

Registration number: 02796146

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**CONTENTS**

---

	Pages
Company information	1
Strategic report	2 to 3
Directors' report	4 to 6
Independent auditors' report	7 to 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 to 21

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	J F Preyser M E Robertson
<b>Company secretary</b>	Rio Tinto Secretariat Limited
<b>Registration number</b>	02796146
<b>Registered office</b>	6 St James's Square London United Kingdom SW1Y 4AD
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

---

## **RIO TINTO IRON & TITANIUM LIMITED**

---

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their Strategic report on Rio Tinto Iron & Titanium Limited (the "Company") for the year ended 31 December 2019.

#### **Introduction**

The Company was incorporated, domiciled and registered in England and Wales under the Companies Act 2006 and is a private company limited by shares. The Company's ultimate parent undertaking and controlling party is Rio Tinto plc, which together with Rio Tinto Limited and their respective subsidiaries form the Rio Tinto Group (the "Group").

#### **Business review**

During the year, the Company continued to receive commissions and management fees from other Group entities and incur costs largely in relation to staff and administrative costs. Commissions and management fees earned by the Company are governed by agreements with other Group companies. During the year the Group commenced a review of its commercial operating model and it has been determined the services and management agreements in the United Kingdom that the Company is a party to will be terminated in 2021. Management intends to commence winding up the Company upon termination of the existing services and management agreements.

#### **Principal risks and uncertainties**

The Company's principal risks and uncertainties, such as financial, operational and compliance risks, are integrated with those of the Group and are not managed separately.

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed in its 2019 Annual Report which does not form part of this report.

Since the issuance of the Group 2019 Annual Report, the spread and impact of the COVID-19 virus has significantly increased. It is uncertain to what extent the COVID-19 health crisis will impact the operations and financial position of the Company, however, management is closely monitoring the development of the COVID-19 outbreak and its related impact on the Company.

#### **Key performance indicators**

The Company's directors are of the opinion that there are no meaningful financial or non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities.

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

---

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires the directors of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 also requires the directors to have regard, amongst other matters, to the interests of wider stakeholders; including, for example, employees, suppliers, customers and others. In discharging their section 172 duties, the directors do this.

The views of and the impact of the Company's activities on its stakeholders are an important consideration for the directors when making relevant decisions specific to the Company. More generally however, the size and spread of both our stakeholders and the Rio Tinto Group means, in practice, that stakeholder engagement best takes place at an operational or group level. For further details on how the Group engages with stakeholders, please see pages 92 to 93 of the Rio Tinto plc 2019 Annual Report.

The report was approved by the board and signed on its behalf by:



.....  
M E Robertson  
Director

Date: 29-09-20

---

## **RIO TINTO IRON & TITANIUM LIMITED**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their report and the audited financial statements for the year ended 31 December 2019.

#### **Results and dividends**

The profit for the financial year, after taxation, amounted to \$14,276,000 (2018: \$30,259,000).

No interim dividend was paid during the year (2018: \$nil). The directors do not recommend the payment of a final dividend (2018: \$nil).

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

J F Preyser

M E Robertson (appointed 16 September 2019)

G A O'Brien (resigned 16 September 2019)

The directors had no material interest in any contract or arrangement during the year to which the Company or any subsidiary is, or was, a party.

#### **Statement of directors' responsibilities in respect of the Financial statements**

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Principal activities**

The Company's principal activities during the year were to provide marketing and other management services to members of the Group and act as an agent for the sale of certain Group products.

---

## **RIO TINTO IRON & TITANIUM LIMITED**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

---

#### **Matters subsequent to the end of the financial year**

Subsequent to 31 December 2019, a global health crisis had emerged. In an attempt to combat the spread of the COVID-19 virus, the United Kingdom together with many nations around the world have and will continue to impose restrictions on gatherings of people in workplaces, social settings and travel. These necessary restrictions will have a significant impact on commerce. It is widely expected that global GDP will be negative in the second half of 2020. The extent and duration of the health crisis and recessionary business activity is unknown.

