

ADANI MINING PTY LTD

A.C.N. 145 455 205

**CONSOLIDATED REDUCED
DISCLOSURE
FINANCIAL REPORT**

**FOR THE YEAR ENDED
31 MARCH 2018**

Adani Mining Pty Ltd

Contents

Directors' report.....	3
Auditor's independence declaration.....	5
Consolidated statement of comprehensive income.....	6
Consolidated balance sheet.....	7
Consolidated statement of changes in equity.....	8
Consolidated statement of cash flows.....	9
Notes to the consolidated financial statements.....	10
Directors' declaration.....	28
Independent auditor's report.....	29

Adani Mining Pty Ltd

Directors' report

Year ended 31 March 2018

Your directors submit their report on the consolidated entity consisting of Adani Mining Pty Ltd (the "Company") and the entities it controlled at the end of, or during the year ended 31 March 2018. Throughout the report, the consolidated entity is referred to as the "Group".

DIRECTORS

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

Gerald Frank Grove-White
Harsh Mishra
Jeyakumar Janakaraj
Samir Vora

COMPANY SECRETARY

The Company Secretary of Adani Mining Pty Ltd during the financial year and up to the date of this report:

Rajesh Gupta

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.

EMPLOYEES

As at 31 March 2018, the Company had 58 employees (2017: 33 employees).

PRINCIPAL ACTIVITIES

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

DIVIDENDS

No dividend has been paid nor recommended during the financial year (2017: \$nil).

REVIEW OF OPERATIONS

During the year ended 31 March 2018, the Group has been working on the negotiations of key contracts and finalising the strategy for the financing of the project. The Group achieved a Final Investment Decision in June 2017. The Group is currently assessing its financing strategies with a target to achieve production of coal in the FY 2021. In addition, the Group had been working through a number of Judicial Review (JR) challenges in State and Federal Courts with respect to the approval decisions made by respective authorities. The Group received favourable outcome on all the decisions of the court, and as at 31 March 2018, the decision on one case was awaited.

The loss after tax for the Group for the year ended 31 March 2018 was \$3,315,147 (2017: \$3,262,555).

Adani Mining Pty Ltd

Directors' report (continued)

Year ended 31 March 2018

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matters detailed as part of our review of the Group's operation for the year ended 31 March 2018, there were no significant changes in the state of affairs of the Group during the current financial period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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 Group's operations, the results of those operations or the Group's state of affairs in financial years after the financial year ended 31 March 2018.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group is currently assessing its financing strategies with a target to achieve production of coal in the FY 2021.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group'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 2018 and up to the date of this report.

INSURANCE OF DIRECTORS AND INDEMNITIES

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 Group. 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 Group 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

A copy of the auditor's independence declaration as required under *section 307C of the Corporations Act 2001* is set out on page 5.

NON-AUDIT SERVICES

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.

This report is made in accordance with a resolution of directors.



Samir Vora
Director

Brisbane, Queensland, 9 May 2018

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

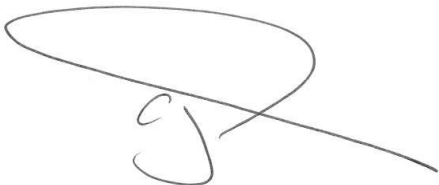
As lead auditor for the audit of Adani Mining Pty Ltd for the financial year ended 31 March 2018, I declare to the best of my knowledge and belief, there have been:

- 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.

This declaration is in respect of Adani Mining Pty Ltd and the entities it controlled during the financial year.



