adani™

ADANI MINING PTY LTD

A.C.N. 145 455 205

CONSOLIDATED FINANCIAL REPORT
complying with
Australian Accounting Standards - Simplified Disclosures

FOR THE YEAR ENDED
31 MARCH 2021

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 29

Independent auditor's report 30

Adani Mining Pty Ltd
Directors' report
Year ended 31 March 2021

Your directors submit their report on the consolidated entity comprising Adani Mining Pty Ltd (the "Company") and the entities it controlled at the end of, or during the year ended 31 March 2021. 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 year and up to the date of this report are:

Jeyakumar Janakaraj (resigned 9 February 2021)
Samir Vora
Douglas Ritchie (appointed 11 April 2019)
Lucas Dow (appointed 11 July 2020; resigned 30 November 2020)

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

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 9, 120 Edward Street
Brisbane, Queensland, Australia.

PRINCIPAL ACTIVITIES
The principal activity of the Group during the year was the development and construction of a coal mine in Queensland, Australia. The Group's trading name is Bravus Mining and Resources.

DIVIDENDS
No dividend has been paid or recommended during the financial year (2020: $nil).

REVIEW OF OPERATIONS
During the year ended 31 March 2021, the Group has been working on the development and construction of the coal mine.

The profit after tax for the Group for the year ended 31 March 2021 was $388,402 thousand (2020: loss $278,980 thousand.

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 2021, there were no significant changes in the state of affairs of the Group during the current financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There have been no other matters or circumstances that have arisen since the end of the financial year, except as stated below, 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 2021.

The Company is a party to an arrangement dated 28 April 2021 for an interest-free facility of $50 million under which certain of its suppliers' invoices are to be paid by a third party (counterparty). The Company will reimburse the amount paid by the counterparty on or before 31 December 2021.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group is expected to continue construction activities in order to achieve production of coal in the 2021-22 financial year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to State and Federal Environmental Legislative requirements. There were no material breaches with these requirements during the financial year ended 31 March 2021 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 ended 31 March 2021.

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.

ROUNDING

The amounts contained in the directors' report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company as provided in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

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

Samir Vora
Director

Brisbane, Queensland, 29 April 2021

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

As lead auditor for the audit of the financial report of Adani Mining Pty Ltd for the financial year ended 31 March 2021, 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
29 April 2021

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Adani Mining Pty Ltd

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	Notes	Year ended 31 March 2021 $'000	Year ended 31 March 2020 $'000
Interest income		5,669	15,387
Other income	4	2,459	2,382
General and administration expenses	5	(43,593)	(23,709)
Depreciation and amortisation		-	(459)
Gain on disposal of property, plant and equipment	11(c)	1	10,891
Finance costs	6	(931)	(273)
Foreign exchange loss, net		424,797	(283,199)
Profit/(loss) before tax		**388,402**	**(278,980)**
Income tax expense	7(a)	-	-
Profit/(loss) for the year from continuing operations		**388,402**	**(278,980)**
Atrributable to:			
Equity holders of the parent		388,403	(278,980)
Non-controlling interest		(1)	-
		388,402	(278,980)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**388,402**	**(278,980)**
Attributable to:			
Equity holders of the parent		388,403	(278,980)
Non-controlling interest	20(b)	(1)	-
		388,402	(278,980)

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

Adani Mining Pty Ltd

Consolidated balance sheet

As at 31 March 2021

	Notes	31 March 2021 $'000	31 March 2020 $'000
Assets			
Current assets			
Cash on hand and at bank	8	13,876	4,765
Restricted bank deposits	8	4,352	3,994
Other receivables	9	32,480	28,134
Due from related parties	10	4,477	14,972
Total current assets		**55,185**	**51,865**
Non-current assets			
Due from related parties	10	342,868	139,232
Property, plant and equipment	11	161,950	75,412
Other receivables	12	193,854	182,246
Mineral reserves and mine development	13	1,363,321	1,068,058
Total non-current assets		**2,061,993**	**1,464,948**
Total assets		**2,117,178**	**1,516,813**
Liabilities			
Current liabilities			
Trade and other payables	14	78,362	32,769
Non-interest bearing liabilities	15	1,841,288	2,107,810
Interest bearing liabilities	15	4,292	24,329
Customer advances	16	408,577	-
Total current liabilities		**2,332,519**	**2,164,908**
Non-current liabilities			
Interest-bearing liabilities	15	26,659	-
Other liabilities	17	138,263	138,000
Provision for rehabilitation	18	17,731	-
Total non-current liabilities		**182,653**	**138,000**
Total liabilities		**2,515,172**	**2,302,908**
Net liabilities		**(397,994)**	**(786,095)**
Equity			
Contributed equity	19	8,694	8,694
Accumulated losses		(406,792)	(794,789)
Capital deficiency attributable to equity holders of the parent entity		**(398,098)**	**(786,095)**
Minority interest	20(b)	104	-
Total capital deficiency		**(397,994)**	**(786,095)**

