Copper Mines of Tasmania Pty Ltd

ABN 36 065 339 835

Annual Report - 31 March 2023

Copper Mines of Tasmania Pty Ltd
Directors' report
31 March 2023

The Directors present their report, together with the financial statements, on the Company for the year ended 31 March 2023.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Pushpender Singla
Mr Clint Mayes
Mr Pieter Van Greunen

Principal activities

During the financial year the principal continuing activities of the Company consisted of:

- Care and maintenance activities of mining, processing plant.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

A summary of the Company's results is set out below:

	2023 $'000	2022 $'000
Income from New Century Option Agreement	9,045	3,097
Operating profit/(loss) for the financial year after income tax	(15,490)	(6,230)

Commentary on the operations and the results of those operations are set out as below:

On 17 January 2014, a mud-rush event occurred on the 1315 production level of the Company's Prince Lyell ore body resulting in the fatality of a contractor and the mining operation was suspended.

All possible efforts were made to restart the operation safely. On 27 June 2014, a rockfall occurred in the NEA access drive which connects the lower levels of the mine to surface. Due to the rockfall incident, the Directors decided to put the operation into Care & Maintenance. Operations are still under suspension and the Company is engaged in exploration and project studies to restart the mine operation. The Company has completed the D Panel prospect feasibility and technical peer review studies, it has established a 17Mt Indicated Resource in the Northern Flank and also has completed the Scoping Study of the Copper Chert prospect. The Company is committed to develop the D Panel prospects.

On 16 December 2021, Monte Cello BV, a subsidiary of Vedanta Limited and owner of the Company, entered into an Option Agreement with New Century Resources Limited ("New Century"). This Option Agreement provided New Century with a two-year period to evaluate the potential restart of operations at the Mt Lyell mine, granting New Century the option to purchase from Monte Cello BV 100% of the issued shares in the Company. New Century will investigate the refurbishment or replacement of the existing infrastructure for tailings reprocessing, with subsequent integration of sustainable in-situ ore processing to follow. The Option Agreement includes a minimum expenditure commitment by New Century of US$10 million over the two-year option period towards development and exploration, in addition to reimbursement of care and maintenance costs capped at US$13m. As at the date of this Directors' report, New Century has not exercised its option to purchase the shares of the Company.

In November 2019 the State Government agreed to provide a monetary grant of $9.5 million to CMT to undertake a range of projects needed for the restart of mine operations. CMT completed works to the total of $7.2 million by June 2020.
On the 16th of November 2022, the State Government Provided new grant deed covering the $2.3 million available from the original grant of $9.5 million for activities that reduce the risk of the occurrence of flooding within and around Mt Lyell Mine and West Queen Dams.
The signed Grant Deed acknowledges that nothing in the Deed requires CMT to recommence its mining operations at the mine.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is subject to environmental regulations and operates under licence. The Company is guided by the Environment Management and Pollution Control Act, 1994. The land use permit conditions are contained in the Environment Protection Notice (EPN) No. 308/2. The Environmental Management Plan was completed in March 1998 and together with the Act and EPN, is the basis for the management of all environmental aspects of the mining leases. The Company has been indemnified by statute for any environmental obligation in relation to any contamination, pollutants or pollution caused by past operations prior to acquisition of the Company by Monte Cello BV (i.e. prior to 1 April 1999).

The Company’s mining licences were renewed in August 2013 for a further period of 14 years to 30 December 2027. There were no major breaches of license conditions. The Company has completed Princess Creek tailings facility lift construction & dredging and tailings are under water. ISO 9001, ISO 14001, OHSAS 18001, AS/NZS 4801:2001 surveillance assessments were successfully conducted previously.

Shares under option
There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the Company issued on the exercise of options during the year ended 31 March 2023 and up to the date of this report.

