

THALANGA COPPER MINES PTY LIMITED

A.B.N. 72 004 797 335

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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Thalanga Copper Mines Pty Limited

Directors' Report

31 March 2022

The directors of Thalanga Copper Mines Pty Limited submit herewith the annual financial report of the Company for the financial year ended 31 March 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Directors

Mr Pushpender Singla

Mr Clint Mayes

Mr Pieter Van Greunen

Principal Activities

The Company's principal activities during the year consisted of maintaining and rehabilitating areas of interest.

During the year the Company carried out the rehabilitation work on the mine owned under the Mount Windsor Joint Venture. The rehabilitation of Highway Reward mining lease areas commenced in December 2006 and is still being undertaken. Ongoing monitoring will continue until the leases are relinquished.

The Mount Windsor Joint Venture of which the Company has 70% interest, holds the following areas of interest:

ML 10028, ML 1571, ML 1734, ML 1739, ML 1758

Dividends

The Company did not declare and paid no dividends during the year (2021: No dividend declared and paid).

Review of operations

A summary of revenues and results is set out below:

	2022	2021
	\$	\$
Other income	20,881,008	24,926
Total income	<u>20,881,008</u>	<u>24,926</u>
Profit/(loss) from ordinary activities before income tax expense	19,819,339	(1,926,383)
Income tax (expense)/benefit	<u>(5,656,991)</u>	254,661
Profit/(loss) for the year after income tax expense	<u>14,162,348</u>	<u>(1,671,722)</u>

Operating Results

The Company ceased its operations in July 2005. Thereafter, the Company has been carrying out rehabilitation work.

On the 19th of November 2021, the NSW Court of Appeal dismissed the appeal by Cromarty Resources Pty Ltd, a wholly-owned subsidiary of Red River Resources Limited, in relation to its royalty dispute with the Company and ordered that the judgement sum be paid. As a result, the Company generated profit in the year.

Changes in the state of affairs

During the financial year there was no significant change in the state of affairs of the Company.

Thalanga Copper Mines Pty Limited

Directors' Report

31 March 2022

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Environmental regulation

The Company is subject to environmental regulations in respect of its mining activities, including the Mineral Resources Act 1989, the Environmental Protection Act 1994, Water Act 2000 and the Workplace Health and Safety Act 2011.

Compliance with these acts has been achieved through the implementation of the EMOS (Environmental Management Overview Strategy), the Plan of Operations, an Integrated Environmental Management System, the conformance with the Environmental Authority and permits from the Department of Environment and Heritage Protection.

Indemnification of officers and auditors

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

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

Rounding of amounts

Rounding of amounts in the directors' report and the financial report are rounded off to the nearest dollars, unless otherwise indicated.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Clint Mayes
Director

Queenstown

Date 9.6.22.



**Building a better
working world**

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Auditor's independence declaration to the directors of Thalanga Copper Mines Pty Limited

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

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

Ernst & Young

Richard Bembridge
Partner
9 June 2022

Thalanga Copper Mines Pty Limited

Statement of comprehensive income for the financial year ended 31 March 2022

	Notes	2022 \$	2021 \$
Revenue		-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Other income	3	20,881,008	24,926
Site and administration expenses	4	(972,792)	(1,878,290)
Finance costs	5	(88,877)	(73,019)
Profit/(loss) before income tax		19,819,339	(1,926,383)
Income tax benefit/(expense)		(5,656,991)	254,661
Profit/(loss) for the year		<u>14,162,348</u>	<u>(1,671,722)</u>
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>14,162,348</u>	<u>(1,671,722)</u>

