

BLACK MOUNTAIN MINING PROPRIETARY LIMITED
(Incorporated in the Republic of South Africa)

Company Registration number 2005/040096/07

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Exploration, development, treatment, production and sale of zinc, lead, copper and associated minerals concentrates.
Directors	KK Rajagopal D Naidoo SJ Bajaj JC Badenhorst A J Trytsman M Snyman R Smit (Alternate) NM Vegter (Alternate)
Registered office	Penge Road Aggeneys 8893
Postal address	Private Bag X01 Aggeneys 8893
Ultimate holding company	Vedanta Resources plc
Holding company	All of the shares in the company are held by THL Zinc Limited (74%) and Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited (26%).
Bankers	Standard Bank of South Africa Limited
Auditors	Deloitte & Touche
Company registration number	2005/040096/07
Tax reference number	9531/662/15/4
Preparer of annual financial statements	The annual financial statements have been prepared under the supervision of Charles Matumba CA (SA) (Financial Controller).
Level of assurance	These financial statements have been audited in compliance with the Companies Act of South Africa 71 of 2008.
Published	22 April 2015

CONTENTS

DIRECTORS RESPONSIBILITIES AND APPROVAL	3
INDEPENDENT AUDITOR'S REPORT	4
DIRECTORS' REPORT	5 - 6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	11-31

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 31 have been prepared on the going concern basis, were approved by the board on the 22th of April 2015 and were signed on its behalf by:



A Tryismen
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLACK MOUNTAIN MINING PROPRIETY LIMITED

We have audited the annual financial statements of Black Mountain Mining Propriety Limited set out on pages 7 to 31, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual 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 annual 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 about whether the annual financial statements are free from material misstatement.

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

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

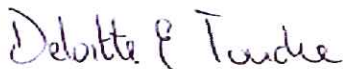
Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Black Mountain Mining Propriety Limited as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements.

This report is the responsibility of the respective preparer. Based on reading these reports we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.



Deloitte & Touche
Registered Auditor
Per: D Steyn
Partner
22 April 2015

National Executive: *LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit
DL Kennedy Risk Advisory *NB Kader Tax TP Pillay Consulting *K Black Clients & Industries
*JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy S Gwala Managed Services
*TJ Brown Chairman of the Board *MJ Comber Deputy Chairman of the Board
Regional Leader: MN Alberts

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

DIRECTORS' REPORT

The Directors have pleasure in submitting the annual financial statements of the Company for the year ended 31 March 2015.

Nature of business and history

The Company is the holder of the new order mineral rights to the Broken Hill Deeps, Swartberg and Gamsberg ore bodies.

Broken Hill Deeps is currently the main mining operation with resources of 24mt and reserves of 9.9mt and an estimated remaining life of mine of 6 years. The mining operations began at Broken Hill in 1980 and concluded during 2006, when the development to the Deeps section was completed. Small scale mining at Swartberg commenced in 1995 and continued until 2006 when it was mothballed. Swartberg was mined on a small scale (average 25,800t/month) from 1995 but production was stopped in 2006 in an effort to get the Deeps Mine in full production. Mining from underground at Gamsberg was stopped in January 2013 and to replace this ore, and keeping the Black Mountain concentrator in full production, mining at Swartberg was re-started in 2013.

The Gamsberg ore body is a large undeveloped zinc deposit situated approximately 22km from Black Mountain. A pre-feasible study was conducted on the ore body for 300 000 metal in concentrate ("MIC") in 2000 and in 2009 a pre-feasibility study for 400 000 MIC was commenced to determine the financial viability of developing the ore body to a full scale mine. The gaps in the initial pre-feasibility study were assessed and a technical and financial pre-feasibility study was completed in September 2013. Small scale mining at Gamsberg commenced in 2003 and concluded in 2013 with the onset of the above mentioned studies. The Project was officially approved by the Company's Board in November 2014 and the project team is in the process of optimising the mining schedule. In the 2016 financial year, the project activities will cover pre-start mining and pre-stripping of the pit and construction of related housing infrastructure. First ore production is planned for 2017-18 financial year with ramp up to full production expected in subsequent years.

General review

The Company recorded 12 Lost Time Injuries ("LTI"), an increase of 5 from 7 recorded in the previous year. Management continues to give primary focus on mining with zero harm to employees with various safety training and awareness initiatives rolled out throughout the operation.

Ore hoisted and ore treated increased by 3.0% to 1.44mt and by 5.1% to 1.43mt respectively. Total metal in concentrate produced decreased by 12% due to a combination of the decrease in falling head grades and recoveries.

The Social Labour Plan ("SLP") for the period 2014-2018 has been evaluated by the Department of Mineral Resources ("DMR") in the region and found to be compliant. However Ministerial approval was still pending as at 31 March 2015 and consequently, only a few projects of the SLP for 2014-15 were implemented. The Company also conducted cataract surgeries for the community around Aggeney's and the greater Northern Cape. Overall 408 (2014:404) patients were treated as part of the sustained drive against blindness.

Subsequent events

No significant events were recorded subsequent to 31 March 2015 to the date of this report.

Going concern

The Company's financial position, its cash flows, liquidity position and borrowings are set out in the annual financial statements, which comprise the statement of financial position, statement of comprehensive income and statement of cash flows. In addition details of our policy on capital risk management are set out in note 15 to the financial statements.

Black Mountain Mining Proprietary Limited (BMM) realised a profit of R120.2 million for the year ended 31 March 2015 (31 March 2014: R363.8 million).

The Board is satisfied that BMM's forecasts and projections, taking account of reasonably possible changes in trading performance, show that BMM will be able to operate within the foreseeable future. The directors consider the going concern basis for preparing its financial statements to remain appropriate.

