COPPER MINES OF TASMANIA PTY LIMITED

A.B.N. 36 065 339 835

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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COPPER MINES OF TASMANIA PTY LIMITED
DIRECTORS' REPORT

The directors of Copper Mines of Tasmania Pty Limited submit herewith the annual financial report of the company for the financial year ended 31 March 2018. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

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

DIRECTORS

Mrs. Deshnee Naidoo

Mr Kishore Kumar

Mr Peter Walker

Mr Arun Kumar GR

PRINCIPAL ACTIVITIES

The company's principal continuing activities during the financial year consisted of:

(a) Care and maintenance activities of mining, processing plant; and

(b) Exploration for copper and other base metals at Mt. Lyell, Tasmania

DIVIDENDS

In respect of the financial year ended 31 March 2018, no dividend was declared and paid. (2017: no dividend was declared and paid).

REVIEW OF OPERATIONS

A summary of revenues and results is set out below:

	2018 $'000	2017 $'000
Revenue from operating activities	-	-
Other revenue	6,142	1,801
Total revenue	6,142	1,801
Operating profit /(loss) for the financial year after income tax	(13,566)	(14,353)

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

OPERATING RESULTS

Copper Mines of Tasmania Pty Ltd:

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

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

The State Government agreed to provide a monetary grant of $9.5 million to CMT to undertake a range of projects needed for the restart of mine operations. Projects included: $1.5 million to reopen the North Lyell Tunnel; $4.5 million for the access decline refurbishment and preparation; $2 million to replace the 100 year-old West Queen water supply pipeline; and $1.5 million towards pre-engineering studies. The signed Grant Deed acknowledges that nothing in the Deed requires CMT to recommence its mining operations at the mine.

LIQUIDITY AND FUNDING

The company holds a Letter of Comfort issued by Vedanta Limited (formerly Sesa Sterlite Limited) a related company, under the approval of the board of directors, that states that Vedanta Limited accepts the responsibility for arranging to provide sufficient financial assistance to the company as and when it is needed to enable the company to continue its operations and fulfil all of its financial obligations a period of not less than one year from the date of signing of these financial reports.

CHANGES IN STATE OF AFFAIRS

During the financial year, the company borrowed money from a related company to fund ongoing operation while under Care & Maintenance.

SUBSEQUENT EVENTS

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

FUTURE DEVELOPMENTS

Refer to comments relating to future developments in Operating Results section above. There were no other developments in the company's operations that were not finalised at the date of this report.

ENVIRONMENTAL REGULATION

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

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

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

ROUNDING OF AMOUNTS

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the company under ASIC Corporations (Rounding in financial / Director's reports) Instrument 2016/191. The company is an entity to which this legislative instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 of the financial report.

Signed in accordance with a resolution of the directors and made pursuant to s298 (2) of the Corporations Act 2001.

On behalf of the Directors

Peter Walker
Director

Queenstown
Date: 3 MAY 2018

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

As lead auditor for the audit of Copper Mines of Tasmania Pty Ltd for the financial year ended 31 March 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

R Bembridge

Richard Bembridge
Partner
3 May 2018

COPPER MINES OF TASMANIA PTY LIMITED
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		2018	2017
		$'000	**$'000**
Revenue	4	6,142	1,801
Raw material and consumables used		(2,035)	(1,517)
Employee benefit expenses		(3,689)	(3,497)
Depreciation and amortisation expenses	11	(122)	(950)
Mining and milling maintenance costs		(8,529)	(6,909)
Finance costs	5	(1,322)	(663)
Other expenses		(4,011)	(2,618)
Loss before income tax expense		**(13,566)**	**(14,353)**
Income tax expense		-	-
Loss for the year		(13,566)	(14,353)

Notes to the financial statements are included on pages 10 to 30

COPPER MINES OF TASMANIA PTY LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018	2017
	$'000	$'000
Loss for the year	(13,566)	(14,353)
Other comprehensive income		
Available for sale financial assets		
Net fair value loss on available for sale financial assets during the year	-	(1,459)
Other comprehensive loss for the year	-	(1,459)
Total comprehensive loss during the year	(13,566)	(15,812)