Notes to the financial statements are included on pages 8 to 18

Thalanga Copper Mines Pty Limited

Statement of financial position as at 31 March 2022

	Notes	2022 \$	2021 \$
Current assets			
Cash assets	6	4,759,510	158,693
Receivables	7	9,867,567	512,589
Other assets	8	134,082	139,264
Total current assets		14,761,159	810,546
Non-current assets			
Property, plant and equipment	9	-	-
Total non-current assets		-	-
Total assets		14,761,159	810,546
Current liabilities			
Payables	10	21,587	70,620
Provisions	11	367,911	362,600
Total current liabilities		389,498	433,220
Non-current liabilities			
Provisions	11	5,623,507	5,791,520
Total non-current liabilities		5,623,507	5,791,520
Total liabilities		6,013,005	6,224,740
Net assets / (liabilities)		8,748,154	(5,414,194)
Equity			
Issued capital	12	578,240	578,240
Retained earnings / (accumulated losses)		8,169,914	(5,992,434)
Total equity		8,748,154	(5,414,194)

Notes to the financial statements are included on pages 8 to 18

Thalanga Copper Mines Pty Limited

Statement of changes in equity

For the financial year ended 31 March 2022

	Fully paid ordinary shares	Retained earnings / (accumulated losses)	Total
	\$	\$	\$
Balance at 1 April 2020	578,240	(4,320,712)	(3,742,472)
Profit/(loss) for the year	-	(1,671,722)	(1,671,722)
Other comprehensive loss for the year	-	-	-
Total comprehensive income/ (loss) for the year	-	(1,671,722)	(1,671,722)
Balance at 31 March 2021	578,240	(5,992,434)	(5,414,194)
Balance at 1 April 2021	578,240	(5,992,434)	(5,414,194)
Profit/(loss) for the year	-	14,162,348	14,162,348
Other comprehensive for the year	-	-	-
Total comprehensive income/(loss) for the year	-	14,162,348	14,162,348
Balance at 31 March 2022	578,240	8,169,914	8,748,154

Notes to the financial statements are included on pages 8 to 18

Thalanga Copper Mines Pty Limited
Statement of cash flows
For the financial year ended 31 March 2022

	2022	2021
Cash flow from operating activities	\$	\$
Profit/(Loss) before taxation	19,819,339	(1,926,383)
Adjustments to reconcile net income/(loss) to net cash provided by net operating activities:		
Change in assumptions of rehabilitation provision	(206,396)	1,056,193
Unwinding discount on rehabilitation provision	43,694	21,322
	<u>(162,702)</u>	<u>1,077,515</u>
Decrease / (increase) in trade receivables and other assets	(15,006,787)	925,886
Increase / (decrease) in trade payables	(49,033)	(75,277)
Net cash provided by / (used in) operating activities	4,600,817	1,741
Net cash (used in)/provided by investing activities	-	-
Net cash (used in)/provided by financing activities	-	-
Net (decrease)/ increase in cash and cash equivalents	4,600,817	1,741
Cash and cash equivalents at beginning of the financial year	158,693	156,952
Cash and cash equivalents at end of the financial year	4,759,510	158,693

Notes to the financial statements are included on pages 8 to 18

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

1. New and revised Accounting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the annual reporting period ended 31 March 2022. The adoption of the new and revised Standards and Interpretations has not resulted in any significant changes to the Company's accounting policies or affected amounts reported for the current or prior years.

Standards issued but not yet effective

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

- AASB 2020-2 *Amendments to AASs – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
- AASB 2020-1 *Amendments to AASs – Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates*

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

2. Significant accounting policies

Financial reporting framework

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

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

Statement of compliance

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

Basis of preparation

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

COVID-19 pandemic

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

Critical accounting judgements and key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Rehabilitation provision

The provision for rehabilitation costs represents the present value of the directors' best estimate of the future sacrifice of economic benefits that will be required to rehabilitate the mining property. The directors' estimates are primarily based on the most recent plan of operations lodged with the Department of Environment and Heritage Protection and updated for latest estimates. Further judgements are required in determining the time period to achieve successful rehabilitation.

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

2. Significant accounting policies (Continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Income tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

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

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

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

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

Current and deferred tax recognised in equity

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

2. Significant accounting policies (Continued)

(b) Tax Consolidation

Relevance of tax consolidation to the Group

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

Nature of funding arrangements and tax sharing agreements

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

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

(c) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(d) Revenue recognition

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

Sale of goods

There is no income from sale of goods as the entity has ceased operations.