DIRECTORS' REPORT continued

Directorate

The names of the Directors and Alternate Directors of the Company are as follows:

K.K. Rajagopal	Appointed 31/01/2011
P.A. Koppeschaar	Appointed 01/01/2010 (Resigned 30 October 2014)
S.J. Bajaj	Appointed 30/03/2012
J.C. Badenhorst	Appointed 19/10/2012
M. S. Snyman	Appointed 01/11/2014
R Soni	Appointed 30/03/2012 (Resigned 22 July 2014)
A Lubbe	Appointed 22/07/2013 (Resigned 02 March 2015)
A J Trytsman	Appointed 22/07/2014
D Naidoo	Appointed 22/01/2015
R. Smit (Alternate)	Appointed 04/08/2011
N.M. Vegter (Alternate)	Appointed 19/10/2012

Dividends

There was no dividend declared for the period (31 March 2014: R275 million).

Borrowing powers

The Company has a credit facility of R150 million with the Standard Bank of South Africa Limited at 31 March 2015 (31 March 2014: R150 million). The facilities are reviewed on an annual basis.

The Company has established hedging facilities with Rand Merchant Bank a division of FirstRand Bank Limited for R50 million.

Share capital

The authorised share capital of the Company as at 31 March 2015 was R10 000 divided into 10 000 ordinary shares of R1 each and 5 000 cumulative redeemable convertible preference shares of R1 each. There were 1 000 issued ordinary shares at 31 March 2015 (31 March 2014: 1 000). As at 31 March 2015 THL Zinc Limited, a non-resident company, held 74% of the issued ordinary shares, and Exxaro Base Metals and Industrial Mineral Holdings Proprietary Limited held the balance of 26%.

Auditors

Deloitte & Touche continued in office as auditors of the company for 2015. At the annual general meeting, shareholders will be requested to reappoint Deloitte & Touche as auditors of Black Mountain Proprietary Limited and confirm that Dirk Steyn will be the designated audit partner for the 2016 financial year.

Black Mountain Mining Proprietary Limited
 Company Registration number 2005/040096/07

Statement of comprehensive income for the year ended 31 March 2015

Rand '000	Notes	31 March 2015	31 March 2014
Total revenue		1 570 988	1 739 155
Total operating costs		(1 398 531)	(1 224 379)
Operating profit	2	172 457	514 776
Investment income	3	1 757	2 025
Interest expense	3	(82)	(275)
Net finance income	3	1 675	1 750
Profit before tax		174 132	516 526
Income tax expense	5	(53 949)	(152 743)
Profit for the period		120 183	363 783

Other comprehensive income

Rand '000	31 March 2015	31 March 2014
Profit for the year	120 183	363 783
Actuarial (loss)/gain on post-retirement benefit schemes	(3 529)	6 550
Deferred tax reversed/(raised)	988	(1 835)
Net income recognised directly in other comprehensive income	(2 541)	4 715
Total comprehensive income for the period	117 642	368 498

Black Mountain Mining Proprietary Limited
 Company Registration number 2005/040096/07

Statement of financial position as at 31 March 2015

Rand '000	Notes	31 March 2015	31 March 2014
Intangible assets	6	33 182	33 182
Tangible assets	7	1 385 509	1 339 768
Environmental rehabilitation trust	8	106 628	97 257
Financial asset investments	9	1	1
Total non-current assets		1 525 320	1 470 208
Inventories	10	120 871	124 413
Trade and other receivables	11	73 345	105 071
Current Tax Assets		44 353	5 831
Cash and cash equivalents		365 309	320 651
Total current assets		603 878	555 966
Total assets		2 129 198	2 026 174
Trade and other payables	12	241 648	299 413
Total current liabilities		241 648	299 413
Provisions	13	123 435	98 671
Deferred tax liabilities	14	326 000	317 222
Retirement benefit obligations	16	66 524	56 919
Total non-current liabilities		515 959	472 812
Total liabilities		757 607	772 225
Net assets		1 371 591	1 253 949
Equity			
Share capital	17	1	1
Retirement Benefit Reserve		7 103	9 644
Merger Reserve		21 588	24 365
Retained earnings		1 342 899	1 219 939
Equity		1 371 591	1 253 949

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Statement of changes in equity for the year ended 31 March 2015

Rand '000	Total share capital	Retirement benefit obligation reserve	Merger reserve	Retained earnings	Total Equity
Opening balance at 1 April 2014	1	9 644	24 365	1 219 939	1 253 949
Total comprehensive income for the year	-	(2 541)	-	120 183	117 642
Amortisation of merger reserve	-	-	(2 777)	2 777	-
Balance at 31 March 2015	1	7 103	21 588	1 342 899	1 371 591

Rand '000	Total share capital	Retirement benefit obligation reserve	Merger reserve	Retained earnings	Total Equity
Opening balance at 1 April 2013	1	4 929	28 018	1 127 503	1 160 451
Total comprehensive income for the period	-	4 715	-	363 783	368 498
Amortisation of merger reserve	-	-	(3 653)	3 653	-
Dividends declared	-	-	-	(275 000)	(275 000)
Balance at 31 March 2014	1	9 644	24 365	1 219 939	1 253 949

Black Mountain Mining Proprietary Limited
 Company Registration number 2005/040096/07

