

COPPER MINES OF TASMANIA PTY LTD

ABN 36 065 339 835

Financial Report for the Financial Year Ended

31 March 2022

COPPER MINES OF TASMANIA PTY LTD

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COPPER MINES OF TASMANIA PTY LTD

DIRECTORS' REPORT

The directors of Copper Mines of Tasmania (the "Company") submit herewith the annual financial statements of the Company for the year ended 31 March 2022 in order to comply with the provisions of the Corporations Act 2001.

Directors

The names of the directors of the Company during or since the end of the financial year are:

- Mr Pushpender Singla
- Mr Clint Mayes
- Mr Pieter Van Greunen

Principal activities

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

- Care and maintenance activities of mining, processing plant.

Review of operations

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

	2022 \$'000	2021 \$'000
Government grant income	-	135
Income from New Century Option Agreement	3,097	-
Operating profit/(loss) for the financial year after income tax	(6,230)	4,071

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

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

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

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

COPPER MINES OF TASMANIA PTY LTD

DIRECTORS' REPORT (CONTINUED)

Review of operations (continued)

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 for the dismantling, removal and storage of the existing crushing circuit; 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.

Changes in state of affairs

Other than as disclosed in this report or in the accompanying financial statements and notes thereto, in the opinion of the directors, there have been no significant changes in the state of affairs of the Company during the year.

Subsequent events

At the date of this report, there were no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

The directors are of the opinion that it would be prejudicial to the best interests of the Company to make any comment regarding likely developments or the expected results of the consolidated entity's future operations.

Environmental regulations

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.

Dividends

No dividends were paid or provided for during or since the end of the financial year.

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.

COPPER MINES OF TASMANIA PTY LTD

DIRECTORS' REPORT (CONTINUED)

Principal risks and uncertainties

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

Rounding off 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 6.

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the *Corporations Act 2001* :



Mr Clint Mayes
Director

Queenstown, 9 June 2022



**Building a better
working world**

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
ey.com/au

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

As lead auditor for the audit of the financial report of Copper Mines of Tasmania Pty Ltd for the financial year ended 31 March 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Richard Bembridge
Partner
9 June 2022

COPPER MINES OF TASMANIA PTY LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 \$'000	2021 \$'000
Revenue from operations		-	-
Other income / (expense)	3 (a)	1,601	18,131
Raw material & consumables used		(435)	(1,083)
Employee benefit expenses	3 (b)	(3,558)	(3,763)
Depreciation and amortisation expenses		(1,538)	(540)
Mining and milling maintenance costs		(2,367)	(3,456)
Finance costs	3 (c)	(2,781)	(1,861)
Other expenses		(2,809)	(3,102)
Profit / (loss) before tax		(11,887)	4,326
Income tax benefit / (expense)	4	5,657	(255)
Profit / (loss) for the year		(6,230)	4,071
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the year		(6,230)	4,071

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

COPPER MINES OF TASMANIA PTY LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<i>Notes</i>	2022 \$'000	2021 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	5,744	1,149
Trade and other receivables	6	33	129
Inventories	7	3,987	3,997
Other assets	8	146	129
Total Current Assets		<u>9,910</u>	<u>5,404</u>
Non-Current Assets			
Property, plant and equipment	9	9,793	12,150
Total Non-Current Assets		<u>9,793</u>	<u>12,150</u>
TOTAL ASSETS		<u>19,703</u>	<u>17,554</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	10	948	967
Provisions	11	2,942	1,415
Lease liability	12	2	8
Borrowings	17	92,312	83,175
Total Current Liabilities		<u>96,204</u>	<u>85,565</u>
Non-Current Liabilities			
Provisions	11	24,992	27,250
Lease liability	12	-	2
Total Non-Current Liabilities		<u>24,992</u>	<u>27,252</u>
TOTAL LIABILITIES		<u>121,196</u>	<u>112,817</u>
NET ASSETS/(LIABILITIES)		<u>(101,493)</u>	<u>(95,263)</u>
EQUITY			
Issued capital	13	-	-
Accumulated losses		(101,493)	(95,263)
TOTAL EQUITY/ (DEFICIT)		<u>(101,493)</u>	<u>(95,263)</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

COPPER MINES OF TASMANIA PTY LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Issued capital \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 April 2020	-	(99,334)	(99,334)
Profit for the year	-	4,071	4,071
Other comprehensive income for the year, net of tax	-	-	-
Dividends paid	-	-	-
Balance as at 31 March 2021	-	(95,263)	(95,263)
Balance as at 1 April 2021	-	(95,263)	(95,263)
Loss for the year	-	(6,230)	(6,230)
Other comprehensive income for the year, net of tax	-	-	-
Dividends paid	-	-	-
Balance as at 31 March 2022	-	(101,493)	(101,493)