Royalty income

Royalties are recognised on an accrual basis in accordance with the terms of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest revenue

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

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

2. Significant accounting policies (Continued)

(f) Impairment of other tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

(g) Property, plant and equipment

PPE and mine development are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on mine development and property, plant and equipment, but not on land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

(h) Cash and cash equivalents

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

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

2. Significant accounting policies (Continued)

(i) Provision for restoration and rehabilitation

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

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

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and production facilities is capitalised at the start of each project into the cost of the related asset and is charged to the income statement as depreciation on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the profit and loss account as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

(j) Financial instruments

Financial Assets

Initial recognition and measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

The Company's financial assets at amortised cost includes cash & cash equivalents and trade receivables.

Measurement and recognition of expected credit losses

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

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

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

2. Significant accounting policies (Continued)

(j) *Financial instruments (continued)*

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

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

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

De-recognition of financial assets

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

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

Financial Liabilities

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables.

De-recognition

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

(k) **Goods and services tax**

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

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

2. Significant accounting policies (Continued)

(i) Joint venture arrangements

Jointly controlled assets

Interests in jointly controlled assets in which the Company is a venture (and so has joint control) are included in the financial statements by recognising the Company's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other ventures) and the Company's share of expenses incurred by or in respect of each joint venture. The Company also recognises income from the sale or use of output from the joint venture in accordance with the revenue policy in Note 2(d).

The Company's interests in assets where the Company does not have joint control are accounted for in accordance with the substance of the Company's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Company recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

Jointly controlled operations

Where the Company is a venturer (and so has joint control) in a jointly controlled operation, the Company recognises the assets that it controls and the liabilities that it incurs, along with the expenses that it incurs and the Company's share of the income that it earns from the sale of goods or services by the joint venture.

3. Other income:

	2022	2021
	\$	\$
Interest income	39,391	24,926
Final liquidated dividend from Kagara & Kagara Copper (i)	98,200	-
Claim from Cromarty Resources on royalty dispute (ii)	20,743,417	-
	<u>20,881,008</u>	<u>24,926</u>

(i) Refer to Note 16 for more information.

(ii) On the 19th of November 2021, the NSW Court of Appeal dismissed the appeal by Cromarty Resources Pty Ltd, a wholly-owned subsidiary of Red River Resources Limited, in relation to its royalty dispute with the Company and ordered that the judgement sum be paid.

4. Site and administration expenses:

Administration and monitoring cost	(1,179,188)	(822,097)
Change in assumptions of rehabilitation provision	206,396	(1,056,193)
	<u>(972,792)</u>	<u>(1,878,290)</u>

5. Finance costs:

Bank charges	(45,183)	(51,697)
Unwinding discount on rehabilitation provision	(43,694)	(21,322)
	<u>(88,877)</u>	<u>(73,019)</u>

6. Cash and cash equivalents:

Cash at bank	4,691,274	90,455
Cash at bank (JV Share)	68,236	68,238
	<u>4,759,510</u>	<u>158,693</u>

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

7. Trade and other receivables:

	2022	2021
	\$	\$
Accrued income	800,000	-
Related party loans	9,067,567	512,589
	<u>9,867,567</u>	<u>512,589</u>

There has been no history of bad debt, nor are there any expected future events anticipated at the reporting date, in relation to economic dependence from related parties. The Company determines that no provision for expected credit loss is required under AASB 9 *Financial Instruments*.

