
ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTORS W K B Ward-Brew (appointed 12 March 2019)
E Klonarides
O F J C De Rendinger (resigned 11 February 2019)
C Howells (resigned 27 September 2019)

COMPANY SECRETARY Anglo American Corporate Secretary Limited

REGISTERED NUMBER 03140148

REGISTERED OFFICE 20 Carlton House Terrace
London
United Kingdom
SW1Y 5AN

INDEPENDENT AUDITOR Deloitte LLP
Statutory Auditor
Hill House
1 Little New St
London
United Kingdom
EC4A 3TR

BANKERS Barclays Bank PLC
1 Churchill Place
Canary Wharf
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E14 5HP

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

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

INTRODUCTION

Anglo American Australia Investments Limited (the "Company") is a holding company, which holds an investment in Jersey. The future performance depends on the trading results of its principal subsidiary. Further details regarding this investment can be found in Note 11 of the financial statements.

BUSINESS REVIEW

As shown in the Company's statement of comprehensive income, the Company has a profit for the year of \$862,129,000 compared to a profit of \$952,128,000 in the prior year. The decrease in profit is largely as a result of a significantly lower impairment reversal on the Company's investment into Anglo Australia Investments Limited during the year, compared to the prior year.

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT POLICIES

The directors considered the risks attached to the Company's financial instruments which principally comprise investments in other group companies. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements.

KEY PERFORMANCE INDICATORS

The directors consider the Company's key performance indicator to be the financial performance of its subsidiaries. The performance of these subsidiaries is monitored by the directors by way of management reports.

SECTION 172(1) STATEMENT

The Anglo American Australia Investments Limited Board is cognisant of its legal duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of stakeholders and other factors. These include the likely consequences of any decisions we make in the long term; the need to foster the relationships we have with all our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct.

The Board received an update on the Companies (Miscellaneous Reporting) Regulations 2018 amongst other things.

Stakeholder considerations are integral to discussions at Board meetings and the decisions we make take into account any potential impacts on them and the environment. Like any business, we are aware that some of the decisions we make may have an adverse impact on certain stakeholders.

By listening to, understanding and engaging with our stakeholders, the Board endeavours to live up to their expectations, by staying true to the Purpose and making decisions in accordance with our Values.

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

ENGAGING OUR STAKEHOLDERS

Healthy stakeholder relationships help us to better communicate how our business decisions, activities and performance are likely to affect or be of significant interest to our stakeholders, and provide the opportunity to co-create effective and lasting solutions to business and other challenges.

The Company's stakeholders include our host communities, governments, industry peers and broader civil society in addition to our shareholders.

LONG TERM DECISION MAKING

The Board took a range of factors and stakeholder considerations into account when making decisions in the year. Decisions are made within the context of the long term factors that may impact the Company and its stakeholders.

RELATIONSHIPS WITH SUPPLIERS AND CUSTOMERS

The Company aims to be a valued and trusted partner to all members of the industry. This includes the suppliers and customers that we operate with.

This report was approved by the board on 29 April 2020 and signed on its behalf.

C Murphy

For and on behalf of

Anglo American Corporate Secretary Limited

Secretary

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

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

PRINCIPAL ACTIVITY

The Company's principal activity is as a holding company for a subsidiary incorporated in Jersey. There have not been any significant changes in the Company's principal activity during the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$862,129,000 (2018 - \$952,128,000).

During the year, the Company paid dividends of \$481,452,000 (2018 - \$NIL) to its parent company, Anglo American plc.

DIRECTORS

The directors who served during the year and up to the date of this report were:

W K B Ward-Brew (appointed 12 March 2019)
E Klonarides
O F J C De Rendinger (resigned 11 February 2019)
C Howells (resigned 27 September 2019)

GOING CONCERN

Considering that the directors have the current intention to liquidate the Company in the next year, the financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance date. The directors have received a letter of comfort from the Company's fellow group undertaking, Anglo American Services (UK) Ltd, such that the Company has adequate resources to meet its liabilities as they fall due (further detail is provided in Note 2).

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT POLICIES

The financial risk management policies of the Company are disclosed in the Strategic Report.

FUTURE DEVELOPMENTS

The directors have the current intention to liquidate the Company in the next year.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

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

POST BALANCE SHEET EVENTS

Following the end of 2019 the novel coronavirus (COVID-19) has been declared a pandemic by the World Health Organisation. The emergence of COVID-19 is considered a non-adjusting post balance sheet event as defined in IAS 10 Events after the reporting period since it represents a set of conditions which only arose after the balance sheet date. The impact of COVID-19 on the world economy and the Company's future financial performance remains uncertain. Depending on the extent and severity of the pandemic, there may be a material impact on the Company's accounting estimates in future periods.