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 2021

	Attributable to the equity holders of the parent					
	Contributed equity	Acquistion reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
	Note 19	*Note 20(b)*			*Note 20(b)*	
For the year ended 31 March 2021						
At 1 April 2020	8,694	-	(794,789)	(786,095)	-	(786,095)
Acquisition of a common control subsidiary - Adani Minerals Pty Ltd*	-	(406)	-	(406)	(45)	(451)
Transfer to accumulated losses*	-	406	(406)	-	-	-
Acquisition of a non-controlling interest - Adani Minerals Pty Ltd	-	-	-	-	150	150
Profit for the year	-	-	388,403	388,403	(1)	388,402
Total comprehensive income	-	-	387,997	387,997	(1)	388,402
At 31 March 2021	8,694	-	(406,792)	(398,098)	104	(397,994)
For the year ended 31 March 2020						
At 1 April 2019	8,694	-	(515,809)	(507,115)	-	(507,115)
Loss for the year	-	-	(278,980)	(278,980)	-	(278,980)
Total comprehensive loss	-	-	(278,980)	(278,980)	-	(278,980)
At 31 March 2020	8,694	-	(794,789)	(786,095)	-	(786,095)

** The Group's acquisition of a 90% controlling interest in the accumulated losses of Adani Minerals Pty Ltd on 18 June 2020 has been included in the acquisition reserve (using the pooling of interest method), and then transferred to the Group's accumulated losses (refer Note 20(b)).*

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 2021

	Notes	Year ended 31 March 2021 $'000	Year ended 31 March 2020 $'000
Cash flows used in operating activities			
Receipts from other income and cost reimbursements		2,286	2,441
Payments to suppliers and employees		(44,268)	(25,795)
Interest received		41	89
Borrowing costs		(931)	(273)
Net cash used in operating activities		**(42,872)**	**(23,538)**
Cash flows used in investing activities			
Payments for property, plant and equipment		(94,559)	(10)
Payments for mineral reserves and mine development		(230,527)	(170,717)
Movement in restricted bank account		(358)	(839)
Acquistion of a subsidiary's cash at bank		1	-
Advances to related parties		(250,249)	(24,251)
Repayments of advances from related parties		38,466	173,204
Proceeds on disposal of assets		103	-
Security deposit paid		(8,683)	(33,888)
Net cash flows used in investing activities		**(545,806)**	**(56,501)**
Cash flows from financing activities			
Proceeds from borrowings		190,727	132,664
Repayment of borrowings		(18,745)	(67,989)
Advances from related parties		413,414	-
Advances from other parties		12,393	19,532
Net cash flows from financing activities		**597,789**	**84,207**
Net increase in cash at bank and on hand		9,111	4,168
Cash at bank and on hand at 1 April 2020		4,765	597
Cash at bank and on hand at 31 March 2021	8	**13,876**	**4,765**

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

1 CORPORATE INFORMATION

The consolidated financial statements of Adani Mining Pty Ltd (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 29 April 2021.

Adani Mining Pty Ltd is a company limited by shares and is incorporated in Australia. Parent entity details are disclosed in Note 21(a). The Group's principal place of business is Level 9, 120 Edward Street, Brisbane, Queensland, Australia.

The Group is principally engaged in project development activities on coal mining tenements in Queensland, Australia. The Group's trading name is Bravus Mining and Resources.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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.

(i) Statement of compliance

These general purpose financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards – Simplified Disclosures*. The Group is a for-profit, private sector entity which is not publicly accountable for the purposes of preparing these consolidated financial statements.

