

REPORTS AND FINANCIAL STATEMENTS

LISHEEN MILLING LIMITED

FOR THE YEAR ENDED 31 MARCH 2015

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REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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LISHEEN MILLING LIMITED
DIRECTORS AND OTHER INFORMATION

DIRECTORS

A. Buckley
K. Kumar
S. Lal Bajaj
L. Nolan (appointed 22 July 2014)
D. Naidoo (appointed 26 January 2015)

SECRETARY

A. Buckley

REGISTERED OFFICE

Killoran
Moyne
Thurles
Co Tipperary

COMPANY NUMBER

261670

AUDITOR

Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Charlotte Quay
Limerick

BANKER

Barclays Bank plc
47/48 St. Stephen's Green
Dublin 2

SOLICITOR

Mason Hayes & Curran
South Bank House
Barrow Street
Dublin 4

LISHEEN MILLING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2015.

BUSINESS REVIEW

Manufacturing operations continued at a lower production capacity due to the declining ore footprint at the source mine.

FAIR REVIEW OF PERFORMANCE

The company recorded a strong performance for the year ended 31 March 2015.

Operating profit increased mainly as a result of favourable metal prices and lower production costs which offset the drop in production of metal from 172,070 tonnes to 150,162 tonnes. The drop in production is mainly attributable to a drop in the availability of ore as a result of the decreasing size and grade of the remaining ore body at the Lisheen mine and the exhaustion of the third party material from the Lundin owned Galmoy mine in the prior financial year.

This anticipated metal decrease was offset by the commitment of the company to fine tune processes and improve its planning and production, while reducing unit costs. Cost control continued to be a major focus area for management and a number of efficiency programmes were implemented during the year. This resulted in lower operational costs incurred which were also assisted by the weakening of the Euro to US dollar exchange rate, given the majority of the costs of the company are incurred in Euro.

Stronger average commodity prices for zinc were offset by higher zinc and lead treatment charges. Lead prices continued to decrease in 2014/2015, averaging US\$1,985 per tonne for the period. The zinc price averaged US\$ 2,177 per tonne, up 14% on the prior period, while zinc treatment charges increased by 23% in the same period. All the while, the company has kept safety in the forefront of everything they do. In February 2015, the company recorded a significant milestone marking a full year of operations with zero lost time injuries.

An impairment review was undertaken by the company prior to year end to compare the carrying value of assets against their recoverable amount. No impairment was required as the recoverable amount of the assets exceeded the carrying value.

RESULTS AND DIVIDENDS

The profit for the year was US\$11,956,217 (2014: US\$7,035,060).

On 25 March 2015, a dividend of US\$7,500,000 was proposed and paid.

LISHEEN MILLING LIMITED
DIRECTORS' REPORT - CONTINUED

RISKS AND UNCERTAINTIES

In tandem with the planned closure of the supply mine in late 2015, production operations will cease at the company during the coming financial year when all ore stocks are exhausted. Management have initiated a comprehensive closure plan for the operation and are committed to implementing an effective and best practice closure that fully addresses regulatory authority permit requirements. Employees have been engaged throughout the closure planning process and a redundancy programme has commenced to address all employee obligations and concerns. Management is committed to actively pursuing the post closure sustainable development potential of the site.

Manufacturing operations will continue at a lower production capacity into quarter three of the financial year. Market sentiment is for zinc and lead prices to increase as the calendar year 2015 progresses. The International Lead and Zinc Study Group (ILZSG) anticipate that, after having risen by 5.1% in 2014, world usage of refined zinc metal will increase by a further 2.9% this year. These rises will be primarily driven by increased Chinese usage where galvanized sheet production is reported to have increased strongly. Global zinc mine production is predicted to rise by 3.6% in 2015. This is mainly a consequence of further growth in Chinese output. Overall, ILZSG expects, as in 2014, global demand for refined zinc metal will exceed supply in 2015 by a significant margin.

Employees are engaged and aligned to deliver sustainable performance improvements across the company's strategic priorities. The main strategic goals are to manage critical risks throughout the business and to ensure world class safety and environmental performance across the operation. During 2015, our focus is on further improving the cost base and maintaining tight control over expenditure to enable the company to be in a more robust position to deal with the decreasing ore availability. The company is also susceptible to changes in foreign currency exchange rates as costs are generally incurred in Euro while the revenues of the company, and the reporting currency, are US dollars. We continue to plan on a prudent basis to ensure our operation and commercial department maintain a sharp focus on maximizing profitability and free cash performance even at constant prices. That said we remain confident in the short term fundamentals of the zinc and other related commodity markets.

