NAMZINC (PROPRIETARY) LIMITED
(Registration Number: 98/226)

ANNUAL FINANCIAL STATEMENTS
31 March 2015

NAMZINC (PROPRIETARY) LIMITED
(Registration Number: 98/226)

ANNUAL FINANCIAL STATEMENTS
31 March 2015

NAMZINC (PROPRIETARY) LIMITED

ANNUAL FINANCIAL STATEMENTS
31 March 2015

CONTENTS **PAGE**

NAMZINC (PROPRIETARY) LIMITED

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards. The company's independent external auditors, Deloitte & Touche, have audited the financial statements and their report appears on pages 3 to 4.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The directors are satisfied that the company has adequate resources and financial support to remain a going concern. The annual financial statements on pages 5 to 39 have therefore been prepared on a going concern basis.

A directors' report has not been prepared as the company is a wholly owned subsidiary of Skorpion Zinc (Proprietary) Limited, a company incorporated in Namibia.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 39 were approved by the board of directors on 24 April 2015 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Deloitte.

PO Box 47
Windhoek
Namibia

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
ICAN practice number: 9407
Deloitte Building
Maerua Mall Complex
Jan Jonker Road
Windhoek
Namibia

Tel: +264 (61) 285 5000
Fax: +264 (61) 285 5050
mailnamibia@deloitte.co.za
www.deloitte.com/na

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NAMZINC (PROPRIETARY) LIMITED

We have audited the annual financial statements of Namzinc (Proprietary) Limited set out on pages 5 to 39, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NAMZINC (PROPRIETARY) LIMITED (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namzinc (Proprietary) Limited as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Namibian Companies Act.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: J Cronjé
Partner
Windhoek

24 April 2015

NAMZINC (PROPRIETARY) LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

	Notes	2015 N$	2014 N$
ASSETS			
NON-CURRENT ASSETS		931 580 577	936 425 728
Property, plant and equipment	2	615 234 732	924 644 960
Intangible Asset	3	11 087 139	11 780 768
Group companies	11	305 258 706	450 482 509
CURRENT ASSETS		598 276 722	1 030 596 782
Inventory	4	371 952 404	236 194 693
Trade and other receivables	5	66 627 237	94 965 766
Bank balances and cash	6	159 697 081	248 953 814
TOTAL ASSETS		1 529 857 299	1 967 022 510
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		321 339 798	859 460 632
Share capital	7	100	100
Retained Income		321 339 698	859 460 532
NON-CURRENT LIABILITIES		111 571 074	289 618 727
Decommissioning provision	8	99 456 130	258 170 480
Restoration provision	9	12 114 944	31 448 247
CURRENT LIABILITIES		1 096 946 427	817 943 151
Trade and other payables	10	540 519 327	256 515 110
Group companies	11	556 427 100	561 428 041
TOTAL EQUITY AND LIABILITIES		1 529 857 299	1 967 022 510

NAMZINC (PROPRIETARY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	2015 N$	2014 N$
Revenue	1.11	2 563 422 980	2 610 805 085
Cost of sales		(1 466 923 043)	(1 528 240 291)
Gross profit		1 096 499 937	1 082 564 794
Other income		38 785 147	21 668 566
Distribution costs		(94 443 012)	(107 294 316)
Administrative expenses		(1 155 751 898)	(203 303 258)
Other operating expenses		(833 702)	(513 246)
OPERATING PROFIT BEFORE NET FINANCE INCOME		(115 743 528)	793 122 540
Net finance income	12	195 122 694	19 897 844
- Finance income		68 565 293	38 709 456
- Finance (costs)/income		126 557 401	(18 811 612)
PROFIT BEFORE TAXATION	13	79 379 166	813 020 384
Taxation	14	-	-
PROFIT FOR THE YEAR	16	79 379 166	813 020 384
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		79 379 166	813 020 384

NAMZINC (PROPRIETARY) LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015

	Share capital N$	Retained Income N$	Total N$
Balance at 1 April 2013	100	517 940 148	517 940 248
Total comprehensive income for the year		813 020 384	813 020 384
Dividends declared and paid		(471 500 000)	(471 500 000)
Balance at 31 March 2014	100	859 460 532	859 460 632
Total comprehensive income for the year		79 379 166	79 379 166
Dividends declared		(617 500 000)	(617 500 000)
Balance at 31 March 2015	100	321 339 698	321 339 698

NAMZINC (PROPRIETARY) LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	Notes	31 Mar 2015 N$	31 Mar 2014 N$
CASH FLOWS FROM OPERATING ACTIVITIES		730 411 804	588 424 660
Cash received from customers		2 597 124 613	2 558 550 413
Cash paid to suppliers and employees		(1 317 778 102)	(1 458 335 209)
Cash generated by operations	16.1	1 279 346 511	1 100 215 204
Net finance income	12	68 565 293	38 709 456
Dividends paid		(617 500 000)	(550 500 000)
CASH FLOWS FROM INVESTING ACTIVITIES		(39 925 425)	(30 287 175)
Fixed asset additions			
- replacement capital		(39 925 425)	(30 287 175)
CASH FLOWS FROM FINANCING ACTIVITIES		(779 743 112)	(675 536 329)
Decrease in loan from Skorpion Zinc (Proprietary) Limited		(5 000 940)	(354 617 601)
Increase in loan to Skorpion Mining Company (Proprietary) Limited		(774 742 172)	(320 918 728)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(89 256 733)	(117 398 844)
Cash and cash equivalents at the beginning of the year		248 953 814	366 352 658
CASH AND CASH EQUIVALENTS at the end of year	6	159 697 081	248 953 814

1. ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis except for certain financial instruments where the fair value bases of accounting are adopted. The principle accounting policies of the company, which are set out below, have been consistently applied and comply in all material respects with International Financial Reporting Standards ("IFRS") and Companies Act.

The company has adopted all standards and interpretations that were effective for the current year. The adoption of these standards did not have any significant effect on the financial position or results from operations, cash flows or disclosures.

At the date of authorisation of these financial statements the following Standards and Interpretations are not yet effective and will be adopted, where applicable, in future years:

New/Revised International Financial Reporting Standards		**Effective for annual periods beginning on or after**
IFRS 7	Financial Instruments: Disclosures — Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	1 January 2018
IFRS 9	A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
IAS 16 and 36	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(Amendments to IFRS 10 and IAS 28)	1 January 2016
IFRS 10,12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016

A reliable estimate of the impact of the adoption of the recent amendments for the Company has not yet been determined; however directors anticipate that the adoption of the recent standards and interpretations will have no material impact on the annual financial statements in future periods, except for disclosure to the annual financial statements.

1. ACCOUNTING POLICIES (continued)

1.1 Research, exploration and preproduction expenditure

Research expenditure is written off in the period in which it is incurred until such time as an economic reserve is defined. When a decision is taken that a mining property is viable for commercial production, all further preproduction expenditure is capitalised. Capitalisation of preproduction expenditure ceases when the mining property is capable of commercial production. Capitalised preproduction expenditure is amortised from the date commercial production commences over the economic life of the mine.

1.2 Taxation

Taxation (normal and deferred) is not applicable as the company has been granted Export Processing Zone status and is therefore exempt from paying taxes.

1.3 Foreign currency transactions

Transactions in foreign currency, other than Namibian Dollar are accounted for at the rate of exchange ruling on the date of the transaction.

At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items are measured in terms of historical cost in a foreign currency and are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

1.4 Intangible assets

The development costs related to an internally generated intangible asset are recognised as an asset only if all of the following can be demonstrate:

- It is technically feasible that the intangible asset will be completed so that it will be available for use.
- It is the intention of the company to complete the project related to the intangible asset and that once the project is completed that the company will use the intangible asset.
- The company has the ability to use the intangible asset.
- It is probable that the company will generate future economic benefits resulting from the intangible asset.
- There are adequate technical and financial resources to complete the development and use the intangible asset.
- The development costs related to the project can be measured reliably

No costs related to the research stage of an internally generated intangible asset are capitalised.
All the research costs are recognised as an expense when they were incurred.

The Company's only internally generated is the SAP system which is amortised over the life of the mine.

1. ACCOUNTING POLICIES (continued)

1.5 Financial Instruments

Initial recognition and measurement

All financial instruments, including derivative instruments, are recognised on the statement of financial position. Financial instruments are initially recognised when the company becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial asset) or received (financial liability or equity instrument) for it. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Subsequent to initial recognition these instruments are measured as set out below.

Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market are measured at the applicable quoted prices, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at statement of financial position date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the asset or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values due to the short-term trading cycle of these items.

The fair value methods used are consistent with the requirements of IFRS 13.

Derecognition

Financial assets (or a portion thereof) are derecognised when the company realises the rights to the benefits specified in the contract, the rights expire or the company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in profit and loss.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in profit and loss.

1. ACCOUNTING POLICIES (continued)

1.5 Financial Instruments (continued)

Financial assets

The company's principal financial assets are group company loans and receivables, trade and other receivables and bank and cash balances:

Financial assets at Fair Value Through Profit and Loss ("FVTPL")

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

1. ACCOUNTING POLICIES (continued)

1.5 Financial Instruments (continued)

Available For Sale ("AFS") financial assets

Unlisted shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised through other comprehensive income to the investments revaluation reserve, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividend is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Group Company and related party loans and receivables

Group company loans and receivables originated by the company are stated at amortised cost less provision for impairment, if any.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. An estimate of doubtful debts is made based on a review of all outstanding amounts at statement of financial position date and is recognised in profit or loss when there is evidence that the asset is impaired. Bad debts are written off during the period in which they are identified.

Cash and cash equivalents

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

1. ACCOUNTING POLICIES (continued)

1.5 Financial Instruments (continued)

Financial assets (continued)

Investment in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the company has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The interim amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Financial liabilities

The company's principal financial liabilities are group company loans and payables and trade and other payables:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial liability.