Ernst & Young



Andrew Carrick
Partner
9 May 2018

Adani Mining Pty Ltd

Consolidated statement of comprehensive income

For the year ended 31 March 2018

		Year ended 31 March 2018	Year ended 31 March 2017
	Notes	\$	\$
Interest income		58,813	86,317
Other income	3	21,586,617	982,151
General and administration expenses	4	(10,134,534)	(2,330,827)
Impairment of the exploration and evaluation expenditures	12	(17,966,899)	-
Loss on disposal of property, plant and equipment		-	(601,701)
Finance costs	5	(57,650)	(506,177)
Lease rental		(183,442)	(311,048)
Foreign exchange gain/(loss), net		3,381,948	(581,270)
Loss before tax		(3,315,147)	(3,262,555)
Income tax expense	6(a)	-	-
Loss for the year from continuing operations		(3,315,147)	(3,262,555)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the parent entity		(3,315,147)	(3,262,555)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Adani Mining Pty Ltd

Consolidated statement of financial position

As at 31 March 2018

		31 March 2018	31 March 2017
	Notes	\$	\$
Assets			
Current assets			
Cash on hand and at bank	7	1,937,835	201,663
Restricted bank deposits	7	1,987,231	455,692
Other receivables	8	2,619,504	46,847,945
Due from related parties	9	3,404,058	5,911,394
Total current assets		9,948,628	53,416,694
Non-current assets			
Due from related parties	9	290,984,012	178,989,670
Property, plant and equipment	10	98,797,887	100,645,179
Security deposit	11	139,830,457	92,000,000
Exploration and evaluation assets	12	994,850,318	984,306,750
Total non-current assets		1,524,462,674	1,355,941,599
Total assets		1,534,411,302	1,409,358,293
Liabilities			
Current liabilities			
Trade and other payables	13	12,898,096	21,644,003
Non-Interest bearing liabilities	14	1,492,678,751	1,478,633,693
Interest bearing liabilities	14	115,209,005	-
Total current liabilities		1,620,785,852	1,500,277,696
Non-current liabilities			
Other liabilities	15	147,180,000	139,320,000
Total non-current liabilities		147,180,000	139,320,000
Total liabilities		1,767,965,852	1,639,597,696
Net assets		(233,554,550)	(230,239,403)
Equity			
Equity attributable to equity holders of the parent entity			
Contributed equity	16	8,693,556	8,693,556
Accumulated losses		(242,248,106)	(238,932,959)
Total equity		(233,554,550)	(230,239,403)

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Adani Mining Pty Ltd

Consolidated statement of changes in equity

For the year ended 31 March 2018

For the year ended 31 March 2018

	Contributed equity	Accumulated losses	Total
	\$	\$	\$
At 1 April 2017	8,693,556	(238,932,959)	(230,239,403)
Profit for the year	-	(3,315,147)	(3,315,147)
Total comprehensive income	-	(3,315,147)	(3,315,147)
At 31 March 2018	<u>8,693,556</u>	<u>(242,248,106)</u>	<u>(233,554,550)</u>

For the year ended 31 March 2017

At 1 April 2016	8,693,556	(235,670,404)	(226,976,848)
Loss for the year	-	(3,262,555)	(3,262,555)
Total comprehensive loss	-	(3,262,555)	(3,262,555)
At 31 March 2017	<u>8,693,556</u>	<u>(238,932,959)</u>	<u>(230,239,403)</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Adani Mining Pty Ltd

Consolidated statement of cash flows

For the year ended 31 March 2018

	Year ended 31 March 2018	Year ended 31 March 2017
Notes	\$	\$
Cash flows from/(used in) operating activities		
Receipts from other income and cost reimbursements	5,287,289	895,832
Payments to suppliers and employees	(31,185,366)	(2,641,873)
Interest received	58,813	86,317
Borrowing costs	(57,650)	-
Net cash from/(used in) operating activities	(25,896,914)	(1,659,724)
Cash flows from/(used in) investing activities		
Payments for security deposits with 3rd parties	(1,830,457)	-
Borrowing costs paid	-	(1,534,548)
Payments for on-going exploration and evaluation and property, plant and equipment	(64,386,476)	(39,896,435)
Movement in restricted bank account	(1,531,539)	20,809,968
Novation payments received	46,000,000	92,000,000
Payment of security deposits to a related party	(46,000,000)	(92,000,000)
Proceeds from disposal of property, plant and equipment	-	988,889
Net cash flows from/(used in) investing activities	(67,748,472)	(19,632,126)
Cash flows from/(used in) financing activities		
Proceeds from borrowings	95,381,557	226,646,781
Repayments of borrowings	-	(207,829,427)
Net cash flows from/(used in) financing activities	95,381,557	18,817,354
Net (decrease)/increase in cash at bank and on hand	1,736,172	(2,474,496)
Cash at bank and on hand at 1 April	201,663	2,676,159
Cash at bank and on hand at 31 March	1,937,835	201,663