Indemnity and insurance of officers and auditors
During the year a related Company paid premiums to insure the Directors of the Company, the Company secretary and 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.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Principal risks and uncertainties
The Company holds a Letter of Comfort issued by Vedanta Limited, the intermediate parent Company, under the approval of the board of Directors, that states that Vedanta Limited accepts the responsibility for arranging to provide sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations and fulfil all of its financial obligations for a period of not less than one year from the date of signing these financial reports.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Copper Mines of Tasmania Pty Ltd
Directors' report
31 March 2023

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr Clint Mayes
Director

16th May 2023

Ernst & Young
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Auditor's independence declaration to the directors of Copper Mines of Tasmania Pty Ltd

As lead auditor for the audit of the financial report of Copper Mines of Tasmania Pty Ltd for the financial year ended 31 March 2023, 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Richard Bembridge
Partner

Melbourne
16 May 2023

Copper Mines of Tasmania Pty Ltd
Contents
31 March 2023

General information

The financial statements cover Copper Mines of Tasmania Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Copper Mines of Tasmania Pty Ltd's functional and presentation currency.

Copper Mines of Tasmania Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/o Norton Rose Fulbright Australia,
Level 6, 60 Martin Place,
Sydney, New South Wales, 2000.

Principal place of business

Copper Mines of Tasmania Pty Ltd,
Private Bag 1,
Queenstown, Tasmania, 7467.

Immediate holding Company:

Monte Cello BV,
WTC Schipol Airport, Tower B,
5th Floor, Schiphol Boulevard 231,
1118 BH Amsterdam Schiphol,
The Netherlands.

Ultimate holding Company:

Vedanta Resources Plc,
16 Berkeley Street
London W1J8DZ
United Kingdom.

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 May 2023.
The Directors have the power to amend and reissue the financial statements.

Copper Mines of Tasmania Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2023

	Note	2023 $'000	2022 $'000
Revenue			
Revenue from operations		-	-
Other income	4	9,180	3,396
Expenses			
Raw materials and consumables used		(1,099)	(435)
Employee benefits expenses	5	(3,797)	(3,558)
Depreciation and amortisation expense		(1,060)	(1,538)
Mining and milling maintenance costs		(3,109)	(2,367)
Finance costs	6	(13,238)	(4,576)
Other expenses		(2,234)	(2,809)
Loss before income tax (expense)/benefit		(15,357)	(11,887)
Income tax (expense)/benefit	7	(133)	5,657
Loss after income tax (expense)/benefit for the year attributable to the owners of Copper Mines of Tasmania Pty Ltd	20	(15,490)	(6,230)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Copper Mines of Tasmania Pty Ltd		(15,490)	(6,230)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Copper Mines of Tasmania Pty Ltd
Statement of financial position
As at 31 March 2023

	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	8	5,859	5,744
Trade and other receivables	9	185	33
Inventories	10	4,286	3,987
Other assets	11	151	146
Total current assets		10,481	9,910
Non-current assets			
Property, plant and equipment	12	10,032	9,791
Right-of-use assets	13	-	2
Total non-current assets		10,032	9,793
Total assets		20,513	19,703
Liabilities			
Current liabilities			
Trade and other payables	14	2,398	948
Borrowings	15	105,173	92,312
Lease liabilities	16	-	2
Employee benefits	17	1,713	1,340
Provisions	18	1,726	1,602
Total current liabilities		111,010	96,204
Non-current liabilities			
Employee benefits	17	7	17
Provisions	18	26,479	24,975
Total non-current liabilities		26,486	24,992
Total liabilities		137,496	121,196
Net liabilities		(116,983)	(101,493)
Equity			
Issued capital	19	-	-
Accumulated losses	20	(116,983)	(101,493)
Total deficiency in equity		(116,983)	(101,493)

The above statement of financial position should be read in conjunction with the accompanying notes

Copper Mines of Tasmania Pty Ltd
Statement of changes in equity
For the year ended 31 March 2023

	Issued capital $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 April 2021	-	(95,263)	(95,263)
Loss after income tax benefit for the year	-	(6,230)	(6,230)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(6,230)	(6,230)
Balance at 31 March 2022	-	(101,493)	(101,493)