Sustainable Development is an integral part of our business. We are committed to continuous improvement in our sustainability performance, as we recognise that the well-being of our communities and maintaining a healthy environment are key to the sustainable operation of our business. We are committed to actively managing and minimizing the environmental, social and occupational risks and impact of our activities. We are also committed to our people, who determine how effectively we operate and build our reputation with our investors, partners and fellow employees every day, and whom we require to uphold our values. Sustainability and responsibility are key cornerstones of management's closure plan for the site following the cessation of production.

DIRECTORS

The present membership of the board is set out on page 2. The directors are not required to retire by rotation. Mr L. Nolan was appointed as director on 22 July 2014 and Ms D. Naidoo was appointed as director on 26 January 2015. Mr A. Lubbe resigned from the board of directors on 2 March 2015. All other directors served throughout the year.

LISHEEN MILLING LIMITED
DIRECTORS' REPORT - CONTINUED

DIRECTORS' AND SECRETARY'S INTERESTS

The directors and secretary at 31 March 2015 had no interests in the shares of the company at either 1 April 2014 (or the date of appointment, if later) or 31 March 2015. None of the directors has notified the company secretary of any interests in the shares of the ultimate parent company or any related companies.

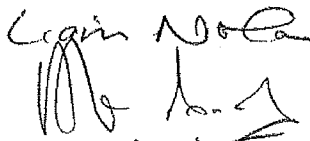
BOOKS OF ACCOUNT

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's office at Killoran, Moyne, Thurles, Co. Tipperary.

AUDITOR

The auditor, Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, continues in office as auditor, in accordance with Section 160(2) of the Companies Act 1963.

Signed on behalf of the Board

)
)
)
) DIRECTORS

Date: 22/4/15

LISHEEN MILLING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2013. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISHEEN MILLING LIMITED

We have audited the financial statements of Lisheen Milling Limited for the year ended 31 March 2015 which comprise the Statement of Accounting Policies, the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements for the year ended 31 March 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 March 2015 and of the profit for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

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Members of
Deloitte Touche Tohmatsu

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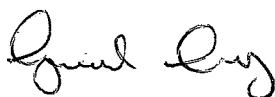
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISHEEN MILLING LIMITED

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the company, as stated in the balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 March 2015 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Gerard Casey
For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Limerick

Date: 22 April 2015

LISHEEN MILLING LIMITED
STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013.

BASIS OF ACCOUNTING

The company prepares its financial statements denominated in US dollars on the historical cost basis of accounting.

TANGIBLE ASSETS

Freehold land

Freehold land is stated at cost. Depreciation is not provided on freehold land.

Plant, equipment and buildings

Plant, equipment and buildings are stated at cost less accumulated depreciation.

Plant, equipment and buildings are depreciated over their expected useful lives on the unit of production basis.

Mobile Equipment

Mobile equipment is stated at cost less accumulated depreciation. Mobile equipment is depreciated over its expected useful lives on the straight line method over three years.

Impairment

At each balance sheet date, the net book value of tangible assets is reviewed and compared to its recoverable value. Expected future cash flows from the assets are discounted to their present values in determining the recoverable amount. If the recoverable amount is less than the unamortised cost of the asset then the deficiency arising is provided for to the extent that, in the opinion of the directors, it represents a permanent diminution in the value of the asset. Where provision is made it is dealt with in the profit and loss account in the period in which it arises as additional depreciation.

Impairment losses which have been previously recognised are reversed only if the asset has increased in value and that increase in value arises due to a change in economic conditions or a change in the expected useful life of the asset. The recognition of a reversal of impairment is credited to the Profit and Loss Account to the extent of the original recognition of the impairment. Otherwise, the reversal is recognised in the Statement of Total Recognised Gains and Losses.

LISHEEN MILLING LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

TAXATION

Corporation tax is provided on taxable profits at current attributable rates. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

FOREIGN CURRENCY TRANSLATION

The US dollar is both the functional currency and presentation currency of the company.

Transactions denominated in foreign currencies relating to revenues, costs and non-monetary assets are translated to US dollars at the average rate of exchange prevailing during the year. Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at the rate of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

REVENUE

Revenue is derived from the sale of zinc and lead concentrates. Sales of concentrate are stated net of smelter treatment charges and deductions. A sale is recognised when the significant risks and rewards of ownership have passed.

Typically, sales are made on either a spot or a provisionally priced basis. Where sales are provisionally priced, revenue is initially recorded at the London Metal Exchange (LME) cash settlement price at the bill of lading date and future price movements are included as mark to market adjustments within revenue until the price is fixed in the Quotational Period (the market period selected to establish the pricing of metals), using the LME average market price for that period. "Provisionally priced" sales are marked to market at each reporting date using LME official forward prices for the applicable Quotational Period.

