

## Independent auditor's report

To: the Board of Directors of THL Zinc Holding B.V.

We have audited the accompanying special purpose financial information as at and for the year ended March 31, 2012 of THL Zinc Holding B.V., Amsterdam, which comprise the statement of financial position as at March 31, 2012, the statements of comprehensive income and cash flows for the year then ended, and notes.

### Management's responsibility

Management is responsible for the preparation and fair presentation of this special purpose financial information in accordance with the recognition and measurement criteria of International Financial Reporting Standards as published by the International Accounting Standards Board and the presentation and disclosure requirements as contained in the special purpose financial information. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the special purpose financial information that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial information.

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

## **Opinion**

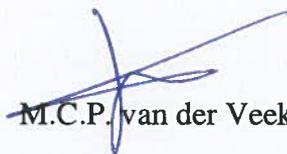
In our opinion, the special purpose financial information gives a true and fair view of the financial position of THL Zinc Holding B.V. as at March 31, 2012 and of its result and its cash flows for the year then ended in accordance with the recognition and measurement criteria of International Financial Reporting Standards as published by the International Accounting Standards Board and the presentation and disclosure requirements as contained in the special purpose financial information.

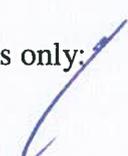
## **Restriction on use and distribution**

The special purpose financial information has been prepared to assist THL Zinc Holding B.V. in meeting its internal financial reporting requirements and the reporting requirements of its intermediate holding company, Sterlite Industries (India) Limited. As a result, the special purpose financial information may not be suitable for another purpose. Our report is intended solely for THL Zinc Holding B.V. and Sterlite Industries (India) Limited and their auditors and should not be distributed to or used by parties other than THL Zinc Holding B.V. and Sterlite Industries (India) Limited.

Utrecht, April 24, 2012

Deloitte Accountants B.V.

  
M.C.P. van der Veeken

Initials for identification purposes only: 

THL ZINC HOLDING BV  
STATEMENT OF FINANCIAL POSITION as at March 31, 2012

	03.13.2012
	In USD
<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
Investment in subsidiaries	606.539.380
	<b>606.539.380</b>
<b>CURRENT ASSETS</b>	
Trade and other receivables	2.007.605
Cash and cash equivalent	52.787
	<b>2.060.392</b>
<b>TOTAL ASSETS</b>	<b>608.599.772</b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Trade and other payables	54.905
Current tax liabilities	-
Optionally Convertible Redeemable Preference Shares	546.519.617
	<b>546.574.522</b>
<b>NET CURRENT ASSETS</b>	<b>(544.514.130)</b>
<b>NON CURRENT LIABILITIES</b>	
Midium- and long-term borrowings	-
	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>546.574.522</b>
<b>NET ASSETS</b>	<b>62.025.250</b>
<b>EQUITY</b>	
Share capital	5.110.047
Share premium account	-
Other Reserves	-
Retained earnings	56.915.203
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>62.025.250</b>
<b>TOTAL EQUITY</b>	<b>62.025.250</b>

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Deloitte Accountants B.V.

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24 APR 2012

THL ZINC HOLDING BV

STATEMENT OF COMPREHENSIVE INCOME for the year ended March 31, 2012

	04.01.2011 - 03.31.2012
	In USD
<b>CONTINUING OPERATIONS</b>	
Revenue	-
Cost of sales	-
<b>GROSS PROFIT</b>	-
Othe operating income	-
Administrative Expenses	(278.205)
Distribution Costs	-
<b>EBITDA</b>	<b>(278.205)</b>
Depreciation	-
Amortisation	-
Impairment of Investment	(285.360.000)
<b>GROSS PROFIT</b>	<b>(285.638.205)</b>
Investment revenue	108.273.812
Finance costs	(28.461)
Share of loss of associate	-
Share of loss of joint venture	-
<b>PROFIT BEFORE TAXATION</b>	<b>(177.392.854)</b>
Tax expenses	-
<b>PROFIT FOR THE YEAR</b>	<b>(177.392.854)</b>
Attributable to:	
Minority interest	-
Equity holders of the parent	(177.392.854)
	<b>(177.392.854)</b>

