

THL Zinc Ltd

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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THL Zinc Ltd**CORPORATE DATA**

		Date of appointment	Date of resignation
DIRECTORS:	Gyaneshwarnath Gowrea	13-Aug-10	-
	Craig Thomas Downes	13-Aug-10	16-Feb-12
	Din Dayal Jalan	02-Sep-10	-
	Mohammad Akhtar Janally	16-Feb-12	-
ADMINISTRATOR AND SECRETARY:	Multiconsult Limited Rogers House 5, President John Kennedy Street Port Louis Mauritius		
REGISTERED OFFICE:	c/o Multiconsult Limited Rogers House 5, President John Kennedy Street Port Louis Mauritius		
BANKERS:	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B 6th Floor, Raffles Tower, Lot 19 Cybercity Ebène Mauritius		
AUDITOR:	Deloitte 7th Floor, Raffles Tower 19 Cybercity Ebène Mauritius		

THL Zinc Ltd**COMMENTARY OF THE DIRECTORS**

The directors present their commentary, together with the audited financial statements of THL Zinc Ltd (the "Company") for the year ended 31 March 2012.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDEND

The Company's profit for the year ended 31 March 2012 is USD 110,586,054 (2011: loss of USD 533,057). The directors do not recommend the payment of dividend for the year under review (2011: NIL).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, Deloitte, has indicated its willingness to continue in office and will be automatically re-appointed.

CERTIFICATE FROM THE SECRETARY

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies, all such returns as are required of THL Zinc Ltd under the Mauritius Companies Act 2001, for the financial year ended 31 March 2012.

A handwritten signature in black ink, appearing to be "J. Rogers", is written over the printed name of the Corporate Secretary.

For Multiconsult Limited
CORPORATE SECRETARY
Rogers House
5, President John Kennedy Street
Port Louis
MAURITIUS

Date: 24 APR 2012

Independent auditor's report to the shareholder of THL Zinc Ltd

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This report is made solely to the company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **THL Zinc Ltd** on pages 5 to 23 which comprise the statement of financial position at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence Companies. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion, the financial statements on pages 5 to 23 give a true and fair view of the financial position of **THL Zinc Ltd** as at 31 March 2012, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence Companies.

Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

Deloitte

Chartered Accountants

Twaleb Butonkee, FCA
Licensed by FRC

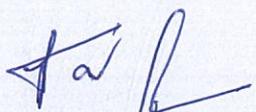
24 April 2012

THL Zinc Ltd**STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2012**

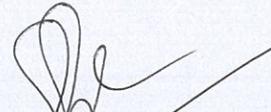
	<u>Note</u>	<u>2012</u> USD	<u>2011</u> USD
ASSETS			
Non-current assets			
Investments in subsidiaries	5	849,336,694	966,890,014
Other Non Current Assets	6	50,000,000	-
Total non-current assets		<u>899,336,694</u>	<u>966,890,014</u>
Current assets			
Other receivables	7	99,522,652	91,281,733
Cash and cash equivalents		20,394,374	1,741,217
Total current assets		<u>119,917,026</u>	<u>93,022,950</u>
TOTAL ASSETS		<u><u>1,019,253,720</u></u>	<u><u>1,059,912,964</u></u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	8	9,001,000	9,001,000
Retained earnings/(Accumulated losses)		110,046,513	(539,541)
Total equity		<u>119,047,513</u>	<u>8,461,459</u>
Current liabilities			
Borrowings	9	-	108,500,000
Optionally convertible redeemable preference shares	10	896,000,000	940,000,000
Other payables	11	408,545	2,951,505
Current tax liability		3,797,662	-
Total liabilities		<u>900,206,207</u>	<u>1,051,451,505</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,019,253,720</u></u>	<u><u>1,059,912,964</u></u>

These financial statements have been approved by the Board of Directors and signed on its behalf by:

24 APR 2012



Director



Director

The notes on pages 9 to 22 form an integral part of these financial statements
Auditor's report on page 4