The Group has opted to adopt *Australian Accounting Standards – Simplified Disclosures* ahead of its mandatory effective date of 1 April 2022. Other than the change in disclosure requirements, the adoption of *Australian Accounting Standards – Simplified Disclosures* has no significant impact on the consolidated financial statements because the Group's previous consolidated financial statements were prepared in full compliance with the recognition and measurement requirements of Australian Accounting Standards.

The financial report has been prepared on a historical cost basis except as otherwise disclosed, and is presented in Australian dollars. All values are rounded to the nearest thousand ($000), except when otherwise indicated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

(ii) Going concern

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

During the year ended 31 March 2021, the Group made a profit of $388,402,000 (2020: loss $278,980,000). Excluding the net foreign exchange gain from the Group's current year profit results in a loss of $36,395,000 (2020: excluding the net foreign exchange loss from the Group's 2020 loss results in profit of $4,219,000).

As at 31 March 2021, the Group had current liabilities exceeding its current assets by $2,277,334,000 (2020: $2,113,043,000). This is mainly due to the classification as current liabilities of the Group's related party borrowings (refer to Note 15) and the foreign exchange losses on those loans.

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 financial support to the Group for a period at least 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 contractual commitments for at least 12 months from the date of the authorisation of these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 currency is the Australian dollar, being the currency of the primary economic environment in which it operates. The consolidated financial statements are 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.

(d) Other income recognition

Interest

Interest income is recognised as the interest accrues using the effective interest rate ("EIR") 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.

Agistment income

Agistment income is recognised over the year for granting a license to an external party for grazing and de-pasturing livestock in Moray Downs.

Management fee

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

(e) 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 year. 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 year(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.

2 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 Statement of Cash Flows 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 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 when an amount of consideration that is unconditional is due from the customer, i.e. only the passage of time is required before payment of the consideration is due. Refer to accounting policies in note 2(i) Financial Instruments (i) Financial assets - initial recognition and measurement; and (ii) Financial assets - subsequent measurement.

(i) **Financial instruments**

A financial instrument is any contract that gives 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 subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(ii) Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

Financial assets at amortised cost (debt instruments)

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

► The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

► The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(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 recognises an allowance for expected credit losses (ECL's) for all debt instruments not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other receivables and contract assets, the Group applies a simplified approach in calculating ECL's. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements help by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(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 Statement of Comprehensive Income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(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.

(viii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet 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) Mineral reserves and mine development

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 "Mineral Reserves and Mine Development". All subsequent expenditure on construction, installation or completion of infrastructure facilities are capitalised within "Mineral Reserves and 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 is 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 Statement of Comprehensive Income 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:

► Buildings	10 to 15 years
► Plant and machinery	3 to 15 years
► Furniture, fittings and equipment	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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Goup recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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 costs are amortised over the life of the loan based on the EIR method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) **Provision for rehabilitation**

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of the Group's facilities and mine property. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining asset to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligation that arises through the production of inventory is recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding asset and rehabilitation liability when they occur. Costs related to the restoration of site damage (subsequent to the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. When the mine is mature, if the estimate for the revised mine asset net of rehabilitation provision exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(s) **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.

(t) **Acquisition reserve**

Acquisitions of subsidiaries under common control are accounted for using the pooling of interest method, where any gain or loss on acquisition is initially recorded in the acquisition reserve and then transferred to accumulated losses.

3 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 years.

Capitalisation and impairment of mineral reserves and mine development, exploration and evaluation costs and related property, plant and equipment

Mineral reserves and mine development and 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. Rehabilitation costs are recognised and provided as described in note 2(r).

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 mineral reserves and mine development (and exploration and evaluation expenditure) and related property, plant and equipment 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. Due to their interdependency, the mine and rail projects together constitute a single CGU.

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 are discounted using a real post-tax discount rate that reflect 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 including quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the planning process including LOM plans, five-year plans, one-year budgets and CGU-specific studies. The determinations 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 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

A deferred tax asset is recognised for all temporary differences (including unused tax losses) to the extent 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.

