

REPORTS AND FINANCIAL STATEMENTS

LISHEEN MILLING LIMITED

FOR THE YEAR ENDED 31 MARCH 2020

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FOR THE YEAR ENDED 31 MARCH 2020

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LISHEEN MILLING LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

P. Singla (India)
D. Naidoo (South Africa) (Resigned 4 May 2020)
A. Kumar (India)
P. Van Greunen (South Africa) (Appointed 4 May 2020)

SECRETARY

P.Rampersad

REGISTERED OFFICE

Deloitte & Touche House
Charlotte's Quay
Limerick
V94X63C

COMPANY NUMBER

261670

AUDITOR

Ernst & Young
Chartered Accountants and Statutory Audit Firm
Riverview House
Harvey's Quay

BANKER

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

SOLICITOR

James J Kelly & Son,
Solicitors,
Patrick Street,
Templemore,
Co. Tipperary

LISHEEN MILLING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The activity of the company ceased in February 2016 due to the unavailability of ore following the exhaustion of ore reserves at the Lisheen Mine Partnership in December 2015. The final shipment of concentrate occurred in February 2016. Hence the company ceased to trade on 29th February 2016.

FAIR REVIEW OF PERFORMANCE

The result for the financial year is satisfactory.

Management have 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. Management is committed to actively pursuing the post closure sustainable development potential of the site.

RESULTS AND DIVIDENDS

The loss after tax for the year for the financial year was US\$746,176 (2019: Profit after tax of US\$180,548).

A dividend of \$2,107,565 was paid during the financial year (2019: \$Nil).

RISKS AND UNCERTAINTIES

Risk management is embedded in our critical business activities, functions and processes. Our management systems, organisational structures, processes, standards, and code of conduct together form our internal control systems, which govern how we conduct the business and manage all associated risks. Materiality and tolerance for risk are key considerations in our decision-making.

RISK	IMPACT	MITIGATION
Health and safety	Reputational risk associated with serious injury on construction site.	We have appropriate policies and standards in place to mitigate and minimise any health and safety related occurrences. Structured monitoring, a review mechanism and system of positive compliance reporting are in place. There is a strong focus on safety during project planning/execution with adequate thrust on contract workmen safety.

SUBSEQUENT EVENTS

Details of subsequent events are given in note 15 to the financial statements.

FUTURE DEVELOPMENT

There is no future development to be disclosed.

COMPOSITION OF THE GROUP

The Company's immediate parent company is Vedanta Lisheen Holdings Limited. Vedanta Lisheen Holdings Limited is 100% owned by THL Zinc Holdings B.V., a company incorporated in the Netherlands. THL Zinc Holding BV is a subsidiary of Vedanta Limited. The ultimate parent company is Vedanta Resources Plc, a company incorporated in the United Kingdom.

LISHEEN MILLING LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The directors who served throughout the year are listed on page 2.

The directors are not required to retire by rotation.

DIRECTORS' AND SECRETARY'S INTERESTS

The directors and secretary had no interests in the shares of the company at either 1 April 2019 or 31 March 2020.

None of the directors have notified the company secretary of any interests in the shares of the ultimate parent company and its related companies.

POLITICAL DONATIONS

The company did not make any political donations during the year (2019: US\$nil).

ACCOUNTING RECORDS

To ensure that proper accounting records are kept in accordance with Section 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at The Forum Sandton, Johannesburg, Gauteng.

GOING CONCERN

The directors, having made appropriate enquiries, consider it reasonable to assume that the company has adequate resources to continue for the foreseeable future and for this reason, have continued to adopt the going concern basis in preparing the accounts.

An increasing number of countries have reported cases of a novel strain of coronavirus ("COVID-19"). The World Health Organisation ("WHO") has declared COVID-19 to constitute a "Public Health Emergency of International Concern". The company has considered the potential impact of COVID-19 and assessed that there will be no impact as it has already ceased its trading. The company expects to have sufficient resources to cover its future costs, maintain its equity and continue as a going concern in the foreseeable future.

