

ADANI MINING PTY LTD

ACN: 145 455 205

SPECIAL PURPOSE FINANCIAL REPORT

YEAR ENDED 31 MARCH 2017

**ADANI MINING PTY LTD
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2017**

Your directors submit their report for the year ended 31 March 2017.

Directors

The names of the directors of the Adani Mining Pty Ltd (the "Company") in office during the financial year and up to the date of this report are:

Samir Vora
Harsh Mishra
Gerald Frank Grove-White
Jeyakumar Janakaraj

Corporate Information

Adani Mining Pty Ltd is a Company limited by shares that is incorporated and domiciled in Australia.

The registered office of Adani Mining Pty Ltd is located at:

Level 25, 10 Eagle Street
Brisbane, Queensland, Australia

Company Secretary

The Company Secretary of Adani Mining Pty Ltd at the appointed time and since the end of financial year is:

Rajesh Gupta

Employees

As at 31 March 2017, the Company had 33 employees.

Principal Activities

The principal activity of the Company during the year was exploration and evaluation and project development activities of coal mining tenements in Queensland, Australia.

Results and Dividends

The loss after tax for the Company for the year ended 31 March 2017 was \$3,243,957.

No dividend has been paid nor recommended.

Review of Operations

Subsequent to the receipt of the environmental approvals, the Company received three individual Mining Leases with effect from 1 May 2016 for the Carmichael Coal Mine. Since receiving these approvals, there have been four (4) Judicial Review challenges in State and Federal Courts with respect to the approval decisions made by respective authorities. One of these cases is concluded in favour of the issuing authority and the company. The remaining cases are on appeal, following initial judgements in favour of the issuing authorities and the company. At 31 March 2017, these remaining court processes are at various stages of hearing and decision. The Company is satisfied its environmental approvals and the mining lease have been validly granted and will continue to vigorously defend these challenges.

In addition to going through the approval processes, the Company is currently updating its bankable feasibility study and assessing its financing strategies with a target to achieve production of coal in the FY 2021. At this time, the Company is targeting a final investment decision in respect for the Carmichael Coal Mine in the second half of the 2017 calendar year.

Significant Changes in the State of Affairs

Other than the matters detailed as part of our review of the Company's operation for the year ended 31 March 2017, there were no significant changes in the state of affairs of the Company during the current financial period.

Likely Developments and Expected Results

The Company is targeting a *Final Investment Decision* in respect for the Carmichael Coal Mine in the second half of the 2017 calendar year. The Company's operation and financing will be significantly affected by this process.

**ADANI MINING PTY LTD
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2017**

Environmental Regulation and Performance

The Company's operations are subject to State and Federal Environmental Legislative requirements. There were no breaches or non-compliance with these requirements during the financial year ended 31 March 2017 and up to the date of this report.

Significant Events after the Reporting Date

There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in financial years after the financial year ended 31 March 2017.

Indemnification and Insurance of Directors

During the financial year, the Company paid premiums in respect of Directors' and Officers' Liability Insurance contract. The insurance contracts insure against certain liabilities (subject to exclusions) for persons who are or have been directors or officers of the Company. A condition of the contract is that the nature of the liabilities indemnified and the premium payable shall not be disclosed.

Indemnification of Auditors

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). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor's Independence Declaration

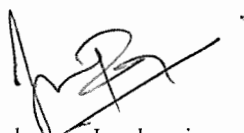
We have obtained an independence declaration from our auditor, Ernst & Young, as attached at page 18.

Non-audit Services

The details of non-audit services provided by the Company's auditor are included in Note 19 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001*. The nature and scope of each type of non-audit service provided means that the auditor's independence was not compromised.

Signed in accordance with a resolution of directors.