		Year ended 31 March 2021 $'000	Year ended 31 March 2020 $'000
4	**OTHER INCOME**		
	Recovery of costs from related parties	175	351
	Management fee from related parties	1,061	1,138
	Miscellaneous income	1,223	893
		2,459	2,382
5	**GENERAL AND ADMINISTRATION EXPENSES**		
	Employee costs	6,345	3,945
	Legal fees	5,534	1,739
	Insurance	5,922	6,149
	Consultancy and professional fees	14,520	6,585
	Other	11,272	5,291
		43,593	23,709
6	**FINANCE COSTS**		
	Interest on bank loans	803	210
	Bank charges	100	43
	Other finance costs	28	20
		931	273
7	**INCOME TAX**		
(a)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Accounting profit/(loss) before income tax	388,402	(278,980)
	At Australia's statutory income tax rate of 30% (2020: 30%)	116,521	(83,694)
	Non-deductible expenditure	17	13
	Prior year adjustment	1,472	12,193
	(Tax loss utilised)/tax benefit not recognised	(118,010)	71,488
		-	-
(b)	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	1,320,918	1,287,676
	Potential tax benefit @ 30%	396,275	386,303

The unused tax losses were incurred and it is not likely that taxable income will be earned in the foreseeable future.

8	**CASH AT BANK AND RESTRICTED BANK DEPOSITS**		
	Cash at bank and on hand	13,876	4,765
	Restricted bank deposits*	4,352	3,994
		18,228	8,759

* Restricted Cash at bank represents bank deposits towards issue of bank guarantees, and includes $1,200,000 for a guarantee expiring in January 2022 and $437,077 for a guarantee expiring in November 2023.

9	**OTHER RECEIVABLES - current**		
	Advances paid and deposits	5,803	103
	Interest accrued - related parties*	20,959	15,331
	Other receivables	605	93
	GST receivables	3,360	470
	Prepaid expenses	1,753	12,137
		32,480	28,134

* Relates to the loans advanced which were partly repaid during the year.

	Year ended 31 March 2021	Year ended 31 March 2020
	$'000	$'000
10 DUE FROM RELATED PARTIES		
Current		
Other related party receivables*	4,477	14,597
Advances to employees*	-	375
	4,477	14,972
* repayable on demand		
Non-current		
Non-interest bearing amounts due from related parties	337,035	36,551
Interest-bearing amount due from related party	5,833	102,681
	342,868	139,232

Non-interest bearing loans include $10,907,040 (US$8,291,532) (2020: $23,995,544 (US$14,817,248)) denominated in US dollars.

The interest-bearing loan represents an amount of US$4,434,455 (2020: US$63,405,405) denominated in US dollars and carries interest at 4.25% per annum (2020: LIBOR plus a margin of 6.5% per annum).

11 PROPERTY, PLANT AND EQUIPMENT		
Land		
At cost	68,641	68,641
Buildings		
At cost	18,039	18,039
Accumulated depreciation	(13,263)	(11,498)
Net carrying amount	4,776	6,541
Plant and machinery		
At cost	94,420	942
Accumulated depreciation	(5,965)	(804)
Net carrying amount	88,455	138
Furniture, fittings and equipment		
At cost	804	804
Accumulated depreciation	(726)	(712)
Net carrying amount	78	92
Vehicles		
At cost	56	56
Accumulated depreciation	(56)	(56)
Net carrying amount	-	-
Total property, plant and equipment		
At cost	181,960	88,482
Accumulated depreciation	(20,010)	(13,070)
Net carrying amount	161,950	75,412

		31 March 2021 $'000	31 March 2020 $'000
11	PROPERTY, PLANT AND EQUIPMENT (continued)		
(a)	Reconciliation of carrying amounts at the beginning and end of the year		
	Land		
	Balance at the beginning of the year		
	Net carrying amount	68,641	88,398
	Right of use sold during the year	-	(19,757)
	Balance at the end of the year - Net carrying amount	68,641	68,641
	Buildings		
	Balance at the beginning of the year		
	Net carrying amount	6,542	8,308
	Depreciation charge for the year	(1,766)	(1,766)
	Balance at the end of the year - Net carrying amount	4,776	6,542
	Plant and machinery		
	Balance at the beginning of the year		
	Net carrying amount	138	164
	Additions during the year	93,478	-
	Depreciation charge for the year	(5,161)	(26)
	Balance at the end of the year - Net carrying amount	88,455	138
	Furniture, fittings and equipment		
	Balance at the beginning of the year		
	Net carrying amount	91	109
	Additions during the year	-	9
	Depreciation charge for the year	(13)	(27)
	Balance at the end of the year - Net carrying amount	78	91
	Vehicles		
	Balance at the beginning of the year	-	-
	Net carrying amount	-	-
	Depreciation charge for the year	-	-
	Balance at the end of the year - Net carrying amount	-	-
(b)	***Total Property, plant and equipment***		
	Balance at the beginning of the year		
	Net carrying amount	75,412	96,979
	Additions during the year	93,478	9
	Transfer of right of use during the year	-	(19,757)
	Depreciation charge for the year	(6,940)	(1,819)
	Balance at the end of the year - Net carrying amount	161,950	75,412