To date, commodity supply is being disrupted as restrictions impact, for example, supply-chain, mobility, workforce, market demand and trade flow impacts. Any financial impact to the Company's results of operations and financial position are considered non-adjusting post balance sheet events and will accordingly be reflected in the periods post 31 December 2019. While the full consequences of the COVID-19 health crisis and its effect on the Company's operations and financial position cannot yet be determined, management is closely monitoring the development of the outbreak and its related impact.

Also, termination notices for the commercial services agreements have been received from Richards Bay Mining Limited, Richards Bay Titanium Limited, and Rio Tinto Fer et Titane Inc. to become effective in 2021 with the intention to receive the required compensation as per regulation and agreements. The quantum of such compensation, consideration, and the timing of such payment is not yet determined.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

#### **Indemnities and insurance**

In accordance with section 233 of the Companies Act 2006 the Company has purchased and maintains insurance against liabilities arising from claims against directors' and officers' actions taken in connection with the Group's business.

#### **Employee involvement**

The Company complies with the Group's employment policies which are set out in its statement of business practice, "The way we work". The Company employs on the basis of job requirements and does not discriminate on the grounds of age, ethnic or social origin, politics, religion or disability.

The Group provides clear and timely communication with its employees concerning business performance and corporate developments. Information is released through a number of forums, including electronic and paper newsletters and bulletins, video, employee briefings and the Group's intranet.

---

## RIO TINTO IRON & TITANIUM LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

---

#### Employment of disabled persons

Should an employee become disabled, the Company would make considerable efforts to offer suitable alternative employment and retraining to employees who become disabled and can no longer perform their regular duties, in line with Group policy.

#### Future developments

Management intends to commence winding up the Company upon termination of the existing services and management agreements. Activities to liquidate the Company are planned to commence in 2021. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements for the year ended 31 December 2019 have been prepared on a basis other than going concern. The comparative financial statements continue to be prepared on a going concern basis.

No adjustments were necessary in the financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### Financial risk management

Please refer to the Strategic report, principal risks and uncertainties section.

#### Disclosure of information to auditors

Each of the persons who were directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Independent auditors

PricewaterhouseCoopers LLP acted as auditor of the Company for the year ended 31 December 2019 and will resign in 2020. It is the intention of the directors to appoint KPMG LLP as the Company's auditor for the year ended 31 December 2020 in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed by order of the board:

*Mike Pasmore*

.....  
Director, for and on behalf of Rio Tinto Secretariat Limited  
Company secretary

Date: 29-09-20

6 St James's Square  
London  
United Kingdom  
SW1Y 4AD



# ***Independent auditors' report to the members of Rio Tinto Iron & Titanium Limited***

## **Report on the audit of the financial statements**

---

### **Opinion**

In our opinion, Rio Tinto Iron & Titanium Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

---

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### **Emphasis of matter - financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to Note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

---

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

---

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

### **Other required reporting**

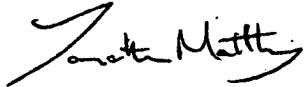
#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Jonathan Matthews', written in a cursive style.

Jonathan Matthews (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 September 2020

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>\$ 000</b>	<b>\$ 000</b>
Revenue	3	23,970	45,024
Employee benefits expense	5	(4,257)	(6,021)
Loss allowance	9	(43)	-
Other operating expenses		(6,253)	(5,326)
Net exchange losses		(47)	(26)
Finance income	7	<u>4,906</u>	<u>3,608</u>
<b>Profit before taxation</b>		<b>18,276</b>	<b>37,259</b>
Taxation	8	<u>(4,000)</u>	<u>(7,000)</u>
<b>Profit for the financial year</b>		<b><u>14,276</u></b>	<b><u>30,259</u></b>
Other comprehensive income		-	-
<b>Total comprehensive income for the financial year</b>		<b><u>14,276</u></b>	<b><u>30,259</u></b>

All amounts in the Statement of comprehensive income relate to discontinued operations.

The notes on pages 13 to 21 form an integral part of these financial statements.