THL Zinc Ltd
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	<u>Note</u>	<u>2012</u> USD	<u>2011</u> USD
INCOME	13	135,700,637	3,199,500
ADMINISTRATIVE EXPENSES		(362,777)	(2,814,455)
FINANCE COSTS	14	(11,637,263)	(918,102)
SPECIAL ITEM	15	<u>(2,550,000)</u>	<u>-</u>
PROFIT / (LOSS) BEFORE TAXATION	16	121,150,597	(533,057)
TAXATION	17	<u>(10,564,543)</u>	<u>-</u>
PROFIT / (LOSS) FOR THE YEAR		<u>110,586,054</u>	<u>(533,057)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>110,586,054</u></u>	<u><u>(533,057)</u></u>

THL Zinc Ltd
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

	<u>Note</u>	<u>Stated Capital</u> USD	<u>Retained earnings</u> USD	<u>Total Equity</u> USD
At 1 April 2010		1	(6,484)	(6,483)
Issuance of shares	8	9,000,999	-	9,000,999
Total comprehensive loss for the year		<u>-</u>	<u>(533,057)</u>	<u>(533,057)</u>
At 31 March 2011		<u>9,001,000</u>	<u>(539,541)</u>	<u>8,461,459</u>
At 1 April 2011		9,001,000	(539,541)	8,461,459
Total comprehensive income for the year		<u>-</u>	<u>110,586,054</u>	<u>110,586,054</u>
At 31 March 2012		<u>9,001,000</u>	<u>110,046,513</u>	<u>119,047,513</u>

The notes on pages 9 to 23 form an integral part of these financial statements
Auditor's report on page 4

THL Zinc Ltd
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

	<u>Note</u>	<u>2012</u> USD	<u>2011</u> USD
Operating activities			
Net cash generated from / (used in) operating activities	12	<u>103,583,078</u>	<u>(787,536)</u>
Investing activities			
Investment in subsidiaries	5	(100,000)	(966,890,014)
Loan to group company		(50,000,000)	(88,084,903)
Interest received		116,759	2,671
Proceeds from disposal of investments	5	<u>117,553,320</u>	<u>-</u>
Net cash generated from / (used in) investing activities		<u>67,570,079</u>	<u>(1,054,972,246)</u>
Financing activities			
Proceeds from issuance of ordinary shares	8	-	9,000,999
Proceeds from issuance of preference shares	10	-	940,000,000
Amount disbursed for redemption of preference shares	10	(44,000,000)	-
Proceeds from borrowings	9	-	108,500,000
Repayment of borrowings	9	<u>(108,500,000)</u>	<u>-</u>
Net cash (used in) / generated from financing activities		<u>(152,500,000)</u>	<u>1,057,500,999</u>
Net increase in cash and cash equivalents		18,653,157	1,741,217
Cash and cash equivalents at beginning of year		<u>1,741,217</u>	<u>-</u>
Cash and cash equivalents at end of year		<u><u>20,394,374</u></u>	<u><u>1,741,217</u></u>

The notes on pages 9 to 23 form an integral part of these financial statements
Auditor's report on page 4

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. REPORTING ENTITY AND BUSINESS ACTIVITY

THL Zinc Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 15 April 2008 as a private company. The Company was set up as a Category 2 Global Business Licence company and pursuant to a shareholder resolution of 19 August 2010, the Company changed its legal regime to a Category 1 Global Business Licence company. The Company's registered office address is c/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius. The Company's principal activity is investment holding.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with and comply with the International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

(c) Functional and presentation currency

The financial statements of the Company are expressed in the United States Dollars ("USD"). The Company's business or other activities is carried out in a currency other than the Mauritian Rupee, which is a requirement of the Financial Services Act 2007. The Company's functional currency is USD, the currency of the primary economic environment in which the Company operates.

(d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investments

Determining whether investments in unquoted companies are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the directors to estimate the future cash flows expected to arise from these investments and a suitable discount rate in order to calculate present value. The actual results could, however, differ from the estimates.

The directors have determined that no impairment loss was required to be recognised on the basis that the recoverable amounts of the investments in unquoted companies are higher than their carrying amounts.

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. The directors have determined that the functional currency of the Company is the United States Dollars (USD) as the transactions are in USD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012

2. BASIS OF PREPARATION (CONT'D)

(e) Impairment of investments

Determining whether investments are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the directors to estimate the future cash flows expected to arise from these investments and a suitable discount rate in order to calculate present value. The actual results could, however, differ from the estimates.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2011.