Director  
For and behalf of THL Zinc Holding BV

**Deloitte.**

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THL ZINC HOLDING BV  
STATEMENT OF CASH FLOWS for the year ended March 31, 2012

	04.01.2011 - 03.31.2012
	In USD
<b>Operating activities</b>	
Profit before tax	(177.392.854)
<b>Adjusted for -</b>	
Dividend Income	(108.005.644)
Dividend expense	18.300
Interest Income	(268.169)
Non cash expenses: Prepaid written off	5.954
Impairment of Invst in Lisheen	180.350.448
Interest expense	4.087
<b>Operating profit before working capital changes</b>	<b>(105.287.877)</b>
Adjusted for :	
- Trade payables	(39.865)
-Loans & Advances	(1.850.000)
<b>Cash Flow from operating activities</b>	<b>(107.177.741)</b>
Income tax	-
<b>Net Cash used in operating activities</b>	<b>(107.177.741)</b>
<b>Cash Flow from investing activities</b>	
Interest received	115.872
Dividend received	108.000.813
Acquisition of Lakomasko	(149.739.380)
Redemption of Preference shares	44.000.000
<b>Net cash generated from investing activities</b>	<b>2.377.305</b>
<b>Cash Flow from financing activities</b>	
Interest paid	(4.061)
Repayment of borrowings	(350.000)
<b>Net cash used in financing activities</b>	<b>(354.061)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(105.154.498)</b>

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THL ZINC HOLDING BV

NOTES for the year ended March 31, 2012

Translation schedule for the statement of financial position as at March 31, 2012

	IFRS 03.31.2012 In USD	GAAP Diff * 03.31.2012 In USD	IGAAP * 03.31.2012 In USD
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	606.539.380	5.629.369	612.168.749
	<b>606.539.380</b>	<b>5.629.369</b>	<b>612.168.749</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	2.007.605	(5.308)	2.002.297
Cash and cash equivalent	52.787	-	52.787
	<b>2.060.392</b>	<b>(5.308)</b>	<b>2.055.084</b>
<b>TOTAL ASSETS</b>	<b>608.599.772</b>	<b>5.624.062</b>	<b>614.223.833</b>
036-546 88 55			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	54.905	(20.679)	34.226
Current tax liabilities	-	-	-
Optionally Convertible Redeemable Preference Shares	546.519.617	(546.519.617)	-
	<b>546.574.522</b>	<b>(546.540.296)</b>	<b>34.226</b>
<b>NET CURRENT ASSETS</b>	<b>(544.514.130)</b>	<b>546.534.988</b>	<b>2.020.858</b>
<b>NON CURRENT LIABILITIES</b>			
Medium- and long-term borrowings	-	-	-
	<b>546.574.522</b>	<b>(546.540.296)</b>	<b>34.226</b>
<b>TOTAL LIABILITIES</b>	<b>546.574.522</b>	<b>(546.540.296)</b>	<b>34.226</b>
<b>NET ASSETS</b>	<b>62.025.250</b>	<b>552.164.358</b>	<b>614.189.608</b>
<b>EQUITY</b>			
Share capital	5.110.047	-	5.110.047
Share premium account	-	539.000.000	539.000.000
Retained earnings	56.915.203	5.644.741	62.559.944
Optionally Convertible Redeemable Preference Shares	-	7.519.617	7.519.617
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>62.025.250</b>	<b>552.164.358</b>	<b>614.189.608</b>
<b>TOTAL EQUITY</b>	<b>62.025.250</b>	<b>552.164.358</b>	<b>614.189.608</b>

\* these amounts are derived from the IFRS financial information that have formed the basis for the Statement of Financial Position as at March 31, 2012 as prepared based on International Financial Reporting Standards

The following GAAP Adjustments were made on the basis of the IFRS financial information:

1. Expenses related to Acquisition of Investments

All the expenses related to acquisition of investments can be added with the cost of Investments as per IGAAP. Therefore the expenses of \$5,629,369 paid as stamp duty towards acquisition of Lisheen Mines have been capitalised in IGAAP. The other effect has been given in Retained earnings.