AUDITOR

Deloitte LLP will not be seeking re-appointment as auditor of the Company at the conclusion of their current term of office. Accordingly, the directors intend to appoint PricewaterhouseCoopers LLP as external auditor to the Company for 2020. This follows the impending appointment of PricewaterhouseCoopers LLP as external auditor to the Group at the 2020 Annual General Meeting of Anglo American plc, the Company's ultimate parent company. There are no circumstances connected with the resignation of Deloitte LLP as external auditor which should be brought to the attention of members or creditors of the Company.

This report was approved by the board on 29 April 2020 and signed on its behalf.

C Murphy

For and on behalf of

Anglo American Corporate Secretary Limited

Secretary

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare annual financial statements for each financial year. Under that law the directors have elected to prepare the annual financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 these audited financial statements, the directors are required to:

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

The directors are responsible for keeping 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Anglo American Australia Investments Limited (the 'Company'):

- 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; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Statement of comprehensive income;
- the Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

Other information (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 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 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the the Directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Barnett FCA

for and on behalf of

Deloitte LLP

Statutory Auditor

London

United Kingdom

Hill House
1 Little New St
London
United Kingdom
EC4A 3TR
29 April 2020

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$000	2018 \$000
Revenue	4	908,555	723,500
Exceptional items	10	458	307,780
OPERATING PROFIT	5	909,013	1,031,280
Interest payable and expenses	7	(46,884)	(79,152)
PROFIT BEFORE TAX		862,129	952,128
Tax on profit	8	-	-
PROFIT FOR THE FINANCIAL YEAR		862,129	952,128
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		862,129	952,128

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 13 to 22 form part of these financial statements.

The results relate to discontinued operations of the Company.

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED
REGISTERED NUMBER: 03140148

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 \$000	2018 \$000
FIXED ASSETS			
Investments	11	1,740,852	1,740,394
		<u>1,740,852</u>	<u>1,740,394</u>
Creditors: amounts falling due within one year	12	(903,470)	(1,283,689)
NET CURRENT LIABILITIES		<u>(903,470)</u>	<u>(1,283,689)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>837,382</u>	<u>456,705</u>
NET ASSETS			
		<u>837,382</u>	<u>456,705</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account	15	837,382	456,705
SHAREHOLDERS' FUNDS		<u>837,382</u>	<u>456,705</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2020.

E Klonarides
Director

The notes on pages 13 to 22 form part of these financial statements.

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

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

	Called up share capital \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2019	-	456,705	456,705
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	862,129	862,129
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	862,129	862,129
Dividends: Equity capital	-	(481,452)	(481,452)
TOTAL TRANSACTIONS WITH OWNERS	-	(481,452)	(481,452)
At 31 DECEMBER 2019	-	837,382	837,382

The notes on pages 13 to 22 form part of these financial statements.

Further details in respect of the dividends paid during the year are disclosed in note 9.

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2018	-	(495,423)	(495,423)
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	952,128	952,128
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	952,128	952,128
At 31 DECEMBER 2018	-	456,705	456,705

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

1. GENERAL INFORMATION

Anglo American Australia Investments Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales.

The nature of the Company's operations and principal activities is set out in the Directors' report.

The address of the registered office is given on the Company Information page.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Group accounts are not presented as the Company is a wholly owned subsidiary undertaking of Anglo American plc, a company incorporated in the United Kingdom and registered in England and Wales. Accordingly, these accounts present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared because the Company is exempt under s400 Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 and 18A of IAS 24 Related Party Disclosures
- 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

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

2. ACCOUNTING POLICIES (CONTINUED)

The Company may take FRS 101 exemptions as it is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss and the Company is included in that consolidation.

2.3 GOING CONCERN

The directors have the current intention to liquidate the Company in the next year. The financial statements have been prepared on a basis other than that of a going concern. The basis other than that of a going concern includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance sheet date. No adjustment have been required as a result of ceasing to apply the going concern basis. Anglo American Services (UK) Ltd have provided a letter of comfort to the Company confirming they intend to provide financial resources, where requested, so that the Company can settle its liabilities as they fall due.

2.4

IMPACT OF NEW INTERNATIONAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

IFRS 16

There are no material adjustments required to be made to the Company's financial statements as a result of the application of IFRS 16.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

2.5 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is USD as this is the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. 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 measured using the exchange rate when fair value was determined.

2.6 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.7 TAXATION

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.8 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.9 VALUATION OF INVESTMENT

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.12 FINANCIAL INSTRUMENTS (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, 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. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.12 FINANCIAL INSTRUMENTS (continued)

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no critical judgments made by the directors in applying the Company's accounting policies other than assessing investments for impairment.

Impairment of investments in subsidiaries

Determining whether the Company's debt and equity investments in subsidiaries have been impaired requires estimations of the recoverable amount of the investments. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculations require the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised in the Statement of comprehensive income. See Note 10 for further information.

4. REVENUE

	2019 \$000	2018 \$000
Dividend revenue	908,555	723,500
	<u>908,555</u>	<u>723,500</u>

During the year, the Company received dividends totalling \$908,555,000 (2018 - \$723,500,000) from its subsidiary Anglo Australia Investments Limited.