3.1 *New and revised IFRS standards and Interpretations applied with no material effect on financial statements*

The following relevant new and revised Standards have been applied in these financial statements. Their application has not had any material impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs
IAS 24	Related Party Disclosures - Revised definition of related parties
IAS 27	Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues
IFRS 7	Financial Instruments - Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs

3.2 *Standards and Interpretations in issue not yet effective*

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective 1 January 2014)
IFRS 7	Financial Instruments - Disclosures - Amendments enhancing disclosures about transfer of financial assets (effective 1 July 2011)
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures - Amendments requiring disclosures about the initial application of IFRS 9 (effective 1 January 2015)
IFRS 9	Financial Instruments - Accounting for financial liabilities and derecognition (effective 1 January 2013)
IFRS 9	Financial Instruments - Classification and measurement of financial assets (effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective 1 January 2013)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

THL Zinc Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the most important accounting policies, which have been applied consistently, is set out below.

(a) Foreign currency transaction

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the United States Dollars (USD). The financial statements are presented in United States Dollar which is the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(b) Revenue recognition

Revenues earned by the Company are recognised on the following basis:-

- Interest income - as it accrues, unless collectibility is in doubt using an effective interest rate; and
- Dividend income - when the shareholder's right to receive payment is established.

(c) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(d) Investment in subsidiaries

Investments in subsidiaries are stated at cost. Any impairment in the value of the investment is recognised by reducing the carrying amount of the investment to its recoverable amount and charging the difference to the statement of comprehensive income.

On disposal of an investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

The Company has taken advantage of paragraph 10 of the International Accounting Standard 27 - Consolidated and Separate Financial Statements which dispenses it from the need to present consolidated financial statements. The Company is intermediately owned by Vedanta Resources Plc. which prepares group financial statements that comply with International Financial Reporting Standards and these are available from the company secretary, Vedanta Resources Plc, 16 Berkeley Street, London W1J 8DZ and at www.vedantaresources.com.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
FOR THE YEAR ENDED 31 MARCH 2012**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments****(i) *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 timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest 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 (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at Fair Value Through Profit or Loss.

Loans and receivables

Trade receivables, loans and other receivables 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 less impairment.

Financial assets are assessed for indicators of impairment at each reporting 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 all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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 financial asset's 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 considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in statement of comprehensive income.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments (cont'd)****(i) *Financial assets (cont'd)***

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 previously recognised impairment loss is reversed through statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) *Financial liabilities and equity instruments issued by the Company.***Classification as debt or equity**

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at Fair Value Through Profit or Loss' or 'other financial liabilities'.

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 amount received, net of transaction costs.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, the Company's obligations are discharged, cancelled or they expire.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

THL Zinc Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

(h) Cash and cash equivalents

Cash comprises cash at bank and term deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5. INVESTMENTS IN SUBSIDIARIES

<i>At Cost</i>	<u>2012</u> USD	<u>2011</u> USD
At 01 April	966,890,014	-
Additions	100,000	966,890,014
Buy back of shares of THL Zinc Namibia Holdings Proprietary Limited	(108,716,923)	-
Adjustment to purchase consideration	(8,836,397)	-
Written off	(100,000)	-
At 31 March	<u>849,336,694</u>	<u>966,890,014</u>

- (a) During the year THL Zinc Namibia Holdings Proprietary Limited bought back 200 shares at a price of NAD 3,743,648 per share equivalent to USD 108,716,923 vide its board resolution dated 15 March 2011.
- (b) An amount of ZAR 66,802,080 equivalent to USD 8,836,397 has been paid by the seller since, as per the Share Purchase Agreement (SPA), if any payment is made by any Seller to the Purchaser in respect of any claim for any breach of this Agreement, or pursuant to an indemnity, reimbursement or compensation provision under this Agreement or the Tax Indemnity, the payment shall be treated as an adjustment of the consideration paid by the Purchaser.
- (c) An investment of USD 100,000 was made in THL Zinc Holding Cooperatief U.A, a company incorporated in the Netherlands. During the financial year ended 31 March 2012, the investment has been written off since THL Zinc Holding Cooperatief U.A has been liquidated.