Notes to the financial statements are included on pages 10 to 30

COPPER MINES OF TASMANIA PTY LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		$'000	**$'000**
Current assets			
Cash and cash equivalents		3,925	1,122
Trade and other receivables	8	3,826	4,093
Inventories	9	4,223	5,242
Other assets	10	128	123
Total current assets		**12,102**	**10,580**
Non-current assets			
Property, plant and equipment	11	4,531	4,499
Total non-current assets		**4,531**	**4,499**
Total Assets		**16,633**	**15,079**
Current liabilities			
Trade and other payables	12	4,283	1,281
Provisions	13	922	676
Borrowings	14	53,209	42,465
Total current liabilities		**58,414**	**44,422**
Non-current liabilities			
Provisions	13	17,688	16,560
Total non-current liabilities		**17,688**	**16,560**
Total Liabilities		**76,102**	**60,982**
Net Assets / (Liabilities)		**(59,469)**	**(45,903)**
Equity			
Issued capital (2 shares of AUD 1 each)	15	-	-
Accumulated losses		(59,469)	(45,903)
Total Shareholders' deficit		**(59,469)**	**(45,903)**

Notes to the financial statements are included on pages 10 to 30

COPPER MINES OF TASMANIA PTY LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018 $'000	2017 $'000
Cash flow from operating activities		
Loss before taxation	(13,566)	(14,353)
Adjustments to reconcile net loss to net cash		
Depreciation	122	950
Unrealised foreign exchange (gain) / loss	(162)	148
(Profit) / loss from loss on disposal of property, plant and equipment	760	138
Write down of inventory to net realizable value	1,021	-
Net gain on sale of investments in Fujairah Gold	-	(1,639)
Interest income	(4)	(25)
Interest expense	1,408	1,113
	(10,421)	**(13,668)**
Changes in assets and liabilities :		
Decrease /(increase) in trade and other receivables	(3,195)	170
Decrease /(increase) in inventories	(2)	165
Decrease /(increase) in other assets	(5)	24
(Decrease) /increase in trade payables and provisions	3,080	(19,140)
Cash flow used in operations	**(10,543)**	**(32,449)**
Interest and other costs of finance paid	-	(45)
Interest received	4	25
Net cash used in operating activities	**(10,539)**	**(32,469)**
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	-	300
Sale of investments in Fujairah Gold	3,462	20,626
Net cash provided by investing activities	**3,462**	**20,926**
Cash flow from financing activities		
Proceeds from debt	9,880	12,257
Net cash provided by financing activities	**9,880**	**12,257**
Net increase / (decrease) in cash and cash equivalents	2,803	714
Cash and cash equivalents at beginning of financial year	1,122	408
Cash and cash equivalents at end of financial year	**3,925**	**1,122**

Notes to the financial statements are included on pages 10 to 30

COPPER MINES OF TASMANIA PTY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Fully paid ordinary shares $'000	Retained Earnings $'000	Investments revaluation reserve $'000	Total $'000
Balance at 1 April 2016	-	(31,550)	1,459	(30,091)
Loss for the year	-	(14,353)	-	(14,353)
Other comprehensive loss for the year	-	-	(1,459)	(1,459)
Total Comprehensive loss for the year	-	(14,353)	(1,459)	(15,812)
Balance at 31 March 2017	-	(45,903)	-	(45,903)
Balance at 1 April 2017	-	(45,903)	-	(45,903)
Loss for the year	-	(13,566)	-	(13,566)
Other comprehensive loss for the year	-	-	-	-
Total Comprehensive loss for the year	-	(13,566)	-	(13,566)
Balance at 31 March 2018	-	(59,469)	-	(59,469)

Notes to the financial statements are included on pages 10 to 30

1. New and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the annual reporting period ending 31 March 2018. The adoption of the following new and revised Standards and Interpretations has not resulted in any significant changes to the company's accounting policies or affected amounts reported for the current or prior years.

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

New accounting standards and interpretations

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

- AASB 9 Financial Instruments (effective 1 January 2018)
- AASB 15 Revenue from Contracts with Customers (effective 1 January 2018)
- AASB 16 Leases (effective 1 January 2019)
- AASB Interpretation 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

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

2. Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or elsewhere in the financial statements:

2. Significant accounting judgements, estimates and assumptions (continued)

Recoverability of inventory and property, plant and equipment

On 17 January 2014, a mud rush event occurred underground at 1315 level, resulting in suspension of mining operations and impacting the viability of mine operations. On 27 June 2014 a rock fall occurred in in the Prince Lyell mine affecting an access drive which connects the lower levels of the mine to surface. As a consequence of the mud rush and rock fall, mining operations were put into Care and Maintenance. During the year, the directors have considered the recoverability of the Company's inventory and property, plant and equipment which are included in the statement of financial position at 31 March 2018 with a carrying amount of $8,754 ('000s) (FY17: $9,741 ('000s))