Statement of cash flows
 for the year ended 31 March 2015

Rand '000	Notes	31 March 2015	31 March 2014
Cash flows from operations			
Cash inflows from operations	20	257 969	643 352
Income tax paid	20	(82 704)	(176 441)
Net cash inflows from operating activities		175 265	466 911
Cash flows from investing activities			
Purchases of tangible assets		(133 096)	(188 889)
Contribution to rehabilitation trust		(2 714)	-
Proceeds on sale of tangible assets		69	2 711
Interest and other investment income received		1 757	2 025
Rental income		3 459	3 364
Net cash outflows from investing activities		(130 525)	(180 789)
Cash flows from financing activities			
Interest paid		(82)	(275)
Dividends paid	20	-	(481 500)
Net cash outflows from financing activities		(82)	(481 775)
Net increase/(decrease) in cash and cash equivalents		44 658	(195 653)
Cash and cash equivalents at start of year		320 651	516 304
Cash and cash equivalents at end of year		365 309	320 651

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements

For the year ended 31 March 2015

1 Accounting policies

Basis of preparation

The financial statements provide information about the financial position, results of operations and changes in financial position of the Company. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). A summary of the principal company accounting policies is set out below, which have been consistently applied in all material respects. The Company's functional and presentation currency is South African Rand (ZAR).

In the preparation of the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share based payments, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant areas of management uncertainty include:

- Useful economic life of assets and ore resources estimates;
- Impairment of assets;
- Restoration, rehabilitation and environmental costs provisions;
- Retirement benefits;
- Valuation of inventories;
- Onerous contract provisions; and
- Valuation and recoverability of accounts receivable.

Further information is provided in the relevant notes to the financial statements.

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entity controlled by the Company, the Black Mountain Mining Rehabilitation Trust ("the Trust"). Control is achieved since the Company has the power to govern the financial and operating policies of the Trust so as to obtain benefits from its activities. Where necessary, adjustments are made to the Trust to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. Sales of concentrate are stated at their invoiced amount which is net of treatment and refining charges. A sale is recognised when the significant risks and rewards of ownership have passed.

Revenue from metal mining activities is based on the payable metal sold. Revenue from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

1 Accounting policies continued

Intangible assets

Intangible assets consist of goodwill. Goodwill arises on an acquisition of a business and is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Tangible assets

Mining properties are depreciated down to their residual values with reference to the expected units of production using the life of mine method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, a write-down to the recoverable amount is charged to profit or loss.

Land and properties in the course of construction are carried at cost, less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings, plant and equipment are depreciated down to their estimated residual values at varying rates, on the straight-line basis over their estimated useful lives or the life of mine whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment and up to a maximum of 50 years for buildings, limited to the expected life of mine.

Residual values and useful economic lives are reviewed at least annually, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of tangible and intangible assets excluding goodwill

At each reporting period end, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, 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. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which 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 or cash-generating unit is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

Where an impairment subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment is recognised as income immediately.

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

1 Accounting policies continued

Research and exploration expenditure

Research and exploration expenditure is written off in the year in which it is incurred. The costs of mining properties and leases, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading 'Mining properties and leases' in the year in which they are incurred. When a decision is taken that a mining property is viable for commercial production (i.e. when the Company determines that the mining property will provide sufficient and sustainable returns relative to the risk and decides to proceed with the development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties and lease costs are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property.

Inventory

Inventory and work-in-progress are valued at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- raw materials and consumables are valued at cost on a weighted average basis;
- finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses; and
- metal concentrate stocks are included in finished products and are valued at average cost.

Retirement benefits

The Company operates defined contribution schemes for its employees as well as post-retirement medical plans. For defined contribution schemes the amount charged to profit or loss is the contributions paid or payable during the year.

For post-retirement medical plans, full actuarial valuations are carried out every two years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no 'deep market' for such bonds, based on government bonds.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in equity. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. The expected return on the plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the current tax charge and the movement in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss 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 period end.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of an asset or liability in a transaction that affects neither the tax profit nor accounting profit.

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

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

1 Accounting policies continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental costs of the operating lease are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. Such costs arising from the installation of plant and other site preparation work, discounted to its net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged against profits over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy above.

The Black Mountain rehabilitation trust was established to meet the costs of some of decommissioning, restoration and environmental rehabilitation liabilities. Annual contributions are made to the trust, where required, to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine.

Foreign currency transactions

Foreign currency transactions are booked in their functional currencies at the exchange rate ruling on the date of the transaction. At each reporting period end, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period. Gains and losses arising on translation are included in net profit or loss for the period and classified as either operating or financing depending on the nature of the monetary item giving rise to them.

Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Share-based payments

Certain employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share awards with market-related vesting conditions are determined by an external valuer and the fair value at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations. No adjustment is made to the fair value after the vesting date even if the awards are forfeited or not exercised.

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements

For the year ended 31 March 2015

1 Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The Company's financial instruments consist of investments, trade and other receivables, loans payable and trade and other payables.

Financial assets

Investments, other than investments in associates, are initially recorded at fair value. At subsequent reporting dates, financial assets that the Company has the expressed intention and ability to hold to maturity ("held-to-maturity") as well as loans and receivables are measured at amortised cost, less any impairment. The amortisation of any discount or premium on the acquisition of a held-to-maturity investment is recognised in profit or loss in each period using the effective interest method.

Financial assets other than those classified as held-to-maturity or loans and receivables are classified as either at fair value through profit or loss (which includes investments held for trading) or available-for-sale investments. Both sub-categories are measured at each reporting date at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in profit or loss for the period. For available-for-sale investments, unrealised gains and losses are recognised in equity, until the security is disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss.

The Company's investments are classified as available for sale and are carried at fair value. Gains and losses are recognised in equity.

Impairment of financial assets

Financial assets other than those at fair value through profit and loss are assessed for indicators of impairment at each reporting period end. Financial assets are impaired where there is objective evidence that, as a result 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 unlisted shares classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, and finance lease receivables, 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 certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying value 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 debtor 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 allowances account are recognised in profit or loss.