1. ACCOUNTING POLICIES (continued)

1.5 Financial Instruments (continued)

Group company loans and payables
Group company loans and payables are recognised at amortised cost, which is the original debt less principal repayments and amortisations.

Trade and other payables
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments
Equity instruments issued by the company are recorded at the value of proceeds received less directly attributable costs.

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

1.6 Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine. Costs arising from the installation of plant and other site preparation work, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

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 income statement as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

1.7 Inventory

Inventory is valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The production cost of stocks includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- raw materials on the average cost basis;

- consumables on the weighted average cost basis; and

- finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses.

1. ACCOUNTING POLICIES (continued)

1.8 Property, plant and equipment

Buildings, plant and equipment are depreciated at varying rates, on the straight-line basis over their estimated useful lives taking into account their residual values:

	Depreciation rate	Residual value
Computer equipment	33%	Nil
Furniture and fittings	10%	Nil
Vehicles	25%	25%

Land and properties in the course of construction are not depreciated.

The other mining assets are depreciated based on the following policy:

Mining and refinery properties are depreciated using the unit-of-production method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date when the mining property is capable of commercial production.

Capitalised development expenditure, including the acquisition cost of freehold land and leasehold interests containing mineral resources as well as heavy equipment, is depreciated using the unit-of-production method once commercial production commences.

The per unit depreciation rate is determined annually by dividing the total of the undepreciated development expenditure and future development expenditure for the mine by the remaining proven and probable reserves based on the most current reserve study available. Where mining freehold and leasehold properties have significant value after reserves are depleted, the estimated residual value may be deducted from the amount of mining development expenditure which is subject to depreciation.

Where the economic viability of reserves has been established, but future operations are dependent upon receiving future planning permission or lease extension, management assesses, on at least an annual basis, the probability of the planning permission or lease extension being received. If it is no longer considered probable, the estimate of reserves and the unit-of-production depreciation calculation is revised accordingly.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Management consider the remaining useful life of Refinery's plant and equipment to approximate the remaining life of mine.

1.9 Impairments

At each reporting date, the Company reviews the carrying amounts of its 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 impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. The discount rate applied is based upon the directors' best estimate of weighted average cost of capital, with appropriate adjustment made for local conditions.

1. ACCOUNTING POLICIES (continued)

1.9 Impairments (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.10 Retirement benefits

Contributions to the company's retirement fund are charged as an expense as they fall due.

1.11 Revenue recognition

Revenue amounts are measured at the fair value of consideration received or receivable, after deducting trade discounts and volume rebates. Revenue from production activities is based on the final metal product sold. Revenue is recognised when the significant risks and rewards of ownership pass to the buyer.

Until 31 December 2013 sale of finished product was predominantly made on a Free on Board (FOB) basis, where the risks and rewards of ownership pass to the buyer once the product crosses the ship's rail in the port of shipment.
From 1 January 2014 sales of finished product is being conducted on a Cost Insurance and Freight (CIF) basis where the risks and rewards of ownership pass to the buyer once the product crosses the ship's rail in the port of shipment, with the exception that the seller pay the cost of freight and insurance. Revenue derived through sea freight is therefore recognised on the bill of lading issue date.

Sales of finished products to SACU is made on a Delivered at Place (DAP) basis, where risks and rewards of ownership pass to the buyer once the product are delivered at the agreed place. Revenue delivered through road freight is therefore recognised on confirmation of delivery.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable. By-product sales are deducted from cost of sales.

1.12 Accounting for leases

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

<u>The company as lessor</u>

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

1. ACCOUNTING POLICIES (continued)

1.12 Accounting for leases (continued)

Rental income from operating leases is charged to profit or loss on a straight-line basis over the term of the relevant lease.

The company as lessee

Assets held under finance leases are recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

1.13 Borrowing costs

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings during the period.

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

1.14 Judgements made by management

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

- **Decommissioning and rehabilitation provision**
  Estimating the future costs of environment and rehabilitation obligations is complex and requires management to make estimates and judgements as most of the obligations will be fulfilled in future and contracts and laws are often not clear regarding what is required. The resulting provision is further influenced by changing technologies and environmental, safety, business and statutory considerations.

- **Asset lives and residual values**
  Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residuals are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, life-of-mine plan and maintenance programmes are taken into account. Residual value assessments take into account issues such as future market conditions, the remaining life of the asset and projected disposal values.

1. ACCOUNTING POLICIES (continued)

1.14 Judgements made by management (continued)

- **Impairment of assets**
  Property, plant and equipment are considered for impairment if there is reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself or if it is a component of a larger economic unit, the viability of that unit. Equally previously impaired assets are assessed for evidence of changes in economic circumstance that would require a reversal of impairment.

  Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value, and if lower, the assets are impaired to the present value, or if an impairment is released, such release is limited to the carrying value of the assets had no such impairment occurred.

- **Valuation of financial instruments**
  The valuation of derivative financial instruments is based on the market situation at the reporting date. The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from the value at the statement of financial position date.