The Company is investigating various mining prospects on the Mt Lyell mining lease and has completed a Feasibility Study and technical peer reviews on the Northern Flank of the Prince Lyell Deposit (D Panel) and established 17Mt of Indicated Resource. The company has also completed a Scoping Study of the Copper Chert prospect. The company is committed to develop the D Panel prospects. Higher copper prices has resulted into a proposed restart process that has been tabled to the Vedanta Group. The Company has prepared a discounted cash flow on the mine restart project which indicates that the carrying amount of inventories and property, plant and equipment will be recovered in full, if the projects proceed. The Company is confident of a restart process, but this is subject to regulatory approvals and the requirements and approvals of both the Company and the ultimate parent company Boards. If the Company does not receive approvals to enable the projects to proceed, or if there are other factors that prevent the projects from proceeding, the Company will consider other options in respect of the mine lease area.

This position will be closely monitored, and adjustments made in future periods if events indicate that such adjustments are appropriate.

Decommissioning liabilities

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

2. Significant accounting judgements, estimates and assumptions (continued)

Useful lives of property, plant and equipment

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

Contingencies

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

Actual results could differ from estimates and those differences could be material.

3. Significant accounting policies

3.1 Financial reporting framework

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

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

3.2 Statement of compliance

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

3.3 Basis of preparation

The financial report has been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the company under ASIC corporations (Rounding in financial / Director's reports) Instruments 2016/191. The company is an entity to which this legislative instrument applies.

3. Significant accounting policies (continued)

3.4 Going Concern

The financial report has been prepared on the going concern basis, which assumes that the company will be able to realise its assets and discharge its liabilities in the normal course of business.

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

The company holds a Letter of support issued by Vedanta Limited (formerly Sesa Sterlite Limited), the intermediate parent company, that states that Vedanta Limited (formerly Sesa Sterlite Limited) agrees to provide necessary financial support to the company, in order to enable it to meet cash interest payments on its loans payable and to meet its liabilities as and when they fall due, at least for a period of not less than one year from the date of signing of these financial reports of the Company.

At the date of this report and having considered the above factors, the directors are confident of the company's ability to continue as a going concern and the commitment of the parent entity to provide ongoing financial support.

3.5 Income tax

Nature of funding arrangements and tax sharing agreements

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

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

Tax consolidation:

Relevance of tax consolidation to the Group

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

3. Significant accounting policies (continued)

3.6 Foreign currency

The financial statements of the company are presented in its functional currency being the currency of primary economic environment in which the company operates. For the purpose of the financial statements, the results and financial position of the company are expressed in Australian dollars, which is the functional currency of the company and the presentation currency for the financial statements.

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

1. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to *interest* costs on those foreign currency borrowings;

2. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

3. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.7 Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognised when the following conditions are satisfied:

1. the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. the company retains neither the continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. the amount of revenue can be measured reliably;
4. it is probable that the economic benefits associated with the transaction will flow to the company; and
5. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. Significant accounting policies (continued)

3.7 Revenue recognition (continued)

Interest revenue

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

Government grant income

See note 3.24 for more information

3.8 Inventories

(i) Ore and concentrate

Inventories of mined ore, concentrate and work in process are physically measured or estimated and valued at the lower of cost and net realisable value. Cost includes direct materials, labour and transportation expenditure in getting such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure, based on weighted average costs incurred during the period in which such inventories were produced.

Net realisable value is the amount estimated to be obtained from sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

To the extent to which more than one finished product is obtained from the mineral resource ("joint products") all joint production costs are apportioned between the resulting finished products by reference to their estimated net realisable value at the point where those joint products become physically separated.

(ii) Stores and consumables

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

3.9 Impairment of long-lived assets excluding goodwill

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

3. Significant accounting policies (continued)

3.9 Impairment of long-lived assets excluding goodwill (continued)

allocated to individual cash generating units or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to disposal (FVLCD) and value in use. In assessing FVLCD, the estimated future cash flows are based on market based commodity prices and exchange assumptions, estimated quantities of recoverable minerals, productive levels, opportunity costs and capital requirements, including any expansion projects, and its eventual disposal, based on latest life of mine plans. The cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

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

3.10 Project exploration, evaluation and development expenditure

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

(i) The rights to tenure of the area of interest are current; and

(ii) The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale.

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

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

Significant accounting policies (continued)

3.10 Project exploration, evaluation and development expenditure (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating units to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset increases to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

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

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

3.11 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

3.12 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

3. Significant accounting policies (continued)

3.12 Deferred Tax (continued)

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

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

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

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

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

3.13 Current and deferred tax recognised in equity

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant accounting policies (continued)

3.14 Property, plant and equipment

Buildings, plant and equipment, mine development and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Where items of plant and equipment have separately identifiable components, which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Depreciation is provided on all property, plant and equipment, mine development including freehold buildings but excluding land. Depreciation on mining assets is calculated based on the percentage of total ore reserve extracted to date. Leasehold improvements are depreciated over the period of the lease or the estimated residual life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

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

3.15 Leased assets

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

<u>Entity as lessee</u>

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Contingent rentals are recognised as an expense in the period, which they are incurred.