With the exception of available for sale equity instruments, 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

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

1 Accounting policies continued

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

In respect of available for sale equity securities, impairment losses previously recognised through profit and loss are not reversed through profit and loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and reward of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset of the Company after deducting all of its liabilities.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

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

Adoption of new and revised Accounting Standards and Interpretations

The Company has not adopted any new or revised Accounting Standards or Interpretations.

Accounting Standards and Interpretations issued but not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory Company's accounting periods beginning on or after 1 April 2015 or later periods. These standards are not expected to have a material impact on the Company's annual financial statements.

Standard/ Interpretation:	Effective date: Years beginning on or after
IFRS 2: Share-based Payment (amendments)	1 July 2014
IFRS 3: Business Combinations (amendments)	1 July 2014
IFRS 7: Financial Instruments: Disclosures (amendments)	1 January 2016
IFRS 8: Operating Segments (amendments)	1 July 2014
IFRS 9: Financial Instruments (new)	1 January 2018
IFRS 10: Consolidated Financial Statements (amendments)	1 January 2016
IFRS 12: Disclosure of Interests in Other Entities (amendments)	1 January 2016
IFRS 13: Fair Value Measurement (amendments)	1 July 2014
IFRS 14: Regulatory Deferral Accounts (new)	1 January 2016
IFRS 15: Revenue from contracts with customers (new)	1 January 2017

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

1 Accounting policies continued

	1 January 2016
IAS 1: Presentation of Financial Statements (amendments)	1 January 2016
IAS 16: Property, Plant and Equipment (amendments)	1 July 2014
IAS 24: Related Party Disclosures (amendments)	1 January 2016
IAS 28: Investments in Associates and Joint Ventures (amendments)	1 July 2014
IAS 38: Intangible Assets (amendments)	

2 Operating profit

Rand '000	31 March 2015	31 March 2014
Revenue	1 570 988	1 739 155
Cost of sales	(877 978)	(762 824)
Gross profit	693 010	976 331
Selling and distribution costs	(151 969)	(177 217)
Administrative expenses	(368 584)	(284 338)
Operating profit	172 457	514 776
Operating profit is calculated after (charging)/crediting:		
Depreciation of tangible assets	(94 693)	(121 372)
Employee costs	(380 132)	(316 098)
Share based payment expense	(10 214)	(14 766)
Unwinding of discount on provisions	(17 177)	(2 157)
Interest on post-employment benefit arrangements	(4 349)	(5 169)
Rentals under operating leases	(2 237)	(2 771)
Auditors' remuneration:		
Audit	(2 289)	(2 382)
Rental income	3 459	3 364
Other income	8 293	11 715
Foreign exchange gain	15 936	29 806
Growth in environmental rehabilitation trust	6 657	6 405
(Loss)/profit on sale of fixed assets	(176)	2 711
Asset write off	(8 577)	(12 156)
Obsolescence provision	(3 379)	(3 701)
Provision for doubtful debts	(211)	(178)
Royalty ⁽¹⁾	(23 614)	(88 590)

(1) The royalty has been incurred in terms of the Mineral and Petroleum Resources Royalty Act No 28 of 2008 which became effective on 1 March 2010.

3 Net finance income

Rand '000	31 March 2015	31 March 2014
Investment income		
Interest and other financial income	1 757	2 025
	1 757	2 025
Rand '000	31 March 2015	31 March 2014
Interest expense		
Overdrafts	82	275
	82	275
Net finance income	1 675	1 750

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

4 Key management compensation

Year ended 31 March 2015 (R'000)

Executive Directors	Directors' fees	Short-Term benefits			Post Retirement Benefits		Total remuneration
		Salaries	Bonus	Allowances	Pension Contributions	Share scheme	
Director A	-	1 391	-	183	202	-	1 776
Director B	-	6 742	1 234	1 924	-	1 177	11 077
Director C	-	1 911	937	282	276	-	3 406
Director D	-	2 468	403	1 918	359	310	5 458
Director E	-	615	683	814	-	-	2 112
	-	13 127	3 257	5 121	837	1 487	23 829
Non-Executive Directors							
Director F	-	-	-	-	-	-	-
Director G	-	-	-	-	-	-	-
Director H	-	-	-	-	-	-	-
Director I	-	-	-	-	-	-	-
Director B	-	-	-	-	-	-	-
Senior Management	-	9 368	2 604	1 848	1 158	-	14 978
Total: Directors and Senior Management	-	22 495	5 861	6 969	1 995	1 487	38 807

The company does not remunerate Directors for their participation in board activities.
The company does not have any prescribed officers.

Year ended 31 March 2014 (R'000)

Executive Directors	Directors' fees	Short-Term benefits			Post Retirement Benefits		Total remuneration
		Salaries	Bonus	Allowances	Pension Contributions	Share scheme	
Director B	-	5 992	1 271	239	-	-	7 502
Director C	-	444	-	365	55	-	864
Director D	-	2 542	-	337	370	-	3 249
Director E	-	1 048	851	334	-	-	2 233
Director J	-	831	689	378	133	-	2 031
	-	10 857	2 811	1 653	558	-	15 879
Non-Executive Directors							
Director F	-	-	-	-	-	-	-
Director G	-	-	-	-	-	-	-
Director I	-	-	-	-	-	-	-
Senior Management	-	9 853	2 684	-	1 886	-	14 423
Total: Directors and Senior Management	-	20 710	5 495	1 653	2 444	-	30 302

The company does not remunerate Directors for their participation in board activities.
The company does not have any prescribed officers.