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Adani Mining Pty Ltd

Notes to the consolidated financial statements

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are for the Group (the "Group") consisting of Adani Mining Pty Ltd (the "Company") and its subsidiaries for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 9 May 2018.

(a) Basis of preparation

(i) *Statement of compliance*

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDR).

The Group has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* for the financial year beginning on 1 April 2017. The Group prepared its most recent previous financial statements in the form of special purpose financial statements applying all the recognition and measurement requirements of applicable Australian Accounting Standards. Accordingly, there is no effect on the Group's financial position, financial performance or cash flows from adopting AASB 1053.

The Company is limited by shares for the purpose of preparing the financial statements. The financial report has also been prepared on a historical cost basis and is presented in Australian dollars. The consolidated financial statements provide comparative information in respect of the previous period.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 31 March 2018, the Group made a loss of \$3,315,147 and as at 31 March 2018, its current liabilities exceed its current assets by \$1,610,837,224 (2017: \$1,446,861,002). This is chiefly due to the classification as current liabilities of the Group's related party borrowings (refer to Note 14).

The ability of the Group to continue as a going concern is dependent upon the ongoing support of its shareholders. The ultimate parent company, Adani Enterprises Limited has agreed to not call on the Group to repay any loans or other amounts owing to it or entities under its control, if after payment of the loans or the other amounts, the Group would not be able to meet their debts as and when they fall due for a period not less than twelve months from the date of these financial statements. Additionally, Adani Enterprises Limited, in its own capacity or through entities under its control has agreed to provide the financial support to the Group for a period at least not less than twelve months from the date of these financial statements. Based on the letter of support received, the Directors of the Company 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.

(ii) *New and amended standards and interpretations*

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2017. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment is described below:

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) *New and amended standards and interpretations (continued)*

► AASB 2016 - 1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

► AASB 2016 - 2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

(iii) *New standards and interpretations not yet adopted*

► AASB 9 *Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The new standard introduces new rules for hedge accounting and a new impairment model for financial assets. It must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018 with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated, except in relation to changes in the fair value of foreign exchange forward contracts attributable to forward points, which will be recognised in the costs of hedging reserve.

The Group is in the process of determining the impact of the standards on its financial assets and liabilities.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are fully consolidated.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency translation

The Group's functional and presentational currency is the Australian dollar, being the currency of the primary economic environment in which they operate. The consolidated financial statements are presented in Australian dollars.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

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.

(d) Revenue recognition

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

Cost recovery

The recovery of expenses previously expensed are included in the statement of comprehensive income at cost.

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.

Management fee

Management fee income is recognised over the period in which the service is provided.

(e) Income taxes

Current tax

Current tax is calculated by preference 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 reporting date between the tax bases of assets and liabilities and their carrying amount for financial 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.

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 Group 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 Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income taxes (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, 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.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Cash at bank and on hand

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 consolidated statement of cash flows, cash at bank and on hand includes deposits at call which are readily convertible to cash on hand, which are as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

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

(i) Financial instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets - initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Financial assets - subsequent measurement

The Group currently only has cash and short term deposits and loans and receivables as financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of comprehensive income under finance costs for loans and in other operating expenses for receivables.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(iii) Derecognition 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 when:

- ▶ The rights to receive cash flows from the asset have expired; or
- ▶ The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iv) Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and observable data indicating that there is measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(v) Financial liabilities - initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or trade and other payables as appropriate.

All financial liabilities are recognised initially at net of directly attributable transactions costs.

The Group's financial liabilities include trade and other payables and non-interest bearing loans.

(vi) Financial liabilities - subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below.