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**(REGISTRATION NUMBER: 02796146)**  
**BALANCE SHEET AS AT 31 DECEMBER 2019**

---

	Note	2019 \$ 000	2018 \$ 000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	9	<u>251,695</u>	<u>218,530</u>
<b>Total assets</b>		<u><b>251,695</b></u>	<u><b>218,530</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	<u>(31,517)</u>	<u>(12,628)</u>
<b>Total liabilities</b>		<u><b>(31,517)</b></u>	<u><b>(12,628)</b></u>
<b>Net assets</b>		<u><b>220,178</b></u>	<u><b>205,902</b></u>
<b>EQUITY</b>			
Share capital	11	-	-
Retained earnings		<u>220,178</u>	<u>205,902</u>
<b>Total equity</b>		<u><b>220,178</b></u>	<u><b>205,902</b></u>

These financial statements were approved and authorised by the board and were signed on its behalf by:



.....  
M E Robertson  
Director

Date: 29-09-20

The notes on pages 13 to 21 form an integral part of these financial statements.

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

	Share capital \$ 000	Retained earnings \$ 000	Total equity \$ 000
At 1 January 2019	-	205,902	205,902
<b>Comprehensive income:</b>			
Profit for the financial year	-	14,276	14,276
Other comprehensive income	-	-	-
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>14,276</b>	<b>14,276</b>
<b>At 31 December 2019</b>	<b>-</b>	<b>220,178</b>	<b>220,178</b>
	Share capital \$ 000	Retained earnings \$ 000	Total equity \$ 000
At 1 January 2018	-	175,643	175,643
<b>Comprehensive income:</b>			
Profit for the financial year	-	30,259	30,259
Other comprehensive income	-	-	-
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>30,259</b>	<b>30,259</b>
<b>At 31 December 2018</b>	<b>-</b>	<b>205,902</b>	<b>205,902</b>

The notes on pages 13 to 21 form an integral part of these financial statements.

---

## RIO TINTO IRON & TITANIUM LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1 Accounting policies

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

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared using the historical cost convention, and in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are presented in US Dollars (\$) and all amounts are rounded to the nearest thousand ('000) unless otherwise stated.

##### 1.2 Financial Reporting Standard 101 - Reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial instruments: Disclosures;
- the requirements of paragraphs 91 - 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of Rio Tinto plc which can be obtained as set out in note 13.

##### 1.3 Changes in accounting policy

The Company has applied the following interpretations, standards and amendments for the first time in their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9);
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28);
- Annual Improvements to IFRS 2015-2017 Cycle; and
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

These amendments did not have a material impact on the Company's financial statements for the year ended 31 December 2019, did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect future periods.

---

## **RIO TINTO IRON & TITANIUM LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

---

#### **1.4 Going concern**

During the year the Group commenced a review of its commercial operating model and it has been determined the services and management agreements in the United Kingdom that the Company is a party to will be terminated in 2021. Management intends to commence winding up the Company upon termination of the existing services and management agreements.

Activities to liquidate the Company are planned to commence in 2021. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements for the year ended 31 December 2019 have been prepared on a basis other than going concern. The comparative financial statements continue to be prepared on a going concern basis.

No adjustments were necessary in the financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### **1.5 Foreign currency translation**

##### **(a) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in US Dollars (\$), which is the Company's functional and presentation currency.

##### **(b) Transactions and balances**

Transactions denominated in other currencies are converted to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.



---

## RIO TINTO IRON & TITANIUM LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

---

#### 1.6 Revenue

The Company recognises sales revenue related to the transfer of promised goods or services when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled in exchange for those goods or services.

The Company receives income from two primary sources in respect of its activities. These include sales commissions for sales agency services and management fees for corporate services that are respectively provided to other members of the Group.

#### 1.7 Finance income and costs

Finance income includes interest income. Interest income is recognised on a time proportionate basis using the effective interest method.

Finance costs includes interest expense and similar charges. Interest expense is recognised on a time proportionate basis using the effective interest method.