DIVIDENDS

Dividends to ordinary shareholders are recognised as a liability of the company when approved by the company's shareholders.

LISHEEN MILLING LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

STOCKS

Stocks of concentrates are valued at the lower of cost and net realisable value. Cost, which is determined on a weighted average basis, includes an appropriate portion of depreciation and overhead expenses. Net realisable value is based on estimated sales values, less further costs to completion and disposal.

PENSION COSTS

Retirement benefits to employees are funded by contributions from the company and employees. Payments are made to pension schemes which are financially separate from the company. The company operates a defined contribution plan for its employees.

CLOSURE COSTS

Provision is made for the estimated closure and related costs arising at the end of the economic useful life of the mine. This provision represents the present value, at the balance sheet date, of the estimated costs of restoring the environment disturbance. Changes in these estimates and changes to the discount rate are dealt with prospectively in the financial statements.

PROVISION FOR LIABILITIES

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, a reliable estimate of that obligation can be made and it is probable that an outflow of economic benefits will be required to settle the obligation.

When the effect of the time value of money is material, provisions are recognised at a discounted rate. The discount rate is based on a risk-free rate and the finance charge is included in the profit and loss account and added to the provision each year.

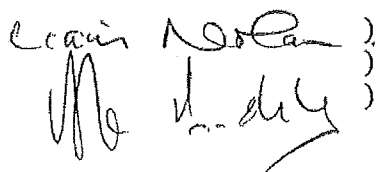
LISHEEN MILLING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 US\$	2014 US\$
TURNOVER	1	213,157,919	231,338,797
Purchase of ore		(240,536,676)	(114,146,135)
Operating income/(expenses)		44,794,043	(93,061,399)
Cost of sales		(195,742,633)	(207,207,534)
OPERATING PROFIT		17,415,286	24,131,263
Redundancy provision		(603,463)	(707,803)
PROFIT BEFORE INTEREST AND TAXATION		16,811,823	23,423,460
Interest receivable and similar income	2	16,841	21,414
PROFIT BEFORE TAXATION	3	16,828,664	23,444,874
Taxation	5	(4,872,447)	(16,409,814)
PROFIT FOR THE FINANCIAL YEAR		11,956,217	7,035,060

All recognised gains and losses for both the current year and the previous year are included in the profit and loss account. The above results arise from continuing activities.

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 22/4/15 and signed on its behalf by:



 DIRECTORS

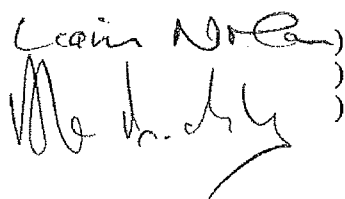
LISHEEN MILLING LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2015**

	Note	2015 US\$	2014 US\$
FIXED ASSETS			
Tangible assets	7	17,046,803	24,789,642
CURRENT ASSETS			
Stocks	8	3,963,665	2,890,626
Debtors	9	43,152,255	46,459,002
Cash at bank and in hand		13,514,997	7,287,272
		<u>60,630,917</u>	<u>56,636,900</u>
CREDITORS: (Amounts falling due within one year)	10	(1,428,484)	(2,560,828)
NET CURRENT ASSETS		<u>59,202,433</u>	<u>54,076,072</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>76,249,236</u>	<u>78,865,714</u>
CREDITORS : (Amounts falling due after more than one year)	11	(4,686,901)	(4,502,077)
PROVISION FOR LIABILITIES AND CHARGES	12	(26,689,267)	(33,946,786)
NET ASSETS		<u><u>44,873,068</u></u>	<u><u>40,416,851</u></u>
CAPITAL AND RESERVES			
Called-up share capital	13	2,000	2,000
Profit and loss account	14	44,871,068	40,414,851
SHAREHOLDERS' FUNDS	15	<u><u>44,873,068</u></u>	<u><u>40,416,851</u></u>

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 22/4/15 and signed on its behalf by:


} DIRECTORS

LISHEEN MILLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. TURNOVER

Turnover is derived from sales of zinc and lead concentrates recorded net of smelter charges, deductions and value added tax. The following is the geographical split of turnover by destination:

	2015 US\$	2014 US\$
Europe	213,157,919	224,023,670
Asia	-	2,893,443
Other	-	4,421,684
	<u>213,157,919</u>	<u>231,338,797</u>