2. Optionally Convertible Redeemable Preference Shares

The Preference Share Capital and the share premium are regarded as part of Share Capital as per IGAAP whereas it has been classified as borrowings in IFRS. Therefore the amount of preference share capital of \$7,519,617 and premium of \$539,000,000 has been reclassified from borrowings to Share Capital.

3. Dividend on Preference Shares

As per IGAAP, the dividend expenses or dividend income can be recognized in the financial statements once it has been approved by the Board whereas in IFRS it is contractual obligation to pay or receive dividend. Therefore for the year ended 31 March 2012, Dividend Income of \$4,830 and dividend expenses of \$18,992 on Preference share has been reversed.

Director

For and behalf of THL Zinc Holding BV

**Deloitte.**

Deloitte Accountants B.V.

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THL ZINC HOLDING BV  
NOTES for the year ended March 31, 2012

Translation schedule for the statement of comprehensive income for the year ended March 31, 2012

	IFRS 04.01.2011-03.31.2012 In USD	GAAP Diff * 04.01.2011-03.31.2012 In USD	IGAAP * 04.01.2011-03.31.2012 In USD
<b>CONTINUING OPERATIONS</b>			
Revenue	-	-	-
Cost of sales	-	-	-
<b>GROSS PROFIT</b>	-	-	-
Othe operating income	-	-	-
Administrative Expenses	(278.205)	-	(278.205)
Distribution Costs	-	-	-
<b>EBITDA</b>	<b>(278.205)</b>	-	<b>(278.205)</b>
Depreciation	-	-	-
Amortisation	-	-	-
<b>GROSS PROFIT</b>	<b>(278.205)</b>	-	<b>(278.205)</b>
Investment revenue	108.273.812	(4.830)	108.268.982
Finance costs	(28.461)	18.992	(9.469)
Share of loss of associate	-	-	-
Share of loss of joint venture	-	-	-
Impairment of Investment	(285.360.000)	-	-
Special items	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>(177.392.854)</b>	<b>14.162</b>	<b>107.981.308</b>
Tax expenses	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>(177.392.854)</b>	<b>14.162</b>	<b>107.981.308</b>
Attributable to:	-	-	-
Minority interest	-	-	-
Equity holders of the parent	(177.392.854)	14.162	(177.378.692)
	<b>(177.392.854)</b>	<b>14.162</b>	<b>(177.378.692)</b>

\* these amounts are derived from the IFRS financial information that have formed the basis for the Statement of Comprehensive Income for the period of nine months ended December 31, 2011 as prepared based on International Financial Reporting Standards

The following GAAP Adjustments were made on the basis of the IFRS financial information:

1. Expenses related to Acquisition of Investments

All the expenses related to acquisition of investments can be added with the cost of Investments as per IGAAP. Therefore the expenses of \$5,629,369.24 paid as stamp duty towards acquisition of Lisheen Mines have been capitalised in IGAAP. The other effect has been given in Retained earnings.

2. Optionally Convertible Redeemable Preference Shares

The Preference Share Capital and the share premium are regarded as part of Share Capital as per IGAAP whereas it has been classified as borrowings in IFRS. Therefore the amount of preference share capital of \$7,519,617.00 and premium of \$539,000,000.00 has been reclassified from borrowings to Share Capital.

3. Dividend on Preference Shares

As per IGAAP, the dividend expenses or dividend income can be recognized in the financial statements once it has been approved by the Board whereas in IFRS it is contractual obligation to pay or receive dividend. Therefore for the year ended 31 March 2012, Dividend Income of \$4,830 and dividend expenses of \$18,992 on Preference share has been reversed.

Director

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