58,471)         |
|                                    | <b>(702,385)</b> | <b>(362,062)</b> |

### 5. Finance Costs:

|                                       |                 |                 |
|---------------------------------------|-----------------|-----------------|
| Bank Charges                          | (22,201)        | (17,319)        |
| Unwinding discount on Rehab provision | (17,466)        | (14,390)        |
|                                       | <b>(39,667)</b> | <b>(31,709)</b> |

### 6. Cash and cash equivalents:

|                         |                |                |
|-------------------------|----------------|----------------|
| Cash at bank            | 771,158        | 26,695         |
| Cash at bank (JV Share) | 29,081         | 98,372         |
|                         | <b>800,239</b> | <b>125,067</b> |

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 7. Trade and other receivables:

|                        | 2017         | 2016         |
|------------------------|--------------|--------------|
|                        | \$           | \$           |
| Goods and services tax | 1,916        | 3,655        |
| Other receivables      | 27           | 30           |
|                        | <u>1,943</u> | <u>3,685</u> |

- i. No allowance has been made for estimated irrecoverable trade receivable amounts based on historical financial periods.

### 8. Other Financial Assets:

#### Investments in Equity Shares

|   |   |         |
|---|---|---------|
| Investment in Fujairah Gold FZE, related company<br>(2017: Nil 2016: 13,672 shares; face value of AED 100 each) | - | 488,349 |
|---|---|---------|

#### Disclosed in the financial statements as:

##### Current assets

|                                     |   |         |
|-------------------------------------|---|---------|
| Available for Sale Financial Assets | - | 488,349 |
|-------------------------------------|---|---------|

Fujairah Gold FZC is a precious metal refinery and a Copper Rod Mill located at 130 kms east of Dubai, at Fujairah free Zone II, Fujairah UAE.

### 9. Other assets:

|             |                |               |
|-------------|----------------|---------------|
| Prepayments | <u>106,424</u> | <u>86,926</u> |
|-------------|----------------|---------------|

### 10. Property, Plant and Equipment:

|                                  | Property, Plant &<br>Equipment(at cost)<br>\$ | Mine Development<br>(at cost)<br>\$ | Total<br>\$    |
|----------------------------------|---|-------------------------------------|----------------|
| <b>Gross carrying amount:</b>    |   |                                     |                |
| <b>Balance at 1 April 2015</b>   | 13,012  | 63,688,000                          | 63,701,012     |
| Additions                        | -   | -                                   | -              |
| Disposals                        | -   | (63,688,000)                        | (63,688,000)   |
| <b>Balance at 31 March 2016</b>  | <u>13,012</u>                                 | <u>-</u>                            | <u>13,012</u>  |
| Additions                        | -   | -                                   | -              |
| Disposals                        | -   | -                                   | -              |
| <b>Balance at 31 March 2017</b>  | <u>13,012</u>                                 | <u>-</u>                            | <u>13,012</u>  |
| <b>Accumulated depreciation:</b> |   |                                     |                |
| <b>Balance at 1 April 2015</b>   | (4,758)                                       | (63,688,000)                        | (63,692,758)   |
| Depreciation expense             | (2,440)                                       | -                                   | (2,440)        |
| Disposals                        | -   | 63,688,000                          | 63,688,000     |
| <b>Balance at 31 March 2016</b>  | <u>(7,198)</u>                                | <u>-</u>                            | <u>(7,198)</u> |
| Depreciation expense             | (2,440)                                       | -                                   | (2,440)        |
| <b>Balance at 31 March 2017</b>  | <u>(9,638)</u>                                | <u>-</u>                            | <u>(9,638)</u> |
| <b>Net book value:</b>           |   |                                     |                |
| <b>As at 31 March 2016</b>       | <u>5,814</u>                                  | <u>-</u>                            | <u>5,814</u>   |
| <b>As at 31 March 2017</b>       | <u>3,374</u>                                  | <u>-</u>                            | <u>3,374</u>   |

\* No depreciation has been recognised in Thalanga Copper Mines Pty Ltd and it is only the allocation of depreciation expenses recognised in the accounts of Joint venture operations. Thalanga Copper Mines Pty Ltd have also recognised its share of net written down value of the asset.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 11. Trade and other payables:

|                  | 2017          | 2016           |
|------------------|---------------|----------------|
|                  | \$            | \$             |
| Accrued expenses | 25,791        | 60,652         |
| Other Payables   | -             | 467,964        |
|                  | <u>25,791</u> | <u>528,616</u> |

