

REPORTS AND FINANCIAL STATEMENTS

VEDANTA LISHEEN MINING LIMITED

FOR THE YEAR ENDED 31 MARCH 2015

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VEDANTA LISHEEN MINING LIMITED
DIRECTORS AND OTHER INFORMATION

DIRECTORS	A. Buckley K. Kumar S. Lal Bajaj L. Nolan (appointed 22 July 2014) D. Naidoo (appointed 26 January 2015)
SECRETARY	A. Buckley
REGISTERED OFFICE	Killoran Moyne Thurles Co. Tipperary
COMPANY NUMBER	203494
AUDITOR	Deloitte & Touche Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Charlotte Quay Limerick
BANKER	Barclays Bank plc 47/48 St. Stephen's Green Dublin 2
SOLICITOR	Mason Hayes & Curran South Bank House Barrow Street Dublin 4

VEDANTA LISHEEN MINING LIMITED

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is its involvement in a zinc/lead mine at Lisheen, Co. Tipperary.

The company holds a 50% partnership share of the mine development at Lisheen and includes as income/(expenditure) its share of attributable partnership profits or losses. Any taxation attributable to the company's share of the partnership profits is reflected in these financial statements. The company's share of its attributable partnership net assets is reflected, in the balance sheet, through amounts owed by group companies.

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

The directors anticipate the status of the company will change in the medium term in line with the planned closure of the mine in the late 2015. Management of Lisheen Mine Partnership is committed to actively pursuing the post closure sustainable development potential of the site.

RESULTS AND DIVIDENDS

The profit after tax for the year ended 31 March 2015 was US\$8,550,040 (2014: loss of US\$1,760,161).

On 25 July 2014, a dividend of US\$10,000,000 was proposed and paid. On 28 November 2014, a dividend of US\$10,000,000 was proposed and paid. On 30 January 2015, a dividend of US\$9,000,000 was proposed and paid.

RISKS AND UNCERTAINTIES

All activity is carried on by Lisheen Mine Partnership, on behalf of the company. Management of Lisheen Mine Partnership has addressed the presence of risks and uncertainties and has adequately responded to same.

DIRECTORS

The present membership of the board is set out on page 2. Mr L. Nolan was appointed as director on 22 July 2014 and Ms D. Naidoo was appointed as director on 26 January 2015. Mr A. Lubbe resigned from the board of directors on 2 March 2015. All other directors served throughout the year.

The directors are not required to retire by rotation.

VEDANTA LISHEEN MINING LIMITED

DIRECTORS' REPORT - CONTINUED

DIRECTORS' AND SECRETARY'S INTERESTS

The directors and secretary at 31 March 2015 had no interests in the shares of the company at either 1 April 2014 (or the date of appointment, if later) or 31 March 2015.

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

BOOKS OF ACCOUNT

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

AUDITOR

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

Signed on behalf of the Board :

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DIRECTORS

Date: 22/4/15

VEDANTA LISHEEN MINING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEDANTA LISHEEN MINING LIMITED

We have audited the financial statements of Vedanta Lisheen Mining Limited for the year ended 31 March 2015 which comprise the Statement of Accounting Policies, the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

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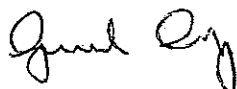
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEDANTA LISHEEN MINING LIMITED

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

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

Matters on which we are required to report by exception

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



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

Date: 22 April 2015

VEDANTA LISHEEN MINING LIMITED
STATEMENT OF ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

BASIS OF ACCOUNTING

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

The company includes as income/(expenditure) its share of attributable partnership profits or losses in its profit and loss account. The company's share of its attributable partnership net assets is reflected, in the balance sheet, through amounts owed by group companies.

TANGIBLE ASSETS

Freehold Land

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

Mining Assets

Mining assets are stated at cost less accumulated amortisation. Cost includes development and exploration expenditure for the establishment of access to mineral reserves, evaluation and commissioning expenditure, capitalised costs of borrowings and pre-production costs relating to expenditure incurred prior to the commencement date of operations.

Mine development expenditure is amortised over the estimated economic life of the mine using the unit of production method.

VEDANTA LISHEEN MINING LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

TANGIBLE ASSETS (continued)

Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation.

Plant and equipment is depreciated over its expected useful lives on the unit of production method.

Impairment

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

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

FINANCIAL ASSETS

Financial assets are stated at cost less a provision for diminution in value.

FOREIGN CURRENCY TRANSLATION

The functional currency of the company is US dollars.