**2. INTEREST RECEIVABLE
AND SIMILAR INCOME**

	2015 US\$	2014 US\$
Bank interest receivable	16,841	21,414
	<u>16,841</u>	<u>21,414</u>

3. PROFIT BEFORE TAXATION

	2015 US\$	2014 US\$
The profit before taxation is stated after charging/(crediting):		
Directors' remuneration		
- fees	-	-
- other emoluments including pension contributions	-	-
Depreciation	7,880,200	3,962,283
(Gain)/loss on foreign exchange	(94,322,816)	27,129,221
	<u>7,880,200</u>	<u>3,962,283</u>

Directors' remuneration and auditor's remuneration are borne by Lisheen Mine Partnership, a connected entity.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

4. EMPLOYEES AND REMUNERATION

The average number of persons employed during the year was 72 (2014: 73) and this is analysed into the following categories:

	2015 Number	2014 Number
Development and production	72	73

	2015 US\$	2014 US\$
The staff costs comprise:		
Wages and salaries	7,876,806	8,020,837
Social welfare costs	767,224	786,519
Other pensions costs	252,450	276,257
	8,896,480	9,083,613

5. TAXATION

	2015 US\$	2014 US\$
Corporation tax charge for the year	4,795,339	6,510,717
Under provision in prior periods	77,108	8,481,143
	4,872,447	14,991,860
Current tax charge for the year	4,872,447	14,991,860
Deferred tax charge	-	1,417,954
	4,872,447	16,409,814

At 31 March 2015, a deferred tax asset of US\$1,768,648 has not been recognized, as the directors do not consider it probable that sufficient taxable profits will be generated in future periods against which the underlying timing differences will be offset.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

5. TAXATION - continued

The tax on profit is greater than the charge at the standard rate of tax for the following reasons:

	2015 US\$	2014 US\$
Profit before taxation	16,828,664	23,444,874
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 12½%	2,103,583	2,930,609
Factors affecting tax charge:		
Depreciation in excess of capital allowances	431,824	43,059
Higher rate of tax on passive income	2,208	2,705
Expenses disallowed for tax purposes	(125,025)	293,915
Higher rate of tax on mining related profits	2,382,749	3,240,429
Under provision in prior periods	77,108	8,481,143
Current tax charge for the year	4,872,447	14,991,860

6. DIVIDENDS

	2015 US\$	2014 US\$
Equity dividends paid on ordinary shares		
Dividends paid of:		
US\$3,750 (2014:US\$17,500) per "A" ordinary share	3,750,000	17,500,000
US\$3,750 (2014:US\$17,500) per "B" ordinary share	3,750,000	17,500,000
	7,500,000	35,000,000

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

7. TANGIBLE ASSETS

	Plant, Equipment and Buildings US\$	Freehold Land US\$	Construction in Progress US\$	Total US\$
Cost:				
At 1 April 2014	151,335,651	2,325,450	6,391,871	160,052,972
Additions	-	-	122,401	122,401
Transfer from construction in progress	6,514,272	-	(6,514,272)	-
Transfer from group company	14,960	-	-	14,960
At 31 March 2015	<u>157,864,883</u>	<u>2,325,450</u>	<u>-</u>	<u>160,190,333</u>
Depreciation and Impairment:				
At 1 April 2014	135,263,330	-	-	135,263,330
Charged in year	7,880,200	-	-	7,880,200
At 31 March 2015	<u>143,143,530</u>	<u>-</u>	<u>-</u>	<u>143,143,530</u>
Net Book Value:				
At 31 March 2015	<u>14,721,353</u>	<u>2,325,450</u>	<u>-</u>	<u>17,046,803</u>
At 31 March 2014	<u>16,072,321</u>	<u>2,325,450</u>	<u>6,391,871</u>	<u>24,789,642</u>

Plant and equipment expenditure represents costs incurred in connection with the development of the Lisheen processing facility.

The company, together with Killoran Lisheen Mining Limited and Vedanta Lisheen Mining Limited, holds a mining lease for the Lisheen mine operational area from the Irish Government Authorities to develop and operate a mine at Lisheen.