Loans and borrowings and trade and other payables

This category is the most relevant to the Group. After initial recognition, interest bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

(vii) Derecognition of financial liabilities

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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Fair value of financial instruments (continued)

(viii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(j) 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 Group, 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.

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.

(k) 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 Group 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.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment (continued)

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.

(l) Impairment of non-financial assets

The Group 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 Group 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.

(m) 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 Group prior to the reporting date that are unpaid and arise when the Group 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.

(n) Non-interest-bearing loans

The Group'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 Group, the lender can require the Group 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.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the 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 method.

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

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of 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 the asset. All other borrowing costs are expensed in the period they occur.

Deferred borrowing cost are amortised over the life of the loan based on the effective interest method.

(q) Contributed equity

Ordinary shares and additional capital contributions are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 Group, 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 Group 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.

In accordance with its accounting policies and processes, each asset or CGU is evaluated annually to determine whether there are any indications of impairment. If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Capitalisation and impairment of exploration and evaluation costs (continued)

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the FVLCD for each CGU is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including any expansion projects, and its eventual disposal, based on the CGU five-year plans and latest life of mine (LOM) plans. These cash flows were discounted using a real post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

Estimates included in assessing the CGU's recoverable amount include quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from out planning process, including the LOM plans, five-year plans, one-year budgets and CGU-specific studies.

The determination of FVLCD for each CGU are considered to be Level 3 fair value measurements in both years, as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Impairment assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. In such circumstances, some or all of the carrying amount of the assets/CGUs may be further impaired or the impairment charge reduced with the impact recognised in the consolidated statement of comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Deferred tax asset

Deferred tax asset are recognised for all temporary differences (including unused tax losses) to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

	Year ended 31 March 2018	Year ended 31 March 2017
	\$	\$
3 OTHER INCOME		
Recovery of cost from Carmichael Rail Network Trust	14,565,964	-
Management Fee from Carmichael Rail Network Trust	5,865,153	-
Miscellaneous income	1,155,500	982,151
Other income	<u>21,586,617</u>	<u>982,151</u>
4 ADMINISTRATION AND GENERAL EXPENSES		
Employee costs	3,510,503	966,225
Legal fees	6,018	188
Others	6,618,013	1,364,413
	<u>10,134,534</u>	<u>2,330,827</u>
5 FINANCE COSTS		
Interest on bank loans	-	471,628
Bank charges	22,141	33,116
Other finance costs	35,509	1,433
	<u>57,650</u>	<u>506,177</u>
6 INCOME TAX		
(a) Numerical reconciliation of income tax expense to prima facie tax		
Accounting profit/(loss) before income tax	<u>(3,315,147)</u>	<u>(3,262,555)</u>
At Australia's statutory income tax rate of 30% (2017: 30%)	(994,544)	(978,767)
Non-deductible expenditure	19,516	2,357
Prior year adjustment	(4,560,518)	(8,340,470)
Tax losses not recognised	<u>5,535,546</u>	<u>9,316,880</u>
	<u>-</u>	<u>-</u>
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>1,167,555,813</u>	<u>1,159,443,853</u>
Potential tax benefit @ 30%	350,266,744	347,833,156