	Issued capital $'000	Retained profits $'000	Total deficiency in equity $'000
Balance at 1 April 2022	-	(101,493)	(101,493)
Loss after income tax expense for the year	-	(15,490)	(15,490)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(15,490)	(15,490)
Balance at 31 March 2023	-	(116,983)	(116,983)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Copper Mines of Tasmania Pty Ltd
Statement of cash flows
For the year ended 31 March 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Loss before income tax (expense)/benefit for the year		(15,357)	(11,887)
Adjustments for:			
Depreciation and amortisation		1,060	1,538
Unrealised foreign exchange loss		9,901	1,694
Interest expenses		3,514	2,781
Gain on disposal of property, plant and equipment		-	(249)
		(882)	(6,123)
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(152)	96
Decrease/(increase) in inventories		(299)	10
Decrease/(increase) in other assets		(5)	(17)
Increase/(decrease) in trade payables and provisions		1,794	(152)
Net cash from/(used in) operating activities		456	(6,186)
Cash flows from investing activities			
Payments for property, plant and equipment		(321)	-
Proceeds from sale of property, plant and equipment		-	249
Interest paid		(18)	(89)
Net cash from/(used in) investing activities		(339)	160
Cash flows from financing activities			
Proceeds from associated entity borrowings		-	22,367
Repayment of associated entity borrowings		-	(11,738)
Repayment of principal portion of lease liability		(2)	(8)
Net cash from/(used in) financing activities		(2)	10,621
Net increase in cash and cash equivalents		115	4,595
Cash and cash equivalents at the beginning of the financial year		5,744	1,149
Cash and cash equivalents at the end of the financial year	8	5,859	5,744

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year, the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Company has adopted the revised Conceptual Framework from 1 April 2022. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The Company has adopted AASB 1060 from 1 April 2022. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs.

There was no impact on the amounts recognised, measured and classified in the financial statements of the Company as a result of the change in basis of preparation.

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.

Though there are uncertainties as the mine restart plans are still ongoing, at the date of this report the Directors are confident that the Company will be able to continue as a going concern for the reasons outlined below:

- The Company holds a Letter of support issued by Vedanta Limited, the intermediate parent Company, that states that Vedanta 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.
- At the date of this report and having considered the above factors, the Directors are confident of the Company’s ability to continue as a going concern and the commitment of the parent entity to provide ongoing financial support.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

COVID-19 pandemic
The Directors have reviewed the business plan for the next 12 months and estimates there will be no financial impact as a result of the COVID-19 pandemic.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Copper Mines of Tasmania Pty Ltd's functional and presentation currency.

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

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of long-lived assets (excluding goodwill)
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 of disposal (FVLCD) and value in use. In assessing FVLCD, the estimated future cash flows are based on market based commodity prices and exchange assumptions, estimated quantities of recoverable minerals, productive levels, opportunity costs and capital requirements, including any expansion projects, and its eventual disposal, based on latest life of mine plans. The cash flows are discounted to their present value using a post-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.

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.

Note 1. Significant accounting policies (continued)

Project exploration, evaluation and development expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year which they are incurred where the following conditions are satisfied:

- The rights to tenure of the area of interest are current; and
- The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale.

Expenditure incurred during exploration and the early stages of evaluation of new areas of interest within the development area are written off as incurred.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash generating units to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset increases 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 in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to “development”. Development expenditure is recognised at cost less accumulated amortisation and any impairment losses.

Where commercial production in an area of interest has commenced, the associated costs, are amortised over the estimated economic life of the mine on a units-of-production basis. Where it is decided to abandon an area of interest, costs carried forward in respect of that area are written off in full in the year in which the decision was taken. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recoverability of inventory and property, plant and equipment
On 17 January 2014, a mud rush event occurred underground at 1315 level, resulting in suspension of mining operations and impacting the viability of mine operations. On 27 June 2014, a rock fall occurred in in the Prince Lyell mine affecting an access drive which connects the lower levels of the mine to surface. As a consequence of the mud rush and rock fall, mining operations were put into Care and Maintenance. During the year, the Directors have considered the recoverability of the Company's inventory and property, plant and equipment which are included in the statement of financial position at 31 March 2023 with a carrying amount of $14,318k (FY22: $13,780k).

The Company is investigating various mining prospects on the Mt Lyell mining lease and has completed a Feasibility Study and technical peer reviews on the Northern Flank of the Prince Lyell Deposit (D Panel) and established 17Mt of Indicated Resource. The Company has also completed a Scoping Study of the Copper Chert prospect. The Company is committed to develop the D Panel prospects. The Company has prepared a discounted cash flow on the mine restart project which indicates that the carrying amount of inventories and property, plant and equipment will be recovered in full, if the projects proceed. The restart process is dependent on New Century exercising the option to purchase 100% of the issued shares in the Company. As at the date of the issuance of the financial statements, New Century has not exercised its option to purchase the shares of the Company.