(c) **Gain on disposal of property, plant and equipment**

In the prior year, the Company granted Carmichael Rail Network Trust (CRNT) land with a book value of $19,757,000 for construction works and an offset area (Moray Downs) for agricultural purposes. Compensation of $30,600,000 was received from CRNT for dimunition in value. The gain on disposal of $10,843,000 was recognised in the Consolidated Statement of Comprehensive Income and included in total gains of $10,891,000.

12	OTHER RECEIVABLES - non-current		
	Security deposit paid to a related party (Refer to Note 17)	138,000	138,000
	Other security deposits	52,928	44,246
	Prepaid expenses	2,926	-
		193,854	182,246

13 MINERAL RESERVES AND MINE DEVELOPMENT

(a) This balance relates to capitalised exploration and evaluation and mineral reserves and mine development of ML70441 (formerly EPC1690), ML505 and ML506 (formerly EPC 1080). Consistent with Note 2(j), no amortisation is charged during the exploration and evaluation or mineral reserves and mine development phases as the asset is not available for use.

	31 March 2021	31 March 2020
	$'000	$'000
(b) Reconciliation of carrying amounts from the beginning and end of the year:		
Mineral reserves and mine development		
At the beginning of the year	1,068,058	924,023
Costs incurred during the year	277,031	142,072
Capitalised interest	501	1,963
Rehabilitation costs (refer note 18)	17,731	-
At the end of the year*	**1,363,321**	**1,068,058**

*Net of accumulated impairment provision of $145,967,000.

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

The recoverable amount of the project CGU, which includes mine and rail, is based on an independent valuation management's estimate of fair value less cost to disposal (FVLCD) as at 31 March 2021. Given the unique and undeveloped nature of the project CGU, its recoverable amount is highly sensitive variations in key valuation inputs. FVLCD is most sensitive to the following key assumptions:

- Long term coal prices
- Discount rates

In calculating FVLCD:

- The long term coal prices forecast used by the independent valuer is based on external third party forward curves (broker consensus estimates). The coal prices were adjusted, based on independent technical consultant analysis of forecast coal quality, to arrive at appropriate coal price assumptions for the Group's product quality
- The independent valuer applied a post-tax discount rate range of 12.5% to 13.5% 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 and first coal.

The valuation undertaken by the independent valuer concluded the carrying amount the assets of the project CGU were within a range of outcomes supported by their valuation. The valuation is highly sensitivity to reasonably possible changes in key valuation inputs and such changes could lead to further impairment. At 31 March 2021, management concluded the carrying amount of the project CGU (net of impairment losses recognised in previous years) approximated its FVLCD and no further impairment or impairment reversal was required at that time.

Sensitivity analysis performed by the independent valuer indicated:

- A reduction in the coal price of 10% would decrease the FVLCD by approximately $1.0 billion
- An increase in the discount rate of 1% would decrease the FVLCD by approximately $0.3 billion

		31 March 2021 $'000	31 March 2020 $'000
14	**TRADE AND OTHER PAYABLES**		
	Trade creditors and accruals	6,973	8,417
	Amounts due to related parties (non-interest bearing and repayable on demand)	1,354	3,367
	Accrued interest due to related party*	10,225	11,851
	Other payables	59,810	9,134
		78,362	32,769

* Relates to loan borrowings which were repaid during the year.

15	**BORROWINGS**		
(a)	**Non-interest bearing liabilities - current**		
	Loan due to related parties (repayable on demand)	1,841,288	2,107,810
(b)	**Interest bearing liabilities**		
	Current		
	Loan due to related party	-	24,329
	Equipment financing*	4,671	-
	Less deferred borrowing costs	(379)	-
	Total current interest-bearing liabilities	4,292	24,329
	Non-current		
	Equipment financing*	27,867	-
	Less deferred borrowing costs	(1,208)	-
	Total non-current interest-bearing liabilities	26,659	-
	Total interest-bearing liabilities	30,951	24,329

* On 28 February 2020, the Group signed a Lease-Purchase Agreement denominated in US dollars to finance the plant and equipment to be used in the construction and operations of the Carmichael Mine Project. During the year, seven trucks were refinanced under this arrangement, with repayments over 60 months at an implicit interest rate of LIBOR plus a margin of 3.50% per annum.