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

	31 March 2018	31 March 2017
	\$	\$
7 CASH AT BANK AND RESTRICTED BANK DEPOSITS		
Cash at bank and on hand	1,937,835	201,663
Restricted bank deposits*	1,987,231	455,692
	<u>3,925,066</u>	<u>657,355</u>
* Restricted Cash at bank represents bank deposit towards issue of bank guarantees.		
8 OTHER RECEIVABLES		
Advances paid and deposits	596,888	436,475
Other receivables	1,594,547	334,888
GST receivables	428,069	76,583
Receivables from Queensland Coal Pty Ltd (refer Note 15)	-	46,000,000
	<u>2,619,504</u>	<u>46,847,945</u>
9 DUE FROM RELATED PARTIES		
Current		
Other related party receivables	2,989,889	4,763,679
Advances to employees	414,169	508,426
Non-interest amounts due from related parties*	-	639,289
	<u>3,404,058</u>	<u>5,911,394</u>
Non-current		
Non-interest bearing amounts due from related parties*	290,984,012	178,989,670
* Amounts due from related parties are repayable on demand.		
10 PROPERTY, PLANT AND EQUIPMENT		
<i>Land</i>		
At cost	88,398,043	88,398,043
Accumulated depreciation	-	-
Net carrying amount	<u>88,398,043</u>	<u>88,398,043</u>
<i>Buildings</i>		
At cost	18,038,803	18,038,802
Accumulated depreciation	(7,965,770)	(6,199,881)
Net carrying amount	<u>10,073,033</u>	<u>11,838,921</u>
<i>Plant and machinery</i>		
At cost	942,218	959,141
Accumulated depreciation	(752,114)	(731,395)
Net carrying amount	<u>190,104</u>	<u>227,746</u>
<i>Furniture, fittings and equipment</i>		
At cost	782,283	2,647,087
Accumulated depreciation	(662,668)	(2,528,384)
Net carrying amount	<u>119,615</u>	<u>118,703</u>

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

	31 March 2018 \$	31 March 2017 \$
10 PROPERTY, PLANT AND EQUIPMENT (continued)		
<i>Vehicles</i>		
At cost	223,367	223,367
Accumulated depreciation	(206,274)	(161,601)
Net carrying amount	17,093	61,766
<i>Total property, plant and equipment</i>		
At cost	108,384,713	110,266,440
Accumulated depreciation	(9,586,826)	(9,621,261)
Net carrying amount	98,797,887	100,645,179
Reconciliation of carrying amounts at the beginning and end of the year		
<i>Land</i>		
Balance at the beginning of the year		
Net carrying amount	88,398,043	68,398,043
Additions during the year	-	20,000,000
Balance at the end of the year - Net carrying amount	88,398,043	88,398,043
<i>Buildings</i>		
Balance at the beginning of the year		
Net carrying amount	11,838,921	13,604,810
Depreciation charge for the year	(1,765,888)	(1,765,889)
Balance at the end of the year - Net carrying amount	10,073,033	11,838,921
<i>Plant and machinery</i>		
Balance at the beginning of the year		
Net carrying amount	227,746	300,530
Depreciation charge for the year	(37,642)	(72,784)
Balance at the end of the year - Net carrying amount	190,104	227,746
<i>Furniture, fittings and equipment</i>		
Balance at the beginning of the year		
Net carrying amount	118,703	253,735
Additions during the year	75,839	-
Depreciation charge for the year	(74,927)	(135,032)
Balance at the end of the year - Net carrying amount	119,615	118,703
<i>Vehicles</i>		
Balance at the beginning of the year		
Net carrying amount	61,766	106,439
Depreciation charge for the year	(44,673)	(44,673)
Balance at the end of the year - Net carrying amount	17,092	61,766
<i>Total Property, plant and equipment</i>		
Balance at the beginning of the year		
Net carrying amount	100,645,179	82,663,557
Additions during the year	75,839	20,000,000
Depreciation charge for the year	(1,923,131)	(2,018,378)
Balance at the end of the year - Net carrying amount	98,797,887	100,645,179

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

	31 March 2018	31 March 2017
	\$	\$
11 SECURITY DEPOSIT		
Security deposit paid to a related party (Refer to Note 15)	138,000,000	92,000,000
Other	1,830,457	-
	139,830,457	92,000,000

12 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(j), 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	984,306,750	969,112,942
- Net amounts paid and payable in respect of the on-going exploration and evaluation of ML70441, ML505, and ML506	24,900,910	15,193,808
- Provision for impairment*	(17,966,899)	-
- Capitalised interest	3,609,558	-
At the end of the year	994,850,318	984,306,750

* As a result of the delay in the project, during the year ended 31 March 2018, the Company recognised write-down of the exploration and evaluation assets of \$18.0 million as an impairment loss. The recoverable amount of the Carmichael project CGU, which includes mine, rail and T0 expansion projects, was based on management's estimate of fair value less cost to disposal (FVLCD).