Details of the investments held during the year are provided below;

Company	Country of Incorporation	Types of Shares	No of Shares Held	% Holding		Value of Investments	
				2012	2011	2012 USD	2011 USD
THL Zinc Namibia Holdings Proprietary Limited	Namibia	Ordinary	1,100	100%	100%	597,943,077	706,660,000
Black Mountain Mining Proprietary Limited	South Africa	Ordinary	740	74%	74%	251,393,603	260,230,000
Pecvest 17 Proprietary Limited	South Africa	Ordinary	100	100%	100%	14	14
				Total		<u>849,336,694</u>	<u>966,890,014</u>

The directors are of the opinion that the investments in subsidiaries are not impaired.

6 OTHER NON CURRENT ASSETS

	<u>2012</u> USD	<u>2011</u> USD
Loan to Related party		
Twin Star Holdings Limited	50,000,000	-
	<u>50,000,000</u>	<u>-</u>

- (i) Pursuant to a board meeting of 7 March 2012, the Company has provided an unsecured loan to Twin Star Holdings Limited of USD 50,000,000 for a period of two years at an interest rate of 1.5% p.a.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012****7 OTHER RECEIVABLES**

	<u>2012</u> USD	<u>2011</u> USD
Loan to related parties		
-Black Mountain Mining Proprietary Limited	24,274,502	90,931,275
-Welter Trading Limited	75,192,188	-
-THL Zinc Holding BV	-	350,000
Interest on loan to THL Zinc Holding BV	483	-
Interest on loan to Twin Star Holdings Ltd	50,000	-
Other receivables	5,479	458
As at 31 March 2012	<u>99,522,652</u>	<u>91,281,733</u>

(i) Pursuant to a board meeting of 28 November 2011, the Company has provided an unsecured short term loan to Welter Trading Limited of USD 75,000,000 for a period of one year at an interest rate of 0.75% p.a.

(ii) The Company pursuant to a Board Resolution dated 4 February 2011 has paid an amount of ZAR 622,479,136 (USD 90,931,275) towards settlement of shareholder's loan acquired as a part of acquisition of Black Mountain Mining Proprietary Limited. This is reflected as an unsecured interest free loan in the books of the company. During the year ZAR 435,735,395 (USD 66,65,773) (was repaid against the loan and the balance outstanding as of 31 March 2012 is ZAR 186,743,741 (USD 24,274,502).

(ii) The short term unsecured loan of USD 350,000 which carried interest of 3 months USD Libor plus 200 basis point, made to THL Zinc Holding B.V was repaid during the financial year.

8 STATED CAPITAL

	<u>2012</u> USD	<u>2011</u> USD
Ordinary shares		
<u>Issued and Fully Paid</u>		
At 1 April	9,001,000	1
Issuance of ordinary shares	-	9,000,999
At 31 March	<u>9,001,000</u>	<u>9,001,000</u>

The shares in the capital of the Company comprise of 1,000 ordinary shares of no par and 90,000 ordinary shares of par value USD 100, issued to THL Zinc Ventures Ltd. The ordinary share carries voting rights and right to dividend.

9 BORROWINGS

	<u>2012</u> USD	<u>2011</u> USD
Current		
<u>Unsecured</u>		
-Vedanta Resources Holding Limited	-	108,500,000
	<u>-</u>	<u>108,500,000</u>

The Company entered into a loan facility agreement of USD 360 Million with Vedanta Resources Holding Limited on 4 February 2011. The loan was repayable within 1 year and carried interest of 3 Months USD LIBOR plus 200 basis points. The outstanding loan amount was repaid during the year.

10 OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")

(i) The company has issued 7 Million, 0.25% Optionally Convertible Redeemable Preference Shares (OCRPS) of USD 1 each with a premium of USD 99 each to THL Zinc Ventures Limited. Each OCRPS can be converted at the option of the investor into a variable number of equity shares and can be redeemed at the option of the company at any time.

(ii) The Company has issued 2.4 Million, 0.25% Optionally Convertible Redeemable Preference Shares (OCRPS) of USD 1 each with a premium of USD 99 each to THL Zinc Holding BV. Each OCRPS can be converted at the option of the investor into a variable number of equity shares and can be redeemed at the option of the company at any time. During the year 440,000, 0.25% Optionally Convertible Redeemable Preference Shares were redeemed.