- **Sulphide Conversion**
  Namzinc (Pty) Ltd has one main capital project which is in progress. This is the Sulphide Conversion project. The sulphide conversion project is a project which allows for the conversion to the current refinery to treat sulphide with the current oxide ore in order to extract the final zinc metal.

  During the prior financial year management made an assessment as to whether the sulphide conversion project is economically viable and based on this assessment commenced capitalisation.

  The capital expenditure is currently estimated at N$1 660 462 172 was approved by the Vedanda plc board during the current year. At the reporting date an amount of N$14 542 387 (2014: N$10 937 629) was included in the capital work in progress related to this project.

1.15 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

Impairment of property, plant and equipment
Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the cash-generating unit to which it has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

1.15 Key sources of estimation uncertainty (continued)

Life-of-Mine review & estimated life of refinery
The Life-of-Mine ("LOM") plan is reviewed annually. The LOM plan takes into account an expectation of the changes in commodity prices, foreign exchange rates, Zinc grade and capital expenditure. During the current financial year, the LOM for both the Mine and the Refinery were re-assessed, Mine's LOM was extended by an additional 2 years as a result of extract ore discovered in the current pit, the Refinery's LOM was extended by an additional 12 years as a result of the formal approval of the refinery conversion. The new LOM for the Refinery is now estimated to be 14.5 years and the Mine's LOM is now estimated to be 4.5 years. See note 3 for more details.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

2. PROPERTY, PLANT AND EQUIPMENT

2015

	Mining properties and leases N$	Land and buildings N$	Plant and equipment N$	Work-in-progress N$	De-commissioning and restoration costs N$	Total N$
Cost						
At 31 March 2014	204 747 120	791 033 989	3 219 574 802	12 853 222	140 488 155	4 368 697 288
Transfers to intangible asset	-	-	(7 777 423)	-	-	(7 777 423)
Change in estimates of decommissioning and rehabilitation provision	-	-	-	-	(34 719 317)	(34 719 317)
Additions – Stay in business capital	-	958 227	8 044 271	30 922 927	-	39 925 425
Disposals	-	-	(385 538)	(718 216)	-	(1 103 754)
At 31 March 2015	204 747 120	791 992 216	3 219 456 112	43 057 933	105 768 838	4 365 022 219
Depreciation, amortisation and impairment						
At 31 March 2014	164 769 950	612 787 231	2 570 725 652	-	95 769 495	3 444 052 328
Depreciation charge for the year	23 114 422	56 716 388	224 611 884	-	9 999 343	314 442 037
Transfers to intangible asset	-	-	(8 471 052)			(8 471 052)
Disposals	-	-	(235 826)	-	-	(235 826)
At 31 March 2015	187 884 372	669 503 619	2 786 630 658	-	105 768 837	3 749 787 487
Net book value 31 March 2014	39 977 170	178 246 758	648 849 150	12 853 222	44 718 660	924 644 960
Net book value 31 March 2015	16 862 748	122 488 597	432 825 454	43 057 933	-	615 234 732

2. PROPERTY, PLANT AND EQUIPMENT

2014

	Mining properties and leases N$	Land and buildings N$	Plant and equipment N$	Work-in-progress N$	De-commissioning and restoration costs N$	Total N$
Cost						
At 31 March 2013	204 747 120	788 853 262	3 201 886 241	17 230 107	146 919 572	4 359 636 302
Transfers to / (from) intangible asset	-	-	(2 523 247)	(10 342 062)	-	(12 865 309)
Change in estimates of decommissioning and rehabilitation provision	-	-	-	-	(6 431 417)	(6 431 417)
Additions – Stay in business capital	-	2 252 762	22 069 236	5 965 177	-	30 287 175
Disposals	-	(72 035)	(1 857 428)	-	-	(1 929 463)
At 31 March 2014	204 747 120	791 033 989	3 219 574 802	12 853 222	140 488 155	4 368 697 288
Depreciation, amortisation and impairment						
At 31 March 2013	153 986 340	568 190 327	2 352 397 094	-	75 241 036	3 149 814 797
Depreciation charge for the year	9 453 246	52 901 940	212 762 422	-	20 528 459	295 646 067
Transfers to / (from) category	1 330 364	(8 305 036)	6 974 672			-
Disposals	-	-	(1 408 536)	-	-	(1 408 536)
At 31 March 2014	164 769 950	612 787 231	2 570 725 652	-	95 769 495	3 444 052 328
Net book value 31 March 2013	50 760 780	220 662 935	849 489 147	17 230 107	71 678 536	1 209 821 505
Net book value 31 March 2014	39 977 170	178 246 758	648 849 150	12 853 222	44 718 660	924 644 960

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Details of the company's freehold and leasehold land and buildings is maintained at the registered office of the company and are available for inspection by members or their duly authorised representatives.

Mining properties and leases with a net book value of N$12 999 295 (2014: N$ 33 337 919), were capitalised in accordance with IAS17 and IFRIC 4.The finance lease was settled in the 2006 financial year.
The company tests the total capital investment made in the operations annually for impairment indicators.