On behalf of the Board



Jeyakumar Janakaraj
Director

Brisbane, Queensland

23 May 2017

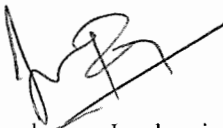
**ADANI MINING PTY LTD
DIRECTORS' DECLARATION
YEAR ENDED 31 MARCH 2017**

In accordance with a resolution of the directors of Adani Mining Pty Ltd, we state that:

In the opinion of the directors:

- a) The Company is not a reporting entity as defined in the Australian Accounting Standards;
- b) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 March 2017 and of its performance for year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and complying with the *Corporations Regulations 2001*; and
- c) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Jeyakumar Janakaraj
Director

Brisbane, Queensland

23 May 2017

ADANI MINING PTY LTD
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

		Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
Interest income	2	86,308	396,127
Other income	3	982,151	749,119
General and administration expenses		(2,312,220)	(4,539,723)
Loss on disposal of property, plant and equipment		(601,701)	(2,289,163)
Finance costs		(506,177)	-
Lease rental		(311,048)	(702,283)
Foreign currency gain/(loss)		(581,270)	9,740,389
(LOSS)/PROFIT BEFORE INCOME TAX		(3,243,957)	3,354,466
Income tax expense	4	-	-
(LOSS)/PROFIT FOR THE YEAR		(3,243,957)	3,354,466
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR (NET OF TAX)		(3,243,957)	3,354,466

ADANI MINING PTY LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

		Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
CURRENT ASSETS			
Cash on hand and at bank	16(b)	201,119	2,674,790
Restricted bank deposits		455,692	21,265,660
Other receivables	5	46,516,723	1,071,810
Due from related parties	6	5,922,833	146,886,940
TOTAL CURRENT ASSETS		53,096,367	171,899,200
NON-CURRENT ASSETS			
Property, plant and equipment		100,645,179	82,663,560
Due from related parties	6	178,989,670	-
Investment in a subsidiary- Galilee Power Transmission Pty Ltd	7	1	1
Security deposits	8	92,000,000	-
Exploration and evaluation assets	9	984,306,750	969,112,942
TOTAL NON-CURRENT ASSETS		1,355,941,600	1,051,776,503
TOTAL ASSETS		1,409,037,967	1,223,675,703
CURRENT LIABILITIES			
Trade and other payables	10	21,276,440	27,179,023
Non-interest bearing loans	11	1,478,633,693	1,401,195,602
Interest bearing loans	12	-	22,249,287
TOTAL CURRENT LIABILITIES		1,499,910,133	1,450,623,912
NON CURRENT LIABILITIES			
Other liabilities	13	139,320,000	-
TOTAL NON-CURRENT LIABILITIES		139,320,000	-
TOTAL LIABILITIES		1,639,230,133	1,450,623,912
NET LIABILITIES		(230,192,166)	(226,948,209)
EQUITY			
Contributed equity	14	8,693,556	8,693,556
Accumulated losses	15	(238,885,722)	(235,641,765)
TOTAL EQUITY		(230,192,166)	(226,948,209)

ADANI MINING PTY LTD
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2017

		Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from other income and cost reimbursements		895,842	710,103
Payments to suppliers and employees		(2,623,269)	(5,242,006)
Interest received		86,308	396,127
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	16(a)	(1,641,119)	(4,135,776)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments for)/receipts from security deposits with 3 rd parties		20,809,968	(20,271,562)
Borrowing costs paid		(1,534,548)	-
Payments for on-going exploration and evaluation and property, plant and equipment		(39,932,775)	(42,271,832)
Novation payments received	13	92,000,000	-
Payment of security deposits to a related party	13	(92,000,000)	-
Proceeds from disposal of property, plant and equipment		988,890	659,274
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(19,668,465)	(61,884,120)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		226,646,781	426,920,872
Repayment of borrowings		(207,810,868)	(359,265,993)
NET CASH FLOWS FROM FINANCING ACTIVITIES		18,835,913	67,654,879
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,473,671)	1,634,983
Add opening cash and cash equivalents brought forward		2,674,790	1,039,807
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	16(b)	201,119	2,674,790

ADANI MINING PTY LTD
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2017

For the year ended 31 March 2017

	<i>Contributed equity</i>	<i>Accumulated losses</i>	<i>Total</i>
	\$	\$	\$
At 1 April 2016	8,693,556	(235,641,765)	(226,948,209)
Loss for the year	-	(3,243,957)	(3,243,957)
At 31 March 2017	8,693,556	(238,885,722)	(230,192,166)

For the year ended 31 March 2016

	<i>Contributed equity</i>	<i>Accumulated losses</i>	<i>Total</i>
	\$	\$	\$
At 1 April 2015	8,693,556	(238,996,231)	(230,302,675)
Profit for the year	-	3,354,466	3,354,466
At 31 March 2016	8,693,556	(235,641,765)	(226,948,209)

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The special purpose financial report of Adani Mining Pty Ltd (the “Company”) for the year ended 31 March 2017 was authorised for issue in accordance with a resolution of the directors on 3 May 2017.