In accordance with paragraph 16 of IAS 32 Financial Instruments: Presentation, the Optionally Convertible Redeemable Preference Shares (OCRPS) have been classified as a liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012

11 OTHER PAYABLES

	<u>2012</u> USD	<u>2011</u> USD
Interest on Loan	-	910,722
Audit Fees	7,039	3,000
Interest on optionally convertible redeemable preference shares	28,507	6,133
Other payables	372,999	2,031,650
	<hr/>	<hr/>
At 31 March	<u>408,545</u>	<u>2,951,505</u>

12 NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES

	<u>2012</u> USD	<u>2011</u> USD
Profit/ (Loss) before taxation	121,150,597	(533,057)
Adjusted for:		
- Unrealised exchange difference	-	(3,196,372)
- Interest Income	(363,024)	(3,128)
- Interest expense	-	916,855
- Investment written off	66,273	-
	<hr/>	<hr/>
Operating profit / (loss) before working capital changes	120,853,846	(2,815,702)
Adjustments for:		
- Change in other receivables	(7,994,654)	-
- Change in other payables	(2,509,233)	2,028,166
	<hr/>	<hr/>
Cash generated from/(used in) operations	110,349,959	(787,536)
Tax paid	(6,766,881)	-
	<hr/>	<hr/>
Net cash generated from/(used in) operations	<u>103,583,078</u>	<u>(787,536)</u>

13 INCOME

	<u>2012</u> USD	<u>2011</u> USD
Dividend income	135,337,613	-
Interest income	363,024	3,128
Exchange gain	-	3,196,372
	<hr/>	<hr/>
	<u>135,700,637</u>	<u>3,199,500</u>

14 FINANCE COSTS

	<u>2012</u> USD	<u>2011</u> USD
Interest on loan	325,368	910,722
Interest on Preference Shares	23,187	6,133
Bank charges	1,883	1,247
Exchange loss	11,286,825	-
	<hr/>	<hr/>
	<u>11,637,263</u>	<u>918,102</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012

15 SPECIAL ITEM

	<u>2012</u> USD	<u>2011</u> USD
Professional fees paid on successful completion of Anglo Acquisition	<u>2,550,000</u>	<u>-</u>

16 PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before taxation for the year is arrived at after charging:

	<u>2012</u> USD	<u>2011</u> USD
Acquisition related costs	-	2,811,455
Audit fees	<u>14,950</u>	<u>3,000</u>

17 TAXATION

The Company is a "Category 1 Global Business Licence Company" for the purpose of the Financial Services Act 2007. The profit of the Company, as adjusted for income tax purposes, is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% of the Mauritius Tax on its foreign source income.

Interest income earned by the Company from its bank in Mauritius is exempt from tax and there is no tax on capital gains on investments in Mauritius.

The directors have in accordance with the Company's accounting policy not recognised any deferred tax asset in that respect as the probability of taxable profit arising in future is remote.

(i) Tax expense

	<u>2012</u> USD	<u>2011</u> USD
Current tax	3,797,662	-
Withholding tax	6,766,881	-
	<u>10,564,543</u>	<u>-</u>

(ii) Tax reconciliation

	<u>2012</u> USD	<u>2011</u> USD
Profit/(loss) for the year	<u>121,150,597</u>	<u>(533,057)</u>
Tax at statutory rate @ 15%	18,172,590	(79,959)
Less: exempt income	(17,514)	-
Withholding tax	(6,766,881)	-
Non-allowable expenses	(823,652)	-
Deferred tax asset not recognised	-	79,959
	<u>10,564,543</u>	<u>-</u>

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012****18 FINANCIAL INSTRUMENTS**Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 4 to the financial statements.

Fair values

The carrying amounts of other receivables, cash at bank, borrowings and other payables approximate their fair values.

Categories of financial instruments

	<u>2012</u> USD	<u>2011</u> USD
Financial assets		
Loan and receivables (including cash and cash equivalents)	<u>169,917,026</u>	<u>93,022,950</u>
Financial liabilities		
Borrowings	-	108,500,000
Optionally convertible redeemable preference shares	896,000,000	940,000,000
Other payables	<u>408,545</u>	<u>2,951,505</u>
	<u>896,408,545</u>	<u>1,051,451,505</u>