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

COPPER MINES OF TASMANIA PTY LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Profit / (loss) before tax		(11,887)	4,326
Adjusted for			
Depreciation		1,538	540
Unrealised foreign exchange (gain) / loss		1,694	(17,596)
Interest expenses		2,781	1,861
Gain on disposal of property, plant and equipment		(249)	(382)
Changes in assets and liabilities			
Decrease / (increase) in trade and other receivables		96	1,006
Decrease / (increase) in inventories		10	110
Decrease / (increase) in other assets		(17)	33
(Decrease) / increase in trade payables and provisions		(152)	335
Net cash used in operating activities		(6,186)	(9,767)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		249	382
Interest paid		(89)	(1)
Net cash from / (used in) investing activities		160	381
Cash flows from financing activities			
Proceeds from associated entity borrowings		22,367	9,407
Repayment of associated entity borrowings		(11,738)	-
Payment of principal portion of lease liability		(8)	(25)
Net cash from financing activities		10,621	9,382
Net change in cash and cash equivalents		4,595	(4)
Cash and cash equivalents at the beginning of the year		1,149	1,153
Cash and cash equivalents at the end of the year	5	5,744	1,149

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, 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.

(a) 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:

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 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 2022 with a carrying amount of \$13,780k (FY21: \$16,147k).

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

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

Decommissioning liabilities

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

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(a) Key sources of estimation uncertainty (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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The financial statements were authorised for issue by the directors on 9 June 2022.

(b) New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(c) Standards issued but not yet effective

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

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- AASB 2020-1 *Amendments to AASs – Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates*

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.

(d) 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.

COVID-19 pandemic

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

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Going concern

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

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

- The Company holds a Letter of support issued by Vedanta Limited, the intermediate parent Company, that states that Vedanta Limited agrees to provide necessary financial support to the Company, in order to enable it to meet cash interest payments on its loans payable and to meet its liabilities as and when they fall due, at least for a period of not less than one year from the date of signing of these financial reports of the Company.
- At the date of this report and having considered the above factors, the directors are confident of the Company's ability to continue as a going concern and the commitment of the parent entity to provide ongoing financial support.

(f) Income tax

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 or that have a different tax consequence for the tax-consolidated group.

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 or that have a different tax consequence for the tax-consolidated group.

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.

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.

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax (continued)

Tax consolidation: Relevance of tax consolidation to the Company

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

(g) 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:

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

(h) Revenue recognition

Sale of Commodities

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

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

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

Interest Income

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

Government grant income

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. See note 3(a) for more information.

Income from New Century Option Agreement

Refer to note 3(a) for more information.

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Stores and consumables

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

(j) Impairment of long-lived assets (excluding goodwill)

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs of disposal (FVLCD) and value in use. In assessing FVLCD, the estimated future cash flows are based on market based commodity prices and exchange assumptions, estimated quantities of recoverable minerals, productive levels, opportunity costs and capital requirements, including any expansion projects, and its eventual disposal, based on latest life of mine plans. The cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

(k) Project exploration, evaluation and development expenditure

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

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

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

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

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

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

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Project exploration, evaluation and development expenditure (continued)

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.

(l) 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.

(m) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets of 3 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) 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.

(p) 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.

(q) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents 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.

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments

i. Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Measurement and recognition of expected credit losses

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

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit loss (ECL) in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) i. Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ii. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, related party borrowings and lease liabilities.

Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings. For more information, refer to Note 17.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(s) Goods and services tax

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

- 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
 - for receivables and payables which are recognised inclusive of GST; or
 - 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.