Finance leased assets are amortised on a straight-line basis over the term of the asset.

3. Significant accounting policies (continued)

3.15 Leased assets (continued)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.16 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Superannuation plans

Contributions to superannuation plans are expensed when incurred.

3.17 Provision for restoration and rehabilitation

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

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

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and production facilities is capitalised at the start of each project into the cost of the related asset and is charged to the income statement as depreciation on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset. Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the profit and loss account as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

3. Significant accounting policies (continued)

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

3.19 Cash and cash equivalents

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

3.20 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company's financial statements.

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

Effective interest rate method

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

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 using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Significant accounting policies (continued)

3.20 Financial assets (continued)

De-recognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another company. 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 an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Impairment of financial assets

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

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

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

Debt and equity instruments

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

Financial liabilities

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

3. Significant accounting policies (continued)

3.21 Financial Instruments issued by the Company and Financial Liabilities

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

3.22 Goods and services tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) For receivables and payables which are recognised inclusive of GST.

(iii) The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

3.23 Government Grants

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

4. Revenue from Other Activities

	2018	2017
	$'000	$'000
Government Grant Income	5,935	-
Interest Income	4	25
Other Income	203	137
Net gain on sale of investments in Fujairah Gold	-	1,639
	6,142	**1,801**

Government Grants have been received for certain services to undertake works relating to the rehabilitation of old underground tunnels, for the engagement of consultants relating to restart planning and for the replacement of a legacy water pipeline. There are no unfulfilled conditions or contingencies attached to these grants.

5. Finance Costs

Interest and Finance Charges paid / payable	(1,058)	(893)
Foreign exchange gain/(loss)	119	506
Unwinding of discount on rehabilitation provision	(383)	(276)
	(1,322)	**(663)**

6. Other gains and losses:

Loss on disposal of property, plant and equipment	(760)	(138)
	(760)	**(138)**

No other gains or losses have been recognised in respect of loans and receivables or held-to maturity Investments and impairment losses recognised/reversed in respect of trade receivables.

7. Loss for the year:

	2018 $'000	2017 $'000
Loss for the year includes the following expenses		
Cost of Operations	(17,504)	(14,403)
Depreciation of non-current Assets		
Buildings	-	(31)
Plant and equipment	-	(849)
	-	(880)
Amortisation of non-current Assets		
Rehabilitation asset	(122)	(70)
	(122)	(70)
Total depreciation and amortisation	**(122)**	**(950)**
Employee benefit expenses:		
Superannuation payments	**(301)**	**(310)**

8. Trade and Other Receivables:

Other receivables	1,287	4,093
Government grant receivable	2,539	-
	3,826	**4,093**

No allowance has been made for estimated irrecoverable trade receivable amounts due to past experience.

9. Inventories:

Stores and Consumables at Cost	6,796	6,794
Provision to net realizable Value	(2,573)	(1,552)
	4,223	**5,242**

10. Other assets:

Prepayments	128	123
	128	**123**

11. Property, Plant & Equipment:

	Freehold land & Buildings $'000	Mine reserve and development $'000	Plant and equipment $'000	Capital work in progress $'000	Rehabilitation assets $'000	Total $'000
Gross Carrying Amount						
Balance as at 1 April 2016	**469**	**69,014**	**81,110**	**129**	**10,452**	**161,174**
Additions	-	-	-	-	-	-
Transfers	-	-	129	(129)	189	189
Disposals	-	-	(546)	-	-	(546)
Balance as at 31 March 2017	**469**	**69,014**	**80,693**	-	**10,641**	**160,817**
Additions	-	-	-	-	914	914
Transfers	-	-	-	-	-	-
Disposals	-	-	(900)	-	-	(900)
Balance as at 31 March 2018	**469**	**69,014**	**79,793**	-	**11,555**	**160,831**
Accumulated Depreciation						
Balance as at 1 April 2016	438	69,014	76,238	-	9,785	155,476
Depreciation expense	31	-	849	-	70	950
Impairment Expense	-	-	(107)	-	-	(107)
Balance as at 31 March 2017	**469**	**69,014**	**76,980**	-	**9,855**	**156,318**
Depreciation expense	-	-	-	-	122	122
Disposals	-	-	(140)	-	-	(140)
Balance as at 31 March 2018	**469**	**69,014**	**76,840**	-	**9,977**	**156,300**
Net Book Value						
As on 31 March 2017	-	-	3,713	-	786	4,499
As on 31 March 2018	-	-	**2,953**	-	**1,578**	**4,531**