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<u>Financial assets 2012 USD</u>	<u>Financial liabilities 2012 USD</u>	<u>Financial assets 2011 USD</u>	<u>Financial liabilities 2011 USD</u>
South African Rand (ZAR)	24,274,502	-	90,931,275	656,864
Namibian Dollar (NAD)	-	-	-	1,374,786
United States Dollars (USD)	<u>145,642,524</u>	<u>896,408,545</u>	<u>2,091,675</u>	<u>1,049,419,855</u>
	<u>169,917,026</u>	<u>896,408,545</u>	<u>93,022,950</u>	<u>1,051,451,505</u>

19 FINANCIAL RISK MANAGEMENT**Strategy in using financial instruments**

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012****19 FINANCIAL RISK MANAGEMENT (CONT'D)****Strategy in using financial instruments (cont'd)****(a) Market Risk Management**

Market risk is the risk that changes in market prices, foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(b) Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Any excess cash and cash equivalents of the Company are invested in short-term time deposits and liquid funds.

The following table details the Company's exposure to interest rate risks. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

2012

	Up to 1 year USD	More than 1 year USD	Non Interest bearing USD	Total USD
Assets				
Other receivables	75,000,000	50,000,000	24,522,652	149,522,652
Cash and cash equivalents	20,394,374	-	-	20,394,374
Total assets	95,394,374	50,000,000	24,522,652	169,917,026
Liabilities				
Optionally convertible redeemable preference shares	896,000,000	-	-	896,000,000
Other payables	-	-	408,545	408,545
Total liabilities	896,000,000	-	408,545	896,408,545

2011

	Up to 1 year USD	More than 1 year USD	Non Interest bearing USD	Total USD
Assets				
Other receivables	350,000	-	90,931,733	91,281,733
Cash and cash equivalents	1,450,000	-	291,217	1,741,217
Total assets	1,800,000	-	91,222,950	93,022,950
Liabilities				
Borrowings	108,500,000	-	-	108,500,000
Optionally convertible redeemable preference shares	940,000,000	-	-	940,000,000
Other payables	-	-	2,951,505	2,951,505
Total liabilities	1,048,500,000	-	2,951,505	1,051,451,505

Interest Rate Sensitivity

A 100 basis point is the sensitivity rate used internally by key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher / lower and all other variables were hold constant, the net loss for the year ended 31 March 2012 would increase / decrease by USD 8,960,000 (2011: USD 18,000) on account of Financial assets and USD 1,453,943 (2011: USD 10,485,000) on account of Financial Liabilities.

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012****19 FINANCIAL RISK MANAGEMENT (CONT'D)****(c) Currency Risk Management**

The company has invested in shares denominated in South African Rand and Namibian Dollars and made a loan to a subsidiary denominated in South African Rand. Consequently, the company is exposed to the risk that the exchange rate of the United States Dollar relative to the above foreign currencies may change in a manner which has material effect on the reported values of the company's assets which are denominated in these foreign currencies upon realisation of the investments and on profit or loss of each reporting period.

Currency profile

The currency profile of the company's financial assets and liabilities is summarised as follows:

	Financial assets 2012 USD	Financial liabilities 2012 USD	Financial assets 2011 USD	Financial liabilities 2011 USD
South African Rand	24,274,502	-	90,931,275	-
United States Dollar	145,642,524	896,408,545	2,091,675	1,051,451,505
	<u>169,917,026</u>	<u>896,408,545</u>	<u>93,022,950</u>	<u>1,051,451,505</u>

If exchange rate of the USD relative to South African Rand change by 10%, the net loss/equity for the year ended 31 March 2012 would increase/decrease by USD 2,206,773.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below illustrates the aged analysis of the Company's financial liabilities.

31 March 2012

	3 months to 1 year USD
Liabilities	
Other payables	408,545
Optionally convertible redeemable preference shares	896,000,000
Total	<u>896,408,545</u>
<u>31 March 2011</u>	
	3 months to 1 year USD
Liabilities	
Other payables	2,951,505
Optionally convertible redeemable preference shares	940,000,000
Borrowings	108,500,000
Total	<u>1,051,451,505</u>

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
FOR THE YEAR ENDED 31 MARCH 2012**19 FINANCIAL RISK MANAGEMENT (CONT'D)****(e) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company may adjust the amount of dividends paid to shareholder, return on capital to shareholder, issue new shares or sell assets to reduce debt.