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

5 Income tax expense

a) Analysis of charge for the year

Rand '000	31 March 2015	31 March 2014
Current tax		
Payable in respect of the current year	43 376	149 989
Payable/(receivable) in respect of the prior year	806	(4 166)
Total current taxation	44 182	145 823
Deferred taxation in respect of the current year	9 767	6 920
Deferred taxation in respect of prior year	-	-
Total deferred taxation	9 767	6 920
Total tax charge for the year	53 949	152 743

b) Factors affecting tax charge for the year

The current tax charge is R 44 182 000 (31 March 2014: R145 823 346).

Rand '000	31 March 2015	31 March 2014
Profit on ordinary activities before tax	174 132	516 526
Tax on profit on ordinary activities calculated at 28%	48 757	144 627
Tax effects of:		
Expenses not deductible for tax purposes	6 250	14 076
Non-taxable income	(1 864)	(1 794)
Current tax liability/(receivable) prior year recognised	806	(4 166)
Deferred tax liability prior year recognised	-	-
Tax charge for the year	53 949	152 743

c) Tax rate reconciliation

	31 March 2015	31 March 2014
Standard tax rate	28.00%	28.00%
Non-deductible expenses	2.52%	2.38%
Adjustment in respect of prior years tax	0.46%	(0.81%)
Effective rate	30.98%	29.57%

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

6 Intangible assets

	31 March 2015 Goodwill Gamsberg	31 March 2014 Goodwill Gamsberg
Rand '000		
Cost and net book value		
Opening balance	33 182	33 182
Closing balance	33 182	33 182

7 Tangible assets

Rand '000	Land and buildings	Mine development assets Gamsberg	Plant and equipment	Decommissioning cost	Total
Cost					
At 1 April 2014	51 971	494 245	1 258 898	33 638	1 838 752
Additions	4 468	45 326	83 302	7 587	140 683
Disposals	-	-	(683)	-	(683)
Write-offs	-	-	-	-	-
Re-estimation – non cash flow	-	-	-	-	-
At 31 March 2015	56 439	539 571	1 341 517	41 225	1 978 752
Accumulated depreciation					
At 1 April 2014	22 750	-	465 336	10 898	498 984
Charge for the year	3 022	-	91 671	-	94 693
Disposals	-	-	(434)	-	(434)
Write-offs	-	-	-	-	-
At 31 March 2015	25 772	-	556 573	10 898	593 243
Net book value At 31 March 2015	30 667	539 571	784 944	30 327	1 385 509

Rand '000	Land and buildings	Mine development assets Gamsberg	Plant and equipment	Decommissioning cost	Total
Cost					
At 1 April 2013	29 176	413 794	1 211 289	24 004	1 678 263
Additions	5 564	80 451	102 874	-	188 889
Disposals	17 231	-	(17 231)	-	-
Write-offs	-	-	(38 034)	-	(38 034)
Re-estimation – non cash flow	-	-	-	9 634	9 634
At 31 March 2014	51 971	494 245	1 258 898	33 638	1 838 752
Accumulated depreciation					
At 1 April 2013	6 336	-	368 221	8 933	403 490
Charge for the year	3 300	-	116 107	1 965	121 372
Disposals	13 114	-	(13 114)	-	-
Write-offs	-	-	(25 878)	-	(25 878)
At 31 March 2014	22 750	-	465 336	10 898	498 984
Net book value At 31 March 2014	29 221	494 245	793 562	22 740	1 339 768

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

8 Environmental rehabilitation trust

The Black Mountain Mining Rehabilitation Trust was established to meet the Company's decommissioning, restoration and environmental rehabilitation liabilities. Contributions are made as and when the need arises after obtaining approval/agreement of contributions required from the Department of Mineral Resources.

	31 March 2015	31 March 2014
Rand '000		
Opening balance	97 257	90 685
Contributions made during the year	2 714	167
Interest earned during the year	6 657	6 405
Closing balance	106 628	97 257

The balance comprises the following investments:

Cash held in fixed deposits and invested during the year ended 31 March 2015, 30% was fixed for 2 years and 70% was fixed for 5 years at an interest rate of 5% and 8% respectively.

These funds are not available for the general purpose of the Company. All income from these assets is reinvested to meet specific environment obligations. These obligations are included in environmental rehabilitation costs under long-term provisions.

Rand Merchant Bank a division of FirstRand Bank Limited has issued a guarantee for R20 million in favour of the Department of Mineral Resources ("DMR") as assurance that the Company will honour its environmental rehabilitation obligations at the end of life of mine.

9 Financial asset investments

	31 March 2015	31 March 2014
Rand '000	Available for sale	Available for sale
Closing balance	1	1

The balance consists of an investment in The Rand Mutual Assurance Company Limited.

10 Inventories

a) Summary of inventories

	31 March 2015	31 March 2014
Rand '000		
Raw materials and consumables	64 565	66 742
Provision for slow moving stocks	(12 634)	(9 256)
Net raw materials and consumables	51 931	57 486
Finished products	68 940	66 927
	120 871	124 413

The cost of inventories recognised as an expense and included in cost of sales amounted to R877 978 457 (31 March 2014: R762 823 501).

b) Movement in provision for slow moving stocks

	31 March 2015	31 March 2014
Rand '000		
Opening balance	9 256	5 555
Increase (decrease)	3 378	3 701
Closing balance	12 634	9 256

A percentage of the value of consumables that have not moved for two years is used to calculate the provision for slow moving stock. The percentage used was 75% (31 March 2014: 75%).

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

11 Trade and other receivables

a) Summary of trade and other receivables

	31 March 2015	31 March 2014
Rand '000		
Trade debtors	11 143	38 516
Prepayments and accrued income	8 280	9 938
Other debtors	48 686	30 512
Amounts owed by fellow subsidiaries	5 694	26 352
Allowance for doubtful debts	(458)	(247)
Closing balance	73 345	105 071

Trade and other receivables are all due within one year.