### 12. Provisions:

#### Current

Provision for rehabilitation (i) 628,912 500,848

#### Non-Current

Provision for rehabilitation (i) 554,417 416,008

**1,183,329**      **916,856**

Provision for rehabilitation:

**Balance at the beginning of the financial year** 916,856 843,995

Provision made during the year 266,473 72,861

**Balance at the end of the financial year** **1,183,329**      **916,856**

- (i) The provision for rehabilitation costs represents the directors best estimate of the costs of future rehabilitation activities.

### 13. Issued capital:

#### **Share capital**

578,240 Ordinary shares – fully paid (2016: 578,240) 578,240 578,240

Changes relating to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the company in proportion to the numbers of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### 14. Investments Revaluation Reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Investments Revaluation Reserve - 103,439

### 15. Dividends:

2017: Nil fully franked dividends were paid during the period (2016: Nil dividend declared)

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 16. Remuneration of auditors:

|                                | 2017   | 2016   |
|--------------------------------|--------|--------|
|                                | \$     | \$     |
| Fees to Auditor of the company | 15,000 | 14,000 |

Fee includes allocation of Audit fee of Joint venture operations.  
The auditor of the company is Ernst & Young (2016: Deloitte Touche Tohmatsu)

### 17. Contingent liabilities:

|                |           |           |
|----------------|-----------|-----------|
| Bank Guarantee | 4,684,980 | 4,684,980 |
|----------------|-----------|-----------|

The company has issued Bank Guarantee of \$4,684,980 (2016: \$4,684,980) as financial assurance for Highway Reward Mining Project Miming leases (ML) 1571, 1734, 1739, 1758 and 10028 in favour of the State of Queensland.

### 18. Contingent Assets:

As per the latest update from the liquidators of Kagara Copper Ltd (In Liquidation) and Kagara Ltd (In Liquidation) to the creditors, there are still remaining assets and outstanding recovery actions that may allow for further dividends dependent on the quantum of future recoveries. Due to the uncertainty regarding the actual amount to be received, no receivable has been recognised in the accounts of Thalanga Copper Mines Pty Ltd.

### 19. Going Concern:

The financial report has been prepared on the going concern basis, which assumes that the company will be able to realise its assets and discharge its liabilities in the normal course of business. At 31 March 2017 the company has net liability of \$297,140.

At the date of this report the directors are confident that the company will be able to continue as a going concern due to the following factors:

- on the basis of the company's cash flow forecasts for the next financial year, the company will incur expenditure of \$668,936
- the company has cash of \$800,239 as at 31 March 2017.
- the company holds a Letter of support issued by Vedanta Limited (formerly Sea Sterlite Ltd), the parent company, that states that Vedanta Limited (formerly Sea Sterlite Limited) agrees to provide necessary financial support to the company, in order to enable it to meet cash interest payments on its loans payable and to meet its liabilities as and when they fall due, at least for a period of not less than one year from the date of signing of these financial reports of the Company.

# Thalanga Copper Mines Pty Limited

## Notes to the financial statements

For the financial year ended 31 March 2017

### 20. Subsequent events

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years

### 21. General information

Thalanga Copper Mines Pty Limited is a company limited by shares incorporated and domiciled in Australia. The company's registered office and its principal place of business are as follows:

**Registered Office:**

C/o Henry Davis York  
44 Martin Place  
Sydney, New South Wales

**Principal place of business:**

Thalanga Copper Mines Pty Limited  
Private Bag 1  
Queenstown, Tasmania

**Parent entities**

The parent entity is Monte Cello BV (incorporated in the Netherlands) that owns 100% of the issued ordinary shares of Thalanga Copper Mines Pty Limited.

Vedanta Limited (formerly known as Sesa Sterlite Limited), is the immediate parent entity of Monte Cello BV. The ultimate parent entity is Vedanta Resources Plc (incorporated in United Kingdom) that indirectly owns 62.85% of the issued ordinary shares of Monte Cello BV.