The directors of Lisheen Milling Limited have received confirmation that Vedanta Limited, an ultimate holding company of the company is fully prepared and able to support the company as necessary.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors in office at the date of this report have each confirmed that:

- as far as they are aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

AUDITOR

The auditor, Ernst & Young, Chartered Accounts and Statutory Audit Firm, continues in office in accordance with Section 383 (2) of the Companies Act 2014.

Signed on behalf of the Board



Director

Date: 14-Jul-20



Director

Date: 14.07.2020

LISHEEN MILLING LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Irish Company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company and of the profit or loss for that year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identifying those standards and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

Signed on behalf of the Board

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Director

Date: 14-Jul-20



Director

Date: 14.07.2020

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

Opinion

We have audited the financial statements of Lisheen Milling Limited ('the Company') for the year ended 31 March 2020, which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards including FRS 101 Reduced Disclosure Framework (Irish Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (Ireland) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Keane
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Limerick

Date: 21/07/20

LISHEEN MILLING LIMITED

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	31 March 2020 US\$	31 March 2019 US\$
Operating expenses		(1 036 048)	(84 523)
OPERATING LOSS		(1 036 048)	(84 523)
Interest receivable and similar income	3	405 000	348 333
(LOSS)/PROFIT BEFORE TAXATION		(631 048)	263 810
Taxation	6	(115 128)	(83 262)
(LOSS)/PROFIT FOR THE YEAR		(746 176)	180 548

LISHEEN MILLING LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	31 March 2020 US\$	31 March 2019 US\$
FIXED ASSETS			
Tangible assets	7	1 118 542	1 118 542
		1 118 542	1 118 542
CURRENT ASSETS			
Trade and other receivables	8	20 473 779	24 840 134
Cash at bank and in hand	9	424 061	1 644 609
TOTAL CURRENT ASSETS		20 897 840	26 484 743
Trade and other payables	10	(93 757)	(2 718 330)
NET CURRENT ASSETS		20 804 083	23 766 413
TOTAL ASSETS LESS CURRENT LIABILITIES		21 922 625	24 884 955
Provision for liabilities and charges	11	(2 078 860)	(2 187 449)
NET ASSETS		19 843 764	22 697 506
CAPITAL AND RESERVES			
Called-up share capital – presented as equity		2 000	2 000
Profit and loss account		19 841 764	22 695 506
TOTAL EQUITY		19 843 764	22 697 506

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



Director

Date: 14-Jul-20



Director

Date: 14.07.2020

LISHEEN MILLING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Share Capital Presented as Called-up Equity	Profit and loss account	Total
	US\$	US\$	US\$
At 31 March 2018	2 000	22 514 958	22 516 958
Profit for the financial year	-	180 548	180 548
Other Comprehensive Income	-	-	-
Total comprehensive income	-	180 548	180 548
Dividends paid	-	-	-
At 31 March 2019	2 000	22 695 506	22 697 506
Loss for the financial year	-	(746 176)	(746 176)
Other Comprehensive Income	-	-	-
Total comprehensive loss	-	(746 176)	(746 176)
Dividends paid	-	(2 107 566)	(2 107 566)
At 31 March 2020	2 000	19 841 764	19 843 764

LISHEEN MILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES

Lisheen Milling Limited is a limited liability company incorporated in the Republic of Ireland. The registered office of the Company is in Deloitte & Touche House, Charlotte's Quay, Limerick, Ireland.

These financial statements were prepared in accordance with applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants of Ireland, including FRS 101 'Reduced Disclosure Framework' (Generally Accepted Accounting Practice in Ireland) and Companies Act 2014.

STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

The company prepares its financial statements denominated in US dollars. The principal accounting policies adopted by the company are set out below.

BASIS OF PREPARATION

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework, as defined above. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2014.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements. or when it reclassifies items in its financial statements),

- 16 (statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements. including cash flow statements),
- 38B D (additional comparative information),
- 40A D (requirements for a third statement of financial position),
- 111 (cash flow statement information), and

LISHEEN MILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (Continued)

- 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Disclosure requirements of IFRS 9: Financial Instruments

Where relevant, equivalent disclosures have been given in the group accounts of Vedanta Resources Plc. The group accounts of Vedanta Resources Plc are available to the public and can be obtained as set out in note 13.