The fair value of trade and other receivables is not materially different to the carrying values presented. An allowance for doubtful debts has been raised in respect of other debtors. There are no trade receivable accounts which are past due as per the individual sales contracts at the reporting date. The outstanding trade receivable balances at 31 March 2015 was mainly due from 3 customers (31 March 2014: 3 customers).

b) Movement in allowance for doubtful debts

	31 March 2015	31 March 2014
Rand '000		
Opening balance	247	69
Increase	211	178
Closing balance	458	247

12 Trade and other payables

	31 March 2015	31 March 2014
Rand '000		
Trade creditors	44 186	138 220
Amounts owed to group companies	3 846	19 361
Taxation and social security	1 260	2
Other creditors	78 118	22 008
Accruals	42 560	58 575
Royalty	71 678	61 247
Closing balance	241 648	299 413

The fair value of trade and other payables is not materially different to the carrying values presented. The average credit period is 30 days.

Trade creditors include R3 597 230 (31 March 2014: R67 196 285) owed to customers for advance payments received on sale of concentrate.

Amounts owed to group companies are disclosed in note 22, related party transactions.

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

13 Provisions

Rand '000	Environmental restoration	Decommissioning	Total
At 1 April 2014	30 359	68 312	98 671
Unwinding of discount	15 401	1 776	17 177
Re-estimation – non-cash flow	-	7 587	7 587
At 31 March 2015	45 760	77 675	123 435

Rand '000	Environmental restoration	Decommissioning	Total
At 1 April 2013	29 018	57 692	86 710
Unwinding of discount	722	1 435	2 157
Re-estimation – non-cash flow	619	9 185	9 804
At 31 March 2014	30 359	68 312	98 671

Environmental restoration

The Company has an obligation to incur restoration, rehabilitation and environmental costs when environmental disturbance is caused by the development of ongoing production of a mining property. A provision is recognised for the present value of such costs.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site preparation work. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The current estimate was discounted at a real discount rate of 3.6% (31 March 2014: 2.6%). These costs are expected to be incurred at the end of the life-of-mine which is currently estimated to be 31 March 2021. An estimate for Gamsberg has been made and included in these provisions, with formal updates to be done once the disturbance starts.

14 Deferred tax liabilities

Rand '000	31 March 2015	31 March 2014
Opening balance	317 222	308 467
Charged to profit or loss	9 766	6 920
(Credited)/debited to equity	(988)	1 835
Closing balance	326 000	317 222

The amount of deferred taxation provided in the accounts is as follows:

Rand '000	31 March 2015	31 March 2014
Liabilities:		
Actuarial gain on post-retirement medical arrangements	2 763	3 750
Capital allowances in excess of depreciation	370 824	361 872
Provisions	(59 877)	(59 884)
Other timing differences	12 290	11 484
Closing balance	326 000	317 222

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

15 Financial risk and capital management

Financial instrument risk exposure and management

Ultimate responsibility for the financial risk management rests with the Board of Directors.

The Company's financial assets and liabilities are summarised as follows:

Rand '000	Financial assets	
	Amortised cost	Total
Financial assets investments	106 628	106 628
Cash and cash equivalents	365 309	365 309
Trade and other receivables	18 784	18 784
At 31 March 2015	490 721	490 721

Rand '000	Financial liabilities	
	Amortised cost	Total
Trade and other payables	(166 373)	(166 373)
At 31 March 2015	(166 373)	(166 373)

Rand '000	Financial assets	
	Amortised cost	Total
Financial assets investments	97 257	97 257
Cash and cash equivalents	320 651	320 651
Trade and other receivables	72 644	72 644
At 31 March 2014	490 552	490 552

Rand '000	Financial liabilities	
	Amortised cost	Total
Trade and other payables	(170 968)	(170 968)
At 31 March 2014	(170 968)	(170 968)

Level 1 represents those assets which are measured using unadjusted prices for identical assets. The financial instruments in the above tables are categorised as Level 1 financial instruments, as at amortised cost. These include financial asset investments, cash and cash equivalents, trade and other receivables and trade and other payables.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables and investments. The Company's credit risk is primarily attributable to its trade receivables. The Company's maximum exposure to non-financial institution credit risk at 31 March 2015 is R11 142 932 (31 March 2014: R38 516 443). Short term cash investments are placed with banks of a high credit standing.

An allowance for impairment of trade and other receivables is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. During the year trade and other receivables with a value of R211 120 were identified as doubtful (31 March 2014: R177 655) and fully provided for.

Liquidity risk

The Company ensures that there are sufficient committed loan facilities in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holding of cash and cash equivalents, as well as any distribution restrictions that exist. As at 31 March 2015 the Company has an unutilised credit facility of R150 million (31 March 2014: R150 million) with the Standard Bank of South Africa Limited as well as a hedge facility with Rand Merchant Bank a division of FirstRand Bank Limited to the value of R50 million (31 March 2014: R50million).