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

TAXATION

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

DIVIDENDS

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

VEDANTA LISHEEN MINING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 US\$	2014 US\$
Share of attributable partnership profit		12,621,498	6,483,830
Interest receivable and similar income	2	3,555,117	698,640
Bank charges and similar costs	3	(13,118)	(780,212)
Loss on sale of fixed assets		(35,641)	-
Depreciation	7	(4,912,063)	(6,251,067)
Impairment	7	-	(2,008,280)
PROFIT/(LOSS) BEFORE TAXATION	4	<u>11,215,793</u>	<u>(1,857,089)</u>
Taxation	5	(2,665,753)	96,928
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>8,550,040</u></u>	<u><u>(1,760,161)</u></u>

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

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

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

Craig Nolan)
Mr. D. Kelly)

DIRECTORS

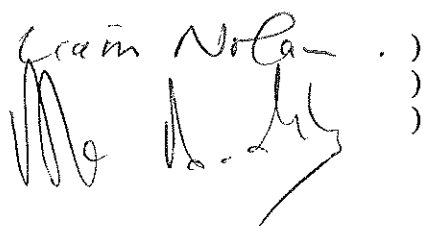
VEDANTA LISHEEN MINING LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2015**

	Note	2015 US\$	2014 US\$
FIXED ASSETS			
Tangible assets	7	5,692,928	10,652,283
Financial assets	8	-	-
		5,692,928	10,652,283
CURRENT ASSETS			
Debtors: (Amounts due within one year)	9	131,177	190,394
Debtors: (Amounts due after more than one year)	10	2,122,164	3,618,048
Cash at bank	11	28,653,620	39,580,708
		30,906,961	43,389,150
CREDITORS: (Amounts falling due within one year)	12	(29,066,797)	(23,837,937)
NET CURRENT ASSETS		1,840,164	19,551,213
TOTAL ASSETS LESS CURRENT LIABILITIES		7,533,092	30,203,496
PROVISION FOR LIABILITIES AND CHARGES	13	-	(2,220,444)
NET ASSETS		7,533,092	27,983,052
CAPITAL AND RESERVES			
Called-up share capital	14	2	2
Profit and loss account	15	7,533,090	27,983,050
SHAREHOLDERS' FUNDS	16	7,533,092	27,983,052

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

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



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DIRECTORS

VEDANTA LISHEEN MINING LIMITED

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

1. EMPLOYEES AND REMUNERATION

The company had no employees during the year (2014: nil).

2. INTEREST RECEIVABLE AND SIMILAR INCOME	2015 US\$	2014 US\$
Interest receivable	583,906	698,640
Gain on foreign currency translation	2,971,211	-
	3,555,117	698,640

3. BANK CHARGES AND SIMILAR COSTS	2015 US\$	2014 US\$
Loss on foreign currency translation	-	780,198
Bank charges	13,118	14
	13,118	780,212

4. PROFIT BEFORE TAXATION	2015 US\$	2014 US\$
The profit on ordinary activities is stated after charging:		
Directors' remuneration		
- fees	-	-
- other emoluments including pension contributions	-	-
Auditor's remuneration	-	-
Depreciation	4,912,063	6,251,067
Loss on sale of fixed assets	35,641	-
	4,947,704	6,251,067

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

VEDANTA LISHEEN MINING LIMITED

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

5. TAXATION

Based on the company's share of attributable profits from Lisheen Mine Partnership:

	2015 US\$	2014 US\$
Corporation tax charge for the year	5,094,041	2,906,217
Over provision in prior year	(207,844)	(46,348)
	4,886,197	2,859,869
Deferred tax credit	(2,220,444)	(2,956,797)
	2,665,753	(96,928)

The tax on profit differs from the charge at the standard rate of tax for the following reasons:

	2015 US\$	2014 US\$
Profit/(loss) on ordinary activities before tax	11,215,793	(1,857,089)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax of 12½%	1,401,974	(232,136)
Factors affecting tax charge:		
Depreciation in excess of capital allowances	1,208,393	1,454,857
Higher rate of tax on passive income	98,028	128,194
Higher rate of tax on mining profits	2,420,566	1,268,043
Expenses disallowed for tax purposes	(34,920)	287,259
Over provision in prior year	(207,844)	(46,348)
	4,886,197	2,859,869