The Carmichael project is a very large scale project which is unique in nature and involves developing a frontier basin (the Galilee Basin).

The determination of FVLCD is most sensitive to the following key assumptions:

- Long term coal prices
- Discount rates
- Exchange rates
- Timing of project development

The long term coal prices forecast and the exchange rates are based on management's estimates and are based on the external third party forward curves. The coal prices were adjusted to arrive at appropriate consistent price assumption for the Group's product quality.

In calculating FVLCD, a post tax discount rate of 14% was applied to the post tax cash flows. The discount rate is derived by taking into consideration the industry risk and the expected return on investment by a market participant.

The Carmichael project is developed in accordance to management's current timetable including financial close and first coal. A valuation of the CGU was undertaken by an independent expert, and the FVLCD is within the range of this valuation.

Having assessed the cumulative carrying amount of the CGU exceeded its FVCLD, management assessed if individual assets or asset classes within the CGU were physical or technically obsolete or damaged. As a consequence of the protracted regulatory approval process including various legal challenges, the Group has been required to duplicate various studies, re-design various elements of the project and incur additional labour costs. In allocating the impairment, management has identified the capitalised costs associated with these asset classes across the CGU impaired the duplicated costs and capitalised amounts associated with superseded studies, design plans and associated labour. In impairing these assets and capitalised costs, the total impairment was able to be allocated across the CGU, with no further proportionate allocation required.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

	31 March 2018	31 March 2017
	\$	\$
13 TRADE AND OTHER PAYABLES		
Trade creditors and accruals	7,162,896	2,347,868
Amounts due to related parties*	2,042,440	13,843,969
Accrued interest due to related party	130,885	3,660,394
Other payables	3,561,875	1,791,773
	<u>12,898,096</u>	<u>21,644,003</u>

*Amounts due to related parties are non-interest bearing and repayable on demand

14 BORROWINGS

Current non-interest bearing liabilities

Loan due to related parties (repayable on demand)	<u>1,492,678,751</u>	<u>1,478,663,693</u>
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Current interest bearing liabilities

Loan due to related parties (repayable on demand)*	<u>115,209,005</u>	<u>-</u>
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* The interest bearing loan US\$ 88.3 million is denominated in United States Dollars and carries interest at LIBOR and a margin of 6.50% per annum.

15 OTHER LIABILITIES

Deferred reimbursement of costs*	138,000,000	138,000,000
Other	9,180,000	1,320,000
	<u>147,180,000</u>	<u>139,320,000</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). Total consideration received 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. The last instalment of \$46 million was paid during the year (refer to Note 8).

16 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

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.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

17 INTERESTS IN OTHER ENTITIES

Subsidiaries

The Group's principal subsidiaries at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Principal activities
		31 March 2018	31 March 2017	
Galilee Transmission Holdings Pty Ltd	Australia	100%	100%	Act as a holding company.
Galilee Transmission Pty Ltd	Australia	100%	100%	Act as a trustee entity.
Galilee Transmission Holdings Trust	Australia	100%	100%	To develop transmission infrastructure.

18 RELATED PARTY DISCLOSURES

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Ownership interest	
		31 March 2018	31 March 2017
Adani Global Pte Ltd	Immediate parent entity	100%	100%
Adani Enterprises Ltd	Ultimate parent entity and controlling party	100%	100%

There were no transactions between the Group and Adani Enterprises Ltd, the ultimate parent during the financial year (2017: \$Nil)

(b) Subsidiaries

Interests in subsidiaries are set out in note 17.

(c) Key management personnel compensation

	Year ended 31 March 2018	Year ended 31 March 2017
	\$	\$
Total compensation	2,103,980	1,275,584

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

(d) Transactions with other related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Recharge of expenses	74,522,509	5,830,110
Miscellaneous income	21,238,113	2,090

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

18 RELATED PARTY DISCLOSURES (continued)

Terms and conditions of transactions with related parties

► Recharges are based on agreements between parties.