The following cash generating unit ("CGU") has been identified:

- Mining activities
  - Skorpion Project

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, exchange rates and expected changes to commodity prices. Management estimates discount rates using pre-tax rates that reflect current market conditions of the time value of money and the risks specifically associated with the CGU's. Growth rates are based on industry growth forecasts. Changes in commodity prices are based on past practices and expectations of future changes in the market.

Key assumptions used in impairment calculations are:

	2015	2014
- Foreign exchange rate (USD)	11.31	10.02
- Average Zinc price (USD/t)	2 438	2 242
- Resource available calculated in terms of JORC code (Zn/kt)	438.2	353.6
- Inflation rate	3.03%	6.1%
- Discount rate	9.97%	7.0%

All figures stated above are in real terms.

At 31 March 2015, no impairment was necessary related to the Skorpion Project (2014: Nil).

3. INTANGIBLE ASSET

2015

	SAP N$	Total N$
Cost		
At 31 March 2014	12 865 309	12 865 309
Transfers from property, plant and equipment	7 777 423	7 777 423
Additions - non-cash	-	-
Additions – Stay in business capital	-	-
Disposals	-	-
At 31 March 2015	20 642 732	20 642 732
Amortisation and impairment		
At 31 March 2014	1 084 541	1 084 541
Amortisation charge for the year	-	-
Transfers from plant and equipment	8 471 052	8 471 052
Disposals	-	-
At 31 March 2015	9 555 593	9 555 593
Net book value 31 March 2014	11 780 769	11 780 769
Net book value 31 March 2015	11 087 139	11 087 139

4. INVENTORY

	2015 N$	2014 N$
Work-in-progress	96 149 986	46 771 372
Consumable stock	179 182 872	157 761 723
Finished products	96 619 542	31 661 598
	371 952 400	236 194 693

Consumable stock is carried after a provision for obsolescence has been made as follows:

Balance at the beginning of the year	70 296 790	62 728 702
Deducted from operating profit	3 227 250	7 568 088
Balance at the end of the year	73 524 040	70 296 790

The obsolete stock provision has been estimated based on the age of consumables and their rate of movement.

	2015 N$	2014 N$

5. TRADE AND OTHER RECEIVABLES

	2015 N$	2014 N$
Trade receivables	38 268 170	63 799 219
Prepayments	19 861 675	14 775 888
Other receivables	3 012 400	3 112 164
Value Added Tax	5 484 992	13 278 495
	66 627 237	94 965 766

No allowance has been made for irrecoverable amounts as the amounts past due date are not material.

All receivables except for those set out below are current.

Trade receivables with the following values are past their due date:		
Within one month	7 535 708	924 099
Between 1 to 2 months	1 840	1 706 990
Between 2 to 3 months	7 052	-
Greater than 3 months	-	-
	7 544 600	2 631 089

The directors consider that the carrying amount of accounts receivable approximate to their fair value.

Included in trade receivables is an amount of N$ 1 914 951 (N$: 2 345 402) owed by Skorpion Mining Company (Proprietary) Limited.

6. BANK BALANCES AND CASH

Bank balances and cash comprise cash and short-term deposits held by the treasury function. The carrying amounts of these assets approximate their fair value.

Bank balances and cash are denominated as follows:

- Local currency:	38 340 389	26 487 524
- Foreign currency (held in US$):	121 356 692	222 466 290
	159 697 081	248 953 814

The average interest rates earned on cash balances and short-term deposits during the year were as follows:	%	%
- Local currency:	1.49	2.92
- Foreign currency (held in US$):	0.0	0.0

	2015 N$	2014 N$

7. SHARE CAPITAL

	2015 N$	2014 N$
Authorised		
4 000 ordinary shares of N$1 each	4 000	4 000
Issued		
100 ordinary shares of N$1 each	100	100

The unissued shares are under the control of the directors until the next annual general meeting.

8. DECOMMISSIONING PROVISION

	2015 N$	2014 N$
Balance at beginning of year	258 170 480	261 846 525
Movements deducted from decommissioning assets	(32 156 949)	(22 487 657)
Movements expensed to statement of comprehensive income as finance cost	(126 557 401)	18 811 612
Balance at end of year	99 456 130	258 170 480

The decommissioning provision relates to decommissioning of property, plant and equipment where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The current estimate was discounted at a rate of 11.42% (2014: 7%). These costs are expected to be incurred over the remaining Life-of-mine currently being 14.5 (2014: 2.5) years.

9. RESTORATION PROVISION

	2015 N$	2014 N$
Balance at beginning of year	31 448 247	14 420 647
Movements deducted from restoration asset	(2 562 568)	16 056 240
Movements in statement of comprehensive income as part of cost of sales	(16 770 735)	971 360
Restoration cost paid	-	-
Balance at end of year	12 114 944	31 448 247

Provision is made for environmental rehabilitation costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The current estimate was discounted at a rate of 11.42% (2014: 7%). These costs are expected to be incurred over the remaining Life-of-mine currently being 14.5 (2014: 2.5) years.