VEDANTA LISHEEN MINING LIMITED

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

6.	DIVIDENDS	2015 US\$	2014 US\$		
	Equity dividends paid on ordinary shares				
	Dividends paid of US\$14,500,000 (2014: US\$2,500,000) per ordinary share	29,000,000	5,000,000		
		<u>29,000,000</u>	<u>5,000,000</u>		
7.	TANGIBLE ASSETS	Mining Assets US\$	Freehold Land US\$	Plant & Equipment US\$	Total US\$
	Cost:				
	At 1 April 2014	125,121,730	6,068,200	145,231	131,335,161
	Disposals	-	(47,292)	-	(47,292)
		<u>125,121,730</u>	<u>6,020,908</u>	<u>145,231</u>	<u>131,287,869</u>
	31 March 2015	<u>125,121,730</u>	<u>6,020,908</u>	<u>145,231</u>	<u>131,287,869</u>
	Depreciation and Impairment:				
	At 1 April 2014	118,529,367	2,008,280	145,231	120,682,878
	Charge in the year	4,912,063	-	-	4,912,063
		<u>118,529,367</u>	<u>2,008,280</u>	<u>145,231</u>	<u>120,682,878</u>
	31 March 2015	<u>123,441,430</u>	<u>2,008,280</u>	<u>145,231</u>	<u>125,594,941</u>
	Net Book Value:				
	At 31 March 2015	<u>1,680,300</u>	<u>4,012,628</u>	<u>-</u>	<u>5,692,928</u>
	At 31 March 2014	<u>6,592,363</u>	<u>4,059,920</u>	<u>-</u>	<u>10,652,283</u>

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

VEDANTA LISHEEN MINING LIMITED

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

8.	FINANCIAL ASSETS	2015	2014
		US\$	US\$
	At cost:		
	Balance at beginning of year	-	1,065,197
	Repayments by Lisheen Mine Partnership	-	(1,065,197)
	Balance at end of year	<u>-</u>	<u>-</u>

The financial assets represent the company's contributions to Lisheen Mine Partnership, a 50/50 partnership between the company and Killoran Lisheen Mining Limited. During the course of the year ended 31 March 2015, cash repayments by Lisheen Mine Partnership to the company amounted to US\$Nil (2014: US\$1,065,197).

9.	DEBTORS: (Amounts falling due within one year)	2015	2014
		US\$	US\$
	Interest receivable	131,177	190,394
		<u>131,177</u>	<u>190,394</u>

10.	DEBTORS: (Amounts falling due after more than one year)	2015	2014
		US\$	US\$
	Amounts owed by group companies	2,122,164	3,618,048
		<u>2,122,164</u>	<u>3,618,048</u>

11. CASH AT BANK

At 31 March 2015, the company's cash balance included restricted funds of US\$28,650,242 (2014: US\$39,577,330) held as collateral in respect of mine closure costs. The underlying costs associated with fulfilling the closure obligations are appropriately provided for in fellow group companies.

VEDANTA LISHEEN MINING LIMITED

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

12.	CREDITORS: (Amounts falling due within one year)	2015	2014
		US\$	US\$
	Amounts due to group companies	28,779,756	23,752,981
	Taxation	287,041	84,956
		<u>29,066,797</u>	<u>23,837,937</u>

13.	PROVISION FOR LIABILITES AND CHARGES	2015	2014
		US\$	US\$
	Deferred tax provision		
	Balance at beginning of year	2,220,444	5,177,241
	Charge for year	(2,220,444)	(2,956,797)
	Balance at end of year	<u>-</u>	<u>2,220,444</u>

The deferred tax provision comprised timing differences between capital allowances and depreciation. At 31 March 2015, a deferred tax asset of US\$174,338 has not been recognized, as the directors do not consider it probable that sufficient taxable profits will be generated in future periods against which the underlying timing differences will be offset.

14.	CALLED-UP SHARE CAPITAL	2015	2014
		US\$	US\$
	Authorised:		
	1,000,000 ordinary shares of US\$1 each	1,000,000	1,000,000
	Allotted, issued and fully paid:		
	2 ordinary shares of US\$1 each	<u>2</u>	<u>2</u>

VEDANTA LISHEEN MINING LIMITED

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

15. PROFIT AND LOSS ACCOUNT	2015	2014
	US\$	US\$
Profit and loss account brought forward	27,983,050	34,743,211
Profit/(loss) for the financial year	8,550,040	(1,760,161)
Dividends paid (Note 6)	(29,000,000)	(5,000,000)
Profit and loss account carried forward	<u>7,533,090</u>	<u>27,983,050</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

There were no movements in shareholders' funds in either the current year or prior year other than as disclosed in the profit and loss account (Note 15).

17. PARENT COMPANY

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

18. SUBSEQUENT EVENTS

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

19. CASH FLOW STATEMENT

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

20. RELATED PARTY TRANSACTIONS

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