Gearing ratio

The gearing ratio at the year end was as follows:

	<u>2012</u> USD	<u>2011</u> USD
Debt (i)	896,000,000	1,048,500,000
Cash and cash equivalents	<u>(20,394,374)</u>	<u>(1,741,217)</u>
Net debt	<u>875,605,626</u>	<u>1,046,758,783</u>
Equity (ii)	<u>119,047,513</u>	<u>8,461,459</u>
Net debt to equity ratio (%)	736	12,371

(i) Debt is defined as short-term borrowings.

(ii) Equity includes all capital and reserves of the company.

20 RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended 31 March 2012, the company traded with related parties. The nature and volume of transactions with the entities are as follows:

Name of Company	Relationship	Nature of transaction	2012 USD	2011 USD
THL Zinc Holding BV	Related party	Interest income	4,077	457
Vedanta Resources Holding Limited	Related party	Interest expense	325,368	910,722
Vedanta Resources Holding Limited	Related party	Repayment of loan	108,500,000	-
THL Zinc Ventures Ltd	Related party	Interest on optionally convertible redeemable preference shares	23,200	5,656

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2012****20 RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)**

Name of Company	Relationship	Nature of transaction	2012 USD	2011 USD
Black Mountain Mining Proprietary Limited	Subsidiary	Loans advanced		87,734,903
Black Mountain Mining	Subsidiary	Repayment of loan	66,656,773	
THL Zinc Holding BV	Related party	Loans advanced	-	350,000
Vedanta Resources Holding Limited	Related party	Loans received	-	108,500,000
THL Zinc Ventures Ltd	Holding company	Issue of optionally convertible redeemable preference shares	-	700,000,000
THL Zinc Holding BV	Related party	Issue of optionally convertible redeemable preference shares	-	240,000,000
THL Zinc Holding BV	Related party	Redemption of preference shares	44,000,000	-
Welter Trading Limited	Related party	Interest Income	192,188	
Twin Star Holdings Limited	Related party	Interest Income	50,000	
Outstanding balances				
Amount due from Black Mountain Mining Proprietary Limited	Subsidiary		24,274,502	90,931,275
Amount due to THL Zinc Ventures Limited			372,999	-
Amount due from THL Zinc Holding BV	Subsidiary		483	350,000
Welter trading Limited	Related party		75,192,188	-
Twin Star Holding Limited	Related party		50,050,000	
Amount due to THL Zinc Holding BV	Related party		196,000,000	240,000,000
Amount due to Vedanta Resources Holding Limited	Related party		-	108,500,000
Amount due to Zinc Ventures Ltd	Holding company		700,000,000	700,000,000

Compensation to key management personnel

No compensation to key management personnel was paid during the year (2011: Nil).

THL Zinc Ltd**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
FOR THE YEAR ENDED 31 MARCH 2012**21 EVENTS AFTER THE REPORTING PERIOD**

There have been no material events after reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2012.

22 HOLDING, INTERMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate holding company is THL Zinc Ventures Ltd, a Category 1 Global Business Company, established in Mauritius. The Company's intermediate holding company is Vedanta Resources Plc, a company incorporated in the United Kingdom. The ultimate holding company is Volcan Investments Limited, a company incorporated in the Bahamas.

THL Zinc Ltd**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**

	<u>2012</u> USD	<u>2011</u> USD
INCOME		
Dividend income	135,337,613	-
Interest income	363,024	3,128
Exchange gain	-	3,196,372
	<u>135,700,637</u>	<u>3,199,500</u>
ADMINISTRATIVE EXPENSES		
Filing and registration fees	(990)	(115,836)
Audit fees	(14,950)	(3,000)
Legal fees	-	(597,326)
Professional fees	(280,564)	(2,098,293)
Investment written off	(66,273)	-
	<u>(362,777)</u>	<u>(2,814,455)</u>
FINANCE COSTS		
Interest on loan	(325,368)	(910,722)
Interest on Preference Shares	(23,187)	(6,133)
Foreign Exchange difference	(11,286,825)	-
Bank charges	(1,883)	(1,247)
	<u>(11,637,263)</u>	<u>(918,102)</u>
PROFIT / (LOSS) BEFORE TAXATION	123,700,597	(533,057)
Special item	(2,550,000)	-
TAXATION	<u>(10,564,543)</u>	-
PROFIT / (LOSS) FOR THE YEAR	<u><u>110,586,054</u></u>	<u><u>(533,057)</u></u>