16	**CUSTOMER ADVANCES**		
	Amount due to related party	394,633	-
	Amount due to external party	13,944	-
		408,577	-
17	**OTHER LIABILITIES**		
	Deferred reimbursement of costs*	138,000	138,000
	Provision for long service leave	263	-
		138,263	138,000

*On 31 October 2016, the Company entered into a Deed of Novation (Deed) with North Queensland Export Terminal Pty Ltd (NQXT) (previously Adani Abbot Point Terminal Pty Ltd) and Queensland Coal Pty Ltd (QCPL),whereby QCPL agreed to assign its port capacity under a user agreement with NQXT to the Company for a consideration of $138 million (plus GST). Total consideration received from QCPL in exchange for the Company assuming QCPL's obligation to NQXT under its user agreement has been recorded as a non-current liability, under deferred reimbursement of costs.

In a separate arrangement with NQXT, the Company agreed to make a payment of $138 million as a security deposit towards the performance of its obligation under the user agreement. The security deposit is included in the Balance Sheet (refer to Note 12).

	31 March 2021 $'000	31 March 2020 $'000
18 PROVISION FOR REHABILITATION		
Balance at end of the year	17,731	-

The Group makes full provision for the future cost of rehabilitating the mine site and related production facilities on a discounted basis at the time of developing the mine and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to the mine site, which are expected to be incurred up to 2046, which is when the producing mine property is expected to cease operations. The provision has been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future coal prices, which are inherently uncertain.

The discount rate used in the calculation of the provision as at 31 March 2021 is 2.14%.

19 CONTRIBUTED EQUITY		
Issued and paid up capital		
8,693,556 ordinary shares of $1 each fully paid	8,694	8,694
Settlor's funds*	-	-
	8,694	8,694

*Settlors funds comprises $10 held by Galilee Transmission Pty Ltd as trustee for Galilee Transmission Holdings Trust.

There were no movements in ordinary shares on issue during the year (2020: nil).

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.

20 INTERESTS IN OTHER ENTITIES
(a) Subsidiaries

The Group's subsidiaries at 31 March 2021 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	Principal activities	Ownership interest held by the Group	
			31 March 2021	31 March 2020
Galilee Transmission Holdings Pty Ltd	Australia	To act as a holding company	100%	100%
Galilee Transmission Pty Ltd	Australia	To act as a trustee entity	100%	100%
Galilee Transmission Holdings Trust	Australia	To develop transmission infrastructure	100%	100%
Galilee Biodiversity Company Pty Ltd	Australia	To act as a trustee entity	100%	100%
The Galilee Basin Conservation & Research Fund	Australia	To fund conservation and research activities	100%	100%
Adani Minerals Pty Ltd	Australia	To provide services for resource development projects	90%	-

On 18 June 2020, the Group acquired 1,350,000 shares of $1 each in Adani Minerals Pty Ltd, representing a 90% controlling interest in the company (refer note 20(b)). On acquisition, the Group's controlling interest in the subsidiary's accumulated losses were recorded in the acquisition reserve, and then transferred to the Group's accumulated losses.

	31 March 2021	31 March 2020
	$'000	$'000
(b) Minority interest		
Adani Minerals Pty Ltd (refer note 20(a))	104	-

On acquisition - 18 June 2020	Group's controlling interest at 90% $'000	Minority interest at 10% $'000	Adani Minerals Pty Ltd $'000
Total assets			1,075
Total liabilities			(26)
Net assets			1,049
represented by:			
Contributed equity	1,350	150	1,500
Accumulated losses	(406)	(45)	(451)
Total equity on acquisition	944	105	1,049
Post acquisition			
Total comprehensive loss for the year		(1)	
Total equity at the end of the year - minority interest		104	

21 RELATED PARTY DISCLOSURES

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Ownership interest	
		31 March 2021	31 March 2020
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 entity during the financial year (2020: $Nil).

(b) Subsidiaries

Interests in subsidiaries are set out in Note 20(a).