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

15 Financial risk and capital management continued

The expected undiscounted cash flow of the Company's financial liabilities, by remaining contractual maturity, at the reporting period end is as follows:

Rand '000	Within 1 year		Repayment
	Fixed Interest	Floating Interest	
At 31 March 2015			
Other non-interest bearing liabilities	-	-	166 373
Total	-	-	166 373

Rand '000	Within 1 year		Repayment
	Fixed Interest	Floating Interest	
At 31 March 2014			
Other non-interest bearing liabilities	-	-	170 968
Total	-	-	170 968

Market risk

The significant market exposures to which the Company is exposed are foreign currency risks, interest rate risk and commodity price risk. These are discussed further below:

Foreign exchange risk

The Company is exposed to mainly US Dollar currency. The Company's policy is not to hedge such exposures as hedging is not deemed appropriate. The exposure of the Company's financial assets and liabilities to currency risk is as follows:

Rand '000	31 March 2015	31 March 2014
	Financial assets	Financial assets
US\$	307 669	322 932
Rand	183 052	167 620
Total financial assets	490 721	490 552

Rand '000	31 March 2015	31 March 2014
	Financial Liabilities	Financial Liabilities
US\$	2 980	18 744
EUR	-	573
GBP	252	119
AUD	-	1 522
INR	832	1 530
Rand	162 309	148 480
Total financial liabilities	166 373	170 968

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

15 Financial risk and capital management continued

The exposure of the Company's financial liabilities to interest rate risk is as follows:

	Non-interest bearing financial liabilities	Non-interest bearing financial liabilities
Rand '000	31 March 2015	31 March 2014
Financial liabilities	166 373	170 968
Financial liabilities exposure to interest rate risk	166 373	170 968

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 shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

In order to manage the short and long term capital structure, the Company adjusts the amount of ordinary dividends paid to shareholders.

Financial risk sensitivities

Financial instruments affected by market risk include borrowings, deposits, and trade receivables and payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Company's financial instruments (as at year end) to changes in market variables, being exchange rates and interest rates.

The sensitivity analysis has been prepared on the basis that the components of net debt, the ratio of fixed to floating interest rates of the debt portfolio and the proportion of financial instruments in foreign currencies are all constant. The company does not enter into provisionally priced contracts, thus the commodity price sensitivities have not been calculated. The sensitivity analysis relates to the position as at period end.

- All profit or loss sensitivities also impact equity;
- The majority of debt and other deposits are carried at amortised cost and therefore carrying value does not change as interest rates move;
- No sensitivity is provided for accrued interest as accruals are based on pre-agreed rates and therefore are not susceptible to further rate movements; and
- Debt with a maturity below one year is floating rate, unless it is a long term fixed rate debt in its final year.

Using the above assumptions, the following tables show the illustrative effect on profit or loss and equity that would result from reasonable possible changes in the relevant foreign currency and interest rates:

Rand '000	Profit or (loss)	Equity
Interest rate sensitivities		
31-Mar-15		
+10% interest rate	2 153	2 153
-10% interest rate	(2 153)	(2 153)
31-Mar-14		
+10% interest rate	647	647
-10% interest rate	(647)	(647)

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements

For the year ended 31 March 2015

15 Financial risk and capital management continued

Rand '000	Profit or (loss)	Equity
Foreign currency sensitivities		
31-Mar-15		
+10% US\$ to the Rand	298	298
-10% US\$ to the Rand	(298)	(298)
+10% INR to the Rand	(83)	(83)
-10% INR to the Rand	83	83
+10% GBP to Rand	25	25
-10% GBP to Rand	(25)	(25)
31-Mar-14		
+10% US\$ to the Rand	1 874	1 874
-10% US\$ to the Rand	(1 874)	(1 874)
+10% INR to the Rand	(153)	(153)
-10% INR to the Rand	153	153
+10% US\$ to the EUR	57	57
-10% US\$ to the EUR	(57)	(57)
+10% US\$ to the GBP	12	12
-10% US\$ to the GBP	(12)	(12)
+10% US\$ to the AUD	152	152
-10% US\$ to the AUD	(152)	(152)

Fair value measurements

This note provides information how the Company determines fair values of various financial assets and financial liabilities. The Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets and financial liability are determined:

IFRS 13 *Fair Value Measurement* has established a three-level hierarchy for making fair value measurements:

- Level 1 - Unadjusted quoted prices for financial assets and financial liabilities traded in an active market for identical financial assets or financial liabilities.
- Level 2 - Inputs other than quoted prices included in level 1 that are observable for the financial asset or financial liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the financial asset or financial liability that are not based on observable market data.

Financial assets carried at fair value include cash and cash investments.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

16 Retirement benefits

The Company operates defined contribution pension plans for the majority of its employees. It also operates post-retirement medical arrangements. The policy for accounting for pensions and post-retirement benefits is included in note 1.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of contribution payable by the Company in the financial year.

The post-retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. These plans are unfunded.

Defined contribution plans
Pension Plans

The defined contribution pension cost represents the actual contributions payable by the Company to the various plans. At 31 March 2015, there were no material outstanding/prepaid contributions and so no prepayment or accrual has been disclosed in the statement of financial position in relation to these plans.

Defined contribution plans are governed by the South African Pension Fund Act.

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

16 Retirement benefits continued

The principal assumptions used to determine the actuarial present value of benefit obligations in terms of IAS 19 are detailed

	31 March 2015	31 March 2014
Post-retirement medical plan		
Average discount rate for plan liabilities	8.9%	9.7%
Average rate of inflation	7.0%	7.3%
Expected average increase in healthcare costs	8.5%	8.9%

Post retirement medical plans

Profit or loss

The amounts recognised in profit or loss are as follows:

Rand '000	31 March 2015	31 March 2014
	Post-retirement medical plans	Post-retirement medical plans
Analysis of the amount charged to operating profit or loss		
Employer contributions	(1 114)	(1 056)
Current service cost	1 727	1 985
Total within operating costs	613	929
Analysis of the amount charged to net finance costs		
Expected return on plan assets	-	-
Interest cost on plan liabilities	5 456	5 169
Net charge to other net finance costs	5 456	5 169
Total charge to profit or loss	7 183	7 154

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

16 Retirement benefits continued

Movement analysis

The change in the present value of defined benefit obligations are as follows:

Rand '000	31 March 2015	31 March 2014
	Post-retirement medical plans	Post-retirement medical plans
Opening balance	56 919	57 340
Current service cost	1 727	1 985
Interest costs	5 456	5 169
Actuarial losses/(gain) in equity	3 529	(6 550)
Benefit paid	(2 221)	(2 081)
Contributions paid by other members	1 114	1 056
Closing balance	66 524	56 919

Assumed healthcare trend rates have a significant effect on the amounts recognised in profit or loss. A 1% change in assumed healthcare cost trend rates would have the following effects:

Rand '000	31 March 2015		31 March 2014
	1% increase	1% decrease	1% increase
Effect on the sum of service cost and interest cost	1 577	(1 246)	1 437
Effect on defined benefit obligation	12 706	(10 112)	10 674

17 Share capital

	31-Mar-15		31-Mar-14
	Number of shares	Rand '000	Number of shares
Authorised:			
Ordinary shares of R1 each	10 000	10	10 000
Cumulative redeemable convertible preference shares of R1 each	5 000	5	5 000
Issued:			
Ordinary shares of R1 each	1 000	1	1 000

The remaining unissued shares are under the control of the Directors until the Annual General Meeting.

18 Capital commitments

Rand '000	31 March 2015	31 March 2014
	Contracted but not provided	22 484
Authorised but not yet contracted	901 282	129 429

These commitments will be funded from internal cash resources.

19 Contingent liabilities

Provision is made for all liabilities that are expected to materialise.

The Company has a dispute with a customer with regards to a copper sale that was shipped and paid for by the customer in September 2013. The Company has filed an arbitration notice with the London Court of International Arbitration for balances due from the customer and for claims on losses suffered. Glencore has provided its estimate of losses incurred to the London International Court of Arbitration on 8 November 2014 (USD\$ 15 million) to which Black Mountain has subsequently responded on 2 January 2015 with a claim of USD\$3.2 million.

The Company received a letter of intent from SARS regarding rebates claimed on diesel purchases for the period August 2008 to August 2011. SARS alleges that the Company claimed rebates on non-qualifying activities. This claim is being appealed with the outcome not known as yet. The amount concerned is R10.7 million.

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

20 Cash flow analysis

a) Reconciliation of profit before tax to cash inflows from operations

	31 March 2015	31 March 2014
Rand '000		
Profit before tax	174 132	516 526
Depreciation and amortisation	94 693	121 372
Share based payment expense	10 214	14 766
Tangible assets written off	8 577	12 156
Net finance income	(1 675)	(1 750)
Rental income	(3 459)	(3 364)
Loss/ (profit) on sale of tangible assets	176	(2 711)
(Decrease)/Increase in provisions and other non-cash flow items	(2 017)	2 232
Decrease/(Increase) in inventories	3 542	(45 350)
Decrease/(increase) in operating debtors	31 726	(59 258)
(Decrease)/Increase in operating creditors	(57 940)	109 055
Reallocation of Royalty tax from Income tax paid	-	(20 322)
Cash inflows from operations	257 969	643 352

b) Income tax paid

	31 March 2015	31 March 2014
Rand '000		
Opening balance	5 831	(34 934)
Charge for the year	(44 182)	(145 823)
Withholding tax on dividends payable to THL Zinc Limited	-	(10 175)
Reallocation of Royalty tax from Income tax paid	-	20 322
Closing balance	(44 353)	(5 831)
Tax paid	(82 704)	(176 441)

c) Dividend paid

	31 March 2015	31 March 2014
Rand '000		
Opening balance	-	(216 675)
Declared during the year	-	(275 000)
Withholding tax on dividends payable to THL Zinc Limited	-	10 175
Closing balance	-	-
Dividend paid	-	(481 500)

Black Mountain Mining Proprietary Limited
Company Registration number 2005/040096/07

Notes to the annual financial statements
For the year ended 31 March 2015

21 Operating leases

At 31 March, the Company had outstanding commitments under non-cancellable operating leases.

	31 March 2015	31 March 2014
Rand '000		
Expiry date:		
Within one year	1 985	847
Two to five years	681	1 073
	2 666	1 920

22 Related party transactions

The Company in the ordinary course of business enters into sales and service transactions with fellow subsidiaries and associates and others in the Vedanta Resources plc. These transactions are under terms that are no more favourable than those arranged with third parties.

The following balances were outstanding/receivable from group companies at year end:

Rand	Nature of transactions	2015	2014
Balance payable			
Sterlite Industries India Limited	(a)	534 697	47 096
SESA Sterlite Limited	(c)	3 276 858	17 830 512
VGCB	(a)	24 570	1 483 325
Namzinc	(a)	7 882	
Western Cluster Limited	(a)	2 353	
		3 846 360	19 360 933
Balance receivable			
Lisheen Mine Partnership	(b)	2 171 150	13 069 630
Skorpion Zinc Proprietary Limited	(a) and (b)	2 666 473	9 059 717
KCM Mine Proprietary Limited	(a)	588 544	4 106 066
Sterlite Industries India Limited	(a)	117 412	-
Sesa GOA	(a)	20 903	-
SESA BFM	(a)	129 659	117 018
		5 694 141	26 352 431

(a) Expenses paid on behalf of group companies and or on behalf of the Company by group companies and recharged at cost paid.

(b) Administration fees recovered from Lisheen Mine Partnership and Skorpion Zinc Proprietary Limited for the period were R24 533 210 each (31 March 2014: R25 377 329).

(c) The share based expenses for the period for certain employee shares or rights over shares in a Group company are administered by SESA Sterlite Limited and the total expense for the year is R10 213 826 (31 March 2014: R14 765 532).

Remuneration and benefits of key management personnel are disclosed in note 4.