The financial report is the standalone financial report of the company and does not consolidate the financial report of its subsidiary Galilee Transmission Holdings Pty Ltd as it is not operational as at 31 March 2017.

a) Basis of accounting

This special purpose financial report has been prepared for distribution to the members to fulfil the directors’ financial reporting requirements under the *Corporations Act 2001*. The accounting policies used in the preparation of this report are, in the opinion of the directors, appropriate to meet the needs of members.

The financial report is prepared in accordance with the historical cost convention and is presented in Australian dollars.

At 31 March 2017, the Company has a net asset deficiency of \$230,192,166 (2016: \$226,948,209) and its current liabilities exceed its current assets by \$1,446,813,766 (2016: \$1,278,724,712). This is chiefly due to the classification as current liabilities of the Company’s related party borrowings (refer Notes 10 and 11).

The going concern basis has been adopted in preparing these accounts on the basis that:

- The related parties that provide the Company’s repayable on demand borrowing facilities (refer note 11) have undertaken to not require repayment of the amounts owing to them for a period of not less than 12 months from the date of the Directors’ authorising the financial statement unless the Company is able to raise other finance (debt or equity) from other sources to fund such repayment;
- Adani Global Ltd, Mauritius, a parent entity of the Company has provided a letter of financial support to meet the Company’s liabilities, as and when they fall due, to the extent of funds which are not otherwise available to meet such liabilities. Based on the letter of support received, the Directors are satisfied funds will be available to meet the planned activities and contractually committed for at least 12 months from the date of the authorisation of these financial statements; and
- The Company is currently in the process of assessing financing strategies for the development of the Carmichael Project. The Company has the ability to schedule activities and related expenditures in accordance with the available funds and the financing plans.

b) Statement of compliance

The requirements of Accounting Standards and other professional reporting requirements do not have mandatory applicability to the Company because it is not a reporting entity. However, the directors have determined that in order for the financial report to give a true and fair view of the Company’s performance, cash flows and financial position, the requirements of the Accounting Standards and other professional reporting requirements in Australia relating to the measurement of assets, liabilities, revenues, expenses and equity should be complied with.

The directors have prepared the financial report in accordance with Accounting Standards and other professional reporting requirements in Australia with the exception of the disclosure requirements of the following:

- AASB 7 *Financial Instruments: Disclosures*;
- AASB 10 *Consolidated Financial Statements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 13 *Fair Value Measurement*;
- AASB 112 *Income Taxes*;
- AASB 116 *Property, Plant and Equipment*;
- AASB 117 *Leases*;
- AASB 119 *Employee Benefits*;

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Statement of compliance (continued)

- AASB 123 *Borrowing Costs*;
- AASB 124 *Related Party Disclosures*;
- AASB 132 *Financial Instruments: Presentation*;
- AASB 136 *Impairment of Assets*;
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
- AASB 139 *Financial Instruments: Recognition and Measurement*.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 31 March 2017.

The Company has not elected to early adopt these Standards and Interpretations. Based on this assessment management does not expect them to have a material effect on the financial position or performance of the Company.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific revenue recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Income taxes

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is provided for all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount of for financial statement purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. 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 reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset 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 for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents cash includes deposits at call which are readily convertible to cash on hand, which are as defined above, net of outstanding bank overdrafts.

f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Due to their short term nature they are not discounted.

Collectability of receivables is reviewed on an on-going basis.

g) Exploration and evaluation assets

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- Cost of acquiring mining and exploration tenements;
- Researching and analysing historical exploration data;
- Conducting topographical, geochemical and geophysical studies;
- Conducting exploratory drilling, trenching and sampling;
- Examining and testing extraction and treatment methods; and/or
- Compiling prefeasibility and feasibility studies.

Exploration expenditure relates to the initial search for mineral deposits with economic potential. Evaluation expenditure arises from detailed assessment of deposits or other projects that have been identified as having economic potential.

Exploration and evaluation expenditure is charged to the profit or loss as incurred unless the directors are confident of the project's technical and commercial feasibility and hence it is probable economic benefits will flow to the Company, in which case expenditure may be capitalised.