The following useful lives have been used in the calculation of depreciation and amortisation and depreciation is based on useful life of assets as below:

Buildings	5-8 years
Plant and equipment	2 – 10 years
Mine reserve and development	1-4 years
Rehabilitation assets	5-8 years

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

The State of Tasmania, on behalf of the Crown, had a debenture charge, secured against the company's assets, for a maximum sum of $2,000 ('000s) towards all moneys which may become owing or payable in respect of the mining leases. As at 31 March 2018, there is no outstanding debentures as the charge was released on 8 November 2017.

12. Trade and other payables:

	2018 $'000	2017 $'000
Trade Payables (i)	4,283	1,281
	4,283	**1,281**

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

13. Provisions:

	2018 $'000	2017 $'000
Current		
Employee Benefits	922	676
Non-Current		
Employee Benefits	11	181
Rehabilitation (i)	17,677	16,379
	17,688	**16,560**

(i) The provision for rehabilitation costs represents the present value of the director's best estimate of the future sacrifice of economic benefits that will require rehabilitating the mining property.

14. Borrowing:

	2018 $'000	2017 $'000
Current: Unsecured - at amortised Cost		
Loans from Monte Cello BV, related company	33,324	32,820
Loans from THL Zinc Ltd, related company	19,885	9,645
	53,209	**42,465**

Refer note 3.4 for going concern assessment

15. Issued capital

	2018	2017
	$	$
2 fully paid ordinary shares (2017: 2)	2	2

The company does not have a limited amount of authorised capital and issued shares do not have a par value.

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

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

16. Dividend

During the financial year, no dividend was declared & paid (2017: No dividend declared and paid).

17. Commitments for expenditure

	2018	2017
	$'000	$'000
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	27	-
Later than one year but not later than 5 years	45	-
	72	-
Representing:		
Non-cancellable operating leases	72	-

18. Remuneration of Auditors:

	2018	2017
Auditor of the company	$	$
Audit of the financial Report	50,000	50,000

The auditor of the company is Ernst & Young.

19. Notes to the statement of cash flows:

Cash and cash equivalents:

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments with maturity dates less than 3 months, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position as follows:

	2018 $'000	2017 $'000
Cash and bank balances	3,925	1,122

20. Commitments and contingent liabilities

	2018 $'000	2017 $'000
Bank Guarantee (1)	6,100	6,100
Safety Incidents (2)	-	1,500
Contractor Claims (3)	356	-
	6,456	**7,600**

(1) The company has issued Bank Guarantee of $6,100k (2017: $ 6,100k) in favour of Minister for Economic Development, Energy and Resources.

(2) The company has outstanding charges for failing to ensure safe systems of work under the WHS Act for Mud Rush incident on 17 January 2014 and the matter is subject to court process. The amount disclosed is the maximum penalty under Category II incident of WHS Act. In the current year, there is no longer any contingent liability as the case has been settled in the financial year.

(3) A supplier has commenced a claim in respect of damaged equipment hire to the company. The contingent liability disclosed is in relation to the amount claimed by the supplier. The company is currently denying the claim and at this stage, it is possible, but not probable, that the claim will commence.

21. Subsequent Events

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

22. General information

COMPANY PARTICULARS

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

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

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

Registered office:
C/o Norton Rose Fulbright Australia
Level 18, Grosvenor Place
225 George Street
Sydney, New South Wales

Principal place of business:
Copper Mines of Tasmania Pty Limited
Private Bag 1
Queenstown, Tasmania

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

Ultimate listed holding company:
Vedanta Resources plc
16 Berkeley Street
London W1J8DZ
United Kingdom

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
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Independent Auditor's Report to the Members of Copper Mines of Tasmania Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of Copper Mines of Tasmania Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 31 March 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards to the extent described in Note 3, and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 3 to the financial statements is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young

Ernst & Young

R Bembridge

Richard Bembridge
Partner
Melbourne
3 May 2018

COPPER MINES OF TASMANIA PTY LIMITED
DIRECTORS' DECLARATION

Directors' declaration

The directors declare that:

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

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

Signed in accordance with a resolution of directors made pursuant to s295 (5) of the Corporations Act 2001.

On behalf of the Directors

Peter Walker
Director

Queenstown
Date: 3 MAY 18