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 \$'000	2021 \$'000
3 INCOME AND EXPENSES		
(a) Other income / (expense)		
Government grant income	-	135
Other income	50	167
Gain on disposal of property, plant and equipment	249	382
Foreign exchange gain / (loss)	(1,795)	17,447
Income from New Century Option Agreement	3,097	-
Total other income / (expense)	1,601	18,131
 <i>Income from New Century Option Agreement</i>		
On 16 December 2021, Monte Cello BV, a subsidiary of Vedanta Limited and owner of the Company, entered into an Option Agreement with New Century Resources Limited ("New Century"). The Option Agreement includes reimbursement of the Company's care and maintenance costs up to the cap of US\$13m over the two-year option period (US\$6m) for Year One. Income is recognised in the Statement of Profit or Loss as and when care and maintenance costs are incurred. As the reimbursement is provided in advance on a quarterly basis, any unspent amounts are deferred into the balance sheet as deferred income.		
(b) Employee benefits expense		
Employee benefit expenses	3,242	3,433
Contributions to superannuation defined contribution plan	316	330
Total employee benefits	3,558	3,763
(c) Finance costs		
Interest and finance charges paid / payable	2,596	1,777
Interest on lease liability	-	1
Unwinding of discount on rehabilitation provision	185	83
Total finance costs	2,781	1,861
4 INCOME TAX		
(a) Income tax expense recognised in profit or loss		
<i>Current income tax</i>		
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to income tax expense in the financial statements as follows:		
Profit / (loss) before income tax expense	(11,887)	4,326
Income tax calculated at 30%	(3,566)	1,298
Utilisation of current year losses	-	255
Utilisation of previously unrecognised tax losses	(2,191)	(1,299)
Non-deductible expenses for tax purposes	100	1
Income tax expense / (benefit)	(5,657)	255
Thalanga Copper Mines Pty Ltd (a member of the tax consolidated group) utilised tax losses of Copper Mines of Tasmania Pty Ltd in FY22 (FY21: Copper Mines of Tasmania Pty Ltd utilised tax losses of Thalanga Copper Mines Pty Ltd.)		
(b) Unrecognised deferred tax assets		
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
• tax losses (revenue in nature)	39,103	42,472
(c) Research & Development tax incentive		
The Company has non-refundable R&D tax offsets available which have been carried forward from prior financials years valued at \$1,745k (FY21: \$1,745k)		

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 \$'000	2021 \$'000
5 CASH AND CASH EQUIVALENTS		
For the purposes of the statement of cash flows, cash and cash equivalents include petty cash on hand and in banks, net of outstanding bank overdrafts and bank deposits. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:		
Bank balance	5,744	1,149
	<u>5,744</u>	<u>1,149</u>
6 TRADE AND OTHER RECEIVABLES		
Other receivables	33	129
	<u>33</u>	<u>129</u>
7 INVENTORIES		
Stores and consumables at cost	6,560	6,570
Provision on stores to net realisable value	(2,573)	(2,573)
	<u>3,987</u>	<u>3,997</u>
8 OTHER ASSETS		
Prepayments	146	129
	<u>146</u>	<u>129</u>

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land & Buildings	Mine reserve and development	Plant and equipment	Right-of-use assets	Rehabilitation assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Carrying Amount						
Balance as at 1 April 2020	469	69,014	79,884	66	13,195	162,628
Change in estimate	-	-	-	-	7,131	7,131
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at 31 March 2021	469	69,014	79,884	66	20,326	169,759
Change in estimate	-	-	-	-	(819)	(819)
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at 31 March 2022	469	69,014	79,884	66	19,507	168,940
Accumulated Depreciation						
Balance as at 1 April 2020	469	69,014	76,847	33	10,706	157,069
Depreciation expense	-	-	18	24	498	540
Impairment expense	-	-	-	-	-	-
Balance as at 31 March 2021	469	69,014	76,865	57	11,204	157,609
Depreciation expense	-	-	19	7	1,512	1,538
Disposals	-	-	-	-	-	-
Balance as at 31 March 2022	469	69,014	76,884	64	12,716	159,147
Net Book Value						
As on 31 March 2021	-	-	3,019	9	9,122	12,150
As on 31 March 2022	-	-	3,000	2	6,791	9,793

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

- 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. Refer to note 2(m) for the depreciation policy on right-of-use assets.

Assets pledged as security

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

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	\$'000	\$'000
10 TRADE AND OTHER PAYABLES		
Trade payables	223	762
Accrued expenses	377	141
Deferred income from New Century Option Agreement	285	-
Payroll accruals	63	64
	<u>948</u>	<u>967</u>

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

Deferred income from New Century Option Agreement

Refer to note 3(a) for more information.

11 PROVISIONS

Current

(i) Employee entitlements - current	1,340	1,415
(ii) Provision for rehabilitation - current	1,602	-
Total current provisions	<u>2,942</u>	<u>1,415</u>

Non-current

(i) Employee entitlements - non-current	17	39
(ii) Provision for rehabilitation	24,975	27,211
Total non-current provisions	<u>24,992</u>	<u>27,250</u>

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

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

Provision for rehabilitation

Balance at 1 April 2020	19,997
Change in estimate	7,131
Rehabilitation expenditure incurred during the period	-
Unwind of discount	83
Balance at 31 March 2021	<u>27,211</u>
Change in estimate	(819)
Rehabilitation expenditure incurred during the period	-
Unwind of discount	185
Balance at 31 March 2022	<u>26,577</u>