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 March 2018	31 March 2017
	\$	\$
Current receivables		
Other related parties	2,989,889	4,766,022
Current payables		
Other related parties	2,042,430	13,843,959

(f) Loans to/from related parties

(i) Loans to other Key Management Personnel

Beginning of the year	506,083	-
Loans advanced	-	506,083
Payment received	(91,914)	-
Closing balance	414,169	506,083

(ii) Loans to other related parties

Beginning of the year	179,628,959	638,373
Loans advanced	111,356,531	178,989,670
Movements in foreign exchange rates	-	916
Payments received	(1,478)	-
Closing balance	290,984,012	179,628,959

(iii) Loans from other related parties

Beginning of the year	661,110,982	630,687,318
Loans advanced	145,000,131	52,399,144
Loan repayments	-	(22,249,287)
Movements in foreign exchange rates	(851,280)	273,807
Closing balance	805,259,833	661,110,982

(iv) Loans from Adani Global Pte Ltd (immediate parent entity)

Beginning of the year	817,522,711	792,757,571
Loans advanced	8,462,245	139,771,960
Loan repayments	-	(108,529,234)
Movements in foreign exchange rates	(23,357,033)	(6,477,586)
Closing balance	802,627,923	817,522,711

(g) Security Deposit paid

Beginning of the year	92,000,000	-
Paid during the year	46,000,000	92,000,000
Closing balance	138,000,000	92,000,000

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

19 PARENT ENTITY FINANCIAL INFORMATION

	31 March 2018	31 March 2017
	\$	\$
The individual financial statements for the parent entity show the following aggregate amounts:		
Balance sheet		
Current assets	10,015,383	53,096,367
Total assets	1,534,478,058	1,409,037,967
Current liabilities	1,620,784,843	1,499,910,133
Total liabilities	1,767,964,843	1,639,230,133
Owners' equity		
Contributed equity	8,693,556	8,693,556
Accumulated losses	(242,180,341)	(238,885,722)
	Year ended 31 March 2018	Year ended 31 March 2017
	\$	\$
Loss for the period	(3,294,619)	(3,243,957)
Total comprehensive loss	(3,294,619)	(3,243,957)

20 COMMITMENTS

	31 March 2018	31 March 2017
	\$	\$
(a) Operating lease		
Future rental payments under non-cancellable operating leases at 31 March are as follows:		
Within one year	2,341,453	1,032,570
After one year but not more than five years	2,817,489	1,251,075
Total minimum lease payments	5,158,942	2,283,645
(b) Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date but not provided for		
Capital expenditure	34,585,070	4,702,551
Land	20,000,000	20,000,000
Total capital expenditure commitments	54,585,070	24,702,551

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.

Adani Mining Pty Ltd

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

21 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.

(c) Bank Guarantees

Guarantees issued by the banks on behalf of Adani Mining Pty Ltd amount to \$1,957,738.27.

22 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 2018.

Adani Mining Pty Ltd

Directors' declaration

In the directors' opinion:

- (a) The consolidated financial statements and notes are in accordance with the *Corporation Act 2001*, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's balance sheet as at 31 March 2018 and of its performance for the year ended on that date; and
- (b) 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

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board



Samir Vora
Director

Brisbane, 9 May 2018

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

Opinion

We have audited the financial report of Adani Mining Pty Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 31 March 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 March 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Group 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 and Restriction on Use

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* and to meet *Section 3CA* of the *Taxation Administration Act 1953*. Our report is intended solely for Adani Mining Pty Ltd and its members and should not be used by parties other than Adani Mining Pty Ltd and its members. 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 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for 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 Group'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 Group 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:

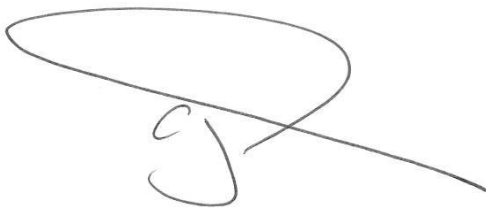
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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
9 May 2018