10. TRADE AND OTHER PAYABLES

	2015 N$	2014 N$
Trade payables	400 641 502	145 558 188
Salary accruals	20 816 513	35 126 217
Other accruals	119 061 312	75 830 705
	540 519 327	256 515 110

The directors consider that the carrying amounts of accounts payable approximate their fair value.

The average credit period for trade creditors is 30 days after statement. No interest is charged during this period. Thereafter certain suppliers charge interest at various rates. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Provision of N$13 688 612 (2014: N$ 26 943 773) was made for the expected liability arising from a cash settled share based payment scheme.

Included in trade payables is an amount of N$329 030 431 (2014: N$ 106 412 360) owed to Skorpion Mining Company (Proprietary) Limited.

11. RELATED PARTIES

The company's holding company is Skorpion Zinc (Proprietary) Limited who is in turn owned by THL Zinc Namibia Holdings (Proprietary) Limited and is also incorporated in Namibia.
The ultimate holding company is Vedanta Resources plc incorporated in the United Kingdom which in turn is controlled by Mr. Anil Agarwal and persons closely related to him.

During the year, the company entered into the following trading transactions with related parties.

	Purchase of goods and services		Recoveries		Transfer of assets	
	2015 N$	2014 N$	2015 N$	2014 N$	2015 N$	2014 N$
Skorpion Mining Company (Proprietary) Limited	404 857 785	380 721 327	(176 360 074)	(151 612 864)	-	-
Subsidiaries of Vedanta Resources plc					-	-
- Black Mountain Mining (Pty) Ltd	27 880 894	35 745 089	(2 174 195)	(866 383)	-	-
- Sterlite Industries Ltd	95 925	1 077 397	-	-	-	-
- Vedanta Resources plc	6 092 088	3 773 022	-	-	-	-
- Other	219 505	127 109	-	-		
	439 146 197	421 443 944	(178 534 269)	(152 479 247)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

11. RELATED PARTIES (continued)

	Amounts due to related parties		Amounts due from related parties	
	2015 N$	2014 N$	2015 N$	2014 N$
Skorpion Zinc (Proprietary) Limited	556 427 100	561 428 041	-	-
Skorpion Mining Company (Proprietary) Limited			1 225 258 706	450 482 509
Provision for doubtful debt	-	-	(920 000 000)	-
	556 427 100	561 428 041	305 258 706	450 482 509

The loans are unsecured; interest free and no terms of repayment have been set.

During the current year, management has reassessed the recoverability of the loan to Skorpion Mining Company. As a result of Skorpion Mining Company's financial performance and current results management took the decision to impair the loan to Skorpion Mining by N$920 000 000, this being the Directors' estimate of the amount that may not be repaid given the facts in evidence at the reporting date. The Directors of both companies are aware of this situation and are currently reviewing alternatives to ensure that Skorpion Mining Company returns to profitability. Once that has been resolved the impairment will be reassessed.

Compensation of key management

Details of compensation to key management are disclosed in note 13.

	2015 N$	2014 N$

12. NET FINANCE INCOME

	2015 N$	2014 N$
Finance Income	68 565 293	38 709 456
Bank	3 044 364	1 948 474
Net foreign exchange gain	65 520 929	36 760 982
Finance Costs	126 557 401	(18 811 612)
Decommissioning provision	126 557 401	(18 811 612)
Net finance income	195 122 694	19 897 844

13. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after taking into account the following items:

Income

	2015 N$	2014 N$
Movement in restoration provision	(16 770 735)	971 360
Related party recoveries from Skorpion Mining Company		
- administration fees	(62 543 695)	(59 464 527)
- recovery: staff costs	(113 816 379)	(92 148 337)

Expenditure

	2015 N$	2014 N$
Auditors' remuneration		
- Audit fees	2 943 536	2 277 000
- Dividend certificates	6 200	12 400
Depreciation of property plant and equipment	305 970 985	295 646 067
Amortisation of intangible asset	8 471 052	1 084 541
Loss on disposal of assets	833 702	448 893
Provision for doubtful debt	920 000 000	-
Operating leases	5 215 210	4 080 287
Movement in decommissioning provision	(126 557 401)	18 811 612
Receipt from insurers	(46 604 473)	(21 162 013)
Staff costs	247 885 825	293 080 716
Number of employees at end of the year	766	749

13. PROFIT BEFORE TAXATION (continued)

Compensation of key management personnel

The remuneration of directors and key management personnel during the year was as follows:

		2015 N$	2014 N$
Directors	- managerial services	3 642 169	4 268 612
	- medical and pension	57 355	64 081
	- share based payments	-	-
Other key management	- short-term benefits	12 820 328	12 209 836
	- medical and pension	771 032	734 316
	- share based payments	-	-
		17 290 884	17 276 845

14. TAXATION

The company has been granted Export Processing Zone status and is, therefore, exempt from paying taxes.

15. RETIREMENT BENEFITS

The company provides retirement benefits to its employees through an independent retirement fund plan, The Skorpion Zinc Provident Fund. At 31 March 2015, 766 (2014: 749) employees were members of the fund. The fund is a defined contribution fund and has been registered in Namibia in terms of the Pension Funds Act. The fund is governed by this act, which requires an actuarial valuation of the fund every three years. The previous actuarial valuation was performed as at 31 December 2013 and the fund was assessed as financially sound.