GOING CONCERN

The directors, having made appropriate enquiries, consider it reasonable to assume that the company has adequate resources to continue for the foreseeable future and for this reason, have continued to adopt the going concern basis in preparing the accounts.

An increasing number of countries have reported cases of a novel strain of coronavirus ("COVID-19"). The World Health Organisation ("WHO") has declared COVID-19 to constitute a "Public Health Emergency of International Concern". The company has considered the potential impact of COVID-19 and assessed that there will be no impact as it has already ceased its trading. The company expects to have sufficient resources to cover its future costs, maintain its equity and continue as a going concern in the foreseeable future.

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.

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 statement of financial position 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 statement of comprehensive income 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 statement of comprehensive income to the extent of the original recognition of the impairment.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

1. 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 statement of financial position 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 spot rate of exchange prevailing during the financial year. Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at the rate of exchange ruling at the statement of financial position date. The resulting profits or losses are dealt with in the statement of comprehensive income.

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.

RETIREMENT BENEFIT OBLIGATIONS

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.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

1. ACCOUNTING POLICIES (Continued)

CLOSURE COSTS

Provision is made for the estimated closure and related costs arising at the end of the economic useful life of the mill. This provision represents the present value, at the statement of financial position 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 an inflation rate of 1.88% and the rate of return on the deposit and the finance charge is included in the statement of comprehensive income and added to the provision each financial year.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment

Management reviews its property, plant and equipment, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, business plans and changes in regulatory environment are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact the carrying value of the assets.

Provision for closure costs

Provision is made for costs associated with restoration and rehabilitation of the mineral processing site as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of mineral processing industries and they are normally incurred at the end of production life. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimated because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology. Details of the closure provision are disclosed in note 11 (i).

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 March 2020	31 March 2019
	US\$	US\$
Interest receivable on intercompany loans	<u>405 000</u>	<u>348 333</u>
	<u>405 000</u>	<u>855 000</u>

4 PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before taxation is stated after charging/(crediting):

	31 March 2020	31 March 2019
	US\$	US\$
Directors' remuneration		
- fees	-	-
- other emoluments including pension contributions	-	-
Depreciation	-	-
Gain on foreign currency exchange	44 123	453 440
Pension costs	-	-

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

5 EMPLOYEES AND REMUNERATION

The company had no employees as at 31 March 2020 and 2019.

LISHEEN MILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

6 TAXATION

	US\$	US\$
Corporation tax (credit)/charge for the financial year	115 128	87 083
Prior year overprovision	-	(3 821)
Current tax(credit)/charge for the financial year	115 128	83 262
Deferred tax charge	-	-
Current tax	<u>115 128</u>	<u>83 262</u>

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

	31 March 2020 US\$	31 March 2019 US\$
Profit before taxation	-631 048	263 810
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 12.5%	-78 881	32 976
Factors affecting tax charge:		
Non taxable income and non deductible expenses	78 881	(32 976)
Income taxable at higher rate	115 128	83 262
Current tax charge for the financial year	<u>115 128</u>	<u>83 262</u>

LISHEEN MILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

7 TANGIBLE ASSETS

	Plant, Equipment and Buildings US\$	Freehold Land US\$	Total US\$
Cost:			
At 1 April 2019	27 093 124	1 118 542	28 211 666
Disposals	-	-	-
At 31 March 2020	27 093 124	1 118 542	28 211 666
Depreciation and Impairment:			
At 1 April 2019	27 093 124	-	27 093 124
Disposals	-	-	-
At 31 March 2020	27 093 124	-	27 093 124
Net Book Value At 31 March 2020	<u>-</u>	<u>1 118 542</u>	<u>1 118 542</u>

	Plant, Equipment and Buildings US\$	Freehold Land US\$	Total US\$
Cost:			
At 1 April 2018	27 093 124	1 118 542	28 211 666
Disposals	-	-	-
At 31 March 2019	27 093 124	1 118 542	28 211 666
Depreciation and Impairment:			
At 1 April 2018	27 093 124	-	27 093 124
Disposals	-	-	-
At 31 March 2019	27 093 124	-	27 093 124
Net Book Value At 31 March 2019	<u>-</u>	<u>1 118 542</u>	<u>1 118 542</u>

Following a review by the directors in accordance with the provisions of International Accounting Standard 36 "Impairment of Assets", and based on the current market value of land, the directors consider that the recoverable amount of tangible assets exceeds the carrying value. As such, there was no impairment charge for the years ended 31 March 2020, 2019, 2018 and 2017.