The Company and ultimate parent Company Boards do not anticipate the impact of COVID-19 to affect the decision taken on the proposed mine restart. If the Company does not receive approvals to enable the projects to proceed, or if there are financing and investment decisions impacted by COVID-19 that prevent the projects from proceeding, the Company will consider other options in respect of the mine lease area. This position will be closely monitored, and adjustments made in future periods if events indicate that such adjustments are appropriate.

Decommissioning liabilities
Decommissioning liabilities represents the present value of decommissioning costs relating to the Company's mining and production activities. These provisions have been created based on the independent external assessment which may change in the future in response to changes in relevant legal requirements, changes in restoration techniques or experience at the production sites. Assumptions have been made based on the current economic environment which management believe are a reasonable basis upon which to estimate the future liability. However actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect the market conditions at the relevant time. Furthermore the timing of decommissioning is likely to depend on when the Company's operation ceases. The liability has been discounted to its present value using a risk free discount rate. Inflation rates have been used in determining decommissioning liabilities.

Useful lives of property, plant and equipment
All mining assets have been fully depreciated. As a consequence of entering into Care and Maintenance, plant and equipment assets are being depreciated to cover the extent of normal wear & tear.

Contingencies
Due to the size, complexity and nature of the Company's operations, various legal matters are outstanding from time to time. Contingencies can be possible assets or liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies involves the use of significant judgment and estimates. In the event that management's estimate of the future resolution of these matters changes, the Company will recognise the effects of the changes in its financial statements on the date such changes occur.

Note 3. Revenue

	2023 $'000	2022 $'000
Revenue from operations	-	-

Accounting policy for revenue recognition

Sale of Commodities
Revenues are measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes, goods and service tax, excise duty and other indirect taxes. Revenues from contracts with customers is recognised when:

- Control of the commodity sold is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the commodity; and
- The commodity has been delivered to the shipping agent. Revenues from sale of by-products are included in revenue.

Certain of the Company's sales contracts provide for provisional pricing based on the price listed on the London Metal Exchange (LME), as specified in the contract, when shipped. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Note 4. Other income

	2023 $'000	2022 $'000
Other income	135	50
Gain on disposal of property, plant and equipment	-	249
Income from New Century Option Agreement	9,045	3,097
Other income	9,180	3,396

Accounting policy for other income

Interest Income
Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Income from New Century Option Agreement
On 16 December 2021, Monte Cello BV, a subsidiary of Vedanta Limited and owner of the Company, entered into an Option Agreement with New Century Resources Limited ("New Century"). The Option Agreement includes reimbursement of the Company's care and maintenance costs up to the cap of US$13m over the two year option period including US$6m for year one. Income is recognised in the Statement of Profit or Loss as and when care and maintenance costs are incurred. As the reimbursement is provided in advance on a quarterly basis, any unspent amounts are deferred into the balance sheet as deferred income.

Government grant income
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Note 5. Employee benefits expense

	2023 $'000	2022 $'000
Employee benefit expenses	3,444	3,242
Contributions to superannuation defined contribution plan	353	316
	3,797	3,558

Note 6. Finance costs

	2023 $'000	2022 $'000
Interest and finance charges paid / payable	2,883	2,596
Unwinding of discount on rehabilitation provision	649	185
Foreign exchange loss	9,706	1,795
	13,238	4,576

Note 7. Income tax

	2023 $'000	2022 $'000
Income tax expense/(benefit)		
Current tax	(278)	(5,657)
Adjustment recognised for prior periods	411	-
Aggregate income tax expense/(benefit)	133	(5,657)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(15,357)	(11,887)
Tax at the statutory tax rate of 30%	(4,607)	(3,566)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses for tax purposes	-	100
	(4,607)	(3,466)
Adjustment recognised for prior periods	411	-
Current year tax losses not recognised	4,329	-
Utilisation of previously unrecognised tax losses	-	(2,191)
Income tax expense/(benefit)	133	(5,657)

Note 7. Income tax (continued)

Unrecognised deferred tax assets

	2023 $'000	2022 $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Tax losses (revenue in nature)	41,900	39,103

Research & Development tax incentive
The Company has non-refundable R&D tax offsets available which have been carried forward from prior financials years valued at $1,745k (FY22: $1,745k)

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax consolidation: Relevance of tax consolidation to the Company
The Company and its associate Australian resident entity have formed a Multiple Entity 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 Ltd and Thalanga Copper Mines Pty Ltd.