Capitalised exploration and evaluation expenditure is treated as a tangible asset and is recorded at cost less any accumulated impairment charges. No amortisation is charged during the exploration and evaluation phase as the asset is not available for use.

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Exploration and evaluation assets (continued)

All capitalised exploration and evaluation expenditure is monitored for indications of impairment. An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed its recoverable amounts. To the extent that this occurs, the excess is fully provided for, in the financial year in which this is determined.

Once development of a mining tenement is sanctioned, all capitalised exploration and evaluation costs in respect of the mining tenement are transferred to "Mine Development". All subsequent expenditure on construction, installation or completion of infrastructure facilities are capitalised within "Mine Development". Development expenditure is net of proceeds from all but the incidental sale of minerals and ore extracted as part of the development phase.

h) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Plant and equipment 3 to 15 years
- Buildings 10 to 15 years
- Furniture & fixtures 3 to 20 years
- Vehicles 5 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

j) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the reporting date that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Non-interest bearing loans

The Company's loan with related parties is carried at amortised cost using the effective interest rate method. The loan is for a period of five years but on issuing notice to the Company, the lender can require the company to repay the loan on demand.

The measurement of an interest free loan at amortised cost using the effective interest rate method generally results in the carrying value of the loan being lower than its principal amount. Given this loan can be required to be repaid, at any time, at the unilateral demand of the lender, the loan has been classified as a current liability. Due to the ability of the loan to be called at unilateral demand of the lender, the liability has not been discounted.

l) Interest bearing loans

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset (ie: an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

m) Foreign currency transactions

The Company's functional currency is the Australian dollar, being the currency of the primary economic environment in which they operate. The special purpose financial report is presented in Australian dollars.

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the appropriate exchange rates ruling at that date. Exchange differences are dealt with in the profit or loss.

n) Investment in Subsidiaries

The company owns 100% shares of Galilee Transmission Holdings Pty Ltd, an Australian company incorporated during the year. Investment in subsidiary is recorded at cost in the standalone financial statement of the Company.

o) Significant accounting judgements and estimates

The preparation of the special purpose financial report requires management to make estimates and judgements that affect the amounts reported in the special purpose financial report and accompanying notes. Actual results could differ from those estimates. The following judgements have the most significant effect on the amounts recognised in the special purpose financial report.

Capitalisation and impairment of exploration and evaluation costs

Exploration and evaluation expenditure is charged to the profit or loss as incurred unless the directors are confident of the project's technical and commercial feasibility and hence it is probable economic benefits will flow to the Company, in which case expenditure may be capitalised.

Assessment of a project's technical and commercial feasibility requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as conditions impacting mineral prices and costs change.

The Company assesses whether there are any indicators of impairment for capitalised exploration and evaluation expenditure at the end of each reporting period. When an impairment test is undertaken, management judgement and estimates are required in determining suitable valuation factors as mentioned in the impairment test above.

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	Year Ended 31 March 2017 \$	Year Ended 31 March 2016 \$
2. INTEREST INCOME		
External parties	86,308	396,127
	<u>86,308</u>	<u>396,127</u>
3. OTHER INCOME		
Other income	982,151	749,119
	<u>982,151</u>	<u>749,119</u>
4. INCOME TAX		
Accounting profit/(loss) before income tax	(3,243,957)	3,354,466
At the statutory income tax rate of 30%	(973,187)	1,006,340
Non-deductible expenditure	2,357	3,732
Prior year adjustment	(8,340,470)	(49,965,148)
Tax losses not recognised	9,311,300	48,955,076
At the effective income tax rate	<u>-</u>	<u>-</u>
5. OTHER RECEIVABLES		
Advances paid and deposits	433,515	885,731
Other receivables	6,625	120,186
GST receivables	76,583	65,893
Receivables from Queensland Coal Pty Ltd (refer Note 13)	46,000,000	-
	<u>46,516,723</u>	<u>1,071,810</u>
6. DUE FROM RELATED PARTIES		
Current receivables from related parties	5,283,544	146,148,567
Non-interest bearing loans (payable on demand not later than 5 years from the agreement date) from related parties	639,289	738,373
Total current	<u>5,922,833</u>	<u>146,886,940</u>
Non-current		
Non-interest bearing loan from related parties	<u>178,989,670</u>	<u>-</u>