Following a review by the directors in accordance with the provisions of Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill", and based on the current market value of land, the directors consider that the recoverable amount of tangible assets exceeds the carrying value.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

		2015 US\$	2014 US\$
8.	STOCKS		
	Zinc and lead concentrates	3,963,665	2,890,626
		3,963,665	2,890,626
The replacement cost of stocks did not differ significantly from the amounts shown.			
9.	DEBTORS		
	Trade debtors	3,064,475	3,326,874
	Prepayments	21,935	27,578
	Amounts due by group companies	39,864,757	43,104,550
	Corporation tax	201,088	-
		43,152,255	46,459,002
10.	CREDITORS: (Amounts falling due within one year)		
	Trade creditors and accruals	1,428,484	2,560,828
		1,428,484	2,560,828
	Creditors include taxation creditors: PAYE and PRSI	344,108	329,530

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

	2015	2014
	US\$	US\$
11. CREDITORS: (Amounts falling due after more than one year)		
Amounts due to group companies	4,686,901	4,502,077
	4,686,901	4,502,077
	4,686,901	4,502,077
 12. PROVISION FOR LIABILITIES AND CHARGES	 2015	 2014
	US\$	US\$
(i) Provision for closure costs		
Balance at beginning of year	24,876,975	23,999,732
Charge for the year	2,879,913	-
Unwinding of discount rate	878,922	431,099
Paid during the year	(3,748,222)	(1,288,364)
Foreign exchange (gain)/loss	(5,320,363)	1,734,508
	19,567,225	24,876,975
	19,567,225	24,876,975
<p>The provision represents the present value at the balance sheet date of the estimated costs of restoring the environmental disturbance at the end of the economic useful life of the mine. These costs are expected to be incurred in 2015 (end of estimated economic useful life of the mine). The provision has been estimated using existing technology, at current prices discounted using a discount rate of 2.51%.</p>		
(ii) Provision for redundancy costs	2015	2014
	US\$	US\$
Balance at beginning of year	9,069,811	7,774,808
Charge for the year	603,463	707,803
Paid during the year	(519,177)	-
Foreign exchange (gain)/loss	(2,032,055)	587,200
	7,122,042	9,069,811
	7,122,042	9,069,811
 Total provision for liabilities and charges	 26,689,267	 33,946,786
	26,689,267	33,946,786

Under an orderly closure programme for the remaining mine life, the company agreed the terms of redundancy with employees and a provision for such costs has been recognised to reflect the estimated cost of redundancies up to the balance sheet date.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

13. CALLED-UP SHARE CAPITAL	2015 US\$	2014 US\$
Authorised		
500,000 'A' ordinary shares @ US\$1 each	500,000	500,000
500,000 'B' ordinary shares @ US\$1 each	500,000	500,000
	1,000,000	1,000,000
Allotted, issued and fully paid		
1,000 'A' ordinary shares @ US\$1 each	1,000	1,000
1,000 'B' ordinary shares @ US\$1 each	1,000	1,000
	2,000	2,000
14. PROFIT AND LOSS ACCOUNT	2015 US\$	2014 US\$
Profit and loss account brought forward	40,414,851	68,379,791
Profit for the financial year	11,956,217	7,035,060
Dividends paid (note 6)	(7,500,000)	(35,000,000)
	44,871,068	40,414,851
15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2015 US\$	2014 US\$
Opening shareholders' funds	40,416,851	68,381,791
Profit for the financial year	11,956,217	7,035,060
Dividends paid (note 6)	(7,500,000)	(35,000,000)
	44,873,068	40,416,851
16. PENSIONS		

The company operates a defined contribution scheme for all of its employees. Total pension costs for the year were US\$252,450 (2014: US\$276,257). The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company to the scheme.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

17. PARENT COMPANY

The company is a wholly owned subsidiary of Vedanta Lisheen Holdings Limited, incorporated in Ireland. Vedanta Limited (formerly known as Sesa Sterlite Limited) is the smallest group company which prepares consolidated financial statements that are available to the public. The ultimate parent company is Vedanta Resources Plc., a company incorporated in the United Kingdom. The consolidated financial statements of Vedanta Resources Plc. may be obtained from the Companies House, Cardiff, Wales.

18. CONTINGENT LIABILITIES

An amended corporation tax assessment for Lisheen Milling Limited has been issued by the Irish Revenue authorities in respect of the financial years 2006 - 2011. No provision in relation to the claim has been recognised in the financial statements, as the directors do not consider it probable that a significant liability will arise.

19. SUBSEQUENT EVENTS

There are no material events affecting the company since the year end.

20. CASH FLOW STATEMENT

A cashflow statement has not been prepared for the company as Vedanta Limited (formerly known as Sesa Sterlite Limited) and Vedanta resources Plc., have both prepared a consolidated cash flow statement incorporating the cash flows of the company.

21. RELATED PARTY TRANSACTIONS

The company has availed of the exemption set out in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing inter group transactions on the basis that copies of the financial statements of Vedanta Limited (formerly known as Sesa Sterlite Limited), the company's intermediate parent, and Vedanta Resources Plc., its ultimate parent are available to the public.