5. OPERATING PROFIT

The audit fee payable to the Company's auditor for the audit of the Company's financial statements, of \$1,243 (2018 - \$1,300) was borne by Anglo American Services (UK) Ltd in both the current and preceding years.

6. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2018 - \$NIL).

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

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

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 \$000	2018 \$000
Interest payable on loans from group undertakings	46,884	79,152
	<u>46,884</u>	<u>79,152</u>

8. TAXATION

	2019 \$000	2018 \$000
Current tax on profits for the year	-	-
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 \$000	2018 \$000
Profit before tax	<u>862,129</u>	<u>952,128</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	163,805	180,904
EFFECTS OF:		
Non-taxable investment impairment reversal	(87)	(58,478)
Non taxable dividends received	(172,626)	(137,465)
Group relief surrendered for nil consideration	8,908	15,039
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>-</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

On 6 September 2016, the Finance Act 2016 was substantively enacted and provided for a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. Deferred tax has therefore been recognised at the 17% rate where appropriate.

On 17th March 2020, a Budget resolution was passed which substantively enacted an increase in the rate of UK corporation tax to 19% from 1 April 2020.

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

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

9. DIVIDENDS

	2019 \$000	2018 \$000
Dividends paid on equity capital	481,452	-
	<u>481,452</u>	<u>-</u>

On 17 September 2019, the Company paid a cash dividend of \$481,452,459 equivalent to \$240,726,230 per ordinary share to its ultimate parent company Anglo American plc.

10. EXCEPTIONAL ITEMS

	2019 \$000	2018 \$000
Impairment reversal	458	307,780
	<u>458</u>	<u>307,780</u>

After a review of the net asset value of the Company's investments as at 31 December 2019, the Company has recognised an impairment reversal of \$458,000 (2018 - \$307,780,000) on its investment in Anglo Australia Investments Limited.

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

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

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$000
COST OR VALUATION	
At 1 January 2019	1,740,852
At 31 December 2019	<u>1,740,852</u>
At 1 January 2019	458
Reversal of impairment losses	<u>(458)</u>
At 31 December 2019	<u>-</u>
NET BOOK VALUE	
At 31 December 2019	<u><u>1,740,852</u></u>
<i>At 31 December 2018</i>	<u><u>1,740,394</u></u>

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Anglo Australia Investments Limited	3rd Floor, 44 Esplanade, St Helier, JE4 9WG, Jersey	Holding Company	Ordinary	100 %

Group financial statements are not presented as the Company is a wholly owned subsidiary undertaking of Anglo American plc, a company incorporated in the United Kingdom and registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared because the Company is exempt under s400 of the Companies Act 2006.

After a review of the net asset value of the Company's investments as at 31 December 2019, the Company has recognised an impairment reversal of \$458,000 (2018 - \$307,780,000) on its investment in Anglo Australia Investments Limited.

ANGLO AMERICAN AUSTRALIA INVESTMENTS LIMITED

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

12. CREDITORS: Amounts falling due within one year

	2019	<i>2018</i>
	\$000	<i>\$000</i>
Amounts owed to group undertakings	903,470	<i>1,283,689</i>
	<u>903,470</u>	<i><u>1,283,689</u></i>

The Company has facility agreements with affiliated undertakings of which \$903,470,000 (2018 - \$1,283,689,000) had been drawn at year end. The balance bears interest at a market related rate. The amounts owed are unsecured and repayable on demand.

13. FINANCIAL INSTRUMENTS

	2019	<i>2018</i>
	\$000	<i>\$000</i>

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost	<u>(903,470)</u>	<i><u>(1,283,689)</u></i>
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Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

14. SHARE CAPITAL

	2019	<i>2018</i>
	\$	<i>\$</i>

Shares classified as equity

Authorised

1,000 ordinary shares of £1 each	<u>200</u>	<i><u>200</u></i>
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Allotted, called up and fully paid

2 ordinary shares of £1 each	<u>4</u>	<i><u>4</u></i>
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The Company has one class of ordinary shares which carry no right to fixed income.

15. RESERVES

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings or losses.

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

16. POST BALANCE SHEET EVENTS

Following the end of 2019 the novel coronavirus (COVID-19) has been declared a pandemic by the World Health Organisation. The emergence of COVID-19 is considered a non-adjusting post balance sheet event as defined in IAS 10 Events after the reporting period since it represents a set of conditions which only arose after the balance sheet date.

The impact of COVID-19 on the world economy and the Company's future financial performance remains uncertain. Depending on the extent and severity of the pandemic, there may be a material impact on the Company's accounting estimates in future periods.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent company and ultimate controlling entity is Anglo American plc, a company incorporated in the United Kingdom and registered in England and Wales. Anglo American plc is the parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared. The financial statements of Anglo American plc may be obtained from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN, its registered office.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.