Note 8. Cash and cash equivalents

	2023 $'000	2022 $'000
Current assets		
Cash at bank	5,859	5,744

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and other receivables

	2023 $'000	2022 $'000
Current assets		
Other receivables	185	33

Accounting policy for trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit loss (ECL) in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Note 10. Inventories

	2023 $'000	2022 $'000
Current assets		
Stores and consumables - at cost	6,859	6,560
Less: Provision on stores to net realisable value	(2,573)	(2,573)
	4,286	3,987

Note 10. Inventories (continued)

Accounting policy for inventories

Stores and consumables
Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories are valued at net realisable value through the recognition of an impairment write down. A regular and ongoing review is undertaken to establish the extent of surplus items, and an impairment write down is made for any potential loss on their disposal.

Note 11. Other assets

	2023 $'000	2022 $'000
Current assets		
Prepayments	151	146

Note 12. Property, plant and equipment

	2023 $'000	2022 $'000
Non-current assets		
Freehold Land and buildings - at cost	469	469
Less: Accumulated depreciation	(469)	(469)
	-	-
Plant and equipment - at cost	80,205	79,884
Less: Accumulated depreciation	(76,904)	(76,884)
	3,301	3,000
Rehabilitation assets - at cost	20,486	19,507
Less: Accumulated depreciation	(13,755)	(12,716)
	6,731	6,791
Mine reserve and development - at cost	69,014	69,014
Less: Accumulated depreciation	(69,014)	(69,014)
	-	-
	10,032	9,791

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Freehold Land and buildings $'000	Plant and equipment $'000	Rehabilitation assets $'000	Mine reserve and development $'000	Total $'000
Balance at 1 April 2022	-	3,000	6,791	-	9,791
Additions	-	321	978	-	1,299
Depreciation expense	-	(20)	(1,038)	-	(1,058)
Balance at 31 March 2023	-	3,301	6,731	-	10,032

Note 12. Property, plant and equipment (continued)

Accounting policy for property, plant and equipment
Buildings, plant and equipment, mine development and equipment under finance lease 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. Where items of plant and equipment have separately identifiable components, which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Depreciation is provided on all property, plant and equipment, mine development including freehold buildings but excluding land. Depreciation on mining assets is calculated based on the percentage of total ore reserve extracted to date. Leasehold improvements are depreciated over the period of the lease or the estimated residual life, whichever is the shorter, using the straight line method. 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.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate. The Company's plant requires overhaul on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

The following useful lives are used in the calculation of depreciation.

Class of asset	*Useful life*
Rehabilitation assets	5-8 years

The Company has fully depreciated mine reserve and development. The Company is under care & maintenance, so depreciation on plant and equipment has been changed to cover only the extent of normal wear and tear.

Assets pledged as security
At balance date, the Company had no assets pledged as security.

Note 13. Right-of-use assets

	2023 $'000	**2022 $'000**
Non-current assets		
Right-of-use	-	66
Less: Accumulated depreciation	-	(64)
	-	2

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Right-of-use $'000	**Total $'000**
Balance at 1 April 2022	2	2
Additions	-	-
Depreciation expense	(2)	(2)
Balance at 31 March 2023	-	-

Note 13. Right-of-use assets (continued)

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 14. Trade and other payables

	2023 $'000	2022 $'000
Current liabilities		
Trade payables	723	223
Accrued expenses	112	377
Deferred income from New Century Option Agreement	1,463	285
Payroll accruals	100	63
	2,398	948

The average credit period for purchase of goods and services is 30 days and no interest is paid. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Deferred income from New Century Option Agreement
Refer to note 4 for more information.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Borrowings

	2023 $'000	2022 $'000
Current liabilities		
Related party loans	105,173	92,312

Accounting policy for borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings. For more information, refer to note 26.