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
7. INVESTMENTS IN SUBSIDIARY		
Investment – Equity shares of Galilee Transmission Holdings Pty Ltd	1	1
	<u>1</u>	<u>1</u>
8. SECURITY DEPOSIT		
Security deposit paid to a related party (Refer Note 13)	<u>92,000,000</u>	<u>-</u>
9. EXPLORATION AND EVALUATION ASSETS		
(a) This relates to capitalised exploration and evaluation of ML70441 (formerly EPC1690) and ML505 and ML506 (formerly EPC 1080). Consistent with Note 1(g), no amortisation is charged during the exploration and evaluation phase as the asset is not available for use.		
(b) Reconciliation of carrying amounts from the beginning and end of the period:		
At the beginning of the year	969,112,942	910,111,917
- Net amounts paid and payable in respect of the on-going exploration and evaluation of ML70441, ML505 and ML506	15,193,808	47,537,922
- Capitalised interest	-	11,463,103
At the end of the year	<u>984,306,750</u>	<u>969,112,942</u>
10. TRADE AND OTHER PAYABLES		
Trade creditors and accruals	2,674,876	7,315,711
Amounts due to related parties	13,840,857	12,906,916
Retention payable	19,729	22,279
Accrued interest due to related party (3,660,394	5,276,510
Other payables	1,080,584	1,657,607
	<u>21,276,440</u>	<u>27,179,023</u>
11. NON-INTEREST BEARING LOANS		
Current		
Loan due to related parties (repayable on demand)	<u>1,478,633,693</u>	<u>1,401,195,602</u>
12. INTEREST BEARING LOANS		
Current		
Loan due to a related party	<u>-</u>	<u>22,249,287</u>

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
13. OTHER LIABILITIES		
Deferred reimbursement of costs*	138,000,000	-
Other	1,320,000	-
	<u>139,320,000</u>	<u>-</u>

*On 31 October 2016, the Company entered into a Deed of Novation (Deed) with Adani Abbot Point Terminal Pty Ltd (AAPT) and Queensland Coal Pty Ltd (QCPL), whereby QCPL agreed to assign its port capacity under a user agreement with AAPT to the Company for a consideration of \$138.0 million (plus GST). The consideration is receivable by the Company from QCPL in three instalments. As at the balance sheet date, the third and final instalment of \$46.0 million is yet to be received and has been included in Other Receivable (refer Note 6). Total consideration received/receivable from QCPL in exchange for the Company assuming QCPL's obligation to AAPT under its user agreement has been recorded as a non-current liability, under deferred reimbursement of costs.

In a separate arrangement with AAPT, the Company agreed to make a payment of \$138.0 million as a security deposit towards the performance of its obligation under the user agreement. The security deposit is payable in three instalments. As at the balance sheet date, the Company has paid \$92.0 million as security deposit to AAPT (refer Note 8).

14. CONTRIBUTED EQUITY

(a) Issued and paid up capital

- ordinary shares fully paid	<u>8,693,556</u>	<u>8,693,556</u>
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(b) Movement in ordinary shares on issue

- Opening Balance	8,693,556	8,693,556
- Issued during the year	-	-
- End of financial year	<u>8,693,556</u>	<u>8,693,556</u>

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

	Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
15. ACCUMULATED LOSSES		
<i>Movement in accumulated losses were as follows:</i>		
- Balance at the beginning of the year	(235,641,765)	(238,996,231)
- Profit/(loss) for the year	(3,243,957)	3,354,466
- Balance at the end of year	<u>(238,885,722)</u>	<u>(235,641,765)</u>

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

16. STATEMENT OF CASH FLOWS	Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
<i>(a) Reconciliation of operating profit after tax to net cash flows from operating activities</i>		
Profit/(loss) after income tax	(3,243,957)	3,354,466
<i>Adjustments for:</i>		
Foreign exchange (gain)/loss	581,270	(9,740,389)
Borrowing costs	506,177	-
Loss on disposal of property, plant and equipment	601,701	2,289,163
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in receivables	(86,310)	(39,016)
Net cash (used in) operations	<u>1,641,119</u>	<u>(4,135,776)</u>
<i>(b) Reconciliation of cash and cash equivalents:</i>		
- Cash at bank and on hand	201,119	2,674,790
	<u>201,119</u>	<u>2,674,790</u>
<i>(c) Non-cash financing and investing activities</i>		

During the period the Company did not acquire any property, plant and equipment by means of finance lease.