8. Other assets:

Prepayments	134,082	131,844
Goods and services tax receivable	-	7,420
	<u>134,082</u>	<u>139,264</u>

9. Property, Plant and Equipment:

	Total
	\$
Gross carrying amount:	
Balance at 1 April 2020	13,013
Additions	-
Disposals	-
Balance at 31 March 2021	<u>13,013</u>
Additions	-
Disposals	-
Balance at 31 March 2022	<u>13,013</u>
Accumulated depreciation:	
Balance at 1 April 2020	(13,013)
Depreciation expense	-
Balance at 31 March 2021	<u>(13,013)</u>
Depreciation expense	-
Balance at 31 March 2022	<u>(13,013)</u>
Net book value:	
As at 31 March 2021	<u>-</u>
As at 31 March 2022	<u>-</u>

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

10. Trade and other payables:

	2022	2021
	\$	\$
Trade creditors	5,394	56,809
Accrued expenses	15,567	13,811
Goods and service tax payable	626	-
	<u>21,587</u>	<u>70,620</u>

11. Provisions:

Current

Provision for rehabilitation (i) 367,911 362,600

Non-current

Provision for rehabilitation (i) 5,623,507 5,791,520

5,991,418 6,154,120

(i) The provision for rehabilitation costs are primarily based on the most recent plan of operations lodged with the Department of Environment and Heritage Protection and updated for latest estimates.

12. Issued capital:

Share capital

578,240 Ordinary shares – fully paid (2021: 578,240) 578,240 578,240

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

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

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

13. Dividends:

2022: Nil fully franked dividends were declared and paid during the period (2021: Nil dividend declared and paid)

14. Remuneration of auditors:

Fees to auditor of the Company 16,200 18,000

The auditor of the Company is Ernst & Young.

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

15. Contingent liabilities:

	2022	2021
	\$	\$
Bank Guarantee	4,684,980	5,862,056

The Company has issued Bank Guarantee as financial assurance for mining leases (ML) 1571, 1734, 1739, 1758 and 10028 in the area known as Highway Reward Mining Project in favour of the State of Queensland.

16. Contingent Assets:

Kagara Copper Ltd and Kagara Ltd went into liquidation and an accepted proof of debt for an amount of \$4,123,381 was issued to the Company on 5 August 2016. As at 31 March 2022, \$1,931,056 was received (FY21: \$1,832,856). The fourth and final dividend of \$98,200 was received on 25 May 2021 and as such there are no longer any outstanding recovery actions that may allow for further dividends. (FY21: Due to the uncertainty regarding the remaining amount to be received from the liquidation proceedings, no receivable has been recognised in the accounts of Thalanga Copper Mines Pty Ltd.)

17. Going Concern:

The financial report has been prepared on the going concern basis, which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business. At 31 March 2022 the Company has net assets of \$11,713,202 (FY21: net liabilities of \$5,414,194). Notwithstanding that the Company is in a net asset position, the Company is reliant on the parent company for financial support as it does not generate any revenue.

At the date of this report the directors are confident that the Company will be able to continue as a going concern due to the following factor:

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

18. Subsequent events

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

Thalanga Copper Mines Pty Limited

Notes to the financial statements

31 March 2022

19. General information

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

Registered Office:

C/o Norton Rose Fulbright Australia
Level 6,
60 Martin Place
Sydney, New South Wales

Principal place of business:

Thalanga Copper Mines Pty Limited
Private Bag 1
Queenstown, Tasmania

Parent entities

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

Vedanta Limited is the immediate parent entity of Monte Cello BV. The ultimate parent entity is Vedanta Resources Plc (incorporated in United Kingdom) that indirectly owns 50.31% of the issued ordinary shares of Monte Cello BV.

Thalanga Copper Mines Pty Limited
Directors' declaration
31 March 2022

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors



Clint Mayes
Director

Queenstown
Date: 9.6.22



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Independent auditor's report to the members of Thalanga Copper Mines Pty Limited

Opinion

We have audited the financial report, being a special purpose financial report of Thalanga Copper Mines Pty Limited (the Company), which comprises the statement of financial position as at 31 March 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the Company's financial position as at 31 March 2022 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards to the extent described in Note 2, and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Emphasis of matter - basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

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

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



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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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

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

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

Ernst & Young

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

Richard Bembridge
Partner

Melbourne
9 June 2022