#### 1.8 Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Until 31 December 2018, the Company established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. From 1 January 2019, where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on either: the Company's judgment of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach.

Except as otherwise required by IAS 12 ("Income Taxes"), deferred tax is provided in full on temporary differences at the balance sheet date.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the periods when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, the projected future taxable income of the entity and the wider UK group, after taking account of specific risk factors that are expected to affect the recovery of these assets.

#### 1.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowances.

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

---

## RIO TINTO IRON & TITANIUM LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

---

#### 1.10 Financial assets

##### **Classification and measurement**

The Company classifies its financial assets in the following categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income ("FVOCI"); or
- financial assets at fair value through the profit or loss ("FVPL").

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. Generally, the Company does not acquire financial assets for the purpose of selling in the short term. The Company's business model is primarily that of 'Hold to collect' (where assets are held in order to collect contractual cash flows). When the Company enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

##### **Financial assets at amortised cost**

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "Solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in profit or loss.

##### **Impairment**

A forward looking 'expected credit loss' ("ECL") review is required for; debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by IFRS 9, the Company applies the 'simplified approach' to trade receivable balances and the 'general approach' to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

#### 1.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 1.12 Share capital

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

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

---

**2 Critical accounting estimates and judgements**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. These judgements and assumptions are based on management's best knowledge of the facts and circumstances, but actual results may differ materially from the amounts included in the financial statements. The estimates and assumptions that could have a significant impact on the results of the Company are set out below.

**Impairment of financial assets**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

**3 Revenue**

The analysis of the Company's revenue for the year by class of business is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Management fees	7,366	6,960
Commission fees	16,604	38,064
	<b>23,970</b>	<b>45,024</b>

The analysis of the Company's revenue for the year by market is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
North America	4,382	12,516
Africa	19,588	32,508
	<b>23,970</b>	<b>45,024</b>

**4 Auditors' remuneration**

The audit fee of \$8,741 (2018: \$8,444) is borne by a fellow group undertaking.

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

---

**5 Employee benefits expense**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Wages and salaries	3,871	5,376
Social security costs	224	268
Other pension costs	162	377
	<u>4,257</u>	<u>6,021</u>

The average monthly number of persons employed by the Company (including the directors) during the year, was 14 (2018: 17). Staff costs and average number of staff include staff who have contracts of service with other group companies but are included because they perform services for the Company.

**6 Directors' remuneration**

The remuneration of G A O'Brien and M E Robertson is paid by another Group company. The services provided by these directors to the Company are of a non-executive nature and remuneration is deemed to be wholly attributable to services to the Group company by which their services are paid. Accordingly, no remuneration has been disclosed in respect of these directors. The following amounts relate to the remuneration of J F Preyser whose costs are charged to the Company.

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Remuneration	423	394
Company contributions to money purchase pension schemes	30	28
	<u>453</u>	<u>422</u>

During the year, retirement benefits were accruing to one director (2018: one) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$422,999 (2018: \$393,976).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$30,761 (2018: \$27,689).

During the year one director received shares under long-term incentive schemes (2018: one).

**7 Finance income**

	<b>2019</b>	<b>2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Interest income	4,906	3,608
	<u>4,906</u>	<u>3,608</u>

# RIO TINTO IRON & TITANIUM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

### 8 Taxation

	2019 \$ 000	2018 \$ 000
<b>Corporation tax</b>		
Current tax	4,000	7,000
<b>Total current tax</b>	<b>4,000</b>	<b>7,000</b>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% for the year ended 31 December 2019 (2018: 19%).