17. COMMITMENTS	Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
<i>(a) Operating lease commitments</i>		
Future rental payments under non-cancellable operating leases at 31 March are as follows:		
Within one year	1,032,570	879,403
After one year but not more than five years	1,251,075	2,007,115
After five years	-	-
Total minimum lease payments	<u>2,283,645</u>	<u>2,886,518</u>

ADANI MINING PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
17. COMMITMENTS (continued)		
<i>(b) Capital expenditure commitments</i>		
Estimated capital expenditure contracted for at balance date but not provided for		
Capital expenditure	4,702,551	9,729,272
Land	20,000,000	40,000,000
Total capital expenditure commitments	<u>24,702,551</u>	<u>49,729,272</u>

The Company has entered into a Commercial Terms Sheet with Carmichael Rail Network Pty Ltd as trustee of Carmichael Rail Network Trust whereby it has agreed to provide access to a portion of Moray Downs land owned by the Company.

18. CONTINGENT LIABILITIES

(a) EPC 1080 Royalty

On 29 November 2011, the Company entered into a Royalty Deed ("the Deed") with Mineralogy Pty Ltd ("MPL") pursuant to entry of EPC 1080 Eastern Area deed. Inter alia, the Deed requires the Company to pay MPL \$2.00 per tonne for all tonnes of coal mined from the eastern area of EPC 1080 (as defined in the Deed). The Royalty amount will be reduced by \$0.50 per tonne if paid within 14 Business Days after the end of each quarter.

(b) EPC 1690 Royalty

On 10 August 2010, as part of the Company's acquisition of EPC 1690 (the "burdened tenement"), the Company entered into an Overriding Royalty Deed ("the Deed") with Linc Energy Limited ("Linc"). Inter alia, the Deed requires the Company to pay Linc \$2.00 per tonne (CPI adjusted) for all tonnes of coal extracted from the burdened tenement, with the exception of the first 400,000 tonnes mined in any one production year. Under the Deed, there is no minimum royalty payable to Linc and the royalty only becomes payable as and when coal is despatched from the burdened tenement. The Royalty is payable for a period of 20 years from the production date. During the year ended 31 March 2016, the Deed was assigned by Linc to Carmichael Rail Network Pty Ltd as trustee for Carmichael Rail Network Trust.

	Year Ended 31-Mar-17 \$	Year Ended 31-Mar-16 \$
19. AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditors of Adani Mining Pty Ltd for:		
- Audit services	40,000	32,500
- Other services	179,808	356,791
	<u>219,808</u>	<u>389,921</u>

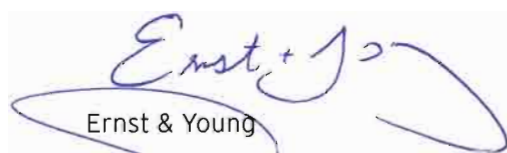
20. SUBSEQUENT EVENTS

There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in financial years after the financial period ended 31 March 2017.

Auditor's Independence Declaration to the Directors of Adani Mining Pty Ltd

As lead auditor for the audit of Adani Mining Pty Ltd for the financial year ended 31 March 2017, 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; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young

Andrew Carrick
Partner
Brisbane
23 May 2017

Independent Auditor's Report to the Members of Adani Mining Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of Adani Mining Pty Ltd (the "Company"), which comprises the statement of financial position as at 31 March 2017, 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 2017 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 1, 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* (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 1 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.

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 1 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

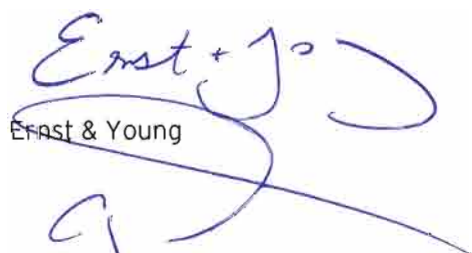
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 judgment 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.
- 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.



Ernst & Young

Andrew Carrick
Partner
Brisbane
23 May 2017