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12 LEASE LIABILITY

The Company has lease contracts for motor vehicles used in its care and maintenance activities. The motor vehicles have leases between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. Right-of-use assets are included in Property, Plant and Equipment under the underlying asset category. Refer to Note 9 for more information.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<u>\$'000</u>
Balance as at 1 April 2021	10
Additions	-
Accretion of interest	-
Payments	(8)
Balance as at 31 March 2022	<u>2</u>
Current	2
Non current	-

13 ISSUED CAPITAL

2 fully paid ordinary shares (2021: 2 fully paid ordinary shares)

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
2 fully paid ordinary shares (2021: 2 fully paid ordinary shares)	<u>2</u>	<u>2</u>

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.

14 DIVIDENDS

During the financial year, no dividend was declared & paid (2021: No dividend declared and paid).

15 FINANCIAL INSTRUMENTS

Categories of financial instruments

Financial assets at amortised cost

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents	5,744	1,149
Trade and other receivables	33	129
	<u>5,777</u>	<u>1,278</u>

Financial liabilities at amortised cost

Trade and other payables	948	967
Borrowings	92,312	83,175
Lease liability	2	10
	<u>93,262</u>	<u>84,152</u>

16 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation to directors of the Company are as follows:

	<u>\$</u>	<u>\$</u>
Short-term employee benefits	387,948	310,122
Contributions to superannuation defined contribution plan	38,629	30,433
	<u>426,576</u>	<u>340,555</u>

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

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17 RELATED PARTY

The immediate parent and controlling party respectively of the Company is Monte Cello Corporation BV (incorporated in the Netherlands), who have a 100% interest in Copper Mines of Tasmania Pty Ltd. The ultimate parent of the Company is Vedanta Resources Plc (incorporated in the United Kingdom). Vedanta Resources Plc indirectly own 50.31% of the issued ordinary shares of Monte Cello Corporation BV.

Details of transactions between the Company and other related parties are disclosed below.

		Borrowings from related parties \$'000	Interest payable \$'000	Total Borrowings \$'000
Vedanta Group				
Monte Cello BV	2022	32,040	5,136	37,176
	2021	31,548	4,332	35,880
THL Zinc Ltd	2022	41,796	4,273	46,069
	2021	44,298	2,484	46,782
Thalanga Copper Mines Pty Ltd	2022	9,033	34	9,067
	2021	429	84	513
Total	2022	82,869	9,443	92,312
	2021	76,275	6,900	83,175

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

Refer note 2(e) for going concern assessment

COPPER MINES OF TASMANIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2022	2021
\$'000	\$'000

18 COMMITMENTS AND CONTINGENCIES

Capital commitments

At balance date the Company had \$ nil capital expenditure commitments (2021: \$ nil)

Contingent liabilities

Bank Guarantee (i)	6,100	6,100
Other Claims (ii)	-	850
	<u>6,100</u>	<u>6,950</u>

- (i) The Company has issued Bank Guarantee in favour of Minister for Economic Development, Energy and Resources.
- (ii) A former employee initiated a court application for general protections dispute involving dismissal under the Fair Work Act 2009. The legal proceedings concluded in the current year for a settlement amount and as such, no contingent liabilities are disclosed in FY2022.

19 SUBSEQUENT EVENTS

At the date of this report, there were no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may affect the operations of the Company, the result of those operations or the state of affairs of the Company, in future financial years.

20 CORPORATE INFORMATION

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

Immediate Holding Company:

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

Principal place of business:

Copper Mines of Tasmania Pty Limited
Private Bag 1
Queenstown, Tasmania

Ultimate holding Company:

Vedanta Resources Plc
16 Berkeley Street
London W1J8DZ
United Kingdom

COPPER MINES OF TASMANIA PTY LTD

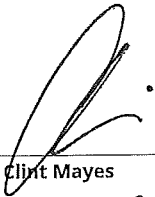
DIRECTORS' DECLARATION

The directors of the Company declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards Reduced Disclosure Requirements 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



Mr Cljrit Mayes

Queenstown, 9 June 2022



**Building a better
working world**

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
ey.com/au

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

Opinion

We have audited the financial report of Copper Mines of Tasmania Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2022, 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 2022 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 2 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* and to meet Section 3CA of the *Taxation Administration Act 1953*. Our report is intended solely for the Company and its members and should not be used by parties other than the Company and its members. 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 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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.



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- ▶ 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'R Bembridge'.

Richard Bembridge
Partner

Melbourne
9 June 2022