The differences are reconciled below:

	2019 \$ 000	2018 \$ 000
Profit before taxation	18,276	37,259
Profit before taxation multiplied by the standard rate of corporation tax in the UK	3,472	7,079
Increase from effect of expenses not deductible in determining taxable profit	172	185
Increase/(decrease) arising from group relief tax reconciliation	356	(264)
<b>Total tax charge for the financial year</b>	<b>4,000</b>	<b>7,000</b>

Legislation to reduce the main rate of UK corporation tax from 19% to 17% from 1 April 2020 was enacted on 15 September 2016. A change to the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

### 9 Trade and other receivables

	2019 \$ 000	2018 \$ 000
Amounts owed by group undertakings	251,738	218,530
Loss allowance for amounts owed to group undertaking	(43)	-
	<b>251,695</b>	<b>218,530</b>

Of the amounts due from group undertakings, \$233,732,000 (2018: \$191,073,000) receives interest based on LIBOR plus a margin and is repayable on demand. All other amounts are non-interest bearing and repayable on demand.

#### *Impairment of amounts owed to group undertakings*

To measure the expected credit losses, amounts owed by group undertakings have been grouped based on shared credit risk characteristics. A review of any occurrence of default since inception of the balance and indications of adverse future performance by the counterparty was performed. The expected loss rates are based on the counter party's credit rating and associated probability of default.

---

**RIO TINTO IRON & TITANIUM LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

---

**10 Trade and other payables**

	2019 \$ 000	2018 \$ 000
Amounts due to group undertakings	27,517	5,628
Taxation due to group undertakings	4,000	7,000
	<u>31,517</u>	<u>12,628</u>

Amounts due to group undertakings are interest free and payable on demand.

**11 Share capital**

**Allotted, called up and fully paid shares**

	No. 000	2019 \$ 000	No. 000	2018 \$ 000
Ordinary shares of £1 each	-	-	-	-

The Company has 2 ordinary shares of £1 each (2018: 2) as such no amount is disclosed.

**12 Related party transactions**

The Company has taken advantage of the exemption contained within paragraph 8(k) of FRS 101, and has not disclosed transactions entered into with wholly-owned group entities.

During the year the Company earned revenue of \$4,336,000 (2018: \$4,059,000) from QIT Madagascar Minerals S.A., \$2,671,000 (2018: \$9,391,000) from Richards Bay Mining (Proprietary) Limited and \$12,581,000 (2018: \$18,985,000) from Richards Bay Titanium (Proprietary) Limited, which are non-wholly owned companies of the Group.

At the year end, \$4,815,000 (2018: \$4,059,000) was outstanding within receivables in relation to the revenue billed to QIT Madagascar Minerals S.A., \$1,240,000 (2018: \$5,185,000) and \$9,773,000 (2018: \$19,411,000) in relation to the revenue billed to Richards Bay Mining (Proprietary) Limited and Richards Bay Titanium (Proprietary) Limited, respectively.

**13 Parent and ultimate parent undertaking**

The Company's immediate parent undertaking is Rio Tinto Metals Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Rio Tinto plc consolidated financial statements can be obtained from the registered office at 6 St James's Square, London, SW1Y 4AD or from the Rio Tinto website at [www.riotinto.com](http://www.riotinto.com).

---

## **RIO TINTO IRON & TITANIUM LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

---

#### **14 Post balance sheet events**

Subsequent to 31 December 2019, a global health crisis had emerged. In an attempt to combat the spread of the COVID-19 virus, the United Kingdom together with many nations around the world have and will continue to impose restrictions on gatherings of people in workplaces, social settings and travel. These necessary restrictions will have a significant impact on commerce. It is widely expected that global GDP will be negative in the second half of 2020. The extent and duration of the health crisis and recessionary business activity is unknown.

To date, commodity supply is being disrupted as restrictions impact, for example, supply-chain, mobility, workforce, market demand and trade flow impacts. Any financial impact to the Company's results of operations and financial position are considered non-adjusting post balance sheet events and will accordingly be reflected in the periods post 31 December 2019. While the full consequences of the COVID-19 health crisis and its effect on the Company's operations and financial position cannot yet be determined, management is closely monitoring the development of the outbreak and its related impact.

Also, termination notices for the commercial services agreements have been received from Richards Bay Mining Limited, Richards Bay Titanium Limited, and Rio Tinto Fer et Titane Inc. to become effective in 2021 with the intention to receive the required compensation as per regulation and agreements. The quantum of such compensation, consideration, and the timing of such payment is not yet determined.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.