Note 16. Lease liabilities

	2023 $'000	2022 $'000
Current liabilities		
Lease liability	-	2

Future lease payments		
Future lease payments are due as follows:		
Within one year	-	2
One to five years	-	-
More than five years	-	-
	-	2

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 17. Employee benefits

	2023 $'000	2022 $'000
Current liabilities		
Employee benefits	1,713	1,340
Non-current liabilities		
Employee benefits	7	17
	1,720	1,357

The provision for employee benefits represents annual leave and long service leave entitlements accrued and compensation claims made by employees.

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Note 18. Provisions

	2023 $'000	2022 $'000
Current liabilities		
Rehabilitation	1,726	1,602
Non-current liabilities		
Rehabilitation	26,479	24,975
	28,205	26,577

The provision for mine site restoration represents the present value of the best estimate of the future sacrifice of economic benefits that will be required for rehabilitating and restoring the property at the end of the mine life.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	2023 $'000	2022 $'000
Carrying amount at the start of the year	26,577	27,211
Change in estimate	979	(819)
Unwinding of discount	649	185
Carrying amount at the end of the year	28,205	26,577

Accounting policy for 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.

Note 19. Issued capital

	2023 Shares	2022 Shares	2023 '000	2022 '000
Ordinary shares - fully paid	2	2	-	-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 20. Accumulated losses

	2023 $'000	2022 $'000
Accumulated losses at the beginning of the financial year	(101,493)	(95,263)
Loss after income tax (expense)/benefit for the year	(15,490)	(6,230)
Accumulated losses at the end of the financial year	(116,983)	(101,493)

Note 21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	2023 $	2022 $
Aggregate compensation	449,538	426,576

The amounts disclosed in this table are the amounts recognised as an expense during the reporting period related to key management personnel.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	2023 $	2022 $
Audit services - Ernst & Young		
Audit of the financial statements	60,700	73,065

Note 24. Contingent liabilities

	2023 $'000	2022 $'000
Bank Guarantee	6,100	6,100

The Company has issued Bank Guarantee in favour of Minister for Economic Development, Energy and Resources.

Note 25. Commitments

At balance date, the Company had no capital expenditure commitments for the financial year ending 31 March 2023 (2022: $nil).

Note 26. Related party transactions

Ultimate parent entity
The ultimate parent entity of the Company is Vedanta Resources Plc, incorporated in the United Kingdom. Vedanta Resources Plc indirectly own 50.31% of the issued ordinary shares of Monte Cello Corporation BV.

Immediate parent entity
The immediate parent and controlling party respectively of the Company is Monte Cello Corporation BV, incorporated in the Netherlands, who have a 100% interest in Copper Mines of Tasmania Pty Ltd.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
The following transactions occurred with related parties:

	2023 $	2022 $
Interest expense		
Monte Cello BV	1,108	804
THL Zinc Ltd	1,548	1,791
Thalanga Copper Mines Pty Ltd	170	39

The Company has been provided borrowings at rates comparable to the average commercial rate of interest. The loans from the ultimate controlling party are unsecured.

Refer note 1 for going concern assessment.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 26. Related party transactions (continued)

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Borrowings from related parties	Interest payable	Total borrowings
Vedanta Group			
2022			
Monte Cello BV	32,040	5,136	37,176
THL Zinc Ltd	41,796	4,273	46,069
Thalanga Copper Mines Pty Ltd	9,033	34	9,067
Total	82,869	9,443	92,312
2023			
Monte Cello BV	35,829	6,876	42,705
THL Zinc Ltd	46,738	6,360	53,098
Thalanga Copper Mines Pty Ltd	9,166	204	9,370
Total	91,733	13,440	105,173

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Events after the reporting period

No matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Copper Mines of Tasmania Pty Ltd
Directors' declaration
31 March 2023

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- The attached financial statements and notes give a true and fair view of the Company's financial position as at 31 March 2023 and of its performance for the financial year ended on that date; and

- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

Mr Clint Mayes
Director

16th May 2023

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Independent auditor's report to the members of Copper Mines of Tasmania Pty Ltd

Opinion

We have audited the financial report of Copper Mines of Tasmania Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2023, 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 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures 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 (including Independence Standards)* (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.

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.

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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 in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for 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.

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► 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

Ernst & Young

Richard Bembridge
Partner

Melbourne
16 May 2023