	Year ended 31 March 2021	Year ended 31 March 2020
(c) Key management personnel compensation	**$'000**	**$'000**
Total compensation	5,069	4,977

The amounts disclosed in the table are the amounts recognised as an expense or included in mineral reserves and mine development 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 - expensed or capitalised	11,982	23,187
Recovery of costs and management fees	1,236	1,489

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:

Current receivables		
Other related parties - refer to Note 10 for terms and conditions	25,436	29,928
Current payables		
Other related parties - refer to Note 14 for terms and conditions	11,579	15,218
Customer advances		
Other related parties - refer to Note 16 for terms and conditions	394,633	-

	31 March 2021 $'000	31 March 2020 $'000
21 RELATED PARTY DISCLOSURES (continued)		
(f) Loans to/from related parties		
(i) Loans to other Key Management Personnel		
Beginning of the year	375	455
Payment received	(375)	(80)
Closing balance	-	375
(ii) Loans to other related parties		
Beginning of the year	139,232	272,525
Loans advanced	250,250	24,251
Amounts settled	(30,831)	(173,204)
Movements in foreign exchange rates	(15,783)	15,660
Closing balance	342,868	139,232
(iii) Loans from other related parties		
Beginning of the year	891,099	795,663
Loans advanced	16,279	54,818
Amounts settled	(24,329)	(67,989)
Movements in foreign exchange rates	(161,883)	108,607
Closing balance	721,166	891,099
(iv) Loans from Adani Global Pte Ltd (immediate parent entity)		
Beginning of the year	1,241,040	1,014,171
Loans advanced	122,918	77,847
Movements in foreign exchange rates	(243,836)	149,022
Closing balance	1,120,122	1,241,040
(g) Security Deposit paid		
Beginning of the year and closing balance	138,000	138,000
22 PARENT ENTITY FINANCIAL INFORMATION		
The individual financial statements for the parent entity show the following aggregate amounts:		
Balance sheet		
Current assets	55,089	51,763
Total assets	2,118,648	1,516,912
Current liabilities	2,333,550	2,164,904
Total liabilities	2,516,203	2,302,904
Owners' equity		
Contributed equity	8,694	8,694
Accumulated losses	(406,248)	(794,685)
Profit/(loss) for the year	388,437	(278,963)
Total comprehensive income/(loss)	388,437	(278,963)

	31 March 2021 $'000	31 March 2020 $'000
23 AUDITOR'S REMUNERATION		
The auditor of Adani Mining Pty Ltd is Ernst & Young Australia.		
Amounts received or due and receivable by Ernst & Young Australia for an audit or review of the financial report of the entity and any other entity in the consolidated group	156	136

24 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided for:

Capital expenditure	248,584	293,816
Land	20,000	20,000
Total capital expenditure commitments	268,584	313,816

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.

25 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 (CRNT). In May 2019, CRNT entered into a Royalty Income Purchase Agreement ("Agreement") with Queensland RIPA Pty Ltd as trustee for Queensland RIPA Trust (QRIPA) wherein CRNT has agreed to pay royalty income payments to QRIPA.

(c) Bank Guarantees

Guarantees issued by the banks on behalf of Adani Mining Pty Ltd	5,939	3,902

26 SUBSEQUENT EVENTS

There have been no other matters or circumstances that have arisen since the end of the financial year, except as stated below, 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 year ended 31 March 2021.

The Company is a party to an arrangement dated 28 April 2021 for an interest-free facility of $50 million under which certain of its suppliers' invoices are to be paid by a third party (counterparty). The Company will reimburse the amount paid by the counterparty on or before 31 December 2021.

Adani Mining Pty Ltd
Directors' declaration

In the directors' opinion:

(a) The financial statements and notes of Adani Mining Pty Ltd for the financial year ended 31 March 2021 are in accordance with the *Corporation Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2021 and of its performance for the year then ended on that date; and

(ii) complying with Australian Accounting Standards.

(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.

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

On behalf of the Board

Samir Vora
Director

Brisbane, 29 April 2021

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Independent auditor's report to the member 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 statement of financial position as at 31 March 2021, 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 2021 and of its consolidated financial performance for the year ended on that date; and

b. complying with Australian Accounting Standards – Simplified Disclosures 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

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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 – Simplified Disclosures 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.

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- 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
29 April 2021

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