	2015 N$	2014 N$
The following contributions were expensed:		
Employer contributions	14 786 659	12 544 895
Employee contributions	13 435 840	12 504 943
	28 222 499	25 049 838

16. NOTES TO THE STATEMENT OF CASH FLOWS

16.1 RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS

	2015 N$	2014 N$
Profit before taxation	79 379 166	813 020 384
Adjust for non-cash items		
- Depreciation and Amortisation	314 442 037	296 730 608
- Loss on disposal of property, plant and equipment	833 702	448 893
- Provision for bad debts	920 000 000	-
- Restoration costs	(16 770 735)	971 360
- Decommissioning costs	(126 557 401)	18 811 612
	1 171 326 769	1 129 982 857
Foreign exchange gains	(65 520 929)	(36 760 982)
Net finance income	(3 044 364)	(1 951 843)
	1 102 761 476	1 091 270 032
Working capital changes	176 585 035	8 945 172
Inventory	(135 757 708)	(3 670 393)
Trade and other receivables	28 338 528	(52 109 080)
Trade and other payables	284 004 215	64 724 645
Cash generated by operations	1 279 346 511	1 100 215 204

17. FINANCIAL AND CAPITAL RISK MANAGEMENT

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2014.

The capital structure of the company consists of a holding company loan, cash and cash equivalents and equity attributable to the equity holder, comprising issued capital and retained earnings.

Return to the shareholder is maximised, through structured dividend declarations and loan repayments, while keeping sufficient cash funds to meet normal working capital and capital expenditure requirements.

Foreign currency management

The company's policy is not to take cover on foreign currency transactions. The company's major exposure to foreign currency fluctuations at period end was to the United States Dollar ("USD"), in relation to its trade debtors and CFC bank account, both denominated in USD. In terms of the Group risk expectations a 5% increase/decrease on USD will result in an increase/decrease of N$6 067 835 (2014: N$11 123 314) to the period's profit and loss.

The company also had exposure to foreign creditors at period end in USD (2014 in USD and Euro). In terms of the Group risk expectations a 5% increase/decrease on USD (2014 in USD and EUR) will result in a decrease/increase of N$100 589 (2014: N$212 318) to the to the period's profit and loss.

Interest rate management

Borrowings are mostly obtained from the holding company and interest rates are managed in accordance with the policies set down by the Vedanta Resources plc. Group treasury function. Currently no interest is charged on the holding company loan.

Interest is earned on short-term funds deposited with banks and in terms of the Group risk expectations an increase/decrease of 1% in the local prime rate would result in an increase/decrease in interest earnings of N$383 404 (2014:N$264 875).

17. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Credit risk management

The company's exposure to credit risk includes exposure to a limited number of customers purchasing its product. Payments are collected within five days from date of sale and the exposure at any one time is therefore limited to a five day period. No default experience has been experienced. As such the directors do not deem any provision for irrecoverable amounts to be necessary.

The company deposits cash surpluses with banks of high credit standing. The credit standing of financial institutions is evaluated from time to time.

As at 31 March 2015, all the company's cash resources were on call with the company's main bankers, First National Bank of Namibia Limited ("FNB"). FNB is a subsidiary of Rand Merchant Bank Holdings Limited and has an investment grade credit rating.

Liquidity risk

The company manages its liquidity risk by ensuring that it has adequate banking facilities. The company has reported positive cash flows for the current year and projections indicated this trend to be sustainable. All of the company's exposure to financial instruments is short-term in nature.

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month N$	1-3 months N$	3 months to 1 year N$	1-5 years N$	5+ years N$	Total N$
2015						
Non interest bearing financial liabilities:						
Loans to related parties	-	-	556 427 100	-	-	556 427 100
Trade and other payables	-	540 519 327	-	-	-	540 519 327
	-	540 519 327	556 427 100	-	-	1 096 946 427

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

17. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Less than 1 month N$	1-3 months N$	3 months to 1 year N$	1-5 years N$	5+ years N$	Total N$
2014						
Non interest bearing financial liabilities:						
Loans to related parties	-	-	561 428 041	-	-	561 428 041
Trade and other payables	-	145 558 188	-	-	-	145 558 188
	-	145 558 188	561 428 041	-	-	706 986 229

Market risk

Commodity prices have decreased in the current year, compared to the previous year average market price obtained, which had a positive effect on the Group's results. The company however is not exposed at the period end to movements in the commodity price as the company does not have any instruments at the period end that vary with commodity prices.

17. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Statement of financial position - categories of financial instruments

2015

	At fair value through profit and loss – held for trading	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities	Total
	N$	N$	N$	N$	N$
ASSETS					
NON-CURRENT ASSETS	-	305 258 706	-	626 321 871	931 580 577
Property, plant and equipment	-	-	-	615 234 732	615 234 732
Intangible assets	-	-	-	11 087 139	11 087 139
Group companies	-	305 258 706	-	-	305 258 706
CURRENT ASSETS	159 697 081	41 280 570		397 299 071	598 276 722
Inventory	-	-	-	371 952 404	371 952 404
Trade and other receivables	-	41 280 570	-	25 346 667	66 627 237
Bank balances and cash	159 697 081	-	-	-	159 697 081
TOTAL ASSETS	159 697 081	346 539 276	-	1 023 620 942	1 529 857 299
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES	-	-	-	321 339 798	321 339 798
Share capital	-	-	-	100	100
Retained income	-	-	-	321 339 698	321 339 698
NON-CURRENT LIABILITIES	-	-	-	111 571 074	111 571 074
Decommissioning provision	-	-	-	99 456 130	99 456 130
Restoration provision	-	-	-	12 114 944	12 114 944
CURRENT LIABILITIES		-	1 088 882 135	8 064 292	1 096 946 427
Trade and other payables	-	-	532 455 035	8 064 292	540 519 327
Group companies	-	-	556 427 100	-	556 427 100
TOTAL EQUITY AND LIABILITIES	-	-	1 088 882 135	440 975 164	1 529 857 299

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 28 February 2013

17. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Statement of financial position - categories of financial instruments

2014

	At fair value through profit and loss – held for trading N$	Loans and receivables N$	Financial liabilities at amortised cost N$	Non-financial assets and liabilities N$	Total N$
ASSETS					
NON-CURRENT ASSETS	-	-	-	936 425 728	936 425 728
Property plant and equipment				924 644 960	924 644 960
Intangible asset	-	-	-	11 780 768	11 780 768
CURRENT ASSETS	248 953 814	517 393 892		264 249 076	1 030 596 785
Inventory	-	-	-	236 194 693	236 194 693
Trade and other receivables	-	66 911 383	-	28 054 383	94 965 766
Group companies	-	450 482 509	-	-	450 482 509
Bank balances and cash	248 953 814	-	-	-	248 953 814
TOTAL ASSETS	248 953 814	517 393 892	-	1 200 674 804	1 967 022 510
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES	-	-	-	859 460 632	859 460 632
Share capital	-	-	-	100	100
Retained income	-	-	-	859 460 532	859 460 532
NON-CURRENT LIABILITIES	-	-		289 618 727	289 618 727
Decommissioning provision	-	-	-	258 170 480	258 170 480
Restoration provision		-	-	31 448 247	31 448 247
CURRENT LIABILITIES		-	145 558 188	672 384 963	817 943 151
Trade and other payables	-	-	145 558 188	110 956 922	256 515 110
Group companies	-	-	561 428 041	-	561 428 041
TOTAL EQUITY AND LIABILITIES	-	-	145 558 188	1 821 464 322	1 967 022 510

	2015 N$	2014 N$
18. GUARANTEES AND CONTINGENT LIABILITIES		
Guarantees issued:		
Customs and Excise Bond	3 200 000	3 200 000
Namibian Ports Authority	1 063 564	1 063 564
NamPower (Pty) Ltd	17 740	17 740
Nampower - Roshskor	91 000	91 000
RoshSkor Township (Pty) Ltd	1 159 480	663 000
Dragon Industries Asia	39 953 671	-
	45 485 455	5 035 304
Contingent liability:		
Namzinc (Pty) Ltd is in a dispute with the Mine Workers Union over the payment of overtime. The directors' best estimate of the possible claim, if successful, has been set at:	14 000 000	-
19. UNCOVERED FOREIGN CURRENCY MONETARY ITEMS		
United States Dollar		
Year end exchange rate	12.10	10.58
	US$	US$
Current assets		
- Bank balances and cash	10 031 037	21 020 404
Current liabilities		
- Payables	848 805	119 148
Euro		
Year / period exchange rate	13.13	14.56
	Euro	Euro
Current liabilities		
- Payables	-	244 782

	2015 N$	2014 N$

20. OPERATING LEASE COMMITMENTS

At the statement of financial position date the company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2015 N$	2014 N$
Within 1 year	5 552 373	4 080 287
Between 1 to 2 years	12 166 643	10 767 583
Between 2 to 5 years	13 944 024	12 166 643
Total	31 663 040	27 014 513

The above relate to various operating leases over property and asset rentals. The leases have various escalation clauses, none of these more than 10% annual escalation.

21. CAPITAL COMMITMENTS

Capital expenditure to be financed from own resources to be incurred during the next financial year:

	2015 N$	2014 N$
Contracted	19 819 455	3 077 578
Authorised but not contracted	1 660 462 172	9 351 082
	1 680 281 627	12 428 669

Included in the capital commitments is an amount of N$1 660 462 172 related to the sulphide conversion project. The project has been approved by the directors as well as the directors of Vedanta plc.

22. DIVIDENDS

Dividends to the value of N$617 500 000 were declared during the year under review (2014: N$471 500 000).

23. MATERIAL EVENTS AFTER YEAR END

The directors of the company are not aware of any fact or circumstances which occurred between the date of the financial statements and the date of this report which might influence an assessment of the company's state of affairs.