LISHEEN MILLING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

8 DEBTORS (Amounts due within one year)

	31 March 2020	31 March 2019
	US\$	US\$
Other debtors	76 028	27 720
Amounts due by group companies	20 397 750	24 790 481
Corporation tax	-	21 933
	20 473 779	24 840 134

Amounts due by Group Companies include a \$10m unsecured loan with an interest rate of 2.3% to Twinstar Holdings Ltd and a \$9m unsecured loan with an interest rate of 2% to Namzinc (Proprietary) Limited. Other intercompany amounts are unsecured and non - interest bearing.

9 CASH AT BANK AND IN HAND

At 31 March 2020, the company's cash balance included funds of US\$424,061 (2019: US\$1,664,609) held in a current account for the purpose of Mine Closure activities. These funds were drawn down from the Restricted Cash account held in related companies.

10 CREDITORS (Amounts falling due within one year)

	31 March 2020	31 March 2019
	US\$	US\$
Amounts owed to group companies	-	2 675 224
Accruals	93 757	43 106
	93 757	2 718 330

Amounts owed to group companies are non interest bearing and repayable on demand.

LISHEEN MILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

11 PROVISION FOR LIABILITIES AND CHARGES

	31 March 2020	31 March 2019
	US\$	US\$
(f) Provision for closure costs		
Balance at beginning of financial year	2 187 449	3 214 180
Charge/(Release) for the financial year	(100 315)	(812 493)
Unwinding of discount rate	43 584	53 555
Paid during the financial year	-	-
Foreign exchange loss/(gain)	(51 859)	(267 793)
Balance at end of financial year	<u>2 078 860</u>	<u>2 187 449</u>

The provision represents the present value at the statement of financial position date of the estimated costs of restoring the environmental disturbance at the end of the economic useful life of the mineral processing site. These costs are expected to be incurred up to and including September 2020. The provision has been estimated using existing technology, at current prices inflated at 1.88% and discounted using a discount rate of 0.76%. The estimate of future costs to restore the environmental disturbance and reviewed and approved on a quarterly basis by the Environmental Protection Agency (Ireland), the Department of Communications, Climate Action and Environment and the Tipperary County Council through the mechanism of the Mine Closure and Rehabilitation Agreement.

12 CALLED-UP SHARE CAPITAL PRESENTED AS EQUITY

	31 March 2020	31 March 2019
	US\$	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
	<u>1 000 000</u>	<u>1 000 000</u>
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
	<u>2 000</u>	<u>2 000</u>
Dividend paid	2 107 566	-
Dividend per share	1 054	-

The rights attached to the above classes of ordinary shares are as below:

The holders of a majority of the issued 'A' ordinary shares may from time to time appoint additional persons to be directors but not more than two persons. 'B' ordinary shareholders do not have the aforementioned rights.

LISHEEN MILLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 PARENT COMPANY

The company is a wholly owned subsidiary of Vedanta Lisheen Holdings Limited, incorporated in Ireland. Vedanta 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.

14 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. In December 2011, Lisheen lodged a formal appeal in respect of this revised Revenue assessment. This appeal was held in May & June 2016. No decision has been received to date. Contingent liability is for an amount of €68.21m.

15 SUBSEQUENT EVENTS

An increasing number of countries have reported cases of a novel strain of coronavirus ("COVID-19"). The World Health Organisation ("WHO") has declared COVID-19 to constitute a "Public Health Emergency of International Concern". The company has considered the potential impact of COVID-19 and assessed that there will be no impact on the year end audit.

16 DIVIDEND

A dividend of \$2,107,565 was declared and paid during the year (2019: \$Nil)

17 APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 14-Jul-20